登高集團

TANCO HOLDINGS BERHAD

(3326-K)

2015

ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Seri Tan Jing Nam
Advisor / Non-Independent Non-Executive Director

Andrew Tan Jun Suan
Group Managing Director

Dato' Tan Lee Sing
Executive Director

Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse
Independent Non-Executive Director

Dato' Dr. Mohd. Noordin bin Haji Keling
Independent Non-Executive Director

James Wong Kwong Yew
Independent Non-Executive Director

Koay Ghee Teong
Executive Director

AUDIT COMMITTEE
Dato' Dr. Mohd. Noordin bin Haji Keling (Chairman)
James Wong Kwong Yew
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse

NOMINATION COMMITTEE
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse (Chairman)
Dato' Dr. Mohd. Noordin bin Haji Keling
James Wong Kwong Yew

REMUNERATION COMMITTEE
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse (Chairman)
Dato' Dr. Mohd. Noordin bin Haji Keling
Datuk Seri Tan Jing Nam

COMPANY SECRETARIES
Chan Keng Yew
Choi Siew Fun

PRINCIPAL PLACE OF BUSINESS / REGISTERED OFFICE
No.1, Persiaran Ledang,
Off Jalan Tuanku Abdul Halim,
50480 Kuala Lumpur, Malaysia.
Tel: (603) 2093 6188 Fax: (603) 2095 8010
Website: www.tancoholdings.com
E-mail: thb@tancoresorts.com

SHARE REGISTRAR
Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower,
8 First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel: (603) 7720 1188 Fax: +(603) 7720 1111

AUDITORS
Baker Tilly Monteiro Heng
Chartered Accountants

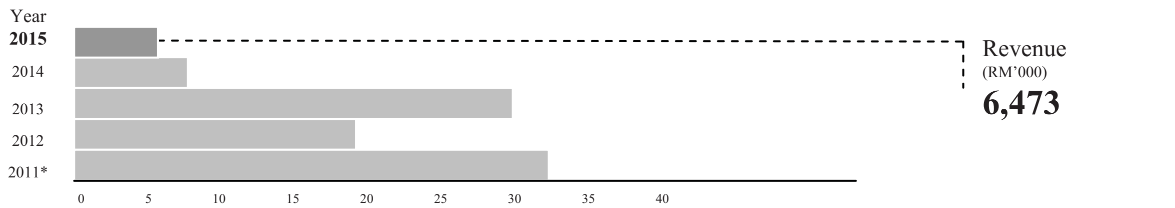
PRINCIPAL BANKERS
Bank Kerjasama Rakyat Malaysia Berhad
Bank of China (Malaysia) Berhad
United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
HSBC Bank Malaysia Berhad

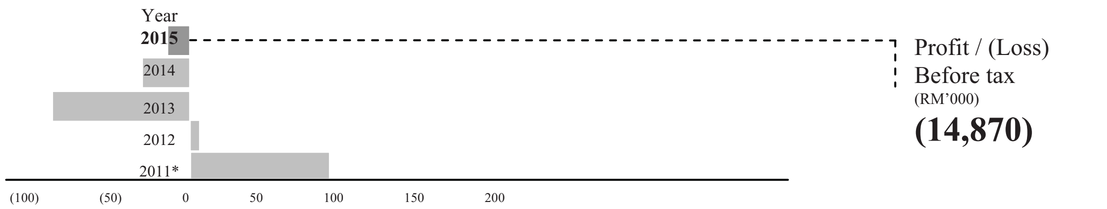
STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad, Malaysia

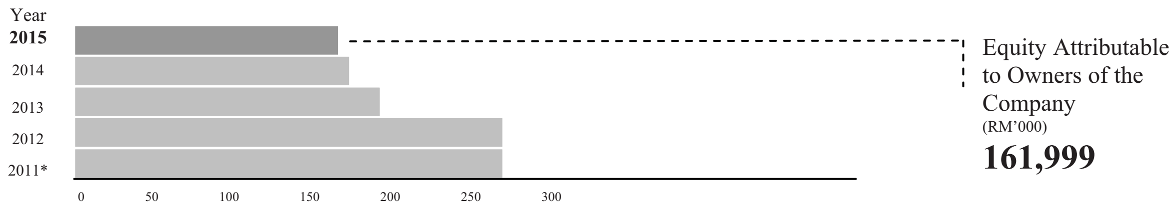
FINANCIAL SUMMARY

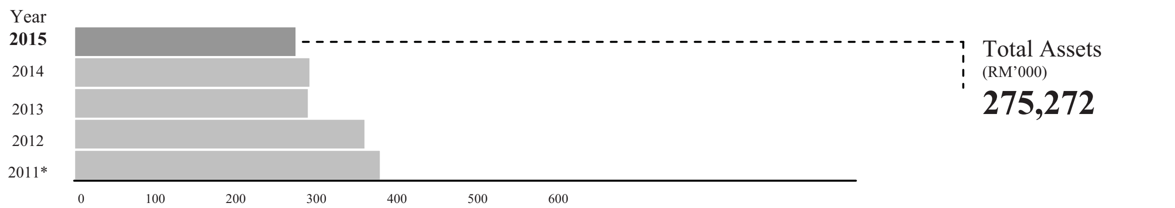
		2015	**2014**	**2013**	**2012**	**2011***
GROUP						
Total Assets	RM'000	275,272	289,857	283,022	363,282	377,011
Total Liabilities	RM'000	113,189	112,886	91,551	88,599	102,831
Equity attributable to owners of the Company	RM'000	161,999	176,875	191,375	274,563	274,095
Revenue	RM'000	6,473	8,815	30,003	19,646	33,734
(Loss) / Profit before tax	RM'000	(14,870)	(29,158)	(83,246)	599	98,158
(Loss) / Profit after tax attributable to owners of the Company	RM'000	(14,888)	(29,208)	(83,188)	468	99,216
(Loss) / Earnings per share	Sen	(4.45)	(8.72)	(24.84)	0.14	29.63
Return on Total Assets	%	(5.4%)	(10.1%)	(29.4%)	0.1%	26.3%
Return on Shareholders' Equity	%	(9.2%)	(16.5%)	(43.5%)	0.2%	36.2%
Gearing Ratio	%	41%	36%	32%	24%	23%

Note:
* The financial period are made up to eighteen (18) months from 1st January 2010 to 30th June 2011.









GROUP MANAGING DIRECTOR'S STATEMENT AND REVIEW

Dear Shareholders,

On behalf of the Board of Directors of Tanco Holdings Berhad ("Tanco Group"), I hereby present the Annual Report and the Financial Statements for the financial year ended 30th June 2015 ("FYE 30th June 2015").

The year in review

2015 is proving to be a challenging year for many businesses and industries in Malaysia as consumer markets adjust to the implementation of Goods and Services Tax, stringent property cooling measures and a weakening Ringgit. This has resulted in conservative spending habits on behalf of consumers, with many taking a cautious approach in regards to high cost items such as property. With these challenges in mind, the Tanco Group has focused on recouping and exploring alternative markets, such as overseas, where the weakened ringgit serves as an attraction to foreign investors.

Review of Financial Results

For the twelve (12) month financial year ending 30th June 2015, the Group recorded a loss before taxation ("LBT") of RM14.870 million as compared to a LBT of RM29.158 million registered in the previous financial year. The decrease in LBT is due to the increased sales of our Splash Park Serviced Suites. In the long term this will allow us to reach our goal of consolidation and profitability.

Projects underway

Sales of the Splash Park Serviced Suites have been brisk so far, at 65% sold, partly due to the low cost of entry coupled with the relaxation of the minimum pricing threshold granted for foreign purchases of our units. The need for tourist accommodation in Port Dickson has been beneficial towards our specific investment product, which has seen a growth in confidence from investors. As of this time, construction of the project has been started, and we will step up our efforts to continue sales in the face of current market sentiment.

Planning for the future

With the current challenges facing the market, property developers must look elsewhere and explore untapped markets to find success. With this in mind, we are exploring foreign markets to source for property buyers and looking to form strategic partnerships that will give us a stronger presence in those areas.

A weakening ringgit, while curbing spending within the country has the effect of increasing the value of investment within Malaysia from countries with better exchange rates. In addition to investments, the tourism industry also stands to benefit from increased travels due to lower holidaying costs for international tourists.

In the meantime, Malaysia's economy continues to show signs of growth, with a report by Bank Negara Malaysia citing "the Malaysian economy grew by 4.9% in the 2nd Quarter of 2015". Bank Negara Malaysia also believes that continued growth will be driven by increased domestic demand, and expects the Malaysian economy to remain on a steady growth path*.

In the long term, we foresee an improvement in the ringgit and with it a return of consumer confidence. Thus we are cautiously optimistic that the prospects of the Group will be satisfactory for the financial year ending 30th June 2016.

**Quarterly Bulletin Second Quarter 2015, Bank Negara Malaysia*

GROUP MANAGING DIRECTOR'S STATEMENT AND REVIEW
(Continued)

Acknowledgement and Appreciation

Last but not least, I would like to express my deepest gratitude and appreciation to the Board of Directors for their support and guidance, and the management and staff of Tanco Group for their dedication and commitment towards contributing to the Group in yet another challenging year.

To our valued shareholders, I wish to extend my gratitude in your continuous patience, support and faith in the management in steering the Group towards a brighter future. My sincere thanks and appreciation also goes out to our valued customers, bankers, business partners and associates for their unwavering support. To the Government Agencies and regulatory authorities who have given us valuable guidance, advice and assistance, I sincerely thank you all for your support.

ANDREW TAN JUN SUAN
Group Managing Director

DIRECTORS' PROFILE

DATUK SERI TAN JING NAM
Advisor/ Non-Independent Non-Executive Director

Datuk Seri Tan Jing Nam, a Malaysian aged 60, was appointed to the Board on 28th July 1995 and subsequently appointed as Group Managing Director on 23rd October 1995. On 18th March 2015, he was re-designated from Group Managing Director to a Non-Independent Non-Executive Director. On 26th August 2015, he was appointed as Advisor of Tanco Holdings Berhad ("THB"). He is a member of the Remuneration Committee of THB.

He has extensive experience in the property and construction sectors and is the driving force behind the successful development of Bandar Country Homes, a self-contained township in Rawang. Under his leadership, the Tanco Group had expanded its property development and construction businesses to include vacation clubs and resorts related activities.

He is the brother of Dato' Tan Lee Sing and the father of Andrew Tan Jun Suan. Save as aforesaid, he does not have any family relationship with any other directors and/or major shareholders of THB. He is deemed in conflict of interest with THB by virtue of his interest in certain privately-owned companies which are also involved in property development. However, these privately-owned companies are not in direct competition with the business of THB. He has not been convicted for offences within the past ten years.

He attended all the five (5) Board Meetings held during the financial year ended 30th June 2015.

ANDREW TAN JUN SUAN
Group Managing Director

Mr. Andrew Tan Jun Suan, a Malaysian aged 35, was appointed to the Board as Executive Director on 22nd November 2007. On 18th March 2015, he was appointed as the Group Managing Director of THB.

He graduated from the University of Melbourne, Australia, with a degree in Commerce in 2002. He joined THB in year 2005 as Business Development Director.

He is the son of Datuk Seri Tan Jing Nam and the nephew of Dato' Tan Lee Sing. Save as aforesaid, he does not have any family relationship with any other directors and/or major shareholders of THB. He is deemed in conflict of interest with THB by virtue of his interest in certain privately-owned companies which are also involved in property development. However, these privately-owned companies are not in direct competition with the business of THB. He has not been convicted for offences within the past ten years.

He attended all the five (5) Board Meetings held during the financial year ended 30th June 2015.

DIRECTORS' PROFILE (Continued)

DATO' TAN LEE SING
Executive Director

Dato' Tan Lee Sing, a Malaysian aged 56, was appointed to the Board as Executive Director on 28th July 1995.

She graduated from the University of Melbourne, Australia with a degree in Commerce in 1980. She has extensive experience in the property and construction sectors.

She is the sister of Datuk Seri Tan Jing Nam and the aunt of Andrew Tan Jun Suan. Save as aforesaid, she does not have any family relationship with any other directors and/or major shareholders of THB. She is deemed in conflict of interest with THB by virtue of her interest in certain privately-owned companies which are also involved in property development. However, these privately-owned companies are not in direct competition with the business of THB. She has not been convicted for offences within the past ten years.

She attended all the five (5) Board Meetings held during the financial year ended 30th June 2015.

DATO' DR. MOHD. AMINUDDIN BIN MOHD. ROUSE
Independent Non-Executive Director

Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse, a Malaysian aged 70, was appointed to the Board as an Independent Non-Executive Director on 20th October 1997. He is the Chairman of the Remuneration Committee, Chairman of the Nomination Committee and a member of the Audit Committee of THB.

He graduated with a B. Sc (Hons) in Biochemistry from University Malaya and holds a Ph.D in Agriculture Chemistry from University of Adelaide. Prior to venturing into the commercial sector, he was an academician for 14 years having started as a lecturer in University Putra Malaysia and served as a Professor in University Sains Malaysia. While in academia, he held numerous positions including Head of Biochemistry and Microbiology, Deputy Dean, Dean and Professor of Biochemistry.

He ventured into the corporate world in 1983. He also sits on the Board of several public listed company including Star Media Group Berhad (formerly known as Star Publications (Malaysia) Berhad), Ajiya Bhd, Karambunai Corp Bhd and ManagePay Systems Bhd.

He does not have any family relationship with any other directors and/or major shareholders of THB. He does not have any conflict of interest with THB. He has not been convicted for offences within the past ten years.

He attended all the five (5) Board Meetings held during the financial year ended 30th June 2015.

DIRECTORS' PROFILE (Continued)

DATO' DR. MOHD. NOORDIN BIN HAJI KELING
Independent Non-Executive Director

Dato' Dr. Mohd. Noordin bin Haji Keling, a Malaysian aged 89, was appointed to the Board as an Independent Non-Executive Director on 1st July 1994. He is the Chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee of THB.

A veterinary surgeon by profession, he graduated from the Bengal Veterinary College, Calcutta in 1950 and in 1956 from the Royal Veterinary College, University of London as a Member of the Royal College of Veterinary Surgeons, England. While in Government service, he obtained post-graduate qualifications in tropical veterinary medicine at the University of Edinburgh in 1960 and in veterinary public health at the University of Toronto in 1966. He later obtained the Bachelor of Laws degree, LLB (Hons) from the University of London and the Certificate in Legal Practice (C.L.P) awarded by the Legal Profession Qualifying Board, Malaysia. He was admitted as an Advocate and Solicitor of the High Court, Malaya in December 1996. He had a distinguished career in the Veterinary Department, Malaysia, retiring in 1982 as the Director-General of the National Livestock Development Authority. On retirement he served for two years as Executive Vice-Chairman of MAX Agriculture Sdn Bhd, a company with principal activities in the manufacture and trading of fertilizers. Currently he also sits on the Board of several private limited companies.

He does not have any family relationship with any other directors and/or major shareholders of THB. He does not have any conflict of interest with THB. He has not been convicted for offences within the past ten years.

He attended four (4) out of five (5) Board Meetings held during the financial year ended 30th June 2015.

JAMES WONG KWONG YEW
Independent Non-Executive Director

Mr. James Wong Kwong Yew, a Malaysian aged 69, was appointed to the Board on 28th July 1995 and subsequently appointed as Group Executive Director on 23rd October 1995. He was re-designated as a Non-Independent Non-Executive Director on 30th April 2007. On 4th May 2009, he was re-designated as Independent Non-Executive Director. He is a member of the Audit Committee and Nomination Committee of THB.

He is a Chartered Accountant (England and Wales since 1971) and has extensive experiences in professional firms and the commercial sector. He is well versed in the field of accounting, corporate finance, banking and property development. Prior to joining THB, he was the Executive Vice President/Director of a listed financial services group.

He does not have any family relationship with any other directors and/or major shareholders of THB. He does not have any conflict of interest with THB. He has not been convicted for offences within the past ten years.

He attended all the five (5) Board Meetings held during the financial year ended 30th June 2015.

DIRECTORS' PROFILE (Continued)

KOAY GHEE TEONG
Executive Director

Mr. Koay Ghee Teong, a Malaysian aged 46 was appointed to the Board as Executive Director on 6th September 2012.

He graduated with an Honours Degree in Law from the University of Leicester, United Kingdom in 1991 and after a brief stint in the banking industry, he was called to the Malaysian Bar in 1994 and went into active legal practice as an advocate and solicitor before joining the Tanco group of companies ("Tanco Group" or "Group"). Within the Tanco Group, he holds positions as Head of Group Legal Affairs and as Chief Executive Officer of Tanco Resorts Berhad ("TRB"). He is also TRB's representative in the Malaysian Holiday Timeshare Developers Federation ("MHTDF") and an elected member of the Executive Committee of the MHTDF. He has also been involved in the Group's restructuring and corporate planning exercises.

He does not have any family relationship with any other directors and/or major shareholders of THB. He does not have any conflict of interest with THB. He has not been convicted for offences within the past ten years.

He attended all the five (5) Board Meetings held during the financial year ended 30th June 2015.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensure that good corporate governance practices are applied throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and to improve its financial performance. This disclosure statement sets out the manner in which the Board has applied the Principles of Corporate Governance pursuant to the Malaysian Code on Corporate Governance 2012 ("the Code") throughout the financial year ended 30th June 2015.

BOARD OF DIRECTORS

Principal Responsibilities of the Board

The Group is led and controlled by an effective Board. The Board's principal activities amongst others include setting out strategic plans and policies and overseeing the investments and business of the Company. In fulfilling its fiduciary duties, the Board ensures that there are appropriate systems and procedures in place to identify the Company's significant risks and implementation of appropriate internal controls and mitigation measures to manage these risks. Key matters such as approval of annual and interim results, major acquisitions and disposals, major agreements as well as review of the adequacy and integrity of the internal controls system and risk management strategies of the Company are reserved for the Board. The Group has in place financial authorization limit for matters such as operating and capital expenditure.

The Board also recognizes the value and contributions of employees of the Group. In this respect, continuous effort is made to enhance the development of employees, which includes steps to ensure capable leaders are nurtured for the orderly succession of senior management.

The Board is guided by a charter which provides reference for directors in relation to the Boards' roles, powers, duties and functions. The Board Charter also outlines the processes and procedures to ensure the Board's and Board Committees' effectiveness and efficiency. The Board Charter comprises, amongst others, the well-defined terms of reference as well as authority limits for the Board and its Committees and the various relevant internal policies. The Board Charter will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's responsibilities. The Board Charter can be viewed on the Company's website at www.tancoholdings.com.

Board Composition and Balance

The Directors are of the opinion that the current Board size and composition is appropriate for the scope and nature of the Group's business and operations and for facilitating effective discussions and decision making. No individual or group dominates the Board's decision making. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors. This is reflected in the diversity backgrounds and competencies of the Directors. Such competencies include business, finance, accounting, legal, construction, property development and other relevant industry knowledge and management experience and familiarity with the regulatory requirements and risk management. A brief profile of each Director is presented in the Directors' Profile section of this Annual Report.

The Board currently has seven (7) members, comprising three (3) Executive Directors and four (4) Non-Executive Directors. Three (3) out of four (4) of the Non-Executive Directors are Independent Non-Executive Directors within the meaning of Chapter 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board therefore fulfilled the Listing Requirements under Paragraph 15.02, which states that at least two (2) or one third (⅓) of the Board members, whichever is higher, must be Independent Directors.

CORPORATE GOVERNANCE STATEMENT (Continued)

The presence of Independent Non-Executive Directors in the Board provides objectivity and they are of the caliber necessary to carry sufficient weight in Board decisions. Although all the Directors have an equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take account of the long term interests, not only of the shareholders, but also of employees, customers, suppliers, and the many communities in which the Group conducts business.

Dato' Dr. Mohd. Noordin bin Haji Keling is the Senior Independent Non-Executive Director, to whom all concerns may be conveyed.

The role and responsibilities of the Chairman and the Group Managing Director are distinct and separate; the Chairman being Non-Executive is not involved in the management and day-to-day operations of the Group. However, the Chairman position has been vacated since the resignation of the previous Chairman and the Board is seeking to appoint a new Chairman.

