PADINI HOLDINGS BERHAD

(50202-A)
(Incorporated in Malaysia)

Annual Report 2008

vision

To Be The
Best Fashion Company
Ever

mission

To Exceed
Customers' Expectations
And
Our Brands' Promise

core value

PADINI

caring from the heart

Contents

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting of the Company will be held at No. 19 Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan on 22 December 2009 at 10:00 a.m. for the following purposes:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2009 together with the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To declare a Final Dividend of 7.5 sen (Single Tier Dividend) for the financial year ended 30 June 2009. (Resolution 2)

3. To approve payment of Directors' fee of RM105,000.00 in respect of the financial year ended 30 June 2009. (30 June 2008 : RM100,000.00) (Resolution 3)

4. To re-elect the following Directors who are retiring in accordance with Article 102(1) of the Company's Articles of Association:-

   i) Mr. Chan Kwai Heng (Resolution 4)
   ii) En. Sahid bin Mohamed Yasin (Resolution 5)
   iii) Mr. Cheong Chung Yet (Resolution 6)

5. To re-elect the following Director who is retiring in accordance with Article 109 of the Company's Articles of Association:-

   i) Mr. Foo Kee Fatt (Resolution 7)

6. To re-appoint Messrs Peter Chong & Co. as the Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 8)

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

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting to be held on 22 December 2009, a final dividend of 7.5 sen (Single Tier Dividend) in respect of the financial year ended 30 June 2009 will be paid on 15 March 2010 to shareholders whose names appear in the Record of Depositors on 1 March 2010.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

(a) Shares transferred to the Depositor's securities account before 4:00 p.m. on 1 March 2010 in respect of transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

HO MUN YEE (MAICSA 0877877)
TAM FONG YING (MAICSA 7007857)
Company Secretaries

Selangor
30 November 2009

Notes:

(i) *A member of the Company entitled to attend and vote at the above meeting, is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

(ii) *Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*

(iii) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*

(iv) *The instrument appointing a proxy must be completed and deposited at the registered office of the Company at 3rd Floor, No. 17 Jalan Ipoh Kecil, 50350 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll).*

1. Further details of Directors who are standing for re-election as Directors

The profiles of the Directors who are standing for re-election at the 28th Annual General Meeting are set out in the Board of Directors Profile on pages 27 to 30 of the Annual Report. Their shareholdings in the Company and its subsidiaries are set out in the section entitled "Directors' Shareholdings and Interests" on page 94 of the Annual Report.

No individual other than the retiring Directors are seeking election as a Director at the 28th Annual General Meeting.

CHAIRMAN	Datuk Dr. Abdullah bin Abdul Rahman
MANAGING DIRECTOR	Yong Pang Chaun
DIRECTORS	Yong Lai Wah Chong Chin Lin Chan Kwai Heng Sahid bin Mohamed Yasin Cheong Chung Yet Foo Kee Fatt
COMPANY SECRETARIES	Ho Mun Yee (MAICSA 0877877) Tam Fong Ying (MAICSA 7007857)
AUDITORS	Peter Chong & Co. Chartered Accountants
PRINCIPAL BANKERS	Standard Chartered Bank Malaysia Berhad The Bank of Nova Scotia Berhad
REGISTERED OFFICE	3rd Floor, No.17 Jalan Ipoh Kecil 50350 Kuala Lumpur Tel : 03 - 40443235 Fax : 03 - 40413959
PRINCIPAL PLACE OF BUSINESS	No. 19, Lot 115, Jalan U1/20 Hicom Glenmarie Industrial Park 40150 Shah Alam Selangor Darul Ehsan Tel : 03 - 51233633 Fax : 03 - 78051066
SHARE REGISTRAR	Tricor Investor Services Sdn. Bhd. (formerly known as Tenaga Koperat Sdn. Bhd.) Level 17, The Gardens North Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel : 03 - 22643883 Fax : 03 - 22821886
STOCK EXCHANGE LISTING	Main Market Bursa Malaysia Securities Berhad

Corporate Structure

For the financial year ended 30 June 2009

PADINI HOLDINGS BERHAD
(50202-A)

100%
MIKIHOUSE CHILDREN'S WEAR SDN. BHD. (164485-U)

100%
PADINI CORPORATION SDN. BHD. (22159-H)

100%
SEED CORPORATION SDN. BHD. (194391-K)

100%
YEE FONG HUNG (MALAYSIA) SENDIRIAN BERHAD (15011-U)

100%
PADINI DOT COM SDN. BHD. (510558-H)

100%
VINCCI LADIES' SPECIALTIES CENTRE SDN. BHD. (73404-H)

100%
VINCCI HOLDINGS SDN. BHD. (97644-K)

100%
THE NEW WORLD GARMENT MANUFACTURERS SDN. BHD. (80490-U)

