4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Provisions (continued)

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

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.

4.14 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 would 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Employee benefits (continued)

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

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency 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 functional currency 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 profit or loss and other 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Foreign currencies (continued)

(c) Foreign operations (continued)

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 activities of the Group as follows:

(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 as it accrues, using the effective interest method.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

4.18 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Operating segments (continued)

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

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

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) 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 percent (10%) 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 percent (10%) 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 percent (75%) of the revenue of the Group. 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.

4.19 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Fair value measurements

The fair value of an asset or a liability, except for lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

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

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

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

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 (2011)*	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 1 *Government Loans*	1 January 2013
Amendments to MFRS 7 *Disclosure - 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

There is no material effect upon the adoption of the above Standards during the financial year other than:

(a) Amendments to MFRS 101, which is mandatory for annual periods beginning on or after 1 July 2012.

These Amendments require that items under other comprehensive income must be grouped into two sections:

(i) Those that are or may be reclassified into profit or loss; and

(ii) Those that will not be reclassified into profit or loss.

The Group and the Company have changed the presentation of the statements of profit or loss and other comprehensive income according to these Amendments.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.1 New MFRSs adopted during the financial year (continued)

(b) MFRS 10 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard supersedes MFRS 127 *Consolidated and Separate Financial Statements* and IC Interpretation 112 *Consolidation – Special Purpose Entities*, and introduces a single 'control model' for all entities, including special purpose entities ('SPEs'), whereby all of the following conditions must be present:

(i) Power over the investee;

(ii) Exposure, or rights, to variable returns from involvement with the investee; and

(iii) Ability to use power over investee to affect its returns.

Other changes introduced by MFRS 10 include:

(i) The introduction the concept of 'de facto' control for entities with less than a fifty percent (50%) ownership interest in an entity, but which have a large shareholding compared to other shareholders;

(ii) Potential voting rights are only considered when determining if there is control when they are substantive (holder has practical ability to exercise) and the rights are currently exercisable; and

(iii) Specific guidance for the concept of 'silos', where groups of assets (and liabilities) within one entity are ring-fenced.

There is no material impact upon the adoption of this Standard during the financial year.

(c) MFRS 12 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard prescribes the disclosure requirements relating to interests of an entity in subsidiaries, joint arrangements, associates and structured entities. This Standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the relationship of the reporting entity with other entities.

Following the adoption of this Standard, the Group has disclosed the requirements applicable to the Group in Notes 8 and 9 to the financial statements.

(d) MFRS 13, which is mandatory for annual periods beginning on or after 1 January 2013.

This Standard is now the sole MFRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other MFRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously located in other MFRSs have now been relocated to MFRS 13.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.1 New MFRSs adopted during the financial year (continued)

(d) MFRS 13, which is mandatory for annual periods beginning on or after 1 January 2013. (continued)

Whilst there have been some rewording of the previous guidance on MFRS 13, there are very few changes to the previous fair value measurement requirements. Instead, MFRS 13 is intended to clarify the measurement objective, harmonises the disclosure requirements, and improve consistency in application of fair value measurement.

MFRS 13 did not materially impact any fair value measurements of the assets or liabilities of the Group. It has only a presentation and disclosure impact, and therefore, has no effect on the financial position or performance of the Group and of the Company.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

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

Title	Effective Date
Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to MFRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014
Defined Benefit Plans: *Employee Contributions (Amendments to MFRS 119)*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 – 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 – 2013 Cycle*	1 July 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures	Deferred
MFRS 9 *Financial Instruments (2009)*	Deferred
MFRS 9 *Financial Instruments (2010)*	Deferred
MFRS 9 *Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)*	Deferred

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 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 other than the revision in the lease term of the leasehold land arising from the re-assessment by the Directors, which resulted in additional amortisation charges of RM500,000 during the financial year.

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the accounting policies of the Group 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) 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.

(c) Classification of non-current bank 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.

(d) 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.

(e) Contingent liabilities on corporate guarantees

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 each 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) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment as disclosed in Note 4.4 to the financial statements. These are common life expectancies applied in this industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(b) Investments in subsidiaries and an associate

Management reviews the investments in subsidiaries and an associate for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries and an associate are assessed by reference to the higher of the fair values less cost to sell and the value in use of the respective subsidiaries and an associate.

Estimating a value in use requires management to make an estimate of the expected future cash flows to be derived from continuing use of the asset and from its ultimate disposal, expectations about possible variations in the amount, timing of those cash flows, the time value of money, price for inherent uncertainty risk and other relevant factors.

(c) Impairment of property, plant and equipment

Property, plant and equipment 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 management to make estimates of the recoverable amounts, which is the higher of an asset's fair value less cost to sell and its value in use. Impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amounts. The management believe that the estimates of the recoverable amounts of property, plant and equipment are reasonable.

(d) 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 concentration, 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.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(e) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(f) Significant influence

Significant influence is presumed to exist (not exist) when the Group hold twenty percent (20%) or more (less than 20%) of the voting rights of another entity, unless it can be clearly demonstrated otherwise.

The Group has a board representation and holds a 34.84% equity interest in Pan Malaysia Capital Berhad for which the Group has determined that it has significant influence.

(g) 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 30 to the financial statements.