Board Meetings

The Board has at least four (4) scheduled quarterly meetings with additional meetings being convened as and when necessary. During the financial year ended 30th June 2015, five (5) Board Meetings were held and details of attendance of the Directors are as follows:

Name of Director	**Date of Appointment**	**Attendance**
Datuk Seri Tan Jing Nam *(Redesignated from Group Managing Director to a Non-Independent Non-Executive Director on 18.03.2015 and appointed as Advisor on 26.08.2015)*	28.07.1995	5/5
Andrew Tan Jun Suan *(Appointed as Group Managing Director with effect from 18.03.2015)*	22.11.2007	5/5
Dato' Tan Lee Sing	28.07.1995	5/5
James Wong Kwong Yew	28.07.1995	5/5
Dato' Dr. Mohd. Noordin bin Haji Keling	01.07.1994	4/5
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	20.10.1997	5/5
Koay Ghee Teong	06.09.2012	5/5
Chan Chee Meng *(Resigned on 24.06.2015)*	03.09.2012	5/5

Supply of and Access to Information

All Directors are provided with an agenda and a set of Board papers, prior to every Board Meeting. The Board papers circulated include quarterly and annual financial statements, minutes of meetings, major operational and financial matters, and performance report of the Group. All matters requiring Board approvals are also circulated prior to the Board Meetings and during Board Meetings these matters are duly discussed and deliberated with senior management before decisions are made.

All Directors have direct access to all the information within the Group and to the advice and services of the qualified and competent Company Secretaries and where necessary, in the furtherance of their duties, seek independent professional advice at the Company's expense.

CORPORATE GOVERNANCE STATEMENT (Continued)

Code of Conduct

The Board is alert to the possibility of potential conflicts of interest involving the Directors and the Company and affirms its commitment to ensuring that such situations of conflict are avoided. Directors are required to disclose any actual or potential conflict, or any material personal interests, on appointment as a director and are required to keep these disclosures up to date.

In the event that there is, or may be, a conflict between the personal or other interests of a Director, then the Director with an actual or potential conflict of interest in relation to a matter before the Board shall abstain and take no part in the discussion or decision making process.

The Company's Codes of Conduct are set out in the Company's Employee Handbook.

BOARD COMMITTEE

To assist the Board in the discharge of its oversight function, the Board has delegated specific responsibilities to three (3) Board Committees, namely the Audit Committee, Nomination Committee, and Remuneration Committee, the details of which are set out below. These Committees have the authority to examine particular issues within their terms of reference and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

AUDIT COMMITTEE

The Audit Committee comprises of three (3) Non-Executive Directors, all of whom, including the Chairman are Independent Non-Executive Directors. The composition of the Audit Committee together with the terms of reference and activities of the Audit Committee during the financial year ended 30th June 2015 is presented in the Audit Committee Report section of this Annual Report.

NOMINATION COMMITTEE

The Nomination Committee consists of wholly Independent Non-Executive Directors and its composition is as follows:

		Designation
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	-	Chairman of the Nomination Committee, Independent Non-Executive Director
Dato' Dr. Mohd. Noordin bin Haji Keling	-	Independent Non-Executive Director
James Wong Kwong Yew	-	Independent Non-Executive Director

The responsibilities of the Nomination Committee are set out in the Terms of Reference. The Nomination Committee's main responsibility, amongst others, is to recommends new appointments to the Board for their approval. The other responsibilities of the Nomination Committee include making recommendations to the Board on the appointment of members of Board Committees, the review on an annual basis of the Board structure, size and composition, and assessment of the effectiveness of the Board, its Committees and the contribution of each Board.

The Nomination Committee held two (2) meetings during the financial year ended 30th June 2015.

CORPORATE GOVERNANCE STATEMENT (Continued)

Procedure

1. Appointment to the Board

Selection of candidates to be considered for the appointment as Directors is facilitated through recommendations from the Directors. In reviewing and recommending to the Board any new Director appointments, the Nomination Committee considers factors such as integrity, the ability to contribute to discussions, deliberations and activities of the Board and Committees and also look into the desired competencies to supplement the Board's existing attributes.

2. Gender Diversity Policy

The Board has one female Director for the time being. The Board has not set specific gender diversity targets. Nevertheless, the Group will continue with its equal employment opportunity policy that goes beyond gender in terms of promoting diversity in our business.

3. Annual Assessment

The Company conducts an annual review of the size and its required mix of skills and experiences and other qualities including core competencies which Non-Executive Directors should bring to the Board to ensure the continued effectiveness of the Board.

The Board has implemented a process to be carried out by the Nomination Committee annually, for assessing the effectiveness of the Board as a whole, the Board Committees, and for assessing the contribution of each individual Director. The Directors will complete a questionnaire regarding the effectiveness of the Board on self-assessment basis. The assessment will be summarized and discussed at the Nomination Committee meeting and also shared with the entire Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of its functions are properly documented.

4. Assessment of Independent Directors

The Board through the Nomination Committee determines the independence of each Director annually based on the definitions and guidelines of Bursa Malaysia Securities Berhad Main Market Listing Requirements and also considers whether the independent director can continue to bring independent and objective judgment to board deliberations.

Per the Code's recommendation, the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. The Board must justify and seek shareholders' approval and subject to the assessment of the Nomination Committee in the event it retains as an independent director, a person who has served in that capacity for more than nine (9) years. Under the evaluation process, each Independent Director will perform a self-assessment on his independence by completing a checklist with questions drawn from the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Nomination Committee evaluates the checklist and submits its findings to the Board for deliberation.

CORPORATE GOVERNANCE STATEMENT (Continued)

5. Re-election and Re-appointment of Directors

The Nomination Committee also reviews the Directors' re-election and re-appointment to the Board on an annual basis. In accordance with the Company's Articles of Association, at least one third (⅓) of the Directors are required to retire by rotation at each Annual General Meeting and shall be eligible for re-election at the Annual General Meeting. Directors who are appointed by the Board to fill a casual vacancy or as an addition to the existing Board are subject to election by shareholders at the next Annual General Meeting following their appointment. The Directors also shall retire from office at least once in three years, but shall be eligible for re-election.

Directors over seventy (70) years of age are required to offer themselves for re-appointment to hold office until the conclusion of the next Annual General Meeting in accordance with Section 129 (6) of the Companies Act, 1965.

Summary of Activities

Below is a summary of activities carried out by the Nomination Committee during the year:

i) reviewing the size and composition of the Board to ensure both aspects continue to meet the requirements of the Group;
ii) recommending to the Board the appointment of Advisor and Group Managing Director;
iii) recommending to the Board for the re-election of Directors at Annual General Meetings (AGMs) in accordance with the Company’s Articles of Association;
iv) recommending to the Board the Director over seventy (70) years of age for re-appointment in accordance with Section 129 (6) of the Companies Act, 1965 at Annual General Meeting;
v) determining annually the independence of Directors and recommending the Directors who have served the Board for more than nine (9) years to continue to act as Independent Non-Executive Directors; and
vi) To assess on annual basis the effectiveness of the Board as a whole, the committee of the Board, and for assessing the contribution of each individual directors, including Independent Non-Executive Directors as well as the Executive Directors.

REMUNERATION COMMITTEE

The Remuneration Committee consists of three (3) members, comprising a Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors and its composition is as follows:

		Designation
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	-	Chairman of the Remuneration Committee, Independent Non-Executive Director
Dato' Dr. Mohd. Noordin bin Haji Keling	-	Independent Non-Executive Director
Datuk Seri Tan Jing Nam	-	Non-Independent Non-Executive Director

CORPORATE GOVERNANCE STATEMENT (Continued)

Remuneration Policy

The responsibilities of the Remuneration Committee are set out in the Terms of Reference. The Remuneration Committee's primary responsibility is to review and recommend to the Board annually, the remuneration for Directors, in all its forms. In framing the Group's remuneration policy, the Remuneration Committee, if deem necessary will seek to obtain advice and information from external source. Nevertheless, the determination of remuneration packages of Directors (including fees) is a matter for the Board as a whole and each individual will abstain from discussion when the matter concerns their own remuneration.

The Remuneration Committee held two (2) meeting during the financial year ended 30th June 2015.

Disclosure of Directors' Remuneration

A summary of the remuneration of the Directors as at 30th June 2015 paid or payable for the financial year ended 30th June 2015, distinguishing between Executive and Non-Executive Directors in aggregate, with categorization into appropriate components and the number of Directors whose remuneration falls within the following bands are as follows:

	Executive Directors	Non-Executive Directors	Total
Directors' Fees (RM)	-	78,903.00	78,903.00
Salaries (RM)	1,927,019.00	-	1,927,019.00
Meeting Allowances (RM)	-	19,000.00	19,000.00
Benefits-in-kind (RM)	97,020.00	9,075.00	106,095.00
Directors' Remuneration			
Below RM50,000	-	3	3
RM150,001-RM200,000	1	-	1
RM300,001-RM350,000	2	-	2
RM400,001-RM450,000	1	-	1
RM700,001-RM750,000	1	-	1

(includes a director who has resigned on 24.06.2015)

The above disclosures format meets the requirements of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

CORPORATE GOVERNANCE STATEMENT (Continued)

DIRECTORS' TRAINING

All the Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Directors are regularly updated on new regulatory and statutory requirements and governance matters by the Company Secretary.

The Directors are encouraged to continually attend relevant training programmes and seminars to further enhance their skills and knowledge and to keep abreast with the relevant changes in law, listing requirements, regulations and changing business developments relevant to the Company's interests.

All the Directors have attended trainings during the financial year ended 30th June 2015 as part of their continuous training in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements. The training programmes and seminars which were attended by the Directors are as follows:

Name of Director	Training Programmes/Seminars
Datuk Seri Tan Jing Nam	Understanding Goods and Services Tax ("GST") in Malaysia
Mr. Andrew Tan Jun Suan	Understanding Goods and Services Tax ("GST") in Malaysia
Dato' Tan Lee Sing	Impact on Common Property Management under the New Strata Management Act 2013 on Developers and Practice of Property Management
	Goods & Services Tax for Construction Industry
	Boardroom-Malaysian Investor Relations Association ("MIRA") Joint Seminar: Be prepared. Success is only for those who are ready
	Understanding Goods and Services Tax ("GST") in Malaysia
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	Goods and Services Tax ("GST") Seminar Workshop
Mr. James Wong Kwong Yew	Understanding Goods and Services Tax ("GST") in Malaysia
Dato' Dr. Mohd. Noordin bin Haji Keling	Risk Management and Internal Control Workshop: Is our line of defence adequate and effective?
Mr. Koay Ghee Teong	Impact on Common Property Management under the New Strata Management Act 2013 on Developers and Practice of Property Management
	Seminar on Property Development Procedures, Restraints on Dealings, Power of Attorney, Joint Ventures & Legal Documentation on Sales and Purchase Agreements
	Goods & Services Tax ("GST") for Property Development & Construction
	Goods & Services Tax for Construction Industry
	Understanding Goods and Services Tax ("GST") in Malaysia

CORPORATE GOVERNANCE STATEMENT (Continued)

SHAREHOLDERS

Investor's Relations and Shareholders' Communication

The Board acknowledges the need for shareholders and investors to be informed of all material business matters affecting the Company. They are kept well informed of developments and performances of the Company through timely announcements and disclosures made to the Bursa Malaysia Securities Berhad, including the release of financial results on a quarterly basis. The Company's annual report which contains all the necessary disclosures is released within five months after the financial year end. The announcements and disclosures made to Bursa Malaysia Securities Berhad, including the annual report, are also accessible from the Company's website.

Shareholders and members of the public may access the Company's website at www.tancoholdings.com and Bursa Malaysia Securities Berhad's website to obtain the latest information on the Group.

Annual General Meeting

The Company's Annual General Meeting ("AGM") is the principal forum for dialogue and communication with shareholders. All shareholders of the Company receive the annual report of the Company and the notice of the AGM, which notice is also advertised in the press. The Company's annual report and notice of AGM are also released to Bursa Malaysia Securities Berhad via electronic submission on a timely basis to ensure effective dissemination to shareholders. Members of the Board as well as the external auditors are present to answer questions raised at the general meetings of shareholders. Adequate time is given during Annual and Extraordinary General Meetings to allow the shareholders to seek clarifications or ask questions on pertinent and relevant matters.

Encourage Poll Voting

Pursuant to the Articles of Association of the Company, all resolutions put to the vote at a general meeting of the Company shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded as follows:

(1) by the Chairman; or

(2) by at least three (3) members present in person or by proxy or by attorney or in the case of a corporation by a representative and entitled to vote thereat; or

(3) by any member or members present in person or by proxy or by attorney or in the case of a corporation by a representative and representing not less than one-tenth (1/10th) of the total voting rights of all the members having the right to vote at the meeting; or

(4) by a member or members present in person or by proxy or by attorney or in the case of a corporation by a representative and holding shares in the Company conferring a right to vote at the meeting and being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10th) of the total sum paid up on all the shares conferring that right.

Pursuant to Paragraph 10.08(7A), Chapter 10 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Chairman of the meeting will be exercising his rights under Article 65 of the Company's Articles for any resolution approving related party transaction at the general meetings and at any adjournment thereof to be put to the vote by way of poll.

CORPORATE GOVERNANCE STATEMENT (Continued)

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators.

Directors' Responsibility Statement for preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements that give a true and fair view of the state of affairs, the results and cash flows of the Group and of the Company.

In preparing the financial statements, the directors have ensured that appropriate accounting policies have been used and applied consistently and supported by reasonable and prudent judgments and estimates. The Directors have also ensured that all applicable approved accounting standards in Malaysia have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors are also responsible for safeguarding the assets of the Group and have taken reasonable steps in the prevention and detection of fraud and other irregularities.

Relationship with the Auditors

The Company has established transparent and appropriate relationships with the Company's auditors through the Audit Committee. The auditors have continued to report to shareholders of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. From time to time, the auditors would highlight to the Audit Committee matters that require their attention.

INTERNAL CONTROLS

Risk Management

The Board recognises that an effective risk management framework will allow the Group to identify, evaluate and manage risks that affect the achievement of the Group’s business objectives within defined risk parameters in a timely and effective manner.

Details of the risk management framework are set out in the Statement on Risk Management and Internal Control section of this Annual Report.

Internal Audit Function

The Board acknowledges its responsibility for establishing an efficient and effective system of internal control covering not only financial controls but also controls relating to operational, compliance and risk management to safeguard shareholders' investment and the Group's assets. Such system can, however, only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Details of the internal audit function, together with the state of the Group’ internal controls are set out in the Audit Committee Report section and the Statement on Risk Management and Internal Control section of this Annual Report.

This Statement is made in accordance with the Board of Directors' resolution dated 23rd October 2015.

CORPORATE SOCIAL RESPONSIBILITY

The company acknowledges the importance of Corporate Social Responsibility ("CSR") and is committed to ensuring its actions benefit not only its shareholders, but also its environment, workplace, community and the marketplace.

Environment

In order to conserve energy and to minimize wastage, the Group has initiated various utilities saving measures (such as turning off lightings, computers, photocopying machines and air conditioning units when away for lunch breaks, switching to energy saving lighting, undertaking regular checks on its properties' water piping and flushing systems), as well as having a adopted a more proactive recycling program. With the aim towards fostering a "greener" mindset amongst our staff, they are also encouraged to share ideas and suggestions on ways to save energy and cut down wastage. This is all to promote a healthier, cleaner and more energy efficient working environment.

The Group also insists that its contractors implement and be responsible for effective cleaning and safety measures to safeguard the environment. Another priority is the cleanliness and safety at work sites, with random inspections conducted to ensure that such measures are being undertaken and observed.

Workplace

The Group believes that employees are a crucial asset and a major contributor to the Group's success. The Group recognises good work, dedication, commitment and loyalty. The Group provides equal employment opportunity for all without regard to gender, age and ethnicity. As part of our effort to provide growth and progression opportunities for our employees, the Group sponsors employees to attend external seminars as well as management and financial skill upgrading programmes to strengthen their competencies, skills and knowledge with the aim to embed the high standard required to enhance work quality and achieve optimal job performance. Monthly contributions are made to the Human Resource Development Fund to support the Government's effort to encourage corporate bodies to invest in training and skills upgrading for it's employees.

To encourage better unity and teamwork, festive celebrations, periodic gatherings, team building activities and trips were organised to encourage Directors, management and staff of all levels to mingle and interact with one another to foster greater goodwill, enhance team spirit, build better communication and a closer working relationship at all levels.

The Group has long maintained safe and conducive working conditions for its employees. To this aim, we have conducted events such as the one held on the 15th of April 2015, whereby the Group organised a fire safety briefing session to properly educate and inform staff on matters related to fire safety.

CORPORATE SOCIAL RESPONSIBILITY (Continued)

Community

The Group continues to contribute to the local community and charitable organisations.

The Group had organised a *'Majlis Berbuka Puasa dan Penyampaian Sumbangan kepada Rumah Anak Yatim Al-Khair dan Persatuan Nelayan Kawasan Port Dickson'* on the 29th of June 2015 at the Dickson Bay Sales Office, Port Dickson where children from the Al-Khair Orphanage Home, Seremban along with their caretakers, and members from the Fishermen's Association of Port Dickson together with representatives from the local authority were treated to a breaking fast dinner together with our directors, management and staff members. The children were also given "Duit Raya" and shopping vouchers while the fishermen were presented with festive hampers. The Group further donated various types of furniture that were needed to the Al-Khair Orphanage Home.

The Group also makes monthly contributions to Yayasan UNITI, which is managed by Kolej Uniti, Port Dickson during the financial year.

Towards our goal of fostering better relationships with the local communities neighboring the Group's primary project area in Port Dickson, more CSR events will be undertaken with various local welfare groups together with the local authorities, especially during the many festive seasons enjoyed annually.

Marketplace

The Group embraces high standards of transparency and accountability in our dealings with all our stakeholders - namely the community in which we operate, our shareholders, customers and investors.

The Group engages in ethical procurement practices by adopting standard procedures in vendor selection and procurement processes which ensure that the supplies meet the Group's requirements and expectations.

ADDITIONAL COMPLIANCE INFORMATION

To comply with Bursa Malaysia Securities Berhad Main Market Listing Requirements, the following additional information has been provided:

i) **Material Contracts**

There is no material contracts entered into by the Company and its subsidiary companies, involving Directors and major shareholders up to the date of this report.

ii) **Utilisation of Proceeds**

The Company had raised RM19,232,673.40 through the issuance of the three (3)-year, 3%, irredeemable convertible unsecured loan stock ("ICULS") at 100% of its nominal value of RM0.10 each ("Rights ICULS") on the basis of RM0.10 nominal value of Rights ICULS for every one (1) Ordinary Share of RM0.20 held in the company on 13th January 2014. On 14th February 2014, the issuance and listing of the ICULS was completed following the admission of RM19,232,673.40 nominal value of the ICULS to the Official List and the listing of and quotation for the same on the Main Market of Bursa Malaysia Securities Berhad.

As at the date of this report, the total proceeds of RM19,232,673.40 arising from the rights issue of ICULS were utilised as follows:

Purposes	**Proposed Utilisation RM'000**	**Actual Utilisation RM'000**	**Intended Timeframe for Utilisation**
Part repayment of the amount owing to director	7,500	7,500	Within six (6) months
Repayment of bank borrowings	2,490	2,490	Within twelve (12) months
Working capital	8,443	8,018	Within twenty four (24) months
Estimated expenses relation to the said corporate exercise	800	800	Within six (6) months
Total	**19,233**	**18,808**	

iii) **Share Buybacks**

During the financial year, there was no share buyback by the Company.

ADDITIONAL COMPLIANCE INFORMATION (Continued)

iv) **Options, warrants or convertible securities**

(a) **Irredeemable Convertible Unsecured Loan Stock (“ICULS“)**

On 12th February 2014, the Company has issued 192,326,734 units of ICULS. As at this report, none of these ICULS have been exercised.

(b) **Share Issuance Scheme**

The Share Issuance Scheme (“SIS”) for the eligible employees and the Directors of the Company and its subsidiaries was approved by the Shareholders of the Company at an Extraordinary General Meeting held on 8th November 2013. The SIS was implemented on 12th March 2014 and shall be in force for a period of three (3) years.

As at 30th June 2015, the Company has granted 30,170,000 options under the SIS to the eligible employees and Directors of the Group. The aggregate maximum allocation of SIS to eligible Directors and Senior Management of the Group shall not exceed 70%. As at 30th June 2015, the actual percentage of SIS granted to the Directors and Senior Management of the Group is 69%. As at this report, none of these options have been exercised.

