Pan Malaysia Holdings Berhad

Company No: 95469 - W

LAPORAN TAHUNAN 2011 ANNUAL REPORT

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Ninth Annual General Meeting of the Company will be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 21 June 2012 at 9.30 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 2011.

2. To approve Directors' fees of RM110,452. **Resolution 1**

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

   (i) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Ooi Boon Leong be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 2**

4. To re-elect Mr Wong Nyen Faat, who is retiring in accordance with Article 91 of the Company's Articles of Association. **Resolution 3**

5. To re-elect Dr Wong Hong Meng, who is retiring in accordance with Article 91 of the Company's Articles of Association. **Resolution 4**

6. To re-elect Pn Farizon binti Ibrahim, who is retiring in accordance with Article 91 of the Company's Articles of Association. **Resolution 5**

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

As Special Business

To consider and, if thought fit, pass the following resolutions:-

8. Ordinary Resolution
   - Proposed authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby authorized to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting or until the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid share capital of the Company for the time being." **Resolution 7**

9. 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 on pages 6 and 7 of the Company's 2011 Annual Report". **Resolution 8**

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

By order of the Board

Ng Hock Ping
Soo-Hoo Siew Hoon
Joint Company Secretaries

Kuala Lumpur
30 May 2012

Notes:-

1. *Only a member whose name appears on the Record of Depositors as at 13 June 2012 shall be entitled to attend and vote at the meeting or appoint proxies to attend and/or vote on his or her behalf. 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 authorized 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 authorized 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 authorized 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.*

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. The Ordinary Resolution proposed under item 8, if passed, will give a general authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965 ("general authority to issue shares"). If passed, it will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued and paid-up share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.

   The Company has not issued any new shares under the general authority to issue shares which was approved at the Twenty-Eighth Annual General Meeting held on 23 June 2011 and which will lapse at the conclusion of the Twenty-Ninth Annual General Meeting to be held on 21 June 2012.

   The general authority to issue shares will allow the Company to take advantage of any strategic opportunities, including but not limited to, issuance of new shares for purpose of funding investment project(s), working capital and/or acquisitions which require new shares to be alloted and issued speedily and would also save the cost involved in convening a general meeting to approve such issuance of shares.

2. The Special Resolution proposed under item 9, if passed, will bring the Articles of Association of the Company in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

   (a) Mr Ooi Boon Leong – Retiring pursuant to Section 129 of the Companies Act, 1965.

   (b) Mr Wong Nyen Faat – Retiring pursuant to Article 91 of the Company's Articles of Association.

   (c) Dr Wong Hong Meng – Retiring pursuant to Article 91 of the Company's Articles of Association.

   (d) Pn Farizon binti Ibrahim – Retiring pursuant to Article 91 of the Company's Articles of Association.

2. Further details on the Directors standing for re-appointment/re-election are set out on pages 9 to 10 of this Annual Report.

3. Details of Attendance of Directors at Board Meetings.

   There were five (5) Board Meetings held during the financial year ended 31 December 2011. Details of attendance of the Directors are set out in the Profile of Directors appearing on pages 9 to 10 of the Annual Report.

4. The Twenty-Ninth Annual General Meeting of the Company will be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 21 June 2012 at 9.30 a.m.

APPENDIX I

PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

The details of the proposed amendments to the Articles of Association of the Company are as follows:

ARTICLE NO.	EXISTING ARTICLES	PROPOSED REVISED ARTICLES
Article 83 (a) Instrument appointing proxy to be in writing	The instrument appointing a 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. A proxy shall be entitled to vote both on a show of hands and on poll on any question at any general meeting.	The instrument appointing a 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. A proxy shall be entitled to <u>attend and</u> vote both on a show of hands and on a poll on any question at any general meeting <u>and shall have the same right as the Member to speak at the general meeting.</u>
Article 83 (b) Proxy	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 Registrar of Companies in the particular case or a person approved by the Directors prior to the appointment.	<u>A Member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the Member at the meeting. There shall be no restriction as to the qualification of the proxy.</u>
Article 83 (c) Member allowed only two proxies	A Member entitled to attend and vote shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meetings. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy only in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.	A Member entitled to attend and vote shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meetings. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy only in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. <u>Where a Member of the Company is an exempt authorised nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities accounts ("omninus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.</u> <u>An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from the compliance with the provisions of subsection 25A(1) of the Central Depositories Act.</u>

APPENDIX I (Cont'd)

ARTICLE NO.	EXISTING ARTICLES	PROPOSED REVISED ARTICLES
Article 83 (d) Proportions of holdings represented by each proxy to be specified	Where a Member, other than an authorised nominee as defined under the Central Depositories Act, appoints two (2) proxies the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.	<u>Where a Member and/or an exempt authorised nominee appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies.</u>

CORPORATE INFORMATION

Board of Directors

Ooi Boon Leong, *Chairman*
Wong Nyen Faat
Dr Wong Hong Meng
Farizon binti Ibrahim

Joint Company Secretaries

Soo-Hoo Siew Hoon
Ng Hock Ping

Auditors

BDO *Chartered Accountants*

Principal Bankers

CIMB Bank Berhad
Malayan Banking Berhad

Registrar

Pan Malaysia Management Sdn Bhd
5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur
Tel No: 03-21487696 Fax No: 03-21459216

Registered Office

5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur
Tel No: 03-21177388 Fax No: 03-21445209 Website: www.pmholdings.com.my

Principal Place of Business

5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur
Tel No: 03-21487696 Fax No: 03-21445209

PROFILE OF DIRECTORS

Ooi Boon Leong

Age 75. Malaysian Independent Non-Executive Director and Chairman. Appointed as Director on 9 September 2005. Chairman of the Audit Committee and the Nomination Committee and a member of the Remuneration Committee. 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 Pacific States Investment Limited, incorporated in Channel Islands and Jacks International Limited, incorporated in Singapore and listed on the Singapore Exchange Securities Trading Ltd. He also holds directorships in private limited companies. Not related to any Directors 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.

Wong Nyen Faat

Age 54. Malaysian. Non-Independent Non-Executive Director. Appointed as Director on 22 June 2011. He obtained a First Class Honours Bachelor's Degree in Science (Mathematics) with Education from University of Malaya and a Master's Degree in Business Management from Asian Institute of Management. He had served as Executive Director of Morning Star Resources Limited in Hong Kong. Currently, he is the Chief Operating Officer of the MUI Group, Executive Director of Pan Malaysia Corporation Berhad, Director of Pan Malaysia Capital Berhad, Metrojaya Berhad and Laura Ashley Holdings plc. He has vast experience in operations, business development and general management in a variety of industries. He also has extensive experience related to doing business in China. Not related to any Directors 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 the remaining two (2) Board Meetings held during the financial year subsequent to his appointment on 22 June 2011.

PROFILE OF DIRECTORS (Cont'd)

Dr Wong Hong Meng

Age 65. Malaysian. Independent Non-Executive Director. Appointed as Director on 4 October 2011. Chairman of the Remuneration Committee and member of the Audit Committee and Nomination Committee. He was in the pioneer batch of the Faculty of Economics and Administration of the University of Malaya graduating in 1969 with an honours degree in economics. He was also the first Malaysian to graduate with an MBA from Cranfield University in 1973. Professionally he qualified as a Fellow of the Institute of Chartered Accountant in England and Wales, an Associate of the Institute of Chartered Secretaries and Administrators and a Chartered Accountant member of the Malaysian Institute of Accountants. In 2007 he earned the degree of Doctor of Business Administration from the University of South Australia for his research into Christian religiousness and business ethics. He was involved in management consultancy, merchant banking, commercial banking and stock broking for more than thirty years. His earlier professional experience included a period as advisor to an Indonesian group of companies involved in timber, steel manufacturing, trading and banking. In 1980 he was appointed by the late Sri Sultan Hamengku Buwono lX, then Vice-President of the Republic of Indonesia, as advisor to a special task force to restructure a number of companies in which Sri Sultan had interests in. Later he was the head of Corporate Finance at D & C Sakura Merchant Bankers (now known as RHB Investment Bank) followed by almost ten years in top management at The Pacific Bank Berhad. In January 1999 he took early retirement from his employment career as Executive Director of TA Enterprise Berhad, one of the largest financial services groups in the country. After retirement, he remained active in the business world and had served as an independent non-executive director and chairman of the audit committee of two companies listed on Bursa Securities Malaysia Berhad, namely Silver Bird Group Berhad and TA Enterprise Berhad. Currently he is an independent non-executive director and member of the Investment Committee of TA Investment Management Berhad and a director of Malayan United Industries Berhad and Full Gospel Business Men's Fellowship 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. He had no convictions for any offences within the past 10 years. Attended the remaining one (1) Board Meeting held during the financial year subsequent to his appointment on 4 October 2011.

Farizon binti Ibrahim

Age 55. Malaysian. Independent Non-Executive Director. Appointed as Director on 25 October 2011. Member of the Audit Committee and Nomination Committee. A graduate in Accountancy and Business Management Studies. She had worked with Tabung Haji Kuala Lumpur from 1980 to 1985 and was subsequently attached to Tabung Haji Saudi Arabia under the auspices of the Embassy of Malaysia from 1986 to 1992. She was appointed as the Councillor in the Haj Welfare Division in Tabung Haji Jeddah to assist pilgrims who need counselling during the Haj period in Saudi Arabia. She was also the Public Relation Manager of the Malaysian Women's Association Club of Jeddah. She handled the activities of the Club that includes public relation with various Government, Corporate and other associations in Saudi Arabia. She also played an important role in the International Women's Association of Jeddah in the affairs of Welfare and Charity work. Formerly, she was the Chief Executive Officer of FDI Travel Services Sdn Bhd. Her exposure and experience in trade and travel began while working for the family-owned businesses. Currently, she is the Advisor for EL Wafa Travel Services Sdn Bhd. She also sits on the Boards of Pan Malaysian Industries Berhad, Pan Malaysia Capital Berhad and Metrojaya 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. She had no conviction for any offences within the past 10 years. Attended the remaining one (1) Board Meeting held during the financial year subsequent to her appointment on 25 October 2011.

STATEMENT ON CORPORATE GOVERNANCE

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

The Board 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.

Five (5) Directors' meetings were held during the financial year ended 31 December 2011. Details of the attendance of the Directors are disclosed on pages 9 to 10 of the Annual Report.

1.2 Board Balance

The Board currently consist of four (4) Directors:-

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

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.

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 9 to 10 of the Annual Report.

1.2 Board Balance (Cont'd)

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

Mr Ooi Boon Leong 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 2011 is set out on pages 19 to 21 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 Joint Company Secretaries 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	Ooi Boon Leong	- Independent Non-Executive Director
Members	Dr Wong Hong Meng (Appointed on 12 October 2011)	- Independent Non-Executive Director
	Farizon binti Ibrahim (Appointed on 14 November 2011)	- 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 Joint Company Secretaries who are 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. During the year, the Directors attended training that aids them in the discharge of their duties as Directors which included an in-house seminar on the subject of "Compliance of the Listing Requirements : Expectations on Directors of Listed Companies."

