Pan Malaysia Holdings Berhad

Company No: 95469 - W

LAPORAN TAHUNAN 2012 ANNUAL REPORT

CONTENTS

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of the Company will be held at Rembau Room, Corus Paradise resort Port Dickson, 3.5km, Jalan Pantai, 71000 Port Dickson, Negeri Sembilan Darul Khusus on Thursday, 20 June 2013 at 4.30 p.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 2012.

2. To approve Directors' fees of RM120,000. **Resolution 1**

3. To consider and, if thought fit, pass a resolution 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 111 of the Company's Articles of Association. **Resolution 3**

5. To re-appoint Messrs BDO as auditors of the Company and to authorize the Directors to fix their remuneration. **Resolution 4**

As Special Business

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

6. Ordinary Resolution
   - Proposed authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

   "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-up share capital of the Company for the time being." **Resolution 5**

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

By order of the Board

Soo-Hoo Siew Hoon
Company Secretary

Kuala Lumpur
29 May 2013

Notes:-

1. *Only a member whose name appears on the Record of Depositors as at 10 June 2013 shall be entitled to attend and vote at the meeting or appoint proxies to attend and/or vote on his or her behalf. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.*
2. *A member entitled to attend and vote 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 of the Company is an exempt authorized nominee which holds ordinary share of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from the compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991.*
3. *Where a member and/or an exempt authorized nominee, appoint two 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.*
4. *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.*
5. *The Form of Proxy must be deposited at the registered office of the Company at Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment hereof.*

EXPLANATORY NOTE ON SPECIAL BUSINESS

The Ordinary Resolution proposed under item 6 is a renewal of the general authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965. 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 which was approved at the Twenty-Ninth Annual General Meeting held on 21 June 2012 and which will lapse at the conclusion of the Thirtieth Annual General Meeting to be held on 20 June 2013.

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 allotted and issued speedily and would also save the cost involved in convening a general meeting to approve such issuance of shares.

CORPORATE INFORMATION

Board of Directors

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

Company Secretary

Soo-Hoo Siew Hoon

Auditors

BDO (AF : 0206) *Chartered Accountants*

Principal Bankers

AmBank (M) Berhad
CIMB Bank Berhad
Malayan Banking Berhad

Registrar

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur
Tel No: 03-22643883 Fax No: 03-22821886

Registered Office

Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur
Tel No: 03-21487696 Fax No: 03-21445209 Website: www.pmholdings.com.my

PROFILE OF DIRECTORS

Ooi Boon Leong

Age 76. 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. Attended all the four (4) Board Meetings held during the financial year.

Wong Nyen Faat

Age 55. Non-Independent Non-Executive Director. Appointed as Director on 22 June 2011. Holds 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 and the Executive Director of Pan Malaysia Corporation Berhad. He also sits on the Board 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. Attended all the four (4) Board Meetings held during the financial year.

Dr Wong Hong Meng

Age 66. 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. Dr Wong Hong Meng, an economics graduate from the University of Malaya with an MBA from Cranfield School of Management, earned his degree of Doctor of Business Administration from the University of South Australia in 2007. Professionally he was a Fellow of the Institute of Chartered Accountant in England and Wales. Currently he is a Chartered Accountant member of the Malaysian Institute of Accountants and an Associate of the Institute of Chartered Secretaries and Administrators. For more than thirty years Dr Wong had held senior management positions in management consultancy, merchant banking, commercial banking and stock broking. In January 1999, he took early retirement from his employment career as Executive Director of TA Enterprise Berhad. 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 Malaysia Securities 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, MUI Continental Berhad (formerly known as MUI Continental Insurance Berhad) and Full Gospel Business Men's Fellowship Berhad. Attended all the four (4) Board Meetings held during the financial year.

Farizon binti Ibrahim

Age 56. 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 Goverment, 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. Attended all the four (4) Board Meetings held during the financial year.

Note: -
Save as disclosed, none of the Directors has any family relationship with any Director and/or major shareholder of the Company.
None of the Directors has any conflict of interest with the Company nor have they been convicted of any offences within the past ten (10) years.
All the Directors are Malaysians.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") is committed to the principles of corporate governance set out in the Malaysian Code on Corporate Governance 2012 (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 recommendations 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 recommendations of the Code.

Set out below is the description on the manner in which the Company has applied the principles and recommendations of the Code.

1. Board of Directors

1.1 Composition of Board

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 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

The Chairman of the Board is Mr Ooi Boon Leong, an Independent Non-Executive Director, a position held since 13 May 2010.

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.

The Board has reserved certain material matters for the collective review and decision by the Board. 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 in pages 6 to 7 of the Annual Report.

Mr Ooi Boon Leong also has been identified as the Senior Independent Non-Executive Director to whom concerns regarding the Company may 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 2012 is set out in pages 20 to 22 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out in Section 2.2 and Section 2.3 respectively of this statement.

1.2 Independence of Directors

Recommendation 3.2 of the Code recommends that the tenure of an Independent Director should not exceed a cumulative term of nine years. However, upon completion of the nine years, the Independent Director may continue to serve the Board.

The Board will continually evaluate from time to time the independence of each of its Independent Directors. In this regard, the Board will be guided by the criteria set out in the Bursa Securities Listing Requirements.

1.3 Board Charter

The Board has established a Board Charter which prescribes, among other things, the roles of the Board, schedule of matters reserved for the Board's collective decision and a Code of Ethics and Conduct.

The Board Charter is subject to review by the Board from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current laws and practices.

The Board Charter is available in the Company's corporate website.

1.4 Board Meetings

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 typically reaches the Board at least two (2) weeks prior to Board meetings. Board meetings are typically scheduled a year in advance.

Four (4) Board meetings were held during the financial year ended 31 December 2012. Details of the attendance of the Directors are set out in the Profile of Directors appearing in pages 6 and 7 of the Annual Report.

1.5 Appointments to the Board

The Nomination Committee has the responsibility to identify and evaluate potential candidates based on their skills, experience, knowledge, expertise and commitment to fulfill the role and responsibilities of the position before making any recommendation to the Board for approval of the appointment. The proposed appointment of each new director will be deliberated by the Board based on the recommendation by the Nomination Committee.

The Board has taken note of the recommendation in the Code pertaining to the establishment of board gender diversity policy. The Board recognizes the importance of boardroom diversity and aims to ensure diversity in its composition. The Board currently has one (1) female Director, namely Puan Farizon binti Ibrahim.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

1. **Board of Directors** (Cont'd)

1.5 Appointments to the Board (Cont'd)

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

1.6 Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association, Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting following their appointment.

The Company's Articles of Association provide that at every Annual General Meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office and shall be eligible for re-election. The Company's Articles of Association further provide that subject to the provisions of any contract between a Managing Director and the Company, all Directors shall retire from office at least once in every three years and 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 of the Companies Act, 1965.

1.7 Directors' Remuneration

The Remuneration Committee will review the remuneration of the Directors and submits its recommendations to the Board for approval. The individual Director concerned will abstain from discussion of their own remuneration. Directors' fees are approved at the Annual General Meeting by the shareholders.

For the financial year ended 31 December 2012, the aggregate of remuneration of the Directors received from the Company categorized into appropriate components were as follows:-

	Fees RM'000	***Others RM'000***	***Total RM'000***
Non-Executive Directors	89	20	109

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

	Number of Directors	
Range of Remuneration	***Executive***	***Non-Executive***
Below RM50,000	-	5

1.8 Supply of Information

The Board has unrestricted access to information necessary for the furtherance of their duties.

The Board is also updated by the Company Secretary on new statutory and regulatory requirements concerning their duties and responsibilities from time to time.

Board papers are distributed to Board members 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.

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

1.9 Directorships in Other Companies

In accordance with Bursa Securities Listing Requirements, each member of the Board holds not more than five (5) directorships in public listed companies. Prior to acceptance of any other appointment for directorships in other public listed companies, the Directors are required to consult with the Chairman to ensure that the acceptance of the new directorships would not affect their commitments and responsibilities to the Group. Any acceptance of new directorship must be notified to the Company immediately and the Board is informed on changes to the directorships held by the Directors at the following Board meeting.

1.10 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 "Corporate Disclosure Guide 2011".

All Directors are encouraged to attend various training and programmes and seminars to ensure that they are kept abreast on various issues related to business of the Group, governance, compliance, risk management and sustainability.

2. Board Committees

2.1 Audit Committee

The Audit Committee comprises exclusively of Non-Executive Directors, and majority are Independent Directors. The members of Audit Committee are as follows:-

Chairman	Ooi Boon Leong	- Independent Non-Executive Director
Members	Wong Nyen Faat	- Non-Independent Non-Executive Director
	Dr Wong Hong Meng	- Independent Non-Executive Director
	Farizon binti Ibrahim	- Independent Non-Executive Director

The terms of reference, attendance of members at the Audit Committee meeting and activities of Audit Committee for the financial year ended 31 December 2012 are set out in Report of the Audit Committee in pages 20 to 21 of the Annual Report.

2. Board Committees (Cont'd)

2.2 Nomination Committee

The Nomination Committee comprises exclusively of Non-Executive Directors, and all are Independent Directors. The members of Nomination Committee are as follows:-

Chairman	Ooi Boon Leong	- Independent Non-Executive Director
Members	Dr Wong Hong Meng	- Independent Non-Executive Director
	Farizon binti Ibrahim	- Independent Non-Executive Director

The 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; and
- annually reviews the Board structure, size and composition

The Nomination Committee has carried out the annual assessment for financial year ended 31 December 2012 and is satisfied that the size of the Board is optimum and there is an appropriate mix of knowledge, skills, attributes, diversity and core competencies in the Board's composition.

2.3 Remuneration Committee

The Remuneration Committee comprises exclusively of Non-Executive Directors. The members of the Remuneration Committee are as follows:-

Chairman	Dr Wong Hong Meng	- 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 collectively.

3. Corporate Disclosure Policy

The Company aims to provide accurate and fair disclosure of corporate information to enable informed and orderly market decisions by investors in accordance with the requirements under the Bursa Securities Listing Requirements.

4. 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 the Company by accessing Bursa Securities' website and the Company's corporate website.

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

Shareholders and other interested parties may contact the Company Secretary for investor relations matter by writing or via telephone/facsimile as follows:

Postal Address : Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur
Telephone number : 03-21487696
Facsimile number : 03-21445209

The Board encourages poll voting at general meetings.