100%
PADINI INTERNATIONAL LIMITED, HONG KONG (896012)

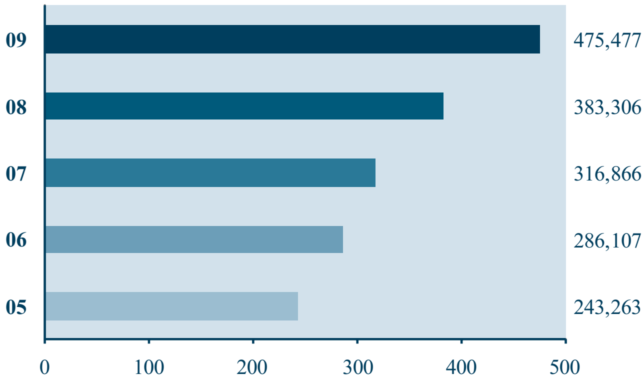
Group Financial Highlights

	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Revenue	243,263	286,107	316,866	383,306	475,477
Profit before taxation	25,573	39,519	44,007	57,659	67,610
Profit attributable to equity holders of the company	18,079	27,691	31,403	41,715	49,533
Basic earnings per share (sen) based on profit attributable to equity shareholders*	14.55	22.02	24.24	31.71	37.64
Diluted earnings per share (sen)*	14.30	21.84	24.21	NA	NA
NA denotes not applicable as the ESOS expired on 2 October 2007.					
Net assets	98,772	118,846	142,341	169,478	204,043
Net assets per share (sen) *	79.1	93.5	108.5	128.8	155.1
Dividend per share (sen) ^	7.5 sen	10 sen	12.5 sen	15 sen	14 sen

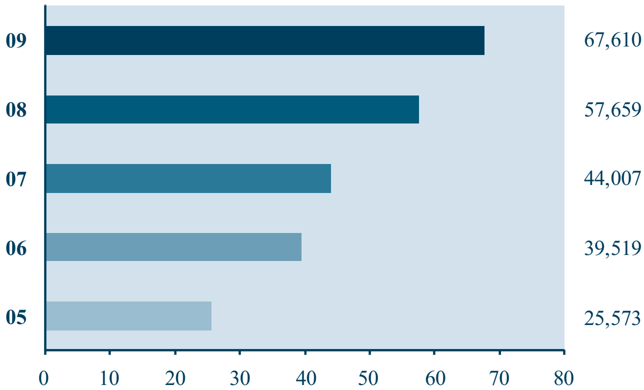
* Based on ordinary shares of RM0.50 each.

^ For year 2005 to 2007, the figures have been restated to take into account the share split.

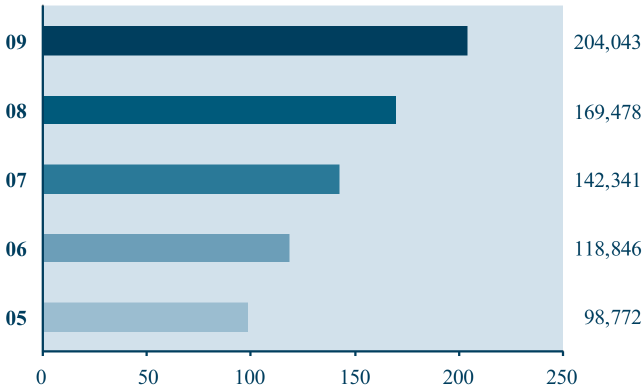
Revenue (RM Thousand)



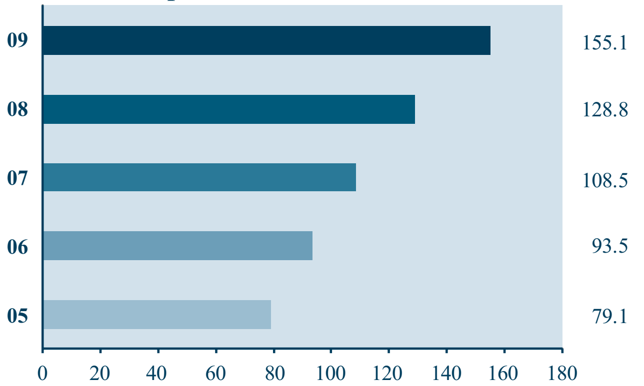
Profit before tax (RM Thousand)



Net assets (RM Thousand)



Net assets per share (sen)



On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Padini Holdings Berhad and its subsidiary companies ("the Group") for the financial year ended 30th June 2009.

