登高集團

TANCO HOLDINGS BERHAD

(3326-K)

2016 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Seri Tan Jing Nam
Adviser / 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 (MACPA 1718)
Choi Siew Fun (MAICSA 0877848)

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

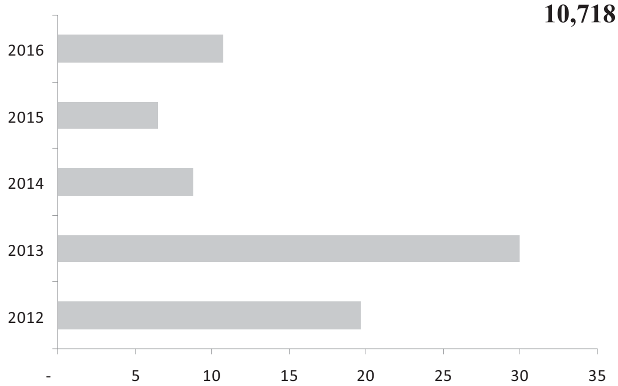
PRINCIPAL BANKERS
Bank Kerjasama Rakyat Malaysia Berhad
Bank of China (Malaysia) Berhad
United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
HSBC Bank Malaysia Berhad

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

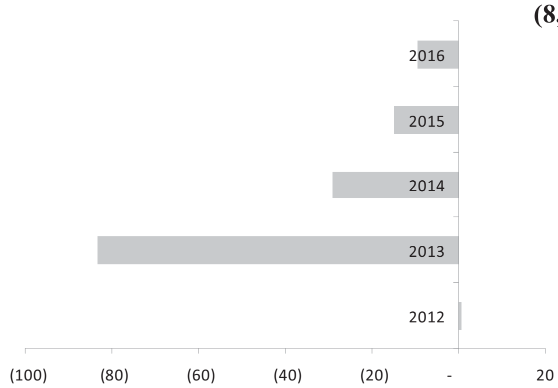
FINANCIAL SUMMARY

		2016	2015	2014	2013	2012
GROUP						
Total Assets	RM'000	268,984	275,272	289,857	283,022	363,282
Total Liabilities	RM'000	115,618	113,189	112,886	91,551	88,599
Equity attributable to owners of the Company	RM'000	153,279	161,999	176,875	191,375	274,563
Revenue	RM'000	10,718	6,473	8,815	30,003	19,646
(Loss) / Profit before taxation	RM'000	(8,717)	(14,870)	(29,158)	(83,246)	599
(Loss) / Profit attributable to the owners of the Company	RM'000	(8,717)	(14,888)	(29,208)	(83,188)	468
(Loss) / Earnings per share	Sen	(2.60)	(4.45)	(8.72)	(24.84)	0.14
Return on Total Assets	%	(3.5%)	(5.4%)	(10.1%)	(29.4%)	0.1%
Return on Shareholders' Equity	%	(6.2%)	(9.2%)	(16.5%)	(43.5%)	0.2%
Gearing Ratio	%	41%	39%	36%	32%	24%

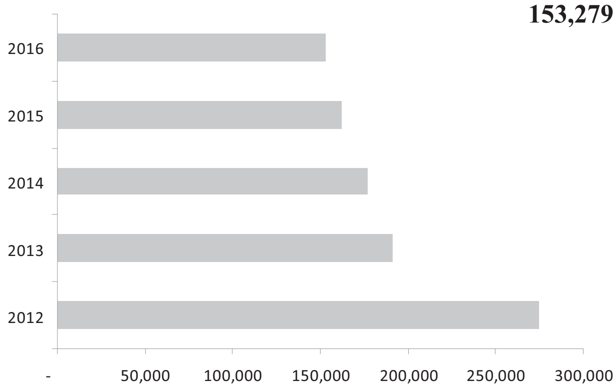
Revenue (RM'000)
10,718



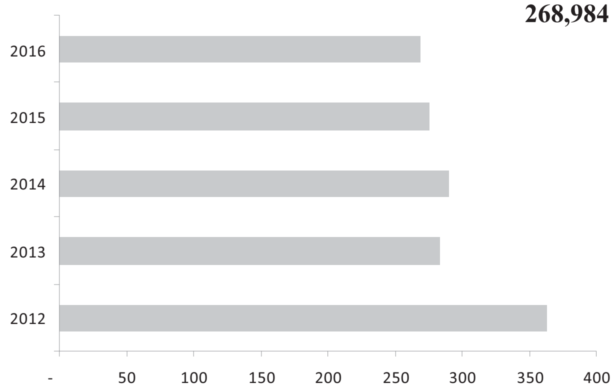
Profit / (Loss) before tax (RM'000)
(8,717)



Equity attributable to owners of the Company (RM'000)
153,279



Total Assets (RM'000)
268,984



GROUP MANAGING DIRECTOR'S STATEMENT AND REVIEW

Dear Shareholders,

On behalf of the Board of Directors and the management, I am pleased to present to you the Annual Report of Tanco Holdings Berhad ("THB") for the financial year ended 30th June 2016 ("FYE 30th June 2016").

SUMMARY

The stage for the year under review was placed against a backdrop of an array of challenges, with sluggish global, regional and local economies, volatile and depreciating commodity and currency markets, local institutional linked issues, and tightened controls on approvals for financing facilities, leading to a more cautious but weakened consumer and investor sentiment. As a result, overall consumer confidence remained on the low with the demand for property investments weakened.

Despite the sluggish sentiment, the Board is cautiously positive. For the FYE 30th June 2016, the Group reported an increase of 65.7% in revenue of RM10.72 million as compared to RM6.47 million in the previous financial year. The increase in revenue was mainly attributable to higher property development revenue recognised during the financial year based on the stage of completion of the current development project. The Group also recorded a lower loss before taxation of RM8.72 million compared to the loss before taxation of RM14.87 million recorded in the last financial year as a result of lower operating and administrative expenses of the Group.

In recognizing the weakened market sentiment, the Group has opted to implement a more conservative approach in its development activities in order to minimize the risk of over-exposure during this uncertain period, and further took the opportunity to review and further improve its internal processes and Standard Operating Procedures ("SOPs") towards enhancing the efficiency and productivity amongst all departments within the Group.

SIGNIFICANT CORPORATE DEVELOPMENTS

On 2nd March 2016, Kenanga Investment Bank Berhad, on behalf of the Board, announced that the Company proposed to undertake the following:

(i) Proposed Par Value Reduction from RM0.20 to RM0.05 by way of cancellation of RM0.15 of the par value of every existing ordinary of share of RM0.20 pursuant to Section 64(1) of the Act ("Proposed PVR"); and

(ii) Proposed issuance of Redeemable Convertible Commercial Papers and/or Redeemable Convertible Medium Term Notes with an aggregate principal amount of up to RM100.0 million under a Redeemable Convertible Notes Programme ("the RCN Exercise") convertible into a maximum of 2,000,000,000 ordinary shares of RM0.05 each in Tanco, after the Proposed PVR.

The RCN exercise was structured for the purposes of, inter-alia, funding the Group's ongoing property development project(s) and for working capital, and following the procurement of the relevant regulatory approvals, an Extraordinary General Meeting was held on 27th July 2016 wherein shareholders had approved both the above referenced resolutions.

As at todate, the 1st 3 sub-tranches of the RCN Exercise amounting to RM1.50 million has been successfully disbursed for the purposes designated.

GROUP MANAGING DIRECTOR'S STATEMENT AND REVIEW
(Continued)

EXPECTATIONS & PROSPECTS

In view of the current economic outlook, the overall sentiment is expected to remain sluggish for the remaining half of 2016. However, with the federal and state governments' focus and ongoing efforts to support local tourism and tourism related developments and products expected to continue, and with the same likely to improve in 2017, the Group's activities in the development of resort hotel projects in Port Dickson and Kuantan would be well placed to benefit significantly. This, coupled with innovative investment packages, attractive returns and affordable priced products, would likely to appeal further to the vast majority of the middle income investor market, given the high property investment prices prevalent in the Klang Valley.

The favorable exchange rates for foreign currencies against the Ringgit is also expected to weigh positively in attracting more foreign tourist arrivals whilst encouraging more domestic travels. This will boost the demand and interest for more tourism related projects and developments and foreign investments in the same.

To further strengthen investor confidence and the positioning of the Group's projects, strategic tie-ups and joint-ventures with professional and branded labels are being forged with various reputable local and international partners that would provide the Group's projects with further enhanced branding and niche specialized quality expertise and experience, thus providing the assurance of long term sustainability of investment yields for property-based investors. The Board is confident that with such a strategy in place, the Group will not only become more attractive to property-based investors but to other categories of investors including fund managers and fund investors.

Pursuant to the abovesaid, on 15th October 2016, the Company's wholly owned subsidiary, Palm Springs Development Sdn Bhd, the developer of the Group's development project in Dickson Bay, Port Dickson had entered into a Memorandum of Understanding ("MOU") with Evergreen Offshore Inc. ("Evergreen"), a Hong Kong based private equity (PE) firm with funds worth HK$10 billion under its Asia Pacific One Belt One Road Tourism Industry Fund. This Fund was set up with a long term vision to promote the tourism sector in countries along the 21st Century Maritime Silk Road, targeting the tourism sector in countries such as Malaysia, where it has allocated HK$2 billion to invest in Malaysian Projects ahead of its other target markets.

The MOU essentially sets out the framework of cooperation between the parties to work together to identify and allow the various development phases in Dickson Bay to be introduced and considered as part of the Projects towards enabling the same to be developed accordingly in a strategic collaboration with Evergreen.

Market confidence is hoped to improve in 2017, and with the focus on tourism projects likely to be enhanced, coupled with the Group's ongoing endeavors, the Board is optimistic that the Group will be well positioned to prudently progress with its goals while constantly reviewing market conditions that more business opportunities may be developed, but at the same time remaining alert on the changes and policies possible in the property market.

GROUP MANAGING DIRECTOR'S STATEMENT AND REVIEW
(Continued)

ACKNOWLEDGMENTS

The Board is also mindful that equal to building successful businesses and deriving good revenues for the investors, there must further be a responsibility and a firm commitment to uphold the best practices as set out in the Malaysian Code of Corporate Governance 2012 ("the Code"). To this, the Group has undertaken various efforts to and will continue with the relevant measures to be compliant with the Code. The Group's Statement on Corporate Governance is set out on pages 13 to 25 of this Annual Report.

The Group has remained resilient and has successfully seen itself overcome and rise above the many challenges thrown at it over the past 50-odd years of the Group's lifespan thus far. Such fortitude, strength and success would only have been possible thanks to the loyal dedication and efforts of the staff attributable to the continuous support and commitment of the Board, the shareholders, the Group's purchasers, investors, business associates, suppliers, financiers and the various regulatory authorities. Accordingly, I would like to take this opportunity to express my sincerest appreciation to all concerned. With such support, I am confident that the Group will continue to grow and prosper with many other successes along the way.

ANDREW TAN JUN SUAN
Group Managing Director

DIRECTORS' PROFILE

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

Datuk Seri Tan Jing Nam, Male, a Malaysian, aged 61, was appointed to the Board on 28th July 1995 and is the Group Managing Director since 23rd October 1995. On 18th March 2015, he was re-designated as Non-Independent Non-Executive Director. On 26th August 2015, he was appointed as Adviser of Tanco Holdings Berhad ("Tanco"). He is a member of the Remuneration Committee of Tanco.

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 Tanco. He is deemed in conflict of interest with Tanco 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 Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30th June 2016.

He attended three (3) out of five (5) Board Meetings held during the financial year ended 30th June 2016.

ANDREW TAN JUN SUAN
Group Managing Director

Mr. Andrew Tan Jun Suan, Male, a Malaysian, aged 36, 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 Tanco.

He graduated from the University of Melbourne, Australia, with a degree in Commerce. He joined Tanco 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 Tanco. He is deemed in conflict of interest with Tanco 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 Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30th June 2016.

He attended all the five (5) Board Meetings held during the financial year ended 30th June 2016.

DIRECTORS' PROFILE (Continued)

DATO' TAN LEE SING
Executive Director

Dato' Tan Lee Sing, Female, a Malaysian, aged 57, 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 Tanco. She is deemed in conflict of interest with Tanco 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 Tanco. She does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30th June 2016.

She attended all the five (5) Board Meetings held during the financial year ended 30th June 2016.

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

Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse, Male, a Malaysian, aged 71, 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 Tanco.

He graduated with a B. Sc (Hons) in Biochemistry from University of 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 companies including Star Media Group Berhad, Ajiya Bhd, Karambunai Corp Bhd, ManagePay Systems Bhd and Trustgate Berhad.

He does not have any family relationship with any other directors and/or major shareholders of Tanco. He does not have any conflict of interest with Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30th June 2016.

He attended all the five (5) Board Meetings held during the financial year ended 30th June 2016.

DIRECTORS' PROFILE (Continued)

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

Dato' Dr. Mohd. Noordin bin Haji Keling, Male, a Malaysian, aged 90, 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 Tanco.

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 Tanco. He does not have any conflict of interest with Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30th June 2016.

He attended four (4) out of five (5) Board Meetings held during the financial year ended 30th June 2016.

JAMES WONG KWONG YEW
Independent Non-Executive Director

Mr. James Wong Kwong Yew, Male, a Malaysian, aged 70, 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 Tanco.

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 Tanco, 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 Tanco. He does not have any conflict of interest with Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30th June 2016.

He attended all the five (5) Board Meetings held during the financial year ended 30th June 2016.

DIRECTORS' PROFILE (Continued)

KOAY GHEE TEONG
Executive Director

Mr. Koay Ghee Teong, Male, a Malaysian, aged 47, 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 Tanco. He does not have any conflict of interest with Tanco. He does not have any convictions for offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30th June 2016.

He attended all the five (5) Board Meetings held during the financial year ended 30th June 2016.

PROFILE OF SENIOR MANAGEMENT

CHONG SUMI LEONG
Project Director

Mr. Chong Sumi Leong, Male, a Malaysian, aged 66, was appointed as a Project Director of Palm Springs Development Sdn Bhd in August 2016. Prior to that, he holds the position of General Manager - Project since 1st March 2015. He is responsible for overall planning and development of the project within the group.