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	Dr Wong Hong Meng (Appointed on 16 November 2011)	- Independent Non-Executive Director
Member	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 2011, the aggregate of remuneration of the Directors received from the Company and its subsidiaries categorized into appropriate components were as follows:-

	Salaries RM'000	*Fees RM'000*	*Benefits-in-kind RM'000*	*Others RM'000*	*Total RM'000*
Executive Director	–	6	–	–	6
Non-Executive Directors	–	99	–	14	13

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

Range of remuneration	*Number of Directors* *Executive*	*Non-Executive*
Below RM50,000	1	9

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 and the Company'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 29 of the Annual Report and the Statement explaining the Directors' responsibility for preparing the annual audited financial statements pursuant to paragraph 15.26(a) of Bursa Securities Listing Requirements is set out on page 16 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 recognizes the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board recognizes that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimizing 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 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 19 to 21 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. Internal 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 was 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 associates, 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 2011, non-audit fees paid to the external auditors amounted to RM16,000 (2010: RM18,000).

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 2011 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***
Ooi Boon Leong - *Chairman*	*Independent Non-Executive Director*
Wong Nyen Faat *(Appointed on 16 August 2011)*	*Non-independent Non-Executive Director*
Dr Wong Hong Meng *(Appointed on 4 October 2011)*	*Independent Non-Executive Director*
Farizon binti Ibrahim *(Appointed on 25 October 2011)*	*Independent Non-Executive Director*

TERMS OF REFERENCE

1. Constitution

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

2. Authority

- The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized 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 authorized by the Board 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 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 function 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, 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;

3. Functions (Cont'd)

(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.

4. Meetings

During the financial year ended 31 December 2011, five (5) Audit Committee Meetings were held. Mr Ooi Boon Leong attended all the five (5) meetings of the Audit Committee. Mr Wong Nyen Faat attended all two (2) meetings of the Audit Committee subsequent to his appointment on 16 August 2011. Dr Wong Hong Meng and Farizon binti Ibrahim attended one (1) meeting of the Audit Committee subsequent to their appointments on 4 October 2011 and 25 October 2011 respectively.

At each of these Audit Committee Meetings, the Group Financial Controller 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 2011

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 Group Financial Controller 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 and auditing 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 2012. 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 by the Internal Audit Department of Malayan United Management Sdn Bhd, a company under the MUI Group of companies, 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.

The cost incurred for the internal audit function for the financial year ended 31 December 2011 is RM40,000.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and financial statements of our Company and the Group for the financial year ended 31 December 2011.

ECONOMIC REVIEW

The Malaysian economy remained resilient in 2011 and expanded at a more moderate rate of 5.1% compared with 7.2% in the previous year. The economic growth was largely driven by robust private consumption and public investments

The FTSE Bursa Malaysia KLCI performed positively in the first half of the year, reflecting bullish sentiments which were partly underpinned by the progress of the Economic Transformation Programme and also by the outcome of the State election in Sarawak.

However, the market went into a sharp correction in August and September following concerns over the US economic recovery and the escalating sovereign debt problems in Europe. The index retraced back to its lowest level for the year, falling to 1,331.80 on 26 September 2011.

The market rebounded in the last quarter of the year as investors' confidence somewhat recovered in expectation of a resolution to the debt crisis in Europe as well as in reaction to positive economic data in the US. The FBM KLCI closed at 1,530.73 in 2011, showing a gain of 0.78% for the year.

FINANCIAL HIGHLIGHTS AND REVIEW OF OPERATIONS

For the year ended 31 December 2011, the Group recorded a higher revenue of RM10.9 million from its continuing operations compared to RM10.5 million for the previous year. The increase was mainly due to higher contribution from its hotel operations in Port Dickson.

The Group discontinued its operation in the travel and tours business under its subsidiary, Pan Malaysia Travel and Tours Sdn Bhd (PMTT), in July 2011. As a result, PMTT reported a decline in turnover to RM1.2 million for the year compared to RM7.0 million in the previous year. However, the company reported a profit of RM40,000 compared to a loss of RM216,000 in the previous year. The profit was principally derived from the disposal proceeds of its two tour coaches.

The Group recorded a lower profit before tax of RM1.4 million from continuing operations for the year ended 31 December 2011 compared to a profit before tax of RM3.5 million for the previous year. The profit before tax for the year included the recovery of debt previously written off from non consolidated subsidiaries amounting to RM2.2 million compared to RM5.3 million for the previous year.

Corus Paradise Resort in Port Dickson continued to perform satisfactorily, recording a 4% increase in revenue to RM10.9 million as a result of higher occupancy rate. Its net operating profit remained unchanged at RM1.2 million.

PM Securities Sdn Bhd, a subsidiary of Pan Malaysia Capital Berhad, has a Universal Broker licence that, in addition to its stock-broking business, allows the company to offer corporate finance and corporate advisory services on par with investment banks. The company offers stockbroking services through its network of eight branches located in Kuala Lumpur, Seremban, Puchong, Penang, Johor Bahru, Melaka, Klang and Batu Pahat and one electronic access facility in Jelebu.

The year under review was a specially challenging time for the financial markets around the world. It was characterized by economic uncertainties plaguing the advanced economies, the spreading sovereign debt crisis in the Euro area and the earthquake disaster in Japan. Against this backdrop, the company recorded a higher revenue of RM22.9 million compared with RM21.9 million in the previous financial year, representing a growth of 4.6%. The growth in revenue was attributed to improved trading volume and higher corporate finance advisory fees achieved during the year.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility forms part of the Group's business conduct. The Group continued to engage in activities that promote community well-being. In June 2011, Corus Paradise Resort organised a blood donation campaign that attracted donors not only from among its own staff and guests but also from other hotels and members of the public. The hotel also organised a Hari Raya open house for orphans from Anak-Anak Yatim Rumah Kasih Harmoni.

OUTLOOK FOR 2012

As the external environment is expected to be challenging, the Malaysian economy is projected to grow at a moderate rate of between 4.0% and 5.0% in 2012. The economic growth will be supported by domestic demand. To meet the challenges ahead, the Group will continue to focus on its business development and exercise financial prudence in its universal broking business.

DIRECTORATE

Mr Lai Chee Leong resigned as executive director of the Company on 20 June 2011 and Dato' Rastam bin Abdul Hadi resigned as Director of the Company on 4 October 2011. The Board of Directors was saddened by the demise of its long-serving director, Mr Khet Kok Yin, on 3 June 2011.

Mr Wong Nyen Faat, Dr Wong Hong Meng and Puan Farizon binti Ibrahim were appointed as directors of the Company on 22 June 2011, 4 October 2011 and 25 October 2011 respectively. The Board welcomes the new members and looks forward to their active contribution to the development of the Group.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to take this opportunity to thank our shareholders, bankers and business associates for their continuing support. I also wish to express my sincere appreciation to the management and staff of the Group for their contributions, dedication and commitment. Last but not least, I would like to express my heartfelt gratitude to my fellow directors for their invaluable counsel and support.

Ooi Boon Leong
Chairman

7 May 2012

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GROUP FINANCIAL HIGHLIGHTS

	2011	*2010*	*2009*	*2008*	*2007*
KEY RESULTS (RM'000)					
Revenue	**12,119**	17,515	18,252	22,075	25,294
Operating profit (EBITDA)	**4,654**	6,884	10,064	4,245	14,145
Profit/(Loss) before tax	**1,439**	3,264	5,912	(2,914)	6,347
Net profit/(loss) attributable to shareholders of the Company	**1,424**	3,291	5,908	(2,786)	6,255
STATEMENTS OF FINANCIAL POSITION (RM'000)					
Total assets	**137,263**	140,928	144,288	176,655	179,723
Total liabilities	**27,548**	32,910	39,662	77,939	77,160
Share capital (ordinary shares of RM0.10 each)	**92,887**	92,887	92,887	92,887	92,887
Equity attributable to shareholder of the Company	**109,715**	107,896	104,461	98,553	102,268
Total equity	**109,715**	108,018	104,626	98,716	102,563
Total borrowings	**23,140**	28,105	33,051	70,337	70,818
FINANCIAL RATIOS					
Operating profit margin (%)	**38.40**	39.30	55.14	19.23	55.92
Current ratio (times)	**5.01**	3.78	6.13	1.02	1.06
Gearing ratio (times)	**0.21**	0.26	0.32	0.71	0.69
SHARE INFORMATION					
Basic earnings/(loss) per share (sen)	**0.15**	0.35	0.64	(0.30)	0.67
Net assets per share attributable to shareholders of the Company (RM)	**0.12**	0.12	0.11	0.11	0.11

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

Principal Activities

The Company is an investment and management company. The principal activities of the Group consist of operating a hotel, travel and investment holding.

There have been no significant changes in the nature of these activities during the financial year except for the cessation of a subsidiary's operations as travel agent and provision of travel related services.

Results

	Group RM'000	*Company RM'000*
Profit for the financial year from continuing operations	1,401	729
Profit for the financial year from discontinued operation	40	-
Profit for the financial year	1,441	729
Attributable to:		
Owners of the Company	1,424	729
Non-controlling interest	17	-
	1,441	729

Dividend

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2011.

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 Shares 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:

Ooi Boon Leong, *Chairman*	
Wong Nyen Faat	*(appointed as Non-executive Director on 22 June 2011)*
Dr Wong Hong Meng	*(appointed as Non-executive Director on 4 October 2011)*
Farizon binti Ibrahim	*(appointed as Non-executive Director on 25 October 2011)*
Khet Kok Yin	*(deceased on 3 June 2011)*
Dato' Rastam bin Abdul Hadi	*(resigned as Non-executive Director on 4 October 2011)*
Lai Chee Leong	*(resigned as Executive Director on 20 June 2011)*

Directors' Interests

None of the Directors who held office at the end of the financial year had, according to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, any beneficial interests in the shares of the Company and of its related corporations during and at the end of the financial year.

Directors' Benefits

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any 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/executives of related corporations.

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

(I) As at the end of the financial year

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

(b) In the opinion of the Directors, 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.

DIRECTORS' REPORT (Cont'd)

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

(II) From the end of the financial year to the date of this report

(c) 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; and

(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 method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

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

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) As at the date of this report

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

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

(g) 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.

Ultimate Holding Company

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

Auditors

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

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

Ooi Boon Leong
Director

Wong Nyen Faat
Director

Kuala Lumpur
24 April 2012

STATEMENT BY DIRECTORS

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

We, Ooi Boon Leong and Wong Nyen Faat, being two of the Directors of Pan Malaysia Holdings Berhad, state that in the opinion of the Directors, the financial statements set out on pages 32 to 91 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The information set out in Note 35 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

Ooi Boon Leong
Director

Wong Nyen Faat
Director

Kuala Lumpur
24 April 2012

STATUTORY DECLARATION

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

I, Ho Chun Fuat, 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 32 to 91 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 at Kuala Lumpur in the Federal Territory on 24 April 2012.