5. Accountability and Audit

5.1 Financial Reporting

The Audit Committee is tasked to assist the Board in ensuring that the financial statements comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia. The Board has the overall responsibility to ensure that the financial statements reviewed and recommended by the Audit Committee for the Board's approval are prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia so as to present a true and fair view of the state of affairs of the Group.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out in page 30 of the Annual Report and the Statement explaining the Directors' responsibilities for preparing the annual audited financial statements pursuant to paragraph 15.26(a) of Bursa Securities Listing Requirements is set out in page 15 of the Annual Report.

5.2 Risk Management and 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 has established an internal audit function who reports directly to the Audit Committee. Details of the internal audit function is set out in Report of the Audit Committee in page 22 of the Annual Report.

The Board recognizes that risks cannot be fully eliminated. As such, the Group has an Enterprise Risk Management ("ERM") framework in place to minimize and manage them. The Board has established a Risk Management Committee and guided by documented terms of reference and meetings are held regularly to deliberate on risk and control issues. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls and ERM framework in safeguarding the Group's assets.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

5. Accountability and Audit (Cont'd)

5.2 Risk Management and Internal Control (Cont'd)

Details of the Company's internal control system and risk management are set out in Statement on Risk Management and Internal Control in pages 16 to 18 of the Annual Report.

5.3 Relationship with the External Auditors

The Company's external auditors, Messrs BDO has continued to report to members of the Audit Committee 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 Audit Committee met the external auditors three times during the financial year ended 31 December 2012 without presence of management to discuss on key concerns and obtain feedback relating to the Company's affairs.

The Audit Committee is responsible for reviewing audit-related and non-audit services provided by the external auditors. The Audit Committee has reviewed the provision of non-audit services by the external auditors during the financial year ended 31 December 2012 and concluded that the provision of these non-audit services did not impair the independence of the external auditors as the amount of the fees paid were not significant compared to the total fees paid to the external auditors.

The role of the Audit Committee in relation to the external auditors is set out in the Report of the Audit Committee in pages 20 to 22 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 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 that period.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 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 RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board of Directors ("Board") is responsible for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of the system. The system includes financial, operational, regulatory and compliance controls. This system is designed to manage, rather than to eliminate, the risks in the pursuit of the Group's business objective as well as to safeguard shareholders' investments and Group's assets. The system serves to provide reasonable but not absolute assurance against the risk of material misstatement, loss or fraud.

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements require directors of public listed companies to include a statement in their annual reports on the state of their risk management and internal controls framework. The Bursa Securities' Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") provides guidance for compliance with these requirements. Set out below is the Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the Guidelines.

RISK MANAGEMENT

The Board confirms that an ongoing process for identifying, measuring and managing the Group's principal risks is in place. This process is carried out via the following risk management governance structure:-

- The Board – is fully responsible for the risk management of the Group and has carried out its duties by having regular Board meetings to review and approve business strategies, risk management policies and business performance of the Group.

- The Audit Committee – whose key function is to review the adequacy and effectiveness of internal control and governance systems of the Group. The Audit Committee's main role is to review, on behalf of the Board, the system of internal controls necessary to manage the key risk inherent in the business and to present its findings to the Board. The Audit Committee assumes its roles and responsibilities via the internal audit function.

- The Risk Management Committee ("RMC") – whose key function is to review the adequacy and effectiveness of risk management of the Group. The RMC's main roles is to review, on behalf of the Board, the system of risk management necessary to manage the key risks inherent in the business and to present its findings to the Audit Committee. The RMC shall meet on a quarterly basis. Additional meetings may be called as and when required by the RMC. The membership of the RMC, which has been approved by the Board, comprised the Group's Chief Operating Officer, the Chief Financial Officer and the Head(s) of Operations.

RISK MANAGEMENT PROCESS

Risks are reported and monitored at the operational level using Risk Register which captures risks, mitigating measures and risk ratings. Where applicable, Key Risk Indicators ("KRIs") are established to monitor risks.

For risks that are material, the mitigating measures and KRIs are presented to the RMC for review on a regular basis. Risks are reviewed and managed at each level of reporting and consolidated for review at the next higher level, before they are escalated for review at Group level.

High and new risk areas are immediately flagged and reported to the Audit Committee whose comments and advice are noted for the full Board's information.

TYPES OF RISKS

The principal business activities of the Group are operating hotel and investment. There have been no significant changes in the nature of these activities during the financial year.

The risk exposure faced by the Group during the financial year can be broadly categorized into financial, operational, legal and external risks as follows:

Financial Risk

The risk of loss due to bad debts and inventories write-off.

Operational Risk

The risk of loss resulting from safety and environmental issues.

Legal Risk

The risk of loss due to legal suits and prosecutions.

External Risk

The risk of loss due to fluctuation of occupancy room rate and price war among competitors.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control system, that are regularly reviewed by the Board and are in accordance with the Guidelines, are described below:-

- Establishment of a conducive control environment in respect of the overall attitude, awareness and actions of Directors and Management regarding the internal control system and its importance to the Group;
- Recruitment of experienced, skilled and professional staff to fulfill the respective responsibilities and ensuring that adequate control are in place;
- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Documented policies, procedures and limits of approving authorities for key aspects of the business. This provides a sound framework of authority and accountability within the organization and facilitates proper corporate decision making at the appropriate level in the organization's hierarchy;
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Regular and comprehensive management reports to the Board from various lines of operations and business units, on key business performance, operating statistics and regular matters. This allows for an effective monitoring of significant variances and deviation from standard operating procedures and budget;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

KEY ELEMENTS OF INTERNAL CONTROL (Cont'd)

- Group Internal Audit function independently reviews the risk identification procedures and control processes implemented by Management, and reports to the Audit Committee on a quarterly basis. The Group Internal Audit function provides assurance over the operation and validity of the system of internal control in relation to the level of risk involved using Risk-Based-Auditing methodology; and

- The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by the Group Internal Audit function, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness adequacy of the Group's internal control systems.

The Board has received assurance from the Senior Vice President and the Chief Financial Officer that based on the risk management and internal control of the Group as well as the inquiry and information provided, the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa Securities Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the review was performed in accordance with Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants. Their review has been conducted to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group. RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group.

OTHER INFORMATION

1. Utilisation of Proceeds raised from Corporate Proposal

The Company does not have any corporate proposal during the financial year ended 31 December 2012.

2. Share Buy-Back

The Company has not made any purchase, resale or cancellation of its own shares in the financial year ended 31 December 2012.

3. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued and exercised during the financial year ended 31 December 2012.

4. Sponsored Depository Receipt Programme

The Company did not sponsor any depository receipt programme.

5. 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.

6. Non-Audit Fees

For the financial year ended 31 December 2012, non-audit fees paid and payable to the external auditors amounted to RM19,300 (2011: RM16,000).

7. Variation in Results

There was no material variances between the audited financial statements for the financial year ended 31 December 2012 and the unaudited results announced to Bursa Malaysia Securities Berhad on 26 February 2013.

8. Profit Guarantee

There was no profit guarantee for the financial year ended 31 December 2012.

9. Material Contracts

For the financial year ended 31 December 2012, there were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2012 or entered into since the end of the previous financial year except as disclosed in the financial statements.

REPORT OF THE AUDIT COMMITTEE

MEMBERS

Name	*Designation*
Ooi Boon Leong - *Chairman*	*Independent Non-Executive Director*
Wong Nyen Faat	*Non-Independent Non-Executive Director*
Dr Wong Hong Meng	*Independent Non-Executive Director*
Farizon binti Ibrahim	*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;
  (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 2012, five (5) Audit Committee Meetings were held. Mr Ooi Boon Leong, Mr Wong Nyen Faat, Dr Wong Hong Meng and Puan Farizon binti Ibrahim attended all the five (5) meetings of the Audit Committee.

In addition to the Committee members, the Chief Financial Officer and Head of Internal Audit are invited for attendance at each meeting. 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 2012

The Audit Committee reviewed and deliberated one (1) audit report on assignments conducted by the Internal Audit. The Audit Committee also appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.

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

The Audit Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed audit issues and concerns affecting the financial statements of the Group 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 2013. 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.

REPORT OF THE AUDIT COMMITTEE (Cont'd)

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; together with co-source services from external accounting firm. Both are 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, 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 2012 is RM14,800 (2011: RM40,000).

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I present herewith the Annual Report and financial statements of our Company and the Group for the financial year ended 31 December 2012.

ECONOMIC REVIEW

According to Bank Negara Malaysia ("BNM"), the Malaysian economy recorded higher growth in 2012 with real gross domestic product ("GDP") expanding by 5.6% compared with 5.1% growth in 2011. Economic growth was attributed to resilient domestic demand which was supported by strong growth in private consumption and investments in fixed assets by the government and private sector.

The FTSE Bursa Malaysia KLCI performed in tandem with regional markets recording strong advances in the first quarter of the year. The uptrend of the KLCI was interrupted in the second quarter by concerns over the European sovereign debt situation. The market recovered in the third quarter and resumed its uptrend. The FTSE Bursa Malaysia KLCI closed at 1,688.95 on 31 December 2012 with a gain of 10.3% for the year.

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2012, Group revenue increased 1.8% to RM11.1 million, from RM10.9 million in 2011. This was due primarily to higher occupancy at Corus Paradise Resort Port Dickson. However, despite the growth in revenue, the Group recorded a loss before tax ("LBT") of RM39.3 million compared to profit before tax of RM1.4 million in 2011. This was due to our share of loss in our associate company Pan Malaysia Capital Berhad ("PM Capital") which had taken an impairment charge of RM100.0 million on the intangible assets of PM Securities Sdn Bhd ("PM Securities") to reflect the fair value of its stockbroking business.

REVIEW OF OPERATIONS

Pan Malaysia Holdings Berhad is involved in the hospitality industry through its wholly-owned beach-front hotel, Corus Paradise Resort Port Dickson ("Corus PD"), and financial services through its associate, PM Capital which has a stockbroking subsidiary, PM Securities, and a fund management unit, PCB Asset Management Sdn Bhd ("PCB Asset Management").

Corus PD is one of the established hotels on Port Dickson beach. The well-located hotel continued to perform steadily and achieved revenue growth of 1.8% to RM11.1 million in 2012 due to increased demand from corporate groups. The resultant higher occupancy rate helped profit before tax to increase by 11.9% to RM1.3 million.

PM Securities, for the year under review, reported a 28.2% decline in revenue to RM16.5 million in 2012 compared to 2011. This was due to lower stockbroking revenue. The year under review was difficult for PM Securities as Bursa Malaysia Securities Berhad ("Bursa Malaysia") saw a 6.8% decline in the value of trades, with the retail segment (PM Securities' traditional area of concentration) suffering a bigger decline. The company recorded a LBT of RM180.2 million for 2012, substantially higher than LBT of RM0.7 million in the prior year.

