Pan Malaysia Holdings Berhad

Company No: 95469 - W

LAPORAN TAHUNAN 2007 ANNUAL REPORT

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 19 June 2008 at 9.00 a.m. for the following purposes:-

As Ordinary Business

1. To receive the audited financial statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2007.

2. To approve Directors' fees of RM179,333. **Resolution 1**

3. To consider and, if thought fit, pass the following resolutions in accordance with Section 129(6) of the Companies Act, 1965:-

   (i) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Rastam bin Abdul Hadi be re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 2**

   (ii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Datuk Yong Ming Sang be re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 3**

   (iii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Ooi Boon Leong be re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 4**

4. To re-elect Mr Khet Kok Yin as a Director of the Company. **Resolution 5**

5. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

As Special Business

6. To consider and, if thought fit, pass the following Special Resolution:-

   Proposed Amendments to the Articles of Association of the Company

   "THAT the Articles of Association of the Company be and are hereby amended in the manner as set out in Appendix I attached with the Company's 2007 Annual Report." **Resolution 7**

7. To transact any other business of which due notice shall have been received.

By order of the Board

Leong Park Yip
Company Secretary

Kuala Lumpur
28 May 2008

EXPLANATORY NOTE ON SPECIAL BUSINESS

The Special Resolution proposed under item 6, if passed, will bring the Articles of Association of the Company in line with the Listing Requirements of Bursa Malaysia Securities Berhad.

Notes:-

1. *A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company but if he is not a member, he must be a qualified legal practitioner, approved company auditor, a person approved by the Companies Commission of Malaysia in the particular case or a person approved by the Directors prior to the appointment.*
2. *A member shall not be entitled to appoint more than two 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 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, other than an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *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.*
4. *The Form of Proxy must be deposited at the registered office of the Company at 5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-appointment/re-election are:-

(a) Dato’ Rastam bin Abdul Hadi	–	Retiring pursuant to Section 129 of the Companies Act, 1965.
(b) Datuk Yong Ming Sang	–	Retiring pursuant to Section 129 of the Companies Act, 1965.
(c) Mr Ooi Boon Leong	–	Retiring pursuant to Section 129 of the Companies Act, 1965.
(d) Mr Khet Kok Yin	–	Retiring pursuant to Article 111 of the Company’s Articles of Association.

2. Further details on the Directors standing for re-appointment/re-election are set out on pages 12 to 14 of this Annual Report. The securities holdings of Dato' Choong Kok Min in the Company is set out in the Analysis of Shareholdings which appear on page 97 of this Annual Report.

3. Details of Attendance of Directors at Board Meetings.

   There were four (4) Board Meetings held during the financial year ended 31 December 2007. Details of attendance of the Directors are set out in the Profile of Directors appearing on pages 12 to 14 of the Annual Report.

4. The Twenty-Fifth Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 19 June 2008 at 9.00 a.m..

APPENDIX I

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association of the Company are proposed to be amended in the following manner:-

ARTICLE NO.	EXISTING ARTICLES	AMENDED ARTICLES
1	<u>Interpretation</u> "Approved Market Place" means a Stock Exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) (Exemption) (No. 2) Order 1998. "The Central Depository" means Malaysian Central Depository Sdn Bhd. "Exchange" means Kuala Lumpur Stock Exchange.	<u>Interpretation</u> (Deleted.) "Depository" means Bursa Malaysia Depository Sdn Bhd and that the words "Central Depository" which appears throughout the Articles be substituted with the word "Depository". "Exchange" means Bursa Malaysia Securities Berhad or such other name by which it may be known from time to time.
3	<u>Control and allotment of Shares</u> (c) that the Company shall have the power to issue further preference capital ranking equally with, or in priority to, preference shares already issued, provided that the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at anytime; (f) preference shareholders shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.	<u>Control and allotment of Shares</u> (c) that the Company shall have the power to issue further preference capital ranking equally with, or in priority to, preference shares already issued; (f) (Deleted.)

ARTICLE NO.	EXISTING ARTICLES	AMENDED ARTICLES
32	<u>Transmission of Shares from Foreign Register</u> (a) Where:- (i) the securities are listed on an Approved Market Place; and (ii) the Company is exempted from compliance with section 14 of the Central Depositories Act or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities, the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the Register maintained by the Registrar in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the Register maintained by the Registrar in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities. (b) For avoidance of doubt, the Company which fulfils the requirements of subparagraphs 32(a)(i) and (ii) of this Article shall not allow any transmission of securities from the Malaysian Register to the Foreign Register.	<u>Transmission of Shares from Foreign Register</u> (a) Where:- (i) the securities are listed on another stock exchange; and (ii) the Company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities, the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the Registrar in the jurisdiction of the other stock exchange, to the Register maintained by the Registrar in Malaysia and vice versa provided that there shall be no change in the ownership of such securities. (b) (Deleted)

ARTICLE NO.	EXISTING ARTICLES	AMENDED ARTICLES
61	Notice of meeting (a) The notices convening meetings shall specify the place, day and hour of the meeting, and subject to the provisions of the Act relating to the convening of meetings to pass special resolutions and agreements for shorter notice, shall be given to all Members (other than those whose under the provisions of these Articles or the terms of issue of the shares held by them are not entitled to receive notices of general meetings of the Company) at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is proposed or where it is an Annual General Meeting or such period of notice as may be required under the rules and regulations of the Exchange. Subject to Article 70, seven (7) days' notice shall (unless the meeting otherwise resolves) be given of an adjourned general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the Annual General Meeting or such other period of notice as may be required under the rules and regulations of the Exchange, of every such meeting shall also be given by advertisement in the daily press chosen by the Company and in writing to the Exchange.	Notice of meeting (a) The notices convening meetings shall specify the place, day and hour of the meeting, and subject to the provisions of the Act relating to the convening of meetings to pass special resolutions and agreements for shorter notice, shall be given to all Members (other than those whose under the provisions of these Articles or the terms of issue of the shares held by them are not entitled to receive notices of general meetings of the Company) at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is proposed or where it is an Annual General Meeting or such period of notice as may be required under the rules and regulations of the Exchange. Subject to Article 70, seven (7) days' notice shall (unless the meeting otherwise resolves) be given of an adjourned general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the Annual General Meeting or such other period of notice as may be required under the rules and regulations of the Exchange, of every such meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper chosen by the Company and in writing to the Exchange.

ARTICLE NO.	EXISTING ARTICLES	AMENDED ARTICLES
61 (Cont'd)	(c) The Company shall also request the Central Depository in accordance with the Rules, to issue a Record of Depositors as at a date not less than three (3) Market Days before the general meeting ("the General Meeting Record of Depositors"). The General Meeting Record of Depositors shall be the final record of all depositors who shall be deemed to be registered holders of ordinary shares of the Company eligible to be present and vote at such meetings.	(c) The Company shall also request the Depository in accordance with the Rules, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days before the general meeting ("the General Meeting Record of Depositors"). The General Meeting Record of Depositors shall be the final record of all depositors who shall be deemed to be registered holders of ordinary shares of the Company eligible to be present and vote at such meetings.
73A	(New Article.)	<u>Voting rights on a show of hands</u> On a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is personally present and entitled to vote shall be entitled to one (1) vote.
88	<u>Number of Directors</u> The number of Directors shall not be less than two (2) or more than eleven (11). The Directors of the Company as at the date of adoption of these Articles are Dato' Mohd Ibrahim Bin Mohd Zain, Khet Kok Yin, Dato' Choong Kok Min, Dato' Abdul Aziz Bin Ahmad, Dato' Rastam Bin Abdul Hadi, Yong Ming Sang @ Yeoh Beng Sang and Dato' Seri Dr Ting Chew Peh. All the Directors of the Company shall be natural persons.	<u>Number of Directors</u> The number of Directors shall not be less than two (2) or more than eleven (11). The Directors of the Company as at the date of adoption of these Articles are Dato' Mohd Ibrahim Bin Mohd Zain, Khet Kok Yin, Dato' Choong Kok Min, Dato' Abdul Aziz Bin Ahmad, Dato' Rastam Bin Abdul Hadi, Yong Ming Sang @ Yeoh Beng Sang and Dato' Seri Dr Ting Chew Peh.

ARTICLE NO.	EXISTING ARTICLES	AMENDED ARTICLES
110	<u>Office of Directors how vacated</u> (a) If he becomes bankrupt or has a Receiving Order in Bankruptcy made against him or he makes any arrangement or composition with his creditors generally; (c) If he is absent for more than fifty per cent (50%) of the total Board of Directors' meetings held during his tenure as a Director in any financial year, except where a waiver is granted by the Exchange upon written application submitted by the Company on a case to case basis; (d) If he is found a lunatic or becomes of unsound mind; (e) If he be convicted of an indictable offence; (f) If by notice in writing given to the Company, he resigns his office; or (g) If he is removed by a resolution of the Company in general meeting and in the case of an Alternate Director by a resolution of Directors.	<u>Office of Directors how vacated</u> (a) If he becomes bankrupt or has a Receiving Order in Bankruptcy made against him or he makes any arrangement or composition with his creditors generally during his term of office; (c) (Deleted) (c) If he is found a lunatic or becomes of unsound mind during his term of office; (d) If he be convicted of an indictable offence; (e) If by notice in writing given to the Company, he resigns his office; or (f) If he is removed by a resolution of the Company in general meeting and in the case of an Alternate Director by a resolution of Directors.
119	<u>Resolution in writing</u> A resolution in writing, signed by all the Directors (or their Alternate Directors) for the time being in Malaysia and constituting a quorum shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held. Any such resolutions may consist of several documents in the like form, each signed by one or more of the Directors (or their respective Alternate Directors).	<u>Resolution in writing</u> A resolution in writing, signed by a majority of the Directors (or their Alternate Directors) for the time being in Malaysia and constituting a quorum shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held. Any such resolutions may consist of several documents in the like form, each signed by one or more of the Directors (or their respective Alternate Directors). The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, telex, cable, telegram or other forms of electronic communications.

CORPORATE INFORMATION

Board of Directors

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, D.S.P.N., D.I.M.P., *Chairman*
Dato' Choong Kok Min, D.P.T.J., P.J.K., *Executive Director*
Khet Kok Yin
Dato' Rastam bin Abdul Hadi, P.G.D.K., D.C.S.M., D.P.M.T., K.M.N.
Datuk Yong Ming Sang, P.J.N.
Ooi Boon Leong
Chan Choung Yau *(Alternate to Khet Kok Yin)*

Secretary

Leong Park Yip

Registered Office

5th Floor, Menara PMI
No. 2, Jalan Changkat Ceylon
50200 Kuala Lumpur
Tel No: 03-21166688 Fax No: 03-21445209

Principal Place of Business

8th Floor, Menara PMI
No. 2, Jalan Changkat Ceylon
50200 Kuala Lumpur
Tel No: 03-21166688 Fax No: 03-20311299

Registrar

Pan Malaysia Management Sdn Bhd
5th Floor, Menara PMI
No. 2, Jalan Changkat Ceylon
50200 Kuala Lumpur
Tel No: 03-21487696 Fax No: 03-21442118

Auditors

BDO Binder *Chartered Accountants*

Principal Bankers

CIMB Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

Stock Exchange Listing

The Main Board of Bursa Malaysia Securities Berhad

PROFILE OF DIRECTORS

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain

Age 64. Malaysian. Independent Non-Executive Director and Chairman. Appointed as Director on 28 May 1998. Chairman of Audit Committee. Graduated from British Institute of Management and Institute of Marketing in United Kingdom. Holds a Masters in Business Administration from the University of Ohio in the United States of America. Upon graduation in 1965, was attached with University Technology MARA (formerly known as Institute Technology MARA) where later he was appointed as a Director, a position which he holds till October 2006. Formerly, he was Chairman of the International Executive Service Corps Steering Committee, Malaysia and Chapter Chairman of Young Presidents' Organisation. He was also founding Board Member of the Penang Regional Development Authority ("PERDA") and had served as a Board Member of the Tourist Development Corporation (now known as the Malaysian Tourism Promotion Board). Was also formerly, Chief Executive of Amanah International Finance Berhad, Amanah Chase Merchant Bank Berhad and Oriental Bank Berhad, Chairman and Chief Executive Officer of Setron (Malaysia) Berhad, and Chairman of Bank Kerjasama Rakyat (M) Berhad, Bescorp Industries Berhad, Pan Malaysian Industries Berhad and Chemical Company of Malaysia Berhad and a Director of K & N Kenanga Holdings Berhad. Currently, he is also Chairman of Pan Malaysia Capital Berhad, Deputy Chairman of Metrojaya Berhad and a Director of Pan Malaysian Industries Berhad, AMMB Holdings Berhad and Kawan Food Berhad. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Dato' Choong Kok Min

Age 66. Malaysian. Executive Director. Appointed as Director on 8 January 1991. Graduated in Law from the University of London and Barrister-at-Law from Gray's Inn. Was formerly a Chairman of Alliance Finance Berhad, Director cum Legal Adviser and Company Secretary of Oriental Bank Berhad, Director of Setron (Malaysia) Berhad and partner of Messrs Ariffin & Ooi and Messrs Allen & Gledhill. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Khet Kok Yin

Age 61. Malaysian. Non-Independent Non-Executive Director. Appointed as Director on 28 May 1998. Member of Audit Committee. Holds a Bachelor of Economics (Honours) from University of Malaya. Currently, he sits on the Boards of Malayan United Industries Berhad, MUI Properties Berhad, Pan Malaysia Corporation Berhad, Pan Malaysia Capital Berhad, Pan Malaysian Industries Berhad and Metrojaya Berhad. Had served as Joint Managing Director of MUI Bank Berhad (now known as Hong Leong Bank Berhad), Managing Director of Metrojaya Berhad, Pan Malaysian Industries Berhad, Pan Malaysia Capital Berhad and Morning Star Securities Limited, Hongkong, Chief Executive Officer of Pan Malaysia Corporation Berhad, President of the North American operations of The MUI Group in the United States of America and a Director of MUI Continental Insurance Berhad. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Dato' Rastam bin Abdul Hadi

Age 77. Malaysian. Non-Independent Non-Executive Director. Appointed as Director on 15 August 1996. Member of Remuneration Committee and Chairman of Nomination Committee. Holds a Bachelor of Science (Hons) in Mathematics from University of Malaya, Singapore. Formerly, a State Financial Officer, Pahang and later Under-Secretary, Treasury of Ministry of Finance, Deputy Secretary General of Ministry of Defence and Deputy Governor of Bank Negara Malaysia. Was also formerly, Executive Director and later as Managing Director and finally as Senior Vice-President of Petroleum Nasional Berhad ("Petronas"). Currently, the Group Adviser to The MUI Group. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Datuk Yong Ming Sang

Age 77. Malaysian. Independent Non-Executive Director. Appointed as Director on 15 August 1996. Member of Nomination Committee and Chairman of Remuneration Committee. He is a Fellow of the Royal Institution of Chartered Surveyors (United Kingdom) and of the Institution of Surveyors (Malaysia). Prior to joining the corporate sector in 1978, practised as a Chartered Quantity Surveying Consultant in a quantity surveying firm of Messrs Yong Dan Mohamad Faiz of which he was the founder member. His corporate sector experience ranges from financial services, media, manufacturing, hotel, property development, airline industry to tourism. Also serves as a Director of Malayan United Industries Berhad and MUI Properties Berhad. He had previously served as the Chairman of Star Publications (Malaysia) Berhad, Chairman of Bandar Raya Developments Berhad, Director of Malaysian Airline System Berhad, the national airline, Tourist Development Corporation (now known as the Malaysian Tourism Promotion Board), Keretapi Tanah Melayu and the National Art Gallery, Malaysia. He is a member of the Advisory Council of Corporate Malaysia Roundtable. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended three (3) Board Meetings held during the financial year.