Ho Chun Fuat

Before me:

Robert Lim Hock Kee
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of Pan Malaysia Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of Pan Malaysia Holdings Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 32 to 90.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 34 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other reporting responsibilities

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

Other Matters

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

BDO
AF : 0206
Chartered Accountants

Rejeesh A/L Balasubramaniam
2895/08/12 (J)
Chartered Accountant

Kuala Lumpur
24 April 2012

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**27,537**	28,517	**2**	2
Investments in subsidiaries	8	**-**	-	**649**	649
Investment in associate	9	**49,227**	49,814	**53,972**	53,972
Other investments	10	**1,201**	806	**1,101**	706
		77,965	79,137	**55,724**	55,329
Current assets					
Inventories	11	**399**	264	**-**	-
Trade and other receivables	12	**2,061**	1,817	**13**	13
Amounts owing by subsidiaries	13	**-**	-	**14,038**	15,135
Amounts owing by associate	14	**53,545**	55,705	**53,545**	55,705
Amounts owing by related companies	15	**952**	983	**-**	-
Current tax assets		**15**	3	**-**	-
Cash and cash equivalents	16	**2,326**	3,019	**22**	10
		59,298	61,791	**67,618**	70,863
TOTAL ASSETS		**137,263**	140,928	**123,342**	126,192
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	**92,887**	92,887	**92,887**	92,887
Reserves	18	**16,828**	15,009	**19,895**	18,771
		109,715	107,896	**112,782**	111,658
Non-controlling interest		-	122	**-**	-
TOTAL EQUITY		**109,715**	108,018	**112,782**	111,658

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	19	**14,480**	15,330	**-**	-
Deferred tax liabilities	20	**1,238**	1,238	**-**	-
		15,718	16,568	**-**	-
Current liabilities					
Trade and other payables	21	**2,040**	2,501	**547**	589
Amounts owing to subsidiaries	13	**-**	-	**2,007**	2,009
Amounts owing to associate	14	**943**	943	**-**	-
Amounts owing to related companies	15	**72**	64	**71**	59
Amount owing to ultimate holding company	22	**115**	57	**115**	57
Borrowings	19	**8,660**	12,775	**7,820**	11,820
Current tax liabilities		**-**	2	**-**	-
		11,830	16,342	**10,560**	14,534
TOTAL LIABILITIES		**27,548**	32,910	**10,560**	14,534
TOTAL EQUITY AND LIABILITIES		**137,263**	140,928	**123,342**	126,192

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Continuing operations					
Revenue	23	**10,925**	10,486	**24**	24
Cost of services		**(4,172)**	(3,789)	**-**	-
Gross profit		**6,753**	6,697	**24**	24
Other operating income		**2,421**	5,547	**2,245**	5,344
Administrative expenses		**(1,369)**	(1,526)	**(644)**	(677)
Other operating expenses		**(3,617)**	(3,576)	**(31)**	(64)
Finance costs		**(2,200)**	(2,444)	**(865)**	(1,112)
Share of loss after tax of associate		**(587)**	(1,220)	**-**	-
Profit before tax	24	**1,401**	3,478	**729**	3,515
Taxation	25	**-**	(14)	**-**	-
Profit for the financial year from continuing operations		**1,401**	3,464	**729**	3,515
Discontinued operation					
Profit/(Loss) for the financial year from discontinued operation, net of tax	26	**40**	(216)	**-**	-
Profit for the financial year		**1,441**	3,248	**729**	3,515
Profit attributable to:					
Owners of the Company		**1,424**	3,291	**729**	3,515
Non-controlling interest		**17**	(43)	**-**	-
		1,441	3,248	**729**	3,515
Other comprehensive income:					
Fair value gains/(losses) on available-for-sale financial assets		**395**	(38)	**395**	(38)
Other comprehensive income/(loss), net of tax		**395**	(38)	**395**	(38)
Total comprehensive income		**1,836**	3,210	**1,124**	3,477
Total comprehensive income attributable to:					
Owners of the Company		**1,819**	3,253	**1,124**	3,477
Non-controlling interest		**17**	(43)	**-**	-
		1,836	3,210	**1,124**	3,477

	Note	Group 2011 *Sen*	Group 2010 *Sen*
Basic earnings per ordinary share attributable to equity holders of the Company			
- from continuing operations		**0.15**	0.37
- from discontinued operation		**-**	(0.02)
	27	**0.15**	0.35

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2011

	<----- Attributable to equity holders of the Company ---->							
	Share capital RM'000	*Capital reserve RM'000*	*Available-for-sale reserve RM'000*	*Exchange translation reserve RM'000*	*Retained earnings RM'000*	*Total RM'000*	*Non-controlling interest RM'000*	*Total equity RM'000*
Group								
Balance as at 31 December 2009	92,887	4,713	-	(12,397)	19,258	104,461	165	104,626
Effects of the adoption of FRS 139	-	-	142	-	40	182	-	182
Restated balance as at 1 January 2010	92,887	4,713	142	(12,397)	19,298	104,643	165	104,808
Profit for the financial year	-	-	-	-	3,291	3,291	(43)	3,248
Fair value losses on available-for-sale financial assets	-	-	(38)	-	-	(38)	-	(38)
Total comprehensive income	-	-	(38)	-	3,291	3,253	(43)	3,210
Balance as at 31 December 2010	**92,887**	**4,713**	**104**	**(12,397)**	**22,589**	**107,896**	**122**	**108,018**
Changes in equity in a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**(139)**	**(139)**
Profit for the financial year	**-**	**-**	**-**	**-**	**1,424**	**1,424**	**17**	**1,441**
Fair value gain on available-for-sale financial assets	**-**	**-**	**395**	**-**	**-**	**395**	**-**	**395**
Total comprehensive income	**-**	**-**	**395**	**-**	**1,424**	**1,819**	**17**	**1,836**
Balance as at 31 December 2011	**92,887**	**4,713**	**499**	**(12,397)**	**24,013**	**109,715**	**-**	**109,715**

			Distributable	
	Share capital RM'000	*Available-for-sale reserve RM'000*	*Retained earnings RM'000*	*Total equity RM'000*
Company				
Balance as at 1 January 2010	92,887	128	15,166	108,181
Profit for the financial year	-	-	3,515	3,515
Fair value losses on available-for-sale financial assets	-	(38)	-	(38)
Total comprehensive income	-	(38)	3,515	3,477
Balance as at 31 December 2010	**92,887**	**90**	**18,681**	**111,658**
Profit for the financial year	**-**	**-**	**729**	**729**
Fair value gain on available-for-sale financial assets	**-**	**395**	**-**	**395**
Total comprehensive income	**-**	**395**	**729**	**1,124**
Balance as at 31 December 2011	**92,887**	**485**	**19,410**	**112,782**

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash Flows From Operating Activities					
Profit/(Loss) before tax from:					
- continuing operations		**1,401**	3,478	**729**	3,515
- discontinued operation		**38**	(214)	**-**	-
		1,439	3,264	**729**	3,515
Adjustments for:					
Bad debts recovered		**(2,200)**	(1,106)	**-**	(1,106)
Depreciation of property, plant and equipment	7	**1,015**	1,176	**-**	1
Expenses on retirement gratuity no longer required		**(64)**	(1)	**(64)**	(1)
Gain on bargain purchase from additional interest in a subsidiary		**(9)**	-	**-**	-
Gain on disposal of property, plant and equipment		**(303)**	(7)	**(50)**	(7)
Impairment loss on:					
- trade and other receivables		**6**	-	**4**	-
- amounts owing by subsidiaries		**-**	-	**27**	64
- investment in a subsidiary		**-**	-	**130**	-
Interest expense		**2,206**	2,461	**865**	1,112
Interest income		**(58)**	(57)	**-**	-
Inventories written off		**-**	7	**-**	-
Property, plant and equipment written off	7	**61**	163	**-**	-
Reversal of impairment loss on:					
- trade and other receivables		**(22)**	-	**-**	-
- amounts owing by a subsidiary		**-**	-	**(2,196)**	-
- amount owing by a subsidiary under liquidation and not consolidated		**-**	(4,231)	**-**	(4,231)
Share of results in associate		**587**	1,220	**-**	-
Operating profit/(loss) before changes in working capital		**2,658**	2,889	**(555)**	(653)
Changes in working capital:					
Inventories		**(136)**	(14)	**-**	-
Trade and other receivables		**1,972**	243	**(4)**	5
Trade and other payables		**(397)**	(1,626)	**22**	(1,043)
Amounts owing by related companies		**-**	127	**-**	-
Cash generated from/(used in) operations		**4,097**	1,619	**(537)**	(1,691)
Interest paid		**(3)**	(4)	**-**	-
Tax refunded		**1**	-	**-**	-
Tax paid		**(13)**	(6)	**-**	-
Net cash from/(used in) operating activities		**4,082**	1,609	**(537)**	(1,691)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash Flows From Investing Activities					
Advances from/(Repayments to) ultimate holding company		**58**	(142)	**58**	(142)
Advances from related companies		**40**	35	**12**	53
Repayments by associate		**2,160**	22	**2,160**	22
Withdrawal of deposits pledged		**481**	176	**-**	-
Interest received		**58**	57	**-**	-
Net repayments from subsidiaries		**-**	-	**3,264**	6,738
Proceeds from disposal of property, plant and equipment		**304**	7	**50**	7
Acquisition of additional interest in a subsidiary	8	**(130)**	-	**(130)**	-
Purchase of property, plant and equipment	7	**(97)**	(554)	**-**	-
Repayments from subsidiaries under liquidation and not consolidated		**-**	5,310	**-**	-
Net cash from investing activities		**2,874**	4,911	**5,414**	6,678
Cash Flows From Financing Activities					
Interest paid		**(2,203)**	(2,457)	**(865)**	(1,112)
Repayments to hire-purchase creditors		**(125)**	(106)	**-**	-
Repayments of term loans		**(4,840)**	(4,840)	**(4,000)**	(4,000)
Net cash used in financing activities		**(7,168)**	(7,403)	**(4,865)**	(5,112)
Net (decrease)/increase in cash and cash equivalents		**(212)**	(883)	**12**	(125)
Cash and cash equivalents at beginning of financial year		**2,538**	3,421	**10**	135
Cash and cash equivalents at end of financial year	16	**2,326**	2,538	**22**	10

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

1. Corporate Information

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

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

The ultimate holding company is Malayan United Industries Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Securities.

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 2012.

2. Principal Activities

The Company is an investment and management company. The principal activities of the Group consist of operating a hotel, travel and investment holding.

There have been no significant changes in the nature of these activities during the financial year except for the cessation of a subsidiary's operations as travel agent and provision of travel related services.

3. Basis of Preparation

The financial statements of the Group and of the Company set out on pages 32 to 90 have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 35 to the financial statements set out on page 91 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

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 except as 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 to the financial statements. 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 of 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 acquired, liabilities assumed 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 business 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, the existence and effect of potential voting rights that are currently convertible or exercisable are taken into consideration.

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.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated statement of comprehensive income.

Non-controlling 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.

4. **Significant Accounting Policies** (Cont'd)

4.2 **Basis of consolidation** (Cont'd)

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.

Non-controlling interest is presented in the consolidated statement of financial position within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to owners of the Company.

Non-controlling interest in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the total profit or loss for the financial year between non-controlling interest and owners of the Company.

Transactions with non-controlling interest are treated as transactions with parties external to the Group. Disposals to non-controlling interest result in gains and losses for the Group that are recorded in profit or loss. Purchases from non-controlling interest result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

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 profit or loss 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.