The higher LBT for 2012 was mainly due to impairment charges of RM180.4 million on the intangible assets of PM Securities and its investment in a subsidiary to reflect the fair value of its stockbroking business. Without the non-cash RM180.4 million impairment charges, PM Securities would have reported profit before tax of RM0.2 million due to recoveries of bad debts, forex gains, processing fees earned and interest earned in IPO financing.

The above-mentioned RM180.4 million impairment charges have no impact on the cash flow of PM Securities or the Group. However, the loss reduced the shareholders' equity of PM Capital to RM27.7 million on a consolidated basis. This was less than 25% of PM Capital's issued and paid-up capital of RM326.1 million as at 31 December 2012, and was also less than the RM40 million threshold set by Bursa Malaysia, triggering the criteria pursuant to Practice Note No. 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia. On 26 February 2013, PM Capital announced that it was considered a PN17 company and had 12 months from 26 February 2013 to submit a regularisation plan to the authorities.

PCB Asset Management, the Group's wholly-owned fund management subsidiary, was adversely affected by the withdrawal of two major clients. However, it remained profitable.

CORPORATE SOCIAL RESPONSIBILITY

Corus PD organised the PD Forest Mountain Bike Challenge in November 2012, in collaboration with TK Dickson Cycling Club and supported by various government agencies. The 40-km cross-country race, which attracted about 200 cyclists, also raised funds for the Breast Cancer Support Society Negeri Sembilan.

In December 2012, Corus PD organised a charity fishing competition-cum-beach clean-up in collaboration with Rumah Kasih Harmony orphanage and the Universiti Kebangsaan Malaysia ("UKM"). About 280 participants competed in the fishing competition and they later helped to clean up the beach, guided by students and facilitators from UKM. This event promoted exercise for healthy living and caring for the environment, particularly coastal areas. A sum was also raised in support of the Rumah Kasih Harmoni orphanage.

PM Securities, together with other companies in Malayan United Industries Berhad, sponsored the "Harmony" concert by the Philharmonic Society of Selangor community choir on 1 September 2012. The event to commemorate Merdeka Day was co-sponsored by the Majlis Bandaraya Petaling Jaya ("MBPJ") and held at Dewan Sivik in Petaling Jaya. Specially invited to the concert were residents, staff and volunteers from 20 charitable organisations and homes.

PM Securities, besides sponsoring the Harmony concert, also supported the Kiwanis Club of Bukit Kiara, part of the worldwide Kiwanis children's charity organisation.

PROSPECTS FOR 2013

According to BNM, Malaysia's real GDP is projected to grow between 5.0% and 6.0% in 2013. BNM expects economic growth to be driven by sustained growth in domestic demand, supported by a mild recovery in net exports.

The Group will continue to be prudent in its risk management while focusing on business development and productivity improvement in its two core businesses.

PM Securities has put in place a comprehensive strategy to improve its financial performance. Among the strategies, PM Securities plans to rationalise its branch network, enlarge its team of of dealer's representatives, participate more actively in IPO financing and increase the use of margin financing. Also, we aim to form a new corporate finance team during the year.

However, although we are optimistic these efforts will bring positive results to PM Securities, the industry remains highly competitive.

The Group also plans to refurbish Corus PD in 2013 in preparation for Visit Malaysia Year 2014.

The Group expects the business environment for the financial year ending 31 December 2013 to be challenging.

DIRECTORATE

There was no change to the composition of the Board in the past year.

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 contributions.

Ooi Boon Leong
Chairman

17 May 2013

GROUP FINANCIAL HIGHLIGHTS

	2012	*2011*	*2010*	*2009*	*2008*
KEY RESULTS (RM'000)					
Revenue	**11,116**	12,119	17,515	18,252	22,075
Operating (loss)/profit (EBITDA)	**(36,498)**	4,654	6,884	10,064	4,245
(Loss)/Profit before tax	**(39,331)**	1,439	3,264	5,912	(2,914)
Net (loss)/Profit attributable to owners of the Company	**(39,325)**	1,424	3,291	5,908	(2,786)
OTHER KEY DATA (RM'000)					
Total assets	**95,134**	137,263	140,928	144,288	176,655
Total liabilities	**24,541**	27,548	32,910	39,662	77,939
Share Capital (Ordinary shares of RM0.10 each)	**92,887**	92,887	92,887	92,887	92,887
Equity attributable to owners of the Company	**70,593**	109,715	107,896	104,461	98,553
Total equity	**70,593**	109,715	108,018	104,626	98,716
Total borrowings	**20,300**	23,140	28,105	33,051	70,337
FINANCIAL RATIOS					
Operating (loss)/profit margin (%)	**(328.34)**	38.40	39.30	55.14	19.23
Current ratio (times)	**5.90**	5.01	3.78	6.13	1.02
Gearing ratio (times)	**0.29**	0.21	0.26	0.32	0.71
SHARE INFORMATION					
Basic (loss)/earnings per share (sen)	**(4.23)**	0.15	0.35	0.64	(0.30)
Net assets per share attributable to owners of the Company (RM)	**0.08**	0.12	0.12	0.11	0.11

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(39,325)	(45,364)

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 dividend in respect of the financial year ended 31 December 2012.

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 have held for office since the date of the last report are:

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

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, none of the Directors holding office at the end of the financial year, held any beneficial interests in the ordinary shares of the Company and of its related corporations during 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 the ultimate holding company and its subsidiaries.

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 satisfied themselves that all known bad debts had been 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.

DIRECTORS' REPORT (Cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(I) AS AT THE END OF THE FINANCIAL YEAR (continued)

(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 except for:

(i) the effects arising from impairment losses on investments in associates of RM44,307,000 by the Company as disclosed in Note 9 to the financial statements; and

(ii) the effects arising from share of losses of associates of RM39,562,000 as disclosed in the statement of comprehensive income of the Group.

(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 render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(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 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 continue in office.

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

Ooi Boon Leong
Director

Wong Nyen Faat
Director

Kuala Lumpur
26 April 2013

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 33 to 105 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 35 on page 106 to the financial statements has 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.

On behalf of the Board,

Ooi Boon Leong
Director

Wong Nyen Faat
Director

Kuala Lumpur
26 April 2013

STATUTORY DECLARATION

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 33 to 106 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 26 April 2013.

Ho Chun Fuat

Before me:

P.Valliamah
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 statements of financial position as at 31 December 2012 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 33 to 105.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of 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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 8 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

As stated in Note 3 to the financial statements, Pan Malaysia Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These Standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

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
2895/08/14 (J)
Chartered Accountant

Kuala Lumpur
26 April 2013

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2012

	Note	<---------------------- Group	----------------------	---------------------->
		31.12.2012	**31.12.2011**	**1.1.2011**
	Note	**RM'000**	**RM'000**	**RM'000**
ASSETS				
Non-current assets				
Property, plant and equipment	7	**27,047**	27,537	28,517
Investments in associates	9	**9,665**	49,227	49,814
Other investments	10	**1,404**	1,201	806
		38,116	77,965	79,137
Current assets				
Inventories	11	**501**	399	264
Trade and other receivables	12	**1,892**	2,061	1,817
Amounts owing by associates	14	**53,221**	53,545	55,705
Amounts owing by related companies	15	**105**	952	983
Current tax assets		**11**	15	3
Cash and cash equivalents	16	**1,288**	2,326	3,019
		57,018	59,298	61,791
TOTAL ASSETS		**95,134**	137,263	140,928
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	17	**92,887**	92,887	92,887
Reserves	18	**702**	499	104
(Accumulated losses)/Retained earnings		**(22,996)**	16,329	14,905
		70,593	109,715	107,896
Non-controlling interest		**-**	-	122
TOTAL EQUITY		**70,593**	109,715	108,018

STATEMENTS OF FINANCIAL POSITION (Cont'd)

For the financial year ended 31 December 2012

	Note	<---------------------- Group ----------------------		
		31.12.2012	**31.12.2011**	**1.1.2011**
		RM'000	**RM'000**	**RM'000**
LIABILITIES				
Non-current liabilities				
Borrowings	19	**13,640**	14,480	15,330
Deferred tax liabilities	20	**1,238**	1,238	1,238
		14,878	15,718	16,568
Current liabilities				
Trade and other payables	21	**1,990**	2,040	2,501
Amounts owing to associates	14	**943**	943	943
Amounts owing to related companies	15	**70**	72	64
Amount owing to ultimate holding company	22	**-**	115	57
Borrowings	19	**6,660**	8,660	12,775
Current tax liabilities		**-**	-	2
		9,663	11,830	16,342
TOTAL LIABILITIES		**24,541**	27,548	32,910
TOTAL EQUITY AND LIABILITIES		**95,134**	137,263	140,928

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

	Note	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	**2**	2	2
Investments in subsidiaries	8	**649**	649	649
Investments in associates	9	**9,665**	53,972	53,972
Other investments	10	**1,304**	1,101	706
		11,620	55,724	55,329
Current assets				
Trade and other receivables	12	**23**	13	13
Amounts owing by subsidiaries	13	**11,228**	14,038	15,135
Amounts owing by associates	14	**53,221**	53,545	55,705
Cash and cash equivalents	16	**23**	22	10
		64,495	67,618	70,863
TOTAL ASSETS		**76,115**	123,342	126,192
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	17	**92,887**	92,887	92,887
Reserves	18	**688**	485	90
(Accumulated losses)/Retained earnings		**(25,954)**	19,410	18,681
TOTAL EQUITY		**67,621**	112,782	111,658
LIABILITIES				
Current liabilities				
Trade and other payables	21	**134**	547	589
Amounts owing to subsidiaries	13	**2,471**	2,007	2,009
Amounts owing to related companies	15	**69**	71	59
Amount owing to ultimate holding company	22	**-**	115	57
Borrowings	19	**5,820**	7,820	11,820
TOTAL LIABILITIES		**8,494**	10,560	14,534
TOTAL EQUITY AND LIABILITIES		**76,115**	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 2012

