

# Pan Malaysia Holdings Berhad

Company No: 95469 - W

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## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Third 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, 1 December 2016 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 period ended 30 June 2016.
2. To approve the payment of Directors' fees of RM108,000 for the financial period ended 30 June 2016. **Resolution 1**
3. To consider and, if thought fit, pass a resolution that pursuant to Section 129(6) of the Companies Act, 1965, Dr Wong Hong Meng 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 Crowe Horwath as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 4**

### As Special Business

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

5. 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 authorised 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**
6. To transact any other business of which due notice shall have been received.

By order of the Board

Lee Chik Siong  
Chin Suan Yong  
*Joint Company Secretaries*

Kuala Lumpur  
31 October 2016

**Notes:-**

1. *Only a member whose name appears on the Record of Depositors as at 21 November 2016 shall be entitled to attend and vote at the meeting or appoint proxies to attend and/or vote on his or her behalf. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.*
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 authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised 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 authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from 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 authorised 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 authorised 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 5 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 Thirty-Second Annual General Meeting held on 18 June 2015 and which will lapse at the conclusion of the Thirty-Third Annual General Meeting to be held on 1 December 2016.

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

Wong Nyen Faat  
Dr Wong Hong Meng  
Farizon binti Ibrahim

### Joint Company Secretaries

Lee Chik Siong  
Chin Suan Yong

### Auditors

Crowe Horwath (AF : 1018) Chartered Accountants

### Principal Bankers

Affin Islamic Bank Berhad  
AmBank (M) Berhad  
CIMB Bank Berhad  
Malayan Banking Berhad

### Registrar

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur  
Tel No. 03 - 27839299 Fax No. 603 - 27839222

### Registered Office

Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur  
Tel No: 03-21487696 Fax No: 03-21445209 Website: [www.pmholdings.com.my](http://www.pmholdings.com.my)

## PROFILE OF DIRECTORS

### Wong Nyen Faat

Age 59. Male. He is a Non-Independent Non-Executive Director of Pan Malaysia Holdings Berhad. He was appointed to the Board on 22 June 2011. He is a member of the Audit Committee. He is the Chief Operating Officer of MUI Group and the Executive Director of Pan Malaysia Corporation Berhad. He also sits on the Board of Pan Malaysian Industries Berhad, Pan Malaysia Capital Berhad, Metrojaya Berhad, Laura Ashley Holdings plc and Corus Hotels Limited. He had served as Executive Director of Morning Star Resources Limited in Hong Kong. He holds a First Class Honours Bachelor's Degree in Science (Mathematics) with Education from the University of Malaya and a Master's Degree in Business Management from the Asian Institute of Management. He attended all the six (6) Board Meetings held during the financial period ended 30 June 2016.

### Dr Wong Hong Meng

Age 70. Male. He is an Independent Non-Executive Director of Pan Malaysia Holdings Berhad. He was appointed to the Board on 4 October 2011. He is the Chairman of the Audit Committee and Remuneration Committee and a member of the Nomination Committee. He is also 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 and Full Gospel Business Men's Fellowship Berhad. He is a Chartered Accountant member of the Malaysian Institute of Accountants and an Associate of the Institute of Chartered Secretaries and Administrators. Professionally he was a Fellow of the Institute of Chartered Accountant in England and Wales. For more than thirty years, he 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 Securities Malaysia Berhad. He is an economics graduate from University of Malaya with an MBA from Cranfield School of Management, and earned his DBA from University of South Australia in 2007. He attended all the six (6) Board Meetings held during the financial period ended 30 June 2016.

### Farizon binti Ibrahim

Age 59. Female. She is an Independent Non-Executive Director of Pan Malaysia Holdings Berhad. She was appointed to the Board on 25 October 2011. She is a member of the Audit Committee, Nomination Committee and Remuneration Committee. She also sits on the Boards of Pan Malaysian Industries Berhad, Pan Malaysia Capital Berhad and Metrojaya Berhad. She is the Advisor for EL Wafa Travel Services Sdn Bhd. She had worked with Tabung Haji Kuala Lumpur from 1980 to 1985 and was subsequently attached to Tabung Haji Saudi Arabia under the auspices of the Embassy of Malaysia from 1986 to 1992. She was appointed as the Councillor in the Haj Welfare Division in Tabung Haji Jeddah to assist pilgrims who need counselling during the Haj period in Saudi Arabia. She was also the Public Relation Manager of the Malaysian Women's Association Club of Jeddah. She handled the activities of the Club that includes public relation with various Government, Corporate and other associations in Saudi Arabia. She also played an important role in the International Women's Association of Jeddah in the affairs of Welfare and Charity work. Formerly, she was the Chief Executive Officer of FDI Travel Services Sdn Bhd. Her exposure and experience in trade and travel began while working for the family-owned businesses. She is a graduate in Accountancy and Business Management Studies. She attended all the six (6) Board Meetings held during the financial period ended 30 June 2016.

#### Note: -

*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 five (5) years. There were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial period ended 30 June 2016.*

*All the Directors are Malaysians.*

## PROFILE OF KEY SENIOR MANAGEMENT

### **Raymond Yeoh Huat Hock**

Age 61. Male. He is the Vice President of the Group's Hotel Division in Malaysia and was appointed on 15 August 2012. He has a Diploma in Hotel Management from American Hotel & Motel Association. He has over 40 years of experience in the hotel industry and worked with the Holiday Inns in Kuala Lumpur, Penang and Hong Kong. He has extensive hotel pre-opening experience with Equatorial Penang and Swiss Garden International Group and worked with a 5-star Bali Padma hotel in Bali, Indonesia. In 1994, he was appointed as the General Manager to pre-open two of the Swiss Garden Hotels and subsequently held the position of Vice President Operations.

### **Chin Suan Yong**

Age 45. Male. He is the Group Financial Controller of MUI Group and was appointed on 18 May 2015. He was also appointed as the Joint Company Secretary of the Company on 4 September 2015. He is a Chartered Accountant member of the Malaysian Institute of Accountants (MIA), a Certified Public Accountant member of The Malaysian Institute of Certified Public Accountants (MICPA) and a Chartered Member of The Institute of Internal Auditors Malaysia (IIAM). He was the Head of Group Internal Audit of IOI Corporation Berhad and has more than 25 years of experience in external audit, internal audit, accounting and finance in various industries.

*Note: -*

*None of the Key Senior Management has any family relationship with any Director and/or major shareholder of the Company. None of the Key Senior Management has any conflict of interest with the Company nor have they been convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial period ended 30 June 2016.*

*All the Key Senior Management 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 of 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 three (3) Directors:-

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

The former Chairman of the Board, Mr Ooi Boon Leong had resigned on 21 October 2014. At this point of time, the Board has yet to appoint a new Chairman of the Board.

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 page 5 of the Annual Report.

Dr Wong Hong Meng has been identified as the Senior Independent Non-Executive Director to whom concerns regarding the Company may be conveyed.

The Board recognises the importance of gender, age and ethnic diversity in the composition of the Board. The Board currently does not have any gender, age and ethnic policies. The Board believes that candidature to the Board should be based on a candidate’s skills, experience, knowledge, expertise and commitment to fulfill the role and responsibilities of the position.

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

- Audit Committee
- Nomination Committee
- Remuneration Committee



## STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

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

#### 1.1 Composition of Board (Cont'd)

The Report of the Audit Committee for the financial period ended 30 June 2016 is set out in pages 20 to 21 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.

Six (6) Board meetings were held during the financial period ended 30 June 2016. Details of the attendance of the Directors are set out in the Profile of Directors appearing in page 5 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 Directors have direct access to the services of the Joint Company Secretaries who are responsible for ensuring that all appointments are properly made and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Bursa Securities Listing Requirements and other regulatory requirements.

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

### 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 of or 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 period ended 30 June 2016, the aggregate of remuneration of the Directors received from the Company and the Group categorised into appropriate components were as follows:-

<i><b>Directors' Remuneration</b></i>	<i><b>Fees RM'000</b></i>	<i><b>Allowance RM'000</b></i>	<i><b>Total RM'000</b></i>
<b>Group</b>			
Executive Directors	-	-	-
Non-Executive Directors	111	17	128
	111	17	128
<b>Company</b>			
Executive Directors	-	-	-
Non-Executive Directors	111	17	128
	111	17	128

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

<i><b>Range of Remuneration</b></i>	<i><b>Group</b></i>		<i><b>Company</b></i>	
	<i><b>Number of Directors</b></i>		<i><b>Number of Directors</b></i>	
	<i><b>Executive Directors</b></i>	<i><b>Non-Executive Directors</b></i>	<i><b>Executive Directors</b></i>	<i><b>Non-Executive Directors</b></i>
Below RM50,000	-	3	-	3
RM50,001 to RM100,000	-	-	-	-
	-	3	-	3

## STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

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

#### 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 Joint Company Secretaries 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 Joint Company Secretaries 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 the Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. During the period, all the Directors have attended annual training which aims to assist them in the discharge of their duties as Directors.

For the period under review, Dr Wong Hong Meng, Mr Wong Nyen Faat and Puan Farizon binti Ibrahim had attended training for Directors on the subject of "Best Practices for Sustainability Reporting – What a Company Director Needs to Know". The training was organised by the Company and held in-house. Apart from the in-house training, Mr Wong Nyen Faat also attended a training programme organised by the Securities Industry Development Corporation on the subject of "Directors as Gatekeepers of Market Participants" and whilst Dr Wong Hong Meng attended various training programmes including training programmes on the subject of "Capital Market Director Programme" and "Anti-Money Laundering and Cyber Security Training".

The Directors are encouraged to attend training programmes and seminars which they feel may be conducive to ensure that they are kept abreast on the various aspects related to business of the Group and its regulations, 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 the Audit Committee are as follows:-

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

The attendance of members at the Audit Committee meeting and work of the Audit Committee for the financial period ended 30 June 2016 are set out in the Report of the Audit Committee in pages 20 to 21 of the Annual Report. The terms of reference of the Audit Committee is available in the Company's corporate website.