(c) The Company has not issued any warrant during the financial year.

v) **American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”) programme**

During the financial year, the Company did not sponsor any ADR or GDR programme.

vi) **Imposition of sanctions/penalties**

There were no material sanctions or penalties imposed to the Company and its subsidiaries, Directors and Management by the relevant regulatory bodies during the financial year.

vii) **Non-audit fees**

During the financial year, there was no non-audit fee paid or payable to the external auditors by the Company and its subsidiaries.

viii) **Profit estimate, forecast, projection or unaudited results previously made or released**

There was no material variance between the results for the financial year and the unaudited results previously announced by the Company. The Company did not issue any profit estimate, forecast or projection during the financial year.

ix) **Profit guarantee**

During the financial year, the Company had not provided any profit guarantees nor is there any profit guarantee given to the Company.

x) **Recurrent related party transactions statement**

There was no recurrent related party transaction of a revenue nature, which requires shareholders' mandate during the financial year.

AUDIT COMMITTEE REPORT

Members		Designation
Dato' Dr. Mohd. Noordin bin Haji Keling	-	Chairman of the Audit Committee Independent Non-Executive Director
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	-	Independent Non-Executive Director
James Wong Kwong Yew	-	Independent Non-Executive Director

Composition of Audit Committee

1. The Audit Committee shall be appointed by the Board of Directors from among its members and all the members must be Non-Executive Directors, with a majority of them, being Independent Directors.
2. The Audit Committee shall include at least one (1) Director who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least three (3) years working experience and have passed the examination specified in Part 1 of the 1st Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the 1st Schedule of the Accountants Act 1967 or a person who fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.
3. No alternate Director shall be appointed as a member of the Audit Committee.
4. The members of the Audit Committee shall elect a chairman from among their number and that person so elected need to be an Independent Non-Executive Director.
5. If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Terms of Memberships

The Board should review the term of office of Audit Committee members once every three (3) years.

Authority

The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference, and shall be given the resources and full access to information, which it needs to do.

The Audit Committee is also authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function and activity and be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

AUDIT COMMITTEE REPORT (Continued)

Duties

The duties of the Audit Committee should include the following:

(i) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
(ii) To review with the external auditors before the audit commences, the nature and scope of the audit and their audit plan;
(iii) To review the assistance given by the Company's officers to the internal and external auditors;
(iv) To review the quarterly and year-end financial statements of the Company, prior to the approval of the Board of Directors, focusing particularly on:
- any changes in accounting policies and practices;
- significant and unusual events;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(v) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
(vi) To review the external auditors' management letter (if any) and management's response;
(vii) To do the following in relation to the internal audit function:
- review the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit findings;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment and the audit fees thereof and termination of internal auditor; and
- take cognizance of the resignation of the internal auditor and to provide the resigning internal auditor an opportunity to submit his reason(s) for resigning.

(viii) To consider any related party transactions or conflict of interests that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
(ix) To consider the major finding of internal audit investigations and management's response;
(x) To report promptly to the Bursa Malaysia Securities Berhad ("Bursa Securities") on matters reported by the Audit Committee to the Board which have not been satisfactorily resolved resulting in a breach of Listing Requirements of Bursa Securities;
(xi) To verify the allocation of options pursuant to the Share Issuance Scheme for eligible employees and directors; and
(xii) To consider other topics as defined by the Board.

Attendance at Meetings

The Group Financial Controller or Finance Manager, internal auditors and a representative of the external auditors shall attend meetings upon the invitation of the Audit Committee. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors without Executive Board members present at least twice a year.

The Company Secretary shall be the secretary of the Audit Committee. The secretary shall be responsible for keeping the minutes of the meeting of the Audit Committee, circulating them to Audit Committee members and to the other members of the Board of Directors.

AUDIT COMMITTEE REPORT (Continued)

Quorum

The quorum of the Audit Committee Meetings shall consist of a majority of members of whom is independent.

Frequency of Meetings

The Audit Committee shall meet not less than four (4) times a year. In addition, the Chairman may call a meeting of the Audit Committee if requested to do so by any Audit Committee member or by the external auditors if they consider it necessary.

Number of Meetings & Details of Attendance

During the financial year ended 30th June 2015, the Audit Committee held a total of five (5) meetings. The details of attendance of the Audit Committee members are as follows:

Name of Audit Committee	Attendance
Dato' Dr. Mohd. Noordin bin Haji Keling	5/5
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	5/5
James Wong Kwong Yew	5/5

Summary of Activities of the Audit Committee

The Audit Committee performed the following activities during the financial year ended 30th June 2015:

(a) Reviewed the audit plans for the year prepared by the internal auditors and external auditors on the Company and the Group for adequacy and relevance of the scope of works as stipulated in the plan;
(b) Reviewed the audit reports prepared by the external auditors on the Company and the Group and considered all major findings, if any by the auditors and the adequacy of the management's responses to these findings;
(c) Reviewed the quarterly and annual results of the Company and the Group prior to submission to the Board of Directors for consideration and approval;
(d) Reviewed the audited financial statements of the Company and the Group prior to submission to the Board of Directors for consideration and approval;
(e) Reviewed related party transactions entered into by the Company and the Group;
(f) Reviewed the disclosure statements on compliance of the Malaysian Code on Corporate Governance, Board’s responsibility on the Annual Financial Statements and the state of internal control and other relevant documents for publication in the Company’s Annual Report; and
(g) Reviewed and verified the allocation of share options pursuant to the Company’s Share Issuance Scheme (“SIS”) as being in compliance with the criteria set out in the SIS By-Law.

Internal Audit Function

(a) The Internal Audit Function and Its Role

To assist the Audit Committee in monitoring the adequacy and integrity of the Group’s system of internal controls, the Company outsourced its internal audit function to Messrs. S F Chang Corporate Services Sdn Bhd, an independent professional firm, which reports directly to the Audit Committee.

AUDIT COMMITTEE REPORT (Continued)

The principal role of the internal audit function is to undertake, on a prioritized approach, an independent and systematic assessment of the Group's system of internal controls as established by Management in addressing the principal business risks faced by the Group. Weaknesses and areas that required improvement, including the recommendations thereof and action plans agreed to be deployed by Management to address the issues raised, were highlighted by the independent internal audit function by way of internal audit reports issued to the Audit Committee.

(b) Internal Audit Activities

The internal audit function conducted its work based on an annual internal audit plan which was tabled before, and approved by, the Audit Committee. The activities carried out by the internal audit function are set out below:

(i) Conduct of Internal Audit

The internal audit function adopted a risk-based approach in identifying specific areas and processes to be covered. Issues relating to control deficiencies and areas for improvements including the relevant recommendations to address the issues noted, were highlighted in an internal audit report furnished to the Audit Committee; and

(ii) Follow-up Internal Audit Report

The internal audit function also performed a follow-up on the status of Management agreed action plans on recommendations raised in previous cycles of internal audits. A follow-up report was issued to highlight those issues that had yet to be fully addressed by Management, including specific timelines for those outstanding matters to be resolved.

Reports issued by the internal audit function for the financial year under review were tabled at Audit Committee meetings. Management was present at such meetings to provide pertinent clarification or additional information to address questions raised by Audit Committee members pertaining to matters raised by the internal audit function.

(c) Cost of Internal Audit

The total cost incurred for the outsourced internal audit function of the Group for the financial year ended 30th June 2015 was RM36,000.

Statement on Share Issuance Scheme ("SIS")

Appendix 9C Part A Item No. 26 of the Listing Requirements requires a statement by Audit Committee in relation to the allocation of options pursuant to SIS as required under paragraph 8.17 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

In accordance with By-Law 5.10 of the SIS By-Law, the Company had appointed Messrs. S F Chang Corporate Services Sdn. Bhd., the Group Internal Auditor to review and verify the allocation of share options to the Group's eligible employees and Directors in compliance with the criteria set out in the SIS By-Law.

With the assistance of Group Internal Auditor's verification, the Audit Committee is satisfied that the allocation of share options pursuant to the Company's SIS during the financial year ended 30th June 2015, has complied with the criteria set out in the SIS By-Law.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements requires Directors of listed companies to include a Statement on Risk Management and Internal Control in their annual reports. Set out below is the statement:

The Board of Directors of Tanco Holdings Berhad affirms its overall responsibility for the Group's system of internal control, risk management, and for reviewing the adequacy and integrity of the system. Due to the limitations that are inherent in any system of internal control, such systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives. Accordingly such systems can only provide reasonable but not absolute assurances against material misstatement or loss.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. This includes examining principal business risks in critical areas and identifying measures to mitigate, avoid and eliminate these risks. The Audit Committee and the Board reviews this process with guidance from "Statement on Risk Management and Internal Control: Guidelines For Directors of Listed Issuers".

The joint venture and associated companies are not material to the Group and therefore have not been dealt with as part of the Group for the purpose of applying the guidance from "Statement on Risk Management and Internal Control : Guidelines For Directors of Listed Issuers".

The Group engaged an external independent party to provide internal audit services. The outsourced internal audit service provider whose primary responsibility is to assure the Board, via the Audit Committee, by determine the Group’s internal audit plan for the year and reports its finding and recommendations on quarterly basis.

The Board recognises that an effective risk management framework will allow the Group to identify, evaluate and manage risks that affect the achievement of the Group’s business objectives within defined risk parameters in a timely and effective manner. The Board with the assistance of the Audit Committee and the Internal Auditors, continuously review existing risks and identify new risks that the Group faces and management action plans to manage the risks. To further enhance the risk management process within the culture of the Group, review of existing risks and identification of new risks is also conducted periodically with involvement of selected management and staff. In addition, nominated key management in each business unit have prepared action plans or/and exit plans to address key risks and control issues highlighted by the Internal Auditors.

The key elements of the Group's system of internal control include the following:

- An organisation structure, which formally defines lines of responsibility and delegation of authority.
- Key functions such as corporate affairs, finance, tax, treasury and human resources are controlled centrally.
- Incompatible responsibilities are properly segregated to ensure that no staff is in total control of whole transactions.
- The Group has a policy on financial limits and approving authority for its operating and capital expenditure.
- There is effective reporting system in place to ensure timely generation of financial information for management review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

- The internal audit function adopts a risk-based approach in identifying areas of priority and carries out its works in accordance with an annual audit plan approved by the Audit Committee and the Board. The Audit Committee holds regular meetings and reviews internal audit reports covering such matters. Major findings and concerns of the internal auditors are documented in the audit reports, which are tabled and discussed at the Audit Committee meetings together with appropriate corrective measures, and necessary action shall be taken by the management. Significant issues are brought to the attention of the Board.

In order to achieve the above objectives, the Group has the following procedures/processes in place:

- The Audit Committee and the Board review financial results quarterly.

- Operating units' meetings are conducted regularly to review financial performance, business development and deliberate on management issues.

- There are regular meetings between the Senior Management (Managing Director and Executive Directors) and Heads of Department to discuss business, operational and key management issues; and to review the financial performance of all the companies in the Group.

- The Audit Committee has access to internal auditors’ reports and meets them to discuss their findings and reports.

The board has received assurance from the Executive Director and Group Financial Controller that the Group’s risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

During the year, the internal audit function performed various internal audit activities in accordance to the plan to ascertain the adequacy of the internal control systems and make recommendations for improvement where weaknesses exist. The Audit Committee and the Board shall work closely with internal and external auditors to continuously improve the internal controls of the Group in terms of its integrity and adequacy. The Groups’ system of internal controls will continue to be reviewed, added to or updated in line with the changes in the operating environment to ensure its continuing effectiveness.

The statement is made in accordance with the Board of Directors’ resolution dated 23rd October 2015.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30th June 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	14,888	18,414
Loss attributable to:		
Owners of the Company	14,888	18,414
Non-controlling interests	(12)	-
	14,876	18,414

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 30th June 2015.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

DIRECTORS' REPORT (Continued)

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position 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 doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company 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:

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liabilities or other liabilities 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 year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

DIRECTORS' REPORT (Continued)

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 that 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 for the financial year 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 year 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 year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

(a) **Share Issuance Scheme**

At an Extraordinary General Meeting held on 8th November 2013, the shareholders of the Company approved the Company's Share Issuance Scheme ("SIS") for the granting of options to eligible employees and directors of the Company and its subsidiary companies to subscribe for new ordinary shares in the Company. The SIS was implemented on 12th March 2014 and shall be in force for a period of 3 years which will expire on 11th March 2017.

The salient features of the SIS are disclosed in Note 18(B) to the financial statements.

As at the end of the financial year, the Company granted 30.170 million share options under the SIS.

DIRECTORS' REPORT (Continued)

ISSUE OF SHARES AND DEBENTURES (Continued)

(a) **Share Issuance Scheme (Continued)**

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of eligible employees who were granted less than 900,000 options. The eligible employees (excluding the directors) who were granted 900,000 options or more during the financial year are as follows:

	Share Issuance Scheme Options of RM0.20/- each			
	Exercise Price RM	**Balance Exercisable at 1.7.2014**	**Exercised**	**Balance Exercisable at 30.6.2015**
Choi Siew Fun	0.20	900,000	-	900,000
Nesavadivoo A/P M. Balakrishnan	0.20	900,000	-	900,000
Ooi Gin Hui	0.20	900,000	-	900,000

(b) **Irredeemable Convertible Unsecured Loan Stock**

On 12th February 2014, the Company issued a rights issue of 192,326,734 units of 3%, 3-year Irredeemable Convertible Unsecured Loan Stock ("ICULS") at nominal value of RM0.10/- each, amounting to RM19,232,673/- in proceeds. The ICULS were listed on Bursa Malaysia on 14th February 2014.

The salient features and other terms of the ICULS are disclosed in Note 19 to the financial statements.

DIRECTORS' REPORT (Continued)

DIRECTORS

The directors in office since the date of the last report are:

Datuk Seri Tan Jing Nam
Dato' Tan Lee Sing
Dato' Dr. Mohd. Aminuddin Bin Mohd. Rouse
Dato' Dr. Mohd. Noordin Bin Haji Keling
James Wong Kwong Yew
Andrew Tan Jun Suan
Koay Ghee Teong
Chan Chee Meng - Resigned on 24th June 2015

In accordance with Article 101 of the Company's Articles of Association, Mr. James Wong Kwong Yew and Mr. Koay Ghee Teong, retire by rotation at the forthcoming Annual General Meeting and being, eligible, offer themselves for re-election.

In accordance with Section 129 of the Companies Act, 1965 in Malaysia, Dato' Dr. Mohd. Aminuddin Bin Mohd. Rouse and Dato' Dr. Mohd. Noordin Bin Haji Keling retire and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares, ICULS and SIS in the Company and its related corporations during the financial year ended 30th June 2015 are as follows:

	Number of Ordinary Shares of RM0.20/- each			
	At 1.7.2014	**Bought**	**Sold**	**At 30.6.2015**
The Company				
Tanco Holdings Berhad				
Datuk Seri Tan Jing Nam				
- direct	88,903,669	-	40,000,000	48,903,669
Andrew Tan Jun Suan				
- direct	-	40,000,000	-	40,000,000
Dato' Dr. Mohd. Noordin Bin Haji Keling				
- direct	62,510	-	-	62,510
Dato' Tan Lee Sing				
- direct	5,000	-	-	5,000
James Wong Kwong Yew				
- direct	2,000	-	-	2,000

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS (Continued)

	Number of Ordinary Shares of RM1/- each			
	At 1.7.2014	Bought	Sold	At 30.6.2015
The subsidiaries				
Tanco Enterprise Sdn. Bhd.				
Datuk Seri Tan Jing Nam				
- direct	30,004	-	-	30,004
Medan Melati Sdn. Bhd.				
Dato' Dr. Mohd. Aminuddin Bin Mohd. Rouse				
- direct	200	-	-	200

	Number of Irredeemable Convertible Unsecured Loan Stock of RM0.10/- each			
	At 1.7.2014	Bought	Sold	At 30.6.2015
Datuk Seri Tan Jing Nam	88,903,669	-	25,000,000	63,903,669
Andrew Tan Jun Suan	40,000,000	30,002,000	-	70,002,000
Dato' Tan Lee Sing	9,505,000	-	-	9,505,000
Dato' Dr. Mohd. Noordin bin Haji Keling	62,510	-	-	62,510
James Wong Kwong Yew	2,000	-	-	2,000

	Number of Share Issuance Scheme Options of RM0.20/- each		
	Balance Exercisable at 1.7.2014	Exercised	Balance Exercisable at 30.6.2015
Datuk Seri Tan Jing Nam	3,000,000	-	3,000,000
Dato' Tan Lee Sing	2,000,000	-	2,000,000
Andrew Tan Jun Suan	2,000,000	-	2,000,000
Koay Ghee Teong	2,000,000	-	2,000,000
Dato' Dr. Mohd. Aminuddin Bin Mohd. Rouse	1,000,000	-	1,000,000
Dato' Dr. Mohd. Noordin bin Haji Keling	1,000,000	-	1,000,000
James Wong Kwong Yew	1,000,000	-	1,000,000

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS (Continued)

By virtue of their interests in the Company, the directors are also deemed interested in the shares of all the subsidiaries to the extent the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement, whose object was to enable the directors to acquire benefits by means of the acquisition of shares, ICULS or SIS of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

ANDREW TAN JUN SUAN
Director

DATO' TAN LEE SING
Director

Kuala Lumpur

Date: 23rd October 2015

STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	96,133	100,702	571	585
Land held for property development	6(A)	86,292	75,832	-	-
Prepaid lease payments	7	19,614	19,827	-	-
Investment in subsidiaries	8	-	-	41,546	53,158
Investment in associates	9	-	-	-	-
Investment in jointly controlled entity	10	-	-	-	-
Other investments	11	4,570	5,268	2	2
		206,609	201,629	42,119	53,745
Current assets					
Property development costs	6(B)	32,567	31,627	-	-
Inventories	12	20,773	20,773	-	-
Trade receivables	13	5,672	27,041	-	-
Other receivables, deposits and prepayments	14	4,677	1,509	2	2
Amount owing by subsidiaries	15	-	-	163,181	166,156
Amount owing by associates	16	-	-	-	-
Cash and cash equivalents	17	4,974	7,278	827	2,907
		68,663	88,228	164,010	169,065
Total Assets		275,272	289,857	206,129	222,810
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	18(A)	66,977	66,977	66,977	66,977
Share issuance scheme reserve	18(B)	1,364	1,364	1,364	1,364
Irredeemable convertible unsecured loan stock	19	13,344	13,344	13,344	13,344
Retained profits		81,617	96,493	62,128	80,542
Foreign currency reserve	20	(1,303)	(1,303)	-	-
Shareholders' funds		161,999	176,875	143,813	162,227
Non-controlling interests		84	96	-	-
Total Equity		162,083	176,971	143,813	162,227

STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE 2015 (Continued)

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Borrowings	21	42,791	38,359	-	-
Long term payables	26	748	748	-	-
Irredeemable convertible unsecured loan stock	19	915	1,441	915	1,441
Deferred tax liabilities	27	4,448	4,448	4,448	4,448
		48,902	44,996	5,363	5,889
Current liabilities					
Trade payables	28	32,673	17,182	-	-
Other payables, deposits and accruals	29	21,953	21,003	832	817
Provision for liabilities	30	451	24,801	-	-
Borrowings	21	4,879	1,286	1,906	63
Amount owing to subsidiaries	15	-	-	51,502	51,101
Amount owing to directors	31	3,578	2,865	2,587	2,587
Tax payable		753	753	126	126
		64,287	67,890	56,953	54,694
Total Liabilities		113,189	112,886	62,316	60,583
TOTAL EQUITY AND LIABILITIES		275,272	289,857	206,129	222,810

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	32	6,473	8,815	-	-
Cost of sales	33	(3,194)	(2,082)	-	-
GROSS PROFIT		3,279	6,733	-	-
Other income	34	16,760	2,345	6,486	2,891
Administrative expenses		(32,262)	(35,569)	(24,730)	(42,865)
OPERATING LOSS	35	(12,223)	(26,491)	(18,244)	(39,974)
Finance costs	36	(2,647)	(2,667)	(170)	(179)
LOSS BEFORE TAXATION		(14,870)	(29,158)	(18,414)	(40,153)
Taxation	37	(18)	(50)	-	-
LOSS FOR THE FINANCIAL YEAR		(14,888)	(29,208)	(18,414)	(40,153)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(14,888)	(29,208)	(18,414)	(40,153)
Loss attributable to:					
Owners of the Company		(14,888)	(29,208)	(18,414)	(40,153)
Non-controlling interests		12	#	-	-
		(14,876)	(29,208)	(18,414)	(40,153)
Total comprehensive loss attributable to:					
Owners of the Company		(14,888)	(29,208)	(18,414)	(40,153)
Non-controlling interests		12	#	-	-
		(14,876)	(29,208)	(18,414)	(40,153)
Loss per ordinary share (sen)					
- Basic/diluted	38	(4.45)	(8.72)		