(h) Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

(i) Level 1: Quoted prices in active markets for identical items (unadjusted);

(ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and

(iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures financial instruments, as disclosed in Note 29 to the financial statements at fair value.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2013 Carrying amount	Balance as at 1.1.2013 RM'000	Additions RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2013 RM'000
Freehold land	180	-	-	-	180
Long term leasehold land	5,395	-	-	(588)	4,807
Buildings	20,361	-	-	(721)	19,640
Office equipment	593	208	-	(134)	667
Furniture and fittings	1	19	-	(2)	18
Motor vehicles	1	-	-	-	1
Plant and machinery	52	24	(7)	(9)	60
Renovation	464	181	-	(114)	531
Construction-in-progress	-	28	-	-	28
	27,047	460	(7)	(1,568)	25,932

	-----------------------At 31.12.2013			-----------------------
	Cost RM'000	Accumulated depreciation RM'000	Impairment loss RM'000	Carrying amount RM'000
Freehold land	180	-	-	180
Long term leasehold land	6,617	(1,810)	-	4,807
Buildings	34,765	(12,499)	(2,626)	19,640
Office equipment	2,490	(1,823)	-	667
Furniture and fittings	1,417	(1,399)	-	18
Motor vehicles	294	(293)	-	1
Plant and machinery	268	(208)	-	60
Renovation	789	(258)	-	531
Construction-in-progress	28	-	-	28
	46,848	(18,290)	(2,626)	25,932

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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 RM'000	Impairment loss RM'000	Carrying amount RM'000
Freehold land	180	-	-	180
Long term leasehold land	6,617	(1,222)	-	5,395
Buildings	34,765	(11,778)	(2,626)	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	(16,936)	(2,626)	27,047

Company 2013 Carrying amount	Balance as at 1.1.2013 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2013 RM'000
Office equipment	2	(1)	1

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
	At 31.12.2013		
Office equipment	263	(262)	1
Furniture and fittings	119	(119)	-
Motor vehicles	130	(130)	-
	512	(511)	1

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

	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
	At 31.12.2012		
Office equipment	263	(261)	2
Furniture and fittings	119	(119)	-
Motor vehicles	329	(329)	-
	711	(709)	2

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

(b) As at the end of the reporting period, leasehold land and buildings with a carrying amount of RM24,447,000 (2012: RM26,865,000) have been charged to a bank for credit facilities granted to the Group as disclosed in Note 19 to the financial statements.

8. INVESTMENTS IN SUBSIDIARIES

	Company 2013 RM'000	2012 RM'000
Unquoted shares, at cost	7,863	7,863
Less: Impairment losses	(7,383)	(7,214)
	480	649

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of company	Effective interest in equity held by Company 2013 %	Company 2012 %	Subsidiaries 2013 %	Subsidiaries 2012 %	Principal activities
Golden Carps Pte. Ltd. +~	100	100	-	-	Inactive
Grandvestment Company Limited +#	100	100	-	-	Dormant
Kayangan Makmur Sdn. Bhd. *	100	100	-	-	Investment holding
Pengkalen Equities Sdn. Bhd. *	100	100	-	-	Investment holding and dealing
Pengkalen Foodservices Sdn. Bhd. *	100	100	-	-	Inactive
Pengkalen Holiday Resort Sdn. Bhd. *	100	100	-	-	Operating a hotel
Pengkalen Properties Sdn. Bhd. *	100	100	-	-	Inactive
Pan Malaysia Travel & Tours Sdn. Bhd. *	99.3	99.3	0.07	0.07	Travel agent and provision of travel - related services
Asia Entertainment Network Sdn. Bhd. ^	60	60	-	-	In liquidation
Grand Union Insurance Company Limited ^#	55	55	-	-	In liquidation
Pengkalen Building Materials Sdn. Bhd. ^	100	100	-	-	In liquidation
Pengkalen Electronics Industries Sdn. Bhd. ^	67	67	-	-	In liquidation
Technitone (M) Sdn. Bhd. ^	64.10	64.10	-	-	In liquidation
Subsidiary of Pan Malaysia Travel & Tours Sdn. Bhd.					
Destiny Aims Sdn. Bhd. *	-	-	100	100	Dormant

8. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of company	Effective interest in equity held by Company 2013 %	Company 2012 %	Subsidiaries 2013 %	Subsidiaries 2012 %	Principal activities
Subsidiary of Pengkalen Foodservices Sdn. Bhd.					
Twin Phoenix Sdn. Bhd. *	-	-	100	100	Dormant
Subsidiary of Technitone (M) Sdn. Bhd.					
Office Business Systems Sdn. Bhd. ^	-	-	100	100	In liquidation
Subsidiaries of Office Business System Sdn. Bhd.					
Office Business Systems (Malacca) Sdn. Bhd. ^	-	-	65	65	In liquidation
Office Business Systems (Penang) Sdn. Bhd. ^	-	-	100	100	In liquidation
Sensor Equipment Sdn. Bhd. ^	-	-	100	100	In liquidation

* *Subsidiaries audited by BDO in Malaysia.*
\+ *Subsidiaries audited by BDO member firms.*
\# *Subsidiaries incorporated in Hong Kong.*
~ *Subsidiaries incorporated in Singapore.*
^ *Subsidiaries under liquidation and not dealt with in the consolidated financial statements of the Group for the financial years ended 31 December 2013 and 31 December 2012. The contribution of these subsidiaries to the Group are insignificant.*

(b) An impairment loss on investment in a subsidiary amounting to RM169,000 (2012: Nil) relating to a subsidiary, Pan Malaysia Travel and Tours Sdn. Bhd., has been recognised by the Company during the financial year as the cost of investment in the subsidiary exceeded its recoverable amount based on value in use.