Ooi Boon Leong

Age 71. Malaysian. Independent Non-Executive Director. Appointed as Director on 9 September 2005. Member of Audit, Remuneration and Nomination Committees. An advocate and solicitor. Holds a Bachelor of Arts, Bachelor of Laws, Master of Arts and Master of Laws, all from the University of Cambridge. The sole proprietor of Ooi Boon Leong & Co, a legal firm in Malaysia. Currently, he is a Director of Pan Malaysian Industries Berhad, Inter-Community Welfare Foundation and Malaysian Community & Education Foundation. He also sits on the Boards of Morning Star Resources Limited, Hong Kong and Jacks International Limited, Singapore. He also holds directorships in private limited companies. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no conviction for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Chan Choung Yau
(Alternate Director to Khet Kok Yin)

Age 45. Malaysian. Appointed as Alternate Director on 14 September 2006. He is a Chartered Accountant with the Malaysian Institute of Accountants and a Fellow of The Association of Chartered Certified Accountants, United Kingdom. He has more than twenty-seven years experience mainly in finance and accounting, audit, corporate secretarial and human resource management. Mr Chan is currently a Senior Vice President of Malayan United Management Sdn Bhd. He is also an Executive Director of Pan Malaysia Corporation Berhad and a director of Pan Malaysia Capital Berhad, Metrojaya Berhad and MUI Continental Insurance Berhad. He is an alternate director on the Board of Pan Malaysian Industries Berhad. Prior to joining The MUI Group in January 2006, has served Deloitte KassimChan, Plantation Agencies Sdn Bhd, Escoy Holdings Berhad Group and IOI Oleochemical Industries Berhad as Assistant Manager, Senior Accountant, Corporate Affairs Director/Company Secretary and Financial Controller respectively from February 1981 to December 2005. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no conviction for any offences within the past 10 years.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is committed to the principles of corporate governance in the Malaysian Code of Corporate Governance (the "Code").

The Board of Directors will continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Code wherever applicable in the best interests of the shareholders of the Company. The Board considers that it has generally applied the Principles and Best Practices of the Code.

Set out below is the description on the manner in which the Company has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

1. Directors

1.1 The Board

An effective Board leads and controls the Group. The Board is responsible for the overall performance of the Company and focuses mainly on strategies, performance, standards of conduct and critical business issues.

The Board meets at least four (4) times a year, with additional meetings convened as necessary. The Chairman is responsible for setting the agenda for Board meetings. Any Board member may, however, recommend the inclusion of items on the agenda. Such recommendations will be accommodated to the extent practicable. The agenda reaches the Board at least two (2) to three (3) weeks prior to Board meetings. Board meetings are typically scheduled a year in advance.

Four (4) Directors' meetings were held during the financial year ended 31 December 2007. Details of the attendance of the Directors are disclosed on pages 12 to 14 of the Annual Report.

1.2 Board Balance

The Board currently consist of six (6) Directors:-

- One (1) Independent Non-Executive Chairman
- One (1) Executive Director
- Two (2) Non-Independent Non-Executive Directors
- Two (2) Independent Non-Executive Directors

There is an alternate Director on the Board.

All major matters and issues are referred to the Board for consideration and approval. The roles and contributions of independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board.

1.2 Board Balance (Cont'd)

Together, the Directors bring a wide range of business and financial experience for effective direction and management of the Group's businesses. A brief description of the background of each Director is presented on pages 12 to 14 of the Annual Report.

The Board complies with Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements that requires at least two (2) or one-third (1/3) of the Board, whichever is higher, to be independent Directors.

Datuk Yong Ming Sang has been identified as the senior independent non-executive Director to whom concerns regarding the Company may be conveyed.

The Board has established Board committees, which operate within defined terms of reference. These committees are:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

The Report of the Audit Committee for the financial year ended 31 December 2007 is set out on pages 23 to 25 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out in section 1.4 and section 2 respectively of this statement.

1.3 Supply of Information

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties, which is not only quantitative but also any other information deemed suitable.

Board papers are distributed to Board members at least seven (7) days prior to the meeting. Important matters that are reasonably expected to have a material effect on the price, value or market activity of the Company's shares may be discussed at the meeting without materials being distributed prior to the meeting.

In addition to Group performances that are discussed at the meeting, there is a schedule of matters reserved specifically for the Board's decision.

All Directors have access to the advice and service of the Company Secretary and where necessary, in the furtherance of their duties, obtain independent professional advice at the Group's expense.

1.4 Appointments to the Board

The members of the Nomination Committee are as follows:-

Chairman	Dato' Rastam bin Abdul Hadi	-	Non-Independent Non-Executive Director
Members	Datuk Yong Ming Sang	-	Independent Non-Executive Director
	Ooi Boon Leong	-	Independent Non-Executive Director

The duties and functions of the Nomination Committee are:-

- identifying and recommending new nominees for the Board and Board Committees
- annually assesses the effectiveness of the Board as a whole, the Board Committees and contribution of each Director on an on-going basis
- annually reviews the mix of skills, experience and other qualities, including core competencies of non-executive Directors
- annually reviews the Board structure, size and composition

The decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Nomination Committee.

The Directors have direct access to the services of the Company Secretary who is responsible for ensuring that all appointments are properly made and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Bursa Securities Listing Requirements and other regulatory requirements.

1.5 Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. An in-house seminar on The Amendments of the Companies Act, 1965 and A Discussion on Key Continuing Obligation Requirements for Companies Listed on Bursa Malaysia was organised for members of the Board in August 2007. During the year, all Directors attended training that aid them in the discharge of their duties as Directors.

There is a familiarisation programme in place for new Board members, which include visits to the Group's businesses, and meetings with senior management as appropriate, to facilitate their understanding of the Group.

1.6 Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting following their appointment. The Articles of Association of the Company also provide that all Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

2. Directors' Remuneration

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively. In the case of executive Directors, their remuneration are structured to link rewards to corporate and individual performance. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibility undertaken by them.

The members of the Remuneration Committee are as follows:-

Chairman	Datuk Yong Ming Sang	-	Independent Non-Executive Director
Members	Dato' Rastam bin Abdul Hadi	-	Non-Independent Non-Executive Director
	Ooi Boon Leong	-	Independent Non-Executive Director

The primary duty and responsibility of the Remuneration Committee is to recommend to the Board the remuneration of executive Directors in all forms, drawing from outside advice as necessary. Nevertheless, the determination of remuneration packages of executive Directors is a matter for the Board as a whole and individual executive Directors are required to abstain from discussion of their own remuneration.

The Remuneration Committee shall also recommend to the Board the remuneration of non-executive Directors. The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole.

For the financial year ended 31 December 2007, the aggregate of remuneration of the Directors received from the Company and its subsidiaries categorised into appropriate components were as follows:-

	Salaries *RM*	*Fees* *RM*	*Benefits-in-kind* *RM*	*Others* *RM*	*Total* *RM*
Executive Director	90,000	–	17,100	13,500	120,600
Non-Executive Directors	–	–	5,750	83,000	88,750

The number of Directors of the Company whose remuneration during the year falls within the respective bands were as follows:-

	Number of Directors	
Range of remuneration	*Executive*	*Non-Executive*
Below RM50,000	–	3
RM50,001 to RM100,000	–	1
RM100,001 to RM150,000	1	–

3. Relationship with Shareholders and Investors

In addition to various announcements made during the year, the timely release of quarterly interim financial reports provides shareholders with a regular overview of the Group's performance and operations.

Shareholders and members of the public can also obtain information on the annual and quarterly reports and the announcements made by accessing Bursa Securities's website.

Notice of the Annual General Meeting and the Annual Report are sent to all shareholders. At Annual General Meetings, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session.

4. Accountability and Audit

4.1 Financial Reporting

In presenting the annual and quarterly reports, the Directors aim to present a balanced and comprehensive assessment of the Group's position and prospects. The Audit Committee assists the Board in ensuring accuracy, adequacy and completeness of information for disclosure.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 34 of the Annual Report and the Statement explaining the Directors' responsibility for preparing the annual audited financial statements pursuant to paragraph 15.27(a) of Bursa Securities Listing Requirements is set out on page 20 of the Annual Report.

4.2 Internal Control

The Directors acknowledge their responsibilities for the internal control system in the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board recognises that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Group's assets.

4.3 Relationship with the Auditors

The Company's external auditors, Messrs BDO Binder has continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The role of the Audit Committee in relation to the external auditors is set out in the Report of the Audit Committee on pages 23 to 25 of the Annual Report.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements.

The Directors also ensure that applicable approved Financial Reporting Standards in Malaysia have been followed.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

STATEMENT ON INTERNAL CONTROL

Responsibility

The Board of Directors ("Board") is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The system includes financial, operational and compliance controls and risk management. The system is designed to identify and manage risks in the pursuit of the Group's business objectives as well as to safeguard shareholders' investments and the Group's assets. The system serves to provide reasonable but not absolute assurance against the risk of material loss. The concept of reasonable assurance recognises that the cost of control procedures is not to exceed the expected benefits.

Risk Management

The Group has in place an enterprise-wide risk management (ERM) framework and process which was implemented in 2002. Within the ERM framework, operating companies have Risk Management Committees whose members represent key areas in operations. These committees are guided by documented terms of reference and meetings are held regularly to deliberate on risk and control issues. Risks and control measures are documented and compiled to represent the risk profile of the operating company. Key risks of operating companies are consolidated to form the risk profile of the Group. Risks and control measures are periodically communicated to the relevant personnel within the Group and to the Audit Committee. Risk profiles are reviewed and updated on a periodic basis.

During the financial year under review, the Group has continued with its ERM efforts. The risk profile of the Group was reviewed and updated to reflect current conditions. The updated risk profile was documented and presented to the Audit Committee for their review and acceptance.

Hence, in accordance with the *Statement on Internal Control: Guidance for Directors of PLCs*, the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and this process has operated during the financial year under review and up to the date of approval of the annual report.

Control Structure and Environment

The Board is committed to maintaining a strong control structure and environment for the proper conduct of the Group's business operations. The salient features of the Group's internal control system include:

- a management structure with clearly defined lines of responsibility and authority limits
- written company values, code of conduct, policies and procedures
- monthly reporting of actual results which are reviewed against budget, with major variances being followed up and management action taken, where necessary
- an internal audit function that provides independent assurance on the effectiveness of the Group's system of internal control and advice on areas which require further improvement
- an Audit Committee comprising non-executive members of the Board with the majority being independent directors

The Board, with the assistance of the internal audit team and external professional consultants (whenever deemed necessary), continuously reviews the adequacy and integrity of the Group's system of internal control and management information systems, and compliance with laws, regulations, rules, directives and guidelines.

Intenal audit reports are tabled at Audit Committee meetings which are held at least once in every quarter. Control deficiencies and issues highlighted are addressed or rectified by management. There were no control deficiencies noted during the financial year under review which has a material impact on the Group's financial performance or operations.

The Group's system of internal control mainly applies to its operating companies and does not cover associated companies, inactive companies and dormant companies.

The Board is of the view that the monitoring arrangements in place provide reasonable assurance that the structure of controls and operations is adequate and appropriate to the Company's and Group's situation.

This statement was made in accordance with a resolution of the Board.

OTHER INFORMATION

1. Sanctions and/or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

2. Non-Audit Fees

For the financial year ended 31 December 2007, non-audit fees paid to the external auditors amounted to RM39,000 (2006: RM57,000).

3. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2007 or entered into since the end of the previous financial year except as disclosed in the financial statements.

4. Revaluation Policy

The Group has not adopted a policy of regular revaluation on landed properties.

REPORT OF THE AUDIT COMMITTEE

MEMBERS

Name	*Designation*
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain - Chairman	*Independent Non-Executive Director*
Khet Kok Yin	*Non-Independent Non-Executive Director*
Ooi Boon Leong	*Independent Non-Executive Director*

TERMS OF REFERENCE

1. Constitution

The Audit Committee was established on 28 July 1994. The Board of Directors shall ensure that the composition of the Audit Committee comply with Bursa Securites Listing Requirements as well as other regulatory requirments.

2. Authority

- The Audit Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.
- The Audit Committee shall have unlimited access to all information and documents relevant to its activities as well as to the internal and external auditors and senior management of the Group.
- The Audit Committee is authorised by the Board of Directors to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. Functions

The functions of the Audit Committee shall be:-

- to report to the Board of Directors after reviewing the following:-
  - (a) the audit plan with the external auditors;
  - (b) the evaluation of the system of internal controls with the external auditors;
  - (c) the audit report with the external auditors;
  - (d) the assistance and co-operation given by the employees of the Company to the external auditors;
  - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (f) the internal audit programme, processes, the results of the internal audits, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events;
    - (iii) significant adjustments arising from the audit;
    - (iv) the going concern assumption; and
    - (v) compliance with accounting standards and other legal requirements;
  - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (i) any letter of resignation from the external auditors;
  - (j) whether there is any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;

- to recommend the nomination of a person or persons as external auditors;
- to consider the external auditors' fee and questions of dismissal;
- to discuss problems and reservations arising out of external or internal audits and any matters which the auditors may wish to bring up (in the absence of the Executive Directors and employees of the Group whenever deemed necessary);
- to review the external auditors' management letter and management's response; and
- to consider the major findings of internal investigations and management's response,

together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

4. Meetings

During the financial year ended 31 December 2007, six (6) Audit Committee Meetings were held. Tan Sri Dato' Mohd Ibrahim bin Mohd Zain and Mr Khet Kok Yin attended all the six (6) meetings of the Audit Committee. Mr Ooi Boon Leong attended five (5) meetings held during the financial year.

At each of these Audit Committee Meetings, the Chief Financial Officer and Head of Internal Audit were in attendance. The respective head of companies/departments and their management team attend when audit reports on their companies/departments are tabled for discussion. The presence of the external auditors will be requested when required.

Upon the request of the external auditors, the Chairman shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Board or shareholders.

5. Summary of Activities of the Audit Committee during the Financial Year Ended 31 December 2007

The Audit Committee reviewed and deliberated two (2) audit reports on assignments conducted by the Internal Audit. The Audit Committee also appraised the adequacy and effectiveness of management's response in resolving the audit issues reported.

In addition, the unaudited quarterly interim financial reports and the audited financial statements of the Company and the Group were reviewed by the Audit Committee together with the Chief Financial Officer, prior to recommending the same for approval by the Board, upon being satisfied that the financial reporting and disclosure requirements of the relevant authorities had been complied with.