Representing amount less than RM1,000/-

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015

	Attributable to Owners of the Company							
	Share Capital RM'000	**Share Issuance Scheme Reserve** RM'000	**(Accumulated Losses)/ Retained Profits** RM'000	**Foreign Currency Reserve** RM'000	**Irredeemable Convertible Unsecured Loan Stock (equity component)** RM'000	**Total** RM'000	**Non-Controlling Interests** RM'000	**Total Equity** RM'000
Group								
At 1st July 2013	334,887	-	(142,209)	(1,303)	-	191,375	96	191,471
Capital reduction exercise	(267,910)	-	267,910	-	-	-	-	-
Fair value of Share Issuance Scheme options granted	-	1,364	-	-	-	1,364	-	1,364
Irredeemable Convertible Unsecured Loan Stock issued	-	-	-	-	13,344	13,344	-	13,344
Loss for the financial year	-	-	(29,208)	-	-	(29,208)	#	(29,208)
At 30th June 2014	66,977	1,364	96,493	(1,303)	13,344	176,875	96	176,971
Loss for the financial year	-	-	(14,876)	-	-	(14,876)	(12)	(14,888)
At 30th June 2015	66,977	1,364	81,617	(1,303)	13,344	161,999	84	162,083

Representing amount less than RM1,000/-

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015 (Continued)

	← Attributable to Owners of the Company →				
	Share Capital	**Share Issuance Scheme Reserve**	**(Accumulated Losses)/ Retained Profits**	**Irredeemable Convertible Loan Stock (equity component)**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
At 1st July 2013	334,887	-	(147,215)	-	187,672
Capital reduction exercise	(267,910)	-	267,910	-	-
Fair value of Share Issuance Scheme options granted	-	1,364	-	-	1,364
Irredeemable Convertible Unsecured Loan Stock issued	-	-	-	13,344	13,344
Loss for the financial year	-	-	(40,153)	-	(40,153)
At 30th June 2014	66,977	1,364	80,542	13,344	162,227
Loss for the financial year	-	-	(18,414)	-	(18,414)
At 30th June 2015	66,977	1,364	62,128	13,344	143,813

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(14,870)	(29,158)	(18,414)	(40,153)
Adjustments for:				
Addition of provision for liabilities	-	15,000	-	-
Amortisation of:				
- prepaid lease payments	213	289	-	-
- other investments	36	72	-	-
Allowance for impairment of:				
- property, plant and equipment	-	1,044	-	-
- investment in subsidiaries	-	-	13,612	-
- trade receivables	38	-	-	-
Creditors written back	(71)	(1)	-	(1)
Depreciation	1,415	1,294	14	14
Gain on:				
- disposal of property, plant and equipment	(2,983)	(778)	-	-
- deregistered of a subsidiary (Note B)	-	(129)	-	-
Interest expenses	2,647	2,667	170	179
Interest income	(14)	-	-	-
Reversal of provision for liabilites no longer required	(9,350)	-	-	-
Loss on:				
- disposal of other investments	297	-	-	-
Reversal of impairment loss no longer required for:				
- property, plant and equipment	(2,715)	-	-	-
- amount owing by subsidiaries	-	-	(6,486)	(2,890)
- trade receivables	(834)	(176)	-	-
- other receivables	(133)	(298)	-	-
Bad debts written off on:				
- trade receivables	11,635	1	-	40,005
- deposits	422	-	-	-
- property, plant and equipment	234	-	-	-
- amount owing by subsidiaries	-	-	10,767	-
Changes in fair value of share issuance scheme	-	1,364	-	1,364
Operating Loss Before Working Capital Changes	(14,033)	(8,809)	(337)	(1,482)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015 (Continued)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Changes In Working Capital:				
Property development costs	(940)	(3,833)	-	-
Receivables	(61)	(4,732)	-	-
Inventories	-	366	-	-
Payables	16,512	2,613	15	(3,078)
Provision for liabilities	(15,000)	-	-	-
	(13,522)	(14,395)	(322)	(4,560)
Interest received	14	-	-	-
Interest paid	(2,596)	(2,667)	(119)	(179)
Tax (paid)/refunded	(18)	43	-	94
Net Operating Cash Flows	(16,122)	(17,019)	(441)	(4,645)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend paid for ICULS	(526)	-	(526)	-
ICULS interest	(51)	-	(51)	-
Investment in subsidiaries	-	-	(2,000)	-
Net advances to subsidiaries	-	-	(905)	(5,423)
Purchase of property, plant and equipment (Note A)	(170)	(133)	-	-
Proceeds from disposal of:				
- property, plant and equipment	6,836	5,218	-	-
- other investments	365	-	-	-
Net Investing Cash Flows	6,454	5,085	(3,482)	(5,423)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawndown of:				
- bridging loan	171	5,811	-	-
- term loan	15,000	2,500	-	-
Changes in amount owing to directors	713	(7,974)	-	(3,829)
Repayment of:				
- bridging loan	(2,470)	-	-	-
- term loan	(7,725)	(246)	-	-
- hire purchase liabilities	(168)	(49)	-	-
Issuance of ICULS	-	19,233	-	19,233
Net Financing Cash Flows	5,521	19,275	-	15,404

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015 (Continued)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
NET CHANGES IN CASH AND CASH EQUIVALENTS	(4,147)	7,341	(3,923)	5,336
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	7,215	(126)	2,844	(2,492)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	3,068	7,215	(1,079)	2,844
Cash and cash equivalents comprise of the following:				
Cash and bank balances	4,933	7,239	827	2,907
Deposits placed with licensed banks and finance companies	10	10	-	-
Cash held under Housing Development Account	31	29	-	-
Bank overdraft	(1,906)	(63)	(1,906)	(63)
	3,068	7,215	(1,079)	2,844

A. Purchase of property, plant and equipment

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Purchase of property, plant and equipment	1,544	389	-	-
Financed by hire purchase agreements	(1,374)	(256)	-	-
Cash payments	170	133	-	-

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015 (Continued)

B. On 4th May 2014, Tanco Resorts (Australia) Pty. Ltd. was deregistered from the Australian Securities & Investments Commission ("ASIC") under section 601AA(4) of the Corporations Act 2001.

	Group
	2014
	RM'000
Net liabilities of deregistred subsidiary	28
Bad debts written off on related company	(3,061)
Amount owing by immediate holding company	2,904
Gain on deregistered of a subsidiary	129
Net cash inflow on deregistered of a subsidiary	-
Less: Cash and cash equivalents	-
Net cash inflow on deregistered of a subsidiary	-

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

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

The registered office and principal place of business of the Company are located at No. 1, Persiaran Ledang, Off Jalan Tuanku Abdul Halim, 50480 Kuala Lumpur.

The financial statements are expressed in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23rd October 2015.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 3.2 to the financial statements.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int")

(a) Adoption of Amendments/Improvements to FRSs and New IC Int

The Group and the Company had adopted the following New FRSs, Amendments/improvements to FRSs and New IC Int that are mandatory for the current financial year:

<u>Amendments/Improvements to FRSs</u>

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 8	Operating Segments
FRS 10	Consolidated Financial Statements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures
FRS 127	Separate Financial Statements
FRS 132	Financial Instruments: Presentation
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 139	Financial Instruments: Recognition and Measurement
FRS 140	Investment Property

<u>New IC Int</u>

IC Int 21	Levies

The adoption of the above amendments/improvements to FRSs and new IC Int do not have any significant effect on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

(b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new FRSs and amendments/improvements to FRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective for financial periods beginning on or after
<u>New FRSs</u>		
FRS 9	Financial Instruments	1 January 2018
FRS 14	Regulatory Deferral Accounts	1 January 2016
<u>Amendments/Improvements to FRSs</u>		
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 9	Financial Instruments	1 January 2018
FRS 10	Consolidated Financial Statements	1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosure of Interests in Other Entities	1 January 2016
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 116	Property, Plant and Equipment	1 January 2016
FRS 119	Employee Benefits	1 January 2016
FRS 127	Separate Financial Statements	1 January 2016
FRS 128	Investment in Associates and Joint Ventures	1 January 2016
FRS 134	Interim Financial Reporting	1 January 2016
FRS 138	Intangible Assets	1 January 2016

A brief discussion on the above significant new FRSs and amendments/improvements to FRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

(b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)

FRS 9 Financial Instruments

FRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement

FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment

FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

(b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)

FRS 9 Financial Instruments (Continued)

Hedge accounting

FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

FRS 14 Regulatory Deferral Accounts

FRS 14 permits first-time adopters of FRSs to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt FRSs. An entity that already presents FRSs financial statements is not eligible to apply this Standard.

As regulatory deferral account balances were not recognised in the FRS financial statements, the principles specified in FRS 14 would have no impact to the Malaysia entities.

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vise versa), or when held-for-distribution is discontinued.

Amendments to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of FRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to FRS 7) to condensed interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

(b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in FRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosures of Interests in Other Entities and FRS 128 Investments in Associates and Joint Ventures

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements:
  The Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- Consolidation of intermediate investment entities:
  The Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

- Policy choice for equity accounting for investments in associates and joint ventures:
  The Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

(b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to FRS 11 Joint Arrangements

Amendments to FRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in FRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in FRS 3, and other FRSs, that do not conflict with FRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets / liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to FRS 101 Presentation of Financial Statements

Amendments to FRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to FRS 116 Property, Plant and Equipment

Amendments to FRS 116 clarifies the accounting for the accumulated depreciation/ amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and

- the accumulated depreciation/ amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to FRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

(b) New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to FRS 119 Employee Benefits

Amendments to FRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by FRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to FRS 127 Separate Financial Statements

Amendments to FRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to FRS 138 Intangible Assets

Amendments to FRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to FRS 116). This presumption can be overcome only in the limited circumstances:

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or

- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

(c) MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1st January 2012, the MASB had on 19th November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1st January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for the annual periods on or after 1st January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1st January 2012.

The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1st January 2018.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ended 31st December 2018. The main effects arising from the transition to the MFRSs Framework are discussed below.

The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

(c) MASB Approved Accounting Standards, MFRSs (Continued)

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group is currently assessing the impact of the adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Continued)

(c) MASB Approved Accounting Standards, MFRSs (Continued)

Amendments to MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies

(a) Basis of Consolidation and Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

Subsidiary is entity (including structured entity) over which the Group has control. 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. Specifically, the Group controls an investee if and only if the Group has:

(i) Power over the investee;
(ii) Exposure, or rights, to variable returns from its involvement with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee;
(ii) Rights arising from other contractual agreements; and
(iii) The voting rights of the Group and potential voting rights.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 3.2(i) to the financial statements. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(a) Basis of Consolidation and Subsidiaries (Continued)

The financial statements of the subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Under the purchase method of accounting, the cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The accounting policy on goodwill is set out in Note 3.2(c) to the financial statements.

Any excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Intra-group transactions, balances and resulting unrealised gains on transactions within the Group are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation unless costs cannot be recovered. When necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those adopted by the Group.

Non-controlling interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Company, directly or indirectly through subsidiary. It is measured at the non-controlling interest holders' share of the fair values of the subsidiary's identifiable assets and liabilities at the acquisition date and the non-controlling interest holders' share of changes in the subsidiary's equity since that date.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(a) Basis of Consolidation and Subsidiaries (Continued)

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

In accordance with FRS 127, Consolidated and Separate Financial Statements (revised), upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Any loss applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

(b) Associates

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

Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting based on the latest management accounts of the associates. Under the equity method, the investment in associate is carried in the statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transaction between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(b) Associates (Continued)

Goodwill relating to an associate is included in the carrying amount of the investment and is amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interest that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

On disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in the profit or loss as gain or loss on disposal of investment in associate.

(c) Goodwill on consolidation

(i) Acquisition before 1st January 2011

Goodwill arising on acquisition represents the excess of cost of business combination over the Group's share of the net fair values of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is stated at cost less impairment losses, if any.

Goodwill is not amortised but is reviewed for impairment, annually or more frequently for impairment in value and is written down where it is considered necessary. Gain or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arise.

Negative goodwill represents the excess of the fair value of the Group's share of net assets acquired over the cost of acquisition. Negative goodwill is recognised directly in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(c) Goodwill on consolidation (Continued)

(ii) Acquisition on or after 1st January 2011

For acquisitions on or after 1st January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(d) Property, Plant and Equipment and Depreciation

All property, plant and equipment were initially stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.2(i) to the financial statements. Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

Freehold lands are not depreciated. All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:

Freehold Building	2% - 4%
Leasehold Building	2% - 4%
Golf course and club village	over 97 years
Resort Properties	1%
Furniture and fittings	5% - 20%
Boat and motor vehicles	10% - 20%
Office Equipment	10% - 20%
Maintenance Equipment	10% - 20%

Construction in progress will be depreciated when the property is ready for its intended use.

The residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the period the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(e) Property Development Activities

(i) Land Held for Property Development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.2(i) to the financial statements.

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at a revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201 Property Development Activities.

Land held for property development is transferred to property development costs and included under current assets when development activities have commenced and is expected to be completed within the normal operating cycle.

(ii) Property Development Costs

Property development costs comprise costs associated with the acquisition of land and costs that are directly attributable to development activities or costs that can be allocated on a reasonable basis to these activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. Under this method, profits are recognised as property development activity progresses. The stage of completion is determined by the proportion that property development costs incurred for the work performed to the reporting date over the estimated total property development costs to completion.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(e) Property Development Activities (Continued)

(ii) Property Development Costs (Continued)

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of development, the unsold completed development properties are transferred to inventories.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified within trade payables.

(f) Other Investments

Other investments are stated at cost less any accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.2(i) to the financial statements.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to profit or loss.

(g) Inventories

Inventories have been valued at the lower of cost or net realisable value.

Cost of completed properties comprises all direct construction cost, land cost and direct development expenditure which is determined on specific identifiable basis.

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

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(h) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near future.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains and losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit as part of other losses or other income.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(h) Financial Assets (Continued)

(ii) Loans and Receivables

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

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

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

(iii) Held-to-Maturity Investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group and the Company has the positive intention and ability to hold the investment to maturity.

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **Significant Accounting Policies (Continued)**

(h) **Financial Assets (Continued)**

(iv) **Available-for-Sale Financial Assets**

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or 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 and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(i) Impairment of Assets

(i) Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and associates) are assessed at each reporting date 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. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments 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 asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

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 asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(i) Impairment of Assets (Continued)

(ii) Impairment of Non-Financial Assets

The Group and the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or Cash Generating Unit ("CGU")'s fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

(j) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits, bank balances and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(k) Share Capital

Ordinary Shares

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(l) Irredeemable Convertible Unsecured Loan Stock ("ICULS")

The ICULS are recognised as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the weighted average cost of capital of the Group. The difference between the proceeds of issue of the ICULS and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or maturity, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transactions costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the weighted average cost of capital of the Group. The difference between this amount and the interest paid is added to the carrying amount of ICULS.

Upon conversion of ICULS into equity shares, the amount credited to share capital and share premium is the aggregate of the carrying amounts of the liability components classified within liability and equity at the time of conversion. No gain or loss is recognised.

(m) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(m) Financial Liabilities (Continued)

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) **Financial Liabilities at Fair Value Through Profit or Loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resulted gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) **Other Financial Liabilities**

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in the profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised 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 and the consideration paid is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(n) Leases

(i) Finance Lease

Assets financed by hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment, and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment. Finance charges are charged to the profit or loss over the periods of the respective agreements to give a constant periodic rate of change on the remaining hire purchase and lease liabilities.

(ii) Operating Lease

Lease payments for assets under operating lease where substantially all the risks and benefits remain with the lessor, are recognised as an expense in profit or loss on a straight line basis over the lease term.

Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and is amortised on a straight line basis over the remaining lease term.

(o) Provisions for Liabilities

Provisions for liabilities are recognised when the Group and the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(p) Foreign Currency Translation

(i) Functional and Presentation Currency

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

(ii) Translation and Balances

Transactions in foreign currencies are translated to Ringgit Malaysia at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Ringgit Malaysia at the rate of exchange ruling on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rates at the date the fair value was determined. Exchange differences arising from the settlement of foreign currency transactions and from the retranslation of foreign currency monetary assets and liabilities are included in profit or loss.

(iii) Foreign Entity

The Group's foreign entities are those operations that are not an integral part of the operations of the Group. Profit or loss of foreign entities is translated into Ringgit Malaysia at average exchange rates for the financial year and the statement of financial positions are translated at exchange rates ruling at the reporting date. Exchange differences arising from the retranslation of the net investment in foreign entities are taken up in Exchange Translation Reserve in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in profit or loss as part of gain or loss on disposal.

(q) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's and the Company's activities. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. The full specific recognition criteria must also be met before revenue is recognised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(q) Revenue Recognition (Continued)

(i) Property Development

Revenue from sale of property development projects is recognised progressively based on the stage of completion method.

Interest income from late payments by house buyers and forfeiture income are recognised on receipt basis.

(ii) Revenue from Annual Subscription Fee, Club and Resort Operations

Revenue from annual subscription fee is recognised on an accrual basis.

Revenue from sales of club memberships is recognised upon admission of the applicants as members. Revenue from club subscription fees is recognised on an accrual basis. Revenue from club operations is recognised when services are rendered.

Revenue from rental of rooms, sale of food and beverage and other related income is recognised upon delivery of goods and accepted by customers.

(iii) Revenue from Management Services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(iv) Interest Income

Interest income on instalment repayment scheme granted to the members is recognised on time proportion basis that reflect the effective yield on the assets. Default interest is recognised in the profit or loss when the Group's and the Company's right to receive payment is established.

(v) Interest Income from Money Lending Business

Interest income earned from money lending business is recognised on an accrual basis.

(vi) Rental Income

Rental income is recognised in profit or loss on straight-line basis over the term of lease.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **Significant Accounting Policies (Continued)**

(r) **Borrowing Costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the asset are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred Borrowing costs consists of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(s) **Income Tax**

The tax expense in profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credit can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill 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 is 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 tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant Accounting Policies (Continued)

(t) Employee benefits

(i) Short Term Employee Benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

(ii) Post-employment Benefits

The Group and the Company contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the year to which they are related. Once the contributions have been paid, the Group and the Company has no further payment obligations.

(u) 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.

(v) Fair Value Measurements

The Group adopted FRS 13 Fair Value Measurement which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell and asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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 or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(a) Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated on the straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be within 5 to 100 years. Changes in expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment, therefore the future depreciation charges could be revised.

(b) Impairment of Property, Plant and Equipment and Prepaid Lease Payments

The Group and the Company assesses impairment of assets whenever the events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on Group’s and the Company’s estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

Where there is objective evidence, impairment losses are recognised in profit or loss. The carrying amount of the Group’s property, plant and equipment and prepaid lease payments at the end of the reporting period are disclosed in Notes 5 and 7 to the financial statements.

(c) Property Development

The Group recognises property development revenue and costs in the profit or loss by using the percentage of completion method. The percentage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs of work performed. Significant judgement is required in determining the percentage of completion, the extent of the property development costs incurred the estimated total property development revenue and costs, as well as the recoverability of the development projects.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Allowance for 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 valuations of inventories.

(e) Recoverability of Receivables

The Group and the Company makes impairment of receivables based on an assessment of the recoverability of receivables. Impairments are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

Where there is objective evidence, impairment losses are recognised in profit or loss. The carrying amount of the Group's trade and other receivables at the end of the reporting period are disclosed in Notes 13 and 14 to the financial statements.

(f) Impairment of Investment in Subsidiaries and Other Investment

The Company tests investments in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the results of the impairment test. Cost of investment in subsidiaries which have ceased operations were impaired up to net assets of the subsidiaries. The impairment made on investment in subsidiaries entails an impairment of receivables to be made to the amount owing by these subsidiaries.

(g) Income Taxes

The Group and the Company is subject to income taxes in numerous jurisdictions. Judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the estimation of the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(h) Provision

Provision are recognised when the Group and the Company have a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions as discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as finance cost.

(i) Share Issuance Scheme

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for Share Issuance Scheme reserves requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including but not limited to volatility and interest free rates.