(c) In the previous financial year, Pengkalen Company Limited ('PCL'), a wholly-owned subsidiary of the Group was dissolved, which resulted in a gain on dissolution of RM30,000 to the Company. Cost of investment in PCL of RM1,200,000, which was fully impaired, was written off accordingly.

9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At cost:				
Quoted shares in Malaysia	296,672	296,672	296,672	296,672
Share of post acquisition reserves	(52,130)	(44,403)	-	-
	244,542	252,269	296,672	296,672
Less: Impairment losses	(242,604)	(242,604)	(294,734)	(287,007)
	1,938	9,665	1,938	9,665
Market value of quoted shares in Malaysia	22,725	21,305	22,725	21,305

(a) The details of the associates, which are all incorporated in Malaysia, are as follows:

	Effective interest in equity held by				
	Company		Associates		
Name of company	2013 %	2012 %	2013 %	2012 %	**Principal activities**
Pan Malaysia Capital Berhad	34.84	34.84	-	-	Investment holding
Subsidiaries of Pan Malaysia Capital Berhad					
Bayan Niaga Sdn. Bhd.	-	-	100	100	Investment holding
KESB Nominees (Asing) Sdn. Bhd.	-	-	100	100	Dormant
KESB Nominees (Tempatan) Sdn. Bhd.	-	-	100	100	Nominees and custodian services
Meridian Nominees (Tempatan) Sdn. Bhd.	-	-	100	100	Share registration, nominee and custodian services
Pan Malaysia Equities Sdn. Bhd.	-	-	100	100	Property and investment holding
PCB Asset Management Sdn. Bhd.	-	-	100	100	Research & fund management services
PM Asset Management Sdn. Bhd.	-	-	100	100	Investment holding
PM Nominees (Asing) Sdn. Bhd.	-	-	100	100	Nominees & custodian services

9. INVESTMENTS IN ASSOCIATES (continued)

(a) The details of the associates, which are all incorporated in Malaysia, are as follows: (continued)

Name of company	Effective interest in equity held by Company 2013 %	Company 2012 %	Associates 2013 %	Associates 2012 %	Principal activities
Subsidiaries of Pan Malaysia Capital Berhad (continued)					
PM Nominees (Tempatan) Sdn. Bhd.	-	-	100	100	Nominees & custodian services
PM Options & Futures Sdn. Bhd.	-	-	100	100	Inactive
PM Securities Sdn. Bhd.	-	-	99.99	99.99	Stock and sharebroking and corporate advisory services
Miranex Sdn. Bhd.	-	-	100	100	Moneylending

All the above associates are accounted for using the equity method in the consolidated financial statements.

(b) The summarised financial information of the associates is as follows:

	2013 RM'000	2012 RM'000
Assets and liabilities		
Current assets	163,719	128,065
Non-current assets	38,350	59,142
Current liabilities	(196,506)	(159,467)
Net assets	5,563	27,740
Results		
Revenue	21,546	17,337
Loss for the financial year	(22,177)	(113,555)
Total comprehensive loss	(22,177)	(113,555)
Cash flows from operating activities	(19,408)	(1,066)
Cash flows from investing activities	936	1,339
Cash flows from financing activities	30	29
Net (decrease)/increase in cash and cash equivalents	(18,442)	302

9. INVESTMENTS IN ASSOCIATES (continued)

(c) The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows:

	2013 RM'000	2012 RM'000
Share of net assets of the Group	1,938	9,665
Goodwill	-	-
Elimination of unrealised profits	-	-
Carrying amount in the statement of financial position	1,938	9,665
Share of result of the Group for the financial year ended 31 December		
Share of profit or loss of the Group	(7,727)	(39,562)
Share of other comprehensive income of the Group	-	-
Share of total comprehensive income of the Group	(7,727)	(39,562)

(d) The contingent liabilities of the associates are as follows:

	2013 RM'000	2012 RM'000
Share of associates' contingent liabilities incurred jointly with other investors:		
- Guaranteed bank facilities	-	10,000

(e) In the previous financial year, quoted shares in an associate held by the Group and the Company with a carrying amount of RM9,356,000 were pledged to a financial institution for banking facilities granted to the Company (Note 19).

(f) During the financial year, impairment losses on investments in associates amounting to RM7,727,000 (2012: RM44,307,000) were recognised by the Company as the cost of investments in associates exceed their recoverable amounts.

10. OTHER INVESTMENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Available-for-sale financial assets				
- Quoted shares outside Malaysia	807	954	807	954
- Club memberships	65	450	65	350
Total non-current other investments	872	1,404	872	1,304

10. OTHER INVESTMENTS (continued)

(a) Impairment loss on other investment of RM16,000 (2012: Nil) were recognised during the financial year based on comparable market value of similar investments.

(b) Information on the fair value hierarchy is disclosed in Note 29(e) to the financial statements.

(c) Information on financial risks of other investments is disclosed in Note 30 to the financial statements.