The Audit Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed audit issues and concerns affecting the financial statements of the Company and its subsidiaries, and discussed applicable accounting standards that may have significant implication on the Group's financial statements. The Audit Committee also reviewed related party transactions carried out by the Group.

The Audit Committee reviewed and approved the Internal Audit Plan for the calendar year 2008. In its review of the Internal Audit Plan, the Audit Committee reviewed the scope and coverage over the activities of the respective business units of the Group.

6. Internal Audit Function

The internal audit function is performed in-house by the Group Internal Audit Department and is independent of the activities audited. The function is performed with impartiality, proficiency and due professional care. The Internal Audit Department reports directly to the Audit Committee Chairman, and regularly reviews and appraises the Group's key operations to ensure that key risk and control concerns are being effectively managed. Its activities include:-

- reviewing the effectiveness of risk management and internal control
- appraising the adequacy and integrity of internal controls and management information systems
- ascertaining the effectiveness of management in identifying principal risks and to manage such risks through appropriate systems of internal control
- recommending improvements to existing systems of internal control
- ascertaining the level of compliance with the Group's plans, policies, procedures and adherence to laws and regulations
- appraising the effectiveness of administrative controls applied and the reliability and integrity of data that are produced within the Group
- ascertaining the adequacy of controls for safeguarding the Group's assets from losses of all kinds
- performing follow-up reviews of previous audit reports to ensure appropriate actions are implemented to address control issues highlighted, and
- conducting special reviews or investigations requested by management or by the Audit Committee

The Internal Audit carries out audit assignments based on an audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were presented to the Audit Committee and forwarded to the management concerned for attention and necessary action.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I present herewith the Annual Report and financial statements of our Company and the Group for the financial year ended 31 December 2007.

ECONOMIC REVIEW

Despite a challenging external environment in 2007 with rising inflation pressure and the US sub-prime finance mortgage crisis, the Malaysian economy remained resilient and reported a higher growth rate of 6.3% in real Gross Domestic Product compared with 5.9% in 2006. The economic growth was attributable to robust domestic consumption and investment. On the supply side, growth was recorded across all sectors in 2007. It is noteworthy that the construction sector, boosted by the scheduled implementation of the Ninth Malaysia Plan ("9MP") projects and improvement in the property market, registered a positive growth rate of 4.6% in 2007 compared to a contraction of 0.5% in 2006.

Tourism registered strong growth with tourist arrivals in Malaysia growing 19.5% to 21.0 million visitors compared with 17.5 million visitors in 2006. The total tourist receipts for 2007 were RM46.1 billion, an increase of 27.1% from the previous year.

Malaysia recorded a surplus in overall balance of payments of RM45.3 billion in 2007, reflecting higher repatriation of exports earnings and larger inflows of foreign direct investments and portfolio investment. The international reserves of Bank Negara Malaysia amounted to RM335.7 billion (US$101.3 billion), sufficient to finance 8.4 months of retained imports and is 6.2 times the short-term external debt as at 31 December 2007.

Driven by favourable domestic economic growth outlook, ongoing implementation of the 9MP projects, increased M&A activities and continued inflows of foreign funds, the Kuala Lumpur Composite Index ("KLCI") reached a new record high of 1,447.0 on 28 December 2007, surpassing the previous record high of 1,314.5 set in 1994. The KLCI closed at 1,445.0 on 31 December 2007, 31.8% higher than when the year started, despite two market corrections. The KLCI dropped by 162.18 points or 12.7% from 26 February 2007 to 5 March 2007 due to the downturn in the Chinese markets and dropped by 189.95 points or 13.7% from 26 July 2007 to 17 August 2007 due to the US sub-prime mortgage crisis.

The volume transacted on Bursa Securities increased by 72% to 384.0 billion units in 2007 while the total value of transactions rose 109% to RM581.7 billion. There were 29 IPOs in 2007 compared with 41 in 2006. However, funds raised were higher at RM2.5 billion compared with RM1.5 billion in 2006.

CORPORATE DEVELOPMENTS

A. Disposal of Assets

The Company had on 14 September 2007 entered into an agreement with Pan Malaysian Industries Berhad ("PMI") to sell to PMI the office building known as Menara PMI located in Jalan Changkat Ceylon, Kuala Lumpur, for a cash consideration of RM39.0 million.

The disposal will enable the Company to raise proceeds which it intends to utilise substantially for the retirement of bank borrowings. This will effectively reduce the gearing level and enhance the financial position of the Group. In addition, the disposal will enable the Group to realise a capital gain on completion and to save interest expense in future years.

The proposal is pending completion and is subject to approvals to be obtained from the respective shareholders of the Company and PMI. PMI had earlier on 28 April 2008 obtained the approval of the Securities Commission for the proposal.

B. Transformation of PM Securities Sdn Bhd to an Investment Bank

During the financial year under review, PM Securities Sdn Bhd ("PM Securities"), a 99.99%-owned subsidiary of Pan Malaysia Capital Berhad ("PM Capital") which, in turn, is an associated company of the Company, continued to work towards achieving the status of an investment bank. The eventual transformation of PM Securities will greatly expand its operations and growth opportunities.

FINANCIAL HIGHLIGHTS AND REVIEW OF OPERATIONS

The Group recorded a revenue of RM25.3 million for the year ended 31 December 2007 under Continuing Operations compared with RM33.5 million in the previous year. The lower revenue was mainly due to market rationalisation of the Group's travel business including risk management considerations. Despite the lower revenue, the Group recorded a higher profit before tax of RM3.9 million for the year ended 31 December 2007 under Continuing Operations compared with loss of RM1.3 million in the previous year. This improvement was mainly due to better performances from the hotel operations and also the universal broking arm, in tandem with the increased market value of transactions on Bursa Securities.

Menara PMI, which is pending disposal and accordingly classified as Discontinued Operations, was about 97% tenanted in 2007 and maintained its revenue and profitability during the year under review.

The travel and tourism operation of the Group is undertaken by Pan Malaysia Travel and Tours Sdn Bhd ("PMTT"), a licensed full-fledged travel agency operating airline ticketing and both outbound and inbound tours. During the year under review, the company implemented new strategic plans to widen its gross margins through more aggressive marketing and product sourcing. As a result, the profit before tax of PMTT improved by 8.3% in spite of reduced revenue following a planned rationalisation of its inbound travel business.

PM Securities, the main operating unit of the Group's 34.84% associated company, PM Capital, is a Universal Broker. PM Securities has its principal office in Kuala Lumpur and operates nine branch offices in Seremban, Penang, Klang, Puchong, Damansara Utama, Johor Baru, Batu Pahat, Melaka and Jelebu.

With higher volume and value transacted on Bursa Securities, PM Securities was able to record a better performance for the year ended 31 December 2007. The revenue of PM Securities, which comprised substantially brokerage income reached RM68.0 million, an increase of 31.1% from the revenue of RM51.8 million in the previous year.

PM Securities recorded a profit before tax of RM20.4 million for the year ended 31 December 2007 compared with RM12.3 million in the previous year. The improved profitability was contributed by higher revenue and debt recovery.

CORPORATE SOCIAL RESPONSIBILITY

The Group recognises the importance of being a responsible corporate citizen and has always supported the principles and practices of corporate social responsibility. Such principles and practices have become part of the Group's good business practices when carrying out its business activities.

In the year under review, the Group has through its hotel subsidiary, continued to support the local community by sourcing supplies locally where possible, and also helping the less fortunate members of the community.

OUTLOOK FOR 2008

The Malaysian economy is expected to strengthen further in 2008 with a projected increase in real Gross Domestic Product by 5.0% to 6.0%. The domestic economic growth driven by continued expansion of private sector activities, fiscal expansion and implementation of the Ninth Malaysia Plan as well as strong commodity prices are expected to mitigate the adverse external shocks arising from the effects of the US sub-prime mortgage crisis on global financial markets, concerns over the slowdown of the US economy and increasing fuel costs.

Barring unforeseen circumstances, the Group expects a satisfactory performance for 2008.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to express my sincere appreciation to the Management and staff of the Group for their contributions, dedication and commitment. I would also like to thank our shareholders, bankers and other business associates for their continuing support and confidence, and the various regulatory authorities for their guidance and assistance. Last but not least, my heartfelt thanks to my fellow members of the Board for their invaluable counsel and support.

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain
Chairman

2 May 2008

DIRECTORS' REPORT

The Directors wish to present their report and audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

Principal activities

The Company is an investment, property holding and management company. The principal activities of the Group consist of the following:

- Hotel
- Travel
- Property and investment holding

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

Results

	Group *RM'000*	*Company* *RM'000*
Profit for the financial year		
- from continuing operations	3,832	1,229
- from discontinued operation	2,488	2,519
	6,320	3,748
Attributable to:		
Equity holders of the Company	6,255	3,748
Minority interest	65	-
	6,320	3,748

Dividends

No dividends were paid or declared by the Company since the end of the previous financial year. No dividend was recommended by the Directors in respect of the financial year ended 31 December 2007.

Reserves and Provisions

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

Issue of Share Capital and Debentures

The Company has not issued any new shares or debentures during the financial year.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Directors

The Directors who held office since the date of the last report are:

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain *(Chairman)*
Dato' Choong Kok Min *(Executive Director)*
Khet Kok Yin
Dato' Rastam bin Abdul Hadi
Datuk Yong Ming Sang
Ooi Boon Leong
Chan Choung Yau (Alternate to Khet Kok Yin)
Dato' Abdul Aziz bin Ahmad (retired at 24th Annual General Meeting on 20 June 2007)

Directors' Interests

None of the Directors who held office at the end of the financial year had, according to the Register of Directors' Shareholdings, any interest in the shares of the Company and of its related corporations except as stated below:

Ordinary shares of RM0.10 each in Pan Malaysia Holdings Berhad	***Number of shares***			
	Balance as at 1.1.2007	***Bought***	***Sold***	***Balance as at 31.12.2007***
Dato' Choong Kok Min				
Direct	1,442,000	-	-	1,442,000
Indirect	21,109,732	-	202,800	20,906,932

Ordinary shares of RM1.00 each in Malayan United Industries Berhad	***Number of shares***			
	Balance as at 1.1.2007	***Bought***	***Sold***	***Balance as at 31.12.2007***
Dato' Choong Kok Min				
Direct	1,250,000	-	-	1,250,000
Datuk Yong Ming Sang				
Direct	1,981,800	-	-	1,981,800
Indirect	549,640	-	-	549,640

Directors' Interests (continued)

Ordinary shares of RM0.20 each in MUI Properties Berhad	***Number of shares***			
	Balance as at 1.1.2007	***Bought***	***Sold***	***Balance as at 31.12.2007***
Dato' Choong Kok Min				
Direct	5,000	-	-	5,000

Ordinary shares of RM0.50 each in Pan Malaysia Corporation Berhad	***Number of shares***			
	Balance as at 1.1.2007	***Bought***	***Sold***	***Balance as at 31.12.2007***
Dato' Rastam bin Abdul Hadi				
Indirect	132,600	-	132,600	-

Class A1 ICULS* in Malayan United Industries Berhad	***Nominal value (RM)***			
	Balance as at 1.1.2007	***Bought***	***Sold***	***Balance as at 31.12.2007***
Dato' Choong Kok Min				
Direct	3,470	-	-	3,470
Dato' Rastam bin Abdul Hadi				
Indirect	99,684	-	99,684	-

Class A2 ICULS* in Malayan United Industries Berhad	***Nominal value (RM)***			
	Balance as at 1.1.2007	***Bought***	***Sold***	***Balance as at 31.12.2007***
Dato' Choong Kok Min				
Direct	3,470	-	-	3,470
Dato' Rastam bin Abdul Hadi				
Indirect	99,684	-	99,684	-

* Irredeemable Convertible Unsecured Loan Stocks

Directors' Benefits

Since the end of the previous financial year, none of the Directors have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than remuneration received by certain Directors as Directors of related companies.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Other Statutory Information Regarding the Group and the Company

(a) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature;

(ii) there has not arisen any item, transaction or event of a material and unusual nature in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made; and

(iii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(b) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(c) At the date of this report, the Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Other Statutory Information Regarding the Group and the Company (Cont'd)

(d) As at the date of this report:

(i) There are no charges on the assets of the Group and of the Company which has arisen since the end of the financial year to secure the liabilities of any other person.

(ii) There are no contingent liabilities of the Group and of the Company which has arisen since the end of the financial year.

(iii) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

Significant Event

The significant event is disclosed in Note 43 to the financial statements.

Ultimate Holding Company

The Directors regard Malayan United Industries Berhad, a company incorporated in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad, as the ultimate holding company.

Auditors

The auditors, BDO Binder, have expressed their willingness to accept re-appointment as auditors and a resolution proposing their appointment will be submitted at the forthcoming Annual General Meeting.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain
Director

Dato' Choong Kok Min
Director

24 April 2008

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 36 to 96 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain
Director

Dato' Choong Kok Min
Director

24 April 2008

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Lai Chee Leong, being the officer primarily responsible for the financial management of Pan Malaysia Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 36 to 96 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Lai Chee Leong at Kuala Lumpur in the Federal Territory on 24 April 2008.

Lai Chee Leong

Before me:-

Robert Lim Hock Kee
Commissioner for Oaths

REPORT OF THE AUDITORS

To the members of Pan Malaysia Holdings Berhad

We have audited the financial statements set out on pages 36 to 96. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:

 (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

 (ii) the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, as indicated in Note 42 to the financial statements, being financial statements that are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174 (3) of the Act.