He holds a Bachelor of Science Degree in Quantity Surveying from Polytechnic of Wales, UK. He is a Chartered Quantity Surveyor ("MRICS") and a Member of Royal Institution of Surveyors, Malaysia ("MISM") and a Registered Quantity Surveyor with the Board of Quantity Surveyor, Malaysia. He has over 30 years' experience in property & leisure development, urban renewal projects and IT base development. His last posting prior to joining Tanco Group was at United Malayan Land as a General Manager.

LEE CHENG BING
Senior General Manager

Mr. Lee Cheng Bing, Male, a Malaysian, aged 44, joined the group as Senior General Manager on 1st August 2016.

He obtained his professional qualification in Building Economics & Project Management (B.Sc., Hons.) from Malaysia Science University in 1997. He has extensive experiences in Property Development Industry with 20 years of working experience. He is well versed in the field of design planning, project management, and property development. Notable projects undertaken by Mr. Lee include Privatization Schemes, Government/National Projects, Township Developments, International Resort Developments and Shopping Complexes.

OOI GIN HUI
Group Financial Controller

Madam Ooi Gin Hui, Female, a Malaysian, aged 36, holds the position of Group Financial Controller, she oversees finance division. She joined the Group in March 2012.

She obtained her Bachelor of Commerce (Honours) in Accounting from University Tunku Abdul Rahman in 2005. She started her career in auditing with Leslie Yap & Co. and left in 2009 as an Audit Senior. She then joined GHL Systems Berhad ("GHL"), a company listed on the Main Market of Bursa Malaysia Securities Berhad, as an Assistant Accountant and in the same year was subsequently promoted to Assistant Finance Manager. And later became Finance Manager, managing its group financial and corporate affairs inclusive of secretarial and taxation matters. She left GHL in December 2011 and joined Tanco Group as a Finance Manager and moved up the ranks and became Group Financial Controller of Tanco Group in January 2014.

PROFILE OF SENIOR MANAGEMENT

NESAVADIVOO M BALAKRISHNAN
Group Human Resource Manager

Madam Nesavadivoo M Balakrishnan, Female, a Malaysian, aged 52, holds the position of Group Human Resource And Administration Manager and within the Tanco Group, she holds the position as Chief Operating Officer of Tanco Resorts Berhad ("TRB"). She is responsible for implementing Human Resource Policy, procedures and practices in compliance with Labor Law.

She joins the Group in April 1994. She holds a Bachelor Degree in Business Administration from University of Malaya and has over 22 years of experience in the area of Human Resource and Administration. She is also involved in the operations of the Resorts and Timeshare.

CHOI SIEW FUN
Company Secretary

Madam Choi Siew Fun, Female, a Malaysian, aged 51, is an associate member of the Malaysian Institute of Chartered Secretaries & Administrators ("MAICSA"). She has more than 20 years of working experience in corporate secretarial practices both professional secretarial service provider firm and commercial organisation. Prior to joining the Group, she was a Corporate Secretarial Manager in a secretarial service provider firm.

Other Information on Senior Management
Save as disclosed, none of the Senior Management has:-
(a) any directorship in public companies and listed issuers;
(b) any family relationship with any Directors and/or major shareholders of the Company;
(c) any conflict of interest with the Company;
(d) any conviction for offences within the past 5 years other than traffic offences (if any); and
(e) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“Board”) of Tanco Holdings Berhad (“Tanco” or “Company”) recognises the importance of adopting high standards of corporate governance throughout the Company and the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the Group’s financial performance.

The Board is committed to implementing the Malaysian Code on Corporate Governance 2012 (“the “Code”) wherever applicable and appropriate in the best interest of the shareholders of the Company.

This Statement on Corporate Governance (“Statement”) sets out how the Company has applied the Principles of the Code and observed the Recommendations supporting the Principles. Where a specific Recommendation of the Code has not been observed during the financial year under review, the non-observance, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

1. PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear functions of the Board and Management

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 businesses of the Group. 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 and Standard Operating Procedures (“SOPs”) to improve efficiency and productivity among all departments within the Group.

Other then as specifically reserved for the Board in the Board Charter, the Board delegates responsibility for the operation and management of the Company’s business to the Group Managing Director, Executive Directors and the management team. Management are accountable to the Board and are to fulfil this responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year. The Board has also defined the limits to management’s authority and expects management to:-

(a) review the Group’s strategies and their implementation in all key areas of the Group’s activities;
(b) carry out a comprehensive budgeting process and monitor the Group’s financial performance against the budget; and
(c) identify opportunities and risks affecting the Group’s business and find ways of dealing with them.

The Divisional Heads shall attend Board meetings by invitation. Non-Executive Directors may communicate with members of the management team at any time. At the senior management level, Tanco has a Group Management Committee (“GMC”) which comprises the Group Managing Director, Executive Directors and senior management team. The GMC meets by bimonthly with the Group Managing Director to review and monitor the performances of the Group’s operating divisions, review shared initiatives and update the operational policies.

STATEMENT ON CORPORATE GOVERNANCE (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.

1.2 Directors' roles and responsibilities

The Board assumes, amongst others, the following significant responsibilities:

(a) Review and adopt a strategic plan for the Group;
(b) Oversee the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
(c) Identify principal business risks and ensure the implementation of appropriate systems to manage these risks;
(d) Succession planning, including includes appointing, training, determining the compensation, as well as the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors;
(e) Overseeing the development and implement an investors relations programme or shareholder communication policy for the Company; and
(f) Review the adequacy and the integrity of the Group's internal control systems and management information.

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. These Committees have the authority to examine particular issues within their terms of reference and report back to the Board with their recommendations. All terms of reference of the Committees are approved by the Board and reviewed periodically to ensure their continued relevance. At each Board meeting, the Chairmen of the Committees report to the Board on the key issues deliberated and outcome of the Committees meetings. Minutes of the Committees meetings will also presented to the Board for notation and endorsement. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board also recognises 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 succession planning, including ensuring that processes are in place to recruit senior management with the highest standards of integrity and competence, and to train, develop and retain them. The senior management are encouraged to participate in professional and personal development activities, courses and programs.

1.3 Formalised ethical standards through Code of Conduct and Whistleblowing Policy

The Board has formalised a Code of Ethics and Conduct for its Directors which is incorporated in the Board Charter, to enhance the standard of corporate governance and promote ethical conduct of the Directors and the same is adhered to at all times.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

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.

For all its employees, the Group has in place a Group Code of Conduct as set out in the Company's Employee Handbook to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities.

In addition, the Group encourage its employees to raise their genuine concerns on any unlawful or unethical incident or any suspected violation of the Code of Conduct in accordance with the Whistleblowing Policy.

The Whistleblowing Policy is to provide an avenue for all employees of the Group or external parties to raise concerns about any improper conduct within Tanco Group without fear of retaliation and to offer protection for such persons (including the employees of the Group) who report such allegations.

The Whistleblowing Policy is posted on Tanco's corporate website at www.tancoholdings.com.

1.4 Strategies that Promote Sustainability

The Board views the commitment to environmental, social and governance performance as part of its broader responsibility to clients, shareholders and the communities in which it operate to deliver long term sustainable values to the shareholders of the Company.

The Company's approach to sustainability is detailed in the Statement on Corporate Social Responsibility of this Annual Report.

1.5 Access to Information and Advice

All Board members are supplied with information in a timely manner. Board reports are circulated prior to the Board meetings to enable the Directors to obtain further information and explanation, where necessary, before the meetings.

The Board reports include, amongst others, periodical financial and corporate information, significant operational, financial and corporate issues, performance of the various business units and management proposals that require Board's approval.

From time to time and where necessary, the Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant the same.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

1.6 Qualified and competent Company Secretaries

The Board is supported by the services of two professionally qualified and competent Company Secretaries. All Directors have unrestricted access to the advice and services of the Company Secretaries. The Company Secretaries attend Board and Board Committee meetings and are responsible for ensuring the meeting procedures are followed and that applicable rules and regulations are complied with. The Company Secretaries also ensure that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company. Additionally, the Company Secretaries advise the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors.

During the year, the Company Secretaries had tabled the summary on the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and analysis of corporate governance disclosures in annual report and report on the company's performance at the board meeting for their notation.

1.7 Board Charter

The Board is guided by a Board 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 will review and update the Board Charter 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. During the year, revision was made to the Board Charter. The Board Charter can be viewed on the Company's website at www.tancoholdings.com.

2. STRENGTHEN COMPOSITION

2.1 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 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 Terms of Reference of the Nomination Committee are available for reference at www.tancoholdings.com.

The Nomination Committee held one (1) meeting during the financial year ended 30th June 2016.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

Summary of Activities

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

(a) reviewing the size and composition of the Board to ensure both aspects continue to meet the requirements of the Group;
(b) recommending to the Board for the re-election of Directors at Annual General Meetings in accordance with the Company's Articles of Association;
(c) 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;
(d) 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
(e) 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.

2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors

A. 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.

B. 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.

C. 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.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

D. Assessment of Independent Directors

The Board through the Nomination Committee determines the independence of each Director annually based on the definitions and guidelines of Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Nomination Committee evaluates the checklist and submits its findings to the Board for deliberation.

E. 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.

F. Appointment of Senior Independent Non-Executive Director

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

2.3 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

STATEMENT ON CORPORATE GOVERNANCE (Continued)

A. 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 one (1) meeting during the financial year ended 30th June 2016.

B. Remuneration Procedures

The Board maintains that the current remuneration for each category of directors is sufficient to attract and retain directors of high calibre needed to run the Group successfully. The Remuneration Committee reviews annually and the Board approve the remuneration for Executive Directors. The remuneration of the Executive Directors are structured so as to link rewards to corporate and individual performance. The remuneration package consists of basic salary, and other customary benefits-in-kind.

The remuneration for Non-Executive Directors is by way of fixed annual fees, based on recommendations by the Board and approved by shareholders at annual general meeting. The level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. The Non-Executive Directors are also paid a meeting allowance for each Board, Board Committee or general meeting they attend. They are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company. The Directors concerned do not participate in the deliberation and decision in respect of his individual remuneration.

C. Disclosure of Directors' Remuneration

A details of the remuneration of the Directors as at 30th June 2016 paid or payable by the Company and its subsidiary companies for the financial year ended 30th June 2016, 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:

	Company		Subsidiaries		Group Total
Category	**Executive Directors**	**Non-Executive Directors**	**Executive Directors**	**Non-Executive Directors**	
Directors' Fees (RM)	-	96,000.00	-	-	96,000.00
Salaries (RM)	-	-	1,206,000.00	-	1,206,000.00
Meeting Allowances (RM)	-	19,500.00	-	-	19,500.00
Benefits-in-kind (RM)	-	7,888.00	65,100.00	9,900.00	82,888.00
Total		123,388.00	1,271,100.00	9,900.00	1,404,888.00

Range of Remuneration	Number of Directors	
	Executive	**Non-Executive**
Below RM50,000	-	4
RM200,001 – RM250,000	1	-
RM400,001 – RM450,000	1	-
RM600,001 – RM650,000	1	-

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

STATEMENT ON CORPORATE GOVERNANCE (Continued)

3. REINFORCE INDEPENDENCE

3.1 Annual assessment of Independence

The Board recognises the importance of independence and objectivity in its decision-making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and opinions, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other communities where the Group conducts its businesses are well represented and taken into account.

The Board, through the Nomination Committee, assesses the independence of its Independent Non-Executive Directors based on the criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The current Independent Directors of the Company namely, Dato' Dr. Mohd. Noordin bin Haji Keling, Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse and Mr. James Wong Kwong Yew have fulfilled the criteria of “independence” as prescribed under Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

3.2 Tenure of Independent Directors

Recommendation 3.2 of the Code recommends that the tenure of an Independent Director does not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the re-designation of the Independent Director to Non-Independent Director.

Recommendation 3.3 of the Code also recommends that the Board justifies and seeks shareholders’ approval in the event it retains an Independent Director, who has served for more than nine years. The Board does not have term limits for its Independent Directors and is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service.

The Board believes that the Independent Directors’ continued contribution, especially their invaluable knowledge of the Group and its operations gained through the years, will provide stability and benefits to the Board and the Company as a whole. The calibre, qualification, experience and personal qualities, and more importantly the Director’s integrity and objectivity in discharging his responsibilities in the best interest of the Company, predominantly determines the ability of the Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgement on Board deliberations and decision making.

The Independent Director of the Company who has served for a tenure of more than nine years are Dato' Dr. Mohd. Noordin bin Haji Keling and Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse. The Board has retained them as Independent Directors, notwithstanding his service tenure of more than nine years, based on the Nomination Committee’s assessment and recommendation. Nevertheless, in line with Recommendation 3.3 of the Code, the Board will seek the approval of the shareholders of the Company at the forthcoming AGM to support the Board’s decision to retain Dato' Dr. Mohd. Noordin bin Haji Keling and Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse as Independent Directors.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

3.3 Separation of positions of the Chairman and Group Managing Director

The role and responsibilities of the Chairman and the Group Managing Director are distinct and separate. The Chairman is primarily responsible for orderly conduct and working of the Board. The Group Managing Director is responsible for executing the Group's strategies and policies, managing the overall operations and resources of the Group. The Group Managing Director is also responsible for the day-to-day management of the Group's operations and business. However, the Chairman position has been vacated since the resignation of the previous Chairman and the Board is seeking to appoint a new Chairman.

3.4 Composition of the Board

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad. 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.

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.

4. FOSTER COMMITMENT

4.1 Time commitments

Regular Board and Committee meetings are scheduled throughout the year and the Directors ensure that they allocate sufficient time to discharge their duties effectively. Occasionally, Board meetings may be held at short notice, when Board-level decisions of a time critical nature need to be made.