### 2.2 Nomination Committee

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

Members	Dr Wong Hong Meng	-Independent Non-Executive Director
	Farizon binti Ibrahim	-Independent Non-Executive Director

After the former Chairman of the Nomination Committee, Mr Ooi Boon Leong had relinquished his position as Chairman of the Nomination Committee due to his resignation from the Board on 21 October 2014, the Board has yet to appoint a new Chairman to replace Mr Ooi Boon Leong. However, the Board is confident that the existing members of the Nomination Committee are able to discharge their duties effectively.

The Nomination Committee has carried out the annual assessment for the financial period ended 30 June 2016 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.

The terms of reference of the Nomination Committee is available in the Company's corporate website.

## STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

### 2. Board Committees (Cont'd)

#### 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	Farizon binti Ibrahim	-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. Whistleblower Policy

The Company has adopted and implemented a Whistleblower Policy which is committed to promoting and maintaining high standards of transparency, accountability and ethics in the workplace, in line with good corporate governance and prevailing legislation.

Pursuant to this Whistleblower Policy, employees in the Company are encouraged to report or disclose alleged, suspected and/or known improper conduct in the workplace without fear of retribution or detrimental action.

### 5. 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 the Annual General Meeting, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session.

Pursuant to Paragraph 8.29A(1) of the Bursa Securities Listing Requirements, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll.

## 5. Relationship with Shareholders and Investors (Cont'd)

Shareholders and other interested parties may contact the Joint Company Secretaries 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

## 6. Accountability and Audit

### 6.1 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.

### 6.2 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 recognises 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 21 of the Annual Report.

The Board recognises that risks cannot be fully eliminated. As such, the Group has an Enterprise Risk Management ("ERM") framework in place to minimise and manage them. The Audit Committee has established a Risk Management Committee which is 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.

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

### 6.3 Relationship with the External Auditors

The Company's external auditors, Messrs Crowe Horwath 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 (3) times during the financial period ended 30 June 2016 without the presence of management to discuss on key concerns and obtain feedback relating to the Company's affairs.

## STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

### 6. Accountability and Audit (Cont'd)

#### 6.3 Relationship with the External Auditors (Cont'd)

Further, the Audit Committee carries out its own evaluation on the external auditors to determine their suitability from various aspects such as their audit scope and independence. The external auditors have also provided assurances to the Audit Committee on its independence via the Audit Planning Memorandum.

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 21 of the Annual Report.

## **DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS**

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year, which give a true and fair view of the state affairs of the Group and of the Company as at the end of the financial period 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's 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 covers risks and controls on financial, operational, compliance/legal aspects. 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 control 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 their risk management and internal control system. 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 – discharges its responsibilities and duties by ensuring a sound system of risk management and internal control is in place for the Group. The Board has established the Audit Committee to assist them in fulfilling their responsibilities and duties. The Board formulates the Group's business strategies and reviews the Group's performance on a quarterly basis. The Board also directs appropriate actions as and when significant risks and internal control issues arise.
- The Audit Committee – on behalf of the Board, the Audit Committee, with the assistance of the Risk Management Committee and the Group's Internal Audit Department, establishes a system of risk management and internal control. The Audit Committee, on behalf of the Board, reviews the significant risks and internal controls of the Group's business and activities and highlights significant risks and issues to the Board on a quarterly basis. The Group Internal Audit Department which reports directly and independently to the Audit Committee regularly conducts audits on the Group's business and activities, and reviews the adequacy and effectiveness of the Group's system of risk management and internal control.
- The Risk Management Committee ("RMC") – assists the Audit Committee in establishing risk management framework and process capable of identifying and managing significant risks inherent or developed in the Group's business and activities. The RMC meets with the risk owners to review the risks on a quarterly basis and presents its reports to the Audit Committee quarterly. Additional meetings may be called as and when the RMC deems necessary. The RMC comprises the Group Chief Operating Officer, the Group Financial Controller, Financial Controller and the Head of Business.

## Risk Management Process

Risks are reported, monitored and managed at the operational level using Risk Register which captures risks, mitigating measures and risk ratings. The Risk Register is presented to the RMC for review on a quarterly basis.

Significant risks are consolidated and presented by the RMC to the Audit Committee for review quarterly, and if deemed necessary to be escalated for review at the Board level.

Changes in significant existing risks and significant emerging risks are reported to the Audit Committee/Board.

## 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 period ended 30 June 2016.

The significant risks faced by the Group during the financial period ended 30 June 2016 can be broadly categorised as follows:

### Financial Risk

- Impairment of investments
- Results of an associate

### Operational Risk

- Service standards
- Safety and fire hazards
- Recoverability of trade receivables
- Food safety issues

### Compliance/Legal Risk

- Failures of compliance with statutory/regulatory requirements
- Potential dispute with the workers' union
- Any legal suits that may arise from time to time

### External Risk

- Domestic and/or global economic slowdown
- Calamities e.g. outbreak of transmissible diseases, air tragedies, terrorist attacks
- Foreign exchange fluctuations
- Price wars 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 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 with the necessary caliber to fulfill the respective responsibilities and ensuring that adequate controls are in place;

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

### Key Elements of Internal Control (Cont'd)

- 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 framework of authority and accountability within the organisation and facilitates corporate decision making at the appropriate level in the organisation's hierarchy;
- Establishment of segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Quarterly 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;
- Group Internal Audit function independently reviews the risk identification procedures and control procedures implemented by Management, and reports to the Audit Committee on a quarterly basis. The Group Internal Audit function assesses 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 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 and adequacy of the Group's internal control systems.

### Adequacy and Effectiveness of the Group's Risk Management and Internal Control System

For associated companies, the Group's interests are served through representation on the Boards of the respective associated companies, receipt and review of respective management accounts, and enquiries thereon. Such representation also provides the Boards with information for timely decision making on the continuity of the Group's investments based on the performance of the associated companies.

The Board has received assurance from the Group Chief Operating Officer and the Group Financial Controller that 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 financial period under review and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholders' investment and the Group's assets. The system of risk management and internal control continues to be subject to enhancement, validation and regular review.

### Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Company for the financial period ended 30 June 2016 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is it factually inaccurate.

## OTHER INFORMATION

### 1. Utilisation of Proceeds raised from Corporate Proposal

The Company does not have any corporate proposal during the financial period ended 30 June 2016.

### 2. Audit and Non-Audit Fees

During the financial period ended 30 June 2016, the amounts of audit and non-audit fees paid by the Company and the Group to the external auditors are as follows:

	<b>Group (RM,000)</b>	<b>Company (RM,000)</b>
Audit Fees	117	65
Non-Audit Fees	-	-

### 3. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial period ended 30 June 2016 or entered into since the end of the previous financial year except as disclosed in the financial statements.

## REPORT OF THE AUDIT COMMITTEE

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. The terms of reference of the Audit Committee is available in the Company's corporate website.

### 1. Members

The Audit Committee consists of the following members:-

<i>Name</i>	<i>Designation</i>
Dr Wong Hong Meng - <i>Chairman</i>	<i>Independent Non-Executive Director</i>
Wong Nyen Faat	<i>Non-Independent Non-Executive Director</i>
Farizon binti Ibrahim	<i>Independent Non-Executive Director</i>

### 2. Meetings

During the financial period ended 30 June 2016, seven (7) Audit Committee Meetings were held and the records of each member are as follows:-

<i>Name</i>	<i>Attendance</i>
Dr Wong Hong Meng - <i>Chairman</i>	7 out of 7
Wong Nyen Faat	6 out of 7
Farizon binti Ibrahim	7 out of 7

In addition to the Committee members, the Head of Internal Audit and officer in charge of accounts are invited to 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.

### 3. Summary of Work of the Audit Committee during the Financial Period Ended 30 June 2016

The Audit Committee reviewed and deliberated one (1) audit report on assignments and three (3) audit follow-up reports 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 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/ recurrent related party transactions carried out by the Group.

### **3. Summary of Work of the Audit Committee during the Financial Period Ended 30 June 2016 (Cont'd)**

The Audit Committee reviewed and approved the Internal Audit Plan for the financial year ending 30 June 2017. 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.

Further, the Audit Committee also reviewed and deliberated the Internal Audit Manual for the Group. In carrying out such review, the Audit Committee considered the effectiveness of the policies and procedures in ensuring a smooth and efficient workflow of the internal audit function.

### **4. Internal Audit Function**

The internal audit function is performed by Group Internal Audit Department (“GIAD”) of Malayan United Management Sdn Bhd, a company under MUI Group of Companies and is independent of the activities audited. The function is performed with impartiality, proficiency and due professional care. GIAD 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.

GIAD carries out audit assignments based on risk-based 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.

During the financial period ended June 2016, GIAD carried out reviews on the scope of cash, procurement, debtor recovery, front-office, human resource, housekeeping, inventory, security, and fixed assets.

Follow-up reviews on previous audit reports are conducted by GIAD on a quarterly basis to ensure appropriate actions are implemented to address the concerns highlighted.

The cost incurred for the internal audit function of the Company for the financial period ended 30 June 2016 was approximately RM42,475.

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I hereby present the Annual Report of our Company and the Group for the 18-month financial period ended 30 June 2016.

### ECONOMIC REVIEW

According to Bank Negara Malaysia ("BNM") in its 2015 Annual Report, the Malaysian economy recorded a growth rate of 5.0% in real gross domestic product ("GDP") in 2015 compared with 6.0% in 2014. The slower economic growth in 2015 was primarily driven by domestic demand from the private sector.

In the first half of 2015, improved corporate earnings of Malaysia and inflow of foreign portfolio funds drove the FTSE Bursa Malaysia KLCI ("FBM KLCI") higher and the composite index reached a year high of 1,862.8 points on 21 April 2015.

However, in the second half of 2015, market sentiments were adversely affected by interest rate normalisation by the US Federal Reserve and slower economic growth of China. For the calendar year ended 31 December 2015, the FBM KLCI declined by 3.9% to close at 1,692.5 points.