		Group		Company	
		2012	**2011**	**2012**	**2011**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Continuing operations					
Revenue	23	**11,116**	10,925	**24**	24
Cost of services		**(4,596)**	(4,172)	**-**	-
Gross profit		**6,520**	6,753	**24**	24
Other operating income		**518**	2,421	**504**	2,245
Administrative expenses		**(1,336)**	(1,369)	**(577)**	(644)
Other operating expenses		**(3,648)**	(3,617)	**(44,769)**	(31)
Finance costs		**(1,823)**	(2,200)	**(546)**	(865)
Share of loss after tax of associates		**(39,562)**	(587)	**-**	-
(Loss)/Profit before tax	24	**(39,331)**	1,401	**(45,364)**	729
Taxation	25	**6**	-	**-**	-
(Loss)/Profit for the financial year from continued operations		**(39,325)**	1,401	**(45,364)**	729
Discontinued operations					
Profit for the financial year from discontinued operations, net of tax	26	**-**	40	**-**	-
(Loss)/Profit for the financial year		**(39,325)**	1,441	**(45,364)**	729
(Loss)/Profit attributable to:					
Owners of the parent		**(39,325)**	1,424	**(45,364)**	729
Non-controlling interest		**-**	17	**-**	-
		(39,325)	1,441	**(45,364)**	729

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Other comprehensive income:					
Fair value gains on available-for-sale financial assets		**203**	395	**203**	395
Other comprehensive income, net of tax		**203**	395	**203**	395
Total comprehensive (loss)/income		**(39,122)**	1,836	**(45,161)**	1,124
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(39,122)**	1,819	**(45,161)**	1,124
Non-controlling interest		**-**	17	**-**	-
		(39,122)	1,836	**(45,161)**	1,124
		Sen	**Sen**		
(Loss)/Earnings per ordinary share attributable to equity holders of the parent					
- Basic and diluted					
- from continuing operations		**(4.23)**	0.15		
- from discontinued operations		**-**	-		
	27	**(4.23)**	0.15		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2012

		<--- Attributable to equity holders of the Company --->							
Group	Note	Share capital RM'000	Capital reserve RM'000	Available-for-sale reserve RM'000	Exchange translation differences RM'000	(Accumulated losses) /Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance as at 1 January 2011		92,887	4,713	104	(12,397)	22,589	107,896	122	108,018
Effects of the adoption of MFRS 1	34	-	(4,713)	-	12,397	(7,684)	-	-	-
Balance as at 1 January 2011 (Restated)		92,887	-	104	-	14,905	107,896	122	108,018
Loss of control in a subsidiary	8	-	-	-	-	-	-	(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	-	499	-	16,329	109,715	-	109,715
Loss for the financial year		-	-	-	-	(39,325)	(39,325)	-	(39,325)
Fair value gain on available-for-sale financial assets		-	-	203	-	-	203	-	203
Total comprehensive income/(loss)		-	-	203	-	(39,325)	(39,122)	-	(39,122)
Balance as at 31 December 2012		92,887	-	702	-	(22,996)	70,593	-	70,593

Company	Note	Share capital RM'000	Available-for-sale reserve RM'000	Distributable (Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2011		92,887	90	18,681	111,658
Effects of the adoption of MFRS 1	34	-	-	-	-
Balance as at 1 January 2011 (Restated)		92,887	90	18,681	111,658
Profit for the financial year		-	-	729	729
Fair value gains 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
Loss for the financial year		-	-	(45,364)	(45,364)
Fair value gains on available-for-sale financial assets		-	203	-	203
Total comprehensive income/(loss)		-	203	(45,364)	(45,161)
Balance as at 31 December 2012		92,887	688	(25,954)	67,621

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2012

		Group		Company	
		2012	**2011**	**2012**	**2011**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax from:					
- continuing operations		**(39,331)**	1,401	**(45,364)**	729
- discontinued operations		**-**	38	**-**	-
		(39,331)	1,439	**(45,364)**	729
Adjustments for:					
Bad debts recovered		**-**	(2,200)	**-**	-
Depreciation of property, plant and equipment	7	**1,010**	1,015	**-**	-
Expenses on retirement gratuity no longer required		**-**	(64)	**-**	(64)
Gain arising from dissolution of a subsidiary	8	**(30)**	-	**-**	-
Gain on bargain purchase from additional interest in a subsidiary		**-**	(9)	**-**	-
Gain on disposal of property, plant and equipment		**-**	(303)	**-**	(50)
Impairment losses on:					
- trade and other receivables		**-**	6	**-**	4
- amounts owing by subsidiaries		**-**	-	**-**	27
- investment in a subsidiary		**-**	-	**-**	130
- investments in associates	9	**-**	-	**44,307**	-
Interest expense		**1,823**	2,206	**546**	865
Interest income		**(30)**	(58)	**(3)**	-
Inventories written off		**7**	-	**-**	-
Property, plant and equipment written off	7	**-**	61	**-**	-
Reversal of impairment losses on:					
- trade and other receivables	12	**(90)**	(22)	**(3)**	-
- amounts owing by subsidiaries	13	**-**	-	**(36)**	(2,196)
- amounts owing by related companies		**(58)**	-	**-**	-
Share of results in associates		**39,562**	587	**-**	-
Operating profit/(loss) before changes in working capital		**2,863**	2,658	**(553)**	(555)
Changes in working capital:					
Inventories		**(109)**	(136)	**-**	-
Trade and other receivables		**259**	1,972	**(7)**	(4)
Trade and other payables		**(50)**	(397)	**(413)**	22
Cash generated from/(used in) operations		**2,963**	4,097	**(973)**	(537)
Tax refunded		**14**	1	**-**	-
Tax paid		**(4)**	(13)	**-**	-
Net cash from/(used in) operating activities		**2,973**	4,085	**(973)**	(537)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dissolution of a subsidiary	8	**30**	-	**-**	-
(Repayments to)/Advances from ultimate holding company		**(115)**	58	**(115)**	58
Repayments from related companies (net)		**903**	40	**(2)**	12
Repayments from associates (net)		**324**	2,160	**324**	2,160
Withdrawals of deposits pledged		**-**	481	**-**	-
Interest received		**30**	58	**3**	-
Repayments from subsidiaries		**-**	-	**3,310**	3,264
Proceeds from disposal of property, plant and equipment		**-**	304	**-**	50
Acquisition of additional interest in a subsidiary	8	**-**	(130)	**-**	(130)
Purchase of property, plant and equipment	7	**(520)**	(97)	**-**	-
Net cash from investing activities		**652**	2,874	**3,520**	5,414
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		**(1,823)**	(2,206)	**(546)**	(865)
Repayments to hire-purchase creditors		**-**	(125)	**-**	-
Repayments of term loans		**(2,840)**	(4,840)	**(2,000)**	(4,000)
Net cash used in financing activities		**(4,663)**	(7,171)	**(2,546)**	(4,865)
Net (decrease)/increase in cash and cash equivalents		**(1,038)**	(212)	**1**	12
Cash and cash equivalents at beginning of financial year		**2,326**	2,538	**22**	10
Cash and cash equivalents at end of financial year	16	**1,288**	2,326	**23**	22

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

1. CORPORATE INFORMATION

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

The registered office and the principal place of business of the Company is located at Unit 3, 191, Jalan Ampang, 50450 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 consolidated financial statements for the financial year ended 31 December 2012 comprise the Company and its subsidiaries and the Group's investments in associates. 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 26 April 2013.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on page 33 to 105 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia.

These are the Group and the Company's first financial statements prepared in accordance with MFRSs, and MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ('FRSs') in Malaysia.

The Group and the Company have consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2011 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures for the financial year ended 2011 in these financial statements have been restated to give effect to these changes, and Note 34 to the financial statements discloses the impact of the transition to MFRS on the Group and Company's reported financial position, financial performance and cash flows for the financial year then ended.

However, Note 35 to the financial statements set out on page 106 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 in conformity with MFRSs 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. Subsidiaries are entities over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investments in associates or jointly controlled entity.

4.3 Business combinations

<u>Business combinations from 1 January 2011 onwards</u>

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.7. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

<u>Business combinations before 1 January 2011</u>

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill represents the amount recognised under the previous FRS Framework in respect of acquisitions prior to 1 January 2011.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost less any accumulated depreciation and any accumulated impairment losses. 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 could 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

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

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 4.7 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.

4.5 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 minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire-purchase (continued)

(a) Finance leases and hire purchase (continued)

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.

(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.

4.6 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. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the Company's separate financial statements. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 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 MFRS 5.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(a) Subsidiaries (continued)

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) Associate

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 neither control nor jointly control over those policies.

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

An investment in associates is accounted for in the consolidated financial statements using the equity method of accounting. The investments in associates 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 an associate is the carrying amount of the investments in the associates 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 could 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 to the extent that there is no impairment.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(b) Associate (continued)

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 investments in associates, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.7 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.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 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.

4.9 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 (4) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

(a) Financial assets (continued)

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

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.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

(a) Financial assets (continued)

(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.

Cash and cash equivalents include cash and bank balances, bank overdrafts, fixed deposits pledged to financial institutions, 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. A regular way purchase or sale assets shall be recognised and derecognised, as applicable using trade date accounting.

(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 (2) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

(b) Financial liabilities (continued)

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

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.

Any 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.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

(b) Financial liabilities (continued)

At the end of every reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(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.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the share retirement method.

Where the share retirement method is applied, the nominal value of the shares repurchased shall be cancelled by a debit to the share capital account. An amount equivalent to the nominal value of the shares repurchased shall be transferred to a capital redemption reserve.

The consideration, including any acquisition cost and premium or discount arising from the shares repurchased, shall be adjusted directly to the share premium account or any other suitable reserve. In the circumstance where there is no or insufficient share premium, the consideration, or its balance thereof, shall be adjusted to any other suitable reserve.

The shares cancelled and the adjustments made to share premium or reserves shall be shown as a movement in the share capital account and the share premium or reserve account respectively.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 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, and default or significant delay in payments by the receivable, 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.

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 loss 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 in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 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.

4.12 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on disposal of properties, if any.

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

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Company operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties, if any.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Income taxes (continued)

(b) Deferred tax (continued)

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 would be recognised as income or expense and included in the 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 the announcement of tax rates and tax laws the Government in annual budgets which have the substantial effect of actual enactment by the end of the reporting period.

4.13 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 would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would 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 would be required to settle the obligation, the provision would 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would 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 would 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.

4.15 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

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 and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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 plan

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.

4.16 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Foreign currencies (continued)

(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.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

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.

4.17 Revenue recognition

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

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would 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 for each of the Group's activities as follows:

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Revenue recognition (continued)

(a) 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.

(b) Management fees

Management fees are recognised on an accrual basis.

(c) Interest income

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

(d) Rental income

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

4.18 Discontinued operations

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

4.19 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could 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 chief operating decision maker of the Group 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Operating segments (continued)

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.