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 2016, five (5) Board Meetings were held and details of attendance of the Directors are as follows:

	Date of Appointment	Attendance
Datuk Seri Tan Jing Nam	28.07.1995	3/5
Andrew Tan Jun Suan	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

STATEMENT ON CORPORATE GOVERNANCE (Continued)

4.2 DIRECTORS' TRAINING

Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Main Market Listing Requirements of 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 mindful that they should receive appropriate continuous training in order to broaden their perspectives and to keep abreast with new developments for the furtherance of their duties. Each Director also evaluate his own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

During the financial year ended 30th June 2016, the training programmes and seminars which were attended by the Directors are as follows:-

Name of Director	Training Programmes/ Seminars	Date
Datuk Seri Tan Jing Nam	Director Corporate Governance Series: Building Effective Finance Function: From Reporting to Analytics to Strategic Input. Advocacy Session on Management Discussion & Analysis for Chief Executive Officer & Chief Financial Officer of listed issuers.	10th August 2015 3rd September 2015
Mr. Andrew Tan Jun Suan	Directors Corporate Governance Series: Building Effective Finance Function: From Reporting to Analytics to Strategic Input. Advocacy Session on Management Discussion & Analysis for Chief Executive Officer & Chief Financial Officer of listed issuers.	10th August 2015 3rd September 2015
Dato' Tan Lee Sing	Directors Corporate Governance Series: Building Effective Finance Function: From Reporting to Analysis to Strategic Input. Corporate Governance Breakfast Series with Directors: Future of Auditor Reporting - The Game Changer for Boardroom. Budget 2016 Tax Seminar	10th August 2015 21st September 2015 3rd November 2015
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	CG Breakfast Series with Directors - The Board's response in light of rising shareholder engagements Corporate Governance ("CG") Disclosure Workshop - The Interplay between CG, Non-Financial Information (NFI) and Investment Decision	4th August 2015 22nd September 2015

STATEMENT ON CORPORATE GOVERNANCE (Continued)

Name of Director	Training Programmes/Seminars	Date
Mr. James Wong Kwong Yew	Director Corporate Governance Series: Building Effective Finance Function : From Reporting to Analytics to Strategic Input.	10th August 2015
Dato' Dr. Mohd. Noordin bin Haji Keling	Director Corporate Governance Series: Building Effective Finance Function : From Reporting to Analytics to Strategic Input.	10th August 2015
Mr. Koay Ghee Teong	Program Pendidikan Komuniti Strata Tahun 2015. Seminar on (a) review of recent court cases on land matters between developer/land owner and the local & state authorities before & after approvals (b) privatisation of federal Lands for property development projects.	14th September 2015 26th-28th October 2015

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

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 (“the Act”) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year, the results and cash flows of the Group and of the Company for the financial year.

The Directors are of the view that the financial statements, for the financial year ended 30 June 2016 of the Group and the Company have been prepared in accordance with the Financial Reporting Standards (“FRS”) and the requirements of the Act. 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, with reasonable accuracy, the financial position of the Group and the Company and which enable the Directors to ensure that the financial statements are in compliance with the Act and in accordance with FRS. The Directors have general responsibility to take such steps that are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

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.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

The Board is also assisted by the Audit Committee in the discharge of its duties on financial reporting and ensuring that the Group maintains a proper financial reporting process and a high quality financial reporting. A full Audit Committee Report detailing its composition, and a summary of activities and work during the financial year is disclosed in this Annual Report.

5.2 Assessment of suitability and independence of external 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 and the Audit Committee members meet with the External Auditors at least twice a year without the presence of the Executive Director and Management.

For the financial year under review, the External Auditors confirmed that they are and have been independent throughout the audit engagement.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound framework to manage risks

The Board recognises and maintains a sound and an effective Risk Management framework which 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 state of Risk Management framework of the Group are set out in the Statement on Risk Management and Internal Control section of this Annual Report.

6.2 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.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

As of the date of this Statement, the Board has established a Corporate Disclosure Policy. This policy provides a framework for the Board and the management to communicate effectively with the Company’s shareholders, investors, stakeholders, external parties and the general public.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

7.2 Leverage on information technology for effective dissemination of information

The Group has established a website at www.tancoholdings.com to further enhance investor relations and shareholders' communication, including their access to information about the Company and the Group. Various announcements and disclosures to the Bursa Malaysia Securities Berhad made via Bursa LINK, including the timely release of financial results on a quarterly basis and the distribution of annual reports and circulars, provide shareholders and the investing public with an overview of the Group's performance and operations.

8. PRINCIPLE 8 - STRENGTHEN RELATIONSHIPS BETWEEN THE COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

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.

8.2 Encourage Poll Voting

In line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company will implement poll voting for all the resolutions set out in the Notice of AGM at the AGM. In addition, the Company will appoint one scrutineer to validate the votes cast at the AGM.

8.3 Effective communication and proactive engagement

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 four (4) 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.

This Statement is made in accordance with the Board of Directors' resolution dated 18th October 2016.

ADDITIONAL COMPLIANCE INFORMATION

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

i) **Material Contracts**

There was 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) **Status of Utilisation of Proceeds Raised From Corporate Proposals**

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

As at the date of this report, the total proceeds of RM19.23 million arising from the rights issue of ICULS was 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	8,443	Within twenty-four (24) months
Estimated expenses in relation to the said corporate exercise	800	800	Within six (6) months
Total	**19,233**	**19,233**	

(b) Redeemable Convertible Notes ("RCN")

As at the date of this report, the total proceeds of RM100.0 million from the RCN was utilised as follows:

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
Splash Park project	79,600	722	Within thirty-six (36) months
Acquisition of land	5,500	-	Within twelve (12) months
Repayment of bank borrowings	1,000	-	Within twelve (12) months
Working capital	6,400	-	Within thirty-six (36) months
Estimated expenses in relation to the said corporate exercise	7,500	778	Within thirty-six (36) months
Total	**100,000**	**1,500**	

AUDIT COMMITTEE REPORT

The Board of Directors of Tanco Holdings Berhad is pleased to present the report of the Audit Committee for the financial year ended 30th June 2016.

Members and Meetings Attendances

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

Terms of Reference

The Terms of Reference of the Audit Committee are available for reference on the Company's website at www.tancoholdings.com.

Meetings

The Audit committed held five (5) meetings. The details of the attendance of each Committee member are as follows:

Name of Audit Committee	Attendance
Dato' Dr. Mohd. Noordin bin Haji Keling	4/5
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	5/5
James Wong Kwong Yew	5/5

The Internal Auditors attended four (4) meetings while the External Auditors attended three (3) meetings. A separate meeting between the Audit Committee and the External Auditors was held thrice (3) during the financial year under review to discuss audit feedback, amongst others, without the presence of any Executive Director and Management of the Group.

There were no restrictions of resources or information to the Audit Committee that would have impaired the effective execution of the Audit Committee's responsibilities. The Chairman of the Audit Committee has been in continuous contact with Senior Management, the Group Managing Director, the Executive Directors, the Group Financial Controller, the Head of Internal Audit and the External Auditors of the Group, to keep abreast of issues of the Company and the Group.

Summary of Work of the Audit Committee

The work of the Audit Committee is in line with its responsibilities as set out in the terms of reference. The following summary sets out the work of the Audit Committee during the financial year under review in discharging its functions and duties and how the Audit Committee met its responsibilities:

AUDIT COMMITTEE REPORT (Continued)

Financial Results

The Audit Committee reviewed the Quarterly Interim Financial Reports, which were presented by the Management, with the aim of ensuring that the Reports, inter alia, complied with the disclosure requirements of the Listing Requirements, the approved Financial Reporting Standards ("FRS"), the Companies Act, 1965, and other statutory and regulatory requirements, prior to recommending the Reports to the Board for consideration and approval, and for subsequent release to Bursa Malaysia Securities Berhad. The Audit Committee also sought explanations from Management on the Group's performance as against the prior year's results.

The Audit Committee also reviewed the Annual Audited Financial Statements, which were presented by the Management, with the External Auditors, with the aim of ensuring that the Statements, inter alia, complied with the disclosure requirements of the approved FRSs, the Companies Act, 1965, the Listing Requirements and other statutory and regulatory requirements, and to resolve any contentious issues, if any, prior to recommending the Statements to the Board for consideration and approval, and for subsequent release to Bursa Malaysia Securities Berhad and for dispatch to the Shareholders of the Company.

External Audits

During the financial year under review, the Audit Committee carried out the following activities:

- reviewed the external audit plan, scope and nature of statutory audit of the Group's financial statements prior to the commencement of audit;
- reviewed the external audit reports and the results of the External Auditors' examination on the financial statements of the Group;
- reviewed the External Auditors' recommendations and Management responses;
- reviewed and discussed the impact of new and proposed changes in Financial Reporting Standards and other new developments in financial reporting with the External Auditors;
- reviewed the suitability of the External Auditors for re-appointment through a performance and independence checklist which had been adopted by the Audit Committee, taking into consideration amongst others, their independence, performance, competence, experience of audit team assigned, provision of non-audit services and audit fees; and
- reviewed the quarterly and annual results of the Company and the Group prior to submission to the Board of Directors for consideration and approval;
- reviewed the audited financial statements of the Company and the Group prior to submission to the Board of Directors for consideration and approval;
- reviewed related party transactions entered into by the Company and the Group;
- 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
- 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.

AUDIT COMMITTEE REPORT (Continued)

Internal Audit

The Audit Committee recognises the importance of the internal audit function and the need for it to be independent of Management in order to carry out its function effectively. During the financial year, the Group's internal audit function was outsourced to Messrs. S F Chang Corporate Services Sdn Bhd, an independent professional firm, which reports directly to the Audit Committee.

The Internal Audit functions assist the Audit Committee in reviewing and monitoring the adequacy, effectiveness and integrity of the Group's internal control system in identifying and managing principle risks, ensuring compliance with the law and regulations, preserving the quality of assets and the integrity of the Management information system and consequently determining the future requirements for the internal control system.

Internal Audit Function

The principal role of the internal audit function is to undertake, on a prioritised 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.

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 and work 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;

The Internal Audit Plan covers the key functional areas and business activities of the major subsidiaries of the Group. The Internal Audit review places emphasis on best practices and management assurance that encompass all the business risks, particularly on:

- The effectiveness and efficiency of operations;
- Reliability of reporting;
- Compliance with applicable law and regulations; and
- Safeguarding of assets.

AUDIT COMMITTEE REPORT (Continued)

(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. The Internal Audit review also evolves with the changing risk profiles and adds value to the business, as well as assisting with improving business efficiency performance. The Internal Audit approach broadly inquiry, analysis and review of the internal audit areas.

The Internal Auditors conducted four (4) reviews during the financial year. At the Audit Committee meetings, the Internal Auditors presented their quarterly Internal Audit Review Reports to the Committee for review and discussion with Management. The Quarterly Internal Audit Review Reports highlighted the Internal Auditors' review and findings on the Group's compliance with the established internal policies and procedures, their assessment of the magnitude of the Internal Auditors' recommendations on the corrective actions to overcome the weaknesses and Management's comments and agreed actions thereon. The Internal Auditors reported their follow-up findings and highlighted any non-actions by Management in subsequent Audit Committee meetings.

In all Internal Audit review, the Internal Auditors have reported that the internal control environment of the Companies audited are generally in place with minimum control issues.

The Audit Committee is satisfied with the results of the Internal Audit reviews during the financial year. None of the findings has resulted in any material losses that would require separate disclosure in this Report and the Audit Committee has reported the same to the Board of Directors.

The total cost incurred for the outsourced internal audit function of the Group for the financial year ended 30th June 2016 was RM36,000.00.

Assessment of Independence and Performance

To support the Audit Committee's assessment of their independence, the External Auditors will provide the Audit Committee with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors are required to declare their independence annually to the Audit Commitee as specified by the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors have provided the declaration in their annual audit plan presented to the Audit Committee of the Company.

The Audit Committee also ensures that the External Auditors are independent of the activities they audit and will review the contracts for provision of non-audit services by the External Auditors. The recurring non-audit services were in respect of tax compliance and the annual review of the Statement on Risk Management and Internal Control. The non-recurring non-audit services are acting as reporting accountants for any corporate exercises.

AUDIT COMMITTEE REPORT (Continued)

The non-audit fees incurred in financial year 2016 amounted to RM55,200 for the Group, approximately 48% of the audit fees payable to the External Auditors for financial year ended 30th June 2016. At Company level, the audit fees payable was RM26,000 against non-audit fees of RM9,500.

In considering the nature and scope of non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict or impair the independence and objectively of the External Auditors.

Upon Completion of the assessment, the Audit Committee recommendation for re-appointment of the External Auditors to the Board. The proposed appointment will be subject to shareholders' approval at the AGM.

Risk Management

The Audit Committee reviewed the Risk Management Framework and the Risk Registry of the Group and the ongoing identification, evaluation and management of the significant risks affecting the Group, as reported in the Statements on Risk Management and Internal Control of this Annual Report.

Related Party Transactions

The Audit Committee reviewed the procedures for related party transactions, including the recurrent related parties transactions ("RRPT") of a revenue and trading nature, that had arisen within the Company and the Group during the financial year and is satisfied that the said procedures are sufficient to ensure that the related party transactions undertaken are on arm's length basis and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority Shareholders of the Company.

The Audit Committee is also satisfied that the Group has in place adequate procedures and process to monitor, tract and identify RRPTs in a timely and orderly manner. The Audit Committee conducts the review of these procedures and processes at least once in a financial year.

Statement on Share Issuance Scheme ("SIS")

In accordance with By-Law 5.10 of the SIS By-Law, the Audit Committee reviewed and verified 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 2016, has complied with the criteria set out in the SIS By-Law.

Conclusion

The Audit Committee is of the opinion that it has discharged its duties in accordance with Terms of Reference during the financial year, and that the Group's Risk Management and Internal Control system has been adequate and effective.

Please refer to the Statement on Risk Management and Internal Control section in this Annual Report for more information.

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") requires Directors of listed companies to include a Statement on Risk Management and Internal Control in their annual reports.

BOARD'S RESPONSIBILITY

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".

RISK MANAGEMENT PROCESS

The Board has formally endorsed an ongoing Risk Management and Internal Control framework which includes the following key elements:

- the guiding principles of the risk management framework;
- the underlying approach to risk management;
- the roles and responsibilities of the Board and the Management;
- the underlying approach in reviewing and monitoring any significant risks; and
- quarterly review on the effectiveness and efficiency of internal control procedures and processes.