### FINANCIAL HIGHLIGHTS

During the current financial period, the Company changed its financial year end from 31 December to 30 June. As a result of this change, the financial period was 18 months from 1 January 2015 to 30 June 2016.

For the 18-month financial period ended 30 June 2016, Group revenue was RM12.9 million compared with RM9.4 million for the previous financial year of 12 months in 2014. The decrease, on a prorated basis, was primarily due to lower occupancy and lower average room rate ("ARR") of Corus Paradise resort Port Dickson ("Corus PD").

The Group recorded Loss Before Tax ("LBT") of RM0.9 million for the financial period ended 30 June 2016 compared with LBT of RM3.9 million for the previous financial year ended 31 December 2014 mainly due to an increase in the share of results from its associate, Pan Malaysia Capital Berhad ("PM Capital").

### OPERATIONS REVIEW

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

For the financial period ended 30 June 2016, Corus PD's revenue was RM12.9 million compared with RM9.4 million for the previous financial year ended 31 December 2014. The revenue decreased, on a prorated basis. Profit Before Tax ("PBT") was RM0.2 million for the financial period ended 30 June 2016. The occupancy and ARR of the hotel dropped due to lower tourist arrivals, government budget cuts and lower local spending resulted from the Goods & Services Tax ("GST") implementation on 1 April 2015. Nevertheless, China tourist arrivals have started to recover since early 2016 from the MH 370 aviation tragedy in 2014 that had adversely affected tourists from China.

For the financial period ended 30 June 2016, PM Securities reported revenue of RM30.1 million compared with RM23.6 million for the previous financial year ended 31 December 2014. PBT was RM5.0 million for the financial period ended 30 June 2016 compared with LBT of RM3.9 million for the previous financial year ended 31 December 2014. The LBT for the previous financial year was mainly due to impairment loss on 'penny' stocks of RM5.4 million. Hence, PM Securities reported a PBT and turnaround in the current financial period, which was also achieved through improvement in brokerage yield and interest earned from margin financing, lower operating costs and recovery of bad debts on 'penny' stocks. The performance of PCB Asset Management remained about the same, that was, at breakeven position.

### CORPORATE SOCIAL RESPONSIBILITY

In July 2015 and June 2016 respectively, Corus PD organised a charity event during Hari Raya to break fast with staff and orphans from Yayasan Anak-Anak Yatim/Piatu Daerah Port Dickson. In addition, Corus PD gave financial assistance to Yayasan Anak-Anak Yatim/ Piatu Daerah Port Dickson and New Life Care Centre Port Dickson.

## CORPORATE DEVELOPMENTS

During the previous financial year on 12 December 2014, the Company announced that Dato' Dr Yu Kuan Chon ("Dato' Dr Yu") had entered into a Share Sale Agreement with the Vendors to acquire 642,700,783 shares in the Company for a total cash consideration of approximately RM77.1 million. Subsequently, Dato' Dr Yu and the Vendors had mutually agreed to extend the Cut-Off Date to fulfil the Condition Precedent since March 2015 until the last Cut-Off Date on 11 September 2016.

On 13 September 2016, the Company announced that Dato' Dr Yu and the Vendors had mutually agreed to terminate the Share Sale Agreement due to the Condition Precedent not being fulfilled by the Cut-Off Date.

## PROSPECTS FOR 2016/2017

According to BNM in its 2015 Annual Report, growth in the Malaysian economy is expected to slow further to 4.0% - 4.5% in 2016. The cautious business sentiments and consumer spending are expected to continue into the first half of 2017.

According to the International Monetary Fund ("IMF") in its World Economic Outlook update published in October 2016, global growth in real GDP is projected to slow to 3.1% in 2016 before recovering to 3.4% in 2017.

The Group's hotel business will be strengthened through multi-channel marketing to attract more foreign tourists and local corporate clients to Corus PD. Regular refurbishments of the rooms and amenities will continue to keep Corus PD up to the expectations. On the stockbroking, further efforts will be made to optimise the return from its resources available while continuing with the practice of prudent operations and business development.

In view of the continued challenging local and global economic environments, the Board remains cautious on the Group's performance for the financial year ending 30 June 2017.

## 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 valued customers, shareholders, business associates and bankers for their continued support. I would also like to express my appreciation to the management and staff of the Group for their hard work and dedication. Last but not least, I wish to thank my fellow Board members for their invaluable counsel and contributions.

Wong Nyen Faat  
Director, for and on behalf of the Board of Directors  
of the Company

18 October 2016



## GROUP FINANCIAL HIGHLIGHTS FIVE-YEAR SUMMARY

	2016	2014	2013	2012	2011
<b>KEY RESULTS (RM'000)</b>					
Revenue	12,908	9,385	11,605	11,116	12,119
Operating (loss)/profit (EBITDA)	2,542	(1,463)	(6,632)	(36,498)	4,654
(Loss)/Profit before tax	(915)	(3,880)	(10,262)	(39,331)	1,439
Net (loss)/Profit attributable to owners of the Company	(923)	(2,950)	(10,333)	(39,325)	1,424
<b>OTHER KEY DATA (RM'000)</b>					
Total assets	78,734	82,286	85,310	95,134	137,263
Total liabilities	22,554	25,183	25,257	24,541	27,548
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	56,180	57,103	60,053	70,593	109,715
Total equity	56,180	57,103	60,053	70,593	109,715
Total borrowings	18,350	19,646	19,781	20,300	23,140
<b>FINANCIAL RATIOS</b>					
Operating (loss)/profit margin (%)	19.69	(15.59)	(57.15)	(328.34)	38.40
Current ratio (times)	11.02	9.24	13.12	5.90	5.01
Gearing ratio (times)	0.33	0.34	0.33	0.29	0.21
<b>SHARE INFORMATION</b>					
Basic (loss)/earnings per share (sen)	(0.10)	(0.32)	(1.11)	(4.23)	0.15
Net assets per share attributable to owners of the Company (RM)	0.06	0.06	0.06	0.08	0.12

## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from 1 January 2015 to 30 June 2016.

### CHANGE OF FINANCIAL YEAR END

During the current financial period, the Company changed its financial year end from 31 December to 30 June. As a result of this change, the audited financial statements are for a period of 18 months from 1 January 2015 to 30 June 2016.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

### RESULTS

	<b>The Group RM'000</b>	<b>The Company RM'000</b>
Loss after taxation for the financial period	<u>(923)</u>	<u>(209)</u>

### DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial period.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those disclosed in the statements of changes in equity and Note 22 to the financial statements.

### ISSUE OF SHARES AND DEBENTURES

During the financial period:-

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## **DIRECTORS' REPORT (Cont'd)**

### **OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company.

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### **CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

## **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

## **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial period.

## **ULTIMATE HOLDING COMPANY**

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

## **DIRECTORS**

The directors who served since the date of the last report are as follows:-

Wong Nyen Faat  
Dr Wong Hong Meng  
Farizon Binti Ibrahim

## **DIRECTORS' INTERESTS**

None of the directors holding office at the end of the financial period had any interest in shares of the Company or its related corporations during the financial period.

## **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has 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 directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 27 to the financial statements.

Neither during nor at the end of the financial period was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## **DIRECTORS' REPORT (Cont'd)**

### **SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD**

The significant event during the reporting period is disclosed in Note 30 to the financial statements.

### **SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD**

The significant event occurring after the reporting period is disclosed in Note 31 to the financial statements.

## **AUDITORS**

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 18 October 2016.

**Dr Wong Hong Meng**

**Wong Nyen Faat**

## STATEMENT BY DIRECTORS

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

We, Dr Wong Hong Meng 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 34 to 99 are 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 of 30 June 2016 and of their financial performance and cash flows for the financial period ended on that date.

The supplementary information set out in Note 33 on page 100, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 18 October 2016.

**Dr Wong Hong Meng**

**Wong Nyen Faat**

## STATUTORY DECLARATION

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

I, Chin Suan Yong, 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 34 to 100 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  
Chin Suan Yong,  
at Kuala Lumpur in the Federal Territory  
on this 18 October 2016

Before me  
**P.Valliamah (W 594)**  
Commissioner for Oaths

**Chin Suan Yong**

# INDEPENDENT AUDITORS' REPORT

*To The Members Of Pan Malaysia Holdings Berhad*

## **Report on the Financial Statements**

We have audited the financial statements of Pan Malaysia Holdings Berhad, which comprise the statements of financial position as at 30 June 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 99.

### *Directors' Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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



## INDEPENDENT AUDITORS' REPORT (Cont'd)

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

### **Report on Other Legal and Regulatory Requirements**

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### **Other Reporting Responsibilities**

The supplementary information set out in Note 33 on page 100 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## Other Matters

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

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

**Chan Kuan Chee**  
Approval No: 2271/10/17 (J)  
Chartered Accountant

18 October 2016  
Kuala Lumpur

## STATEMENTS OF FINANCIAL POSITION

At 30 June 2016

		The Group		The Company	
	Note	30.6.2016 RM'000	31.12.2014 RM'000	30.6.2016 RM'000	31.12.2014 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	23,750	25,001	-	1
Investments in subsidiaries	7	-	-	480	480
Investment in an associate	8	270	105	270	105
Other investments	9	872	872	872	872
		24,892	25,978	1,622	1,458
<b>Current assets</b>					
Inventories	10	208	148	-	-
Trade and other receivables	11	980	729	16	25
Amount owing by subsidiaries	12	-	-	6,602	5,076
Amount owing by an associate	13	50,266	50,766	50,266	50,766
Amount owing by related companies	14	226	83	-	-
Current tax assets		8	8	-	-
Cash and cash equivalents	15	2,154	4,574	34	1,473
		53,842	56,308	56,918	57,340
<b>TOTAL ASSETS</b>		<b>78,734</b>	<b>82,286</b>	<b>58,540</b>	<b>58,798</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	16	92,887	92,887	92,887	92,887
Reserves	17	495	495	495	495
Accumulated losses		(37,202)	(36,279)	(37,365)	(37,156)
<b>TOTAL EQUITY</b>		<b>56,180</b>	<b>57,103</b>	<b>56,017</b>	<b>56,226</b>