After initial recognition, property, plant and equipment except for freehold land is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The long term leasehold land are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The Group does not adopt a policy of regular valuations. The revalued assets have been retained on the basis of their previous valuation in accordance with the transitional provisions of International Accounting Standard 16 (Revised) Property, Plant and Equipment, issued by the Malaysian Accounting Standards Board, which allows the Group to retain the carrying amount on the basis of the previous revaluation without the need for regular revaluation. The transitional provisions will remain in force until and unless the Group adopts a revaluation policy in place of a cost policy where FRS 116 would require revaluations to be carried out at regular intervals.

Freehold land has unlimited useful life and 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 annual depreciation rates are as follows:

Long term leasehold land	92 years
Buildings	2%
Office equipment	10% - 20%
Furniture and fittings	10% - 20%
Motor vehicles	20%
Plant and machinery	5% -10%
Renovation	10% - 20%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.6 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period 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. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

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 or loss.

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.

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

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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

4. **Significant Accounting Policies** (Cont'd)

4.4 **Leases and hire-purchase** (Cont'd)

(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.

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.

4.5 **Investments**

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company have 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. Investments accounted for at cost shall be accounted for in accordance with *FRS 5 Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associates

An associate is an entity over which the Group and the Company have 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 jointly control over those policies.

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

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 statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investments.

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.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

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. When the end of the reporting periods 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 end of the reporting periods is no more than three (3) 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.

4.6 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and associates) and inventories, are reviewed at the end of each reporting period 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 possible 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 profit or loss 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 profit or loss immediately.

4. Significant Accounting Policies (Cont'd)

4.6 Impairment of non-financial assets (Cont'd)

An impairment is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

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 profit or loss.

4.7 Inventories

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

Cost is determined on a weighted average method. The cost of inventories comprises 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 the estimated costs necessary to make the sale.

4.8 Financial instruments

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

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

4. Significant Accounting Policies (Cont'd)

(a) Financial assets (Cont'd)

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

(c) Equity

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4.9 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable or investee, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

4. Significant Accounting Policies (Cont'd)

4.9 Impairment of financial assets (Cont'd)

(a) Loans and receivables (Cont'd)

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment losses is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

4.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is 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 statements of comprehensive income comprise current tax and deferred tax.

(a) Current tax

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

Current taxes 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 substantively enacted by the end of the reporting period.

(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 statement of financial position 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 profits 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 the end of each reporting period. If it is no longer probable that sufficient taxable profits 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 profits will be available, such reductions will be reversed to the extent of the taxable profits.

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 on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax will be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

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 reporting period.

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.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.13 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

4.14 Employee benefits

(a) Short term employee benefits

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

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services 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. 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.

4.15 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

4. Significant Accounting Policies (Cont'd)

4.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met, as follows:

(a) Ticketing and travel related operations

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

(b) Hotel operations

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

(c) Management fees

Management fees are recognised on an accrual basis.

(d) Interest income

Interest income is recognised on an accrual basis, using the effective interest method.

(e) Rental income

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

4.17 Discontinued operation

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 statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

4.18 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

  (i) the combined reported profit of all operating segments that did not report a loss; and

  (ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

5. Adoption Of New FRSs, Amendment To FRSs And IC Interpretations

5.1 New FRSs and amendment to FRSs adopted during the financial year

New/Revised FRSs, Amendments to FRSs and IC Interpretations		**Effective for financial periods beginning on or after**
Amendments to FRS 132	*Financial Instruments: Presentation: Classification of rights issue*	1 March 2010
IC Interpretation 12	*Service Concession Arrangements*	1 July 2010
FRS 1	*First-time Adoption of Financial Reporting Standards (revised)*	1 July 2010
FRS 3	*Business Combinations (revised)*	1 July 2010
FRS 127	*Consolidated and Separate Financial Statements (revised)*	1 July 2010
Amendments to FRS 2	*Share-based Payments*	1 July 2010
Amendments to FRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
Amendments to FRS 138	*Intangible Assets*	1 July 2010
Amendments to IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 July 2010
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 July 2010
Amendments to FRS 1	*First-time Adoption of Financial Reporting Standards: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*	1 January 2011
Amendments to FRS 7	*Improving Disclosures about Financial Instruments*	1 January 2011
Amendments to FRS 2	*Group Cash-settled Share-based Payment Transactions*	1 January 2011
IC Interpretation 4	*Determining whether an Arrangement contains a Lease*	1 January 2011
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2011
Amendments to FRS 1	*Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 3	*Business Combinations*	1 January 2011
Amendments to FRS 7	*Financial Instruments: Disclosures*	1 January 2011
Amendments to FRS 101	*Presentation of Financial Statements*	1 January 2011
Amendments to FRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2011
Amendments to FRS 128	*Investments in Associates*	1 January 2011
Amendments to FRS 131	*Interests in Joint Ventures*	1 January 2011
Amendments to FRS 132	*Financial Instruments: Presentation*	1 January 2011
Amendments to FRS 134	*Interim Financial Reporting*	1 January 2011
Amendments to FRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2011
Amendments to IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2011

There is no impact upon adoption of the above new/revised FRSs, Amendment to FRSs and IC Interpretation during the financial year.

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') announced the issuance of the new MFRS framework that is applicable to entities other than private entities.

The Group is expected to apply MFRS framework for the financial year ending 31 December 2012.

This would result in the Group preparing an opening MFRS statement of financial position as at 1 January 2011, which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ended 31 December 2011 in accordance with MFRS, which would form the MFRS comparatives for the quarter ending 31 March 2012 and financial year ending 31 December 2012 respectively.

The MFRSs and IC Interpretations expected to be adopted are as follows:

New/Revised FRSs, Amendments to FRSs and IC Interpretations		**Effective for financial periods beginning on or after**
MFRS 1	*First-time Adoption of Financial Reporting Standards*	1 January 2012
MFRS 2	*Share-based Payment*	1 January 2012
MFRS 3	*Business Combination*	1 January 2012
MFRS 4	*Insurance Contracts*	1 January 2012
MFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6	*Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7	*Financial Instruments: Disclosures*	1 January 2012
MFRS 8	*Operating Segments*	1 January 2012
MFRS 9	*Financial Instruments*	1 January 2015
MFRS 10	*Consolidated Financial Statements*	1 January 2013
MFRS 11	*Joint Arrangements*	1 January 2013
MFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13	*Fair Value Measurement*	1 January 2013
MFRS 101	*Presentation of Financial Statements*	1 January 2012
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*	1 July 2012
MFRS 102	*Inventories*	1 January 2012
MFRS 107	*Statement of Cash Flows*	1 January 2012
MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110	*Events After the Reporting Period*	1 January 2012
MFRS 111	*Construction Contacts*	1 January 2012
MFRS 112	*Income Taxes*	1 January 2012
MFRS 116	*Property, Plant and Equipment*	1 January 2012
MFRS 117	*Leases*	1 January 2012
MFRS 118	*Revenue*	1 January 2012
MFRS 119	*Employee Benefits*	1 January 2012

5. Adoption Of New FRSs, Amendment To FRSs And IC Interpretations (Cont'd)

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (Cont'd)

New/Revised FRSs, Amendments to FRSs and IC Interpretations		**Effective for financial periods beginning on or after**
MFRS 119	*Employee Benefits (revised)*	1 January 2012
MFRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123	*Borrowing Costs*	1 January 2012
MFRS 124	*Related Party Disclosures*	1 January 2012
MFRS 126	*Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127	*Consolidated and Separate Financial Statements*	1 January 2013
MFRS 127	*Separate Financial Statements*	1 January 2012
MFRS 128	*Investments in Associates*	1 January 2012
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
MFRS 129	*Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131	*Interests in Joint Ventures*	1 January 2012
MFRS 132	*Financial Instruments: Presentation*	1 January 2012
MFRS 133	*Earnings Per Share*	1 January 2012
MFRS 134	*Interim Financial Reporting*	1 January 2012
MFRS 136	*Impairment of Assets*	1 January 2012
MFRS 137	*Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138	*Intangible Assets*	1 January 2012
MFRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140	*Investment Property*	1 January 2012
MFRS 141	*Agriculture*	1 January 2012
Improvements to MFRSs		1 January 2012
Amendments to MFRS 7	*Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures		1 March 2012
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012

New/Revised FRSs, Amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2012
IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10	*Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12	*Service Concession Arrangements*	1 January 2012
IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14 MFRS 119	*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15	*Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
IC Interpretation 107	*Introduction of the Euro*	1 January 2012
IC Interpretation 110	*Government Assistance - No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112	*Consolidation - Special Purpose Entities*	1 January 2012
IC Interpretation 113	*Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115	*Operating Leases - Incentives*	1 January 2012
IC Interpretation 125	*Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 129	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 131	*Revenue - Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132	*Intangible Assets - Web Site Costs*	1 January 2012

Technical Release 3 Guidance on Disclosure of Transition to IFRSs (“TR 3”) provides voluntary disclosure requirements on the potential impact of adoption of MFRSs. However, the Group is in the process of assessing the impact of implementing the above MFRSs but expect to fully comply with the new requirements of the MFRS Framework for the financial year ending 31 December 2012.

6. Significant Accounting Estimates And Judgements

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no changes in estimates at the end of the reporting period.

6. Significant Accounting Estimates And Judgements (Cont'd)

6.2 Critical judgements made in applying accounting policies

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

(a) Contingent liabilities

The determination of treatment of contingent liabilities is based on Directors' and management's view of the expected outcome of the contingencies, after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of the business.

(b) Classification of leasehold land

The classification of leasehold land as a finance lease or an operating lease required the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Due to the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land and that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease, management had determined that the leasehold land lease does not transfer substantially all the risks and rewards to the Group and hence it is classified as operating lease.

6.3 Key sources of estimation uncertainty

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

(a) Impairment of receivables

The Group and the Company makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(b) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets, therefore future depreciation charges could be revised.

(c) Impairment of assets

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

(d) Impairment of investment in associate and amounts owing by associate

The Directors review the investment in associate for impairment when there is an indication of impairment and assess the impairment of receivables on the amounts owing by associate when the receivables are long outstanding.

The recoverable amounts of the investment in associate and amounts owing by associate are assessed by reference to the value in use of the associate.

The value in use is the net present value of the projected future cash flows derived from the business operations of the associate discounted at an appropriate discount rate. For such discounted cash flows, it involved the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgment has been used to determine the discount rate for the cash flows and the future growth of the businesses of the associate.