BDO Binder
AF : 0206
Chartered Accountants

Siew Kah Toong
1045/03/10(J)
Partner

Kuala Lumpur
24 April 2008

BALANCE SHEETS

As at 31 December 2007

	Note	Group 2007 RM'000	Group 2006 RM'000 (Restated)	Company 2007 RM'000	Company 2006 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**25,025**	25,966	**451**	433
Investment property	8	**-**	28,921	**-**	28,921
Prepaid lease payments for land	9	**5,771**	5,843	**-**	-
Investments in subsidiaries	10	**-**	-	**917**	641
Investments in associates	11	**55,093**	47,766	**53,972**	47,749
Long term investments	12	**871**	945	**785**	859
		86,760	109,441	**56,125**	78,603
Current assets					
Inventories	13	**614**	714	**-**	-
Short term investments	14	**2**	2	**2**	2
Trade and other receivables	15	**4,457**	4,249	**167**	168
Amounts owing by subsidiaries	16	**-**	-	**13,946**	16,008
Amounts owing by associates	17	**55,759**	56,057	**55,759**	56,057
Amounts owing by related companies	18	**557**	961	**45**	75
Current tax asset		**1**	183	**-**	-
Term and call deposits	19	**2,139**	2,545	**-**	-
Cash and bank balances		**1,058**	599	**105**	12
		64,587	65,310	**70,024**	72,322
Non-current asset held for sale	20	**28,376**	-	**28,376**	-
TOTAL ASSETS		**179,723**	174,751	**154,525**	150,925
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	21	**92,887**	92,887	**92,887**	92,887
Reserves	22	**9,381**	3,367	**4,467**	719
		102,268	96,254	**97,354**	93,606
Minority interest		**295**	230	**-**	-
TOTAL EQUITY		**102,563**	96,484	**97,354**	93,606

BALANCE SHEETS (Cont'd)

As at 31 December 2007

	Note	Group		Company	
		2007 RM'000	*2006 RM'000 (Restated)*	***2007 RM'000***	*2006 RM'000*
LIABILITIES					
Non-current liabilities					
Provision	23	**-**	-	**-**	35,190
Borrowings	24	**15,649**	53,428	**15,320**	17,820
Deferred tax liabilities	27	**295**	295	**-**	-
		15,944	53,723	**15,320**	53,010
Current liabilities					
Trade and other payables	28	**4,742**	5,842	**1,953**	2,130
Provision	23	**-**	-	**35,190**	-
Amount owing to a subsidiary	16	**-**	-	**2,017**	2,019
Amount owing to an associate	17	**943**	943	**-**	-
Amounts owing to related companies	18	**290**	354	**120**	87
Amount owing to ultimate holding company	29	**71**	73	**71**	73
Borrowings	24	**55,169**	17,332	**2,500**	-
Current tax payable		**1**	-	**-**	-
		61,216	24,544	**41,851**	4,309
TOTAL LIABILITIES		**77,160**	78,267	**57,171**	57,319
TOTAL EQUITY AND LIABILITIES		**179,723**	174,751	**154,525**	150,925

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENTS

For the financial year ended 31 December 2007

		Group		Company	
		2007	2006	**2007**	2006
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Continuing operations					
Revenue	30	**25,294**	33,486	**249**	421
Cost of sales		**(16,770)**	(25,318)	**-**	-
Gross profit		**8,524**	8,168	**249**	421
Other income		**1,255**	1,534	**6,677**	6,674
Distribution costs		**(540)**	(574)	**-**	-
Administrative expenses		**(3,614)**	(2,330)	**(1,109)**	(1,743)
Other expenses		**(3,121)**	(6,444)	**(3,164)**	(3,454)
Finance costs		**(5,972)**	(5,967)	**(1,424)**	(1,450)
Share of profit after tax of associates		**7,327**	4,337	**-**	-
Profit/(Loss) before tax	31	**3,859**	(1,276)	**1,229**	448
Tax expense	32	**(27)**	(25)	**-**	-
Profit/(Loss) for the financial year from continuing operations		**3,832**	(1,301)	**1,229**	448
Discontinued operation					
Profit for the financial year from discontinued operation, net of tax	33	**2,488**	2,388	**2,519**	2,419
Profit for the financial year		**6,320**	1,087	**3,748**	2,867
Attributable to:					
Equity holders of the Company		**6,255**	1,028	**3,748**	2,867
Minority interest		**65**	59	**-**	-
		6,320	1,087	**3,748**	2,867
Basic earnings/(loss) per ordinary share attributable to equity holders of the Company					
		Sen	*Sen*		
- from continuing operations		**0.40**	(0.15)		
- from discontinued operation		**0.27**	0.26		
	34	**0.67**	0.11		

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2007

	<----- Attributable to equity holders of the Company ---->						Minority interest	Total equity
	Share capital RM'000	*Share premium RM'000*	*Capital reserve RM'000*	*Exchange translation reserve RM'000*	*(Accumulated losses)/ Retained earnings RM'000*	*Total RM'000*	*RM'000*	*RM'000*
Group								
Balance at 31 December 2005	928,867	34,734	5,656	(12,406)	(861,861)	94,990	171	95,161
Foreign currency translations	-	-	-	236	-	236	-	236
Net income recognised directly in equity	-	-	-	236	-	236	-	236
Par value reduction (Note 21(ii))	(835,980)	-	-	-	835,980	-	-	-
Share premium reduction (Note 21(ii))	-	(34,734)	-	-	34,734	-	-	-
Profit for the financial year	-	-	-	-	1,028	1,028	59	1,087
Balance at 31 December 2006	**92,887**	**-**	**5,656**	**(12,170)**	**9,881**	**96,254**	**230**	**96,484**
Foreign currency translations	**-**	**-**	**-**	**(241)**	**-**	**(241)**	**-**	**(241)**
Net loss recognised directly in equity	**-**	**-**	**-**	**(241)**	**-**	**(241)**	**-**	**(241)**
Profit for the financial year	**-**	**-**	**-**	**-**	**6,255**	**6,255**	**65**	**6,320**
Balance at 31 December 2007	**92,887**	**-**	**5,656**	**(12,411)**	**16,136**	**102,268**	**295**	**102,563**

	Share capital RM'000	*Share premium RM'000*	*(Accumulated losses)/ Retained earnings RM'000*	*Total RM'000*
Company				
Balance at 31 December 2005	928,867	34,734	(872,862)	90,739
Par value reduction (Note 21(ii))	(835,980)	-	835,980	-
Share premium reduction (Note 21(ii))	-	(34,734)	34,734	-
Profit for the financial year	-	-	2,867	2,867
Balance at 31 December 2006	**92,887**	**-**	**719**	**93,606**
Profit for the financial year	**-**	**-**	**3,748**	**3,748**
Balance at 31 December 2007	**92,887**	**-**	**4,467**	**97,354**

CASH FLOW STATEMENTS

For the financial year ended 31 December 2007

		Group		Company	
	Note	**2007 RM'000**	2006 RM'000	**2007 RM'000**	2006 RM'000
Cash Flows From Operating Activities					
Profit/(Loss) before tax					
- Continuing operations		**3,859**	(1,276)	**1,229**	448
- Discontinued operation		**2,488**	2,388	**2,519**	2,419
Adjustments for:					
Allowance for doubtful debts		**416**	1,608	**3,094**	3,320
Allowance for doubtful debts no longer required		**(36)**	(1,181)	**(170)**	(2,192)
Allowance for diminution in value of investments		**74**	124	**74**	124
Allowance for diminution in value of investments no longer required		**-**	(10)	**-**	(10)
Amortisation of prepaid lease payments for land	9	**72**	72	**-**	-
Depreciation of investment property	33	**545**	383	**545**	383
Depreciation of property, plant and equipment	7	**1,209**	1,244	**52**	102
Gain on disposal of quoted investments		**-**	(47)	**-**	-
Gain on disposal of property, plant and equipment		**(7)**	-	**(7)**	-
Impairment loss on investments in subsidiaries		**-**	-	**-**	10
Interest expense		**5,972**	5,967	**1,424**	1,450
Interest income		**(76)**	(122)	**(15)**	(36)
Inventories written off		**140**	-	**-**	-
Property, plant and equipment written off		**-**	2	**-**	-
Provision for retirement gratuity		**48**	120	**14**	58
Reversal of impairment loss on investment in a subsidiary		**-**	-	**(276)**	-
Reversal of impairment loss on investment in an associate		**-**	-	**(6,223)**	(4,320)
Share of results in associates		**(7,327)**	(4,337)	**-**	-
Operating profit before working capital changes		**7,377**	4,935	**2,260**	1,756

CASH FLOW STATEMENTS (Cont'd)

For the financial year ended 31 December 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Cash Flows From Operating Activities (Cont'd)					
Operating profit before working capital changes		**7,377**	4,935	**2,260**	1,756
Increase in inventories		**(40)**	(27)	**-**	-
Decrease/(Increase) in trade receivables		**333**	(98)	**4**	(3)
(Increase)/Decrease in other receivables, deposits and prepayments		**(505)**	1,218	**(3)**	906
Decrease in trade payables		**(471)**	(343)	**(2)**	(24)
(Decrease)/Increase in other payables and accruals		**(918)**	392	**(189)**	560
(Increase)/Decrease in amounts owing by related companies		**(12)**	898	**30**	1,051
Cash generated from operations		**5,764**	6,975	**2,100**	4,246
Interest paid		**(26)**	(22)	**-**	-
Interest received		**2**	24	**15**	36
Tax paid		**(2)**	(15)	**-**	-
Tax refunded		**158**	-	**-**	-
Net cash from operating activities		**5,896**	6,962	**2,115**	4,282
Cash Flows From Investing Activities					
Interest received		**74**	98	**-**	-
Proceeds from disposal of investments		**-**	431	**-**	-
Proceeds from disposal of property, plant and equipment		**7**	-	**7**	-
Purchase of property, plant and equipment	36	**(268)**	(174)	**(70)**	(107)
Net advances to subsidiaries		**-**	-	**(862)**	(1,860)
Placement of term deposits pledged with banks		**(19)**	(118)	**-**	-
Net cash (used in)/from investing activities		**(206)**	237	**(925)**	(1,967)

CASH FLOW STATEMENTS (Cont'd)

For the financial year ended 31 December 2007

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Cash Flows From Financing Activities					
Interest paid		**(5,946)**	(5,945)	**(1,424)**	(1,450)
Repayments of hire-purchase creditors		**(83)**	(69)	**-**	-
Repayments of bank borrowings		**-**	(2,620)	**-**	(1,620)
Advances from/(Repayments to) associates		**298**	(25)	**296**	(25)
(Repayments to)/Advances from ultimate holding company		**(2)**	73	**(2)**	73
(Repayments to)/Advances from related companies		**(64)**	(69)	**33**	83
Net cash used in financing activities		**(5,797)**	(8,655)	**(1,097)**	(2,939)
Net (decrease)/increase in cash and cash equivalents		**(107)**	(1,456)	**93**	(624)
Cash and cash equivalents at beginning of financial year	37	**2,298**	3,754	**12**	636
Cash and cash equivalents at end of financial year	37	**2,191**	2,298	**105**	12

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

1. Corporate Information

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

The registered office of the Company is located at 5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur.

The principal place of business of the Company is located at 8th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur.

The Directors regard Malayan United Industries Berhad, a company incorporated in Malaysia and listed on the Main Board of Bursa Securities, as the ultimate holding company.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 24 April 2008.

2. Principal Activities

The Company is an investment, property holding and management company. The principal activities of the Group consist of the following:

- Hotel
- Travel
- Property and investment holding

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

3. Basis Of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRS") in Malaysia and the provisions of the Companies Act 1965.

4. Significant Accounting Policies

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the financial statements.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets, liabilities and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable are taken into account.

4. Significant Accounting Policies (Cont'd)

4.2 Basis of consolidation (Cont'd)

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the financial year between minority interest and equity holders of the Company.

4.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

4. Significant Accounting Policies (Cont'd)

4.3 Property, plant and equipment and depreciation (Cont'd)

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Other property, plant and equipment are depreciated on a straight line method to write off the cost of the assets to their residual values over their estimated useful lives. The principal depreciation rates are as follows:

Buildings	2%
Office equipment	10% - 20%
Furniture and fittings	10% - 20%
Motor vehicles	20%
Plant and machinery	5% -10%
Renovation	10% - 20%

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit and loss and the revaluation surplus related to these assets, if any, is transferred directly to retained earnings.

4.4 Leases and hire-purchase

(a) Finance leases and hire-purchase

Assets acquired under finance leases and hire-purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

4. Significant Accounting Policies (Cont'd)

4.4 Leases and hire-purchase (Cont'd)

(a) Finance leases and hire-purchase (Cont'd)

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire-purchase liabilities.

(b) Operating leases

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings, are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront payments made on entering into or acquiring leasehold land are accounted for as prepaid lease payments and are amortised over the lease term on a straight line basis.

The buildings element is classified as a finance or operating lease in accordance with Note 4.4(a) or Note 4.4(b). If the lease payment cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

Prior to 1 January 2007, the Group had classified a lease of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. On adoption of FRS 117 Leases, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provisions in FRS 117. The effect of the change in accounting policy is disclosed in Note 5.3.

4. Significant Accounting Policies (Cont'd)

4.5 Investment property

The investment property consists of land and building that is not substantially occupied for use by, or in the operations of the Group and is held for investment potential and rental income.

Investment property is measured at cost, including related transaction costs less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is not depreciated. Building is depreciated at a principal annual depreciation rate of 2% to write off the cost of the asset on a straight line basis over its estimated useful life.

The residual value and useful life of investment property are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of investment property.

Investment property is derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(b) Associates

An associate is an entity over which the Group and the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the Company's separate financial statements, an investment in associate is stated at cost less impairment losses, if any.

4. Significant Accounting Policies (Cont'd)

4.6 Investments (Cont'd)

(b) Associates (Cont'd)

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated balance sheet is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investment.

The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long-term interest that, in substance, form part of the Group's net interest in the associate.

The Group's share of the profit or loss of the associate during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

When the Group's share of losses in the associate equals or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. Where the reporting dates of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in reporting dates is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening period.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(c) Other investments

Investments in shares and club memberships held as long term investments are stated at cost less allowance for diminution in value, if any.

Investments in quoted shares are stated at the lower of cost and market value on a portfolio basis.

Upon disposal of such investments, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

4. Significant Accounting Policies (Cont'd)

4.7 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and associates), inventories and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit (CGU) to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the income statement when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU.

The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average method and the cost of inventories comprise the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

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

4. Significant Accounting Policies (Cont'd)

4.9 Financial instruments

4.9.1 Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to financial instruments or components that are financial liabilities shall be recognised as income or expense. Distributions to holders of equity instruments are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts where the collectibility is considered doubtful.

Receivables are not held for the purpose of trading.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdraft, deposits and other short term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

(c) Payables

Liabilities for trade and other amounts payable, including amounts owing to associates and related parties, are initially recognised at fair value of the consideration to be paid in the future for goods and services received, and subsequently measured at amortised cost using the effective interest method.

(d) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(e) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise, they are charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

4. Significant Accounting Policies (Cont'd)

4.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.11 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit.

Taxes in the income statements comprise current tax and deferred tax.

(a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted by the balance sheet date.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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

4. Significant Accounting Policies (Cont'd)

4.12 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4.13 Employee benefits

(a) Short term benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the year when employees have rendered their services to the Group.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4.14 Foreign currencies

(a) Functional currency

The separate financial statements of each entities in the Group are measured using the functional currency, which is the currency of the primary economic environment in which the entity operates.

4. Significant Accounting Policies (Cont'd)

4.14 Foreign currencies (Cont'd)

(b) Foreign currency transactions and translations

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date, foreign currency monetary items are translated using the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency is translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation shall be recognised in profit or loss in the financial statements of the Company or the individual financial statements of the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences are recognised initially in the exchange translation reserve except for a monetary item that is denominated in a currency other than the functional currency of either the Company or the foreign operation, which exchange differences is recognised in profit or loss in the consolidated financial statements. On the disposal of the foreign operation, the cumulative amount of the exchange differences relating to the foreign operation is recognised in profit or loss when the gain or loss on disposal is recognised.

The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedures:

(i) assets and liabilities for each balance sheet presented (i.e. including comparatives) shall be translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and

(iii) all resulting exchange differences shall be recognised as a separate component of equity.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation is treated as assets and liabilities of the foreign operation and is translated at the exchange rate at the balance sheet date.