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

		The Group		The Company	
	Note	30.6.2016 RM'000	31.12.2014 RM'000	30.6.2016 RM'000	31.12.2014 RM'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Term loan	18	17,375	18,797	-	-
Deferred tax liabilities	19	294	294	-	-
		17,669	19,091	-	-
<b>Current liabilities</b>					
Trade and other payables	20	2,950	4,286	73	113
Amount owing to subsidiaries	12	-	-	2,450	2,459
Amount owing to an associate	13	943	943	-	-
Amount owing to related companies	14	1	1	-	-
Term loan	18	975	849	-	-
Current tax liabilities		16	13	-	-
		4,885	6,092	2,523	2,572
<b>TOTAL LIABILITIES</b>		22,554	25,183	2,523	2,572
<b>TOTAL EQUITY AND LIABILITIES</b>		78,734	82,286	58,540	58,798

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For The Financial Period From 1 January 2015 To 30 June 2016*

	Note	The Group		The Company	
		1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000
Revenue	21	12,908	9,385	36	24
Cost of services		(5,659)	(4,019)	-	-
Gross profit		7,249	5,366	36	24
Other operating income		414	143	192	11
		7,663	5,509	228	35
Administrative expenses		(1,810)	(1,264)	(437)	(366)
Other operating expenses		(4,975)	(4,960)	-	(1,833)
Finance costs		(1,958)	(1,332)	-	-
Share of results in an associate, net of tax		165	(1,833)	-	-
Loss before taxation	22	(915)	(3,880)	(209)	(2,164)
Income tax expense	23	(8)	930	-	-
Loss after taxation		(923)	(2,950)	(209)	(2,164)
Other comprehensive income		-	-	-	-
Total comprehensive expenses for the financial period/year		(923)	(2,950)	(209)	(2,164)

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

	Note	The Group		The Company	
		1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000
<b>Loss after taxation attributable to:-</b>					
Owners of the Company		(923)	(2,950)	(209)	(2,164)
<b>Total comprehensive expenses attributable to:-</b>					
Owners of the Company		(923)	(2,950)	(209)	(2,164)
<b>Loss per share (sen)</b>	24				
- Basic		(0.10)	(0.32)		
- Diluted		(0.10)	(0.32)		

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

## STATEMENTS OF CHANGES IN EQUITY

*For The Financial Period From 1 January 2015 To 30 June 2016*

	Share capital RM'000	Non- Distributable Available for-sale reserve RM'000	Distributable Accumulated losses RM'000	Total equity RM'000
<b>The Group</b>				
Balance at 1.1.2014	92,887	495	(33,329)	60,053
Loss after taxation/'Total comprehensive expenses for the financial year	-	-	(2,950)	(2,950)
Balance at 31.12.2014/1.1.2015	92,887	495	(36,279)	57,103
Loss after taxation/'Total comprehensive expenses for the financial period	-	-	(923)	(923)
Balance at 30.6.2016	92,887	495	(37,202)	56,180

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

	Share capital RM'000	Non- Distributable Available- for-sale reserve RM'000	Distributable Accumulated losses RM'000	Total equity RM'000
<b>The Company</b>				
Balance at 1.1.2014	92,887	495	(34,992)	58,390
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(2,164)	(2,164)
Balance at 31.12.2014/1.1.2015	92,887	495	(37,156)	56,226
Loss after taxation/Total comprehensive expenses for the financial period	-	-	(209)	(209)
Balance at 30.6.2016	92,887	495	(37,365)	56,017

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



## STATEMENTS OF CASH FLOWS

*For The Financial Period From 1 January 2015 To 30 June 2016*

	<b>The Group</b>		<b>The Company</b>	
	<b>1.1.2015</b>	<b>1.1.2014</b>	<b>1.1.2015</b>	<b>1.1.2014</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2016</b>	<b>31.12.2014</b>	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Loss before taxation	(915)	(3,880)	(209)	(2,164)
Adjustments for:-				
Depreciation of property, plant and equipment	1,499	1,085	1	-
Impairment losses on:				
- investment in an associate	-	-	-	1,833
- related companies	-	22	-	-
- trade and other receivables	-	232	-	-
Interest expense on term loan	1,958	1,332	-	-
Interest income	(78)	(35)	(27)	(11)
Reversal of impairment losses on:				
- investment in an associate	-	-	(165)	-
- trade and other receivables	(35)	(22)	-	-
Property, plant and equipment written off	-	180	-	-
Share of results in an associate	(165)	1,833	-	-
Operating profit/(loss) before working capital changes	2,264	747	(400)	(342)
(Increase)/Decrease in inventories	(60)	269	-	-
(Increase)/Decrease in trade and other receivables	(216)	516	9	(3)
(Decrease)/Increase in trade and other payables	(1,336)	1,025	(40)	(13)
Cash from/(for) operations	652	2,557	(431)	(358)
Income tax refunded	4	16	-	-
Income tax paid	(9)	(39)	-	-
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>	<b>647</b>	<b>2,534</b>	<b>(431)</b>	<b>(358)</b>

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

		The Group		The Company	
		1.1.2015	1.1.2014	1.1.2015	1.1.2014
		to	to	to	to
	Note	30.6.2016	31.12.2014	30.6.2016	31.12.2014
		RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>					
(Advances to)/Repayment from related companies		(143)	21	-	-
Repayment from an associate		500	2,000	500	2,000
Interest received		78	35	27	11
Advances to subsidiaries		-	-	(1,526)	(113)
Purchase of property, plant and equipment	6	(248)	(334)	-	-
<b>NET CASH FROM/(FOR) INVESTING ACTIVITIES</b>		<b>187</b>	<b>1,722</b>	<b>(999)</b>	<b>1,898</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>					
Repayment of term loan		(1,296)	(135)	-	-
Repayment to subsidiaries		-	-	(9)	(89)
Interest paid		(1,958)	(1,332)	-	-
<b>NET CASH FOR FINANCING ACTIVITIES</b>		<b>(3,254)</b>	<b>(1,467)</b>	<b>(9)</b>	<b>(89)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,420)</b>	<b>2,789</b>	<b>(1,439)</b>	<b>1,451</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR</b>		<b>4,574</b>	<b>1,785</b>	<b>1,473</b>	<b>22</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR</b>	15	<b>2,154</b>	<b>4,574</b>	<b>34</b>	<b>1,473</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

*For The Financial Period From 1 January 2015 To 30 June 2016*

## 1. CORPORATE INFORMATION

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

The registered office and the principal place of business of the Company are 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 Malaysia Securities Berhad.

The consolidated financial statements for the financial period ended 30 June 2016 comprise the Company and its subsidiaries and the Group's investment in an associate. 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 by the Board of Directors in accordance with a resolution of the directors dated 18 October 2016.

## 2. CHANGE OF FINANCIAL YEAR END

During the current financial period, the Company changed its financial year end from 31 December to 30 June. As a result of this change, the audited financial statements are for a period of 18 months from 1 January 2015 to 30 June 2016.

## 3. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

#### 4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

- 4.1 During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and/or interpretation (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

- 4.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

**Effective Date**

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities - Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 4. BASIS OF PREPARATION (CONTINUED)

- 4.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period (continued):-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

##### (a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (b) Income Taxes

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

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### (c) Impairment of Non-financial Assets

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

#### (d) Write-down of Inventories

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

#### (e) Impairment of Trade and Other Receivables

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

#### (f) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

#### (g) Classification of Leasehold Land

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

##### (h) Fair Value Estimates for Certain Financial Assets and Liabilities

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

#### 5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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 transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

##### (a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 5.2 BASIS OF CONSOLIDATION (CONTINUED)

#### (b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company 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.

#### (c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. 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 of the Group.

#### (d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). 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 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 5.3 FUNCTIONAL AND FOREIGN CURRENCIES

##### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

##### (b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

##### (c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 5.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

#### (a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

##### (i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 5.4 FINANCIAL INSTRUMENTS (CONTINUED)

##### (a) Financial Assets (Continued)

###### (ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

###### (iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

###### (iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 5.4 FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### (c) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

#### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 5.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

#### 5.6 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 30 June 2016. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 5.6 INVESTMENTS IN ASSOCIATES (CONTINUED)

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

### 5.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less any impairment losses, and is not depreciated.

Construction-in-progress represents renovation-in-progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Long term leasehold land	66 - 92 years
Buildings	2%
Office equipment	10% - 20%
Furniture and fittings	10% - 20%
Motor vehicles	20%
Plant and machinery	5% - 10%
Renovation	10% - 20%

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 5.7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

#### 5.8 IMPAIRMENT

##### (a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss, investments in subsidiaries and investments in associates), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 5.8 IMPAIRMENT (CONTINUED)

#### (a) Impairment of Financial Assets (Continued)

An impairment loss 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. Such impairment losses are not reversed in subsequent periods.