7. Property, Plant And Equipment

Group *2011*	*Balance as at 1.1.2011 RM'000*	*Additions RM'000*	*Depreciation charges for the financial year RM'000*	*Disposal RM'000*	*Written off RM'000*	*Balance as at 31.12.2011 RM'000*
Carrying amount						
Freehold land	**180**	-	-	-	-	**180**
Long term leasehold land	**5,555**	-	(72)	-	-	**5,483**
Buildings	**21,801**	-	(720)	-	-	**21,081**
Office equipment	**793**	**64**	**(156)**	**(1)**	**(5)**	**695**
Furniture and fittings	**14**	-	(12)	-	-	**2**
Motor vehicles	**12**	-	(10)	-	-	**2**
Plant and machinery	**72**	**33**	(26)	-	-	**79**
Renovation	**90**	-	(19)	-	(56)	**15**
	28,517	**97**	**(1,015)**	**(1)**	**(61)**	**27,537**

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

	At 31.12.2011		
	Cost RM'000	***Accumulated depreciation and impairment RM'000***	***Carrying amount RM'000***
Freehold land	**180**	**-**	**180**
Long term leasehold land	**6,617**	**(1,134)**	**5,483**
Buildings	**34,765**	**(13,684)**	**21,081**
Office equipment	**2,234**	**(1,539)**	**695**
Furniture and fittings	**1,398**	**(1,396)**	**2**
Motor vehicles	**493**	**(491)**	**2**
Plant and machinery	**266**	**(187)**	**79**
Renovation	**136**	**(121)**	**15**
	46,089	**(18,552)**	**27,537**

Group ***2010***	***Balance as at 1.1.2010 RM'000***	***Additions RM'000***	***Depreciation charges for the financial year RM'000***	***Written off RM'000***	***Balance as at 31.12.2010 RM'000***
Carrying amount					
Freehold land	180	-	-	-	180
Long term leasehold land	5,627	-	(72)	-	5,555
Buildings	22,103	414	(716)	-	21,801
Office equipment	757	137	(101)	-	793
Furniture and fittings	64	-	(45)	(5)	14
Motor vehicles	126	3	(117)	-	12
Plant and machinery	332	-	(102)	(158)	72
Renovation	113	-	(23)	-	90
	29,302	554	(1,176)	(163)	28,517

	At 31.12.2010 Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	180	-	180
Long term leasehold land	6,617	(1,062)	5,555
Buildings	34,765	(12,964)	21,801
Office equipment	2,212	(1,419)	793
Furniture and fittings	1,414	(1,400)	14
Motor vehicles	1,454	(1,442)	12
Plant and machinery	233	(161)	72
Renovation	426	(336)	90
	47,301	(18,784)	28,517

Company *2011*	*Balance as at 1.1.2011 RM'000*	*Depreciation charges for the financial year RM'000*	*Balance as at 31.12.2011 RM'000*
Carrying amount			
Office equipment	**2**	**-**	**2**

	At 31.12.2011 Cost RM'000	*Accumulated depreciation RM'000*	*Carrying amount RM'000*
Office equipment	**263**	**(261)**	**2**
Furniture and fittings	**119**	**(119)**	**-**
Motor vehicles	**329**	**(329)**	**-**
	711	**(709)**	**2**

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

Company ***2010***	***Balance as at 1.1.2011 RM'000***	***Depreciation charges for the financial year RM'000***	***Balance as at 31.12.2011 RM'000***
Carrying amount			
Office equipment	3	(1)	2
Furniture and fittings	-	-	-
Motor vehicles	-	-	-
	3	(1)	2

	At 31.12.2010		
	Cost RM'000	***Accumulated depreciation RM'000***	***Carrying amount RM'000***
Office equipment	264	(262)	2
Furniture and fittings	119	(119)	-
Motor vehicles	707	(707)	-
	1,090	(1,088)	2

(a) The title deed of the freehold land of a subsidiary is pending issuance by the authorities.

(b) The long term leasehold land of the Group were revalued in 1993 based on the valuation carried out by an independent firm of professional valuers on an open market value basis. The Group has availed itself to the transitional provisions when the MASB first adopted *International Accounting Standards 16: Property, Plant and Equipment* in 1998. No subsequent valuation has been recorded for the long term leasehold land as the transitional provisions allow the Group to retain the carrying amount on the basis of the previous revaluation.

Had the revalued long term leasehold land been carried at cost less accumulated depreciation, the carrying amount would have been as follows:

	Company	
	2011 RM'000	*2010 RM'000*
Cost	**727**	727
Accumulated depreciation	**(125)**	(117)
Carrying amount	**602**	610

(c) The property, plant and equipment of the Group with a carrying amount of RM27,348,000 (2010: RM27,536,000) have been pledged to financial institutions for banking facilities (Note 19).

(d) In the previous financial year, the carrying amount of property, plant and equipment of the Group acquired under hire-purchase arrangements amounted to RM10,000.

8. Investments In Subsidiaries

	Company	
	2011	*2010*
	RM'000	*RM'000*
Unquoted shares, at cost	**9,063**	8,933
Less: Impairment losses	**(8,414)**	(8,284)
	649	649

(a) On 22 November 2011, the Company acquired 282,240 ordinary shares of RM1.00 each representing the remaining twenty percent (20%) equity interest in Pan Malaysia Travel & Tours Sdn. Bhd. ("PMTT") for a total cash consideration of RM130,000. As a result, PMTT became a wholly-owned subsidiary of the Group.

(b) The details of the subsidiaries are listed in Note 34 to the financial statements.

(c) The consolidated financial statements of the Group do not deal with the subsidiaries as listed in Note 34(c) to the financial statements, which are under liquidation.

9. Investment In Associate

	Group		Company	
	2011	*2010*	***2011***	*2010*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Quoted shares in Malaysia, at cost	**296,672**	296,672	**296,672**	296,672
Share of post acquisition loss	**(4,841)**	(4,254)	**-**	-
	291,831	292,418	**296,672**	296,672
Less: Impairment losses	**(242,604)**	(242,604)	**(242,700)**	(242,700)
	49,227	49,814	**53,972**	53,972
Market value of quoted shares in Malaysia	**28,407**	31,247	**28,407**	31,247

The detail of the associate is listed in Note 34 to the financial statements.

The summarised financial information of the associate are as follows:

	2011	*2010*
	RM'000	*RM'000*
Assets and liabilities		
Current assets	**314,869**	315,089
Non-current assets	**171,317**	172,257
Total assets	**486,186**	487,346
Current liabilities	**290,564**	290,115
Non-current liabilities	**54,327**	54,253
Total liabilities	**344,891**	344,368
Results		
Revenue	**23,977**	22,737
Loss for the financial year	**1,683**	3,502

Quoted investment in the associate held by the Group and the Company with a carrying amount of RM47,588,000 (2010: RM48,241,000) has been pledged to a financial institution for banking facilities granted to the Company (Note 19).

10. Other Investments

	2011 RM'000	2010 RM'000
Group		
Available-for-sale financial assets		
- Quoted shares outside Malaysia	**751**	356
- Club memberships	**450**	450
Total other investments	**1,201**	806
Company		
Available-for-sale financial assets		
- Quoted shares outside Malaysia	**751**	356
- Club memberships	**350**	350
Total other investments	**1,101**	706

Information on the fair value hierarchy is disclosed in Note 31(e) to the financial statements.

11. Inventories

	Group	
	2011 RM'000	2010 RM'000
At cost		
Consumables, food and beverages	**399**	264

The cost of inventories recognised as expenses and included in the cost of services of the Group amounted to RM1,624,000 (2010: RM1,562,000).

12. Trade And Other Receivables

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables	**1,845**	1,579	**-**	-
Less: Impairment losses	**(372)**	(392)	**-**	-
	1,473	1,187	**-**	-
Other receivables	**1,924**	1,917	**5**	1
Less: Impairment losses	**(1,723)**	(1,719)	**(4)**	-
	201	198	**1**	1
Loan and receivables	**1,674**	1,385	**1**	1
Deposits	**424**	416	**91**	91
Less: Impairment losses	**(79)**	(79)	**(79)**	(79)
	345	337	**12**	12
Prepayments	**42**	95	**-**	-
	2,061	1,817	**13**	13

(a) Trade receivables are non-interest bearing and the credit terms offered by the Group ranged from cash term to 30 days (2010: cash term to 30 days) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group	
	2011	*2010*
	RM'000	*RM'000*
Hong Kong Dollar	-	43

(c) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2011	*2010*
	RM'000	*RM'000*
Neither past due nor impaired	**607**	999
Past due, not impaired		
31 to 60 days	**422**	167
61 to 90 days	**444**	21
	866	188
Past due and impaired	**372**	392
	1,845	1,579

Receivables that are neither past due nor impaired

Trade receivables that are neither past due not impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

At the end of the reporting period, trade receivables of the Group that are past due but not impaired are unsecured in nature. These are creditworthy debtors.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired	
	Group	
	2011	*2010*
	RM'000	*RM'000*
Trade receivables	**372**	392
Less: Impairment losses	**(372)**	(392)
	-	-

12. Trade And Other Receivables (Cont'd)

The reconciliation of movements in the impairment losses of trade receivables are as follows:

	Group	
	2011	*2010*
	RM'000	*RM'000*
Trade receivables		
At beginning of financial year	**(392)**	(392)
Charge for the financial year	**(2)**	-
Reversal of impairment loss on receivables	**22**	-
At end of financial year	**(372)**	(392)

13. Amounts Owing By/(To) Subsidiaries

	Company	
	2011	*2010*
	RM'000	*RM'000*
Amounts owing by subsidiaries	**349,543**	352,809
Less: Impairment losses	**(335,505)**	(337,674)
	14,038	15,135
Amounts owing to subsidiaries	**2,007**	2,009

(a) 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 in Malaysia. These amounts are unsecured, interest-free and receivables upon demand in cash and cash equivalents.

(b) Amounts owing to subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) All amounts owing by/(to) subsidiaries are denominated in RM.

14. Amounts Owing By/(To) Associate

	Group		Company	
	2011	*2010*	***2011***	*2010*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Amounts owing by associate	**53,545**	55,705	**53,545**	55,705
Amounts owing to associate	**943**	943	**-**	-

(a) Amounts owing by associate 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 in Malaysia. These amounts are unsecured, interest-free and receivable upon demand in cash and cash equivalents.

(b) Amounts owing to associate represent balances arising from payments on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) All amounts owing by/(to) associate are denominated in RM.

15. Amounts Owing By/(To) Related Companies

	Group		*Company*	
	2011	*2010*	***2011***	*2010*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Amounts owing by related companies	**1,963**	1,994	**604**	604
Less: Impairment losses	**(1,011)**	(1,011)	**(604)**	(604)
	952	983	**-**	-
Amounts owing to related companies	**72**	64	**71**	59

(a) Amounts owing by/(to) related companies represent balances arising from normal trade transactions, payments made on behalf and advances, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(b) All amounts owing by/(to) related companies are denominated in RM.

16. Cash And Cash Equivalents

	Group		*Company*	
	2011	*2010*	***2011***	*2010*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Cash and bank balances	**1,693**	1,409	**22**	10
Term and call deposits with licensed banks	**633**	1,610	**-**	-
	2,326	3,019	**22**	10

(a) In previous financial year, term and call deposits with licensed banks of the Group totalling RM481,000 were pledged to secure banking facilities.

The weighted average interest rate of term and call deposits of the Group that was effective during the financial year was 2.8% (2010: 2.1%) per annum.

Term and call deposits of the Group have a maturity period ranging from 1 to 6 months (2010: 1 to 12 months).

(b) Information on financial risks of cash and cash equivalents are disclosed in Note 32 to the financial statements.

(c) All cash and cash equivalents are denominated in RM.

16. Cash And Cash Equivalents (Cont'd)

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2011	*2010*	**2011**	*2010*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Cash and bank balances	**1,693**	1,409	**22**	10
Term and call deposits with licensed banks	**633**	1,610	**-**	-
	2,326	3,019	**22**	10
Less: Deposits pledged to licensed banks	**-**	(481)	**-**	-
	2,326	2,538	**22**	10

17. Share Capital

	Group and Company			
	2011		*2010*	
	Number of shares '000	**RM'000**	*Number of shares '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	**928,867**	**92,887**	928,867	92,887

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

18. Reserves

	Group		Company	
	2011	*2010*	**2011**	*2010*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Non-distributable:				
Available-for-sale reserve	**499**	104	**485**	90
Capital reserve	**4,713**	4,713	**-**	-
Exchange translation reserve	**(12,397)**	(12,397)	**-**	-
Distributable:				
Retained earnings	**24,013**	22,589	**19,410**	18,681
	16,828	15,009	**19,895**	18,771

(a) Available-for-sale-reserve

Gains or losses arising on financial assets classified as available-for-sale.