(j) Computation of the Equity and Liability Components of ICULS

The Group has recognised the compound instruments consisting of an equity and liability component. At the issue date, the value of the liability component is determined using a prevailing market interest rate. The judgment is made on the market interest rate used in determining the equity and liability components.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. PROPERTY, PLANT AND EQUIPMENT

			Resort Operations									
	Freehold Land and Buildings RM'000	Leasehold Building RM'000	Golf Course and Club Village RM'000	Resort Properties RM'000	Rights in Resort Properties RM'000	Construction -in-Progress - Marina Club RM'000	Furniture and Fittings RM'000	Boat and Motor Vehicles RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Maintenance Equipment RM'000	Total RM'000
Group												
2015												
Cost												
At 1st July 2014	51,741	2,036	22,927	71,451	13,653	40,434	127	2,598	63	504	797	206,331
Additions	-	-	-	-	-	-	-	1,487	56	1	-	1,544
Disposals/written off	-	-	-	(14,008)	-	-	(32)	(307)	(19)	(22)	-	(14,388)
Reclassification	(2,566)	(109)	-	(942)	8,909	-	204	-	97	(72)	(484)	5,037
At 30th June 2015	49,175	1,927	22,927	56,501	22,562	40,434	299	3,778	197	411	313	198,524
Accumulated Depreciation and Allowance for Impairment												
At 1st July 2014	20,986	1,245	4,026	22,932	13,653	40,434	104	2,168	(455)	(60)	596	105,629
Depreciation for the financial year	260	193	229	451	-	-	2	227	3	50	-	1,415
Disposal/written off	-	-	-	(6,866)	-	-	(7)	(73)	(19)	(10)	-	(6,975)
Reversal of impairment loss no longer required	-	-	-	(2,481)	-	-	-	(234)	-	-	-	(2,715)
Reclassification	(3,626)	(116)	-	(941)	8,909	-	97	-	597	400	(283)	5,037
At 30th June 2015	17,620	1,322	4,255	13,095	22,562	40,434	196	2,088	126	380	313	102,391
Carrying Amount												
At 30th June 2015	31,555	605	18,672	43,406	-	-	103	1,690	71	31	-	96,133

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

			Resort Operations									
	Freehold Land and Buildings RM'000	Leasehold Building RM'000	Golf Course and Club Village RM'000	Resort Properties RM'000	Rights in Resort Properties RM'000	Construction -in-Progress - Marina Club RM'000	Furniture and Fittings RM'000	Boat and Motor Vehicles RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Maintenance Equipment RM'000	Total RM'000
2014												
Cost												
At 1st July 2013	51,741	2,036	22,927	76,595	13,653	40,434	127	2,706	52	415	797	211,483
Additions	-	-	-	-	-	-	-	287	11	89	-	387
Disposals/written off	-	-	-	(5,144)	-	-	-	(395)	-	-	-	(5,539)
At 30th June 2014	51,741	2,036	22,927	71,451	13,653	40,434	127	2,598	63	504	797	206,331
Accumulated Depreciation and Impairment Losses												
At 1st July 2013	20,158	1,052	3,797	22,706	13,653	40,434	91	2,520	(459)	(95)	533	104,390
Depreciation for the financial year	199	193	229	517	-	-	13	41	4	35	63	1,294
Impairment for the financial year	629	-	-	415	-	-	-	-	-	-	-	1,044
Disposal/written off	-	-	-	(706)	-	-	-	(393)	-	-	-	(1,099)
At 30th June 2014	20,986	1,245	4,026	22,932	13,653	40,434	104	2,168	(455)	(60)	596	105,629
Carrying Amount												
At 30th June 2014	30,755	791	18,901	48,519	-	-	23	430	518	564	201	100,702

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings 2015 RM'000	Buildings 2014 RM'000
Company		
2015		
Cost		
At 1st July/30th June	722	722
Accumulated Depreciation		
At 1st July	137	123
Depreciation for the financial year	14	14
At 30th June	151	137
Carrying Amount		
At 30th June	571	585

(i) The carrying amount of property, plant and equipment of the Group acquired under hire purchase and finance lease agreements:

	Group 2015 RM'000	Group 2014 RM'000
Motor vehicles	1,692	432

(ii) The carrying amount of the following property, plant and equipment of the Group has been charged to financial institutions to secure the bridging loan and term loan facilities as disclosed in Notes 23 and 24 to the financial statements:

	Group 2015 RM'000	Group 2014 RM'000
Freehold land and buildings	28,697	26,677
Resort properties	16,133	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. PROPERTY DEVELOPMENT ACTIVITIES

(A) Land Held for Property Development

	Freehold Land RM'000	Development Costs RM'000	Total RM'000
Group			
2015			
Cost			
At 1st July 2014	56,758	19,074	75,832
Addition	10,460	-	10,460
At 30th June 2015	67,218	19,074	86,292
Carrying Amount			
At 30th June 2015	67,218	19,074	86,292
2014			
Cost			
At 1st July 2013	57,608	19,290	76,898
Disposal	(850)	(216)	(1,066)
At 30th June 2014	56,758	19,074	75,832
Carrying Amount			
At 30th June 2014	56,758	19,074	75,832

The carrying amount of RM23.093 million (2014: RM23.093 million) of the land held for development of the Group has been charged to financial institutions to secure the bridging loan facility granted to the Group as disclosed in the Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. PROPERTY DEVELOPMENT ACTIVITIES (Continued)

(B) Property Development Costs

	Freehold Land RM'000	Development Costs RM'000	Total RM'000
Group			
2015			
Cost			
At 1st July 2014	17,428	37,716	55,144
Add: Incurred during the financial year	-	2,620	2,620
At 30th June 2015	17,428	40,336	57,764
Accumulated Impairment, Foreseeable Losses and Development Costs recognised in Profit or Loss			
At 1st July 2014	6,029	17,488	23,517
Add: Recognised during the financial year	852	828	1,680
At 30th June 2015	6,881	18,316	25,197
Carrying Amount			
At 30th June 2015	10,547	22,020	32,567
2014			
Cost			
At 1st July 2013	17,428	32,547	49,975
Add: Incurred during the financial year	-	5,169	5,169
At 30th June 2014	17,428	37,716	55,144
Accumulated Impairment, Foreseeable Losses and Development Costs recognised in Profit or Loss			
At 1st July 2013	5,881	17,366	23,247
Add: Recognised during the financial year	148	122	270
At 30th June 2014	6,029	17,488	23,517
Carrying Amount			
At 30th June 2014	11,399	20,228	31,627

Included in the property development cost are the borrowing costs of RM1,021,443/- (2014: RM911,038/-.).

The carrying amount of RM24.118 million (2014: RM23.178 million) of the property development costs of the Group has been charged to financial institutions to secure the bridging loan facility granted to the Group as disclosed in the Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. PREPAID LEASE PAYMENTS

	Leasehold Land	
	2015	2014
	RM'000	RM'000
Group		
Cost		
At 1st July/30th June	21,621	21,621
Accumulated Amortisation		
At 1st July	1,794	1,505
Amortisation charged for the financial year	213	289
At 30th June	2,007	1,794
Carrying Amount	19,614	19,827

The carrying amount of RM16.348 million (2014: RM16.556 million) of the prepaid lease payments of the Group has been charged to financial institutions to secure the bridging loan facility granted to the Group as disclosed in the Note 23 to the financial statements.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	RM'000	RM'000
At cost		
Unquoted shares		
At 1st July	116,353	116,353
Add: Addition	2,000	-
Less: Allowance for impairment	(76,807)	(63,195)
At 30th June	41,546	53,158

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. INVESTMENT IN SUBSIDIARIES (Continued)

The following information relates to the subsidiaries:

Name of Company	Country of Incorporation	Group Effective Equity Interest 2015 %	Group Effective Equity Interest 2014 %	Principal Activities
Held directly				
Palm Springs Resort Management Berhad	Malaysia	100	100	Property investment.
Pentapeak Properties Sdn. Bhd.	Malaysia	100	100	Investment holding.
Point Resort Club Sdn. Bhd.	Malaysia	100	100	Investment holding.
Popular Elegance (M) Sdn. Bhd.	Malaysia	100	100	Investment holding.
Splash Park Sdn. Bhd.	Malaysia	100	100	Property management services.
Tanco Development Sdn. Bhd.	Malaysia	100	100	Property development.
Wheels, Sails & Wings SuperClub Bhd.	Malaysia	100	100	Dormant.
World Vacation Ownership Sdn. Bhd.	Malaysia	100	100	Provision of consultancy services and investment holding.
Medan Melati Sdn. Bhd.	Malaysia	90	70	Investment holding.
Cool-Wheels SuperClub Bhd.	Malaysia	100	100	Dormant.
Platinum Residence Sdn. Bhd.	Malaysia	100	100	Investment holding.
Palm Springs Leisure Sdn. Bhd. ^	Malaysia	100	100	Property management and resort management.
Held through Tanco Development Sdn. Bhd.				
Tanco Builders Sdn. Bhd.	Malaysia	100	100	Contracting and building works.
Tanco Dot Com Sdn. Bhd.	Malaysia	100	100	Dormant.
Held through Medan Melati Sdn. Bhd.				
Gerak Gaya Land Sdn. Bhd.	Malaysia	60	60	Dormant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. INVESTMENT IN SUBSIDIARIES (Continued)

Name of Company	Country of Incorporation	Group Effective Equity Interest 2015 %	Group Effective Equity Interest 2014 %	Principal Activities
Held through World Vacation Ownership Sdn. Bhd.				
Tanco Resorts Berhad	Malaysia	100	100	Investment holding, and the management and operation of resorts and of vacation ownership interval and point based schemes.
BizCredit Sdn. Bhd.	Malaysia	100	100	Money lending business.
JKMB Development Sdn. Bhd.	Malaysia	100	100	Property development and construction.
Palm Springs Development Sdn. Bhd.	Malaysia	100	100	Property development and property investment.
Palm Springs Resort (MM2H) Sdn. Bhd.	Malaysia	100	100	Provide services in relation to Malaysia My Second Home Programme.
Tanco Properties Sdn. Bhd.	Malaysia	100	100	Property development and property investment.
Genium Corporation Sdn. Bhd.	Malaysia	100	100	General agent.
Held Through Palm Springs Development Sdn. Bhd.				
Palm Springs Club Sdn. Bhd.	Malaysia	100	100	Investment holding.
Regal Resort Sdn. Bhd.	Malaysia	100	100	Dormant.
Held Through Tanco Properties Sdn. Bhd.				
Tanco Land Sdn. Bhd.	Malaysia	100	100	Property investment.
Held Through Palm Springs Club Sdn. Bhd.				
Palm Springs Resort Bhd.	Malaysia	100	100	Operator of golf and marina clubs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. INVESTMENT IN SUBSIDIARIES (Continued)

Name of Company	Country of Incorporation	Group Effective Equity Interest 2015 %	Group Effective Equity Interest 2014 %	Principal Activities
Held Through Tanco Resorts Berhad				
Tanco Enterprise Sdn. Bhd.	Malaysia	90.3	90.3	Property investment and general trading.
Tanco Club Berhad	Malaysia	100	100	Club operator.
Tanco Holidays Sdn. Bhd.	Malaysia	100	100	Travel and tour agent.
Tanco Lake Resorts Sdn. Bhd.	Malaysia	100	100	Resort operator.
Tanco Recreational Holdings Sdn. Bhd.	Malaysia	100	100	Property management.
Burnham Global Inc.*	British Virgin Islands	100	100	Investment holding.
Held Through Burnham Global Inc.				
Noreast Co. Ltd. *	British Virgin Islands	100	100	Property holding.
TRB Leisure (Mauritius) Pte. Ltd. *#	Mauritius	100	100	Property investment.
TRB Vacation (Mauritius) Pte. Ltd.*#	Mauritius	100	100	Property investment.

^ *The effective equity interest held in Palm Springs Leisure Sdn. Bhd. is 100% whereby 2.5% is held by the Company and 97.5% is held by Tanco Resorts Berhad.*

* *Subsidiaries not audited by Baker Tilly Monteiro Heng. The audited financial statements and auditors reports of these subsidiaries were not available for consolidation. These subsidiaries are currently dormant. The financial statements of these subsidiaries were considered by Baker Tilly Monteiro Heng for the purposes of the financial statements of the Group.*

\# *In the process of member's voluntary winding-up.*

(a) On 5th September 2014 and 9th March 2015, the Company subscribed additional 1,300,000 and 700,000 unit shares in Splash Park Sdn. Bhd. for cash consideration of RM1,300,000/- and RM700,000/- respectively.

(b) On 18th March 2015, the Company subscribed additional 400 unit shares in Medan Melati Sdn. Bhd. ("MMSB") for cash consideration of RM400/-. As a result, the shareholding of the Company in MMSB increased from 70% to 90%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. INVESTMENT IN ASSOCIATES

	Group 2015 RM'000	Group 2014 RM'000
At cost		
Unquoted shares	500	500
Group's share of post-acquisition results	(500)	(500)
	-	-

The following information relates to the associates:

Name of Company	Country of Incorporation	Group Effective Equity Interest 2015 %	Group Effective Equity Interest 2014 %	Principal Activities
Sunshine Genius Sdn. Bhd. ^ #	Malaysia	50	50	Provision of timeshare exchange activities.
Benua Produktif Sdn. Bhd.	Malaysia	40	40	Dormant.

^ *Held directly via World Vacation Ownership Sdn. Bhd.*

Under creditors winding-up.

10. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	Group 2015 RM'000	Group 2014 RM'000
At cost		
Unquoted shares	80	80
Group's share of post acquisition results	(80)	(80)
	-	-

Details of jointly controlled entity are as follows:

Name of Company	Country of Incorporation	Group Effective Equity Interest 2015 %	Group Effective Equity Interest 2014 %	Principal activity
Held Through Palm Springs Resort (MM2H) Sdn. Bhd.				
Palm Springs Centre of Excellence Sdn. Bhd. *	Malaysia	40	40	Educational institution.

* *Associate not audited by Baker Tilly Monteiro Heng.*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. OTHER INVESTMENTS

	Quoted Shares in Malaysia RM'000	Vacation Ownership Intervals RM'000	Golf Club Membership RM'000	Total RM'000
Group				
2015				
Cost				
At 1st July 2014	23	5,885	1,500	7,408
Disposals	-	(1,500)	-	(1,500)
At 30th June 2015	23	4,385	1,500	5,908
Accumulated Amortisation/ Allowance for Impairment				
At 1st July 2014	21	1,852	267	2,140
Charged during the financial year	-	19	17	36
Disposals	-	(838)	-	(838)
At 30th June 2015	21	1,033	284	1,338
Carrying Amount				
As at 30th June 2015	2	3,352	1,216	4,570
2014				
Cost				
At 1st July 2013/30th June 2014	23	5,885	1,500	7,408
Accumulated Amortisation/ Allowance for Impairment				
At 1st July 2013	21	1,802	245	2,068
Charged during the financial year	-	50	22	72
At 30th June 2014	21	1,852	267	2,140
Carrying Amount				
As at 30th June 2014	2	4,033	1,233	5,268

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. OTHER INVESTMENTS (Continued)

	Quoted Shares in Malaysia	
	2015 RM'000	2014 RM'000
Company		
Cost		
At 1st July/30th June	23	23
Accumulated Allowance for Impairment		
At 1st July/30th June	21	21
Carrying Amount		
As at 30th June	2	2

The market value of quoted shares in Malaysia, is approximately RM2,000/- (2014: RM2,000/-).

12. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
At Net Realisable Value		
Developed properties	20,773	20,773

The carrying amount of RM18.668 million (2014: RM18.668 million) of the inventories of the Group has been charged to financial institutions to secure the bridging loan facility granted to the Group as disclosed in the Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. TRADE RECEIVABLES

	Group 2015 RM'000	Group 2014 RM'000
Trade receivables	23,784	45,949
Less: Allowance for impairment	(18,112)	(18,908)
	5,672	27,041

(i) The Group's normal trade credit terms range from 30 to 90 days (2014: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

(ii) Included in trade receivables of the Group is an amount of RM215,449/- (2014: RM118,953/-) representing amount owing from an associate of the Group.

(iii) In the previous financial year, the Group has a significant concentration of credit risk in the form of outstanding balance of RM20.791 million from 1 customer representing 77% of the total trade receivables.

(iv) Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group 2015 RM'000	Group 2014 RM'000
Neither past due nor impaired	1,200	26,446
Past due but not impaired:		
- 1 to 30 days	321	34
- 31 to 60 days	31	7
- 61 to 90 days	38	7
- 91 to 120 days	34	1
- More than 121 days	4,048	546
	4,472	595
Impaired	18,112	18,908
	23,784	45,949

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors within the Group.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. TRADE RECEIVABLES (Continued)

(iv) Ageing analysis of trade receivables (Continued)

Receivables that are past due but not impaired

The directors of the Group are of the opinion that no impairment is required based on previous years experiences and the minimal probability that these receivables will default in payments.

Receivables that are impaired

In determining the extent of impairment of receivables, the directors have given due consideration to all information available to assess the likelihood of bad debts arising. Although uncertainty generally exists with regard to the recovery of debts, the directors are of the opinion that sufficient impairment has been made and the amount receivable net of the impairment of receivables are expected to be substantially recovered.

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2015 RM'000	2014 RM'000
Individually impaired		
Trade receivables	18,112	18,908
Less: Accumulated impairment	(18,112)	(18,908)
	-	-

Movement in impairment account:

	Group	
	2015 RM'000	2014 RM'000
At 1st July	18,908	19,084
Addition	38	-
Reversal of impairment loss no longer required	(834)	(176)
At 30th June	18,112	18,908

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are long outstanding with no collection. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Other receivables	11,104	9,145	-	-
Less: Allowance for impairment	(7,138)	(8,705)	-	-
	3,966	440	-	-
Deposits	612	1,040	2	2
Prepayments	99	29	-	-
	4,677	1,509	2	2

15. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2015	2014
	RM'000	RM'000
Amount owing by subsidiaries	163,202	334,777
Less: Allowance for impairment	(21)	(168,621)
	163,181	166,156
Amount owing to subsidiaries	(51,502)	(51,101)

16. AMOUNT OWING BY ASSOCIATES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Amount owing by associates	3	3	2	2
Less: Allowance for impairment	(3)	(3)	(2)	(2)
	-	-	-	-

The amount owing by the associates is unsecured, interest free and is repayable on demand in cash.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	4,933	7,239	827	2,907
Cash held under Housing Development Account	31	29	-	-
Deposits placed with licensed banks and finance companies	10	10	-	-
	4,974	7,278	827	2,907

Group

Cash held under Housing Development Account represents receipts from purchasers of residential properties less payments or withdrawals provided under the Housing Developers (Control and Licensing) Act, 1966.

18. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of Shares Unit '000	RM'000	Number of Shares Unit '000	RM'000
Authorised:				
1,000,000,000 ordinary shares of RM0.20/- each				
At 1st July	5,000,000	1,000,000	1,000,000	1,000,000
Additions	-	-	4,000,000	800,000
Capital reduction exercise	-	-	-	(800,000)
At 30th June	5,000,000	1,000,000	5,000,000	1,000,000
Issued and fully paid:				
334,886,726 ordinary shares of RM0.20/- each				
At 1st July	334,887	66,977	334,887	334,887
Capital reduction exercise	-	-	-	(267,910)
At 30th June	334,887	66,977	334,887	66,977

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. **SHARE CAPITAL (Continued)**

(A) **Capital Reduction Exercise**

On 9th September 2013, the directors of the Company had proposed the following:

(i) reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act, 1965 in Malaysia, involving the cancellation of RM0.80/- of the par value of each existing ordinary share of RM1/- each ("the cancellation") in the Company; and

(ii) amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Par Value Reduction.

On 6th December 2013, the Company had lodged the sealed order of the cancellation granted by the High Court of Malaya in Kuala Lumpur with Companies Commission of Malaysia. With the completion of par value reduction on the event date, the par value of each existing ordinary share of the Company was reduced from RM1/- to RM0.20/- each.

In the previous financial year, the reduction of the issued and paid up share capital of the Company amounting to RM267.910 million arising from the par value reduction was credited to the accumulated losses.

(B) **Share Issuance Scheme ("SIS")**

The Share Issuance Scheme was approved by the shareholders at the Extraordinary General Meeting held on 8th November 2013.

The salient features of the SIS are as follows:

(i) The maximum number of new ordinary shares in the Company which may be made available under the share options ("Options") granted pursuant to the SIS shall not exceed 15% of the issued and paid-up share capital (excluding treasury shares) of the Company at any one time throughout the duration of the SIS;

(ii) An eligible person is any director or employee of the Company or its subsidiaries ("the Group") who at the date of allocation:

(a) has attained the age of 18 years is not an undischarged bankrupt; and
(b) is a confirmed employee of the Group.

Provided that the SIS Committee may, at its discretion, nominate any employee (including directors) of the Group to be an eligible person despite the eligibility criteria under the By-Laws 5.1 and 5.2 herein if not met, at any time and from time to time.

There are no performance targets to be achieved by the director or employee of the Company or its subsidiaries before any of the Options can be exercised and the shares can be vested by them.