#### (b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

### 5.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

### 5.10 INCOME TAXES

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 5.10 INCOME TAXES (CONTINUED)

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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 taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

#### 5.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

#### 5.12 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 5.13 EMPLOYEE BENEFITS

#### (a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

#### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

### 5.14 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 5.14 RELATED PARTIES (CONTINUED)

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

#### 5.15 FAIR VALUE MEASUREMENTS

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

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

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 5.16 REVENUE AND OTHER INCOME

#### (a) Hotel Operations

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

#### (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 accounted for on a straight-line method over the lease term.

### 5.17 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 5.18 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2015 RM'000	Additions RM'000	Reclassi- fication RM'000	Depreciation Charges RM'000	At 30.6.2016 RM'000
<b>30.06.2016</b>					
<b>Net Book Value</b>					
Long term leasehold land	4,719	-	-	(132)	4,587
Buildings	18,919	-	-	(1,081)	17,838
Office equipment	729	227	-	(197)	759
Furniture and fittings	16	-	-	(3)	13
Plant and machinery	79	-	11	(18)	72
Renovation	528	21	-	(68)	481
Construction-in-progress	11	-	(11)	-	-
	25,001	248	-	(1,499)	23,750

	At 1.1.2014 RM'000	Additions RM'000	Write- off RM'000	Reclassi- fication RM'000	Depreciation Charges RM'000	At 31.12.2014 RM'000
<b>31.12.2014</b>						
<b>Net Book Value</b>						
Freehold land	180	-	(180)	-	-	-
Long term leasehold land	4,807	-	-	-	(88)	4,719
Buildings	19,640	-	-	-	(721)	18,919
Office equipment	667	185	-	-	(123)	729
Furniture and fittings	18	-	-	-	(2)	16
Motor vehicles	1	-	-	-	(1)	-
Plant and machinery	60	-	-	28	(9)	79
Renovation	531	138	-	-	(141)	528
Construction-in-progress	28	11	-	(28)	-	11
	25,932	334	(180)	-	(1,085)	25,001

## 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Losses RM'000	Net Book Value RM'000
<b>30.6.2016</b>				
Freehold land	180	-	(180)	-
Long term leasehold land	6,617	(2,030)	-	4,587
Buildings	34,765	(14,301)	(2,626)	17,838
Office equipment	2,902	(2,143)	-	759
Furniture and fittings	1,417	(1,404)	-	13
Motor vehicles	294	(294)	-	-
Plant and machinery	307	(235)	-	72
Renovation	948	(467)	-	481
	47,430	(20,874)	(2,806)	23,750

### 31.12.2014

Freehold land	180	-	(180)	-
Long term leasehold land	6,617	(1,898)	-	4,719
Buildings	34,765	(13,220)	(2,626)	18,919
Office equipment	2,675	(1,946)	-	729
Furniture and fittings	1,417	(1,401)	-	16
Motor vehicles	294	(294)	-	-
Plant and machinery	296	(217)	-	79
Renovation	927	(399)	-	528
Construction-in-progress	11	-	-	11
	47,182	(19,375)	(2,806)	25,001

The Company	At 1.1.2015 RM'000	Depreciation Charge RM'000	At 30.6.2016 RM'000
<b>30.6.2016</b>			
<b>Net Book Value</b>			
Office equipment	1	(1)	-
	At 1.1.2014 RM'000	Depreciation Charge RM'000	At 31.12.2014 RM'000
<b>31.12.2014</b>			
<b>Net Book Value</b>			
Office equipment	1	-	1

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
<b>30.6.2016</b>			
<b>Net Book Value</b>			
Office equipment	263	(263)	-
Furniture and fittings	119	(119)	-
Motor vehicles	130	(130)	-
	512	(512)	-
<b>31.12.2014</b>			
<b>Net Book Value</b>			
Office equipment	263	(262)	1
Furniture and fittings	119	(119)	-
Motor vehicles	130	(130)	-
	512	(511)	1

The leasehold land and buildings of the Group with a total net book value of RM22,425,000 (31.12.2014 : RM23,638,000) have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

## 7. INVESTMENTS IN SUBSIDIARIES

	<b>The Company</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	7,863	7,863
Accumulated impairment losses	(7,383)	(7,383)
	<u>480</u>	<u>480</u>

The details of the subsidiaries are as follows:

Name of Subsidiary	Effective Equity Interest held by				Principal Activities
	The Company		Subsidiary		
	30.6.2016	31.12.2014	30.6.2016	31.12.2014	
	%	%	%	%	
Golden Carps Pte. Ltd. +~	100	100	-	-	Inactive
Grandvestment Company Limited + #	100	100	-	-	Dormant
Kayangan Makmur Sdn. Bhd. +	100	100	-	-	Investment holding
Pengkalan Equities Sdn. Bhd. +	100	100	-	-	Investment holding and dealing
Pengkalan Foodservices Sdn. Bhd. +	100	100	-	-	Inactive
Pengkalan Holiday Resort Sdn. Bhd. *	100	100	-	-	Operating a hotel
Pengkalan Properties Sdn. Bhd. +	100	100	-	-	Inactive
Pan Malaysia Travel & Tours Sdn. Bhd. +	99.3	99.3	0.07	0.07	Travel agent & provision of travel related services
Asia Entertainment Network Sdn. Bhd. ^	60	60	-	-	In liquidation
Pengkalan Building Materials Sdn. Bhd. ^	100	100	-	-	In liquidation
Pengkalan Electronics Industries Sdn. Bhd. ^	67	67	-	-	In liquidation



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of Subsidiary	Effective Equity Interest held by				Principal Activities
	The Company		Subsidiary		
	30.6.2016 %	31.12.2014 %	30.6.2016 %	31.12.2014 %	
Technitone (M) Sdn. Bhd. ^	64.10	64.10	-	-	In liquidation
<b>Subsidiary of Pan Malaysia Travel &amp; Tours Sdn. Bhd.</b>					
Destiny Aims Sdn. Bhd. +	-	-	100	100	Dormant
<b>Subsidiary of Pengkalen Foodservices Sdn. Bhd.</b>					
Twin Phoenix Sdn. Bhd. +	-	-	100	100	Dormant
<b>Subsidiary of Technitone (M) Sdn. Bhd.</b>					
Office Business Systems Sdn. Bhd. ^	-	-	100	100	In liquidation
<b>Subsidiary of Office Business Systems Sdn. Bhd.</b>					
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 Crowe Horwath Malaysia.

+ Subsidiaries audited by other firms of chartered accountants.

# 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 financial period ended 30 June 2016 and 31 December 2014. The contributions of these subsidiaries to the Group are insignificant.

## 8. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	30.6.2016 RM'000	31.12.2014 RM'000	30.6.2016 RM'000	31.12.2014 RM'000
Unquoted shares, at cost	296,672	296,672	296,672	296,672
Share of post acquisition reserve	(53,798)	(53,963)	-	-
	<u>242,874</u>	<u>242,709</u>	<u>296,672</u>	<u>296,672</u>
Accumulated impairment losses	(242,604)	(242,604)	(296,402)	(296,567)
	<u>270</u>	<u>105</u>	<u>270</u>	<u>105</u>
Accumulated impairment losses:-				
At 1 January 2015/2014	242,604	242,604	296,567	294,734
Addition during the financial period/year (Note 22)	-	-	-	1,833
Reversal during the financial period/year (Note 22)	-	-	(165)	-
At 30 June 2016/31 December 2014	<u>242,604</u>	<u>242,604</u>	<u>296,402</u>	<u>296,567</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

The details of the associates, which are all incorporated in Malaysia, are as follows:-

Name of Associate	Effective Equity Interest held by				Principal Activities
	The Company		Associate		
	30.6.2016 %	31.12.2014 %	30.6.2016 %	31.12.2014 %	
Pan Malaysia Capital Berhad	34.84	34.84	-	-	Investment holding
<b>Subsidiaries of Pan Malaysia Capital Berhad</b>					
Bayan Niaga Sdn. Bhd.	-	-	100	100	Investment holding
KESB Nominees (Asing) Sdn. Bhd.	-	-	100	100	Dormant
KESB Nominees (Tempatan) Sdn. Bhd.	-	-	100	100	Nominee and custodian services
Meridian Nominees (Tempatan) Sdn. Bhd.	-	-	100	100	Share registration, nominees and custodian services
Pan Malaysia Equities Sdn. Bhd.	-	-	100	100	Property and investment holding
PCB Asset Management Sdn. Bhd.	-	-	100	100	Research and fund management services
PM Asset Management Sdn. Bhd.	-	-	100	100	Investment holding
PM Nominees (Asing) Sdn. Bhd.	-	-	100	100	Nominees and custodian services
PM Nominees (Tempatan) Sdn. Bhd.	-	-	100	100	Nominees and 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.

## 8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

The summarised financial information of the associate is as follows:

	30.6.2016 RM'000	31.12.2014 RM'000
<u>At 30 June/31 December</u>		
Non-current assets	38,217	37,636
Current assets	255,135	135,566
Current liabilities	(292,577)	(172,899)
<b>Net assets</b>	<b>775</b>	<b>303</b>
<u>18-month/12-month period ended 30 June/31 December</u>		
Revenue	31,320	24,338
Profit/(Loss) for the financial period/Total comprehensive income/(expenses)	473	(5,260)
Group's share of profit/(loss) for the financial period	165	(1,833)
<u>Reconciliation of net assets to carrying amount</u>		
Group's share of net assets above	270	105
Carrying amount of the Group's interests in the associate	270	105

## 9. OTHER INVESTMENTS

	The Group		The Company	
	30.6.2016 RM'000	31.12.2014 RM'000	30.6.2016 RM'000	31.12.2014 RM'000
Quoted shares outside Malaysia	807	807	807	807
Club memberships	65	65	65	65
	<b>872</b>	<b>872</b>	<b>872</b>	<b>872</b>

Other investments of the Group are designated as available-for-sale financial assets and are measured at fair value.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 10. INVENTORIES

	<b>The Group</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Consumables, food and beverages, at cost	208	148
Recognised in profit or loss :-		
Inventories recognised as cost of sales	1,678	1,386

### 11. TRADE AND OTHER RECEIVABLES

	<b>The Group</b>		<b>The Company</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade receivables – third parties	728	673	-	-
Allowance for impairment losses	(544)	(544)	-	-
	184	129	-	-
Other receivables	11,235	11,224	13	16
Allowance for impairment losses	(10,999)	(11,034)	(1)	(1)
	236	190	12	15
Refundable deposits	551	465	83	89
Allowance for impairment losses	(79)	(79)	(79)	(79)
	472	386	4	10
	892	705	16	25
Prepayments	88	24	-	-
	980	729	16	25

- (a) The Group's normal trade credit terms range from cash term to 30 days (31.12.2014 : cash term to 30 days)