11. INVENTORIES

	Group 2013 RM'000	Group 2012 RM'000
At cost		
Consumables, food and beverages	417	501

During the financial year, inventories of the Group recognised as cost of sales amounted to RM1,753,000 (2012: RM1,618,000). In addition, inventories written off amounted to RM60,000 (2012: RM7,000) were recognised in other operating expenses.

12. TRADE AND OTHER RECEIVABLES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade receivables – third parties	1,185	1,604	-	-
Less: Impairment losses	(372)	(372)	-	-
	813	1,232	-	-
Other receivables	11,225	11,086	13	13
Less: Impairment losses	(10,996)	(10,839)	(1)	(1)
	229	247	12	12
Refundable deposits	459	460	89	90
Less: Impairment losses	(79)	(79)	(79)	(79)
	380	381	10	11
Loans and receivables	1,422	1,860	22	23
Prepayments	33	32	-	-
	1,455	1,892	22	23

12. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranges from cash term to 30 days (2012: 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) Bad debts written off on other receivables during the financial year amounted to RM36,000 (2012: Nil) for the Group.

(c) All trade and other receivables are denominated in RM.

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

	Group 2013 RM'000	Group 2012 RM'000
Neither past due nor impaired	605	818
Past due, not impaired		
31 to 60 days	98	79
61 to 90 days	18	9
More than 90 days	27	237
	143	325
Past due and impaired	437	461
	1,185	1,604

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

Group	Collectively impaired RM'000	Individually Impaired RM'000	Total RM'000
2013			
Trade receivables	151	286	437
Less: Impairment losses	(86)	(286)	(372)
	65	-	65

	Collectively impaired RM'000	Individually Impaired RM'000	Total RM'000
2012			
Trade receivables	175	286	461
Less: Impairment losses	(86)	(286)	(372)
	89	-	89

12. TRADE AND OTHER RECEIVABLES (continued)

(f) The reconciliation of movements in the impairment loss are as follows:

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade receivables					
At 1 January/31 December		372	372	-	-
Other receivables					
At 1 January		10,839	10,929	1	4
Charge for the financial year	23	174	-	-	-
Written off		(9)	-	-	-
Reversal of impairment loss	23	(8)	(90)	-	(3)
At 31 December		10,996	10,839	1	1
Refundable deposits					
At 1 January/31 December		79	79	79	79
		11,447	11,290	80	80

Trade and other receivables that are individually determined to be impaired at the end of each 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.

(g) Information on financial risks of trade and other receivables is disclosed in Note 30 to the financial statements.

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Amounts owing by subsidiaries	339,970	346,235
Less: Impairment losses	(335,007)	(335,007)
	4,963	11,228
Amounts owing to subsidiaries	2,548	2,471

(a) Amounts owing by/(to) subsidiaries are unsecured, interest-free and payable upon demand in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES (continued)

(b) In the previous financial year, bad debts written off against impairment loss 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 is disclosed in Note 30 to the financial statements.

14. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amounts owing by associates	52,766	53,221	52,766	53,221
Amounts owing to associates	943	943	-	-

(a) Amounts owing by/(to) associates 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 is disclosed in Note 30 to the financial statements.

15. AMOUNTS OWING BY/(TO) RELATED COMPANIES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amounts owing by related companies	1,079	1,058	604	604
Less: Impairment losses	(953)	(953)	(604)	(604)
	126	105	-	-
Amounts owing to related companies	1	70	-	69

(a) Amounts owing by/(to) related companies 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 is disclosed in Note 30 to the financial statements.

16. CASH AND CASH EQUIVALENTS

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash and bank balances	795	1,132	22	23
Deposits with licensed banks	990	156	-	-
	1,785	1,288	22	23

(a) The weighted average effective interest rate of deposits with licensed banks of the Group during the financial year was 2.9% (2012: 3.0%) per annum.

Deposits with the licensed banks of the Group have a maturity period ranging 7 days (2012: 1 to 3 months).

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

(c) Information on financial risks of cash and cash equivalents is disclosed in Note 30 to the financial statements.

17. SHARE CAPITAL

	Group and Company			
	2013		2012	
	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 owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

18. RESERVES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Non-distributable:				
Available-for-sale reserve	495	702	495	688

Available-for-sale-reserve arose from gains or losses of financial assets classified as available-for-sale.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. BORROWINGS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current liabilities				
Term loans	72	6,660	-	5,820
Non-current liabilities				
Term loans	19,709	13,640	-	-
	19,781	20,300	-	5,820

(a) The term loans of the Group is secured by fixed and floating legal charges over property, plant and equipment of the Group (Note 7). In addition, the term loan of the Group is guaranteed by the ultimate holding company.

(b) In the previous financial year, the term loans of the Group and of the Company were secured by way of pledge of quoted shares in an associate (Note 9). In addition, the term loan granted to a subsidiary were guaranteed by the Company (Note 31).

(c) The term loans are repayable in one hundred sixty eight (168) monthly instalments commencing December 2014.

(d) All term loans are dominated in RM.

(e) Information on financial risks of term loans is disclosed in Note 30 to the financial statements.