The Risk Management and Internal Control framework is applied continuously throughout the financial year to determine, evaluate and manage the significant risks of the Group. This is further assured by the implementation of an internal control system that has been integrated in the Group's operations and working culture. Therefore, any significant risks arising from factors within the Group and from changes in the business environment can be addressed on a timely basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

INTERNAL AUDIT FUNCTION AND INTERNAL CONTROL PROCESS

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 other key elements/features of the Group's internal control system 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.
- 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 quarterly 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.

PLANNING, MONITORING PROCESS

An annual business planning and budgeting policy is in place, requiring all business divisions to prepare business plans and budgets for the forthcoming year. The Heads of Business Divisions present the business plans and budgets to the Management before the start of a new financial year. There is an interactive dialogue between the Management and the Heads of Business Divisions and amongst others, the risks, challenges and assumptions are deliberated upon before the Group Managing Director and Executive Directors approve the business plan and budgets for implementation.

Board meetings are held at least once in a quarter with a formal agenda on matters for discussion. In addition, regular management and operation meetings are conducted by Senior Management which comprises the Group Managing Director and divisional heads.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

RISK REVIEW FOR THE FINANCIAL YEAR

The Group Managing Director holds meetings with the Executive Directors and Senior Management to discuss and resolve operational, corporate, financial and key management issues. A performance review comparing the actual results with the previous year's results and the explanations on significant variances are presented to the Board during the Board meetings.

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.
- There are regular meetings between the senior management (Group 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 the internal auditors to discuss their findings and reports.
- Operating units' meetings are conducted monthly to review financial performance, business development and deliberate on management issues

The Group's Quarterly Interim Financial Report and Annual Audited Financial Statements are only released to Bursa Securities after being reviewed by the Audit Committee and approved by the Board.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragragh 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (revised) issued by the Malaysian Institute of Accountants. RPG 5 (revised) does not require the External Auditors to form an opinion on the adequacy and effectiveness of the Risk Management and Internal Control system of the Group.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's Risk Management and Internal Control system. The board has received assurance from the Executive Director and Group Financial Controller that the Group's Risk Management and Internal Control system operated 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 Group's 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 18th October 2016.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Group acknowledges the importance of its Corporate Social Responsibility and is focused on creating sustainable developments for the future generations. The Group also emphasizes on long-term sustainable value creation for all its stake holders and is committed to ensuring its actions benefit its environment, workplace, community and the marketplace.

Safe & Healthy Working Environment

The Group continuously strives to provide a safe and healthy environment for its employees. Reviews of the Group's environmental objectives and targets are periodically undertaken to ensure that all operations have minimal negative environmental impact. The Group has also conducted Fire and Safety drills to ensure all employees are well prepared in the event of any emergencies.

In order to conserve energy and to minimize wastage, the Group has initiated various measures such as turning off lightings, computers, photocopying machines and air conditioning units when away for lunch breaks, switching to energy saving lightings, undertaking regular checks on its properties' water piping and flushing systems, as well as having a more proactive recycling program. With the aim of fostering a "greener" mindset, employees are also encouraged to share ideas and suggestions on ways to better save energy and cut down wastage towards promoting 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, where random inspections are conducted to ensure that such measures are being undertaken and observed.

Workplace

We recognise that passionate and capable employees are key assets. To this, the Group believes that it is important to keep employees abreast of the latest developments within the organisation as well as to create effective two-way communication platforms. The Group is committed to providing equality of opportunity to all existing and prospective employees without unlawful or immoral discrimination on the basis of religion, gender, race, marital status, nationality, colour, ethnic or national origin or age. The Group encourages diversity and opportunity, which is reinforced through the Group's Employment Policy. In addition, the Group has also maintained its existing policy of offering study and exam leave to employees who are seeking to better themselves academically.

As part of our efforts to provide growth and progression of 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 higher standards required to enhance work quality and to 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 the employees.

To encourage better unity and teamwork, festive celebrations, periodic gatherings, team building activities and trips are 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 forge a better and more effective working relationship at all levels.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY
(Continued)

Community

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

As part of its Corporate Social Responsibility program, the Group had undertaken a “gotong-royong” event on 28th May 2016 together with the residents of Kampung Nelayan Sg Sekawang [“the said Kampung” - which is located nearby the Company’s primary landbank and it’s present and upcoming development project(s) located in Dickson Bay, Port Dickson, Negeri Sembilan] and student volunteers of a nearby local college to help clean-up and paint the said Kampung’s Community Hall and Kindergarten and its surrounding grounds (“the Event”). The Event provided the Group with an invaluable opportunity to foster closer and better neighborly ties with the residents of the said Kampung and the student body of the nearby local college.

The Group also makes monthly contributions to Yayasan UNITI, which is managed by Kolej Uniti, Port Dickson during the financial year 2016.

The Group is fully committed to having similar events in the future to foster further positive and harmonious relationships with Dickson Bay’s various neighboring communities towards being a responsible and caring corporate neighbor, given its significant land and property interests thereat and its plans to optimize the development of the same hereinafter.



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. The Group works closely with suppliers to ensure standards and practices are maintained throughout the entire value chain. The Group’s Vendors and suppliers are carefully selected.

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 2016.

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 in the nature of these activities during the financial year.

RESULTS

	Group RM'000	**Company** RM'000
Loss for the financial year	8,717	3,397
Loss attributable to:		
Owners of the Company	8,720	3,397
Non-controlling interests	(3)	-
	8,717	3,397

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 2016.

RESERVES AND PROVISIONS

All material transfers to or from reserves or 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 which were unlikely to be realised in the ordinary course of business including 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 so to realise.

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; and

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

In the opinion of the directors, no contingent liability or other liability of the Group or 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 will or may substantially affect the ability of the Group and of the Company to meet their 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 MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has not arisen in the interval between the end of the financial year and the date of this report which is likely 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 to the financial statements.

As at the end of the financial year, the Company granted 28.380 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. As at 30th June 2016, the eligible employees (excluding the directors) who has balance of 900,000 options or more are as follows:

	Share Issuance Scheme Options of RM0.20/- each			
	Exercise Price RM	Balance Exercisable at 1.7.2015	Exercised	Balance Exercisable at 30.6.2016
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
Andrew Tan Jun Suan
Dato' Tan Lee Sing
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse
Dato' Dr. Mohd. Noordin bin Haji Keling
James Wong Kwong Yew
Koay Ghee Teong

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 directors who held in 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 2016 are as follows:

	Number of Ordinary Shares of RM0.20/- each			
	At 1.7.2015	**Bought**	**Sold**	**At 30.6.2016**
The Company				
Tanco Holdings Berhad				
Datuk Seri Tan Jing Nam				
- direct	48,903,669	-	-	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 1.7.2015	Bought	Sold	At 30.6.2016
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 1.7.2015	Bought	Sold	At 30.6.2016
The Company				
Tanco Holdings Berhad				
Datuk Seri Tan Jing Nam	63,903,669	-	-	63,903,669
Andrew Tan Jun Suan	70,002,000	-	-	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 1.7.2015	Exercised	Balance Exercisable at 30.6.2016
The Company			
Tanco Holdings Berhad			
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 shares of the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events during the financial year and subsequent to the end of the financial year are disclosed in Note 45 to the financial statements.

DIRECTORS' REPORT (Continued)

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

Date: 18th October 2016

STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	93,643	96,133	556	571
Land held for property development	6(A)	86,292	86,292	-	-
Prepaid lease payments	7	19,404	19,614	-	-
Investment in subsidiaries	8	-	-	41,546	41,546
Investment in associates	9	-	-	-	-
Investment in jointly controlled entity	10	-	-	-	-
Other investments	11	4,688	4,570	2	2
		204,027	206,609	42,104	42,119
Current assets					
Property development costs	6(B)	36,085	32,567	-	-
Inventories	12	20,773	20,773	-	-
Trade receivables	13	2,172	5,672	-	-
Other receivables, deposits and prepayments	14	1,069	4,677	19	2
Amount owing by subsidiaries	15	-	-	164,056	163,181
Amount owing by associates	16	-	-	-	-
Cash and cash equivalents	17	4,858	4,974	692	827
		64,957	68,663	164,767	164,010
Total Assets		268,984	275,272	206,871	206,129
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	18	66,977	66,977	66,977	66,977
Share issuance scheme reserve	18	1,364	1,364	1,364	1,364
Irredeemable convertible unsecured loan stock	19	13,344	13,344	13,344	13,344
Retained profits		72,897	81,617	58,731	62,128
Foreign currency reserve	20	(1,303)	(1,303)	-	-
Shareholders' funds		153,279	161,999	140,416	143,813
Non-controlling interests		87	84	-	-
Total Equity		153,366	162,083	140,416	143,813

STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE 2016 (Continued)

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Borrowings	21	23,345	42,791	-	-
Long term payables	26	748	748	-	-
Irredeemable convertible unsecured loan stock	19	436	915	436	915
Deferred tax liabilities	27	4,448	4,448	4,448	4,448
		28,977	48,902	4,884	5,363
Current liabilities					
Trade payables	28	29,596	32,673	-	-
Other payables, deposits and accruals	29	22,055	21,953	1,561	832
Provision for liabilities	30	451	451	-	-
Borrowings	21	29,519	4,879	5,587	1,906
Amount owing to subsidiaries	15	-	-	51,151	51,502
Amount owing to directors	31	4,258	3,578	3,146	2,587
Tax payable		762	753	126	126
		86,641	64,287	61,571	56,953
Total Liabilities		115,618	113,189	66,455	62,316
TOTAL EQUITY AND LIABILITIES		268,984	275,272	206,871	206,129

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 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	32	10,718	6,473	-	-
Cost of sales	33	(5,428)	(3,194)	-	-
GROSS PROFIT		5,290	3,279	-	-
Other income	34	3,796	16,760	-	6,486
Administrative expenses		(15,078)	(32,262)	(3,077)	(24,730)
OPERATING LOSS	35	(5,992)	(12,223)	(3,077)	(18,244)
Finance costs	36	(2,725)	(2,647)	(320)	(170)
LOSS BEFORE TAXATION		(8,717)	(14,870)	(3,397)	(18,414)
Taxation	37	-	(18)	-	-
LOSS FOR THE FINANCIAL YEAR		(8,717)	(14,888)	(3,397)	(18,414)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(8,717)	(14,888)	(3,397)	(18,414)
Loss attributable to:					
Owners of the Company		(8,720)	(14,876)	(3,397)	(18,414)
Non-controlling interests		3	(12)	-	-
		(8,717)	(14,888)	(3,397)	(18,414)
Total comprehensive loss attributable to:					
Owners of the Company		(8,720)	(14,876)	(3,397)	(18,414)
Non-controlling interests		3	(12)	-	-
		(8,717)	(14,888)	(3,397)	(18,414)
Loss per ordinary share (sen)					
- Basic	38	(2.60)	(4.45)		
- Diluted	38	(2.60)	(4.45)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2016

	← Attributable to Owners of the Company →							
		← Non-Distributable →			Distributable			
	Share Capital	Share Issuance Scheme Reserve	Foreign Currency Reserve	Irredeemable Convertible Unsecured Loan Stock (equity component)	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
At 1st July 2014	66,977	1,364	(1,303)	13,344	96,493	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	(1,303)	13,344	81,617	161,999	84	162,083
Loss for the financial year	-	-	-	-	(8,720)	(8,720)	3	(8,717)
At 30th June 2016	66,977	1,364	(1,303)	13,344	72,897	153,279	87	153,366

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2016 (Continued)

	← Attributable to Owners of the Company →				
		← Non-Distributable →		Distributable	
	Share Capital RM'000	Share Issuance Scheme Reserve RM'000	Irredeemable Convertible Loan Stock (equity component) RM'000	Retained Profits RM'000	Total RM'000
Company					
At 1st July 2014	66,977	1,364	13,344	80,542	162,227
Loss for the financial year	-	-	-	(18,414)	(18,414)
At 30th June 2015	66,977	1,364	13,344	62,128	143,813
Loss for the financial year	-	-	-	(3,397)	(3,397)
At 30th June 2016	66,977	1,364	13,344	58,731	140,416

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2016

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(8,717)	(14,870)	(3,397)	(18,414)
Adjustments for:				
Amortisation of:				
- prepaid lease payments	210	213	-	-
- other investments	21	36	-	-
Allowance for impairment of:				
- property, plant and equipment	1,220	-	-	-
- investment in subsidiaries	-	-	-	13,612
- trade receivables	79	38	-	-
- other receivables	2	5	-	-
- amount owing by subsidiaries	-	-	2,161	-
Creditors written back	(338)	(71)	-	-
Depreciation	1,326	1,415	15	14
Gain on disposal of property, plant and equipment	-	(2,983)	-	-
Interest expenses	2,725	2,647	320	170
Interest income	-	(14)	-	-
Reversal of accruals	(1,753)	-	-	-
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)	-	-
- investment in subsidiaries	-	-	#	-
- amount owing by subsidiaries	-	-	-	(6,486)
- trade receivables	(770)	(834)	-	-
- other receivables	(688)	(1,572)	-	-
Amount written off on:				
- trade receivables	1,313	11,635	-	-
- deposits	-	422	-	-
- property, plant and equipment	-	234	-	-
- amount owing by subsidiaries	-	-	-	10,767
- investment in subsidiaries	-	-	#	-
Waiver of debts	(87)	(8)	-	-
Operating Loss Before Working Capital Changes	(5,457)	(15,475)	(901)	(337)

 # Representing amount less than RM1,000/-.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2016 (Continued)

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Changes In Working Capital:				
Property development costs	(2,406)	(1,961)	-	-
Receivables	7,132	1,373	(17)	-
Payables	(748)	16,520	729	15
Provision for liabilities	-	(15,000)	-	-
	(1,479)	(14,543)	(189)	(322)
Interest received	-	14	-	-
Interest paid	(3,739)	(1,575)	(222)	(119)
Tax paid	-	(18)	-	-
Net Operating Cash Flows	(5,218)	(16,122)	(411)	(441)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend paid for ICULS	(479)	(526)	(479)	(526)
ICULS interest	(98)	(51)	(98)	(51)
Investment in subsidiaries	-	-	-	(2,000)
Net advances to subsidiaries	-	-	(3,387)	(905)
Purchase of property, plant and equipment (Note A)	(56)	(170)	-	-
Purchase of vacation ownership	(139)	-	-	-
Proceeds from disposal of:				
- property, plant and equipment	-	6,836	-	-
- other investments	-	365	-	-
Net Investing Cash Flows	(772)	6,454	(3,964)	(3,482)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawndown of:				
- bridging loan	4,994	171	-	-
- term loan	3,094	15,000	3,094	-
Changes in amount owing to directors	680	713	559	-
Repayment of:				
- bridging loan	(681)	(2,470)	-	-
- term loan	(2,494)	(7,725)	-	-
- hire purchase liabilities	(306)	(168)	-	-
Net Financing Cash Flows	5,287	5,521	3,653	-

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2016 (Continued)

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
NET CHANGES IN CASH AND CASH EQUIVALENTS	(703)	(4,147)	(722)	(3,923)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	3,068	7,215	(1,079)	2,844
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	2,365	3,068	(1,801)	(1,079)
Cash and cash equivalents comprise of the following:				
Cash and bank balances	4,810	4,933	692	827
Deposits placed with licensed banks and finance companies	10	10	-	-
Cash held under Housing Development Account	38	31	-	-
Bank overdraft	(2,493)	(1,906)	(2,493)	(1,906)
	2,365	3,068	(1,801)	(1,079)

A. Purchase of property, plant and equipment

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash payments	56	1,544	-	-
Financed by hire purchase agreements	-	(1,374)	-	-
	56	170	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Tanco Holdings Berhad 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 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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18th October 2016.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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.