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) The reconciliation of movements in the allowance for impairment loss are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Trade receivables</b>				
At 1 January 2015/2014	544	372	-	-
Addition during the financial period/ year (Note 22)	-	172	-	-
At 30 June 2016/31 December 2014	<u>544</u>	<u>544</u>	<u>-</u>	<u>-</u>
<b>Other receivables</b>				
At 1 January 2015/2014	11,034	10,996	1	1
Addition during the financial period/ year (Note 22)	-	60	-	-
Reversal during the financial period/ year (Note 22)	(35)	(22)	-	-
At 30 June 2016/31 December 2014	<u>10,999</u>	<u>11,034</u>	<u>1</u>	<u>1</u>
<b>Refundable deposits</b>				
At 1 January 2015/2014	79	79	79	79
Addition during the financial period/ year (Note 22)	-	-	-	-
At 30 June 2016/31 December 2014	<u>79</u>	<u>79</u>	<u>79</u>	<u>79</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 12. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	30.6.2016	31.12.2014
	RM'000	RM'000
<b>Amount Owing by Subsidiaries</b>		
<i>Current</i>		
Non-trade balances	341,609	340,083
Allowance for impairment losses	(335,007)	(335,007)
	<u>6,602</u>	<u>5,076</u>
<b>Amount Owing to Subsidiaries</b>		
<i>Current</i>		
Non-trade balances	<u>2,450</u>	<u>2,459</u>

The non-trade balances (current) represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

### 13. AMOUNTS OWING BY/(TO) AN ASSOCIATE

	The Group		The Company	
	30.6.2016	31.12.2014	30.6.2016	31.12.2014
	RM'000	RM'000	RM'000	RM'000
<b>Amount Owing by an Associate</b>				
<i>Current</i>				
Non-trade balances	<u>50,266</u>	<u>50,766</u>	<u>50,266</u>	<u>50,766</u>
<b>Amount Owing to an Associate</b>				
<i>Current</i>				
Non-trade balances	<u>943</u>	<u>943</u>	<u>-</u>	<u>-</u>

The non-trade balances (current) represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

#### 14. AMOUNTS OWING BY/(TO) RELATED COMPANIES

	The Group		The Company	
	30.6.2016	31.12.2014	30.6.2016	31.12.2014
	RM'000	RM'000	RM'000	RM'000
<b>Amount Owing by Related Companies</b>				
<i>Current</i>				
Non-trade balances	1,201	1,058	604	604
Allowance for impairment losses:-				
At 1 January 2015/2014	(975)	(953)	(604)	(604)
Addition during the financial period/year	-	(22)	-	-
At 30 June 2016/31 December 2014	(975)	(975)	(604)	(604)
	226	83	-	-
<b>Amount Owing to Related Companies</b>				
<i>Current</i>				
Non-trade balances	1	1	-	-

The non-trade balances (current) represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 15. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	<b>The Group</b>		<b>The Company</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	585	2,153	34	120
Deposits with a licensed bank	1,569	2,421	-	1,353
	<u>2,154</u>	<u>4,574</u>	<u>34</u>	<u>1,473</u>

The deposits with a licensed bank of the Group at the end of the reporting period bear an effective interest rate of 2.9% (31.12.2014 : 2.9%) per annum. The deposits have a maturity period of 1 day (31.12.2014 : 1 day) for the Group.

### 16. SHARE CAPITAL

	<b>The Group/The Company</b>			
	<b>30.6.2016</b>		<b>31.12.2014</b>	
	<b>Number of shares ('000)</b>	<b>RM'000</b>	<b>Number of shares ('000)</b>	<b>RM'000</b>
Ordinary shares of RM0.10 each:				
Authorised	<u>30,000,000</u>	<u>3,000,000</u>	<u>30,000,000</u>	<u>3,000,000</u>
Issued and fully paid-up	<u>928,867</u>	<u>92,887</u>	<u>928,867</u>	<u>92,887</u>

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 Company's residual assets.

## 17. RESERVES

	The Group		The Company	
	30.6.2016	31.12.2014	30.6.2016	31.12.2014
	RM'000	RM'000	RM'000	RM'000
<b>Non-distributable:</b>				
Available-for-sale reserve	495	495	495	495

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

## 18. TERM LOAN

	The Group	
	30.6.2016	31.12.2014
	RM'000	RM'000
<u>Current</u>		
Not later than 1 year	975	849
<u>Non-current</u>		
Later than 1 year and not later than 2 years	1,042	944
Later than 2 years and not later than 5 years	3,578	3,250
Later than 5 years	12,755	14,603
	17,375	18,797
	18,350	19,646

- (a) The term loan is secured by a first party legal charge over the leasehold land and buildings of the Group as disclosed in Note 6 to the financial statements. In addition, the term loan is guaranteed by the ultimate holding company.
- (b) The term loan is repayable in one hundred sixty eight (168) monthly instalments commencing December 2014.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 19. DEFERRED TAX LIABILITIES

	<b>The Group</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2015/2014	294	1,238
Recognised in profit or loss (Note 23)	-	(944)
At 30 June 2016/31 December 2014	<u>294</u>	<u>294</u>

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

	<b>The Group</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Accelerated capital allowances over depreciation	<u>294</u>	<u>294</u>

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

	<b>The Group</b>		<b>The Company</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Taxable temporary differences	(1,054)	(1,294)	(1)	(1)
Unutilised tax losses	24,106	24,106	16,029	16,029
Unabsorbed capital allowances	5,354	5,227	2,979	3,008
	<u>28,406</u>	<u>28,039</u>	<u>19,007</u>	<u>19,036</u>

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 difference could be utilised.

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

## 20. TRADE AND OTHER PAYABLES

	The Group		The Company	
	30.6.2016 RM'000	31.12.2014 RM'000	30.6.2016 RM'000	31.12.2014 RM'000
<b>Trade payables:-</b>				
Third parties	333	680	-	-
<b>Other payables:-</b>				
Other payables	1,024	1,062	1	62
Provisions	1,239	2,116	-	-
Accruals	354	428	72	51
	2,617	3,606	73	113
	2,950	4,286	73	113

- (a) The normal trade credit terms granted to the Group and to the Company range from 14 to 60 (31.12.2014 : 14 to 60) days.
- (b) Included in provisions is an amount of RM222,000 (31.12.2014 : RM1,104,000) for legal claims brought against a subsidiary of the Group.

## 21. REVENUE

	The Group		The Company	
	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2015 to 30.6.2016 RM'000	1.1.2014 To 31.12.2014 RM'000
Revenue from hotel operations	12,908	9,385	-	-
Management fees from subsidiaries	-	-	36	24
	12,908	9,385	36	24

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 22. LOSS BEFORE TAXATION

	The Group		The Company	
	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000
Loss before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
Statutory audit				
- current year	117	88	65	45
- overprovision in the previous financial year	(11)	(2)	-	-
Non-statutory audit	-	7	-	6
Depreciation of property, plant and equipment (Note 6)	1,499	1,085	1	-
Directors' remuneration (Note 26)	128	138	128	138
Impairment losses on:				
- investment in an associate (Note 8)	-	-	-	1,833
- trade receivables (Note 11)	-	172	-	-
- other receivables (Note 11)	-	60	-	-
- amount owing by related companies (Note 14)	-	22	-	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- term loan	1,958	1,332	-	-
Provision for legal suit settlement	222	1,104	-	-
Property, plant and equipment written off (Note 6)	-	180	-	-
Rental expense on:				
- equipment	35	185	-	-
- land and building	68	51	-	3
Staff costs (Note 25)	4,148	2,547	-	6
Interest income on financial assets not at fair value through profit or loss:				
- deposits with a licensed bank	(78)	(35)	(27)	(11)
Management fees received and receivable from a subsidiary	-	-	(36)	(24)
Rental income on premises	(134)	(60)	-	-
Reversal of impairment losses on:				
- investment in an associate (Note 8)	-	-	(165)	-
- other receivables (Note 11)	(35)	(22)	-	-

## 23. INCOME TAX EXPENSE

	<b>The Group</b>		<b>The Company</b>	
	<b>1.1.2015 to 30.6.2016 RM'000</b>	<b>1.1.2014 to 31.12.2014 RM'000</b>	<b>1.1.2015 to 30.6.2016 RM'000</b>	<b>1.1.2014 to 31.12.2014 RM'000</b>
Current tax:				
- current financial period/year	16	9	-	-
- (over)/underprovision in the previous financial year	(8)	5	-	-
	<u>8</u>	<u>14</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 19):				
- overprovision in the previous financial year	-	(944)	-	-
	<u>8</u>	<u>(930)</u>	<u>-</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (31.12.2014 : 25%) of estimated taxable profit for the period/year.

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

	<b>The Group</b>		<b>The Company</b>	
	<b>1.1.2015 to 30.6.2016 RM'000</b>	<b>1.1.2014 to 31.12.2014 RM'000</b>	<b>1.1.2015 to 30.6.2016 RM'000</b>	<b>1.1.2014 to 31.12.2014 RM'000</b>
Loss before taxation	(915)	(3,880)	(209)	(2,164)
Tax at the statutory tax rate of 24% (2014 : 25%)	(220)	(970)	(50)	(541)
Tax effects of:-				
Non-allowable expenses	188	323	57	496
Non-taxable income	-	(1)	-	-
Deferred tax assets not recognised during the financial period/year	95	199	-	45
Share of results in an associate	(40)	458	-	-
Utilisation of deferred tax assets previously not recognised	(7)	-	(7)	-
(Over)/underprovision of current tax in the previous financial year	(8)	5	-	-
Overprovision of deferred tax in the previous financial year	-	(944)	-	-
	<u>8</u>	<u>(930)</u>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 24. LOSS PER SHARE

	<b>The Group</b>	
	<b>1.1.2015 to 30.6.2016</b>	<b>1.1.2014 to 31.12.2014</b>
Loss attributable to owners of the Company (RM'000)	(923)	(2,950)
Weighted average number of ordinary shares in issue ('000)	928,867	928,867
Basic loss per share (Sen)	(0.10)	(0.32)