20. DEFERRED TAX LIABILITIES

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

	Group	
	2013 RM'000	2012 RM'000
As at 1 January/31 December - property, plant and equipment	1,238	1,238

20. DEFERRED TAX LIABILITIES (continued)

(b) The amount of temporary differences for which no deferred tax assets has been recognised in the statements of financial position are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Taxable temporary differences	(1,670)	(1,767)	(1)	(1)
Unused tax losses	27,367	26,989	15,808	15,465
Unabsorbed capital allowances	3,321	4,153	3,008	3,008
	29,018	29,375	18,815	18,472

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 deductible temporary differences could be utilised.

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

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade payables				
Third parties	529	233	-	-
Other payables				
Other payables	2,262	1,334	59	65
Accruals	470	423	67	69
	2,732	1,757	126	134
	3,261	1,990	126	134

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and to the Company range from 14 to 60 days (2012: 14 to 60 days) from date of invoice.

(b) Included in other payables of the Group is a sum of RM1,013,000 (2012: Nil) in respect of a legal suit settlement.

21. TRADE AND OTHER PAYABLES (continued)

(c) The currency exposure profile of trade and other payables are as follows:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Ringgit Malaysia	3,252	1,976	126	134
Singapore Dollar	9	14	-	-
	3,261	1,990	126	134

(d) Information on financial risks of trade and other payables is disclosed in Note 30 to the financial statements.

22. REVENUE

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Services rendered				
- hotel operations	11,605	11,116	-	-
Management fees from a subsidiary	-	-	24	24
	11,605	11,116	24	24

23. LOSS BEFORE TAX

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Loss before tax is arrived at after charging:					
Auditors' remuneration:					
Statutory audit					
- current year		108	112	69	71
- under provision in prior years		-	3	-	-
Non-statutory audit					
- current year		6	7	6	7
- under provision in prior years		-	7	-	7
Bad debts written off	12	36	-	-	-
Depreciation of property, plant and equipment	7	1,568	1,010	1	-

23. LOSS BEFORE TAX (continued)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Loss before tax is arrived at after charging: (continued)					
Directors' remuneration paid and payable by the Company to the Directors of the Company:					
- fees		154	89	154	89
- other emoluments		19	20	19	20
Impairment losses on:					
- investment in a subsidiary	8	-	-	169	-
- investments in associates	9	-	-	7,727	44,307
- other investment	10	16	-	16	-
- other receivables	12	174	-	-	-
Finance costs:					
- interest expense on term loans		1,636	1,823	407	546
- other bank charges		426	-	204	-
Inventories written off	11	60	7	-	-
Loss on disposal of other investments		85	-	52	-
Loss on disposal of property, plant and equipment		4	-	-	-
Legal suit settlement	21(b)	1,013	-	-	-
Rental of:					
- equipment		186	177	-	-
- land and buildings		72	95	24	24
And after crediting:					
Gain arising from dissolution of a subsidiary	8	-	30	-	-
Interest income		9	30	-	3
Management fees received and receivable from a subsidiary		-	-	24	24
Rental income on premises		60	80	-	-
Reversal of impairment losses on:					
- amounts owing by subsidiaries		-	-	-	36
- amounts owing by related companies		-	58	-	-
- other receivables	12	8	90	-	3

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 2013	Number of Directors 2012
Non-Executive Directors		
Below RM50,000	4	5

24. TAXATION

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Under/(Over) provision in prior years				
- Malaysian income tax	71	(6)	-	-

(a) The Malaysian income tax is calculated at the statutory rate of twenty-five percent (25%) (2012: 25%) of the estimated taxable profits for the fiscal year.

(b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	(2,566)	(9,833)	(2,260)	(11,342)
Tax effects in respect of:				
Non-allowable expenses	753	1,309	2,174	11,243
Non-taxable income	(30)	(1,270)	-	(124)
Deferred tax assets not recognised during the year	25	228	86	223
Share of results in associates	1,932	9,891	-	-
Utilisation of previously unrecognised deferred tax assets	(114)	(325)	-	-
	-	-	-	-
Under/(Over) provision of tax expense in prior years	71	(6)	-	-
	71	(6)	-	-

24. TAXATION (continued)

(c) Tax on each component of other comprehensive income is as follows:

	2013			2012		
Group	**Before tax RM'000**	**Tax effect RM'000**	**After tax RM'000**	**Before tax RM'000**	**Tax effect RM'000**	**After tax RM'000**
Items that may be reclassified subsequently to profit or loss						
Fair value (loss)/gain on available-for-sale financial assets	(207)	-	(207)	203	-	203
Company						
Items that may be reclassified subsequently to profit or loss						
Fair value (loss)/gain on available-for-sale financial assets	(193)	-	(193)	203	-	203

25. LOSS PER SHARE

(a) Basic

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

	Group 2013 RM'000	Group 2012 RM'000
Loss attributable to equity holders of the Company	(10,333)	(39,325)

	Group 2013 '000	Group 2012 '000
Number of ordinary shares applicable to basic loss per ordinary share outstanding in issued	928,867	928,867

	Group 2013 Sen	Group 2012 Sen
Basic loss per ordinary share	(1.11)	(4.23)

(b) Diluted

Diluted loss per ordinary share equals basic loss per ordinary share because there are no outstanding potential dilutive equity instruments as at the end of the reporting period.

26. EMPLOYEE BENEFITS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Wages, salaries and bonuses	1,946	1,938	18	80
Contributions to defined contribution plan	210	209	2	4
Social security contributions	43	42	-	-
Other benefits	512	486	3	21
	2,711	2,675	23	105

27. 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 could be individuals or other parties.