2.2 Fundamental Accounting Principle

The financial statements of the Group and of the Company have been prepared on the assumption that the Group and the Company will continue as a going concern. The application of the going concern basis is based on the assumption that the Company will be able to realise its assets and liquidate its liabilities in the normal course of business.

During the financial year ended 30th June 2016, the Group and the Company incurred net losses of RM8.717 million and RM3.397 million and recorded negative operating cash flows of RM5.218 million and RM0.411 million respectively and as at that date, the current liabilities of the Group exceeded its current assets by RM21.684 million.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. BASIS OF PREPARATION (Continued)

2.2 Fundamental Accounting Principle (Continued)

The directors of the Company are of the opinion that the preparation of the financial statements of the Group and of the Company on a going concern basis remains appropriate given the following measures being taken or will be taken by the Group to mitigate the existence of material uncertainty on going concern and to meet its obligations falling due within the next 12 months which, include amongst others:

(i) The directors have engaged in discussion with a bank in advance, to revise the tenure of an amount of RM21.241 million which is repayable during the next financial year ending 30th June 2017 under the bridging loan facility and to further enhance the current end financing facilities extended to the Group's property development project. The directors have taken the above proactive approach in order to complement the prolonged sales gestation period of the property development project undertaken by the Group. The bank has since extended the end financing facilities to the buyers of the property development project and is in the process of considering the application by the Group to revise the tenure of the bridging loan. The directors are confident that the outcome of the discussion will be favourable and any approval from the bank will place the Group on stronger financial footing in the allocation of the Group's financial resources to the long term development project.

(ii) As mentioned in Note 45 to the financial statements, the Group have obtained approval from the relevant parties on its new issuance of Redeemable Convertible Commercial Papers and/or Redeemable Convertible Medium Term Notes ("Notes"). The new issuance of Notes of up to RM100 million will be able to support the Group's property development activities.

(iii) The Company has undertaken a reduction of its issued and paid-up share capital via cancellation of RM0.15 of the par value of each existing ordinary share of RM0.20 each in the Company in line with the issuance of Notes which will facilitate equity related fund raising exercise of the Company.

(iv) The Group may raise further funding from its land held for property development, property development costs, inventories and certain property, plant and equipment should the need arise.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. BASIS OF PREPARATION (Continued)

2.2 Fundamental Accounting Principle (Continued)

During the financial year ended 30th June 2016, the Group and the Company recorded the reduction in net losses of RM8.717 million and RM3.397 million respectively as compared to RM14.888 million and RM18.414 million respectively in the previous financial year. The negative operating cash flows of Group and the Company have narrowed to RM5.218 million and RM0.411 million respectively as compared to RM16.122 million and RM0.441 million respectively in the previous financial year. The current liabilities of the Group exceeded its current assets by RM21.684 million which are mainly attributed to the classification of the bridging loan of RM21.241 million that are due for repayment during the financial year ending 30th June 2017, which the directors are taking steps to engage in discussion with the bank for the revision of tenure of repayment. In addition, the Group's and the Company's shareholders' equity are RM153.279 million and RM140.416 million respectively as at 30th June 2016 and the directors are optimistic that the underlying value of the assets of the Group will further strengthen the financial position of the Group and to address any significant doubt mentioned above on the Group's and the Company's ability to continue as going concern.

The successful application of the revision of the tenure of the bank facility and sufficient cash flows generated from operating activities or from the successful implementation of the above measures, will support the Group's and the Company's ability to continue as going concern.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. BASIS OF PREPARATION (Continued)

2.3 New FRSs and Amendments/Improvements to FRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new FRSs and amendments/improvements to FRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New FRSs		
FRS 9	Financial Instruments	1st January 2018
FRS 14	Regulatory Deferral Accounts	1st January 2016
Amendments/Improvements to FRSs		
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1st January 2016
FRS 7	Financial Instruments: Disclosures	1st January 2016
FRS 9	Financial Instruments	1st January 2018
FRS 10	Consolidated Financial Statements	Deferred/ 1st January 2016
FRS 11	Joint Arrangements	1st January 2016
FRS 12	Disclosure of Interests in Other Entities	1st January 2016
FRS 101	Presentation of Financial Statements	1st January 2016
FRS 107	Statement of Cash Flows	1st January 2017
FRS 112	Income Taxes	1st January 2017
FRS 116	Property, Plant and Equipment	1st January 2016
FRS 119	Employee Benefits	1st January 2016
FRS 127	Separate Financial Statements	1st January 2016
FRS 128	Investment in Associates and Joint Ventures	Deferred/ 1st January 2016
FRS 138	Intangible Assets	1st 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 FRSs and amendments/improvements to FRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. BASIS OF PREPARATION (Continued)

2.3 New FRSs and Amendments/Improvements to FRSs that have been issued, but yet to be effective (Continued)

FRS 9 Financial Instruments

Key requirements of FRS 9:

- 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 statements 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 statements of financial position.

- 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.

- 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.

Amendments to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 7 provide 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)

2. **BASIS OF PREPARATION (Continued)**

2.3 **New FRSs and Amendments/Improvements to FRSs that have been issued, but yet to be effective (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, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

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 address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify 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 clarify 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 allow 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.

Amendments to FRS 101 Presentation of Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. BASIS OF PREPARATION (Continued)

2.3 New FRSs and Amendments/Improvements to FRSs that have been issued, but yet to be effective (Continued)

Amendments to FRS 107 Statement of Cash Flows

Amendments to FRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to FRS 112 Income Taxes

Amendments to FRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to FRS 116 Property, Plant and Equipment

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

Amendments to FRS 119 Employee Benefits

Amendments to FRS 119 clarify 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 allow 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. BASIS OF PREPARATION (Continued)

2.3 New FRSs and Amendments/Improvements to FRSs that have been issued, but yet to be effective (Continued)

Amendments to FRS 138 Intangible Assets

Amendments to FRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

- when 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.

2.4 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 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 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"). 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 1 January 2018. 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 1 January 2012.

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 31 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)

2. BASIS OF PREPARATION (Continued)

2.4 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:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) 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. (The Group does not expect any impact on the financial statements arising from the adoption of this standard.)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. BASIS OF PREPARATION (Continued)

2.4 MASB Approved Accounting Standards, MFRSs (Continued)

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.)

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 is currently assessing the impact of the adoption of this standard. (The Group does not expect any impact on the financial statements arising from the adoption of this standard.)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. BASIS OF PREPARATION (Continued)

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

2.6 Basis of Measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.7 Use of Estimates and Judgement

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 reporting 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 involved a higher degree of judgment or complexity, or areas where assumptions and estimates that 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

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and the Company.

(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(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)

(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(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)

(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)**

(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)**

(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)

(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(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)

(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(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)

(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(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)**

(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)

(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)

(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)**

(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)**

(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)**

(k) **Share Capital**

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)

(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)

(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)

(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)**

(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)**

(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) **Taxation**

(i) *Current Tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) *Deferred Tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(ii) *Deferred Tax (Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) *Goods and Services Tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (“GST”) except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF 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

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 an 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 absences of a principal market, in the most advantageous market.

For a 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)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Fair Value Measurements (Continued)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Significant areas of estimation, uncertainty and critical judgments 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(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.

(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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)**

(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.

(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 scheme. 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. 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

	Freehold Land and Buildings	Leasehold Building	Golf Course and Club Village	Resort Properties	Rights in Resort Properties	Construction -in-Progress - Marina Club	Furniture and Fittings	Boat and Motor Vehicles	Furniture and Fittings	Office Equipment	Maintenance Equipment	Total
			← Resort Operations					→				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group												
2016												
Cost												
At 1st July 2015	49,175	1,927	22,927	56,501	22,562	40,434	299	3,778	197	411	313	198,524
Additions	-	-	-	-	-	-	13	-	32	11	-	56
At 30th June 2016	49,175	1,927	22,927	56,501	22,562	40,434	312	3,778	229	422	313	198,580
Accumulated Depreciation and Allowance for Impairment												
At 1st July 2015	17,620	1,322	4,255	13,095	22,562	40,434	196	2,088	126	380	313	102,391
Depreciation for the financial year	260	193	230	200	-	-	32	386	12	13	-	1,326
Impairment for the financial year	615	-	-	605	-	-	-	-	-	-	-	1,220
At 30th June 2016	18,495	1,515	4,485	13,900	22,562	40,434	228	2,474	138	393	313	104,937
Carrying Amount												
At 30th June 2016	30,680	412	18,442	42,601	-	-	84	1,304	91	29	-	93,643

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

			Resort Operations									
	Freehold Land and Buildings	Leasehold Building	Golf Course and Club Village	Resort Properties	Rights in Resort Properties	Construction -in-Progress - Marina Club	Furniture and Fittings	Boat and Motor Vehicles	Furniture and Fittings	Office Equipment	Maintenance Equipment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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)

	Buildings	
	2016	2015
	RM'000	RM'000
Company		
2015		
Cost		
At 1st July 2015/2014 and 30th June	722	722
Accumulated Depreciation		
At 1st July 2015/2014	151	137
Depreciation for the financial year	15	14
At 30th June	166	151
Carrying Amount		
At 30th June	556	571

(i) **Assets under finance leases**

The carrying amount of property, plant and equipment of the Group acquired under hire purchase and finance lease agreements are as follows:

	Group	
	2016	2015
	RM'000	RM'000
Motor vehicles	1,286	1,692

(ii) **Assets pledged as security**

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:

	Group	
	2016	2015
	RM'000	RM'000
Freehold land and buildings	9,256	10,013
Golf course and club village	18,442	18,672
Resort properties	20,663	21,277

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			
2016			
Carrying Amount			
At 30th June	67,218	19,074	86,292
2015			
Cost			
At 1st July 2014	56,758	19,074	75,832
Addition	10,460	-	10,460
At 30th June	67,218	19,074	86,292
Carrying Amount			
At 30th June	67,218	19,074	86,292

The carrying amount of RM23.093 million (2015: 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			
2016			
Cost			
At 1st July 2015	17,428	40,336	57,764
Add: Incurred during the financial year	-	7,784	7,784
At 30th June	17,428	48,120	65,548
Accumulated Impairment, Foreseeable Losses and Development Costs recognised in Profit or Loss			
At 1st July 2015	6,881	18,316	25,197
Add: Recognised during the financial year	376	3,890	4,266
At 30th June	7,257	22,206	29,463
Carrying Amount			
At 30th June	10,171	25,914	36,085
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	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	6,881	18,316	25,197
Carrying Amount			
At 30th June	10,547	22,020	32,567

Included in the property development cost incurred during the financial year are borrowing costs of RM1,112,203/- (2015: RM1,021,443/-).

The carrying amount of RM28.065 million (2015: RM24.024 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	
	2016	2015
	RM'000	RM'000
Group		
Cost		
At 1st July 2015/2014 and 30th June	21,621	21,621
Accumulated Amortisation		
At 1st July 2015/2014	2,007	1,794
Amortisation charged for the financial year	210	213
At 30th June	2,217	2,007
Carrying Amount		
At 30th June	19,404	19,614

The carrying amount of RM16.140 million (2015: RM16.348 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	
	2016	2015
	RM'000	RM'000
At Cost		
Unquoted shares, at cost		
At 1st July 2015/2014	55,158	53,158
Add: Addition	-	2,000
Less: Written off	#	-
At 30th June	55,158	55,158
Less: Allowance for impairment		
At 1st July 2015/2014	(13,612)	-
Addition	-	(13,612)
Reversal	#	-
At 30th June	(13,612)	(13,612)
Carrying Amount		
At 30th June	41,546	41,546

 # Representing amount less than RM1,000/-.

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 2016 %	Group Effective Equity Interest 2015 %	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	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	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	Dormant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. INVESTMENT IN SUBSIDIARIES (Continued)

Name of Company	Country of Incorporation	Group Effective Equity Interest 2016 %	2015 %	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		Principal Activities
		2016	2015	
		%	%	
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	Property investment.
TRB Vacation (Mauritius) Pte. Ltd.*#	Mauritius	-	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. These subsidiaries are currently dormant and the audited financial statements and the auditors' reports on the financial statements are not available.*

Member's voluntary winding up – dissolved on 16th August 2016.

** *The subsidiaries had been strike off during the financial year.*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. INVESTMENT IN ASSOCIATES

	Group 2016 RM'000	Group 2015 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 2016 %	Group Effective Equity Interest 2015 %	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 2016 RM'000	Group 2015 RM'000
At Cost		
Unquoted shares	-	80
Group's share of post acquisition results	-	(80)
	-	-

Details of jointly controlled entity are as follows:

Name of Company	Country of Incorporation	Group Effective Equity Interest 2016 %	Group Effective Equity Interest 2015 %	Principal activity
Held Through Palm Springs Resort (MM2H) Sdn. Bhd.				
Palm Springs Centre of Excellence Sdn. Bhd. *	Malaysia	-	40	Educational institution.