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

### 25. EMPLOYEE BENEFITS

	<b>The Group</b>		<b>The Company</b>	
	<b>1.1.2015 to 30.6.2016 RM'000</b>	<b>1.1.2014 to 31.12.2014 RM'000</b>	<b>1.1.2015 to 30.6.2016 RM'000</b>	<b>1.1.2014 to 31.12.2014 RM'000</b>
Wages, salaries and bonuses	2,905	1,698	-	5
Contributions to defined contribution plan	333	222	-	1
Social security contributions	59	38	-	-
Retirement gratuity	10	111	-	-
Other benefits	841	478	-	-
	<u>4,148</u>	<u>2,547</u>	<u>-</u>	<u>6</u>

## 26. KEY MANAGEMENT PERSONNEL COMPENSATION

- (a) 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 period/year was as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>1.1.2015 to 30.6.2016 RM'000</b>	<b>1.1.2014 to 31.12.2014 RM'000</b>	<b>1.1.2015 to 30.6.2016 RM'000</b>	<b>1.1.2014 to 31.12.2014 RM'000</b>
<b>Directors</b>				
<i>Non-executive Directors</i>				
Short-term employee benefits				
- fee	111	120	111	120
- other benefits	17	18	17	18
Total directors' remuneration (Note 22)	128	138	128	138

- (b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Company	
	1.1.2015 to 30.6.2016	1.1.2014 to 31.12.2014
	Number Of Directors	
<b>Non-executive Directors</b>		
Below RM50,000	3	4
	<hr/> 3	<hr/> 4



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 27. SIGNIFICANT RELATED PARTY DISCLOSURES

#### (a) Identities of Related Parties

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

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its ultimate holding company, associates, key management personnel and entities within the same group of companies.

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) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial period/year:-

	The Group		The Company	
	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000
Office rental paid and payable to a related company	-	3	-	3
Management fee received and receivable from a subsidiary	-	-	36	24
(Advances to)/Repayment from related companies	(143)	21	-	-
Repayment from an associate	500	2,000	500	2,000
Advances to subsidiaries	-	-	(1,526)	(113)
Repayment to subsidiaries	-	-	(9)	(89)

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

## 28. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their services provided.

The Group is organised into 3 main reportable segments as follows:-

(a) Hotel

Hotel operations.

(b) 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.

(c) Investment holding

Comprise mainly investment, dormant and inactive subsidiaries.

The Group Executive Committee assesses the performance of the reportable segments based on their profit/(loss) before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Each reportable segment assets is measured based on all assets of the segment other than investment in an associate and tax-related assets.

Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly income taxes and related expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 28. OPERATING SEGMENTS (CONTINUED)

#### BUSINESS SEGMENTS

30.6.2016	Hotel RM'000	Stockbroking RM'000	Investment holding RM'000	The Group RM'000
<b>Revenue</b>				
External revenue	12,908	-	-	12,908
Inter-segment revenue	-	-	36	36
	12,908	-	36	12,944
Consolidation adjustments				(36)
Consolidated revenue				12,908
<b>Results</b>				
Segment profit/(loss) before interest and taxation	1,282	-	(234)	1,048
Finance costs				(1,958)
Share of results in an associate				165
Consolidation adjustments				(170)
Consolidated loss before taxation				(915)
Segment profit/(loss) before interest and taxation includes the following:-				
Interest income	(50)	-	(28)	(78)
Interest expenses	1,958	-	-	1,958
Depreciation	1,499	-	-	1,499
Reversal of impairment of other receivables	(35)	-	-	(35)
Share of results in an associate	-	-	165	165

## 28. OPERATING SEGMENTS (CONTINUED)

### BUSINESS SEGMENTS (CONTINUED)

30.6.2016	Hotel RM'000	Stockbroking RM'000	Investment holding RM'000	The Group RM'000
<b>Assets</b>				
Segment assets	28,369	-	60,732	89,101
Unallocated assets:				
- investments in an associate				270
- current tax assets				8
Consolidation adjustments				(10,645)
Consolidated total assets				<u>78,734</u>
Additions to non-current assets other than financial instruments are:-				
Property, plant and equipment	248	-	-	248
<b>Liabilities</b>				
Segment liabilities	50,202	-	400,656	450,858
Unallocated liabilities:				
- deferred tax liabilities				294
- current tax liabilities				16
Consolidation adjustments				(428,614)
Consolidated total liabilities				<u>22,554</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 28. OPERATING SEGMENTS (CONTINUED)

#### BUSINESS SEGMENTS (CONTINUED)

31.12.2014	Hotel RM'000	Stockbroking RM'000	Investment holding RM'000	The Group RM'000
<b>Revenue</b>				
External revenue	9,385	-	-	9,385
Inter-segment revenue	-	-	24	24
	9,385	-	24	9,409
Consolidation adjustments				(24)
Consolidated revenue				9,385
<b>Results</b>				
Segment (loss)/profit before interest and taxation	(351)	-	300	(51)
Finance costs				(1,332)
Share of results in an associate				(1,833)
Consolidation adjustments				(664)
Consolidated loss before taxation				(3,880)
Segment (loss)/profit before interest and taxation includes the following:-				
Interest income	(24)	-	(11)	(35)
Interest expenses	1,332	-	-	1,332
Impairment losses on trade and other receivables	232	-	-	232
Depreciation	1,085	-	-	1,085
Reversal of impairment of other receivables	(22)	-	-	(22)
Share of results in an associate	-	-	(1,833)	(1,833)

## 28. OPERATING SEGMENTS (CONTINUED)

### BUSINESS SEGMENTS (CONTINUED)

31.12.2014	Hotel RM'000	Stockbroking RM'000	Investment holding RM'000	The Group RM'000
<b>Assets</b>				
Segment assets	30,134	-	61,167	91,301
Unallocated assets:				
- investment in an associate				105
- current tax assets				8
Consolidation adjustments				(9,128)
Consolidated total assets				82,286
Additions to non-current assets other than financial instruments are:-				
Property, plant and equipment	334	-	-	334
<b>Liabilities</b>				
Segment liabilities	51,287	-	400,687	451,974
Unallocated liabilities:				
- deferred tax liabilities				294
- current tax liabilities				13
Consolidation adjustments				(427,098)
Consolidated total liabilities				25,183

### BUSINESS SEGMENT AND GEOGRAPHICAL INFORMATION

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

### MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 29. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### 28.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

##### (a) Market Risk

###### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

###### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowing with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's deposits with a licensed bank are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined by MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 18 to the financial statements.

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

### 29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### (a) Market Risk (Continued)

##### (ii) Interest Rate Risk (Continued)

##### *Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	<b>The Group</b>		<b>The Company</b>	
	<b>1.1.2015</b>	<b>1.1.2014</b>	<b>1.1.2015</b>	<b>1.1.2014</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2016</b>	<b>31.12.2014</b>	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Effects on Loss After Taxation				
Increase of 100 basis points	(128)	(129)	-	10
Decrease of 100 basis points	128	129	-	(10)

##### (iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

If prices for quoted investments at the end of the reporting period strengthened by 1% (31.12.2014 : 1%) with all other variables being held constant, the Group's other comprehensive income would have increased by RM8,000 (31.12.2014 : RM8,000). A 1% (31.12.2014 : 1%) weakening in the quoted prices would have had an equal but opposite effect on Group's other comprehensive income.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### 29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

##### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 30 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

##### (i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

##### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

### 29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### (b) Credit Risk (Continued)

##### (iii) Ageing Analysis

The ageing analysis of trade receivables at the end of the reporting period is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
<b>30.6.2016</b>				
Not past due	86	-	-	86
Past due:				
- 31 to 60 days	54	-	-	54
- 61 to 90 days	44	-	-	44
- more than 90 days	544	(286)	(258)	-
	728	(286)	(258)	184
<b>31.12.2014</b>				
Not past due	129	-	-	129
Past due:				
- 31 to 60 days	-	-	-	-
- 61 to 90 days	-	-	-	-
- more than 90 days	544	(286)	(258)	-
	673	(286)	(258)	129

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### 29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

##### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

##### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
<b>The Group</b>						
<b>30.6.2016</b>						
<u>Non-derivative Financial Liabilities</u>						
Term loan	6.85	18,350	27,072	2,168	8,674	16,230
Trade and other payables	-	2,950	2,950	2,950	-	-
Amount owing to an associate	-	943	943	943	-	-
Amount owing to related companies	-	1	1	1	-	-
		22,244	30,966	6,062	8,674	16,230

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

### 29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### (c) Liquidity Risk (Continued)

##### *Maturity Analysis (Continued)*

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
<b>31.12.2014</b>						
<u>Non-derivative Financial Liabilities</u>						
Term loan	6.85	19,646	30,755	2,168	8,674	19,913
Trade and other payables	-	4,286	4,286	4,286	-	-
Amount owing to an associate	-	943	943	943	-	-
Amount owing to related companies	-	1	1	1	-	-
		24,876	35,985	7,398	8,674	19,913

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### 29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

##### (c) Liquidity Risk (Continued)

##### *Maturity Analysis (Continued)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (continued):-

<b>The Company</b>	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
<b>30.6.2016</b>						
<u>Non-derivative</u>						
<u>Financial</u>						
<u>Liabilities</u>						
Trade and other payables	-	73	73	73	-	-
Amount owing to subsidiaries	-	2,450	2,450	2,450	-	-
		2,523	2,523	2,523	-	-
<b>31.12.2014</b>						
<u>Non-derivative</u>						
<u>Financial</u>						
<u>Liabilities</u>						
Trade and other payables	-	113	113	113	-	-
Amount owing to subsidiaries	-	2,459	2,459	2,459	-	-
		2,572	2,572	2,572	-	-

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

### 29.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on gearing ratio, which is net debt divided by total equity. The Group includes within net debts, borrowing from financial institution, less cash and cash equivalents. The gearing ratio of the Group at the end of the reporting period was as follows:-