4. Significant Accounting Policies (Cont'd)

4.15 Revenue recognition

Revenue from invoiced value of tickets sold is recognised upon issuance of tickets.

Revenue from hotel comprises sales of room, food and beverage. Sales of room is recognised upon actual occupancy of rooms by guests whilst sale of food and beverage is recognised upon delivery to guests.

Interest income is recognised on an accrual basis.

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend income from subsidiaries and other investments is recognised when the investing company's right to receive payment is established.

All other revenue are recognised on an accrual basis.

4.16 Non-current assets (or disposal groups) held for sale and discontinued operations

4.16.1 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets (or all the assets and liabilities in a disposal group) are measured in accordance with applicable FRS. On initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, and financial assets carried at fair value) are measured at the lower of carrying amount immediately before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

Non-current assets (or disposal groups) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included within disposal groups) on the face of the balance sheet and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset (or disposal group) classified as held for sale is presented separately.

4. Significant Accounting Policies (Cont'd)

4.16 Non-current assets (or disposal groups) held for sale and discontinued operations (Cont'd)

4.16.1 Non-current assets (or disposal groups) held for sale (Cont'd)

If the Group has classified an asset (or disposal group) as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the asset (or disposal group) as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

(a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and

(b) its recoverable amount at the date of the subsequent decision not to sell.

4.16.2 Discontinued operations

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start up of the comparative period.

4.17 Segment information

Segment information is presented in respect of the Group's business. The reporting segment information is in respect of business segments as the Group's risks and returns are affected predominantly by differences in the products it produces. No segmental information is presented on geographical segments as the Group's operation is predominantly in Malaysia.

A segment with a majority of operating income earned from providing product or services to external clients and whose operating income, results or assets are 10 percent or more of all the segments is reported separately.

Segment results, assets and liabilities include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

5. Adoption Of New FRS And Amendment To FRS

5.1 New FRS and amendment to FRS adopted

(a) FRS 6 Exploration For and Evaluation of Mineral Resources is mandatory for annual periods beginning on or after 1 January 2007. FRS 6 is not relevant to the Group's operations.

(b) FRS 117 Leases and FRS 124 Related Party Disclosures are mandatory for annual periods beginning on or after 1 October 2006. The adoption of these standards does not have any significant financial impact on the financial statements of the Group.

(c) FRS 119_{2004} Amendment to FRS 119_{2004} Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures is mandatory for annual periods beginning on or after 1 January 2007.

This amendment permits any systematic method that results in recognition of actuarial gains and losses in the period in which they occur provided that the same basis is applied to both, gains and losses and the basis is applied consistently from period to period.

As the Group does not intend to change the accounting policy adopted for the recognition of actuarial gains and losses and does not participate in any multi-employer plans, the adoption of this amendment will only impact the format and extent of disclosures presented in the financial statements.

5.2 New FRS and amendments to FRS not adopted

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 which effective date is deferred to a date to be announced by the Malaysian Accounting Standards Board ("MASB"). FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The Group has also not adopted the following FRS and amendments that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group. The Directors do not anticipate that the application of these standards when they are effective will have a material impact on the results and the financial position of the Group:

(a) FRS which are effective for annual periods beginning on or after 1 July 2007

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

5. Adoption Of New FRS And Amendment To FRS (Cont'd)

5.2 New FRS and amendments to FRS not adopted (Cont'd)

(a) FRS which are effective for annual periods beginning on or after 1 July 2007 (Cont'd)

These amendments align the MASB's FRS with the equivalent International Accounting Standards ("IAS"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. The Group will apply this amendment for its annual period beginning 1 January 2008.

(b) Framework for the Preparation and Presentation of Financial Statements ("Framework") which is effective for annual periods beginning on or after 1 July 2007

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence does not define standards for any particular measurement or disclosure issue. The Group will apply this Framework for its annual period beginning 1 January 2008.

(c) Amendments and IC Interpretations which are effective for annual periods beginning on or after 1 July 2007

Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	This amendment results in exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and if whether the monetary item results from a transaction with the Company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item. The Group will apply this amendment for its annual period beginning 1 January 2008.
IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	IC Interpretation 1 is not relevant to the Group's operations.
IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments	IC Interpretation 2 is not relevant to the Group's operations.

5. Adoption Of New FRS And Amendment To FRS (Cont'd)

5.2 New FRS and amendments to FRS not adopted (Cont'd)

IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	IC Interpretation 5 is not relevant to the Group's operations.
IC Interpretation 6 Liabilities arising from Participating in Specific Market – Waste Electrical and Electronic Equipment	IC Interpretation 6 is not relevant to the Group's operations.
IC Interpretation 7 Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economics	IC Interpretation 7 is not relevant to the Group's operations.
IC Interpretation 8 Scope of FRS 2	IC Interpretation 8 is not relevant to the Group's operations.

5.3 Impact of FRS and amendment to FRS adopted

The adoption of FRS 6, 119_{2004} and 124 has not resulted in significant changes to the accounting policies of the Group. The principal change in accounting policy and its effect resulting from the adoption of FRS 117 is summarised below.

(a) **FRS 117 Leases**

(i) Leasehold land held for own use

Under FRS 117, leasehold land held for own use is now classified as operating lease. The up-front payment made for the leasehold land represents prepaid lease payments that are amortised on a straight-line basis over the lease term. Prior to 1 January 2007, long term leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

In accordance with the transitional provision of FRS 117, the unamortised amount of leasehold land as at 1 January 2007 which was stated at cost is retained as the surrogate carrying amount of prepaid lease payments. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively. The effects on the consolidated balance sheet as at 31 December 2007 are set out below. There were no effects on the consolidated income statement and the Company's financial statements for the financial year ended 31 December 2007.

5.3 Impact of FRS and amendment to FRS adopted (Cont'd)

(a) **FRS 117 Leases** (Cont'd)

(i) Leasehold land held for own use (Cont'd)

	(Decrease)/ Increase *RM'000*
Group	
Property, plant and equipment	(5,771)
Prepaid lease payments for land	5,771

6. Significant Accounting Estimates And Judgements

6.1 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Allowance for doubtful debts

The policy for assessing allowance for doubtful debts of the receivables of the Group is based on the ongoing evaluation of the collectability and aging analysis of the receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including credit worthiness and the past collection history of each receivable. If the financial conditions of the receivables have deteriorated, resulting in impairment of their ability to make payments, additional allowance may be required.

The Group has exposure to credit risks relating to recovery of receivables. Significant judgements are involved in estimating the impairment of such debts. In determining the amounts of certain specific debts, the Directors have considered certain factors relating to the financial position of the receivables.

(b) Impairment of assets

Property, plant and equipment, investment property and investments in subsidiaries and associates are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount of theses assets may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. The Directors believe that the estimates of the recoverable amounts are reasonable. However, changes in estimates of such recoverable amount would affect future operating results.

7. Property, Plant And Equipment

Group	*Freehold land RM'000*	*Buildings RM'000*	*Office equipment RM'000*	*Furniture and fittings RM'000*	*Motor vehicles RM'000*	*Plant and machinery RM'000*	*Renovation RM'000*	*Total RM'000*
Restated								
Cost								
Balance as at 1 January 2006	180	33,740	5,041	8,242	1,377	988	863	50,431
Additions	-	-	56	-	583	-	107	746
Written off	-	-	(17)	(6)	-	-	-	(23)
Balance as at 31 December 2006/ 1 January 2007	**180**	**33,740**	**5,080**	**8,236**	**1,960**	**988**	**970**	**51,154**
Additions	-	-	**120**	-	-	-	**148**	**268**
Disposals	-	-	-	-	**(157)**	-	-	**(157)**
Written off	-	-	**(3)**	-	-	-	-	**(3)**
Balance as at 31 December 2007	**180**	**33,740**	**5,197**	**8,236**	**1,803**	**988**	**1,118**	**51,262**

7. Property, Plant And Equipment (Cont'd)

Group (Cont'd)	*Freehold land RM'000*	*Buildings RM'000*	*Office equipment RM'000*	*Furniture and fittings RM'000*	*Motor vehicles RM'000*	*Plant and machinery RM'000*	*Renovation RM'000*	*Total RM'000*
Restated								
Accumulated depreciation								
Balance as at 1 January 2006	-	6,813	4,591	7,968	1,313	297	357	21,339
Charge for the financial year	-	701	145	55	171	99	73	1,244
Written off	-	-	(17)	(4)	-	-	-	(21)
Balance as at 31 December 2006/ 1 January 2007	**-**	**7,514**	**4,719**	**8,019**	**1,484**	**396**	**430**	**22,562**
Charge for the financial year	**-**	**700**	**166**	**53**	**117**	**99**	**74**	**1,209**
Disposals	**-**	**-**	**-**	**-**	**(157)**	**-**	**-**	**(157)**
Written off	**-**	**-**	**(3)**	**-**	**-**	**-**	**-**	**(3)**
Balance as at 31 December 2007	**-**	**8,214**	**4,882**	**8,072**	**1,444**	**495**	**504**	**23,611**
Impairment losses								
Balance as at 1 January 2006/ 31 December 2006/31 December 2007	**-**	**2,626**	**-**	**-**	**-**	**-**	**-**	**2,626**
Net book value								
Balance as at 1 January 2006	180	24,301	450	274	64	691	506	26,466
Balance as at 31 December 2006/ 1 January 2007	180	23,600	361	217	476	592	540	25,966
Balance as at 31 December 2007	**180**	**22,900**	**315**	**164**	**359**	**493**	**614**	**25,025**

7. Property, Plant And Equipment (Cont'd)

Company	*Office equipment RM'000*	*Furniture and fittings RM'000*	*Motor vehicles RM'000*	*Renovation RM'000*	*Total RM'000*
Cost					
Balance as at 1 January 2006	1,998	6,571	1,216	341	10,126
Additions	-	-	-	107	107
Balance as at 31 December 2006/1 January 2007	**1,998**	**6,571**	**1,216**	**448**	**10,233**
Additions	**1**	-	-	**69**	**70**
Disposals	-	-	**(157)**	-	**(157)**
Written off	**(3)**	-	-	-	**(3)**
Balance as at 31 December 2007	**1,996**	**6,571**	**1,059**	**517**	**10,143**
Accumulated depreciation					
Balance as at 1 January 2006	1,966	6,557	1,165	10	9,698
Charge for the financial year	7	3	51	41	102
Balance as at 31 December 2006/1 January 2007	**1,973**	**6,560**	**1,216**	**51**	**9,800**
Charge for the financial year	**4**	**3**	-	**45**	**52**
Disposal	-	-	**(157)**	-	**(157)**
Written off	**(3)**	-	-	-	**(3)**
Balance as at 31 December 2007	**1,974**	**6,563**	**1,059**	**96**	**9,692**
Net book value					
Balance as at 1 January 2006	32	14	51	331	428
Balance as at 31 December 2006/1 January 2007	25	11	-	397	433
Balance as at 31 December 2007	**22**	**8**	-	**421**	**451**

7. Property, Plant And Equipment (Cont'd)

(a) Title deed for the freehold land of a subsidiary has yet to be issued by the land office.

(b) The net book value of property, plant and equipment of the Group pledged to financial institutions for banking facilities amounted to RM24,020,000 (2006: RM24,911,000).

(c) The net book value of property, plant and equipment of the Group acquired under hire-purchase arrangements amounted to RM360,000 (2006: RM476,000).

8. Investment Property

Group and Company	*Freehold land RM'000*	*Building RM'000*	*Reclassified as non-current asset held for sale (Note 20) RM'000*	*Total 2007 RM'000*	*2006 RM'000*
Cost					
Balance as at 1 January/ 31 December	**10,850**	**26,299**	**(37,149)**	-	37,149
Accumulated depreciation					
Balance as at 1 January	-	**6,258**	**(6,258)**	-	5,875
Charge for the financial year	-	**545**	**(545)**	-	383
Balance as at 31 December	-	**6,803**	**(6,803)**	-	6,258
Impairment losses					
Balance as at 1 January/ 31 December	-	**1,970**	**(1,970)**	-	1,970
Net book value					
Balance as at 31 December 2007	**10,850**	**17,526**	**(28,376)**	-	-
Balance as at 31 December 2006	10,850	18,071	-	-	28,921
Fair value				-	39,600

The investment property has been pledged to a financial institution for banking facility granted to a subsidiary. (Note 26).

9. Prepaid Lease Payments For Land

	Group Long term leasehold land	
	2007	2006
	RM'000	RM'000
	Restated	Restated
Cost		
Balance as at 1 January/31 December	**6,617**	6,617
Accumulated depreciation		
Balance as at 1 January	**774**	702
Charge for the financial year	**72**	72
Balance as at 31 December	**846**	774
Carrying amount		
Balance as at 31 December	**5,771**	5,843

The prepaid lease payments for land of the Group has been pledged to a financial institution for banking facility granted to a subsidiary (Note 26).

10. Investments In Subsidiaries

	Company	
	2007	2006
	RM'000	RM'000
Unquoted equity shares, at cost	**15,776**	15,776
Less: Impairment losses	**(14,859)**	(15,135)
	917	641

The details of the subsidiaries are listed in Note 42 to the financial statements.

The consolidated financial statements of the Group do not deal with subsidiaries and associates as listed in Note 42(c) and (d). These are companies under liquidation or subsidiaries of the companies under liquidation.

11. Investments In Associates

	Group		Company	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Quoted equity shares, at cost	**296,672**	296,672	**296,672**	296,672
Group's share of post-acquisition reserves	**1,025**	(6,302)	**-**	-
	297,697	290,370	**296,672**	296,672
Less: Impairment loss	**(242,604)**	(242,604)	**(242,700)**	(248,923)
	55,093	47,766	**53,972**	47,749
Market value of quoted shares	**82,350**	41,175	**82,350**	41,175

The details of the associates are listed in Note 42 to the financial statements.

The summarised financial information of the associates are as follows:

	2007	*2006*
	RM'000	*RM'000*
Assets and liabilities		
Current assets	**301,669**	287,897
Non-current assets	**173,256**	174,050
Total assets	**474,925**	461,947
Current liabilities	**262,395**	270,462
Non-current liabilities	**54,384**	54,384
Total liabilities	**316,779**	324,846
Results		
Revenue	**69,023**	52,680
Profit for the financial year	**21,045**	12,447

Investment in an associate held by the Group and the Company with carrying amount of RM32,597,000 (2006: RM28,848,000) has been pledged to a financial institution for banking facilities granted to the Company.

12. Long Term Investments

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Unquoted shares, at cost	**124,871**	124,871	**24,190**	24,190
Less: Allowance for diminution in value	**(124,871)**	(124,871)	**(24,190)**	(24,190)
	-	-	**-**	-
Quoted shares, at cost	**20,222**	20,222	**20,222**	20,222
Less: Allowance for diminution in value	**(19,838)**	(19,764)	**(19,838)**	(19,764)
	384	458	**384**	458
Club memberships, at cost	**487**	487	**401**	401
	871	945	**785**	859
Market value of quoted shares	**384**	458	**384**	458

13. Inventories

	Group	
	2007	2006
	RM'000	RM'000
At cost		
Consumables, food and beverages	**614**	714

The cost of inventories recognised as expenses and included in the cost of sales of the Group amounted to RM1,588,000 (2006: RM1,299,000).