* *The company had been strike off during the financial year.*

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				
2016				
Cost				
At 1st July 2015	23	4,385	1,500	5,908
Addition	-	139	-	139
At 30th June	23	4,524	1,500	6,047
Accumulated Amortisation/ Allowance for Impairment				
At 1st July 2015	21	1,033	284	1,338
Charged during the financial year	-	6	15	21
At 30th June	21	1,039	299	1,359
Carrying Amount				
At 30th June	2	3,485	1,201	4,688
2015				
Cost				
At 1st July 2014	23	5,885	1,500	7,408
Disposals	-	(1,500)	-	(1,500)
At 30th June	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	21	1,033	284	1,338
Carrying Amount				
At 30th June	2	3,352	1,216	4,570

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. OTHER INVESTMENTS (Continued)

	Quoted Shares in Malaysia	
	2016 RM'000	2015 RM'000
Company		
Cost		
At 1st July 2015/2014 and 30th June	23	23
Accumulated Allowance for Impairment		
At 1st July 2015/2014 and 30th June	21	21
Carrying Amount		
As at 30th June	2	2

The market value of quoted shares in Malaysia, is approximately RM3,950/- (2015: RM2,000/-).

12. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At Net Realisable Value		
Developed properties	20,773	20,773

The carrying amount of RM18.668 million (2015: 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 2016 RM'000	Group 2015 RM'000
Trade receivables	19,593	23,784
Less: Allowance for impairment	(17,421)	(18,112)
	2,172	5,672

(i) The Group's normal trade credit terms range from 30 to 90 days (2015: 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 RMNil/- (2015: RM215,449/-) representing amount owing from an associate of the Group.

(iii) Ageing analysis of trade receivables

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

	Group 2016 RM'000	Group 2015 RM'000
Neither past due nor impaired	341	1,200
Past due but not impaired:		
- 1 to 30 days	150	321
- 31 to 60 days	120	31
- 61 to 90 days	428	38
- 91 to 120 days	-	34
- More than 121 days	1,133	4,048
	1,831	4,472
Impaired	17,421	18,112
	19,593	23,784

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	
	2016	2015
	RM'000	RM'000
Individually impaired		
Trade receivables	17,421	18,112
Less: Accumulated impairment	(17,421)	(18,112)
	-	-

Movement in impairment account:

	Group	
	2016	2015
	RM'000	RM'000
At 1st July 2015/2014	18,112	18,908
Addition	79	38
Reversal of impairment loss no longer required	(770)	(834)
At 30th June	17,421	18,112

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 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Other receivables	6,766	11,104	-	-
Less: Allowance for impairment				
At 1st July 2015/2014	7,138	8,705	-	-
Addition	2	5	-	-
Reversal	(688)	(1,572)	-	-
At 30th June	6,452	7,138	-	-
	314	3,966	-	-
Deposits	351	612	2	2
Prepayments	232	99	2	-
GST refundable	172	-	15	-
	1,069	4,677	19	2

15. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company 2016 RM'000	Company 2015 RM'000
Amount owing by subsidiaries	166,238	163,202
Less: Allowance for impairment	(2,182)	(21)
	164,056	163,181
Amount owing to subsidiaries	(51,151)	(51,502)

Included is unsecured amount of RM3.094 million (2015: RMNil) which bears interest at a rate of 3% per month, expected to be settled in cash and is repayable on demand. The balances of the amount owing by/(to) subsidiaries are non-trade in nature, unsecured, interest free and are repayable on demand in cash.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. AMOUNT OWING BY ASSOCIATES

	Group		Company	
	2016	2015	2016	2015
	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.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	4,810	4,933	692	827
Cash held under Housing Development Account	38	31	-	-
Deposits placed with licensed banks and finance companies	10	10	-	-
	4,858	4,974	692	827

Group

Cash held under Housing Development Account held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from the use in other operations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

	Group and Company			
	2016		2015	
	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 2015/2014 and 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 2015/2014 and 30th June	334,887	66,977	334,887	66,977

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

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 are dormant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. **SHARE CAPITAL (Continued)**

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL (Continued)

Share Issuance Scheme ("SIS") (Continued)

(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	
	2016	2015
	'000 units	'000 units
At 1st July 2015/2014	30,170	33,900
Allotment during the financial year	2,020	3,680
Terminated during the financial year	(3,810)	(7,410)
At 30th June	28,380	30,170

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 when the SIS was granted.

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%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

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 liability component and equity component of the ICULS has been allocated as follows:

	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	
	2016	2015
	RM'000	RM'000
Liability component at initial recognition	1,441	1,441
Interest expense recognised in profit or loss:		
At 1st July 2015/2014	51	-
Recognised during the financial year (Note 36)	98	51
At 30th June	149	51
Dividend paid:		
At 1st July 2015/2014	(577)	-
Paid during the financial year	(577)	(577)
At 30th June	(1,154)	(577)
Non-curent		
Liability component at 30th June	436	915

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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Non-current				
Secured				
Hire purchase liabilities (Note 22)	986	1,242	-	-
Bridging loan (Note 23)	17,736	34,664	-	-
Term loan (Note 24)	4,623	6,885	-	-
	23,345	42,791	-	-
Current				
Secured				
Bank overdraft (Note 25)	2,493	1,906	2,493	1,906
Hire purchase liabilities (Note 22)	280	330	-	-
Bridging loan (Note 23)	21,241	-	-	-
Term loan (Note 24)	2,411	2,643	-	-
Unsecured				
Term loan (Note 24)	3,094	-	3,094	-
	29,519	4,879	5,587	1,906
Total borrowings	52,864	47,670	5,587	1,906

22. HIRE PURCHASE LIABILITIES

	Group	
	2016	2015
	RM'000	RM'000
Minimum hire purchase payments:		
- not later than one year	333	387
- later than one year but not later than five years	1,069	1,320
- later than five years	70	121
	1,472	1,828
Less: Future finance charges	(206)	(256)
Present value of hire purchase liabilities	1,266	1,572
Represented by:		
Non-current	986	1,242
Current	280	330
	1,266	1,572

Interest rates on hire purchase liabilities for the financial year ranged from 2.46% to 4.62% (2015: 2.46% to 4.62%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. BRIDGING LOAN

	Group 2016 RM'000	Group 2015 RM'000
Within the next twelve months	21,241	-
After the next twelve months:		
- not later than two years	12,742	22,765
- later than two years but not later than five years	4,994	11,899
	17,736	34,664
	38,977	34,664

The bridging loan of the Group bears interest at a rate from 8.10% to 8.35% (2015: 8.10% to 8.35%) per annum and secured by way of:

(i) Fixed legal charge over certain portion of the subsidiaries' lands at Mukim Pasir Panjang, Daerah Port Dickson, Negeri Sembilan (Notes 5, 6, 7 and 12);
(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 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Within the next twelve months	5,505	2,643	3,094	-
After the next twelve months:				
- not later than two years	4,623	2,411	-	-
- later than two years but not later than five years	-	4,474	-	-
	4,623	6,885	-	-
	10,128	9,528	3,094	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. TERM LOAN (Continued)

The term loan 1 and term loan 2 of the Group bears interest at a rate of 7.09% to 9.35% (2015: 7.09% to 9.35%) per annum and secured by way of:

Term Loan 1:
(i) Facilities agreement for RM2.5 million;
(ii) Fixed legal charge over a subsidiary's properties 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 properties of a subsidiary (Note 5);
(iii) Corporate guarantee by the Company; and
(iv) First party legal assignment for rental proceeds.

The unsecured term loan 3 of the Company bear interest at 3% per month and secured by way of:
(i) Facilities agreement for RM4 million; and
(ii) Guarantee by a director.

25. BANK OVERDRAFT

The bank overdraft of the Group and of the Company bears interest at a rate of 8.35% (2015: 8.35%) 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	
	2016	2015
	RM'000	RM'000
At 1st July 2015/2014 and 30th June	4,448	4,448

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. DEFERRED TAX LIABILITIES (Continued)

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

	2016 RM'000	2015 RM'000
Deferred tax liabilities		
- Arising from ICULS	4,448	4,448

28. TRADE PAYABLES

	Group	
	2016 RM'000	2015 RM'000
Trade payable	12,792	10,891
Progress billings in respect of property development costs	16,804	21,782
	29,596	32,673

(a) The normal trade credit terms granted to the Group range from 30 to 90 days (2015: 30 to 90 days).

(b) Included in trade payables of the Group is an amount of RM2.256 million (2015: 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other payables	15,246	14,041	1,404	754
Deposits	1,515	1,598	-	-
Accruals	5,256	6,314	157	78
GST payable	38	-	-	-
	22,055	21,953	1,561	832

Included in other payables of the Group is an amount of RM1,302,467/- (2015: RM848,029/-) 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	Provision for Termination of VSC	Provision for Liquidated Ascertained Damages	Total
	RM'000	RM'000	RM'000	RM'000
Group				
At 1st July 2014	9,350	15,000	451	24,801
Utilisation	-	(15,000)	-	(15,000)
Reversal	(9,350)	-	-	(9,350)
At 30th June 2015	-	-	451	451
Utilisation	-	-	-	-
At 30th June 2016	-	-	451	451

(i) **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)**

(i) **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.

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

(ii) **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	
	2016	2015
	RM'000	RM'000
Revenue from sales of development properties	6,525	2,616
Income from clubs and resort operations	2,008	1,684
Rental income	2,061	2,140
Interest income from money lending business	28	33
Revenue from management fees	96	-
	10,718	6,473

33. COST OF SALES

	Group	
	2016	2015
	RM'000	RM'000
Cost of development properties	4,266	1,814
Club and resort operation costs	2	15
Rental operation costs	1,160	1,365
	5,428	3,194

34. OTHER INCOME

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Creditors written back	338	71	-	-
Gain on disposal of property, plant and equipment	-	2,983	-	-
Interest income	-	14	-	-
Rental income	-	188	-	-
Reversal of impairment loss no longer required of:				
- property, plant and equipment	-	2,715	-	-
- amount owing by subsidiaries	-	-	-	6,486
- trade receivables	770	834	-	-
- other receivables	688	1,572	-	-
- investment in subsidiaries	-	-	#	-
Reversal of accruals	1,753	-	-	-
Reversal of provision for liabilities no longer required	-	9,350	-	-
Waiver of debts	87	8	-	-

 # Representing amount less than RM1,000/-.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. OPERATING LOSS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration:				
- current year	111	110	26	20
- over accrual in prior year	-	(5)	-	-
Amortisation of:				
- prepaid lease payments	210	213	-	-
- other investments	21	36	-	-
Allowance for impairment of:				
- property, plant and equipment	1,220	-	-	-
- investment in subsidiaries	-	-	-	13,612
- trade receivables	79	38	-	-
- other receivables	2	5	-	-
- amount owing by subsidiaries	-	-	2,161	-
Depreciation	1,326	1,415	15	14
Directors' fees	156	139	96	79
Directors' remuneration				
- salaries	1,206	1,927	-	-
- benefit-in-kind	83	106	-	-
- others	172	291	-	-
Lease rental	143	173	-	-
Loss on:				
- disposal of other investments	-	297	-	-
- foreign exchange	-	8	11	-
Rental of:				
- equipment	-	6	-	-
- premises	230	108	-	-
Staff costs:				
- Employees' Provident Fund	364	375	-	-
- SOCSO	34	68	-	-
- salaries, overtime and allowances	3,523	3,289	-	-
- welfare	128	498	-	-
Amount written off on:				
- trade receivables	1,313	11,635	-	-
- deposits	-	422	-	-
- property, plant and equipment	-	234	-	-
- investment in subsidiaries	-	-	#	-
- amount owing by subsidiaries	-	-	-	10,767

 # Representing amount less than RM1,000/-.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. FINANCE COSTS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest expenses				
- loan interest	2,377	2,435	35	-
- overdraft interest	193	119	187	119
- hire purchase and lease liabilities	57	42	-	-
- ICULS interest (Note 19)	98	51	98	51
	2,725	2,647	320	170

37. TAXATION

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income tax				
- current financial year	-	15	-	-
- under accrual in prior year	-	3	-	-
	-	18	-	-

The income tax is calculated at statutory rate of 24% (2015: 25%) of the estimated assessable loss for the year.

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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loss before taxation	(8,717)	(14,870)	(3,397)	(18,414)
Taxation at applicable tax rate of 24% (2015: 25%)	(2,092)	(3,718)	(815)	(4,604)
Tax effects arising from				
- non-taxable incomes	(726)	(4,097)	-	(1,622)
- non-deductible expenses	1,345	5,180	815	6,134
- under accrual in prior years	-	3	-	-
- deferred tax assets not recognised in the financial statements	1,473	1,383	-	44
- changes in tax rate	-	1,267	-	48
Tax expenses for the financial year	-	18	-	-

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

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deductible temporary differences	709	746	-	-
Unabsorbed capital allowances	820	632	161	161
Unutilised tax losses	138,322	132,333	4,253	4,253
	139,851	133,711	4,414	4,414
Potential deferred tax assets not recognised at 24% (2015: 24%)	33,564	32,091	1,059	1,059

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 2016	Group 2015
Loss attributable to owners of the Company (RM'000)	8,717	14,888
Weighted average number of ordinary shares in issue (Unit'000)	334,887	334,887
Basic loss per ordinary share (sen)	2.60	4.45

(b) Diluted Loss per Ordinary Share

The diluted loss per ordinary share of the Company for the financial year 2016 is same as the basic loss per ordinary share of the Company as the potential ordinary shares are antidilutive.

39. FINANCIAL GUARANTEES

	Company 2016 RM'000	Company 2015 RM'000
Corporate guarantees given by the Company to financial institution for credit facilities granted to the subsidiaries	46,011	59,192

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. MATERIAL LITIGATION

(a) Claims by two sets of purchasers against a wholly-owned subsidiary of the Company for specific performance and damages on units purchased totaling 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. Following hearings for the assessment of damages, the Court Registrar awarded the purchasers the sums of RM75,054/- (with an allocatur of RM3,002/-) and RM78,056/- (with an allocatur of RM3,112/-) respectively. The Purchasers filed an appeal on this award and on 27th July 2016, the Court, in allowing the appeal, decided to award the Claimants the sum of RM165,054/- and RM168,056/- respectively together with interest at 4% from the date of filing till full settlement and costs of RM20,000/- respectively. The subsidiary has filed an appeal to the Court of Appeal to oppose this decision. The hearing date for the subsidiary's appeal has not been set as yet.