No Options will be offered to employees and directors if the subsidiaries of the Company which are dormant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. **SHARE CAPITAL (Continued)**

(B) **Share Issuance Scheme ("SIS") (Continued)**

(iii) The number of SIS shares that may be offered and allotted to any one of the eligible person shall be at the discretion of the SIS Committee after taking into consideration the performance, length of service and seniority of the eligible person and such other factors that the SIS Committee may deem relevant, subject to the following:

(a) the directors and senior management (as defined herein) of the Group do not participate in the deliberation or discussion of their own allocation.

(b) the number of SIS shares allocated, in aggregate, to eligible directors and senior management of the Group shall not exceed 70% of the total SIS shares available under the SIS.

(c) the number of SIS shares allocated to any individual eligible person who, either singly or collectively through person/(s) connected with him/her as defined in the Listing Requirements of Bursa Malaysia Securities Berhad, holds 20% or more the total issued and paid-up share capital of the Company shall not exceed 10% of the total SIS shares available under the SIS.

(d) The Options granted to an eligible person is exercisable only by the eligible person during the existence of the Options so long as he/she remains in the employment of the Group and he/she exercises it within the Option period subject to a maximum 33.33% of the Options exercisable, in aggregate, in each year commencing from the date of offer.

(e) The subscription price of each new ordinary share under option shall be determined by the Board of Director upon recommendation of the SIS Committee and shall be fixed at the higher of the following:

- The 5-day weighted average market price of the ordinary shares at the date of offer, with a discount of not more than 10% or such other percentage of discount to the weighted average market price of the ordinary shares for the 5 market days as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the scheme; or

- The par value of the shares of RM0.20/- each or at such minimum exercise price as may be permitted by the provision of the Companies Act 1965, in Malaysia and the Listing Requirements.

Subject to adjustment as stipulated under By-Law 15 as may be amended, varied or supplemented from time to time.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. **SHARE CAPITAL (Continued)**

(B) **Share Issuance Scheme ("SIS") (Continued)**

(f) The SIS shall be in force for a period of 3 years from the date of full compliance with the statutory requirements and is subject to an extension for a maximum period of up to 7 years commencing from the day the date of expiration of the original 3 years period.

(g) The new ordinary shares to be allotted and issued upon the exercise of any options will, upon allotment and issuance, rank pari passu in all respects with the existing issued and paid up of the Company, save and except that the new ordinary shares issued will not be entitled any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of allotment of the new ordinary shares.

The new ordinary shares will be subjected to all the provisions of the Articles of Association of the Company including those relating to the transfer and transmission of shares.

The movement in the SIS exercisable by the eligible persons during the financial year to take up unissued ordinary shares of RM0.20/- each at the exercise price of RM0.20/- per ordinary share is as stated below:

	Number of SIS	
	2015 '000 units	2014 '000 units
At 1st July	33,900	-
Granted during the financial year	-	34,340
Allotment during the financial year	3,680	-
Terminated during the financial year	(7,410)	(440)
At 30th June	30,170	33,900

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL (Continued)

(B) Share Issuance Scheme ("SIS") (Continued)

Fair value of SIS granted

The fair value of the share options granted under the SIS is estimated at the grant date using a Black Scholes Valuation model, taking into accounts the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the Black Scholes Valuation model for the financial year ended 30th June 2015.

Parameter and Assumptions	**Grant date on 12.3.2014**
Share price at valuation date	RM0.04
Exercise price	RM0.20
Risk-free interest rate	3.68% p.a.
Expected life of option	3 years (expiring on 11.3.2017)
Expected volatility	50.71%

Value of employee services received for issue of share option:

	Group		**Company**	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total expenses recognised as share based payments granted during the financial year	-	1,364	-	1,364

19. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCK ("ICULS")

On 12th February 2014, the Company issued a rights issue of 192,326,734 units of 3%, 3-year ICULS at nominal value of RM0.10/- each, amounting to RM19.233 million/- in proceeds. The ICULS were listed on Bursa Malaysia on 14th February 2014.

The ICULS at nominal value of RM0.10/- each was constituted by a Trust Deed dated 27th December 2013 made between the Company and the Trustee for the holders of the ICULS.

The proceeds from the issuance are used for working capital requirements and repayment to amount owing to the Company's director and bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCK ("ICULS") (Continued)

The salient features of the ICULS are as follows:

(a) The conversion price for the ICULS is RM0.20/- for every one new share;

(b) The ICULS shall be convertible into ordinary shares of the Company during the period from date of issue to date of maturity by:

- surrendering RM0.20/- nominal value of ICULS for one new share; or
- surrendering RM0.10/- nominal value of ICULS together with cash such that it aggregate it amounts to RM0.20/- for one new share;

(c) The new shares to be issued arising from the full conversion of the ICULS shall, upon issuance and allotment, rank pari passu in all respect with the existing shares except that they will not be entitled to any dividends, rights, allotments and/or distributions, that may be declared, made or paid prior to the date of allotment of these new shares.

The ICULS has been split between the liability component and equity component as follow:

	RM'000
Group and Company	
Nominal value	19,233
Equity component	
- equity component, net of deferred tax	(13,344)
- deferred tax liability (Note 27)	(4,448)
	(17,792)
Liability component at initial recognition	1,441

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCK ("ICULS") (Continued)

	Group and Company	
	2015	2014
	RM'000	RM'000
Liability component at initial recognition	1,441	1,441
Interest expense recognised in profit or loss:		
At 1st July	-	-
Recognised during the financial year (Note 36)	51	-
At 30th June	51	-
Dividend paid:		
At 1st July	-	-
Paid during the financial year	(577)	-
At 30th June	(577)	-
Non-curent		
Liability component at 30th June	915	1,441

20. FOREIGN CURRENCY RESERVE

Foreign currency reserve comprises of all foreign currency differences arising from the translation of the financial statements of foreign operations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. BORROWINGS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Secured				
Non-current				
Hire purchase liabilities (Note 22)	1,242	98	-	-
Bridging loan (Note 23)	34,664	36,963	-	-
Term loan (Note 24)	6,885	1,298	-	-
	42,791	38,359	-	-
Secured				
Current				
Bank overdraft (Note 25)	1,906	63	1,906	63
Hire purchase liabilities (Note 22)	330	268	-	-
Term loan (Note 24)	2,643	955	-	-
	4,879	1,286	1,906	63
Total borrowings	47,670	39,645	1,906	63

22. HIRE PURCHASE LIABILITIES

	Group	
	2015	2014
	RM'000	RM'000
Minimum hire purchase payments:		
- not later than one year	387	111
- later than one year but not later than five years	1,320	295
- later than five years	121	-
	1,828	406
Less: Future finance charges	(256)	(40)
Present value of hire purchase liabilities	1,572	366
Represented by:		
Non-current	1,242	98
Current	330	268
	1,572	366

Interest rates on hire purchase liabilities for the financial year range from 2.46% to 4.62% (2014: 2.46% to 2.84%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. BRIDGING LOAN

	Group 2015 RM'000	Group 2014 RM'000
Within the next twelve months	-	-
After the next twelve months:		
- not later than two years	22,765	-
- later than two years but not later than five years	11,899	36,963
	34,664	36,963
	34,664	36,963

The bridging loan of the Group bears interest at a rate from 8.10% to 8.35% (2014: 8.10% to 8.35%) per annum and secured by way of:

(i) Fixed legal charge over certain portion of the subsidiaries' project land at Mukim Pasir Panjang, Daerah Port Dickson, Negeri Sembilan (Notes 5 and 6);
(ii) Deed of assignment of proceed from new sales of the development project;
(iii) Legal benefit over the customer rights, interest, benefits and titles in insurance policies for the project land;
(iv) Debenture with fixed and floating legal charges;
(v) Legal assignment over the designated monies and account to the credit of the designated account; and
(vi) Corporate guarantee by the Company.

24. TERM LOAN

	Group 2015 RM'000	Group 2014 RM'000
Within the next twelve months	2,643	955
After the next twelve months:		
- not later than two years	2,411	955
- later than two years but not later than five years	4,474	343
- later than five years	-	-
	6,885	1,298
	9,528	2,253

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. TERM LOAN (Continued)

The term loan of the Group bears interest at a rate of 7.09% to 9.35% (2014: 9.10%) per annum and secured by way of:

Term Loan 1:
(i) Facilities agreement for RM2.5 million;
(ii) Fixed legal charge over certain portion of the subsidiaries' project land at Mukim Pasir Panjang, Daerah Port Dickson, Negeri Sembilan (Note 5);
(iii) Deed of assignment of proceed from rental of property at Mukim Pasir Panjang, Daerah Port Dickson, Negeri Sembilan (Note 5);
(iv) Corporate guarantee by the Company; and
(v) Joint and several guarantee by the directors.

Term Loan 2:
(i) Facilities agreement for RM15 million;
(ii) First legal charge over property of a subsidiary (Note 5);
(iii) Corporate guarantee by the Company; and
(iv) First party legal assignment for rental proceeds.

25. BANK OVERDRAFT

The bank overdraft of the Group and of the Company bears interest at a rate of 8.35% (2014: 8.10%) per annum and secured by a director's fixed deposit.

26. LONG TERM PAYABLES

Group

This represents redeemable sums due to the preference shareholders of a subsidiary upon expiry of the golf memberships on 22nd October 2093.

27. DEFERRED TAX LIABILITIES

	Group and Company	
	2015	2014
	RM'000	RM'000
At 1st July	4,448	-
Deferred tax liabilities arising from ICULS (Note 19)	-	4,448
At 30th June	4,448	4,448

The components of the recognised deferred tax liabilities are as follow:

	2015	2014
	RM'000	RM'000
Deferred tax liabilities		
- Arising from ICULS	4,448	4,448

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. TRADE PAYABLES

	Group	
	2015 RM'000	2014 RM'000
Trade payable	10,891	11,014
Progress billings in respect of property development costs	21,782	6,168
	32,673	17,182

(a) The normal trade credit terms granted to the Group range from 30 to 90 days (2014: 30 to 90 days).

(b) Included in trade payables of the Group is an amount of RM2.256 million (2014: RM2.256 million) owing to a company in which certain directors have financial interests. The amount is unsecured, interest free and repayable on demand in cash.

29. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other payables	14,041	13,209	754	797
Deposits	1,598	1,293	-	-
Accruals	6,314	6,501	78	20
	21,953	21,003	832	817

Included in other payables of the Group is an amount of RM591,029/- (2014: RM591,029/-) owing to a company in which certain directors have financial interests. The amount payable is unsecured, interest free and is repayable on demand in cash.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. PROVISION FOR LIABILITIES

	Provision for Additional Development Cost RM'000	Provision for Termination of VSC RM'000	Provision for Liquidated Ascertained Damages RM'000	Total RM'000
Group				
At 1st July 2013	9,350	-	451	9,801
Addition	-	15,000	-	15,000
At 30th June 2014	9,350	15,000	451	24,801
Utilisation	-	(15,000)	-	(15,000)
Reversal	(9,350)	-	-	(9,350)
At 30th June 2015	-	-	451	451

(i) **Additional cost to the sales and purchase agreement of a land**

The balance in the previous financial year represents provision for additional cost required to be incurred in relation to the sales of a land.

(ii) **Vacation SuperClub ("VSC")**

Tanco Resort Berhad ("TRB"), a subsidiary of the Company, has a timesharing membership program known as the Vacation SuperClub. The VSC is a 30 year membership program grants a right to use timesharing membership which was first created in year 1997 vide a trust deed dated 9th September 1997 entered into between TRB, Pacific Trustees Berhad ("the Trustee") and the VSC members, where a pool of usage of time is made available to VSC members which is the total of all the usage time registered in the accommodation at the resorts owned by or leased by TRB or which TRB has the right to use under a joint-venture arrangement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. **PROVISION FOR LIABILITIES (Continued)**

(ii) **Vacation SuperClub ("VSC") (Continued)**

On 4th April 2014, TRB had proposed to undertake the followings:

(a) payment in cash to the respective eligible VSC members an entitlement sum calculated based on the remaining unutilised tenure of the respective VSC membership agreements as at 30th April 2014;

(b) distribution by Pacific Trustees Berhad ("Trustee") of the remaining balance in the VSC trust account and the VSC sinking fund account as at 30th April 2014 to the eligible VSC members proportionately based on the value of the remaining unutilised tenure of the vacation points held by the eligible VSC members;

(c) refund by TRB to the eligible VSC members who have paid the advance anniversary fees; and

(d) termination and dissolution of the VSC membership.

On 28th April 2014, TRB announced that the foresaid proposals were approved by the VSC members via an Extraordinary General Meeting held on 26th April 2014.

Subsequent to the approval obtained from the VSC members, the directors recognised the obligation by TRB and expects a sum of cash outflows to settle the obligation. A sum of RM15 million provision was made based on the remaining unutilised tenure of the respective VSC membership agreements as at 30th April 2014.

During the financial year, the Group settled the liabilities by paying a sum of RM15 million to individual number of the unutilised tenure VSC membership.

(iii) **Provision for liquidated ascertained damages ("LAD")**

Provision for liquidated ascertained damages ("LAD") is in respect of projects undertaken by the Group.

31. **AMOUNT OWING TO DIRECTORS**

Group and Company

The amount owing to directors is non-trade in nature, unsecured, interest free and is repayable on demand in cash.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. REVENUE

	Group 2015 RM'000	Group 2014 RM'000
Revenue from sales of development properties	2,616	4,695
Income from clubs and resort operations	1,684	4,090
Interest income from money lending business	33	30
Rental income	2,140	-
	6,473	8,815

33. COST OF SALES

	Group 2015 RM'000	Group 2014 RM'000
Cost of development properties	1,814	1,959
Club and resort operation costs	15	123
Rental operation costs	1,365	-
	3,194	2,082

34. OTHER INCOME

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Creditors written back	71	1	-	1
Deposits recovered	133	298	-	-
Gain on:				
- disposal of property, plant and equipment	2,983	778	-	-
- deregistered of a subsidiary	-	129	-	-
Interest income	14	-	-	-
Rental income	188	617	-	-
Reversal of impairment loss no longer required of:				
- property, plant and equipment	2,715	-	-	-
- amount owing by subsidiaries	-	-	6,486	2,890
- trade receivables	834	176	-	-
- other receivables	133	298	-	-
Reversal of provision for liabilities no longer required	9,350	-	-	-
Waiver of debts	8	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. OPERATING LOSS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
After charging:				
Addition of provision for liabilities	-	15,000	-	-
Auditors' remuneration:				
- current year	110	89	20	20
- over accrual in prior year	(5)	(161)	-	(35)
Amortisation of:				
- prepaid lease payments	213	289	-	-
- other investments	36	72	-	-
Allowance for impairment of:				
- property, plant and equipment	-	1,044	-	-
- investment in subsidiaries	-	-	13,612	-
- trade receivables	38	-	-	-
Depreciation	1,415	1,294	14	14
Directors' fees	139	72	79	72
Directors' remuneration				
- salaries	1,927	2,189	-	-
- benefit-in-kind	106	106	-	9
- others	291	695	-	477
Fair value of share			-	
issuance scheme	-	1,364	-	1,364
Lease rental	173	166	-	-
Loss on:				
- disposal of other investments	297	-	-	-
- foreign exchange	8	-	-	-
Rental of:				
- equipment	6	-	-	-
- premises	108	200	-	-
Staff costs:				
- Employees' Provident Fund	375	357	-	-
- SOCSO	68	37	-	-
- salaries, overtime and allowances	3,289	3,266	-	-
- welfare	498	123	-	-
Bad debts written off on:				
- trade receivables	11,635	1	-	40,005
- deposits	422	-	-	-
- property, plant and equipment	234	-	-	-
- amount owing by subsidiaries	-	-	10,767	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. FINANCE COSTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest expenses				
- loan interest	2,435	2,484	-	-
- overdraft interest	119	179	119	179
- hire purchase and lease liabilities	42	4	-	-
- ICULS interest (Note 19)	51	-	51	-
	2,647	2,667	170	179

37. TAXATION

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Income tax				
- current financial year	15	-	-	-
- under accrual in prior year	3	50	-	-
	18	50	-	-

The income tax is calculated at statutory rate of 25% (2014: 25%) of the estimated assessable loss for the year.

The statutory tax rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. TAXATION (Continued)

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loss before taxation	(14,870)	(29,158)	(18,414)	(40,153)
Taxation at applicable tax rate of 25%	(3,718)	(7,290)	(4,604)	(10,038)
Tax effects arising from				
- non-taxable incomes	(4,097)	(910)	(1,622)	(723)
- non-deductible expenses	5,180	6,051	6,134	10,470
- under accrual in prior years	3	50	-	-
- deferred tax assets not recognised in the financial statements	1,383	2,149	44	291
- changes in tax rate	1,267	-	48	-
Tax expenses for the financial year	18	50	-	-

Deferred tax assets have not been recognised for the following items:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Taxable temporary differences	(1,559)	(1,452)	-	-
Unabsorbed capital allowances	1,441	1,250	161	161
Unutilised tax losses	126,780	116,264	4,621	4,253
	126,662	116,062	4,782	4,414
Potential deferred tax assets not recognised at 24% (2014: 25%)	30,399	29,016	1,148	1,104

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38. LOSS PER ORDINARY SHARE

(a) Basic Loss per Ordinary Share

Basic loss per ordinary share is calculated by dividing the loss for the financial year attributable to the owners of the Company by the weighted average number of ordinary shares in issued during the financial year.

	Group	
	2015	2014
Loss attributable to owners of the Company (RM'000)	14,888	29,208
Weighted average number of ordinary shares in issue (Unit'000)	334,887	334,887
Basic loss per ordinary share (sen)	4.45	8.72

(b) Diluted Loss per Ordinary Share

The diluted loss per ordinary share of the Company for the financial year 2015 is same as the basic loss per ordinary share of the Company as the potential ordinary shares are antidilutive.

39. FINANCIAL GUARANTEES

	Company	
	2015	2014
	RM'000	RM'000
Corporate guarantees given by the Company to financial institution for credit facilities granted to the subsidiaries	59,192	55,307

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. MATERIAL LITIGATION

(a) Claims by purchasers against a wholly-owned subsidiary of the Company for specific performance and damages on units purchased totalling approximately RM758,149/-. Following hearings and appeals on the matter, the claims for specific performance have been dismissed and only the issue of damages remains to be re-assessed by the court. On 1st October 2015, the court ordered the wholly-owned subsidiary of the Company to put the defendants damages in the sum of RM159,224/-.

(b) A claim against a wholly-owned subsidiary of the Company by a group of claimants for damages, the sum of RM4,679,261/- together with interest at the rate of 8.9% per annum from 24th October 2003 until realisation, late payment interest and such further relief as the court may allow. This claim was initiated by way of a counterclaim against the subsidiary from an initial suit filed against the said group by a financial institution allegedly for breach of certain terms and conditions of a facilities agreement by the said group. The claim against the subsidiary is disputed and is being defended by the subsidiary's solicitors. No provision for losses has been made as the directors, based on the Company's solicitor's advice, are confident that the subsidiary will succeed in its defence. The claimants have also not pursued further action on their counterclaim against the subsidiary since judgment was taken against the claimants by the financial institution in October 2007. Solicitors of the subsidiary are in the process of submitting an application to strike out the counterclaim against the subsidiary. The Company has filed winding-up proceedings against one of the claimants on another matter. On 8th October 2015, the court granted the winding-up order in respect of the claimant company with costs of RM5,000/-.

41. RELATED PARTIES

(a) Identification of related parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Company or that has an interest in the Company that gives it significant influence over the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Company resides with, directly or indirectly.

The Group and the Company has related party relationship with its holding companies, significant investor, subsidiaries and associates, directors and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41. **RELATED PARTIES (Continued)**

(b) **Significant Related Parties Transactions**

In the normal course of business, the Company undertakes transactions with some of its related parties listed above. Set out below are the significant related party transactions for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions mutually agreed between the respective parties.

The information regarding outstanding balance arising from related party transaction as at reporting date is disclosed to Notes 15, 16, 28 and 31 to the financial statements.

(c) **Key Management Personnel Compensation**

Key management personnel are defined as those persons other than the directors of the Company having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

The remuneration of the key management personnel during the financial year is as follows:

	Group		**Company**	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors				
Fees				
- current year	139	72	79	72
Remuneration	1,927	2,189	-	-
Benefit-in-kind	106	106	-	9
Others	291	695	-	477
Other key management personnel				
Salaries and allowances	566	626	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. **SEGMENTAL ANALYSIS**

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based upon the industry of the underlying investments.