(b) Capital reserve

Capital reserve mainly consists of asset revaluation reserve which is used to record the increase in the fair value of long term leasehold land on consolidation.

(c) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Retained earnings

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or to 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 decided not to make this election and 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 up to RM2,552,000 out of its entire retained earnings as at 31 December 2011. Any additional dividend payment will be made under the single tier system.

19. Borrowings

	Group		***Company***	
	2011 RM'000	*2010 RM'000*	***2011 RM'000***	*2010 RM'000*
Non-current liabilities				
Hire-purchase creditors	**-**	10	**-**	-
Term loans - secured	**14,480**	15,320	**-**	-
	14,480	15,330	**-**	-
Current liabilities				
Hire-purchase creditors	**-**	115	**-**	-
Term loans - secured	**8,660**	12,660	**7,820**	11,820
	8,660	12,775	**7,820**	11,820
Total borrowings				
Hire-purchase creditors	**-**	125	**-**	-
Term loans - secured	**23,140**	27,980	**7,820**	11,820
	23,140	28,105	**7,820**	11,820

19.1 Term loans

The term loans of the Group are secured by way of the following:

(i) pledge of quoted shares in an associate (Note 9);

(ii) fixed legal charges over property, plant and equipment of the Group (Note 7); and

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

In addition, the term loans granted to a subsidiary are guaranteed by the Company (Note 33).

Information on financial risks of term loans are disclosed in Note 32 to the financial statements.

19.2 Hire-purchase creditors

	Group 2011 RM'000	Group 2010 RM'000
Minimum hire-purchase payments:		
- not later than one (1) year	-	119
- later than one (1) year and less than five (5) years	-	10
Total minimum hire-purchase payments	-	129
Less: Future interest charges	-	(4)
Present value of hire-purchase liabilities	-	125

	Group 2011 RM'000	Group 2010 RM'000
Current liabilities:		
- not later than one (1) year	-	115
Non-current liabilities:		
- more than one (1) year and less than five (5) years	-	10
	-	125

All hire-purchase creditors are denominated in RM.

20. Deferred Tax Liabilities

(a) The deferred tax liabilities are in respect of surplus arising from revaluation of the long term leasehold land of its subsidiary.

	Group 2011 RM'000	Group 2010 RM'000
Balance as at 1 January/31 December	**1,238**	1,238

(b) The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Taxable temporary differences	**(1,608)**	(503)	**(1)**	(1)
Unused tax losses	**30,003**	28,570	**15,883**	14,676
Unabsorbed capital allowances	**6,846**	6,903	**3,010**	3,022
	35,241	34,970	**18,892**	17,697

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profit will be available against which the taxable temporary differences can be utilised.

21. Trade And Other Payables

	Group		Company	
	2011	*2010*	***2011***	*2010*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Trade payables	**260**	346	**-**	-
Other payables	**1,368**	1,711	**478**	461
Accruals	**412**	444	**69**	128
	2,040	2,501	**547**	589

(a) The credit terms available to the Group and to the Company in respect of trade payables range from 14 to 60 days (2010: 14 to 60 days) from date of invoice.

(b) All trade and other payables are denominated in RM.

(c) Information on financial risks of trade and other payables are disclosed in Note 32 to the financial statements.

22. Amount Owing To Ultimate Holding Company

(a) Amount owing to ultimate holding company represents balances arising from payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(b) All amount owing to ultimate holding company is denominated in RM.

23. Revenue

	Group		Company	
	2011	*2010*	***2011***	*2010*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Rendering of services:				
- hotel	**10,925**	10,486	**-**	-
Management fees	**-**	-	**24**	24
	10,925	10,486	**24**	24

24. Profit Before Tax

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
Statutory					
- current year		**119**	120	**61**	61
- under provision in prior year financial year		**1**	-	**-**	-
Non-statutory					
- current year		**3**	-	**3**	-
- under provision in prior year		**-**	3	**-**	3
Depreciation of property, plant and equipment	7	**1,015**	1,176	**-**	1
Directors' remuneration:					
- fees		**105**	147	**105**	147
- other emoluments		**-**	184	**-**	13
Impairment loss on:					
- trade and other receivables		**6**	-	**4**	-
- amounts owing by subsidiaries		**-**	-	**27**	64
- investment in a subsidiary		**-**	-	**130**	-
Inventories written off		**-**	7	**-**	-
Interest expense on:					
- bank overdrafts		**3**	4	**-**	-
- hire-purchase creditors		**3**	13	**-**	-
- term loans		**2,200**	2,444	**865**	1,112
Property, plant and machinery written off	7	**61**	163	**-**	-
Rental of:					
- equipment		**16**	13	**3**	3
- land and buildings		**136**	338	**26**	29
And after crediting:					
Bad debts recovered		**2,200**	1,106	**-**	1,106
Expenses on retirement gratuity no longer required		**64**	1	**64**	1
Gain on disposal of property, plant and equipment		**303**	7	**50**	7
Gain on foreign exchange - realised		**58**	33	**-**	-
Interest income		**58**	57	**-**	-
Management fees received and receivable from a subsidiary		**-**	-	**24**	24
Rental income on premises		**59**	109	**-**	-
Reversal of impairment loss on:					
- trade and other receivables		**22**	-	**-**	-
- amount owing by a subsidiary		**-**	-	**2,196**	-
- amount owing by a subsidiary under liquidation and not consolidated		**-**	4,231	**-**	4,231

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 2011	2010
Non-Executive Directors		
Below RM50,000	**9**	6

25. Taxation

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Continuing operations				
Income tax expense for the financial year	**10**	12	**-**	-
(Over)/Under-provision in prior years	**(10)**	2	**-**	-
Total tax expense from continuing operations	**-**	14	**-**	-
Discontinued operation				
Current taxation based on profit for the financial year:				
Malaysian income tax (Note 26)	**(2)**	2	**-**	-

The Malaysian income tax is calculated at the statutory rate of 25% (2010: 25%) of the estimated taxable profits for the fiscal year.

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

	Group 2011 %	Group 2010 %	Company 2011 %	Company 2010 %
Applicable tax rate	**25.0**	25.0	**25.0**	25.0
Tax effects in respect of:				
Non-taxable income	**(78.0)**	(41.7)	**(76.9)**	(38.0)
Non-allowable expenses	**51.7**	11.5	**30.8**	9.6
Deferred tax assets not recognised during the year	**11.0**	6.4	**21.1**	3.4
Share of results in associates	**10.1**	9.3	**-**	-
Utilisation of previously unrecognised deferred tax assets	**(19.2)**	(10.1)	**-**	-
	0.6	0.4	**-**	-
(Over)/Under provision of income tax expense in prior year	**(0.5)**	0.1	**-**	-
Average effective tax rate	**0.1**	0.5	**-**	-

25. Taxation (Cont'd)

Tax savings of the Group and of the Company are as follows:

	Group		*Company*	
	2011	*2010*	***2011***	*2010*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Arising from utilisation of previously unrecognised tax losses	**3**	472	**-**	459

26. Discontinued Operation

During the financial year, the Group has discontinued its travel operations in a subsidiary, Pan Malaysia Travel & Tours Sdn. Bhd.. In view of the cessation of the subsidiary's operations, the operation of the travel agent and provision of travel related services were classified as discontinued operation in the financial year ended 31 December 2011.

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

	Group	
	2011	*2010*
	RM'000	*RM'000*
Revenue	**1,194**	7,029
Other operating income	**290**	48
Expenses	**(1,446)**	(7,291)
Profit/(Loss) before tax	**38**	(214)
Current taxation (Note 25)	**2**	(2)
Profit/(Loss) for the financial year	**40**	(216)

The following amounts have been included in arriving at profit/(loss) before tax of the discontinued operation:

	Group	
	2011	*2010*
	RM'000	*RM'000*
Profit/(Loss) before tax is arrived at after charging:		
Auditors' remuneration	**10**	11
Depreciation of property, plant and equipment	**20**	147
Interest expense	**6**	17
Property, plant and equipment written off	**61**	-
Impairment loss on trade receivables	**2**	-
And after crediting:		
Gain on disposal of property, plant and equipment	**253**	-
Interest income	**15**	8
Reversal of impairment loss on trade receivables	**21**	-
Realised gain on foreign exchange	**1**	33

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

	Group	
	2011	2010
	RM'000	RM'000
Operating activities	**(58)**	301
Investing activities	**114**	(151)
Financing activities	**(128)**	(120)
	(72)	30

27. Basic Earnings Per Share

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

	Group	
	2011	2010
	RM'000	RM'000
Profit/(Loss) attributable to equity holders of the Company		
- from continuing operations	**1,384**	3,507
- from discontinued operation	**40**	(216)
Total	**1,424**	3,291
Number of ordinary shares outstanding ('000)	**928,867**	928,867

	Group	
	2011	2010
	Sen	Sen
Basic earnings per ordinary share		
- from continuing operations	**0.15**	0.37
- from discontinued operation	**-**	(0.02)
	0.15	0.35

Diluted earnings per ordinary share is not presented as there is no dilutive potential ordinary shares.

28. Employee Benefits

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Wages and salaries	**1,996**	2,077	**103**	113
Contributions to defined contribution plan	**223**	231	**15**	15
Social security contributions	**44**	496	**1**	1
Other benefits	**413**	56	**22**	18
	2,676	2,860	**141**	147

29. 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 parties.

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

Related parties of the Group include:

(i) Malayan United Industries Berhad, the ultimate holding company;

(ii) Direct and indirect subsidiaries of the ultimate holding company; and

(iii) Pan Malaysia Capital Berhad, an associate.

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

	Group		*Company*	
	2011	*2010*	***2011***	*2010*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Sale of air tickets and provision of travel and ancillary services:				
- related parties	**-**	121	**-**	-
- related companies	**70**	1,176	**-**	-
- associates	**-**	3	**-**	-
- ultimate holding company	**-**	5	**-**	-
Internal audit fee and expenses paid and payable:				
- related company	**-**	44	**-**	37
Office rental paid and payable:				
- related company	**94**	324	**26**	29
Purchase of insurance:				
- related companies	**197**	212	**57**	60
Management fee received and receivable:				
- subsidiaries	**-**	-	**24**	24

Significant balances with related parties at the end of the reporting period are disclosed in Notes 13, 14, 15 and 22 to the financial statements.

These transactions have been entered into in the normal course of business and have been established under negotiated commercial terms.

(c) Compensation of key management personnel

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

	Group		Company	
	2011	*2010*	***2011***	*2010*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Short term employee benefits	**226**	324	**119**	160
Contributions to defined contribution plan	**1**	7	**-**	-
	227	331	**119**	160

30. Operating Segments

Pan Malaysia Holdings Berhad as well as its subsidiaries and associates are principally engaged in hotel, travel, stockbroking and investment holding.

Pan Malaysia Holdings Berhad has arrived at four reportable segments that are organised and managed separately according to the nature of products and services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Hotel : Operating a hotel.