14. Short Term Investments

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Quoted shares in Malaysia, at cost	**7**	7	**7**	7
Less: Allowance for diminution in value	**(5)**	(5)	**(5)**	(5)
	2	2	**2**	2
Market value of quoted shares	**2**	2	**2**	2

15. Trade And Other Receivables

	Group		Company	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Trade receivables	**3,269**	3,602	**42**	46
Less: Allowance for doubtful debts	**(90)**	(126)	**(40)**	(40)
	3,179	3,476	**2**	6
Other receivables	**4,442**	4,023	**2,170**	2,170
Less: Allowance for doubtful debts	**(3,841)**	(3,841)	**(2,169)**	(2,169)
	601	182	**1**	1
Deposits	**542**	547	**221**	223
Less: Allowance for doubtful debts	**(79)**	(79)	**(79)**	(79)
	463	468	**142**	144
Prepayments	**214**	123	**22**	17
	4,457	4,249	**167**	168

The allowance for doubtful debts in respect of other receivables of the Group is net of bad debts written off of RM nil (2006: RM350,000).

The credit terms offered by the Group and the Company in respect of trade receivables range from cash term to 45 days (2006: cash term to 45 days) from date of invoice.

The foreign currency exposure of trade receivables of the Group are as follows:

	Group	
	2007	*2006*
	RM'000	*RM'000*
Hong Kong Dollar	**1,371**	1,269
US Dollar	**232**	686

Included in trade receivables of the Group is an amount owing by a related party of RM1,371,000 (2006: RM1,253,000) which is unsecured, interest-free and repayable on demand.

16. Amounts Owing By/To Subsidiaries

	Company	
	2007	*2006*
	RM'000	*RM'000*
Amounts owing by subsidiaries	**392,892**	392,030
Less: Allowance for doubtful debts	**(378,946)**	(376,022)
	13,946	16,008
Amount owing to a subsidiary	**2,017**	2,019

Amounts owing by subsidiaries represent balances arising from advances and payments made on behalf and balances arising from the settlement of certain subsidiaries' debts in previous years by the issuance of shares in the Company pursuant to the schemes of arrangement of the Company and these subsidiaries under Section 176 of the Companies Act 1965. These amounts are unsecured, interest-free and repayable on demand except for an amount of RM95,000 (2006: RM150,000), which bears interest at 9% (2006: 9%) per annum.

Amount owing to a subsidiary represents advances and payments made on behalf, which are unsecured, interest-free and repayable on demand.

17. Amounts Owing By/To Associates

	Group		*Company*	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Amounts owing by associates	**55,786**	56,084	**55,786**	56,084
Less: Allowance for doubtful debts	**(27)**	(27)	**(27)**	(27)
	55,759	56,057	**55,759**	56,057
Amount owing to an associate	**943**	943	**-**	-

Amounts owing by associates represent balances arising from advances and payments on behalf and balances arising from the settlement of an associate's debts in previous years by the issuance of shares in the Company pursuant to the schemes of arrangement of the Company and the said associate pursuant to Section 176 of the Companies Act 1965. These amounts are unsecured, interest-free and repayable on demand.

Amount owing to an associate represents balances arising from payments on behalf, which are unsecured, interest-free and repayable on demand.

18. Amounts Owing By/To Related Companies

	Group		Company	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Amounts owing by related companies	**1,224**	1,212	**296**	326
Less: Allowance for doubtful debts	**(667)**	(251)	**(251)**	(251)
	557	961	**45**	75

The allowance for doubtful debts in respect of the Group and the Company is net of bad debts written off of RM nil (2006: 194,000).

Amounts owing by related companies represent balances arising from normal trade transactions, which are unsecured, interest-free and repayable on demand.

Amounts owing to related companies represent balances arising from normal trade transactions, payments made on behalf and advances. These amounts are unsecured, interest-free and repayable on demand except for an amount of RM169,000 (2006: RM262,000), which bears interest at 5% (2006: 5%) per annum.

19. Term And Call Deposits

	Group		Company	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Term and call deposits with licensed banks	**2,139**	2,545	-	-

Included in deposits with licensed banks of the Group are deposits totalling RM616,000 (2006: RM597,000) pledged to banks to secure banking facilities.

20. Non-Current Asset Held For Sale

The investment property is classified as non-current asset held for sale following the proposed disposal of the asset by the Company as detailed in Note 43. As at 31 December 2007, the carrying amount and fair value of the non-current asset are as follows:

	Group and Company
	2007
	RM'000
Non-current asset classified as held for sale	
Investment property:	
Carrying amount (Note 8)	**28,376**
Fair value	**39,000**

The investment property has been pledged to a financial institution for banking facility granted to a subsidiary (Note 26).

21. Share Capital

	Group and Company			
	2007		*2006*	
	Number of shares		*Number of shares*	
	'000	***RM'000***	*'000*	*RM'000*
Ordinary shares of RM0.10 each:				
Authorised	**30,000,000**	**3,000,000**	30,000,000	3,000,000
Issued and fully paid:				
Balance as at 1 January	**928,867**	**92,887**	928,867	928,867
Par value reduction	**-**	**-**	-	(835,980)
Balance as at 31 December	**928,867**	**92,887**	928,867	92,887

In the previous financial year:

(i) the authorised share capital of the Company of RM3,000,000,000 comprising 3,000,000,000 ordinary shares of RM1.00 each had been amended to RM3,000,000,000 comprising 30,000,000,000 ordinary shares of RM0.10 each; and

(ii) the Company completed the capital reconstruction exercise where the issued and fully paid-up share capital of the Company was reduced from RM928,867,411 comprising of 928,867,411 ordinary shares of RM1.00 each to RM92,886,741 comprising 928,867,411 ordinary shares of RM0.10 each by way of cancellation of RM0.90 of the par value of each then existing ordinary shares in the Company in issue ("Par Value Reduction"), pursuant to Section 64(1) of the Companies Act 1965 (the "Act") and the share premium account of the Company was reduced by RM34,734,000 pursuant to Sections 64(1) and 60(2) of the Act ("Share Premium Reduction"). The credit arising from the Par Value Reduction and Share Premium Reduction was utilised to reduced the accumulated losses of the Company as at 31 December 2005.

22. Reserves

	Group		*Company*	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Non-distributable:				
Exchange translation reserve	**(12,411)**	(12,170)	**-**	-
Capital reserve	**5,656**	5,656	**-**	-
Distributable:				
Retained earnings	**16,136**	9,881	**4,467**	719
	9,381	3,367	**4,467**	719

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and balance in the tax exempt account to frank the payment of dividends of up to RM2,410,000 of its retained earnings as at 31 December 2007 without incurring additional tax liability.

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013. The Company has not made the election to move to the single tier system.

23. Provision

	Company	
	2007	*2006*
	RM'000	*RM'000*
Provision for corporate guarantees		
as at 1 January/31 December	**35,190**	35,190
Analysed as follows:		
Non current	**-**	35,190
Current	**35,190**	-
	35,190	35,190

The provision is in respect of corporate guarantee given by the Company for banking facilities granted to a subsidiary. During the financial year, the provision has been reclassified from non-current to current as the banking facilities of the subsidiary are due within one year.

24. Borrowings

	Group		Company	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Current liabilities				
Bank overdrafts - unsecured (Note 37)	**390**	249	**-**	-
Hire-purchase creditors (Note 25)	**91**	83	**-**	-
Term loans - secured (Note 26)	**54,688**	17,000	**2,500**	-
	55,169	17,332	**2,500**	-
Non-current liabilities				
Hire-purchase creditors (Note 25)	**329**	420	**-**	-
Term loans - secured (Note 26)	**15,320**	53,008	**15,320**	17,820
	15,649	53,428	**15,320**	17,820
Total borrowings	**70,818**	70,760	**17,820**	17,820

The maturity of the borrowings are as follows:

Group	***Fixed rate RM'000***	***Floating rate RM'000***	***Total RM'000***
As at 31 December 2007			
Within one year	**19,592**	**35,577**	**55,169**
More than one year and less than five years	**15,649**	**-**	**15,649**
	35,241	**35,577**	**70,818**
As at 31 December 2006			
Within one year	17,083	249	17,332
More than one year and less than five years	18,240	35,188	53,428
	35,323	35,437	70,760

24. Borrowings (Cont'd)

	Fixed rate RM'000	*Floating rate RM'000*	*Total RM'000*
Company			
As at 31 December 2007			
Within one year	**2,500**	**-**	**2,500**
More than one year and less than five years	**15,320**	**-**	**15,320**
	17,820	**-**	**17,820**
As at 31 December 2006			
More than one year and less than five years	17,820	-	17,820

25. Hire-Purchase Creditors

	Group	
	2007 RM'000	*2006 RM'000*
Minimum hire-purchase payments:		
- within one year	**120**	120
- more than one year and less than five years	**368**	488
Total minimum hire-purchase payments	**488**	608
Less: Future interest charges	**(68)**	(105)
Present value of hire-purchase liabilities	**420**	503
Current:		
- within one year (Note 24)	**91**	83
Non-current:		
- more than one year and less than five years (Note 24)	**329**	420
	420	503

26. Term Loans

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Secured	**70,008**	70,008	**17,820**	17,820
Repayable as follows:				
Current:				
- within one year (Note 24)	**54,688**	17,000	**2,500**	-
Non-current:				
- more than one year and less than five years (Note 24)	**15,320**	53,008	**15,320**	17,820
	70,008	70,008	**17,820**	17,820

The term loans are secured by way of the following:

(i) pledge of quoted shares in an associate (Note 11);

(ii) fixed legal charges over prepaid lease payments for land and investment property of the Group (Note 8, 9 and 20);

(iii) fixed and floating charges over the assets of a subsidiary; and

(iv) corporate guarantees from the Company for term loan granted to subsidiaries.

27. Deferred Tax Liabilities

(a) The deferred tax liabilities are made up of the following:

	Group	
	2007	2006
	RM'000	RM'000
Deferred tax liabilities		
- Revaluation reserve	**295**	295

(b) The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Unutilised tax losses	**30,564**	31,436	**18,029**	18,029
Unabsorbed capital allowances	**3,986**	6,135	**-**	1,172
Taxable temporary differences	**(1,046)**	(44)	**(991)**	-
Others	**185**	330	**-**	-
	33,689	37,857	**17,038**	19,201

28. Trade And Other Payables

	Group		Company	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Trade payables	**816**	1,287	**42**	44
Other payables and accruals	**3,926**	4,555	**1,911**	2,086
	4,742	5,842	**1,953**	2,130

The credit terms available to the Group and the Company in respect of trade payables range from 14 to 60 days (2006: 14 to 60 days) from date of invoice.

29. Amount Owing To Ultimate Holding Company

Amount owing to the ultimate holding company represents balances arising from payments made on behalf, which are unsecured, interest-free and repayable on demand.

30. Revenue

	Group		Company	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Rendering of services:				
- ticketing and travel related	**15,024**	24,993	**-**	-
- hotel	**10,058**	7,964	**-**	-
- other services	**-**	145	**-**	-
Interest income	**2**	24	**15**	37
Others	**210**	360	**234**	384
	25,294	33,486	**249**	421

31. Profit/(Loss) Before Tax

	Note	*Group*		*Company*	
		2007	*2006*	**2007**	*2006*
		RM'000	*RM'000*	***RM'000***	*RM'000*
Profit/(Loss) before tax is arrived at after charging:					
Allowance for doubtful debts		**416**	1,608	**3,094**	3,320
Allowance for diminution in value of investments		**74**	124	**74**	124
Amortisation of prepaid lease payments for land	9	**72**	72	**-**	-
Auditors' remuneration:					
Statutory					
- current year		**86**	72	**34**	25
- under provision in prior year		**7**	13	**9**	-
Non-statutory					
- current year		**25**	31	**24**	25
- (over)/under provision in prior year		**(4)**	6	**(4)**	6
Depreciation of property, plant and equipment	7	**1,209**	1,244	**52**	102
Directors' remuneration:					
- fees		**-**	-	**-**	-
- other emoluments		**187**	215	**179**	191
Impairment losses on investment in subsidiaries		**-**	-	**-**	10
Inventories written off		**140**	-	**-**	-
Interest expense:					
- bank overdrafts		**16**	6	**-**	-
- hire-purchase		**37**	41	**-**	-
- related company		**10**	16	**-**	-
- term loans		**5,909**	5,904	**1,424**	1,450
Property, plant and equipment written off		**-**	2	**-**	-
Provision for retirement gratuity		**48**	120	**14**	58
Realised loss on foreign exchange		**-**	1	**-**	-
Rental of:					
- equipment		**3**	5	**3**	5
- land and buildings		**170**	192	**-**	-

31. Profit/(Loss) Before Tax (Cont'd)

	Note	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
And crediting:					
Allowance for doubtful debts no longer required		**36**	1,181	**170**	2,192
Bad debts recovered		**36**	-	**-**	-
Gain on disposal of quoted investments		**-**	47	**-**	-
Gain on disposal of property, plant and equipment		**7**	-	**7**	-
Interest receivable from:					
- subsidiaries		**-**	-	**13**	13
- related companies		**-**	11	**-**	11
- others		**76**	111	**2**	12
Management fees received and receivable from:					
- a subsidiary		**-**	-	**24**	24
- an associate		**210**	360	**210**	360
Provision for contract costs no longer required		**183**	-	**-**	-
Provision for diminution in value of investments no longer required		**-**	10	**-**	10
Reversal of impairment losses included in other operating income:					
- investment in an associate (Note (c))		**-**	-	**6,223**	4,320
- investment in a subsidiary		**-**	-	**276**	-

(a) The estimated monetary value of benefits-in-kind received by the Directors of the Company otherwise than in cash from the Group and the Company amounted to RM23,000 (2006: RM38,000) respectively.

(b) Number of Directors of the Company whose aggregate of remuneration received from the Company and its subsidiaries during the financial year is analysed as follows:

	Number of Directors 2007	Number of Directors 2006
Executive Directors		
Below RM50,000	**-**	1
RM100,001 to RM150,000	**1**	1
Non-Executive Directors		
Below RM50,000	**3**	2
RM50,001 to RM100,000	**1**	1

31. Profit/(Loss) Before Tax (Cont'd)

(c) The recoverable amount of the investment in associates has increased due to better performance. As a result, a reversal of impairment loss of RM6,223,000 (2006: RM4,320,000) on the investment was recognised during the year to reflect its recoverable amount. The recoverable amount of the investment is determined by reference to the Company's share of the net assets of the associates.

32. Tax Expense

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Current tax expense based on profit for the financial year	**31**	25	-	-
Under provision in prior year	**(4)**	-	-	-
	27	25	-	-

The Malaysian income tax is calculated at the statutory rate of 27% (2006: 28%) of the estimated taxable profit for the fiscal year. The Malaysian statutory tax rate has been reduced to 27% from the previous year's rate of 28% for the fiscal year of assessment 2007 to 26% for fiscal year of assessment 2008, and to 25% for fiscal year of assessment 2009 onwards. The computation of deferred tax as at 31 December 2007 has reflected these changes.