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented.

Business Segments

For management purposes, the Group is organised into the following operating divisions:

- Property development/Management
- Resorts and Club Operation/Management
- Construction
- Investment holding

Measurement of Reportable Segments

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the integral management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operates within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment other than current and deferred tax assets.

Segment liabilities

The total of segment liability is measured based on all liabilities of a segment other than current and deferred tax liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. SEGMENTAL ANALYSIS (Continued)

	Property Development/ Management RM'000	Resorts and Club Operation/ Management RM'000	Construction RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000
Group						
2015						
Revenue						
External sales	4,271	2,202	-	-	-	6,473
Inter-segment sales	72	713	-	142	(927)	-
Total revenue	4,343	2,915	-	142	(927)	6,473
Results						
Profit/(loss) from operations	2,182	75,802	65	142,743	(233,015)	(12,223)
Finance costs	(2,467)	(9)	-	(171)	-	(2,647)
Profit/(loss) before taxation	(285)	75,793	65	142,572	(233,015)	(14,870)
Taxation	(3)	(15)	-	-	-	(18)
Profit/(loss) after taxation	(288)	75,778	65	142,572	(233,015)	(14,888)
Non-controlling interests	-	12	-	-	-	12
Profit/(Loss) after non-controlling interests	(288)	75,790	65	142,572	(233,015)	(14,876)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(loss)	(288)	75,790	65	142,572	(233,015)	(14,876)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. SEGMENTAL ANALYSIS (Continued)

	Property Development/ Management RM'000	Resorts and Club Operation/ Management RM'000	Construction RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000
Group						
2015 (Continued)						
Other Information						
Allowance for impairment of:						
- investment in subsidiaries	-	-	-	(40,969)	40,969	-
- trade receivables	-	(38)	-	-	-	(38)
Amortisation of:						
- prepaid lease payments	(208)	(5)	-	-	-	(213)
- other investments	-	(87)	-	-	51	(36)
Depreciation	(369)	(1,032)	-	(14)	-	(1,415)
Gain on disposal of property, plant and equipment	-	6,709	-	-	(3,726)	2,983
Loss on disposal of other investments	-	(297)	-	-	-	(297)
Reversal of impairment loss no longer required for:						
- property, plant and equipment	-	4,910	-	-	(2,195)	2,715
- investment in subsidiaries	-	-	-	18,130	(18,130)	-
- trade receivables	-	834	-	-	-	834
- other receivables	133	-	-	-	-	133
- amount owing by holding company	-	497	-	-	(497)	-
- amount owing by subsidiaries	6,487	-	-	9,259	(15,746)	-
- amount owing by related companies	6,130	943	88	2,199	(9,360)	-
Reversal of provision for liabilities no longer required	9,350	-	-	-	-	9,350
Waiver of debts	-	67,734	194	168,254	(236,174)	8
Bad debts written off on:						
- trade receivables	(10,231)	(1,404)	-	-	-	(11,635)
- deposits	-	(422)	-	-	-	(422)
- property, plant and equipment	-	(234)	-	-	-	(234)
- amount owing by subsidiaries	-	(1)	-	(10,767)	10,768	-
- amount owing by related companies	(1)	(831)	(194)	-	1,026	-
Statements of Financial Position						
Assets						
Segment assets	330,824	94,939	9,823	281,610	(441,924)	275,272
Liabilities						
Segment liabilities	(247,604)	(93,509)	(9,822)	(134,970)	372,716	(113,189)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. SEGMENTAL ANALYSIS (Continued)

	Property Development/ Management RM'000	Resorts and Club Operation/ Management RM'000	Construction RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000
Group						
2014						
Revenue						
External sales	4,695	4,120	-	-	-	8,815
Inter-segment sales	-	-	6,994	784	(7,778)	-
Total revenue	4,695	4,120	6,994	784	(7,778)	8,815
Results						
Profit/(loss) from operations	33,387	(12,303)	(1,854)	(40,204)	(5,517)	(26,491)
Finance costs	(2,482)	(6)	-	(179)	-	(2,667)
Profit/(loss) before taxation	30,905	(12,309)	(1,854)	(40,383)	(5,517)	(29,158)
Taxation	(40)	-	-	(10)	-	(50)
Profit/(loss) after taxation	30,865	(12,309)	(1,854)	(40,393)	(5,517)	(29,208)
Non-controlling interests	-	#	-	-	-	#
Profit/(Loss) after non-controlling interests	30,865	(12,309)	(1,854)	(40,393)	(5,517)	(29,208)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(loss)	30,865	(12,309)	(1,854)	(40,393)	(5,517)	(29,208)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. SEGMENTAL ANALYSIS (Continued)

	Property Development/ Management RM'000	Resorts and Club Operation/ Management RM'000	Construction RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000
Group						
2014 (Continued)						
Other Information						
Bad debts written off	-	(1)	-	(40,005)	40,005	(1)
Depreciation and amortisation	(305)	(1,307)	-	(14)	(29)	(1,655)
Fair value of share issuance scheme	(1,364)	-	-	-	-	(1,364)
Gain on:						
- disposal of property, plant and equipment	5	5,019	-	-	(4,246)	778
- deregistered of a subsidiary	-	129	-	-	-	129
Impairment of property, plant and equipment	-	(1,044)	-	-	-	(1,044)
Reversal of impairment loss no longer required for:						
- amount owing by subsidiaries	-	-	-	2,890	(2,890)	-
- trade receivables	-	176	-	-	-	176
- other receivables	298	-	-	-	-	298
Waiver of debts	-	40,000	-	-	(40,000)	-
Statements of Financial Position						
Assets						
Segment assets	314,586	107,809	11,480	306,657	(450,675)	289,857
Liabilities						
Segment liabilities	(231,214)	(182,177)	(11,760)	(301,273)	613,538	(112,886)

Representing by amount less than RM1,000/-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The significant accounting policies in Note 3.2 to the financial statements describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and Receivables RM'000	Available-for-Sale RM'000	Financial Liabilities at Amortised Cost RM'000	Total RM'000
Group				
2015				
Financial assets				
Other investments	4,568	2	-	4,570
Trade receivables	5,672	-	-	5,672
Other receivables, deposits and prepayments *	4,578	-	-	4,578
Cash and cash equivalents	4,974	-	-	4,974
	19,792	2	-	19,794
Financial liabilities				
Trade payables	-	-	32,673	32,673
Other payables, deposits and accruals	-	-	21,953	21,953
Amount owing to directors	-	-	3,578	3,578
Borrowings	-	-	47,670	47,670
Long term payables	-	-	748	748
	-	-	106,622	106,622

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. FINANCIAL INSTRUMENTS (Continued)

(a) Categories of financial instruments (Continued)

	Loans and Receivables RM'000	Available-for-Sale RM'000	Financial Liabilities at amortised cost RM'000	Total RM'000
2014				
Financial assets				
Other investments	5,266	2	-	5,268
Trade receivables	27,041	-	-	27,041
Other receivables, deposits and prepayments *	1,480	-	-	1,480
Amount owing by associates	-	-	-	-
Cash and cash equivalents	7,278	-	-	7,278
	41,065	2	-	41,067
Financial liabilities				
Trade payables	-	-	17,182	17,182
Other payables, deposits and accruals	-	-	21,003	21,003
Amount owing to directors	-	-	2,865	2,865
Borrowings	-	-	39,645	39,645
Long term payables	-	-	748	748
	-	-	81,443	81,443

* *Exclude prepayments.*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. FINANCIAL INSTRUMENTS (Continued)

(a) Categories of financial instruments (Continued)

	Loans and Receivables RM'000	Available-for-Sale RM'000	Financial Liabilities at Amortised Cost RM'000	Total RM'000
Company				
2015				
Financial assets				
Other investments	-	2	-	2
Other receivables, deposits and prepayments	2	-	-	2
Amount owing by subsidiaries	163,181	-	-	163,181
Cash and cash equivalents	827	-	-	827
	164,010	2	-	164,012
Financial liabilities				
Other payables, deposits and accruals	-	-	832	832
Borrowings	-	-	1,906	1,906
Amount owing to subsidiaries	-	-	51,502	51,502
Amount owing to directors	-	-	2,587	2,587
	-	-	56,827	56,827
2014				
Financial assets				
Other investments	-	2	-	2
Other receivables, deposits and prepayments	2	-	-	2
Amount owing by subsidiaries	166,156	-	-	166,156
Cash and cash equivalents	2,907	-	-	2,907
	169,065	2	-	169,067
Financial liabilities				
Other payables, deposits and accruals	-	-	817	817
Borrowings	-	-	63	63
Amount owing to subsidiaries	-	-	51,101	51,101
Amount owing to directors	-	-	2,587	2,587
	-	-	54,568	54,568

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. **FINANCIAL INSTRUMENTS (Continued)**

(b) **Financial Risk Management and Objectives**

The Group seeks to manage effectively the various risks namely interest rate, liquidity and credit risks, to which the Group is exposed to in its daily operations.

(i) **Credit Risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other than financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise the credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company do not hold any collateral as security and other credit enhancements for the above financial assets.

The Group's objective is to seek continual growth while minimising losses incurred to increased credit risk exposure. The management has a credit policy in place to monitor on an on-going basis.

(a) *Exposure to credit risk*

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the statement of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 13 to the financial statements.

(b) *Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring the ageing profile of its trade receivables on an on-going basis. The Group's trade receivables credit risk is concentrated in Malaysia.

The significant concentration of credit risk of the Group is disclosed in Note 13 to the financial statements. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management and Objectives (Continued)

(i) Credit Risk (Continued)

(c) *Financial assets that are neither past due nor impaired*

Information regarding to trade receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements.

Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

(d) *Inter-company balance*

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

(e) *Financial guarantee*

The Company provides unsecured financial guarantees to financial institution in respect of bank facilities granted to a subsidiary. The Company monitors on an on-going basis the results of the subsidiary and repayments made by the subsidiary.

As at the end of reporting period, there was no indication that any subsidiary would default on repayment.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management and Objectives (Continued)

(ii) Liquidity Risk (Continued)

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities based on undiscounted contractual repayment at the reporting date are as follows:

	Carrying Amount	Contractual Cash Flow	On demand or within 1 year	1 to 5 years	More than 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Financial liabilities						
2015						
Trade payables	32,673	32,673	32,673	-	-	32,673
Other payables, deposits and accruals	21,953	21,953	21,953	-	-	21,953
Amount owing to directors	3,578	3,578	3,578	-	-	3,578
Borrowings	47,670	47,926	4,936	42,869	121	47,926
Long term payables	748	748	-	-	748	748
	106,622	106,878	63,140	42,869	869	106,878
2014						
Trade payables	17,182	17,182	17,182	-	-	17,182
Other payables, deposits and accruals	21,003	21,003	21,003	-	-	21,003
Amount owing to directors	2,865	2,865	2,865	-	-	2,865
Borrowings	39,645	39,685	1,129	38,556	-	39,685
Long term payables	748	748	-	-	748	748
	81,443	81,483	42,179	38,556	748	81,483

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management and Objectives (Continued)

(ii) Liquidity Risk (Continued)

Maturity analysis (Continued)

	Carrying Amount RM'000	Contractual Cash Flow RM'000	On demand or within 1 year RM'000
Company			
Financial liabilities			
2015			
Other payables, deposits and accruals	832	832	832
Borrowings	1,906	1,906	1,906
Amount owing to subsidiaries	51,502	51,502	51,502
Amount owing to directors	2,587	2,587	2,587
	56,827	56,827	56,827
2014			
Other payables, deposits and accruals	817	817	817
Borrowings	63	63	63
Amount owing to subsidiaries	51,101	51,101	51,101
Amount owing to directors	2,587	2,587	2,587
	54,568	54,568	54,568

(iii) Interest Rate Risk

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

The Group's exposure to interest rate risk arises primarily from its obligations under hire purchase liabilities and lease payables. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management and Objectives (Continued)

(iii) Interest Rate Risk (Continued)

The following table details the interest rate profile of the Group and of the Company's borrowings at the reporting date.

	Interest rate	Within 1 year	1 to 5 years	More than 5 years	Total
	%	RM'000	RM'000	RM'000	RM'000
Group					
Financial Liabilities					
2015					
Bank overdraft	8.35	1,906	-	-	1,906
Hire purchase liabilities	2.46 - 4.62	330	1,139	103	1,572
Bridging loan	8.35	-	34,664	-	34,664
Term loan	7.09 - 9.35	2,643	6,885	-	9,528
2014					
Financial Liabilities					
Bank overdraft	8.10	63	-	-	63
Hire purchase liabilities	2.46 - 2.83	98	268	-	366
Bridging loan	8.10	-	36,963	-	36,963
Term loan	9.10	955	1,298	-	2,253
Company					
Financial Liabilities					
2015					
Bank overdraft	8.35	1,906	-	-	1,906
2014					
Financial Liabilities					
Bank overdraft	8.10	63	-	-	63

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management and Objectives (Continued)

(iii) Interest Rate Risk (Continued)

Sensitivity analysis for floating rate instruments

A change in 1% in interest rate at the end of the reporting period would have increased/(decreased) the Group's loss before tax and equity by the amounts shown below. This analysis assumes that all other variables remained unchanged.

	2015		2014	
	Interest rate Increase 1% RM'000	Interest rate Decrease 1% RM'000	Interest rate Increase 1% RM'000	Interest rate Decrease 1% RM'000
Loss before tax and equity	461	(461)	393	(393)

(c) Fair Values

The fair values of financial assets and financial liabilities of the Group and of the Company approximate their carrying amounts on the statements of financial position.

There were no unrecognised financial instruments as at 30th June 2015.

The nominal/notional amount and net fair value of corporate guarantee given (as disclosed in Note 39 to the financial statements) are not recognised in the statements of financial position as at 30th June 2015 as it is not practicable to make a reliable estimate due to uncertainties of timing, costs and eventual outcome.

Fair Values Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1:
Quoted prices in active markets for identical assets or liabilities.

Level 2:
Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.

Level 3:
Inputs for the asset or liability that are not based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. FINANCIAL INSTRUMENTS (Continued)

(c) Fair Values (Continued)

	Fair Value of Financial Instruments carried at Fair Value	Fair Value of Financial Instruments not carried at Fair Value		Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
2015					
Financial assets					
Investment in quoted shares	2	-	-	2	2
Other investments	-	-	4,568	4,568	4,568
	2	-	4,568	4,570	4,570
Financial liabilities					
Bank overdraft	-	(1,906)	-	(1,906)	(1,906)
Hire purchase liabilities	-	(1,572)	-	(1,572)	(1,572)
Bridging loan	-	(34,664)	-	(34,664)	(34,664)
Term loan	-	(9,528)	-	(9,528)	(9,528)
	-	(47,670)	-	(47,670)	(47,670)
2014					
Financial assets					
Investment in quoted shares	2	-	-	2	2
Other investments	-	-	5,266	5,266	5,266
	2	-	5,266	5,268	5,268
Financial liabilities					
Bank overdraft	-	(63)	-	(63)	(63)
Hire purchase liabilities	-	(366)	-	(366)	(366)
Bridging loan	-	(36,963)	-	(36,963)	(36,963)
Term loan	-	(2,253)	-	(2,253)	(2,253)
	-	(39,645)	-	(39,645)	(39,645)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. FINANCIAL INSTRUMENTS (Continued)

(c) Fair Values (Continued)

	Fair Value of Financial Instruments carried at Fair Value	Fair Value of Financial Instruments not carried at Fair Value		Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
2015					
Financial assets					
Investment in quoted shares	2	-	-	2	2
Financial liabilities					
Bank overdraft	-	(1,906)	-	(1,906)	(1,906)
2014					
Financial assets					
Investment in quoted shares	2	-	-	2	2
Financial liabilities					
Bank overdraft	-	(63)	-	(63)	(63)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debt on an ongoing basis. To maintain the capital structure, the Group may adjust the dividend payment to shareholders.

There were no changes in the Group's approach to capital management during the financial year.

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total borrowings	47,670	39,645	1,906	63
Trade and other payables	55,374	38,933	832	817
Provision for liabilities	451	24,801	-	-
Amount owing to subsidiaries	-	-	51,502	51,101
Amount owing to directors	3,578	2,865	2,587	2,587
Less: Cash, bank balances and deposits	(4,974)	(7,278)	(827)	(2,907)
Net debt	102,099	98,966	56,000	51,661
Total equity attibutable to the Owners of the Company	161,999	176,875	143,813	162,227
Capital and net debts	264,098	275,841	199,813	213,888
Gearing ratio	39%	36%	28%	24%

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

SUPPLEMENTARY INFORMATION
DISCLOSURE OF REALISED AND UNREALISED PROFITS

On 25th March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

The breakdown of the retained profits of the Group and of the Company as at 30th June 2015, into realised and unrealised losses, pursuant to the directive, is as follows:

	Group		**Company**	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total accumulated losses/ retained profits of Tanco Holdings Berhad and its subsidiaries				
- Realised	(134,661)	(354,110)	67,940	86,354
- Unrealised	(6,263)	(6,263)	(5,812)	(5,812)
	(140,924)	(360,373)	62,128	80,542
Total share of results from associate				
- Realised	-	-	-	-
- Unrealised	-	-	-	-
	-	-	-	-
Add: Consolidation adjustments	222,541	456,866	-	-
Total retained profits as per financial position	81,617	96,493	62,128	80,542

The determination of realised and unrealised profit/losses is complied based on Guidance of Special Matter No.1*, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20th December 2010.

The disclosure of realised and unrealised profit/losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

STATEMENT BY DIRECTORS

We, **ANDREW TAN JUN SUAN** and **DATO' TAN LEE SING,** being two of the directors of Tanco Holdings Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements are properly drawn up in accordance with the 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 positions of the Group and of the Company as at 30th June 2015 and of their financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out on page 132 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants.

On behalf of the Board,

ANDREW TAN JUN SUAN
Director

DATO' TAN LEE SING
Director

Kuala Lumpur

Date: 23rd October 2015

STATUTORY DECLARATION

I, **DATO' TAN LEE SING,** being the director primarily responsible for the financial management of Tanco Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements and the supplementary information set out on page 132 are 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.

DATO' TAN LEE SING

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 23rd October 2015.

Before me,

CHANG KEM SOO
Commissioner for Oaths
License No. W506

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TANCO HOLDINGS BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Tanco Holdings Berhad, which comprise the statements of financial position as at 30th June 2015 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 131.

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 the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company'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 Company's internal controls. 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
TO THE MEMBERS OF TANCO HOLDINGS BERHAD (Continued)
(Incorporated in Malaysia)

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 at 30th June 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the 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 Companies Act, 1965 in Malaysia 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 Companies Act, 1965 in Malaysia.