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

Related parties of the Group include:

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

(ii) Direct and indirect subsidiaries and associates 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.

(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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Related companies:				
- internal audit fee	21	66	15	66
- marketing fee paid and payable	24	24	-	-
- office rental paid and payable	24	46	24	24
- purchase of insurance	-	58	-	58
- rental of motor vehicle	2	-	-	-
- share registration and related services	-	5	-	5
- renewal domain & webmail hosting	1	-	-	-
Subsidiary:				
- management fee received and receivable	-	-	24	24

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

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

27. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

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

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Short term employee benefits	19	36	19	20

28. 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 (4) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(a) Hotel

Hotel operations.

(b) Travel

Travel agent and provision of travel-related services.

(c) 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.

(d) 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.

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.

28. OPERATING SEGMENTS (continued)

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

Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

2013	**Hotel RM'000**	**Travel RM'000**	**Stockbroking RM'000**	**Investment holding RM'000**	**Total RM'000**
Revenue					
Total revenue	11,605	-	-	24	11,629
Inter-segment revenue	-	-	-	(24)	(24)
Revenue from external customers	**11,605**	**-**	**-**	**-**	**11,605**
Interest income	9	-	-	-	9
Interest expense	(1,229)	-	-	(407)	(1,636)
Net interest expense	(1,220)	-	-	(407)	(1,627)
Depreciation of property, plant and equipment	(1,567)	-	-	(1)	(1,568)
Segment loss before income tax	**(1,410)**	**(80)**	**-**	**(4,349)**	**(5,839)**
Share of loss of associates	-	-	(7,727)	-	(7,727)
Tax expense	-	(72)	-	1	(71)
Other material non-cash items:					
Bad debts written off	(36)	-	-	-	(36)
Impairment losses on:					
- other investment	-	-	-	(16)	(16)
- other receivables	(174)	-	-	-	(174)
Inventories written down	(60)	-	-	-	(60)
Investments in associates	-	-	1,938	-	1,938
Additions to non-current assets other than financial instruments and deferred tax assets	460	-	-	-	460
Segment assets	**29,512**	**557**	**-**	**62,734**	**92,803**
Segment liabilities	**50,249**	**41**	**-**	**400,897**	**451,187**

28. 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	19	8	-	3	30
Interest expense	(1,276)	-	-	(547)	(1,823)
Net interest expense	(1,257)	8	-	(544)	(1,793)
Depreciation of property, plant and equipment	(1,007)	(3)	-	-	(1,010)
Segment profit/(loss) before income tax	**1,269**	**(15)**	**-**	**3,517**	**4,771**
Share of loss of associates	-	-	(39,562)	-	(39,562)
Tax expense	4	-	-	2	6
Other material non-cash items:					
Inventories written down	(7)	-	-	-	(7)
Investments in associates	-	-	9,665	-	9,665
Additions to non-current assets other than financial instruments and deferred tax assets	520	-	-	-	520
Segment assets	**30,559**	**646**	**-**	**77,617**	**108,822**
Segment liabilities	**49,864**	**11**	**-**	**406,768**	**456,643**

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

28. OPERATING SEGMENTS (continued)

(a) Reconciliations

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2013 RM'000	2012 RM'000
Revenue		
Total revenue for reportable segments	11,629	11,140
Elimination of inter-segmental revenues	(24)	(24)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	11,605	11,116
Loss for the financial year		
Total profit or loss for reportable segments	(5,839)	4,771
Share of results of associates	(7,727)	(39,562)
Elimination of inter-segment profits/(loss)	3,304	(4,540)
Loss before tax	(10,262)	(39,331)
Taxation	(71)	6
Loss for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	(10,333)	(39,325)
Assets		
Total assets for reportable segments	92,803	108,822
Elimination of inter-company balances	(7,512)	(13,699)
Current tax assets	19	11
Assets of the Group per consolidated statement of financial position	85,310	95,134
Liabilities		
Total liabilities for reportable segments	451,187	456,643
Elimination of inter-company balances	(427,201)	(433,340)
Tax liabilities	1,271	1,238
Liabilities of the Group per consolidated statement of financial position	25,257	24,541

29. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concern whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances and deposits with licensed banks. Capital represents equity attributable to the owners of the Company less the fair value adjustment reserve.

The gearing ratios of the Group and of the Company are as follows:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Amounts owing to subsidiaries	-	-	2,548	2,471
Amounts owing to associates	943	943	-	-
Amounts owing to related companies	1	70	-	69
Borrowings	19,781	20,300	-	5,820
Trade and other payables	3,261	1,990	126	134
Other liabilities	1,271	1,238	-	-
Total liabilities	25,257	24,541	2,674	8,494
Less: Cash and bank balances and deposits with licensed banks	(1,785)	(1,288)	(22)	(23)
Net debt	23,472	23,253	2,652	8,471
Total capital	60,053	70,593	58,390	67,621
Net debt	23,472	23,253	2,652	8,471
Equity attributable to owners of the Company	83,525	93,846	61,042	76,092
Gearing ratio (%)	28	25	4	11

Pursuant to the requirements of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, 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 (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement for the financial year ended 31 December 2013.