(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 defense. The claimants have also not pursued further action on their counterclaim against the subsidiary since judgment was taken against all the claimants by the financial institution in October 2007. Solicitors of the subsidiary will proceed to file an application to strike out the counterclaim against the subsidiary once the relevant checks with the Court Registry on the counterclaim and with the other relevant authorities on the status of each of the claimants have been completed.

41. RELATED PARTIES

(a) Identification of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41. RELATED PARTIES (Continued)

(a) Identification of Related Parties (Continued)

Related parties of the Group include:

(i) Entities having significant influence over the Group;
(ii) Subsidiaries;
(iii) Associates;
(iv) Joint ventures;
(v) Entities in which directors have substantial financial interests; and
(vi) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(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 13, 15, 16, 28, 29 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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Directors				
Fees				
- current year	156	139	96	79
Remuneration	1,206	1,927	-	-
Benefit-in-kind	83	106	-	-
Others	172	291	-	-
Other key management personnel				
Salaries and allowances	760	566	-	-

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						
2016						
Revenue						
External sales	8,328	2,390	-	-	-	10,718
Inter-segment sales	76	705	-	140	(921)	-
Total revenue	8,404	3,095	-	140	(921)	10,718
Results						
(Loss)/Profit from operations	(6,297)	(2,151)	39	(4,980)	7,397	(5,992)
Finance costs	(2,391)	(14)	-	(320)	-	(2,725)
(Loss)/Profit before taxation	(8,688)	(2,165)	39	(5,300)	7,397	(8,717)
Taxation	-	-	-	-	-	-
(Loss)/Profit after taxation	(8,688)	(2,165)	39	(5,300)	7,397	(8,717)
Non-controlling interests	-	(3)	-	-	-	(3)
(Loss)/Profit attributable to the owners of the Company	(8,688)	(2,168)	39	(5,300)	7,397	(8,720)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss)/profit attributable to the owner of the Company	(8,688)	(2,168)	39	(5,300)	7,397	(8,720)

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						
2016 (Continued)						
Other Information						
Allowance for impairment for						
- property, plant and equipment	-	(1,220)	-	-	-	(1,220)
- trade receivables	-	(79)	-	-	-	(79)
- other receivables	(2)	-	-	-	-	(2)
Amortisation of:						
- prepaid lease payments	-	(210)	-	-	-	(210)
- amortisation of other investment	-	(21)	-	-	-	(21)
Written off on trade receivables	(917)	(374)	-	(22)	-	(1,313)
Creditors written back	193	55	50	40	-	338
Depreciation of property, plant and equipment	(558)	(754)	-	(14)	-	(1,326)
Reversal of impairment loss no longer required for:						
- trade receivables	662	108	-	-	-	770
- other receivables	688	-	-	-	-	688
- investment in subsidiaries	-	-	-	2	(2)	-
Reversal of accruals	22	1,729	2	-	-	1,753
Waiver of debt	87	-	-	-	-	87
Statements of Financial Position						
Assets						
Segment assets	304,017	91,072	23,002	280,934	(430,041)	268,984
Liabilities						
Segment liabilities	(221,444)	(92,597)	(14,071)	(139,593)	352,087	(115,618)

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)
(Loss)/Profit before taxation	(285)	75,793	65	142,572	(233,015)	(14,870)
Taxation	(3)	(15)	-	-	-	(18)
(Loss)/Profit before taxation	(288)	75,778	65	142,572	(233,015)	(14,888)
Non-controlling interests	-	12	-	-	-	12
(Loss)/Profit attributable to the owners of the Company	(288)	75,790	65	142,572	(233,015)	(14,876)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss)/income attributable to the owners of the Company	(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)
- other receivables	-	(5)	-	-	-	(5)
Amortisation of:						
- prepaid lease payments	(208)	(5)	-	-	-	(213)
- other investments	-	(87)	-	-	51	(36)
Creditors written back	-	(71)	-	-	-	(71)
Depreciation of property, plant and equipment	(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	1,572	-	-	-	-	1,572
- 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)

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 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	Available-for-Sale	Financial Liabilities at Amortised Cost	Total
	RM'000	RM'000	RM'000	RM'000
Group				
2016				
Financial assets				
Other investments	4,686	2	-	4,688
Trade receivables	2,172	-	-	2,172
Other receivables, deposits and prepayments * #	665	-	-	665
Cash and cash equivalents	4,858	-	-	4,858
	12,381	2	-	12,383
Financial liabilities				
Trade payables	-	-	29,596	29,596
Other payables, deposits and accruals #	-	-	22,017	22,017
Amount owing to directors	-	-	4,258	4,258
Borrowings	-	-	52,864	52,864
Long term payables	-	-	748	748
Irredeemable convertible unsecured loan stock	-	-	436	436
	-	-	109,919	109,919

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
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
Amount owing by associates	-	-	-	-
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
Irredeemable convertible unsecured loan stock	-	-	915	915
	-	-	107,537	107,537

* *Exclude prepayments.*
\# *Exclude GST refundable/payables.*

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				
2016				
Financial assets				
Other investments	-	2	-	2
Other receivables, deposits and prepayments * #	2	-	-	2
Amount owing by subsidiaries	164,056	-	-	164,056
Cash and cash equivalents	692	-	-	692
	164,750	2	-	164,752
Financial liabilities				
Other payables, deposits and accruals	-	-	1,561	1,561
Borrowings	-	-	5,587	5,587
Amount owing to subsidiaries	-	-	51,151	51,151
Amount owing to directors	-	-	3,146	3,146
Irredeemable convertible unsecured loan stock	-	-	436	436
	-	-	61,881	61,881
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
Irredeemable convertible unsecured loan stock	-	-	915	915
	-	-	57,742	57,742

* *Exclude prepayments.*
\# *Exclude GST refundable.*

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:

			← Contractual undiscounted cash flows →			
	Carrying Amount	**Contractual Cash Flow**	**On demand or within 1 year**	**2 to 5 years**	**More than 5 years**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Financial liabilities						
2016						
Trade payables	29,596	29,596	29,596	-	-	29,596
Other payables, deposits and accruals	22,017	22,017	22,017	-	-	22,017
Amount owing to directors	4,258	4,258	4,258	-	-	4,258
Borrowings	52,864	69,595	36,552	32,973	70	69,595
Long term payables	748	748	-	-	748	748
	109,483	126,214	92,423	32,973	818	126,214
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	57,284	9,473	47,690	121	57,284
Long term payables	748	748	-	-	748	748
	106,622	116,236	67,677	47,690	869	116,236

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	Contractual Undiscounted On demand or within 1 year RM'000
Company			
Financial liabilities			
2016			
Other payables, deposits and accruals	1,561	1,561	1,561
Borrowings	5,587	5,587	5,587
Amount owing to subsidiaries	51,151	51,151	51,151
Amount owing to directors	3,146	3,146	3,146
Financial guarantee contracts	-	46,011	46,011
	61,445	107,456	107,456
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
Financial guarantee contracts	-	59,192	59,192
	56,827	116,019	116,019

(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	2 to 5 years	More than 5 years	Total
	%	RM'000	RM'000	RM'000	RM'000
Group					
Financial Liabilities					
2016					
Bank overdraft	8.35	2,493	-	-	2,493
Hire purchase liabilities	2.46 - 4.62	280	927	59	1,266
Bridging loan	8.35	21,241	17,736	-	38,977
Term loan	7.09 - 9.35	5,505	4,623	-	10,128
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
Company					
Financial Liabilities					
2016					
Bank overdraft	8.35	2,493	-	-	2,493
Term loan	3	3,094	-	-	3,094
2015					
Bank overdraft	8.35	1,906	-	-	1,906

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.

	2016		2015	
	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 for the financial year	392	(392)	346	(346)

(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 2016.

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 2016 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					
2016					
Financial assets					
Investment in quoted shares	4	-	-	4	4
Other investments	-	-	4,686	4,686	4,686
	4	-	4,686	4,690	4,690
Financial liabilities					
Bank overdraft	-	(2,493)	-	(2,493)	(2,493)
Hire purchase liabilities	-	(1,266)	-	(1,266)	(1,266)
Bridging loan	-	(38,977)	-	(38,977)	(38,977)
Term loan	-	(10,128)	-	(10,128)	(10,128)
	-	(52,864)	-	(52,864)	(52,864)
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)

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					
2016					
Financial assets					
Investment in quoted shares	4	-	-	4	4
Financial liabilities					
Bank overdraft	-	(2,493)	-	(2,493)	(2,493)
Term loan	-	(3,094)	-	(3,094)	(3,094)
2015					
Financial assets					
Investment in quoted shares	2	-	-	2	2
Financial liabilities					
Bank overdraft	-	(1,906)	-	(1,906)	(1,906)

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. CAPITAL MANAGEMENT (Continued)

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

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Total borrowings	52,864	47,670	5,587	1,906
Trade and other payables	52,399	55,374	1,561	832
Provision for liabilities	451	451	-	-
Amount owing to subsidiaries	-	-	51,151	51,502
Amount owing to directors	4,258	3,578	3,146	2,587
Less: Cash, bank balances and deposits	(4,858)	(4,974)	(692)	(827)
Net debt	105,114	102,099	60,753	56,000
Total equity attibutable to the Owners of the Company	153,279	161,999	140,416	143,813
Capital and net debts	258,393	264,098	201,169	199,813
Gearing ratio	41%	39%	30%	28%

The Group is not subject to any externally imposed capital requirement other than a subsidiary which is required to maintain a debt service coverage ratio of 1.2 times in respect of its term loan facility. The Group have complied with this capital requirement as at the financial year end.

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.

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 2nd March 2016, the Board of Directors of the Company proposed to undertake the following proposals:

(i) Reduction of its issued and paid-up share capital via cancellation of RM0.15 of the par value of each existing ordinary share of RM0.20 each in Tanco ("Existing Share") pursuant to Section 64(1) of the Companies Act, 1965 ("Act") ("Proposed PVR"); and

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (Continued)**

On 2nd March 2016, the Board of Directors of the Company proposed to undertake the following proposals: (Continued)

(ii) Issuance of Redeemable Convertible Commercial Papers and/or Redeemable Convertible Medium Term Notes ("Notes") with an aggregate principal amount of up to RM100.0 million under a Redeemable Convertible Notes Programme convertible into a maximum of 2,000,000,000 ordinary shares of RM0.05 each in Tanco ("Conversion Shares") after the Proposed PVR. ("Proposed Notes Issue") (Collectively "the Proposals");

The subscriber of the Notes is Advance Opportunities Fund 1 ("AOF1"), an open-ended fund incorporated as an exempted company with limited liability in the Cayman Islands on 27th January 2016. Advance Capital Partners Asset Management Pte Ltd ("ACPAM") has been appointed by AOF1 to serve as the discretionary investment manager of all the investments of AOF1. ACPAM is a registered fund management incorporated in Singapore on 5th June 2013.

On 29th March 2016, the Proposals has been submitted to Bursa Malaysia Securities Berhad for approval.

On 27th June 2016, Bursa Malaysia Securities Berhad had vide its letter dated 27th June 2016 ("the Letter"), approved the listing of and quotation for the Conversion Shares to be issued upon conversion of the Notes pursuant to the Proposed Notes Issue on the Main Market of Bursa Securities, subject to the conditions set out in the Letter.

The Proposals were approved by the shareholders at the Extraordinary General Meeting held on 27th July 2016. Following this approval, the relevant administrative matters are presently being undertaken to facilitate the implementation of the Proposals with 9th September 2016 set for the High Court to hear and sanction the Proposed PVR.

On 13th September 2016, an office copy of the sealed order of the High Court of Malaya confirming the par value reduction has been lodged with the Companies Commission of Malaysia, upon which the Proposed Par Value Reduction shall take effect. Accordingly, the Proposed Par Value Reduction is deemed completed.

On 19th September 2016, the relevant information and documents in relation to the Notes has been lodged in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework with the Securities Commission Malaysia.

On 29th September 2016, the Company has issued the first, second and third sub-tranche of Tranche 1 Notes amounting to RM1.5 million.

On 5th October 2016, Redeemable Convertible Notes of RM500,000/- were converted to 9,380,863 new ordinary shares of the Company. Subsequent to the issuance of the Conversion shares on 5th October 2016, the paid-up share capital of the Company has been increased to RM17,213,379/- consisting of 334,267,589 ordinary shares of RM0.05 each.

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 following analysis of realised and unrealised profits or losses included in the retained earnings of the Group and the Company as at 30th June 2016 and 30th June 2015 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total (accumulated losses)/ retained profits of Tanco Holdings Berhad and its subsidiaries				
- Realised	(133,845)	(134,661)	64,542	67,940
- Unrealised	(6,263)	(6,263)	(5,811)	(5,812)
	(140,108)	(140,924)	58,731	62,128
Add: Consolidation adjustments	213,005	222,541	-	-
Total retained profits as per financial position	72,897	81,617	58,731	62,128

STATEMENT BY DIRECTORS

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

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 set out on pages 45 to 139 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30th June 2016 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 140 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 and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

ANDREW TAN JUN SUAN
Director

DATO' TAN LEE SING
Director

Date: 18th October 2016

STATUTORY DECLARATION

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

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 financial statements set out on pages 45 to 139 and the supplementary information set out on page 140 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 Petaling Jaya in the state of Selangor Darul Ehsan on 18th October 2016.

Before me,

RADZIAH BINTI ABDUL RAHMAN
Commissioner for Oaths
License No. B381

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 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 45 to 139.

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 2016 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2.2 to the financial statements which discloses that the financial statements of the Group and of the Company have been prepared on the assumption that the Group and the Company will continue as a going concern. The application of the going concern basis is based on the assumption that the Company will be able to realise its assets and liquidate its liabilities in the normal course of business.