(b) We have considered the financial statements of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the 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) Other than those subsidiaries without auditors' reports as disclosed in Note 8 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TANCO HOLDINGS BERHAD (Continued)
(Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out on page 132 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 the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("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 purposes. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Lock Peng Kuan
No. 2819/10/16(J)
Chartered Accountant

Kuala Lumpur

Date: 23rd October 2015

LIST OF PROPERTIES
AS AT 30TH JUNE 2015

Location	Tenure	Area (acres)	Description and Existing Use	Year of Acquisition/ Revaluation	Age of Properties	Net Book Value RM'000
13th mile of Port Dickson Pasir Panjang main road Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus Lot No. / P.T. No. 2676-2679, 2682-2685, 2688-2690, 2692, 2697, 2703, 2705-2715, 2717-2719, 2721-2728, 2731-2732, 2735-2742, 2746-2751, 2753-2755, 2757, 2759-2762, 2764-2765, 2767, 2769-2774, 2776-2780, 2782, 2784-2786, 2819, 2936, 5400, Lot No. 5834 : Geran 81996/M1/1/1–81996/M1/2/3–81996/M1/3&4/5–81996/M1/1/2–81996/M1/2/4–81996/M1/3&4/6, Lot No. 5836 : Geran 81994/M1/1/1-81994/M1/3&4/5-81994/M1/1/2-81994/M1/3&4/6, Lot No. 5838 : Geran 81992/M1/2/3-81992/M1/1/2, Lot No. 5842 : Geran 81991/M1/1/1-81991/M1/2/3-81991/M1/3&4/5-81991/M1/2/4-81991/M1/3&4/6, Lot No. 5843 : Geran 81990/M1/1/1-81990/M1/3&4/5-81990/M1/3&4/6, Lot No. 5844 : Geran 81989/M1/2/3-81989/M1/1/2, Lot No. 5845 : Geran 81988/M1/3&4/5 - 81988/M1/3&4/6, Lot No. 5846 : Geran 81987/M1/3&4/5-81987/M1/3&4/6, Lot No. 5847 : Geran 81986/M1/1/1 - 81986/M1/3&4/5 -81986/M1/1/2-81986/M1/2/4-81986/M1/3&4/6, Lot No. 5870 : Geran 81963/M1/2/3	Freehold with the exception of the golf course held under P.T. No. 2760 which is leasehold for 99 years to expire in the year 2093	336.38	Comprising townhouse units, bungalow lots, golf course and other land parcels designated for various residential and resort type developments/ use located within an integrated resort development known as Dickson Bay	1993	-	186,989
Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus H.S.(D) No. 22780 P.T. No. 5391	Freehold	11.03	Land for future development located in Dickson Bay	2000	-	11,818
Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus Lot No. 5913-5908 : Geran 81920-81925, Lot No. 5914-5917 : Geran 81919-81916, Lot No. 5922-5918 : Geran 81911-81915	Freehold	1.82	Comprising various blocks of resort townhouses for resort type development/ use located in Dickson Bay	2002	-	12,814

LIST OF PROPERTIES
AS AT 30TH JUNE 2015 (Continued)

Location	Tenure	Area (acres)	Description and Existing Use	Year of Acquisition/ Revaluation	Age of Properties	Net Book Value RM'000
Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus H.S.(D) No. 24397 P.T. No. 5483	Leasehold for 99 years to expire in the year 2101	7.99	Land designated for institution development located in Dickson Bay	2002	-	2,400
Town of Kuala Lumpur No. 1, Persiaran Ledang Off Jalan Tuanku Abdul Halim Kuala Lumpur Lot No. 131 : Geran 26990 Strata title: M1/B1/34,M1/B1/35,M1/B1/36, M1/B1/37,M1/B1/38,M1/B1/39, M1/B1/40,M1/B1/41,M1/B1/42, M1/B1/43,M1/B1/44,M1/B1/45, M1/B1/46,M1/B1/47,M1/B1/48, M1/B1/49,M1/B1/50,M1/B1/51, M1/B2/32,M1/B2/33,M1/B3/1, M1/B3/2,M1/B3/17,M1/B3/18, M1/B3/19,M1/1/66,M1/1/67, M1/1/68,M1/1/69,M1/2/70, M1/2/71,M1/2/73,M1/2/74, M1/2/75	Freehold	1.52	27 units of apartments with service outlets including a bar, cafe, hall, office and business centre located within Duta Vista Executive Suites	1997	22 years	18,476
Mukim of Beserah District of Kuantan Pahang Darul Makmur H.S.(M) No. 1238-1243 P.T. No. 2125-2130	Freehold	1.12	Land and building(s) for resort type development/ use	1998	22 years	3,900
Mukim and District of Hulu Terengganu Terengganu Darul Iman H.S.(D) No. 717-719 P.T. No. 35-37	Leasehold for 56 years to expire in the year 2054	172.88	Land for resort type development	1998	22 years	3,267

ANALYSIS OF SHAREHOLDINGS
AS AT 2ND NOVEMBER 2015

SHARE CAPITAL

Authorised Share Capital	:	RM1,000,000,000.00 divided into 5,000,000,000 ordinary shares of RM0.20 each
Issued and Paid-up Share Capital	:	RM66,977,345.20 divided into 334,886,726 ordinary shares of RM0.20 each
Type of Share	:	Ordinary Shares of RM0.20 each
Voting Rights	:	One vote per Ordinary Share on a poll One vote per Shareholder on a show of hands

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholders	No. of Shares held	Percentage (%) of Shares
Less than 100	1,039	11.34	35,004	0.01
100 – 1,000	1,549	16.91	1,304,808	0.39
1,001 – 10,000	4,503	49.15	20,432,056	6.10
10,001 – 100,000	1,771	19.33	61,853,029	18.47
100,001 to less than 5% of issued shares	297	3.24	181,261,829	54.13
5% and above of issued shares	2	0.02	70,000,000	20.90
Total	9,161	100.00	334,886,726	100.00

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

	Name	No. of Shares held	Percentage (%)
1.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Amanah International Finance Sdn Bhd for Andrew Tan Jun Suan	40,000,000	11.94
2.	Datuk Seri Tan Jing Nam	30,000,000	8.96
3.	Ong Kheam Chye	14,412,400	4.30
4.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Datuk Seri Tan Jing Nam	14,403,669	4.30
5.	Dato' Neo Say Yeow	8,332,200	2.49
6.	Michael Chai Sze Hou	7,923,124	2.37
7.	Ong Wan Chin	5,450,000	1.63
8.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Seow Hoon Hin	4,776,200	1.43
9.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Datuk Seri Tan Jing Nam	4,500,000	1.34
10.	Lee Geok Choon	4,486,500	1.34

ANALYSIS OF SHAREHOLDINGS
AS AT 2ND NOVEMBER 2015 (Continued)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (Continued)

Name	No. of Shares held	Percentage (%)
11. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kian Hong	3,500,000	1.05
12. Ho Lee Fung	3,326,900	0.99
13. Chuah Sze Ming	3,200,000	0.96
14. Ong Kheam Chye	3,066,700	0.92
15. Seow Hoon Hin	2,505,000	0.75
16. Sithambaram A/L Meyappan	2,465,134	0.74
17. Lau Kok Fui	2,304,700	0.69
18. Ong Kheam Chye	2,247,000	0.67
19. Tai Yat Choy	2,215,500	0.66
20. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Jing Jeong	2,200,000	0.66
21. Michael Chai Sze Hou	2,100,500	0.63
22. Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Thanasekaran Ramiah	1,926,900	0.58
23. Teh Bee Gaik	1,900,000	0.57
24. S’ng Hooi Seah	1,882,000	0.56
25. Ahmad Johari Bin Ahmad	1,599,300	0.48
26. Dato’ Neo Say Yeow	1,349,700	0.40
27. Wong Chong Lin	1,243,300	0.37
28. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kian Hong	1,242,700	0.37
29. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tee Chee Chiang	1,174,700	0.35
30. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte. Ltd	1,157,925	0.35
	176,892,052	52.82

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 2ND NOVEMBER 2015

Name of Shareholders	No. of Ordinary Shares Held Direct	Percentage (%)	Indirect	Percentage (%)
Datuk Seri Tan Jing Nam	48,903,669[1]	14.60	-	-
Andrew Tan Jun Suan	40,000,000[2]	11.94	-	-

Notes:

[1] Of the 48,903,669 shares, 14,403,669 are held through RHB Capital Nominees (Tempatan) Sdn Bhd and 4,500,000 are held through Maybank Nominees (Tempatan) Sdn Bhd.

[2] 40,000,000 are held through MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd.

ANALYSIS OF ICULS HOLDINGS
AS AT 2ND NOVEMBER 2015

Number of Three (3)-Years, 3%, Irredeemable Convertible Unsecured Loan Stock at 100% of its Nominal Value of RM0.10 each ("ICULS") in Issue : 192,326,734

DISTRIBUTION OF ICULS HOLDINGS

Size of ICULS holdings	No. of ICULS Holders	Percentage (%) of ICULS Holders	No. of ICULS held	Percentage (%) of ICULS Holdings
Less than 100	2	0.27	117	0.00
100 – 1,000	47	6.36	36,507	0.02
1,001 – 10,000	349	47.23	1,923,109	1.00
10,001 – 100,000	284	38.43	10,572,665	5.50
100,001 to less than 5% of the ICULS in issue	55	7.44	50,388,667	26.20
5% and above of the ICULS in issued	2	0.27	129,405,669	67.28
Total	739	100.00	192,326,734	100.00

LIST OF THIRTY (30) LARGEST ICULS HOLDERS

	Name	No. of ICULS held	Percentage (%)
1.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Amanah International Finance Sdn Bhd for Andrew Tan Jun Suan	70,002,000	36.40
2.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Datuk Seri Tan Jing Nam	59,403,669	30.89
3.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Dato' Tan Lee Sing	9,505,000	4.94
4.	Michael Chai Sze Hou	7,923,124	4.12
5.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Seow Hoon Hin	4,776,200	2.48
6.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Datuk Seri Tan Jing Nam	4,500,000	2.34
7.	Yap Sook Chin	3,041,500	1.58
8.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Seow Hoon Hin	3,000,000	1.56
9.	Ong Kheam Chye	2,168,900	1.13
10.	Michael Chai Sze Hou	2,100,500	1.09
11.	Seow Hoon Hin	781,800	0.41
12.	Siew Yau Theam	612,000	0.32

ANALYSIS OF ICULS HOLDINGS
AS AT 2ND NOVEMBER 2015 (Continued)

LIST OF THIRTY (30) LARGEST ICULS HOLDERS (Continued)

Name	No. of ICULS held	Percentage (%)
13. Lim Sook Fun	600,000	0.31
14. Sum Hoi Lip	600,000	0.31
15. See Tian Chwan	598,200	0.31
16. Lim Hui Seng	551,200	0.29
17. Maybank Nominees (Tempatan) Sdn Bhd Kua Kee Hock	540,000	0.28
18. Khor Meng Chang	500,000	0.26
19. Ooi Gene Hock	500,000	0.26
20. Lee Geok Choon	407,000	0.21
21. Lai Ming Chun @ Lai Poh Lin	400,043	0.21
22. Lam Mei Fong	400,000	0.21
23. HLB Nominees (Asing) Sdn Bhd Pledged Securities Account for Kwang Jin Seah	375,000	0.19
24. Maybank Nominees (Tempatan) Sdn Bhd Leow Yen Lee	361,000	0.19
25. Choo Kok Kai	350,000	0.18
26. Foo Say Gee @ Foo Say Ghee	330,000	0.17
27. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koo Woon Kee	310,000	0.16
28. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kien Wi	300,000	0.16
29. Thiagarajah A/L M Sockalingam	300,000	0.16
30. Loh Chow Sang	250,000	0.13
	175,487,136	91.24

STATEMENT OF DIRECTORS' INTERESTS
IN THE COMPANY AND RELATED CORPORATIONS AS AT 2ND NOVEMBER 2015 (AS PER THE REGISTER OF DIRECTORS' SECURITIES HOLDINGS)

The Company
Tanco Holdings Berhad

Ordinary Shares

	No. of Ordinary Shares of RM0.20 each			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Datuk Seri Tan Jing Nam	48,903,669	14.60	-	-
Andrew Tan Jun Suan	40,000,000	11.94		
Dato' Dr. Mohd. Noordin bin Haji Keling	62,510	0.02	-	-
Dato' Tan Lee Sing	5,000	-[(1)]	-	-
James Wong Kwong Yew	2,000	-[(1)]	-	-
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	-	-	-	-
Koay Ghee Teong	-	-	-	-

Note:
(1) Less than 0.01%

Subsidiary Companies

Medan Melati Sdn. Bhd.

	No. of Ordinary Shares of RM1.00 each			
Name of Director	**Direct**	**%**	**Indirect**	**%**
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	200	10.00	-	-

Tanco Enterprise Sdn. Bhd.

	No. of Ordinary Shares of RM1.00 each			
Name of Director	**Direct**	**%**	**Indirect**	**%**
Datuk Seri Tan Jing Nam	30,004	9.68	-	-

By virtue of their interests in the Company, Datuk Seri Tan Jing Nam, Mr. Andrew Tan Jun Suan, Dato' Dr. Mohd. Noordin bin Haji Keling, Dato' Tan Lee Sing and Mr. James Wong Kwong Yew are also deemed interested in the shares of all the other subsidiary companies of the Company to the extent the Company has an interest.

STATEMENT OF DIRECTORS' INTERESTS
IN THE COMPANY AND RELATED CORPORATIONS AS AT 2ND NOVEMBER 2015 (AS PER THE REGISTER OF DIRECTORS' SECURITIES HOLDINGS) (Continued)

Three (3)-Years, 3%, Irredeemable Convertible Unsecured Loan Stock at 100% of its Nominal Value of RM0.10 each ("ICULS")

Name of Directors	No. of ICULS of RM0.10 each Direct	%	Indirect	%
Datuk Seri Tan Jing Nam	63,903,669	33.23	-	-
Andrew Tan Jun Suan	70,002,000	36.40	-	-
Dato' Tan Lee Sing	9,505,000	4.94	-	-
Dato' Dr. Mohd. Noordin bin Haji Keling	62,510	0.03	-	-
James Wong Kwong Yew	2,000	-[1]	-	-
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	-	-	-	-
Koay Ghee Teong	-	-	-	-

Note:
[1] Less than 0.01%

Options Granted Pursuant to the Share Issuance Scheme of the Company

Name of Directors	No. of Options over ordinary shares of RM0.20 each
Datuk Seri Tan Jing Nam	3,000,000
Dato' Tan Lee Sing	2,000,000
Andrew Tan Jun Suan	2,000,000
Koay Ghee Teong	2,000,000
Dato' Dr. Mohd. Noordin bin Haji Keling	1,000,000
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	1,000,000
James Wong Kwong Yew	1,000,000

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Sixth Annual General Meeting of the Company will be held at St. Andrew's Hall, Duta Vista Executive Suites, No. 1 Persiaran Ledang, Off Jalan Tuanku Abdul Halim, Kuala Lumpur on Wednesday, 16th December 2015 at 10.30 a.m. for the following purposes:

AGENDA

1. To receive the audited financial statements for the financial year ended 30th June 2015 together with the Reports of the Directors and the Auditors thereon. (Please refer to Explanatory Note A)

2. To approve the payment of Directors' Fees amounting to RM78,903 in respect of the financial year ended 30th June 2015. (Resolution 1)

3. To re-elect the following Directors who are retiring by rotation in accordance with Article 101 of the Company's Articles of Association and being eligible, have offered themselves for re-election:

   a. Mr. James Wong Kwong Yew (Resolution 2)

   b. Mr. Koay Ghee Teong (Resolution 3)

4. To consider, and if thought fit, to pass the following resolution:

   "THAT Dato' Dr. Mohd. Noordin bin Haji Keling, who retires in compliance with Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company and to hold the office until the conclusion of the next Annual General Meeting of the Company." (Resolution 4)

5. To consider, and if thought fit, to pass the following resolution:

   "THAT Dato' Dr Mohd Aminuddin bin Mohd Rouse, who retires in compliance with Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company and to hold the office until the conclusion of the next Annual General Meeting of the Company." (Resolution 5)

6. To re-appoint Messrs. Baker Tilly Monteiro Heng, as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. (Resolution 6)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

7. **ORDINARY RESOLUTIONS 1 AND 2:**
   - CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

   a. "That subject to the passing of Ordinary Resolution 4, approval be and is hereby given to Dato' Dr. Mohd. Noordin bin Haji Keling who has served as an Independent Non-Executive Director of the Company for a cumulative terms of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." (Resolution 7)

   b. "That subject to the passing of Ordinary Resolution 5, approval be and is hereby given to Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." (Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING (Continued)

8. **ORDINARY RESOLUTION NO. 3:**
   APPROVAL FOR ISSUANCE OF NEW ORDINARY SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered and authorised pursuant to Section 132D of the Companies Act, 1965 to issue new ordinary shares of RM0.20 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such person/persons or party/parties whomsoever as the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 9)

9. To transact any other business for which due notice has been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

Chan Keng Yew
Choi Siew Fun
Company Secretaries

Kuala Lumpur
24th November 2015

NOTES:

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors as at 8th December 2015 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

(ii) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may, but need not, be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 are not applicable to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

(iii) A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. In such instance, the member shall specify the securities account number for each appointment.

(v) Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect to the omnibus account.

(vi) The instrument appointing a proxy or proxies shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(vii) The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at No.1, Persiaran Ledang, Off Jalan Tuanku Abdul Halim, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

EXPLANATORY NOTE A

Item 1 of the Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

EXPLANATION NOTE ON SPECIAL BUSINESS:

(a) CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to the Malaysian Code of Corporate Governance 2012, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years unless an approval is sought from the Company's shareholders at the Annual General Meeting to retain the said director as an Independent Director.

The Board via the Nomination Committee has assessed the independence of Dato' Dr. Mohd. Noordin bin Haji Keling and Dato' Dr Mohd Aminuddin bin Mohd Rouse who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and the Board has recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

(i) They fulfill the criteria under the definition on Independent Director in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) They are able to bring independent and objective judgment to the Board;
(iii) They have been with the Company for more than nine (9) years and therefore understand the Company's business operations which enable them to participate actively and contribute positively during deliberations or discussions at Board meetings;
(iv) They have contributed sufficient time and effort and attended the Committee and Board meetings for an informed and balanced decision making; and
(v) They have exercised due care during their tenure as Independent Non-Executive Director of the Company and carried out their professional duties in the interest of the Company and shareholders.

(b) APPROVAL FOR ISSUANCE OF NEW ORDINARY SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The proposed Ordinary Resolution No. 9, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting ("AGM"), to issue and allot ordinary shares in the Company up to and not exceeding in total ten per cent (10%) of the issued share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

As at the date of this notice, the Company has not issued any new shares under the general authority, which was approved at the 55th AGM held on 10th December 2014, and which will lapse at the conclusion of the 56th AGM. A renewal of this authority is being sought at the 56th AGM under the proposed Ordinary Resolution No. 9.

The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF DIRECTORS SEEKING FOR RE-ELECTION OR RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Details of Directors who are seeking re-election or re-appointment are set out in the Directors' Profile section of the Company's Annual Report 2015. Information relating to the Directors' securities holdings in the Company and its subsidiaries (if any) held by the said Directors are stated in the Statement of Director's Interests section of the Annual Report 2015.

2015 ANNUAL REPORT

The 2015 Annual Report is issued in the CD-ROM format. A Shareholder who wishes to receive a hardcopy of the Annual Report and who requires assistance with viewing the CD-ROM could kindly contact Puan Ruzita binti Abdul Latif at Tel: 03-20936188 ext 784 or e-mail to thb@tancoresorts.com. A hardcopy of the Annual Report will be sent to shareholders by ordinary post within four (4) market days from the date of receipt of such request. A copy of the Annual Report may also be downloaded at the Company's website at www.tancoholdings.com.

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TANCO HOLDINGS BERHAD (3326-K)
(Incorporated In Malaysia)

FORM OF PROXY

No of Shares Held	CDS Account No.	Shareholder's Contact No.

I/We, ______________________________, NRIC No./ Company No. ______________ of
(full name in block letters)

____ being a member(s)
(full address)

of TANCO HOLDINGS BERHAD, hereby appoint ______________________________,
(full name in block letters)

NRIC No. ______________ of ______________________________
(full address)

or failing him/her, ______________________________, NRIC No. ______________ of
(full name in block letters)

____
(full address)

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Fifty-Sixth Annual General Meeting of the Company to be held at St. Andrew's Hall, Duta Vista Executive Suites, No. 1 Persiaran Ledang, Off Jalan Tuanku Abdul Halim, 50480 Kuala Lumpur on Wednesday, 16th December 2015 at 10.30 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:

No.	Resolutions	For	Against
1.	Approval of Directors' Fees		
2.	Re-elect Mr. James Wong Kwong Yew as Director (Article 101)		
3.	Re-elect Mr. Koay Ghee Teong as Director (Article 101)		
4.	Re-appointment of Dato' Dr. Mohd. Noordin bin Haji Keling as Director pursuant to Section 129(6) of the Companies Act, 1965		
5.	Re-appointment of Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse as Director pursuant to Section 129(6) of the Companies Act, 1965		
6.	Re-appointment of auditors and authorise the Board of Directors to fix their remuneration		
7.	Special Business - Ordinary Resolution No. 1 Continuing in office for Dato' Dr. Mohd. Noordin bin Haji Keling as an Independent Non-Executive Director		
8.	Special Business - Ordinary Resolution No. 2 Continuing in office for Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse as an Independent Non-Executive Director		
9.	Special Business - Ordinary Resolution No. 3 Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965		

Please indicate with an 'X' in the appropriate spaces as to how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he thinks fit, or at his discretion, abstain from voting.

Signed this______________day of ____________________ 2015.

____
Signature/Common Seal of Member

NOTES:

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors as at 8th December 2015 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

(ii) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may, but need not, be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 are not applicable to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

(iii) A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. In such instance, the member shall specify the securities account number for each appointment.

(v) Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in 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 to the omnibus account.

(vi) The instrument appointing a proxy or proxies shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(vii) The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at No.1, Persiaran Ledang, Off Jalan Tuanku Abdul Halim, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

Fold This Flip For Sealing

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Affix
Stamp Here

The Company Secretary
TANCO HOLDINGS BERHAD (3326-K)
No.1, Persiaran Ledang,
Off Jalan Tuanku Abdul Halim,
50480 Kuala Lumpur

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