4.20 Earnings per share

(a) Basic

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

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

5. ADOPTION OF NEW MFRSs

5.1 New MFRSs adopted during the current financial year

The Group and Company adopted the following accounting standards, amendments and interpretations of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title		Effective Date
MFRS 1	*First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2012
MFRS 2	*Share-based Payment*	1 January 2012
MFRS 3	*Business Combinations*	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 101	*Presentation of Financial Statements*	1 January 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
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 2012
MFRS 128	*Investments in Associates*	1 January 2012
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

5. ADOPTION OF NEW MFRSs (continued)

5.1 New MFRSs adopted during the current financial year (continued)

The Group and Company adopted the following accounting standards, amendments and interpretations of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year. (continued)

Title		Effective Date
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 (2008)		1 January 2012
Improvements to MFRSs (2009)		1 January 2012
Improvements to MFRSs (2010)		1 January 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
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

5. ADOPTION OF NEW MFRSs (continued)

5.1 New MFRSs adopted during the current financial year (continued)

The Group and Company adopted the following accounting standards, amendments and interpretations of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year. (continued)

Title		**Effective Date**
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 127	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 129	*Service Concession Arrangements: Disclosures*	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

(a) Amendments to MFRS 1 *Government Loans* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 1 *Government Loans* in conjunction with the application of MFRS 1. Following the adoption of these Amendments, where applicable, the Group would apply the requirements in MFRS 120 prospectively to Government loans existing as at the date of transition to MFRSs.

(b) Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* clarifies that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, these Amendments clarify that the related notes to the opening statement of financial position need not be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 January 2011.

5. ADOPTION OF NEW MFRSs (continued)

5.1 New MFRSs adopted during the current financial year (continued)

(c) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 1, which clarify that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been adopted by the Group and the Company.

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

Title		**Effective Date**
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*	1 July 2012
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 119	*Employee Benefits (revised)*	1 January 2013
MFRS 127	*Separate Financial Statements*	1 January 2013
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
Amendments to MFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRSs	*Annual Improvements 2009 – 2011 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	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 January 2015
MFRS 9	*Financial Instruments*	1 January 2015

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

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 significant changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are 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) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117.

(b) Impairment of equity investments categorised as available-for-sale financial asset

The Group believes that a significant or prolonged decline in fair value of an investment in equity instrument is a decline in fair value of more than twenty (20) percent of the cost, or the decline in fair value below its original cost has persisted for more than nine (9) to twelve (12) months.

(c) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

(d) Classification of non-current borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(e) Contingent liabilities on corporate guarantees

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business. The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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) 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.

(b) Impairment of assets

Property, plant and equipment and investments in subsidiaries and associates 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 and its value in use. 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.

(c) Impairment of receivables

The Group 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. Management specifically analyses historical bad debt, 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 would impact the carrying amount of receivables.

(d) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 32 to the financial statements.

(e) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2012 Carrying amount	Balance as at 1.1.2012 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2012 RM'000
Freehold land	180	-	-	180
Long term leasehold land	5,483	-	(88)	5,395
Buildings	21,081	-	(720)	20,361
Office equipment	695	49	(151)	593
Furniture and fittings	2	-	(1)	1
Motor vehicles	2	-	(1)	1
Plant and machinery	79	-	(27)	52
Renovation	15	471	(22)	464
	27,537	520	(1,010)	27,047

	--------------------- At 31.12.2012 ---------------------		
	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	180	-	180
Long term leasehold land	6,617	(1,222)	5,395
Buildings	34,765	(14,404)	20,361
Office equipment	2,283	(1,690)	593
Furniture and fittings	1,398	(1,397)	1
Motor vehicles	493	(492)	1
Plant and machinery	266	(214)	52
Renovation	607	(143)	464
	46,609	(19,562)	27,047

Group 2011 Carrying amount	Balance as at 1.1.2011 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.12.2011 RM'000
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 (continued)

	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

Company 2012	Balance as at 1.1.2012 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2012 RM'000
Carrying amount			
Office equipment	2	-	2

	At 31.12.2012		
	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

Company 2011	Balance as at 1.1.2011 RM'000	Depreciation charge 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 (continued)

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

(b) The property, plant and equipment of the Group with a carrying amount of RM26,865,000 (2011: RM27,352,000) have been pledged to financial institutions for banking facilities (Note 19).

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012 RM'000	**2011 RM'000**
Unquoted shares, at cost	**7,863**	9,063
Less: Impairment losses	**(7,214)**	(8,414)
	649	649

(a) The details of the subsidiaries are as follows:

Name of company	**Equity interest 2012 %**	**Equity interest 2011 %**	**Principal activities**	**Country of incorporation**
Destiny Aims Sdn. Bhd. * (a wholly-owned subsidiary of Pan Malaysia Travel & Tours Sdn. Bhd.)	100	100	Dormant	Malaysia
Golden Carps Pte. Ltd. +	100	100	Inactive	Singapore
Grandvestment Company Limited +	100	100	Dormant	Hong Kong
Kayangan Makmur Sdn. Bhd. *	100	100	Investment holding	Malaysia
Pengkalen Equities Sdn. Bhd. *	100	100	Investment holding and dealing	Malaysia
Pengkalen Foodservices Sdn. Bhd. *	100	100	Inactive	Malaysia
Pengkalen Holiday Resort Sdn. Bhd. *	100	100	Operating a hotel	Malaysia
Pengkalen Properties Sdn. Bhd. *	100	100	Inactive	Malaysia
Pan Malaysia Travel & Tours Sdn. Bhd. *	100	100	Travel agent & provision of travel-related services	Malaysia
Twin Phoenix Sdn. Bhd. *	100	100	Dormant	Malaysia

8. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries are as follows: (continued)

Name of company	Equity interest 2012 %	Equity interest 2011 %	Principal activities	Country of incorporation
Asia Entertainment Network Sdn. Bhd. ^	60	60	In liquidation	Malaysia
Grand Union Insurance Company Limited ^	55	55	In liquidation	Hong Kong
Office Business Systems (Malacca) Sdn. Bhd. ^	41.67	41.67	In liquidation	Malaysia
Office Business Systems (Penang) Sdn. Bhd. ^	64.10	64.10	In liquidation	Malaysia
Office Business Systems Sdn. Bhd. ^	64.10	64.10	In liquidation	Malaysia
Pengkalen Building Materials Sdn. Bhd. ^	100	100	In liquidation	Malaysia
Pengkalen Company Limited #	-	100	Liquidated	United Kingdom
Pengkalen Electronics Industries Sdn. Bhd. ^	67	67	In liquidation	Malaysia
Sensor Equipment Sdn. Bhd. ^	64.10	64.10	In liquidation	Malaysia
Technitone (M) Sdn. Bhd. ^	64.10	64.10	In liquidation	Malaysia

* Subsidiaries audited by BDO Malaysia
\+ Subsidiaries audited by BDO Member Firms
\# Dissolved during the financial year
^ Subsidiaries under liquidation and not dealt with in the consolidated financial statements of the Group. The contribution of these subsidiaries to the Group are insignificant.

(b) On 25 December 2012, Pengkalen Company Limited ("PCL"), a wholly-owned subsidiary of the Group was dissolved, which resulted in a gain on dissolution of RM30,000. Cost of investment in PCL of RM1,200,000, which was fully impaired, was written off during the financial year.

(c) In the previous financial year, the Group and 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 to record a gain on bargain purchase of RM9,000. As a result, PMTT became a wholly-owned subsidiary of the Group.

9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	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 losses	**(44,403)**	(4,841)	**-**	-
Less: Impairment losses	**(242,604)**	(242,604)	**(287,007)**	(242,700)
	9,665	49,227	**9,665**	53,972
Market value of quoted shares in Malaysia	**21,305**	28,407	**21,305**	28,407

(a) The details of the associates are as follows:

Name of company	**Effective equity interest 2012 %**	**Effective equity interest 2011 %**	**Principal activities**	**Country of incorporation**
Direct				
Pan Malaysia Capital Berhad ("PMCap")	34.84	34.84	Investment holding	Malaysia
Indirect				
Bayan Niaga Sdn. Bhd.	34.84	34.84	Investment holding	Malaysia
KESB Nominees (Asing) Sdn. Bhd.	34.84	34.84	Dormant	Malaysia
KESB Nominees (Tempatan) Sdn. Bhd.	34.84	34.84	Nominees & custodian services	Malaysia
Meridian Nominees (Tempatan) Sdn. Bhd.	34.84	34.84	Share registration, nominee & custodian services	Malaysia
Pan Malaysia Equities Sdn. Bhd.	34.84	34.84	Property & investment holding	Malaysia
PCB Asset Management Sdn. Bhd.	34.84	34.84	Research & fund management services	Malaysia
PM Asset Management Sdn. Bhd.	34.84	34.84	Investment holding	Malaysia
PM Nominees (Asing) Sdn. Bhd.	34.84	34.84	Nominees & custodian services	Malaysia

9. INVESTMENTS IN ASSOCIATES (continued)

(a) The details of the associates are as follows: (continued)

Name of company	Effective equity interest 2012 %	2011 %	Principal activities	Country of incorporation
Indirect (continued)				
PM Nominees (Tempatan) Sdn. Bhd.	34.84	34.84	Nominees & custodian services	Malaysia
PM Options & Futures Sdn. Bhd.	34.84	34.84	Inactive	Malaysia
PM Securities Sdn. Bhd.	34.84	34.84	Stock and sharebroking and corporate advisory services	Malaysia
Miranex Sdn. Bhd.	34.84	34.84	Moneylending	Malaysia

The summarised financial information of the associates is as follows:

	2012 RM'000	2011 RM'000
Assets and liabilities		
Current assets	**128,065**	146,528
Non-current assets	**59,142**	171,317
Total assets	**187,207**	317,845
Current liabilities	**159,467**	122,223
Non-current liabilities	**-**	54,327
Total liabilities	**159,467**	176,550
Results		
Revenue	**17,337**	23,977
Loss for the financial year	**113,555**	1,683

(b) Quoted shares in an associate held by the Group and the Company with a carrying amount of RM9,356,000 (2011: RM47,588,000) have been pledged to a financial institution for banking facilities granted to the Company (Note 19).

(c) During the financial year, impairment losses on investments in associates amounting to RM44,307,000 (2011: Nil) were recognised due to declining business operations of the associates. The recoverables amounts are based on the Directors' assessment of the associates' underlying net assets.