	<b>The Group</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Term loan (Note 18)	18,350	19,646
Less: Cash and bank balances (Note 15)	(585)	(2,153)
Less: Deposits with a licensed bank (Note 15)	(1,569)	(2,421)
Net debt	<u>16,196</u>	<u>15,072</u>
Equity attributable to owners of the Company	<u>56,180</u>	<u>57,103</u>
Gearing ratio	<u>0.29</u>	<u>0.26</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### 29.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	<b>The Group</b>		<b>The Company</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial Assets</b>				
<u>Available-for-sale Financial Assets</u>				
Other investment (Note 9)	872	872	872	872
<u>Loans and Receivables</u>				
<u>Financial Assets</u>				
Trade and other receivables (Note 11)	892	705	16	25
Amount owing by subsidiaries (Note 12)	-	-	6,602	5,076
Amount owing by an associate (Note 13)	50,266	50,766	50,266	50,766
Amount owing by related companies (Note 14)	226	83	-	-
Deposits with a licensed bank (Note 15)	1,569	2,421	-	1,353
Cash and bank balances (Note 15)	585	2,153	34	120
	<u>53,538</u>	<u>56,128</u>	<u>56,918</u>	<u>57,340</u>
<b>Financial Liabilities</b>				
<u>Other Financial Liabilities</u>				
Term loan (Note 18)	18,350	19,646	-	-
Trade and other payables (Note 20)	2,950	4,286	73	113
Amount owing to subsidiaries (Note 12)	-	-	2,450	2,459
Amount owing to an associate (Note 13)	943	943	-	-
Amount owing to related companies (Note 14)	1	1	-	-
	<u>22,244</u>	<u>24,876</u>	<u>2,523</u>	<u>2,572</u>

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

### 29.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	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	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30.6.2016</b>								
<u>Financial Assets</u>								
Other investments:								
– quoted shares	807	-	-	-	-	-	807	807
– club membership	-	-	65	-	-	-	65	65
<u>Financial Liability</u>								
Term loan	-	-	-	-	18,350	-	18,350	18,350



**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****29. FINANCIAL INSTRUMENTS (CONTINUED)****29.4 FAIR VALUE INFORMATION (CONTINUED)**

<b>The Group</b>	<b>Fair Value Of Financial Instruments Carried At Fair Value</b>			<b>Fair Value Of Financial Instruments Not Carried At Fair Value</b>			<b>Total Fair Value</b>	<b>Carrying Amount</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31.12.2014</b>								
<u>Financial Assets</u>								
Other investments:								
– quoted shares	807	-	-	-	-	-	807	807
– club membership	-	-	65	-	-	-	65	65
<u>Financial Liability</u>								
Term loan	-	-	-	-	19,646	-	19,646	19,646

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

### 29.4 FAIR VALUE INFORMATION (CONTINUED)

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>The Company</b>								
<b>30.6.2016</b>								
<u>Financial Assets</u>								
Other investments:								
– quoted shares	807	-	-	-	-	-	807	807
– club membership	-	-	65	-	-	-	65	65

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### 29.4 FAIR VALUE INFORMATION (CONTINUED)

The Company	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>31.12.2014</b>								
<u>Financial Assets</u>								
Other investments:								
– quoted shares	807	-	-	-	-	-	807	807
– club membership	-	-	65	-	-	-	65	65

#### (a) Fair Value of Financial Instruments Carried at Fair Value

The fair values above have been determined using the following basis:-

- The fair value of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.
- The fair value of club membership is determined by reference to current market price of such similar membership.

There were no transfer between level 1 and level 2 during the financial period.

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

### 29.4 FAIR VALUE INFORMATION (CONTINUED)

#### (b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values above have been determined using the following basis:-

- (i) The fair values of term loan is determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rate used to discount the estimated cash flows is 6.85% (31.12.2014 : 6.85%) per annum.

## 30. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

During the previous financial year on 12 December 2014, the Company announced that Dato' Dr Yu Kuan Chon ("the Offeror") had entered into a Share Sale Agreement with Acquiline Sdn Bhd, Loyal Design Sdn Bhd, Malayan United Management Sdn Bhd, MUI Media Ltd, MUI Property Services Sdn Bhd and Megawise Sdn Bhd (collectively referred to as "Vendors") to acquire 642,700,783 shares in the Company for a total cash consideration of approximately RM77.1 million.

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

## 31. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 11 August 2016, the Company announced that the Offeror and the Vendors had mutually agreed to extend the Cut-Off date to fulfill the Condition Precedent for a further period of one month commencing from 12 August 2016 and expiring on 11 September 2016. This is the eighteenth extension for the Offeror and the Vendors, following the expiry of the first extension on 11 April 2015.

On 13 September 2016, the Company announced that the Offeror and the Vendors had mutually agreed to terminate the Share Sale Agreement due to the Condition Precedent not being fulfilled by the Cut-Off Date of 12 September 2016.

## 32. COMPARATIVE INFORMATION

The current period figure is for the period from 1 January 2015 to 30 June 2016. Consequently, the comparatives figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are not comparable.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 33. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the accumulated losses of the Group and of the Company at the end of the reporting period into realised and unrealised losses are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total accumulated losses of the Company and its subsidiaries:				
- realised	(466,024)	(451,911)	(37,365)	(37,156)
- unrealised	(294)	(294)	-	-
	<u>(466,318)</u>	<u>(452,205)</u>	<u>(37,365)</u>	<u>(37,156)</u>
Total share of accumulated losses of an associate:				
- realised	(54,584)	(54,749)	-	-
- unrealised	786	786	-	-
	<u>(520,116)</u>	<u>(506,168)</u>	<u>(37,365)</u>	<u>(37,156)</u>
Less: Consolidation adjustments	482,914	469,889	-	-
At 30 June 2016/31 December 2014	<u>(37,202)</u>	<u>(36,279)</u>	<u>(37,365)</u>	<u>(37,156)</u>

## PROPERTIES OWNED BY THE GROUP

*As At 30 June 2016*

Location & Description	Usage	Tenure	Approximate Area	Approximate Age of the Building	Net Book Value	Date of Acquisition/ Last Revaluation
			<i>Sq. Metres</i>	<i>No. Of Years</i>	<i>RM'000</i>	
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	21	22,425	1993

## ANALYSIS OF SHAREHOLDINGS

*As At 10 October 2016*

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

Substantial Shareholders  
*as per Register of Substantial Shareholders*

<i>Name</i>	<i>Direct Interest</i>		<i>Deemed Interest</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
1. Tan Sri Dato' Khoo Kay Peng	—	—	642,700,783	69.19
2. Malayan United Industries Berhad	—	—	642,700,783	69.19
3. Loyal Design Sdn Bhd	358,496,163	38.59	—	—
4. MUI Media Ltd	170,877,552	18.40	—	—
5. Megawise Sdn Bhd	82,749,507	8.91	—	—
6. Pan Malaysia Corporation Berhad	—	—	82,749,507	8.91
7. KKP Holdings Sdn Bhd	—	—	642,700,783	69.19
8. Soo Lay Holdings Sdn Bhd	—	—	642,700,783	69.19
9. Norcross Limited	—	—	642,700,783	69.19
10. Cherubim Investment (HK) Limited	—	—	642,700,783	69.19

### Distribution of Shareholders

<i>Holdings</i>	<i>No. of Holders</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Less than 100 shares	363	5.36	14,681	0.00
100 - 1,000 shares	1,832	27.05	1,585,371	0.17
1,001 - 10,000 shares	3,477	51.34	15,544,014	1.67
10,001 - 100,000 shares	884	13.05	28,286,682	3.05
100,001 to less than 5% of issued shares	213	3.15	271,313,441	29.21
5% and above of issued shares	3	0.04	612,123,222	65.90
Total	6,772	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. TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	15,701,600	1.69
6. CIMSEC Nominees (Tempatan) Sdn Bhd - Danaharta Urus Sdn Bhd	13,554,211	1.46
7. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ho Swee Ming	12,674,900	1.36
8. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Weng Fui	9,994,100	1.08
9. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	9,106,700	0.98
10. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ho Swee Ming	8,434,400	0.91
11. AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Sow Keng	8,388,500	0.90
12. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	7,880,000	0.85
13. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Cheong Swee Yong	6,213,700	0.67
14. AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Chong Chen	6,026,800	0.65
15. CIMSEC Nominees (Tempatan) Sdn Bhd - Danaharta Managers Sdn Bhd	5,673,118	0.61
16. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Yet Lien	4,782,600	0.51
17. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Chun Weng	4,755,300	0.51
18. Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	4,554,200	0.49
19. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Lim Leong Wouh	4,417,400	0.48
20. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Liew Kok Tze	3,796,000	0.41
21. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Chan Weng Fui	3,362,900	0.36
22. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Chan Yan Meng	3,331,200	0.36
23. Tai Chang Eng @ Teh Chang Ying	3,307,000	0.36
24. TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Chan Yan Meng	3,294,000	0.35
25. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Lim Wen Tzer	3,027,200	0.33
26. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Yu Chong Chen	2,824,900	0.30
27. TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Cheong Swee Yong	2,708,000	0.29
28. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Ding Chee Ling	2,648,400	0.29
29. TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Tan Ching Ching	2,646,100	0.28
30. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Ng Bing Tiam @ Goh Kee Sang	2,606,200	0.28
Total	798,296,139	85.94



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## 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: \_\_\_\_\_%)

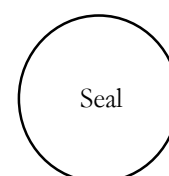
or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held at Rembau Room, Corus Paradise resort Port Dickson, 3.5km, Jalan Pantai, 71000 Port Dickson, Negeri Sembilan Darul Khusus on Thursday, 1 December 2016 at 4.30 p.m. and at any adjournment thereof, and to vote as indicated below:-

	Resolutions	For	Against
1.	To approve Directors' fees of RM108,000.		
2.	To re-appoint Dr Wong Hong Meng as Director of the Company.		
3.	To re-elect Mr Wong Nyen Faat as Director of the Company.		
4.	To re-appoint Messrs Crowe Horwath as auditors of the Company and to authorise the Directors to fix their remuneration.		
5.	Proposed authority 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 \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016



### Notes:-

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



Fold here first

Stamp

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