The numerical reconciliation between the applicable tax rate and the average effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2007	2006	**2007**	2006
	%	%	**%**	%
Applicable tax rate	**27.0**	28.0	**27.0**	28.0
Tax effect in respect of:				
Exempt income	**(1.2)**	(10.1)	**-**	-
Non-taxable income	**(1.3)**	(29.5)	**(48.1)**	(63.6)
Non-allowable expenses	**24.8**	169.0	**36.6**	55.8
Utilisation of previously unrecognised deferred tax assets	**(17.7)**	(52.2)	**(15.5)**	(20.2)
Share of profit of associates	**(31.2)**	(109.0)	**-**	-
Deferred tax assets not recognised during the year	**-**	6.0	**-**	-
Average effective tax rate	**0.4**	2.2	**-**	-

33. Discontinued Operation

On 14 September 2007, the Company entered into an agreement with a related party, Pan Malaysian Industries Berhad ("PMI") to dispose to PMI the investment property comprising freehold land and office building. The details of the proposed disposal is disclosed in Note 43. In view of the proposed disposal, the operation of the investment property is classified as discontinued operation.

An analysis of the results of the discontinued operation is as follows:

	Group		*Company*	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Revenue	**4,018**	4,108	**4,049**	4,139
Expenses	**(1,530)**	(1,720)	**(1,530)**	(1,720)
Profit for the financial year	**2,488**	2,388	**2,519**	2,419

The following amounts have been included in arriving at profit for the financial year of discontinued operation:

	Group		*Company*	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Depreciation of investment property	**545**	383	**545**	383

The cash flows attributable to the discontinued operation are as follows:

	Group		*Company*	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Net cash flow from operating activities	**3,032**	2,771	**3,063**	2,802

34. Basic Earnings/(Loss) Per Share

Basic earnings or loss per share for the financial year is calculated by dividing the profit or loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2007	*2006*
	RM'000	*RM'000*
Profit/(Loss) attributable to equity holders of the Company		
- from continuing operations	**3,767**	(1,360)
- from discontinued operation	**2,488**	2,388
	6,255	1,028
Weighted average number of ordinary shares in issue (in '000)	**928,867**	928,867

	Group	
	2007	*2006*
	Sen	*Sen*
Basic earnings/(loss) per ordinary share:		
- from continuing operations	**0.40**	(0.15)
- from discontinued operation	**0.27**	0.26
	0.67	0.11

35. Employee Benefits

	Group		*Company*	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Wages, salaries and bonuses	**2,731**	2,682	**500**	687
Contributions to defined contribution plan	**316**	311	**72**	94
Short term accumulating compensated absence	**14**	58	**14**	58
Other benefits	**709**	503	**145**	166
	3,770	3,554	**731**	1,005

36. Purchase Of Property, Plant And Equipment

During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Purchase of property, plant and equipment	**268**	746	**70**	107
Financed by hire-purchase arrangements	**-**	(572)	**-**	-
Cash payments on purchase of property, plant and equipment	**268**	174	**70**	107

37. Cash And Cash Equivalents

The cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Term and call deposits	**2,139**	2,545	**-**	-
Cash and bank balances	**1,058**	599	**105**	12
Bank overdrafts (Note 24)	**(390)**	(249)	**-**	-
	2,807	2,895	**105**	12
Less: Deposits pledged to banks (Note 19)	**(616)**	(597)	**-**	-
	2,191	2,298	**105**	12

Deposits of the Group and of the Company have maturity periods ranging from 1 to 30 days (2006: 1 to 31 days). Bank balances are deposits held at call with licensed banks.

38. Related Party Disclosures

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries and ultimate holding company.

(b) 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	
	2007 RM'000	*2006 RM'000*	***2007 RM'000***	*2006 RM'000*
Rental and parking income received and receivable:				
- Related parties	**742**	1,288	**742**	1,288
- Related companies	**1,411**	891	**1,411**	891
- Associates	**1,826**	1,826	**1,826**	1,826
- Subsidiaries	**-**	-	**31**	31
Sale of air tickets and provision of travel and ancillary services:				
- Related parties	**5,188**	4,643	**-**	-
- Related companies	**1,423**	716	**-**	-
- Associates	**7**	9	**-**	-
- Ultimate holding company	**1**	47	**-**	-
Interest expense paid:				
- Related companies	**10**	16	**-**	-
Interest income received and receivable:				
- Related companies	**-**	11	**-**	11
Purchase of insurance:				
- Related companies	**356**	351	**208**	150
Management fee received and receivable				
- Associates	**210**	360	**210**	360

The related party transactions were entered in the normal course of business and were negotiated on terms mutually agreed with the respective parties.

Significant balances with related parties at the balance sheet date are disclosed in Note 15, 16, 17, 18 and 29 to the financial statements.

38. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

The remuneration of directors and other key management personnel during the financial year was as follows:

	Group		*Company*	
	2007	*2006*	***2007***	*2006*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Short term employee benefits	**453**	492	**178**	206
Contributions to defined contribution plan	**42**	52	**23**	23
	495	544	**201**	229

39. Segment Information

The Group's operations comprise the following main business segments:

Hotel	:	Operating of a hotel
Investment holding	:	Comprise mainly investment, dormant and inactive subsidiaries
Property holding	:	Property holding and operations
Travel	:	Travel agent and provision of travel-related services
Stockbroking	:	Comprise mainly businesses involved in stock and sharebroking, corporate advisory services, research and fund management services, nominee and custodian services principally engaged by associated companies

The inter-segment transactions were entered in the normal course of business and were negotiated on terms mutually agreed with the respective parties.

39. Segment Information (Cont'd)

(a) Business segment

2007	Hotel RM'000	Travel RM'000	Stockbroking RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000	Discontinued operation Property holding RM'000	Total operations RM'000
	<— Continuing operations					—>		
Revenue								
- external sales	10,058	15,024	-	212	-	25,294	4,018	29,312
- inter-segment sales	14	32	-	37	(83)	-	-	-
Total revenue	10,072	15,056	-	249	(83)	25,294	4,018	29,312
Result								
Segment results	3,005	388	-	(963)		2,430	2,488	4,918
Interest income	63	11	-	-		74	-	74
Finance costs	(1,390)	(63)	-	(4,519)		(5,972)	-	(5,972)
Share of profit of associates	-	-	7,327	-		7,327	-	7,327
Profit before tax						3,859	2,488	6,347
Tax expense						(27)	-	(27)
Profit for the financial year						3,832	2,488	6,320
Attributable to:								
Equity holders of the Company						3,767	2,488	6,255
Minority interest						65	-	65
						3,832	2,488	6,320
Other information								
Segment assets	35,420	3,331	-	57,472		96,223	28,407	124,630
Investments in associates	-	-	55,093	-		55,093	-	55,093
Consolidated total assets						151,316	28,407	179,723
Segment liabilities	18,735	1,731	-	56,354		76,820	44	76,864
Unallocated corporate liabilities	-	-	-	-		296	-	296
Consolidated total liabilities						77,116	44	77,160
Capital expenditure	101	97	-	70		268	-	268
Depreciation and amortisation	1,065	164	-	52		1,281	545	1,826
Non-cash expenses other than depreciation and amortisation	592	-	-	88		680	-	680

39. Segment Information (Cont'd)

(a) Business segment (Cont'd)

	Continuing operations						*Discontinued operation*	
2006	***Hotel RM'000***	***Travel RM'000***	***Stockbroking RM'000***	***Investment holding RM'000***	***Elimination RM'000***	***Total RM'000***	***Property holding RM'000***	***Total operations RM'000***
Revenue								
- external sales	8,109	24,993	-	384	-	33,486	4,108	37,594
- inter-segment sales	102	31	-	37	(170)	-	-	-
Total revenue	8,211	25,024	-	421	(170)	33,486	4,108	37,594
Result								
Segment results	(26)	366	-	(84)		256	2,388	2,644
Interest income	86	8	-	4		98	-	98
Finance costs	(1,415)	(64)	-	(4,488)		(5,967)	-	(5,967)
Share of profit of associates	-	-	4,337	-		4,337	-	4,337
Profit/(Loss) before tax						(1,276)	2,388	1,112
Tax expense						(25)	-	(25)
Profit/(Loss) for the financial year						(1,301)	2,388	1,087
Attributable to:								
Equity holders of the Company						(1,360)	2,388	1,028
Minority interest						59	-	59
						(1,301)	2,388	1,087
Other information								
Segment assets	36,047	4,221	-	57,534		97,802	29,183	126,985
Investments in associates	-	-	47,766	-		47,766	-	47,766
Consolidated total assets						145,568	29,183	174,751
Segment liabilities	18,944	2,763	-	56,221		77,928	44	77,972
Unallocated corporate liabilities	-	-	-	-		295	-	295
Consolidated total liabilities						78,223	44	78,267
Capital expenditure	49	590	-	107		746	-	746
Depreciation and amortisation	1,060	154	-	102		1,316	383	1,699
Non-cash expenses other than depreciation and amortisation	1,931	-	-	185		2,116	-	2,116

39. Segment Information (Cont'd)

(b) Geographical segments

As the Group's operations are predominantly in Malaysia, no segmental information is presented on geographical segments.

40. Financial Instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(i) Credit risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis to ensure that the Group is exposed to minimal credit risk. Term and call deposits and bank balances are placed with major financial institutions.

As at 31 December 2007, the Group and the Company have no significant concentration of credit risk, other than for an amount owing by an associate of RM55.8 million (2006: RM55.7 million). The term and call deposits, and bank balances of the Group and of the Company are placed with reputable financial institutions in Malaysia. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

(ii) Liquidity and cash flow risks

The Group seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowing structure. This is to ensure that the projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is within the Group's means to repay and refinance.

40. Financial Instruments (Cont'd)

(a) Financial risk management objectives and policies (Cont'd)

(iii) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities, both external and intra-group where the currency denomination differs from the local currency, RM. The Group's policy is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income against local currency costs.

(iv) Interest rate risk

The Group's exposure to interest rate risk arises mainly from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debts, and term and call deposits with varying maturities.

40. Financial Instruments (Cont'd)

(a) Financial risk management objectives and policies (Cont'd)

(iv) Interest rate risk (Cont'd))

The following tables set out the carrying amounts, the weighted average effective interest rates as at the balance sheet date and the periods of maturity of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group	*Note*	*Interest rate** %	*Within 1 year RM'000*	*1 - 2 years RM'000*	*2 - 3 years RM'000*	*3 - 4 years RM'000*	*4 - 5 years RM'000*	*More than 5 years RM'000*	*Total RM'000*
At 31 December 2007									
Fixed rates:									
Fixed deposits	19	**3.1**	**2,139**	-	-	-	-	-	**2,139**
Amount owing to a related company	18	**5.0**	**169**	-	-	-	-	-	**169**
Hire-purchase creditors	25	**7.9**	**91**	**99**	**107**	**114**	**9**	-	**420**
Term loans	26	**8.0**	**19,500**	**4,000**	**4,000**	**7,320**	-	-	**34,820**
Floating rates:									
Bank overdrafts	24	**8.3**	**390**	-	-	-	-	-	**390**
Term loans	26	**8.8**	**35,188**	-	-	-	-	-	**35,188**

* Weighted average effective interest rate

40. Financial Instruments (Cont'd)

(a) Financial risk management objectives and policies (Cont'd)

(iv) Interest rate risk (Cont'd)

Group (Cont'd)	*Note*	*Interest rate* %*	*Within 1 year RM'000*	*1 - 2 years RM'000*	*2 - 3 years RM'000*	*3 - 4 years RM'000*	*4 - 5 years RM'000*	*More than 5 years RM'000*	*Total RM'000*
At 31 December 2006									
Fixed rates:									
Fixed deposits	19	3.0	2,545	-	-	-	-	-	2,545
Amount owing to a related company	18	5.0	262	-	-	-	-	-	262
Hire-purchase creditors	25	7.8	83	91	99	107	114	9	503
Term loans	26	8.0	17,000	2,500	4,000	4,000	7,320	-	34,820
Floating rates:									
Bank overdraft	24	7.5	249	-	-	-	-	-	249
Term loans	26	8.8	-	35,188	-	-	-	-	35,188
Company									
At 31 December 2007									
Fixed rates:									
Amount owing by a subsidiary	16	**9.0**	**95**	**-**	**-**	**-**	**-**	**-**	**95**
Term loans	26	**8.0**	**2,500**	**4,000**	**4,000**	**7,320**	**-**	**-**	**17,820**
At 31 December 2006									
Fixed rates:									
Amount owing by a subsidiary	16	9.0	150	-	-	-	-	-	150
Term loans	26	8.0	-	2,500	4,000	4,000	7,320	-	17,820

* Weighted average effective interest rate

40. Financial Instruments (Cont'd)

(b) Fair values

The carrying amounts of the financial instruments of the Group and of the Company as at the balance sheet date approximate their fair values due to the relatively short term maturity of the financial instruments except as set out below:

	Group		*Company*	
	Carrying amount RM'000	*Fair value RM'000*	*Carrying amount RM'000*	*Fair value RM'000*
As at 31 December 2007				
Long term investments	**871**	**884**	**785**	**784**
Term loans	**70,008**	**63,902**	**17,820**	**14,300**
Hire-purchase creditors	**420**	**390**	**-**	**-**
As at 31 December 2006				
Long term investments	945	924	859	838
Term loans	70,008	59,175	17,820	13,241
Hire-purchase creditors	503	450	-	-

The following methods and assumptions are used to determine the fair value of financial instruments:

(i) Fair value of long term investments in respect of club memberships is estimated based on references to comparable market prices of similar investment. For quoted investments, fair value is based on quoted market prices.

(ii) Fair value of term loans and hire-purchase creditors is estimated based on the discounted cash flows technique. The discount rates used are 8.0% and 3.0% per annum respectively, which are based on the market related rate for similar instruments as at the balance sheet date.

41. Contingent Liabilities

Company - Unsecured

As at 31 December 2007, the contingent liabilities in respect of the corporate guarantees given by the Company for banking facilities granted to a subsidiary amounted to RM389,000 (2006: RM249,000).