10. OTHER INVESTMENTS

	2012 RM'000	2011 RM'000
Group		
Available-for-sale financial assets		
- Quoted shares outside Malaysia	**954**	751
- Club memberships	**450**	450
Total other investments	**1,404**	1,201
Company		
Available-for-sale financial assets		
- Quoted shares outside Malaysia	**954**	751
- Club memberships	**350**	350
Total other investments	**1,304**	1,101

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

(b) Information on financial risks of other investments are disclosed in Note 32 to the financial statements.

11. INVENTORIES

	Group	
	2012 RM'000	2011 RM'000
At cost		
Consumables, food and beverages	**501**	399

The cost of inventories recognised as expenses and included in the cost of services of the Group amounted to RM1,618,000 (2011: RM1,624,000).

12. TRADE AND OTHER RECEIVABLES

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Trade receivables - third parties	**1,604**	1,845	**-**	-
Less: Impairment losses	**(372)**	(372)	**-**	-
	1,232	1,473	**-**	-
Other receivables	**11,086**	11,130	**13**	5
Less: Impairment losses	**(10,839)**	(10,929)	**(1)**	(4)
	247	201	**12**	1
Refundable deposits	**460**	424	**90**	91
Less: Impairment losses	**(79)**	(79)	**(79)**	(79)
	381	345	**11**	12
Loans and receivables	**1,860**	2,019	**23**	13
Prepayments	**32**	42	**-**	-
	1,892	2,061	**23**	13

(a) Trade receivables are non-interest bearing and the credit terms offered by the Group ranged from cash term to 30 days (2011: 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) Trade and other receivables of the Group and of the Company are denominated in RM.

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

	Group 2012 RM'000	Group 2011 RM'000
Neither past due nor impaired	**818**	607
Past due, not impaired		
31 to 60 days	**79**	422
61 to 90 days	**335**	444
	414	866
Past due and impaired	**372**	372
	1,604	1,845

12. TRADE AND OTHER RECEIVABLES (continued)

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

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 and the Company that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired Group	
	2012 RM'000	**2011 RM'000**
Trade receivables	**372**	372
Less: Impairment losses	**(372)**	(372)
	-	-

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

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

	Group		**Company**	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
At beginning of financial year	**(372)**	(392)	**-**	-
Charge for the financial year	**-**	(2)	**-**	-
Reversal of impairment loss	**-**	22	**-**	-
At end of financial year	**(372)**	(372)	**-**	-

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

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2012	**2011**
	RM'000	**RM'000**
Amounts owing by subsidiaries	**346,235**	349,543
Less: Impairment losses	**(335,007)**	(335,505)
	11,228	14,038
Amounts owing to subsidiaries	**2,471**	2,007

(a) Amounts owing by subsidiaries represent balances arising from advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(b) Bad debts written off against impairment loss during the financial year amounted to RM462,000 for the Company.

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

(d) Information on financial risks of amounts owing by/(to) subsidiaries are disclosed in Note 32 to the financial statements.

14. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amounts owing by associates	**53,221**	53,545	**53,221**	53,545
Amounts owing to associates	**943**	943	**-**	-

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

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

(c) Information on financial risks of amounts owing by/(to) associates are disclosed in Note 32 to the financial statements.

15. AMOUNTS OWING BY/(TO) RELATED COMPANIES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Amounts owing by related companies	**1,058**	1,963	**604**	604
Less: Impairment losses	**(953)**	(1,011)	**(604)**	(604)
	105	952	**-**	-
Amounts owing to related companies	**70**	72	**69**	71

(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.

(c) Information on financial risks of amounts owing by/(to) related companies are disclosed in Note 32 to the financial statements.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	**1,132**	1,693	**23**	22
Deposits with licensed banks	**156**	633	**-**	-
	1,288	2,326	**23**	22

(a) The weighted average interest rate of term and call deposits of the Group that was effective during the financial year was 3.0% (2011: 2.8%) per annum.

Deposits with the licensed banks of the Group have a maturity period ranging from 1 to 3 months (2011: 1 to 6 months).

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

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

17. SHARE CAPITAL

	Group and Company			
	2012		2011	
	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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-distributable:				
Available-for-sale reserve	**702**	499	**688**	485

Available-for-sale-reserve represents gains or losses arising on financial assets classified as available-for-sale.

19. BORROWINGS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-current liabilities				
Term loans	**13,640**	14,480	**-**	-
Current liabilities				
Term loans	**6,660**	8,660	**5,820**	7,820
Total borrowings	**20,300**	23,140	**5,820**	7,820

(a) The term loans of the Group and of the Company are secured by way of:

(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).

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

20. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are in respect of surplus arising from revaluation of property, plant and equipment of its subsidiary.

	Group	
	2012 RM'000	2011 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 statements of financial position are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Taxable temporary differences	**(1,544)**	(1,671)	**(1)**	(2)
Unused tax losses	**27,514**	26,625	**15,995**	15,099
Unabsorbed capital allowances	**4,111**	5,514	**3,008**	3,009
	30,081	30,468	**19,002**	18,106

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.

The deductible temporary differences do not expire under the current tax legislation.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables - third parties	**233**	260	**-**	-
Other payables	**1,334**	1,368	**65**	478
Accruals	**423**	412	**69**	69
	1,990	2,040	**134**	547

(a) The credit terms available to the Group and to the Company in respect of trade payables range from 14 to 60 days (2011: 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 represented balances arising from payments made on behalf, which were unsecured, interest-free and payable upon demand in cash and cash equivalents.

(b) Amount owing to ultimate holding company was denominated in RM.

23. REVENUE

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Rendering of services:				
- hotel operations	**11,116**	10,925	**-**	-
Management fees from subsidiaries	**-**	-	**24**	24
	11,116	10,925	**24**	24

24. (LOSS)/PROFIT BEFORE TAX

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
(Loss)/Profit before tax is arrived at after charging:					
Auditors' remuneration:					
Statutory audit					
- current year		**112**	119	**71**	61
- under provision in prior years		**3**	1	**-**	-
Non-statutory audit					
- current year		**7**	3	**7**	3
- under provision in prior years		**7**	-	**7**	-
Depreciation of property, plant and equipment	7	**1,010**	1,015	**-**	-
Directors' remuneration:					
- fees		**89**	105	**89**	105
- other emoluments		**20**	-	**20**	-
Impairment losses on:					
- trade and other receivables		**-**	6	**-**	4
- amounts owing by subsidiaries		**-**	-	**-**	27
- investment in a subsidiary		**-**	-	**-**	130
- investments in associates	9	**-**	-	**44,307**	-
Inventories written off		**7**	-	**-**	-
Interest expense on term loans		**1,823**	2,200	**546**	865
Property, plant and equipment written off	7	**-**	61	**-**	-
Rental of:					
- equipment		**15**	16	**-**	3
- land and buildings		**46**	136	**24**	26
And after crediting:					
Bad debts recovered		**-**	2,200	**-**	-
Expenses on retirement gratuity no longer required		**-**	64	**-**	64
Gain arising from dissolution of subsidiary	8	**30**	-	**-**	-
Gain on bargain purchase from additional interest in a subsidiary		**-**	9	**-**	-
Gain on disposal of property, plant and equipment		**-**	303	**-**	50
Gain on foreign exchange - realised		**-**	58	**-**	-
Interest income		**30**	58	**3**	-
Management fees received and receivable from a subsidiary		**-**	-	**24**	24
Rental income on premises		**80**	59	**-**	-
Reversal of impairment losses on:					
- trade and other receivables	12	**90**	22	**3**	-
- amounts owing by subsidiaries	13	**-**	-	**36**	2,196
- amounts owing by related companies	15	**58**	-	**-**	-

24. (LOSS)/PROFIT BEFORE TAX (continued)

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	
	2012	**2011**
Non-Executive Directors		
Below RM50,000	**5**	9

25. TAXATION

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Continuing operations				
Income tax expense for the financial year	**-**	10	**-**	-
Over-provision in prior years	**(6)**	(10)	**-**	-
	(6)	-	**-**	-
Discontinued operations				
Current taxation based on profit for the financial year: Malaysian income tax	**-**	(2)	**-**	-

The Malaysian income tax is calculated at the statutory rate of 25% (2011: 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		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Taxation at Malaysian statutory tax rate	**(9,833)**	360	**(11,342)**	182
Tax effects in respect of:				
Non-taxable income	**(1,270)**	(1,123)	**(124)**	(561)
Non-allowable expenses	**1,309**	744	**11,243**	225
Deferred tax assets not recognised during the year	**228**	159	**223**	154
Share of results in associate	**9,891**	146	**-**	-
Utilisation of previously unrecognised deferred tax assets	**(325)**	(276)	**-**	-
	-	10	**-**	-
Over-provision of income tax expense in prior year	**(6)**	(10)	**-**	-
Taxation	**(6)**	-	**-**	-

25. TAXATION (continued)

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Arising from utilisation of previously unrecognised tax losses and capital allowances	**325**	276	**-**	-

26. DISCONTINUED OPERATIONS

In the previous financial year, the Group had 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 operations in the financial year ended 31 December 2011.

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

	Group 2011 RM'000
Revenue	1,194
Other operating income	290
Expenses	(1,446)
Profit before tax	38
Current taxation (Note 25)	2
Profit for the financial year	40

The following amounts had been included in arriving at profit before tax of the discontinued operations:

	Group 2011 RM'000
Profit before tax is arrived at after charging:	
Auditors' remuneration	10
Depreciation of property, plant and equipment	20
Interest expense	6
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
Reversal of impairment loss on trade receivables	21
Realised gain on foreign exchange	1

26. DISCONTINUED OPERATIONS (continued)

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

	Group 2011 RM'000
Operating activities	**(58)**
Investing activities	**114**
Financing activities	**(128)**
	(72)

27. (LOSS)/EARNINGS PER SHARE

(a) Basic

(Loss)/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 parent by the number of ordinary shares outstanding during the financial year.

	Group	
	2012 RM'000	**2011 RM'000**
(Loss)/Profit attributable to equity holders of the parent		
- from continuing operations	**(39,325)**	1,384
- from discontinued operations	**-**	40
	(39,325)	1,424
Number of ordinary shares outstanding ('000)	**928,867**	928,867

	Group	
	2012 Sen	**2011 Sen**
(Loss)/Earnings per ordinary share		
- from continuing operations	**(4.23)**	0.15
- from discontinued operations	**-**	-
(Loss)/Earnings per ordinary share	**(4.23)**	0.15

(b) Diluted

Diluted (loss)/earnings per ordinary share is the same as basic (loss)/earnings per ordinary share as there were no dilutive potential ordinary shares.