(ii) Travel : Travel agent and provision of travel-related services.

(iii) Stockbroking : Comprise mainly businesses involved in stock and sharebroking, corporate advisory services, research and fund management services, nominee and custodian services principally engaged by an associate

(iv) Investment holding : Comprise mainly investment, dormant and inactive subsidiaries.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

30. Operating Segments (Cont'd)

2011	*Hotel* *RM'000*	*Travel* *RM'000*	*Stockbroking* *RM'000*	*Investment holding* *RM'000*	*Total* *RM'000*
Revenue					
Total revenue	10,925	1,194	-	24	12,143
Inter-segment revenue	-	-	-	(24)	(24)
Revenue from external customers	10,925	1,194	-	-	12,119
Interest income	43	15	-	-	58
Finance costs	(1,335)	(6)	-	(865)	(2,206)
Net finance expense	(1,292)	9	-	(865)	(2,148)
Depreciation of property, plant and equipment	(995)	(20)	-	-	(1,015)
Profit/(Loss) before tax	1,134	38	(587)	854	1,439
Share of loss of associate	-	-	(587)	-	(587)
Income tax expenses	-	2	-	-	2
Other material non-cash items:					
- Property, plant and equipment written off	-	(61)	-	-	(61)
- Gain on disposal of property, plant and equipment	50	253	-	-	303
Investment in associate	-	-	49,227	-	49,227
Additions to non-current assets other than financial instruments and deferred tax assets	97	-	-	-	97
Segment assets	32,544	661	49,227	54,831	137,263
Segment liabilities	16,727	12	-	10,809	27,548

2010	*Hotel RM'000*	*Travel RM'000*	*Stockbroking RM'000*	*Investment holding RM'000*	*Total RM'000*
Revenue					
Total revenue	10,488	7,029	-	24	17,541
Inter-segment revenue	(2)	(3)	-	(24)	(29)
Revenue from external customers	10,486	7,026	-	-	17,512
Interest income	48	8	-	1	57
Finance costs	(1,332)	(17)	-	(1,112)	(2,461)
Net finance expense	(1,284)	(9)	-	(1,111)	(2,404)
Depreciation of property, plant and equipment	(1,028)	(147)	-	(1)	(1,176)
Profit/(Loss) before tax	1,155	(214)	(1,220)	3,543	3,264
Share of loss of associate	-	-	(1,220)	-	(1,220)
Income tax expenses	(12)	(2)	-	(2)	(16)
Other material non-cash items:					
- Property, plant and equipment written off	(163)	-	-	-	(163)
Investment in associate	-	-	49,814	-	49,814
Additions to non-current assets other than financial instruments and deferred tax assets	554	-	-	-	554
Segment assets	33,556	952	49,814	56,606	140,928
Segment liabilities	18,869	343	-	13,698	32,910

No segment information by geographical has been presented as the Group operates predominantly in Malaysia.

Reconciliation of reportable segment revenues and profit or loss to the Group's corresponding amounts were as follows:

	2011 RM'000	*2010 RM'000*
Revenue		
Total revenue for reportable segments	**12,143**	17,544
Elimination of inter-segmental revenues	**(24)**	(29)
Discontinued operation (Note 26)	**(1,194)**	(7,029)
Group's revenue per consolidated statement of comprehensive income	**10,925**	10,486
Profit for the financial year		
Total profit or loss for reportable segments	**1,439**	3,264
(Profit)/Loss on discontinued operation (Note 26)	**(38)**	214
Profit before tax and discontinued operation	**1,401**	3,478
Taxation	**-**	(14)
Profit for the financial year from continuing operations	**1,401**	3,464

31. Financial Instruments

(a) Capital management

The primary objective of the Group's and of the Company's capital management is to ensure that the Group and the Company would be able to continue as going concerns and to maintain an optimal capital structure so as to maximise shareholders' value. The overall strategy of the Group and the Company remains unchanged from financial year ended 31 December 2010.

The Group and the Company are not subject to any externally imposed capital requirements of the financial instruments.

The Group and the Company monitor capital using a gearing ratio which is the amount of borrowings (Note 19) divided by equity attributable to owners of the parent. The Group's and Company's policy is to keep the gearing ratio within manageable levels. At the end of the reporting period, the Group's and the Company's gearing ratios are 0.21 and 0.07 times (2010: 0.26 and 0.11 times) respectively.

(b) Financial instruments

Categories of financial instruments

	2011		*2010*	
	Group RM'000	***Company RM'000***	*Group RM'000*	*Company RM'000*
Financial assets				
Trade and other receivables, net of deposits and prepayments	**1,674**	**1**	1,385	1
Amounts owing by subsidiaries	**-**	**14,038**	-	15,135
Amounts owing by associate	**53,545**	**53,545**	55,705	55,705
Amounts owing by related companies	**952**	**-**	983	-
Term and call deposits	**633**	**-**	1,610	-
Cash and bank balances	**1,693**	**22**	1,409	10
	58,497	**67,606**	61,092	70,851
Available for sale				
Other investments	**1,201**	**1,101**	806	706
Financial liabilities				
Borrowings	**23,140**	**7,820**	28,105	11,820
Trade and other payables	**2,040**	**547**	2,501	589
Amounts owing to subsidiaries	**-**	**2,007**	-	2,009
Amounts owing to associate	**943**	**-**	943	-
Amounts owing to related companies	**72**	**71**	64	59
Amount owing to ultimate holding company	**115**	**115**	57	57
	26,310	**10,560**	31,670	14,534

(c) Fair values of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are unrecognised contingent liabilities of the Company as disclosed in Note 33 to the financial statements, of which the fair value amount is negligible as the probability of the related company defaulting on the borrowings is remote.

(d) Determination of fair value

Methods and assumptions used to estimate fair value

The fair values of financial assets and liabilities are determined as follows:

i. Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

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

ii. Quoted shares

The fair value of quoted investments outside Malaysia is determined by reference to the exchange quoted market prices at the close of the business at the end of the reporting period.

iii. Club memberships

The fair value for club memberships is estimated based on references to comparable market prices of similar investments.

(e) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31. Financial Instruments (Cont'd)

(e) Fair value hierarchy (Cont'd)

As at 31 December 2011, the Group and the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	Total RM'000	*Level 1 RM'000*	*Level 2 RM'000*	*Level 3 RM'000*
Group				
Available-for-sale financial assets				
- Quoted shares outside Malaysia	**751**	**751**	**-**	**-**
- Club memberships	**450**	**-**	**450**	**-**
Company				
Available-for-sale financial assets				
- Quoted shares outside Malaysia	**751**	**751**	**-**	**-**
- Club memberships	**350**	**-**	**350**	**-**

As at 31 December 2010, the Group and the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	Total RM'000	*Level 1 RM'000*	*Level 2 RM'000*	*Level 3 RM'000*
Group				
Available-for-sale financial assets				
- Quoted shares outside Malaysia	356	356	-	-
- Club memberships	450	-	450	-
Company				
Available-for-sale financial assets				
- Quoted shares outside Malaysia	356	356	-	-
- Club memberships	350	-	350	-

During the reporting period ended 31 December 2011, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

32. 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 policies in respect of the major areas of treasury activity are set out as follows:

(i) Credit risk

This is the risk that a counter party is unable to pay its debts or meet its obligations.

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.

The Group's primary exposure to credit risk arises through its trade receivables.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 12. Deposits with banks and other financial institutions are placed with reputable financial institutions. Therefore, the Directors believe that the possibility of non-performance by these financial institutions is remote.

Financial asset that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 12.

(ii) Liquidity and cash flow risks

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations when due.

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.

32. Financial Risk Management Objectives And Policies (Cont'd)

(ii) Liquidity and cash flow risks (Cont'd)

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

Group	*On demand or within one year RM'000*	*One to five years RM'000*	*Over five years RM'000*	*Total RM'000*
As at 31 December 2011				
Financial liabilities:				
Trade and other payables	**2,040**	**-**	**-**	**2,040**
Amounts owing to associate	**943**	**-**	**-**	**943**
Amounts owing to related companies	**72**	**-**	**-**	**72**
Amount owing to ultimate holding company	**115**	**-**	**-**	**115**
Borrowings	**8,660**	**3,790**	**10,690**	**23,140**
Total undiscounted financial liabilities	**11,830**	**3,790**	**10,690**	**26,310**

Company	*On demand or within one year RM'000*	*Total RM'000*
Financial liabilities:		
Trade and other payables	**547**	**547**
Amounts owing to subsidiaries	**2,007**	**2,007**
Amounts owing to related companies	**71**	**71**
Amount owing to ultimate holding company	**115**	**115**
Borrowings	**7,820**	**7,820**
Total undiscounted financial liabilities	**10,560**	**10,560**

Group	*On demand or within one year RM'000*	*One to five years RM'000*	*Over five years RM'000*	*Total RM'000*
As at 31 December 2010				
Financial liabilities:				
Trade and other payables	2,501	-	-	2,501
Amounts owing to associate	943	-	-	943
Amounts owing to related companies	64	-	-	64
Amount owing to ultimate holding company	57	-	-	57
Borrowings	12,775	3,790	11,540	28,105
Total undiscounted financial liabilities	16,340	3,790	11,540	31,670

Company	*On demand or within one year RM'000*	*Total RM'000*
Financial liabilities:		
Trade and other payables	589	589
Amounts owing to subsidiaries	2,009	2,009
Amounts owing to related companies	59	59
Amount owing to ultimate holding company	57	57
Borrowings	11,820	11,820
Total undiscounted financial liabilities	14,534	14,534

(iii) Foreign currency risk

Foreign currency risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company 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 functional currency, Ringgit Malaysia. The Group and the Company did not enter into any forward foreign exchange contract in the current financial year.

Sensitivity analysis for foreign currency risk

Fluctuations in foreign exchange rates against the financial currency of the Group and of the Company do not have any significant effect on the financial statements of the Group and the Company.

(iv) Market risk

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

The Group and the Company are exposed to equity price risks arising from quoted investments. The Group does not actively trade these investments and these instruments are classified as available-for-sale financial assets.

32. Financial Risk Management Objectives And Policies (Cont'd)

(iv) Market risk (Cont'd)

Sensitivity analysis for equity price risk

At the end of the reporting period, if the prices of the Group's quoted investments had been 5% higher or lower, with all other variables held constant, the Group's available-for-sale reserve in equity would have been RM37,500 higher or lower, arising as a result of an increase or decrease in the fair value of equity instruments classified as available-for-sale.

(v) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

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, as well as term and call deposits with varying maturities.

Interest rate risk sensitivity analysis

At the reporting date, if interest rate had been 100 basis points lower or higher, with all the variable held constant, the Group's and the Company's profit net of tax for the financial year would have been approximately RM169,000 (2010: RM198,000) and RM59,000 (2010: RM89,000) higher or lower respectively. The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

32. Financial Risk Management Objectives And Policies (Cont'd)

(v) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk.