During the financial year ended 30th June 2016, the Group and the Company incurred net losses of RM8.717 million and RM3.397 million and recorded negative operating cash flows of RM5.218 million and RM0.411 million respectively and as at that date, the current liabilities of the Group exceeded its current assets by RM21.684 million.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group and of the Company on a going concern basis remains appropriate given the following measures being taken or will be taken by the Group to mitigate the existence of material uncertainty on going concern and to meet its obligations falling due within the next 12 months which, include amongst others:

(i) The directors have engaged in discussion with a bank in advance, to revise the tenure of an amount of RM21.241 million which is repayable during the next financial year ending 30th June 2017 under the bridging loan facility and to further enhance the current end financing facilities extended to the Group's property development project. The directors have taken the above proactive approach in order to complement the prolonged sales gestation period of the property development project undertaken by the Group. The bank has since extended the end financing facilities to the buyers of the property development project and is in the process of considering the application by the Group to revise the tenure of the bridging loan. The directors are confident that the outcome of the discussion will be favourable and any approval from the bank will place the Group on stronger financial footing in the allocation of the Group's financial resources to the long term development project.

(ii) As mentioned in Note 45 to the financial statements, the Group have obtained approval from the relevant parties on its new issuance of Redeemable Convertible Commercial Papers and/or Redeemable Convertible Medium Term Notes ("Notes"). The new issuance of Notes of up to RM100 million will be able to support the Group's property development activities.

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

Emphasis of Matter (Continued)

(iii) The Company has undertaken a reduction of its issued and paid-up share capital via cancellation of RM0.15 of the par value of each existing ordinary share of RM0.20 each in the Company in line with the issuance of Notes which will facilitate equity related fund raising exercise of the Company.

(iv) The Group may raise further funding from its land held for property development, property development costs, inventories and certain property, plant and equipment should the need arise.

During the financial year ended 30th June 2016, the Group and the Company recorded the reduction in net losses of RM8.717 million and RM3.397 million respectively as compared to RM14.888 million and RM18.414 million respectively in the previous financial year. The negative operating cash flows of Group and the Company have narrowed to RM5.218 million and RM0.411 million respectively as compared to RM16.122 million and RM0.441 million respectively in the previous financial year. The current liabilities of the Group exceeded its current assets by RM21.684 million which are mainly attributed to the classification of the bridging loan of RM21.241 million that are due for repayment during the financial year ending 30th June 2017, which the directors are taking steps to engage in discussion with the bank for the revision of tenure of repayment. In addition, the Group's and the Company's shareholders' equity are RM153.279 million and RM140.416 million respectively as at 30th June 2016 and the directors are optimistic that the underlying value of the assets of the Group will further strengthen the financial position of the Group and to address any significant doubt mentioned above on the Group's and the Company's ability to continue as going concern.

The successful application of the revision of the tenure of the bank facility and sufficient cash flows generated from operating activities or from the successful implementation of the above measures, will support the Group's and the Company's ability to continue as going concern.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TANCO HOLDINGS BERHAD (Continued)
(Incorporated 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. We have not considered the auditors' reports of all the subsidiaries of which we have not acted as auditors, as the auditors' reports are not available, as 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.

Other Reporting Responsibilities

The supplementary information set out on page 140 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

Dato' Lock Peng Kuan
No. 02819/10/2018 J
Chartered Accountant

Kuala Lumpur
Date: 18th October 2016

LIST OF PROPERTIES
AS AT 30TH JUNE 2016

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, 2717-2719, 2721-2728, 2731-2732, 2746-2751, 2753-2755, 2757, 2759-2762, 2764-2765, 2767, 2769-2774, 2776-2780, 2782, 2784-2786, 2790, 2819, 2902-2904, 2936, 2938, 5400, 5483, 20035 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 Lot No. 5879 : Geran 81954/M1/2/4 Lot No. 5884 : Geran 81949/M1/1/1 Lot No. 5886 : Geran 81947/M1/1/1-81947/M1/3&4/5- 81947/M1/2/4-81947/M1/3&4/6, Lot No. 5887 : Geran 81946/M1/1/1-81946/M1/1/2 Lot No. 5888 : Geran 81945/M1/1/2, Lot No. 5889 : Geran 81944/M1/1/1-81944/M1/2/3- 81944/M1/3&4/5-81944/M1/1/2- 81944/M1/2/4-81944/M1/3&4/6 Lot No. 5890 : Geran 81943/M1/2/3-81943/M1/3&4/5- 81943/M1/1/2-81943/M1/2/4- 81943/M1/3&4/6, Lot No. 5891 : Geran 81942/M1/2/3-81942/M1/3&4/5- 81942/M1/1/2-81942/M1/2/4- 81942/M1/3&4/6	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	344.39	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	-	199,562

LIST OF PROPERTIES
AS AT 30TH JUNE 2016 (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. 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. 5908-5913 : Geran 81920-81925, Lot No. 5914-5917 : Geran 81919-81916, Lot No. 5918-5922 : Geran 81911-81915	Freehold	1.82	Comprising various blocks of resort townhouses for resort type development/ use located in Dickson Bay	2002	-	11,600
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	23 years	18,319
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	23 years	3,869
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	23 years	3,266

ANALYSIS OF SHAREHOLDINGS
AS AT 12TH OCTOBER 2016

SHARE CAPITAL

Authorised Share Capital	:	RM1,000,000,000.00 divided into 20,000,000,000 ordinary shares of RM0.05 each
Issued and Paid-up Share Capital	:	RM17,213,379.45 divided into 344,267,589 ordinary shares of RM0.05 each
Type of Share	:	Ordinary Shares of RM0.05 each
Voting Rights	:	One vote per Ordinary Share on a poll One vote per Shareholder on a show of hand

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholders	No. of Shares held	Percentage (%) of Shares
Less than 100	1,046	11.65	35,205	0.01
100 – 1,000	1,536	17.10	1,288,980	0.37
1,001 – 10,000	4,365	48.61	19,689,834	5.72
10,001 – 100,000	1,731	19.28	60,964,178	17.71
100,001 to less than 5% of issued shares	300	3.34	192,289,392	55.85
5% and above of issued shares	2	0.02	70,000,000	20.33
Total	8,980	100.00	344,267,589	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	11.62
2.	Datuk Seri Tan Jing Nam	30,000,000	8.71
3.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Datuk Seri Tan Jing Nam	14,403,669	4.18
4.	Kenanga Nominees (Asing) Sdn Bhd Advance Capital Partners Asset Management Private Limited for Advance Opportunities Fund 1	9,380,863	2.72
5.	Dato' Neo Say Yeow	8,732,200	2.54
6.	Michael Chai Sze Hou	7,923,124	2.30
7.	Ong Wan Chin	6,650,000	1.93
8.	Ong Kheam Chye	6,266,100	1.82
9.	Lee Geok Choon	6,009,300	1.75
10.	Seow Hoon Hin	4,776,200	1.39
11.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Datuk Seri Tan Jing Nam	4,500,000	1.31

ANALYSIS OF SHAREHOLDINGS
AS AT 12TH OCTOBER 2016 (Continued)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (Continued)

Name		No. of Shares held	Percentage (%)
12.	Ho Lee Fung	3,678,900	1.07
13.	Ong Kheam Chye	3,649,300	1.06
14.	Chuah Sze Ming	3,300,000	0.96
15.	S'ng Hooi Seah	3,300,000	0.96
16.	Teh Bee Gaik	3,151,000	0.92
17.	Lau Kok Fui	2,888,700	0.84
18.	Tai Yat Choy	2,740,000	0.80
19.	Seow Hoon Hin	2,505,000	0.73
20.	Alliangroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Lian Hong	2,496,000	0.73
21.	Sithambaram A/L Meyappan	2,465,134	0.72
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tee Chee Chiang	2,204,800	0.64
23.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Jing Jeong	2,200,000	0.64
24.	Michael Chai Sze Hou	2,100,500	0.61
25.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kian Hong	2,089,900	0.61
26.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tee Chee Chiang	2,056,400	0.60
27.	Yeo Peng Huat	1,960,000	0.57
28.	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Thanasekaran Ramiah (M)	1,926,900	0.56
29.	Neo Say Yeow	1,349,700	0.39
30.	Wong Chong Lin	1,243,300	0.36
		185,946,990	54.01

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 12TH OCTOBER 2016

Name of Shareholders	No. of Ordinary Shares Held Direct	Percentage (%)	Indirect	Percentage (%)
Datuk Seri Tan Jing Nam	48,903,669[1]	14.21	-	-
Andrew Tan Jun Suan	40,000,000[2]	11.62	-	-

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 12TH OCTOBER 2016

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	3	0.43	125	0.00
100 – 1,000	48	6.96	37,507	0.02
1,001 – 10,000	327	47.39	1,773,509	0.92
10,001 – 100,000	258	37.39	9,564,257	4.97
100,001 to less than 5% of the ICULS in issue	52	7.54	54,547,667	28.36
5% and above of the ICULS in issued	2	0.29	126,403,669	65.72
Total	690	100.00	192,326,734	100.00

LIST OF THIRTY (30) LARGEST ICULS HOLDERS

Name		No. of ICULS held	Percentage (%)
1.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Andrew Tan Jun Suan	67,000,000	34.84
2.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Datuk Seri Tan Jing Nam (CEB)	59,403,669	30.89
3.	Dato' Tan Lee Sing	9,505,000	4.94
4.	Michael Chai Sze Hou	7,923,124	4.12
5.	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.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Amanah International Finance Sdn Bhd for Andrew Tan Jun Suan	3,002,000	1.56
9.	Seow Hoon Hin	3,000,000	1.56
10.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Mohammed Amin bin Mahmud	2,237,400	1.16
11.	Michael Chai Sze Hou	2,100,500	1.09
12.	Ong Wan Chin	1,600,000	0.83

ANALYSIS OF ICULS HOLDINGS
AS AT 12TH OCTOBER 2016 (Continued)

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

Name		No. of ICULS held	Percentage (%)
13.	Seow Hoon Hin	781,800	0.41
14.	Siew Yau Theam	612,000	0.32
15.	See Tian Chwan	609,000	0.32
16.	Lim Sook Fun	600,000	0.31
17.	Lai Sing Foo	557,300	0.29
18.	Lim Hui Seng	551,200	0.29
19.	Maybank Nmimees (Tempatan) Sdn Bhd Kua Kee Hock	540,000	0.28
20.	Khor Meng Chang	500,000	0.26
21.	Ooi Gene Hock	500,000	0.26
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Chee Chiang	497,300	0.26
23.	Lim Kau	482,000	0.25
24.	Lai Sook Leong	439,900	0.23
25.	Lai Ming Chun @ Lai Poh Lin	400,043	0.21
26.	HLB Nominees (Asing) Sdn Bhd Pledged Securities Account for Kwang Jin Seah	375,000	0.19
27.	Boon Kim Yu	330,000	0.17
28.	Foo Say Gee @ Foo Say Ghee	330,000	0.17
29.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kien Wi	300,000	0.16
30.	Thiagarajah A/L M Sockalingam	300,000	0.16
		176,794,936	91.92

STATEMENT OF DIRECTORS' INTERESTS
IN THE COMPANY AND RELATED CORPORATIONS AS AT 12TH OCTOBER 2016 (AS PER THE REGISTER OF DIRECTORS' SECURITIES HOLDINGS)

The Company
Tanco Holdings Berhad

Ordinary Shares

	No. of Ordinary Shares of RM0.05 each			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Datuk Seri Tan Jing Nam	48,903,669	14.21	-	-
Andrew Tan Jun Suan	40,000,000	11.62	-	-
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 12TH OCTOBER 2016 (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-Seventh 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, 50480 Kuala Lumpur on Wednesday, 30th November 2016 at 10.30 a.m. for the following purposes:

AGENDA

1.	To receive the audited financial statements for the financial year ended 30th June 2016 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 RM96,000 in respect of the financial year ended 30th June 2016.	(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. Datuk Seri Tan Jing Nam	(Resolution 2)
	b. Dato' Tan Lee Sing	(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 consider, and if thought fit, to pass the following resolution:	
	"THAT Mr. James Wong Kwong Yew, 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 6)
7.	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 7)

AS SPECIAL BUSINESS

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

8. **ORDINARY RESOLUTIONS**
- CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

a.	"THAT subject to the passing of Ordinary Resolution 4 above, 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 8)
b.	"THAT subject to the passing of Ordinary Resolution 5 above, 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 9)

NOTICE OF ANNUAL GENERAL MEETING (Continued)

9. **ORDINARY RESOLUTION**
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 RM0.05 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 10)

10. 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 (MACPA 1718)
Choi Siew Fun (MAICSA 0877848)
Company Secretaries

Kuala Lumpur
31st October 2016

NOTES:

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors as at 23rd November 2016 ("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 devoted sufficient time to discharge their statuary duties and fiduciary responsibilities; 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. 10, 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 56th AGM held on 16th December 2015, and which will lapse at the conclusion of the 57th AGM. A renewal of this authority is being sought at the 57th AGM under the proposed Ordinary Resolution No. 10.

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
Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(i) Details of individuals who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking election as a Director at the forthcoming 57th AGM of the Company.

(ii) 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 2016. 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 2016.

2016 ANNUAL REPORT

The 2016 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.

登高集團

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-Seventh 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, 30th November 2016 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 Datuk Seri Tan Jing Nam as Director (Article 101)		
3.	Re-elect Dato' Tan Lee Sing 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 Mr. James Wong Kwong Yew as Director pursuant to Section 129(6) of the Companies Act, 1965		
7.	Re-appointment of auditors and authorise the Board of Directors to fix their remuneration		
8.	Special Business - Ordinary Resolution Continuing in office for Dato' Dr. Mohd. Noordin bin Haji Keling as an Independent Non-Executive Director		
9.	Special Business - Ordinary Resolution Continuing in office for Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse as an Independent Non-Executive Director		
10.	Special Business - Ordinary Resolution 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 ________________ 2016.

____
Signature/Common Seal of Member

NOTES:

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors as at 23rd November 2016 ("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

End Fold Here

Affix
Stamp Here

The Company Secretary
TANCO HOLDINGS BERHAD (3326-K)
No.1, Persiaran Ledang,
Off Jalan Tuanku Abdul Halim,
50480 Kuala Lumpur

3rd Fold Here