28. EMPLOYEE BENEFITS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages and salaries	**1,938**	1,996	**80**	103
Contributions to defined contribution plan	**209**	223	**4**	15
Social security contributions	**42**	44	**-**	1
Other benefits	**486**	413	**21**	22
	2,675	2,676	**105**	141

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;

(iii) Pan Malaysia Capital Berhad, an associate of the Company; and

(iv) Pan Malaysian Industries Berhad, a corporate shareholder of the ultimate holding company.

29. RELATED PARTY DISCLOSURES (continued)

(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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Internal audit fee				
- related company	**66**	-	**66**	-
Office rental paid and payable:				
- related party	**46**	94	**24**	26
Purchase of insurance:				
- related companies	**187**	197	**58**	57
Sale of air tickets and provision of travel and ancillary services:				
- related companies	**-**	70	**-**	-
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.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

(c) Compensation of key management personnel

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short term employee benefits	**125**	226	**109**	119
Contributions to defined contribution plan	**-**	1	**-**	-
	125	227	**109**	119

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	:	Hotel operations.
(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.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment.

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.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors.

30. OPERATING SEGMENTS (continued)

2012	Hotel RM'000	Travel RM'000	Stockbroking RM'000	Investment holding RM'000	Total RM'000
Revenue					
Total revenue	11,116	-	-	24	11,140
Inter-segment revenue	-	-	-	(24)	(24)
Revenue from external customers	11,116	-	-	-	11,116
Interest income	16	8	-	3	27
Finance costs	(1,276)	-	-	(547)	(1,823)
Net finance expense	(1,260)	8	-	(544)	(1,796)
Depreciation of property, plant and equipment	(1,007)	(3)	-	-	(1,010)
Segment profit/(loss) before tax	1,269	(15)	(39,562)	(1,023)	(39,331)
Share of loss of associate	-	-	-	-	
Taxation	4	-	-	2	6
Other material non-cash items:					
Impairment loss on investments in associates	-	-	-	44,307	44,307
Investments in associates	-	-	9,665	-	9,665
Additions to non-current assets other than financial instruments and deferred tax assets	520	-	-	-	520
Segment assets	31,827	178	9,665	53,464	95,134
Segment liabilities	17,366	12	-	7,163	24,541

30. OPERATING SEGMENTS (continued)

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)
Segment profit/(loss) before tax	1,134	38	(587)	854	1,439
Share of loss of associate	-	-	(587)	-	(587)
Taxation	-	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
Investments in associates	-	-	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

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

(a) Reconciliations

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

	2011 RM'000
Revenue	
Total revenue for reportable segments	12,119
Discontinued operations (Note 26)	(1,194)
Revenue of the Group per consolidated statement of comprehensive income	10,925

30. OPERATING SEGMENTS (continued)

(a) Reconciliations (continued)

	2011 RM'000
Profit for the financial year	
Total profit or loss for reportable segments	1,439
Profit on discontinued operations (Note 26)	(38)
Profit for the financial year of the Group from continuing operations per consolidated statement of comprehensive income	1,401

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 as at 31 December 2012.

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 policy of the Group and of the Company 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 0.29 and 0.09 times (2011: 0.21 and 0.07 times) respectively. Capital represents equity attributable to owners of the parent.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2012.

(b) Financial instruments

Categories of financial instruments

	2012		2011	
	Group RM'000	**Company RM'000**	**Group RM'000**	**Company RM'000**
Financial assets				
Loans and receivables				
Trade and other receivables excluding prepayments	**1,860**	**23**	2,019	13
Amounts owing by subsidiaries	**-**	**11,228**	-	14,038
Amounts owing by associates	**53,221**	**53,221**	53,545	53,545
Amounts owing by related companies	**105**	**-**	952	-
Cash and cash equivalents	**1,288**	**23**	2,326	22
	56,474	**64,495**	58,842	67,618

31. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Categories of financial instruments (continued)

	2012 Group RM'000	2012 Company RM'000	2011 Group RM'000	2011 Company RM'000
Available for sale				
Other investments	**1,404**	**1,304**	1,201	1,101
Financial liabilities				
Other financial liabilities				
Borrowings	**20,300**	**5,820**	23,140	7,820
Trade and other payables	**1,990**	**134**	2,040	547
Amounts owing to subsidiaries	**-**	**2,471**	-	2,007
Amounts owing to associates	**943**	**-**	943	-
Amounts owing to related companies	**70**	**69**	72	71
Amount owing to ultimate holding company	**-**	**-**	115	115
	23,303	**8,494**	26,310	10,560

(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 32 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 values

Methods and assumptions used to estimate fair values

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

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

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 values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the 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.

31. FINANCIAL INSTRUMENTS (continued)

(d) Determination of fair values (continued)

ii. Quoted shares

The fair value of quoted investments outside Malaysia is determined by reference to the exchange quoted market bid 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.

iv. Borrowings

The fair value of borrowings is estimated based on the discounted cash flows technique. The discount rate is based on the ongoing cost of funding used to obtain the borrowings.

(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).

The Group and the Company held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair values

	31.12.2012 RM'000	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Group				
Available-for-sale financial assets				
- Quoted shares outside Malaysia	954	954	-	-
- Club memberships	450	-	450	-
Company				
Available-for-sale financial assets				
- Quoted shares outside Malaysia	954	954	-	-
- Club memberships	350	-	350	-

31. FINANCIAL INSTRUMENTS (continued)

(e) Fair value hierarchy (continued)

Assets measured at fair values

	31.12.2011 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	-

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2012 and 31 December 2011.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management policy of the Group 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 Directors and the Group's policy is not to engage in speculative transactions.

The Company is mainly exposed to interest rate risk, credit risk, liquidity and cash flow risk, market rate risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

(i) Credit risk

Deposits with licensed banks and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables.

Exposure to credit risk

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

Credit risk concentration profile

As at 31 December 2012, the Group and the Company have no significant concentration of credit risk other than:

(i) amounts owing by associates of RM53,221,000 (2011: RM53,545,000), which contributes 96% (2011: 95%) and 83% (2011: 79%) of receivables of the Group and of the Company respectively.

(ii) amounts owing by subsidiaries of RM11,228,000 (2011: RM14,038,000), which contributes 17% (2011: 21%) of receivables of the Company.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

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 to the financial statements. Deposits with licensed banks 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 to the financial statements.

(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 of 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.

The table below summarises the maturity profile of the liabilities of the Group and of the Company 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**	**Total RM'000**
As at 31 December 2012			
Financial liabilities:			
Trade and other payables	1,990	-	1,990
Amounts owing to associates	943	-	943
Amounts owing to related companies	70	-	70
Borrowings	7,875	15,812	23,687
Total undiscounted financial liabilities	10,878	15,812	26,690

Company	**On demand or within one year RM'000**	**Total RM'000**
Financial liabilities:		
Trade and other payables	134	134
Amounts owing to subsidiaries	2,471	2,471
Amounts owing to related companies	69	69
Borrowings	5,820	5,820
Total undiscounted financial liabilities	8,494	8,494

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risks (continued)

Group	**On demand or within one year RM'000**	**One to 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 associates	943	-	943
Amounts owing to related companies	72	-	72
Amount owing to ultimate holding company	115	-	115
Borrowings	9,936	17,867	27,803
Total undiscounted financial liabilities	13,106	17,867	30,973

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

(iii) Foreign currency risk

Foreign currency risk is that the fair value or future cash flows of a financial instrument would 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.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Market risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments would 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 held by the Group and the Company. The Group does not actively trade these investments and these instruments are classified as available-for-sale financial assets.

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 RM48,000 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 financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily 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.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and Company if interest rates at the end of reporting period changed by 100 basis points with all other variables held constant:

(Loss)/Profit after tax	**Group**		**Company**	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
- Increase by 1.0% (2011: 1.0%)	**151,000**	(169,000)	**44,000**	(59,000)
- Decrease by 1.0% (2011: 1.0%)	**(151,000)**	169,000	**(44,000)**	59,000

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(v) Interest rate risk (continued)

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	Total RM'000
At 31 December 2012							
Fixed rates							
Deposits with licensed banks	16	2.8	156	-	-	-	156
Term loans	19	8.0	(5,820)	-	-	-	(5,820)
Floating rates							
Term loans	19	8.6	(840)	(1,050)	(12,590)	-	(14,480)
At 31 December 2011							
Fixed rates							
Deposits with licensed banks	16	2.8	633	-	-	-	633
Term loans	19	8.0	(7,820)	-	-	-	(7,820)
Floating rates							
Term loans	19	8.6	(840)	(840)	(1,050)	(12,590)	(15,320)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Interest rate risk (continued)

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. (continued)

Company	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 2012									
Fixed rates									
Term loans	19	8.0	5,820	-	-	-	-	-	5,820
At 31 December 2011									
Fixed rates									
Term loans	19	8.0	7,820	-	-	-	-	-	7,820

33. CONTINGENT LIABILITY

	Company	
	2012	2011
Secured	**RM'000**	**RM'000**
Guarantee given by the Company to a financial institution for the term loans of a subsidiary, Pengkalen Holiday Resort Sdn. Bhd. (Note 19)	**14,480**	15,320

The Directors are of the view that the fair value of the corporate guarantee is negligible as the chances of the financial institution to call upon the corporate guarantee is remote.

34. EXPLANATION OF TRANSITION TO MFRSs

The Group and the Company are a non-transitioning entities as defined by the MASB, and has adopted the MFRS Framework during the financial year ended 31 December 2012. Accordingly, this is the first financial statements of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 4 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, as well as comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position as at 1 January 2011 (the date of transition of the Group to MFRSs).