Group	*Note*	*Weighted average effective 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 2011									
Fixed rates									
Term and call deposits	16	**2.8**	**633**	**-**	**-**	**-**	**-**	**-**	**633**
Term loans	19	**8.0**	**(7,820)**	**-**	**-**	**-**	**-**	**-**	**(7,820)**
Floating rates									
Term loans	19	**8.0**	**(840)**	**(840)**	**(1,050)**	**(1,050)**	**(1,050)**	**(10,490)**	**(15,320)**
At 31 December 2010									
Fixed rates									
Term and call deposits	16	2.1	1,610	-	-	-	-	-	1,610
Hire-purchase creditors	19	7.8	(115)	(10)	-	-	-	-	(125)
Term loans	19	8.0	(11,820)	-	-	-	-	-	(11,820)
Floating rates									
Term loans	19	8.0	(840)	(840)	(840)	(1,050)	(1,050)	(11,540)	(16,160)
Company									
At 31 December 2011									
Fixed rates									
Term loans	19	**8.0**	**7,820**	**-**	**-**	**-**	**-**	**-**	**7,820**
At 31 December 2010									
Fixed rates									
Term loans	19	8.0	11,820	-	-	-	-	-	11,820

33. Contingent Liability

	Company	
	2011	*2010*
	RM'000	*RM'000*
Guarantee given to a financial institution for the term loans of a subsidiary (Note 19)	**15,320**	16,160

The Directors are of the view that the chances to call upon the corporate guarantees are remote.

34. Subsidiaries And Associates

(a) Subsidiaries and Associates of Pan Malaysia Holdings Berhad

	Subsidiary	*Equity Interest* ***2011*** *%*	*Equity Interest* *2010* *%*	*Principal Activities*	*Country of Incorporation*
1.	Destiny Aims Sdn. Bhd. (a wholly-owned subsidiary of Pan Malaysia Travel & Tours Sdn. Bhd.)	**100**	80	Dormant	Malaysia
+ 2.	Golden Carps Pte. Ltd.	**100**	100	Inactive	Singapore
+ 3.	Grandvestment Company Limited	**100**	100	Dormant	Hong Kong
4.	Kayangan Makmur Sdn. Bhd.	**100**	100	Investment holding	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.	**100**	80	Travel agent & provision of travel-related services	Malaysia
11.	Twin Phoenix Sdn. Bhd.	**100**	100	Dormant	Malaysia

	Associate	*Equity Interest* ***2011*** *%*	*Equity Interest* *2010* *%*	*Principal Activities*	*Country of Incorporation*
1.	Pan Malaysia Capital Berhad	**34.84**	34.84	Investment holding	Malaysia

(b) Subsidiaries of Pan Malaysia Capital Berhad

	Subsidiary	*Equity Interest* ***2011*** *%*	*Equity Interest* *2010* *%*	*Principal Activities*	*Country of Incorporation*
1.	Bayan Niaga Sdn. Bhd.	**100**	100	Investment holding	Malaysia
2.	KESB Nominees (Asing) Sdn. Bhd.	**99.99**	99.99	Dormant	Malaysia
3.	KESB Nominees (Tempatan) Sdn. Bhd.	**99.99**	99.99	Nominees & custodian services	Malaysia
4.	Meridian Nominees (Tempatan) Sdn. Bhd.	**99.99**	99.99	Share registration, nominee & custodian services	Malaysia

34. Subsidiaries And Associates (Cont'd)

(b) Subsidiaries of Pan Malaysia Capital Berhad (Cont'd)

	Subsidiary	***Equity Interest 2011 %***	*Equity Interest 2010 %*	***Principal Activities***	***Country of Incorporation***
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	Nominees & custodian services	Malaysia
9.	PM Nominees (Tempatan) Sdn. Bhd.	**99.99**	99.99	Nominees & 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

(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 2011 %***	*Equity Interest 2010 %*	***Country of Incorporation***
1.	Asia Entertainment Network Sdn. Bhd.	**60**	60	Malaysia
#2.	Cocoa Specialities (Malaysia) Sdn. Bhd.	**-**	84.12	Malaysia
3.	Grand Union Insurance Company Limited	**55**	55	Hong Kong
4.	Office Business Systems (Malacca) Sdn. Bhd.	**41.67**	41.67	Malaysia
5.	Office Business Systems (Penang) Sdn. Bhd.	**64.10**	64.10	Malaysia
6.	Office Business Systems Sdn. Bhd.	**64.10**	64.10	Malaysia
7.	Pengkalen Building Materials Sdn. Bhd.	**100**	100	Malaysia
8.	Pengkalen Electronics Industries Sdn. Bhd.	**67**	67	Malaysia
#9.	Pengkalen Engineering & Construction Sdn. Bhd.	**-**	100	Malaysia
#10.	Pengkalen Pasar Borong Sdn. Bhd.	**-**	80	Malaysia
#11.	Pengkalen Raya Sdn. Bhd.	**-**	100	Malaysia
#12.	Pengkalen (UK) Plc.	**-**	84.12	United Kingdom
13.	Sensor Equipment Sdn. Bhd.	**64.10**	64.10	Malaysia
14.	Technitone (M) Sdn. Bhd.	**64.10**	64.10	Malaysia

* Not audited by BDO Malaysia or BDO Member Firms
+ Subsidiaries audited by BDO Member Firms
# Dissolved during the financial year

35. Supplementary Information On Realised And Unrealised Profits Or Losses

The retained earnings of the Group and of the Company as at the end of the reporting period may be analysed as follows:

	2011		*2010*	
	Group	***Company***	*Group*	*Company*
	RM'000	***RM'000***	*RM'000*	*RM'000*
Total retained profits				
- Realised	**28,854**	**19,410**	26,843	18,681
Total share of accumulated losses from associate				
- Realised	**(4,841)**	**-**	(4,254)	-
Total retained profits as per consolidated accounts	**24,013**	**19,410**	22,589	18,681

ANALYSIS OF SHAREHOLDINGS

As at 26 April 2012

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

Substantial Shareholders
as per Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Pan Malaysian Industries Berhad	–	–	643,330,487	69.26
Tan Sri Dato' Khoo Kay Peng	–	–	643,330,487	69.26
Malayan United Industries Berhad	–	–	642,700,783	69.19
Loyal Design Sdn Bhd	358,496,163	38.59	–	–
MUI Media Ltd	170,877,552	18.40	–	–
Megawise Sdn Bhd	82,749,507	8.91	–	–
Pan Malaysia Corporation Berhad	–	–	82,749,507	8.91
KKP Holdings Sdn Bhd	_	_	643,330,487	69.26
Soo Lay Holdings Sdn Bhd	_	_	643,330,487	69.26
Norcross Limited	_	_	643,330,487	69.26
Cherubim Investment (HK) Limited	_	_	643,330,487	69.26

Distribution of Shareholders

Category	**No. of Shareholders**	**%**	**No. of Shares**	**%**
Less than 100 shares	323	3.52	13,076	0.00
100 - 1,000 shares	2,044	22.29	1,792,047	0.19
1,001 - 10,000 shares	4,661	50.82	21,912,268	2.36
10,001 - 100,000 shares	1,780	19.41	65,511,495	7.06
100,001 - less than 5% of issued shares	361	3.93	227,515,303	24.49
5% and above of issued shares	3	0.03	612,123,222	65.90
Total	9,172	100	928,867,411	100.00

Thirty (30) Largest Securities Account Holders

	Name	No. of Shares	%
1.	Loyal Design Sdn Bhd	358,496,163	38.60
2.	MUI Media Ltd	170,877,552	18.40
3.	Megawise Sdn Bhd	82,749,507	8.91
4.	Acquiline Sdn Bhd	30,463,488	3.28
5.	Yeap Poh Tin	21,368,932	2.30
6.	Arab-Malaysian Credit Berhad - As Beneficial Owner	20,745,416	2.23
7.	Cimsec Nominees (Tempatan) Sdn Bhd - Danaharta Urus Sdn Bhd	13,554,211	1.46
8.	Lwah Choo Koon	7,259,500	0.78
9.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account- Ambank (M) Berhad	6,578,028	0.71
10.	Cimsec Nominees (Tempatan) Sdn Bhd - Danaharta Managers Sdn Bhd	5,673,118	0.61
11.	Tan Eng Huat	3,617,000	0.39
12.	Foo Fook Min	3,400,000	0.37
13.	Tai Chang Eng @ Teh Chang Ying	3,307,000	0.36
14.	Tan Thiang Him	2,900,000	0.31
15.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ong Yew Beng	2,551,500	0.27
16.	Ng Lam Hai	2,300,000	0.25
17.	Thye Mooi Lee	2,000,000	0.22
18.	Bank Kerjasama Rakyat Malaysia Berhad	1,985,751	0.21
19.	Tay Mong Kwee	1,750,000	0.19
20.	Tan Kuang Hwa	1,400,000	0.15
21.	Lee Yu Yong @ Lee Yuen Ying	1,220,600	0.13
22.	Lew Kim Lien	1,204,500	0.13
23.	Lim Kee Hing	1,204,000	0.13
24.	Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ang Lay Chong	1,200,000	0.13
25.	Yeoh Teong Eng	1,150,000	0.12
26.	Kua Sai Ling @ Kua Sai Lin	1,070,000	0.12
27.	Citibank Berhad	1,062,948	0.11
28.	Loh Yin Chin	1,050,000	0.11
29.	Loh Hai Boey	960,000	0.10
30.	Maybank Securities Nominees (Asing) Sdn Bhd - Maybank Kim Eng Securities Pte Ltd for Lee Buay Tiang	950,000	0.10
	Total	754,049,214	81.18

PROPERTIES OWNED BY THE GROUP

As at 31 December 2011

Location & Description	***Usage***	***Tenure***	***Approximate Area***	***Approximate Age of the Building***	***Net Book Value***	***Date of Acquisition/ Last Revaluation***
			Sq. Metres	*No. of Years*	*RM'000*	
State of Negeri Sembilan Darul Khusus						
4 lots of land with a 10-storey resort hotel at Lot 286, 288 & 289 and PT5855, 3½ km, Jalan Pantai, Port Dickson	Hotel	Leasehold Expiring 2059/2087	55,745	16	26,564	1993
State of Pahang Darul Makmur						
1 lot of bungalow land at HS10468 PT11291, Jalan Bentong	Vacant	Freehold	1,115	-	180	1992

Pan Malaysia Holdings Berhad
95469-W
Incorporated in Malaysia

FORM OF PROXY

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

No. of Shares Held: ____________________

I/We ______________________________ NRIC 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-Ninth Annual General Meeting of the Company to be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 21 June 2012 at 9.30 a.m. and at any adjournment thereof, and to vote as indicated below:-

	Resolutions	For	Against
1.	To approve Directors' fees of RM110,452.		
2.	To re-appoint Mr Ooi Boon Leong as Director.		
3.	To re-elect Mr Wong Nyen Faat as Director.		
4.	To re-elect Dr Wong Hong Meng as Director.		
5.	To re-elect Pn Farizon binti Ibrahim as Director.		
6.	To re-appoint Messrs BDO as auditors of the Company and to authorize the Directors to fix their remuneration.		
7.	Proposed authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares.		
8.	Proposed amendments to the Articles of Association.		

(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.)

Seal

____
Signature

Signed this ____________ day of ____________ 2012

Notes:-

1. *Only a member whose name appears on the Record of Depositors as at 13 June 2012 shall be entitled to attend and vote at the meeting or appoint proxies to attend and/or vote on his or her behalf. 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 authorized 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 authorized 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 authorized 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.*

fold here first

Stamp

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