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments

Categories of financial instruments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial assets				
Loans and receivables				
Trade and other receivables, excluding prepayments	1,422	1,860	22	23
Amounts owing by subsidiaries	-	-	4,963	11,228
Amounts owing by associates	52,766	53,221	52,766	53,221
Amounts owing by related companies	126	105	-	-
Cash and cash equivalents	1,785	1,288	22	23
	56,099	56,474	57,773	64,495
Available-for-sale				
Other investments	872	1,404	872	1,304
Total	56,971	57,878	58,645	65,799
Financial liabilities				
Other financial liabilities				
Borrowings	19,781	20,300	-	5,820
Trade and other payables	3,261	1,990	126	134
Amounts owing to subsidiaries	-	-	2,548	2,471
Amounts owing to associates	943	943	-	-
Amounts owing to related companies	1	70	-	69
Total	23,986	23,303	2,674	8,494

29. FINANCIAL INSTRUMENTS (continued)

(c) Methods and assumptions used to estimate fair value

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

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

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

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

(ii) Quoted shares

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

(iii) Club memberships

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

(iv) Term loan

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

(d) Fair value hierarchy

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).

Fair values of non-derivative financial liabilities, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

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).

29. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below.

Financial instrument	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Financial assets			
Club memberships	Fair value	Comparable market value of similar financial assets	The higher the market price, the higher the fair value of the golf club memberships.

The following tables set out the financial instruments carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**RM'000**	**RM'000**
2013										
Financial assets										
Available-for-sale financial assets										
- Quoted shares	807	-	-	807	-	-	-	-	807	807
- Club membership	-	-	65	65	-	-	-	-	65	65
	807	-	65	872	-	-	-	-	872	872

29. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2012										
Financial assets										
Available-for-sale financial assets										
- Quoted shares	954	-	-	954	-	-	-	-	954	954
- Club memberships	-	-	450	450	-	-	-	-	450	450
	954	-	450	1,404	-	-	-	-	1,404	1,404
Financial liabilities										
Other financial liabilities										
- Term loans	-	-	-	-	-	5,820	-	5,820	5,820	5,820
	-	-	-	-	-	5,820	-	5,820	5,820	5,820

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2013										
Financial assets										
Available-for-sale financial assets										
- Quoted shares	807	-	-	807	-	-	-	-	807	807
- Club membership	-	-	65	65	-	-	-	-	65	65
	807	-	65	872	-	-	-	-	872	872

29. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2012										
Financial assets										
Available-for-sale financial assets										
- Quoted shares	954	-	-	954	-	-	-	-	954	954
- Club memberships	-	-	350	350	-	-	-	-	350	350
	954	-	350	1,304	-	-	-	-	1,304	1,304
Financial liabilities										
Other financial liabilities										
- Term loans	-	-	-	-	-	5,820	-	5,820	5,820	5,820
	-	-	-	-	-	5,820	-	5,820	5,820	5,820

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2013 and 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Cash deposit 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. The counter parties are major international institutions and reputable multinational organizations. 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. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

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.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 12 to the financial statements.

Credit risk concentration profile

As at 31 December 2013, the Group and the Company have no significant concentration of credit risk other than:

(i) amounts owing by associates of RM52,766,000 (2012: RM53,221,000), which contributes 97% (2012: 96%) and 91% (2012: 83%) of receivables of the Group and of the Company respectively.

(ii) amounts owing by subsidiaries of RM4,963,000 (2012: RM11,228,000), which contributes 9% (2012: 17%) of receivables of the Company.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 12 to the financial statements. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

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.

(b) 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 each reporting period based on contractual undiscounted repayment obligations.

As at 31 December 2013	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Trade and other payables	3,261	-	-	3,261
Amounts owing to associates	943	-	-	943
Amounts owing to related companies	1	-	-	1
Borrowings	181	8,672	21,506	30,359
Total undiscounted financial liabilities	4,386	8,672	21,506	34,564

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risks (continued)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations. (continued)

As at 31 December 2013	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Company			
Financial liabilities			
Trade and other payables	126	-	126
Amounts owing to subsidiaries	2,548	-	2,548
Total undiscounted financial liabilities	2,674	-	2,674
As at 31 December 2012			
Group			
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			
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

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) 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 their loans and borrowings, 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 each reporting period changed by hundred (100) basis points with all other variables held constant:

	Group		Company	
	2013	**2012**	**2013**	**2012**
Loss after tax	**RM'000**	**RM'000**	**RM'000**	**RM'000**
- Increase by 1.0% (2012: 1.0%)	141	151	-	44
- Decrease by 1.0% (2012: 1.0%)	(141)	(151)	-	(44)

The sensitivity is lower in 2013 than in 2012 because of a decrease in outstanding borrowings during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

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

Group	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 December 2013									
Fixed rates									
Deposits with licensed banks	16	2.9	990	-	-	-	-	-	990
Floating rates									
Term loan	19	6.6	(72)	(894)	(955)	(1,020)	(1,090)	(15,750)	(19,781)
At 31 December 2012									
Fixed rates									
Deposits with licensed banks	16	3.0	156	-	-	-	-	-	156
Term loan	19	8.0	(5,820)	-	-	-	-	-	(5,820)
Floating rates									
Term loan	19	8.6	(840)	(1,050)	(12,590)	-	-	-	(14,480)
Company									
At 31 December 2012									
Fixed rates									
Term loan	19	8.0	(5,820)	-	-	-	-	-	(5,820)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign currency risk

Foreign currency risk is the risk 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.