The Group has adjusted amounts previously reported in the financial statements that were prepared in accordance with the previous FRS Framework. In preparing the opening statements of financial position at 1 January 2011, an explanation on the impact arising from the transition from FRSs to MFRSs on the Group's financial position, financial performance and cash flows is set out as follows:

34. EXPLANATION OF TRANSITION TO MFRSs (continued)

(a) Reconciliation of financial position as at 1 January 2011

	Note	<---------- Group ---------- > Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	As restated under MFRSs RM'000
ASSETS				
Non-current assets				
Property, plant and equipment		28,517	-	28,517
Investments in associates		49,814	-	49,814
Other investments		806	-	806
		79,137	-	79,137
Current assets				
Inventories		264	-	264
Trade and other receivables		1,817	-	1,817
Amounts owing by associates		55,705	-	55,705
Amounts owing by related companies		983	-	983
Current tax assets		3	-	3
Cash and cash equivalents		3,019	-	3,019
		61,791	-	61,791
TOTAL ASSETS		140,928	-	140,928
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital		92,887	-	92,887
Available-for-sale reserve		104	-	104
Capital reserve	34(c)(ii)	4,713	(4,713)	-
Exchange translation differences	34(c)(i)	(12,397)	12,397	-
Retained earnings		22,589	(7,684)	14,905
		107,896	-	107,896
Non-controlling interest		122	-	122
TOTAL EQUITY		108,018	-	108,018

34. EXPLANATION OF TRANSITION TO MFRSs (continued)

(a) Reconciliation of financial position as at 1 January 2011 (continued)

	Note	<--- Group		--->
		Previously reported under FRSs RM'000	**Effect on adoption of MFRSs RM'000**	**As restated under MFRSs RM'000**
LIABILITIES				
Non-current liabilities				
Borrowings		15,330	-	15,330
Deferred tax liabilities		1,238	-	1,238
		16,568	-	16,568
Current liabilities				
Trade and other payables		2,501	-	2,501
Amounts owing to associates		943	-	943
Amounts owing to related companies		64	-	64
Amount owing to ultimate holding company		57	-	57
Borrowings		12,775	-	12,775
Current tax liabilities		2	-	2
		16,342	-	16,342
TOTAL LIABILITIES		32,910	-	32,910
TOTAL EQUITY AND LIABILITIES		140,928	-	140,928

There is no impact to the Company's opening statement of financial position as at 1 January 2011 arising from the transition from FRSs to MFRSs.

34. EXPLANATION OF TRANSITION TO MFRSs (continued)

(a) Reconciliation of financial position as at 31 December 2011

	Note	<--- Group ---> Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	As restated under MFRSs RM'000
ASSETS				
Non-current assets				
Property, plant and equipment		27,537	-	27,537
Investments in associates		49,227	-	49,227
Other investments		1,201	-	1,201
		77,965	-	77,965
Current assets				
Inventories		399	-	399
Trade and other receivables		2,061	-	2,061
Amounts owing by associates		53,545	-	53,545
Amounts owing by related companies		952	-	952
Current tax assets		15	-	15
Cash and cash equivalents		2,326	-	2,326
		59,298	-	59,298
TOTAL ASSETS		137,263	-	137,263
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital		92,887	-	92,887
Available-for-sale reserve		499	-	499
Capital reserve	34(c)(ii)	4,713	(4,713)	-
Exchange translation differences	34(c)(i)	(12,397)	12,397	-
Retained earnings		24,013	(7,684)	16,329
TOTAL EQUITY		109,715	-	109,715

34. EXPLANATION OF TRANSITION TO MFRSs (continued)

(a) Reconciliation of financial position as at 31 December 2011 (continued)

		<------ Group ------		------>
	Note	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	As restated under MFRSs RM'000
LIABILITIES				
Non-current liabilities				
Borrowings		14,480	-	14,480
Deferred tax liabilities		1,238	-	1,238
		15,718	-	15,718
Current liabilities				
Trade and other payables		2,040	-	2,040
Amounts owing to associates		943	-	943
Amounts owing to related companies		72	-	72
Amount owing to ultimate holding company		115	-	115
Borrowings		8,660	-	8,660
		11,830	-	11,830
TOTAL LIABILITIES		27,548	-	27,548
TOTAL EQUITY AND LIABILITIES		137,263	-	137,263

There is no impact to the Company's opening statement of financial position as at 31 December 2011 arising from the transition from FRSs to MFRSs.

(b) There is no impact to the Group's and the Company's Statements of Comprehensive Income for the financial year ended 31 December 2011 arising from the transition from FRSs to MFRSs.

(c) Notes to reconciliation

(i) Foreign currency translation

Under FRSs, the Group recognised foreign currency translation differences in other comprehensive income and accumulated the amount in the foreign currency translation reserve in equity.

Upon transition to MFRSs, the Group has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

34. EXPLANATION OF TRANSITION TO MFRSs (continued)

(c) Notes to reconciliation (continued)

(ii) Revaluation reserve of property, plant and equipment ("PPE")

The Group has elected to measure PPE at cost in accordance with MFRS 116 and as a result, fair values on land and building that were carried out in 1993 would be deemed to carry at cost. As such, revaluation reserve arose from the valuation would be transferred to retained earnings as at the date of transition on 1 January 2011.

(iii) All the changes described earlier resulted in the following impact on reserves:

	Group	
	31.12.2011	**1.1.2011**
	RM'000	**RM'000**
Decrease in retained earnings	(7,684)	(7,684)
Decrease in exchange translation differences	12,397	12,397
Decrease in revaluation reserve	(4,713)	(4,713)
	-	-

35. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The (accumulated losses)/retained earnings of the Group and of the Company as at the end of the reporting period may be analysed as follows:

	2012		2011	
	Group RM'000	**Company RM'000**	**Group RM'000** (restated)	**Company RM'000**
Total retained profits/ (accumulated losses) - Realised	**21,407**	**(25,954)**	21,170	19,410
Total share of accumulated losses from associates - Realised	**(44,403)**	**-**	(4,841)	-
Total (accumulated losses)/ retained profits as per consolidated accounts	**(22,996)**	**(25,954)**	16,329	19,410

PROPERTIES OWNED BY THE GROUP

As at 31 December 2012

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, $3^1/_2$ km, Jalan Pantai, Port Dickson	Hotel	Leasehold Expiring 2059/2087	55,745	17	25,756	1993
State of Pahang Darul Makmur						
1 lot of bungalow land at HS10468 PT11291, Jalan Bentong	Vacant	Freehold	1,115	-	180	1992

ANALYSIS OF SHAREHOLDINGS

As at 25 April 2013

Class of Share : 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**	**%**
1.	Pan Malaysian Industries Berhad	–	–	643,330,487	69.26
2.	Tan Sri Dato' Khoo Kay Peng	–	–	643,330,487	69.26
3.	Malayan United Industries Berhad	–	–	642,700,783	69.19
4.	Loyal Design Sdn Bhd	358,496,163	38.59	–	–
5.	MUI Media Ltd	170,877,552	18.40	–	–
6.	Megawise Sdn Bhd	82,749,507	8.91	–	–
7.	Pan Malaysia Corporation Berhad	–	–	82,749,507	8.91
8.	KKP Holdings Sdn Bhd	–	–	643,330,487	69.26
9.	Soo Lay Holdings Sdn Bhd	–	–	643,330,487	69.26
10.	Norcross Limited	–	–	643,330,487	69.26
11.	Cherubim Investment (HK) Limited	–	–	643,330,487	69.26

Distribution of Shareholders

Holdings	**No. of Shareholders**	**%**	**No. of Shares**	**%**
Less than 100 shares	338	3.82	13,837	0.00
100 - 1,000 shares	2,021	22.83	1,767,299	0.19
1,001 - 10,000 shares	4,478	50.58	21,023,405	2.26
10,001 - 100,000 shares	1,637	18.49	59,941,745	6.45
100,001 to less than 5% of issued shares	376	4.25	233,997,903	25.19
5% and above of issued shares	3	0.03	612,123,222	65.90
Total	8,853	100.00	928,867,411	100.00

Thirty (30) Largest Registered Shareholders

	Name	No. of Shares	%
1.	Loyal Design Sdn Bhd	358,496,163	38.59
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.	AMSEC Nominees (Tempatan) Sdn Bhd - AmBank (M) Berhad	6,578,028	0.71
9.	CIMSEC Nominees (Tempatan) Sdn Bhd - Danaharta Managers Sdn Bhd	5,673,118	0.61
10.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ong Yew Beng	5,100,000	0.55
11.	Foo Fook Min	3,600,000	0.39
12.	Tai Chang Eng @ Teh Chang Ying	3,307,000	0.36
13.	Tan Thiang Him	2,900,000	0.31
14.	Yeoh Teong Eng	2,316,500	0.25
15.	Ng Lam Hai	2,300,000	0.25
16.	Lim Kee Hing	2,241,700	0.24
17.	Bank Kerjasama Rakyat Malaysia Berhad	1,985,751	0.21
18.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tee Chee Chiang	1,833,000	0.20
19.	Tay Mong Kwee	1,750,000	0.19
20.	Lai Sook Leong	1,564,600	0.17
21.	Tan Kin Chuan	1,460,000	0.16
22.	Lew Kim Lien	1,400,500	0.15
23.	Kong Choon Hock	1,398,700	0.15
24.	Pang Lok Meng @ Pang Hun Yet	1,316,800	0.14
25.	Lee Yu Yong @ Lee Yuen Ying	1,220,600	0.13
26.	Chong Wah Sing	1,201,100	0.13
27.	Citibank Berhad	1,062,948	0.11
28.	Low Suan Kong	1,050,000	0.11
29.	Yeo Sze Teng	1,000,000	0.11
30.	Loh Hai Boey	960,000	0.10
	Total	751,475,614	80.90

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Pan Malaysia Holdings Berhad
95469-W
Incorporated in Malaysia

F O R M O F P R O X Y

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

No. of Shares Held: ______________________

I/We ____ NRIC / Company No. ______________________

of ____ Tel. No. ______________________

being a member of PAN MALAYSIA HOLDINGS BERHAD hereby appoint ______________________

____ NRIC No. ______________________

of ____ (percentage of shareholding represented: _________%)

or failing him/her, ________________________________ NRIC No. ______________________

of ____ (percentage of shareholding represented: _________%)

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held at Rembau Room, Corus Paradise resort Port Dickson, 3.5km, Jalan Pantai, 71000 Port Dickson, Negeri Sembilan Darul Khusus on Thursday, 20 June 2013 at 4.30 p.m. and at any adjournment thereof, and to vote as indicated below:-

	Resolutions	For	Against
1.	To approve Directors' fees of RM120,000.		
2.	To re-appoint Mr Ooi Boon Leong as Director of the Company.		
3.	To re-elect Mr Wong Nyen Faat as Director of the Company.		
4.	To re-appoint Messrs BDO as auditors of the Company and to authorize the Directors to fix their remuneration.		
5.	Proposed authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		

(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 discretion.)

Seal

____
Signature

Signed this ______________ day of ______________ 2013

Notes:-

1. *Only a member whose name appears on the Record of Depositors as at 10 June 2013 shall be entitled to attend and vote at the meeting or appoint proxies to attend and/or vote on his or her behalf. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.*
2. *A member entitled to attend and vote 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 of the Company is an exempt authorized nominee which holds ordinary share of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from the compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991.*
3. *Where a member and/or an exempt authorized nominee, appoints two 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.*
4. *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.*
5. *The Form of Proxy must be deposited at the registered office of the Company at Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

fold here first

Stamp

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