42. Subsidiaries And Associates

(a) Subsidiaries and Associates of Pan Malaysia Holdings Berhad

	Subsidiary	*Equity Interest* 2007 %	2006 %	*Principal Activities*	*Country of Incorporation*
1.	Destiny Aims Sdn. Bhd. (a wholly-owned subsidiary of Pan Malaysia Travel & Tours Sdn. Bhd.)	**80**	80	Dormant	Malaysia
+ 2.	Golden Carps Pte. Ltd.	**100**	100	Inactive	Singapore
+ 3.	Grandvestment Company Limited	**100**	100	Investment holding	Hong Kong
4.	Kayangan Makmur Sdn. Bhd.	**100**	100	Inactive	Malaysia
+ 5.	Pengkalen Company Limited	**100**	100	Dormant	United Kingdom
6.	Pengkalen Equities Sdn. Bhd.	**100**	100	Investment holding and dealing	Malaysia
7.	Pengkalen Foodservices Sdn. Bhd.	**100**	100	Inactive	Malaysia
8.	Pengkalen Holiday Resort Sdn. Bhd.	**100**	100	Operating a hotel	Malaysia
9.	Pengkalen Properties Sdn. Bhd.	**100**	100	Inactive	Malaysia
10.	Pan Malaysia Travel & Tours Sdn. Bhd.	**80**	80	Travel agent & provision of travel-related services	Malaysia
11.	Twin Phoenix Sdn. Bhd.	**100**	100	Dormant	Malaysia

	Associate	*Equity Interest* 2007 %	2006 %	*Principal Activities*	*Country of Incorporation*
1.	Pan Malaysia Capital Berhad	**34.84**	34.84	Investment holding	Malaysia
* 2.	Excelpac Industries Sdn. Bhd. (a 25% associate of Pan Malaysia Travel & Tours Sdn. Bhd.)	**20**	20	Inactive	Malaysia

42. Subsidiaries And Associates (Cont'd)

(b) Subsidiaries of Pan Malaysia Capital Berhad

	Subsidiary	*Equity Interest* ***2007*** %	*Equity Interest* *2006* %	*Principal Activities*	*Country of Incorporation*
1.	Bayan Niaga Sdn. Bhd.	**100**	100	Inactive	Malaysia
2.	KESB Nominees (Asing) Sdn. Bhd.	**99.99**	99.99	Dormant	Malaysia
3.	KESB Nominees (Tempatan) Sdn. Bhd.	**99.99**	99.99	Nominee & custodian services	Malaysia
4.	Meridian Nominees (Tempatan) Sdn. Bhd.	**99.99**	99.99	Share registration, nominee & custodian services	Malaysia
5.	Pan Malaysia Equities Sdn. Bhd.	**99.99**	99.99	Property & investment holding	Malaysia
6.	PCB Asset Management Sdn. Bhd.	**100**	100	Research & fund management services	Malaysia
7.	PM Asset Management Sdn. Bhd.	**100**	100	Investment holding	Malaysia
8.	PM Nominees (Asing) Sdn. Bhd.	**99.99**	99.99	Nominee & custodian services	Malaysia
9.	PM Nominees (Tempatan) Sdn Bhd.	**99.99**	99.99	Nominee & custodian services	Malaysia
10.	PM Options & Futures Sdn. Bhd.	**100**	100	Inactive	Malaysia
11.	PM Securities Sdn. Bhd.	**99.99**	99.99	Stock and sharebroking and corporate advisory services	Malaysia
12.	Miranex Sdn. Bhd.	**100**	100	Moneylending	Malaysia

42. Subsidiaries And Associates (Cont'd)

(c) Subsidiaries and Associates of Pan Malaysia Holdings Berhad which are in Liquidation (These companies are not dealt with in the consolidated financial statements of the Group)

	Subsidiary	*Equity Interest* 2007 %	*Equity Interest* *2006* *%*	*Country of Incorporation*
1.	Anglo Pacific Holdings (Malaysia) Sdn. Bhd. (Dissolved on 3 April 2007)	**-**	100	Malaysia
2.	Asia Entertainment Network Sdn. Bhd.	**60**	60	Malaysia
3.	Cocoa Specialities (Malaysia) Sdn. Bhd.	**84.12**	84.12	Malaysia
4.	Grand Union Insurance Company Limited	**55**	55	Hong Kong
5.	Office Business Systems (Malacca) Sdn. Bhd.	**41.67**	41.67	Malaysia
6.	Office Business Systems (Penang) Sdn. Bhd.	**64.10**	64.10	Malaysia
7.	Office Business Systems Sdn. Bhd.	**64.10**	64.10	Malaysia
8.	Pengkalen Building Materials Sdn. Bhd.	**100**	100	Malaysia
9.	Pengkalen Electronics Industries Sdn. Bhd.	**67**	67	Malaysia
10.	Pengkalen Engineering & Construction Sdn Bhd.	**100**	100	Malaysia
11.	Pengkalen Heights Sdn. Bhd.	**70**	70	Malaysia
12.	Pengkalen Pasar Borong Sdn. Bhd.	**80**	80	Malaysia
13.	Pengkalen Raya Sdn. Bhd.	**100**	100	Malaysia
14.	Pengkalen (UK) Plc.	**84.12**	84.12	United Kingdom
15.	Sensor Equipment Sdn. Bhd.	**64.10**	64.10	Malaysia
16.	Technitone (M) Sdn. Bhd.	**64.10**	64.10	Malaysia
17.	Upali Group Sdn. Bhd. (Dissolved on 27 May 2007)	**-**	100	Malaysia

42. Subsidiaries And Associates (Cont'd)

(d) Other Subsidiaries and Associates of Pengkalen (UK) Plc (in liquidation)

	Subsidiary	*Equity Interest*		*Country of Incorporation*
		2007	*2006*	
		%	*%*	
1.	Anglo Pacific Corporation (Malaysia) Sdn. Bhd.	**100**	100	Malaysia
2.	Aqua Lanka (Private) Limited	**100**	100	Sri Lanka
+3.	GCIH Property Limited	**100**	100	Hong Kong
+4.	Grand Central Limited	**100**	100	Sri Lanka
5.	Kuril Plantations Sdn. Berhad	**100**	100	Malaysia

	Associate	*Equity Interest*		*Country of Incorporation*
		2007	*2006*	
		%	*%*	
1.	Desa Kuril Sdn. Berhad	**50**	50	Malaysia

* Associated company not audited by member firms of BDO Binder, Malaysia
\+ Subsidiary companies audited by overseas member firms of BDO International

43. Significant Event

Proposed disposal of investment property

On 14 September 2007, the Company entered into an agreement ("Principal Agreement") with a related party, Pan Malaysian Industries Berhad ("PMI"), to dispose to PMI the investment property comprising freehold land and office building for a cash consideration of RM39.0 million.

On 13 March 2008, the Company and PMI entered into a supplemental agreement to mutually agree to extend the duration of the completion period for a further six (6) months commencing 14 March 2008 until 13 September 2008 for the parties to fulfill and/or comply with the conditions precedent under the Principal Agreement.

The proposed disposal is subject to the approvals of the shareholders of the Company at a general meeting to be convened and from other relevant authorities or parties, if required. The proposed disposal is also subject to approval to be obtained by PMI from the Securities Commission and its shareholders at a general meeting to be convened.

44. Comparative Figures

The following comparative amounts have been restated as a result of adopting the new and amendments to FRS:

Effects on balance sheets as at 31 December 2006

	As previously reported RM'000	*(Decrease)/ Increase Note 5.3(a) RM'000*	*As restated RM'000*
Group			
Property, plant and equipment	31,809	(5,843)	25,966
Prepaid lease payments for land	-	5,843	5,843

ANALYSIS OF SHAREHOLDINGS

As at 23 April 2008

Class of Shares : Ordinary share of RM0.10 each
Voting Rights : 1 vote per ordinary share

Substantial Shareholders
as per Register of Substantial Shareholders

	No. of Shares held			
Name	**Direct**	**%**	**Deemed**	**%**
Pan Malaysian Industries Berhad	–	–	638,572,986	68.75
Tan Sri Dato' Khoo Kay Peng	–	–	638,572,986	68.75
Malayan United Industries Berhad	–	–	637,940,249	68.68
Loyal Design Sdn Bhd	358,496,163	38.59	–	–
MUI Media Ltd	166,117,018	17.88	–	–
Megawise Sdn Bhd	82,749,507	8.91	–	–
Pan Malaysia Corporation Berhad	–	–	82,749,507	8.91

Directors' Shareholdings
as per Register of Directors' Shareholdings

		No. of Shares held			
In the Company	**Name**	**Direct**	**%**	**Indirect**	**%**
Pan Malaysia Holdings Berhad	Dato' Choong Kok Min	1,442,000	0.16	20,906,932	2.25

		No. of Shares held			
In Related Company	**Name**	**Direct**	**%**	**Indirect**	**%**
Malayan United Industries Berhad	Dato' Choong Kok Min	1,250,000	0.06	–	–
	Datuk Yong Ming Sang	1,981,800	0.10	549,640	0.03
MUI Properties Berhad	Dato' Choong Kok Min	5,000	negligible	–	–

		Nominal Value of Class A1 Irredeemable Convertible Unsecured Loan Stocks (RM)			
	Name	**Direct**	**%**	**Indirect**	**%**
Malayan United Industries Berhad	Dato' Choong Kok Min	3,470	negligible	–	–

ANALYSIS OF SHAREHOLDINGS (Cont'd)

As at 23 April 2008

	Name	Direct	%	Indirect	%
		Nominal Value of Class A2 Irredeemable Convertible Unsecured Loan Stocks (RM)			
Malayan United Industries Berhad	Dato' Choong Kok Min	3,470	negligible	–	–

Distribution of Shareholders

Category	*No. of Shareholders*	*%*	*No. of Shares*	*%*
Less than 100 shares	283	2.77	10,924	0.00
100 - 1,000 shares	2,170	21.25	1,931,590	0.21
1,001 - 10,000 shares	5,435	53.22	26,330,330	2.83
10,001 - 100,000 shares	2,031	19.89	69,639,774	7.50
100,001 - less than 5% of issued shares	289	2.83	223,592,105	24.07
5% and above of issued shares	4	0.04	607,362,688	65.39
Total	10,212	100.00	928,867,411	100.00

Thirty (30) Largest Securities Account Holders

	Name	**No. of Shares**	**%**
1.	Amsec Nominees (Tempatan) Sdn Bhd - Arab-Malaysian Credit Berhad for Loyal Design Sdn Bhd	185,000,000	19.92
2.	Loyal Design Sdn Bhd	173,496,163	18.68
3.	MUI Media Ltd	166,117,018	17.88
4.	Megawise Sdn Bhd	82,749,507	8.91
5.	Mayban Nominees (Tempatan) Sdn Bhd - Mayban Investment Management Sdn Bhd for Malayan Banking Berhad	32,092,871	3.46
6.	Acquiline Sdn Bhd	30,463,488	3.28
7.	Arab-Malaysian Credit Berhad	21,245,416	2.29
8.	Komin Holdings Sdn Bhd	20,311,332	2.19
9.	Cimsec Nominees (Tempatan) Sdn Bhd - Danaharta Urus Sdn Bhd	13,554,211	1.46
10.	Amsec Nominees (Tempatan) Sdn Bhd - AmBank (M) Berhad	6,578,028	0.71
11.	Cimsec Nominees (Tempatan) Sdn Bhd - Danaharta Managers Sdn Bhd	5,673,118	0.61
12.	ABB Nominee (Tempatan) Sdn Bhd - Affin Bank Berhad	4,994,215	0.54
13.	Bank Kerjasama Rakyat Malaysia Berhad	4,760,534	0.51

ANALYSIS OF SHAREHOLDINGS (Cont'd)

As at 23 April 2008

Thirty (30) Largest Securities Account Holders (cont 'd)

	Name	*No. of Shares*	*%*
14.	Tai Chang Eng @ Teh Chang Ying	3,027,000	0.33
15.	Teh Shiou Cherng	2,930,000	0.32
16.	Tan Eng Huat	2,700,000	0.29
17.	Bank Kerjasama Rakyat Malaysia Berhad	1,985,751	0.21
18.	Newest Sdn Bhd (In Creditors Voluntary Liquidation)	1,890,000	0.20
19.	Yeap Poh Tin	1,295,600	0.14
20.	Tay Mong Kwee	1,150,000	0.12
21.	Multi-Purpose Credit Sdn Bhd	1,142,082	0.12
22.	They Heng Chong @ Teh Chong Fay	1,104,200	0.12
23.	Citibank Berhad	1,062,948	0.11
24.	Thye Mooi Lee	1,000,000	0.11
25.	Mayban Nominees (Tempatan) Sdn Bhd - Securities Account for Wong Soo Chai @ Wong Chick Wai	880,000	0.09
26.	Amsec Nominees (Asing) Sdn Bhd - Exempt An for AmFraser Securities Pte Ltd	834,700	0.09
27.	Mayban Nominees (Tempatan) Sdn Bhd - Securities Account for Kek Lian Lye	755,600	0.08
28.	Teh Li Li	751,769	0.08
29.	Chong Yuet Hwa @ Choong Kok Min	742,000	0.08
30.	Ng Kok Cheng @ Ng Kee Seng	700,000	0.08
	Total	770,987,551	83.00

PROPERTIES OWNED BY THE GROUP

As at 31 December 2007

Location & Description	***Usage***	**Tenure**	**Approximate Area** *Sq. Metres*	**Approximate Age of the Building** *No. of Years*	**Net Book Value** *RM'000*	**Date of Acquisition/ Last Revaluation**
Federal Territory of Kuala Lumpur						
1 lot of land with a 15-storey office building known as Menara PMI at No. 2, Jalan Changkat Ceylon, Kuala Lumpur	Office	Freehold	2,459	21	28,376	16 October 1993
State of Negeri Sembilan Darul Khusus						
4 lots of land with a 10-storey resort hotel at Lot 286, 288 & 289 and PT5855, 3 1/2 km, Jalan Pantai, Port Dickson	Hotel	Leasehold expiring 2059/2087	55,745	12	28,671	1993
State of Pahang Darul Makmur						
1 lot of bungalow land at HS10468 PT11291, Bentong	Vacant	Freehold	1,115	-	180	6 March 1992

Pan Malaysia Holdings Berhad
Company No: 95469-W
Incorporated in Malaysia

FORM OF PROXY

No. of Shares Held

I/We ______________________ NRIC No. ______________

of ______________________ Tel. No. ______________

being a member of PAN MALAYSIA HOLDINGS BERHAD hereby appoint ______________

______________________ NRIC No. ______________

of ______________________ Occupation ______________

or failing him/her, ______________________ NRIC No. ______________

of ______________________ Occupation ______________

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 Twenty-Fifth Annual General Meeting of the Company to be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 19 June 2008 at 9.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

	Resolutions	For	Against
1.	To approve Directors' fees of RM179,333.		
2.	To re-appoint Dato' Rastam bin Abdul Hadi as a Director.		
3.	To re-appoint Datuk Yong Ming Sang as a Director.		
4.	To re-appoint Mr Ooi Boon Leong as a Director.		
5.	To re-elect Mr Khet Kok Yin as a Director.		
6.	To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Proposed Amendments to the Articles of Association of the Company.		

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

____
Signature

Seal

Signed this ____________ day of ____________ 2008

Notes:-

1. *A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company but if he is not a member, he must be a qualified legal practitioner, approved company auditor, a person approved by the Companies Commission of Malaysia in the particular case or a person approved by the Directors prior to the appointment.*
2. *A member shall not be entitled to appoint more than two 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 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, other than an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *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.*
4. *The Form of Proxy must be deposited at the registered office of the Company at 5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

Stamp

The Company Secretary
Pan Malaysia Holdings Berhad
5th Floor, Menara PMI
No. 2, Jalan Changkat Ceylon
50200 Kuala Lumpur
Malaysia