The Company's exposure to foreign currency risk in respect of the overseas subsidiaries is insignificant as at the end of the reporting period as these subsidiaries are dormant.

<u>Sensitivity analysis for foreign currency risk</u>

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.

(e) Market risk

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

The Group is exposed to equity price risks arising from quoted investments held by the Group. Quoted equity instruments are held for strategic rather than trading purposes. These instruments are classified as financial assets designated at available-for-sale financial assets.

The Group diversifies its portfolio in accordance with the limits set by the Board of Directors to manage its price risk arising from investments in equity securities.

There has been no change to the exposure of the Group to market risks or the manner in which these risks are managed and measured.

<u>Sensitivity analysis for equity price risk</u>

At the end of the reporting period, if the prices of the quoted investments of the Group had been 5% higher or lower, with all other variables held constant, the Group's available-for-sale reserve in equity would have been RM40,000 higher or lower, arising as a result of an increase or decrease in the fair value of equity instruments classified as available-for-sale.

31. CONTINGENT LIABILITY

	Group and Company	
	2013	**2012**
Secured	**RM'000**	**RM'000**
Corporate guarantee given to banks for credit facilities granted to a subsidiary - secured (Note 19)	-	14,480

The Directors are of the view that the chances to call upon the corporate guarantees are not probable.

32. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The accumulated losses as at the end of each reporting period may be analysed as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total accumulated losses of the Company and its subsidiaries:				
- Realised	(450,507)	(444,597)	(34,992)	(25,954)
- Unrealised	(1,238)	(1,238)	-	-
	(451,745)	(445,835)	(34,992)	(25,954)
Total share of accumulated losses from associates:				
- Realised	(52,937)	(46,145)	-	-
- Unrealised	807	1,742	-	-
	(503,875)	(490,238)	(34,992)	(25,954)
Less: Consolidation adjustments	470,546	467,242	-	-
Total accumulated losses as per Consolidated/ Company financial statements	(33,329)	(22,996)	(34,992)	(25,954)

PROPERTIES OWNED BY THE GROUP

As at 31 December 2013

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	18	24,447	1993
State of Pahang Darul Makmur						
1 lot of bungalow land at HS10468 PT11291, Bentong	Vacant	Freehold	1,115	-	180	1992

ANALYSIS OF SHAREHOLDINGS

As at 23 April 2014

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	344	4.12	14,142	0.00
100 - 1,000 shares	1,994	23.89	1,740,546	0.19
1,001 - 10,000 shares	4,276	51.23	19,799,044	2.13
10,001 - 100,000 shares	1,427	17.10	50,177,770	5.40
100,001 to less than 5% of issued shares	303	3.63	245,012,687	26.38
5% and above of issued shares	3	0.03	612,123,222	65.90
Total	8,347	100.00	928,867,411	100.00

ANALYSIS OF SHAREHOLDINGS (Cont'd)

As at 23 April 2014

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.	Arab-Malaysian Credit Berhad	16,205,216	1.74
6.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	14,256,700	1.53
7.	CIMSEC Nominees (Tempatan) Sdn Bhd - Danaharta Urus Sdn Bhd	13,554,211	1.46
8.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	13,466,600	1.45
9.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	10,936,000	1.18
10.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Weng Fui	10,000,000	1.08
11.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	6,155,300	0.66
12.	Yeap Poh Tin	6,000,032	0.65
13.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ong Yew Beng	5,700,000	0.61
14.	CIMSEC Nominees (Tempatan) Sdn Bhd - Danaharta Managers Sdn Bhd	5,673,118	0.61
15.	Affin Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	4,692,300	0.51
16.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Bing Tiam @ Goh Kee Sang	4,391,900	0.47
17.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Sow Keng	3,693,100	0.40
18.	Foo Fook Min	3,500,000	0.38
19.	Tai Chang Eng @ Teh Chang Ying	3,307,000	0.36
20.	Tan Thiang Him	2,900,000	0.31
21.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Fung Neng	2,600,000	0.28
22.	Ng Lam Hai	2,300,000	0.25
23.	Bank Kerjasama Rakyat Malaysia Berhad	1,985,751	0.21
24.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Heng Yong Kang @ Wang Yong Kang	1,939,100	0.21
25.	Tay Mong Kwee	1,750,000	0.19
26.	Lew Kim Lien	1,500,500	0.16
27.	Lee Yu Yong @ Lee Yuen Ying	1,220,600	0.13
28.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Weng Fui	1,216,100	0.13
29.	CIMSEC Nominees (Tempatan) Sdn Bhd - Yu Kuan Chon	1,180,200	0.13
30.	Loh Hai Boey	1,160,000	0.12
	Total	783,870,438	84.39

Pan Malaysia Holdings Berhad
95469-W
Incorporated in Malaysia

FORM OF PROXY

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

No. of Shares Held: ____________________

I/We ______________________________ NRIC / 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 Thirty-First 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, 19 June 2014 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 Dr Wong Hong Meng 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.)

____
Signature

Seal

Signed this ____________ day of ____________ 2014

Notes:-

1. *Only a member whose name appears on the Record of Depositors as at 9 June 2014 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.*

fold here first

Stamp

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