INDUSTRY TREND AND DEVELOPMENT

For a great number of years, the Padini Group has sold its products, and by extension its promise, to a mass market supported by the middle and upper-middle classes. Not only is this market growing in both size and economic importance, it is also one that is increasingly characterized by consumers who on the one hand look for value in the products they purchase while on the other hand also desire that the brands they associate themselves with, reflect their self-esteem, outlook, personalities and lifestyles. Rising income levels, better education, and access to a greater variety and amount of information have resulted in a class of consumers more sophisticated in their tastes and demands. Such consumers do not just want low prices but more significantly, they are swayed also by the value they perceive in the products they are looking to buy. Thus, attractive products will be those with strong brands but at prices that can be afforded by this segment of consumers. Over the last decade, brands entering the industry to cater to this expanding group of consumers have become numerous but most often these brands pay more attention to the prices than to the perceived quality of the products carried by their brands. As a result, more brands fail rather than succeed.

We believe that the above stated market segment will remain dynamic in the years to follow and while this will mean that brand owners will have to keep their ears close to the ground and respond actively to changes in trends, preferences and retail spending patterns of the middle and upper-middle class, it also means that the domestic retail market still remains one that is full of promise.

FINANCIAL RESULTS

For the financial year under review, the Group achieved consolidated revenues of RM475.5 million, a growth of 24% over the previous year's amount of RM383.3 million. Gross profits rose in tandem by 22.3% over the same period, while profit before taxation grew by 17.2%, from RM57.7 million achieved in the previous year to RM67.6 million in the current financial year. Profit after taxation attributable to equity holders rose 18.7% to RM49.5 million when compared to the amount of RM41.7 million achieved during the previous financial year.

DIVIDENDS

In respect of the financial year under review, an interim dividend of 6 sen per share (single-tier) amounting to RM7,894,914 was paid on 5th August 2009, and the Board further recommended a final dividend of 7.5 sen per share (single-tier) for the financial year ended 30th June 2009 for approval by the shareholders at the forthcoming Annual General Meeting.

BUSINESS REVIEW

The Group's domestic operations had continued to be the main driver of its revenues and profits, and garments, shoes, fashion accessories made up the bulk of the products offered for sale.

In the domestic market, our products are sold through the numerous retail stores and consignment counters that the Group manages. There are also several Vincci franchise stores in the smaller towns of Malaysia.

In markets abroad, the products are sold mostly through retail stores and counters managed by licensees and dealers.

BUSINESS REVIEW (Cont'd)

In the multi-brand Padini Concept Stores and single-brand stores, our products are carried under the following brand names; Vincci, VNC, Vincci+, Vincci Accessories, Padini Authentics, PDI, Padini, Seed, Miki, and P&Co, all of which are owned by the Group. The aforementioned brands are widely known by Malaysian consumers and are widely available in the major urban shopping malls of Malaysia. In addition to those, the Group also utilizes a great number of lesser known brands to market the value-for-money merchandise that it offers for sale in its Brands Outlet stores.

The following tables provide a snapshot of the Group's retail network, broken down according to our brands, and markets, as at the various dates indicated.

Brands – Domestic Only	As at 30.6.2007	As at 30.6.2008	As at 30.6.2009
Vincci, Vincci+, Vincci Accessories			
Free-standing stores	17	17	19
Consignment counters	1	1	-
Franchise stores	10	10	12
Seed			
Free-standing stores	10	5	5
Consignment counters	30	38	49
Padini Authentics			
Free-standing stores	13	10	11
Consignment counters	13	19	23
PDI			
Free-standing stores	16	12	14
Consignment counters	-	-	-
Padini			
Free-standing stores	4	3	3
Consignment counters	25	29	33
P&Co			
Free-standing stores	4	2	1
Miki Kids			
Consignment counters	19	21	24
Miki Mom			
Consignment counters	8	10	11
Brands Outlet			
Free-standing stores	1	5	8
Multi-brands			
Free-standing stores *	9	15	19
Total	180	197	232

* the 19 multi-brand stores as at 30.6.2009 contain a total of 128 stores-within-store (101 as at 30.6.2008) showcasing the various brands of the Padini Group

BUSINESS REVIEW (Cont'd)

Brands – Foreign Only	Locations	As at 30.6.2007	As at 30.6.2008	As at 30.6.2009
Vincci/VNC				
Franchise Stores	ASEAN	16	15	19
	Saudi Arabia	15	18	20
	UAE	2	4	7
	Australia	3	-	-
	Oman	1	1	1
	India	-	4	-
	Syria	-	-	1
Dealer Stores	Thailand	10	11	12
Seed				
Franchise Stores	Saudi Arabia	6	5	7
Dealer Stores	Thailand	19	19	21
Padini Authentics Franchise stores	Saudi Arabia	5	5	8
Total		77	82	96

Retailing - Domestic and Abroad

For the year under review, domestic operations accounted for 89% or nearly RM425.4 million of the Group's consolidated revenues. For the previous year, the domestic portion was at RM345 million, which was approximately 90% of that year's total revenues. In absolute value terms, exports increased by some 31% or RM11.9 million from that recorded in the 2008 financial year to RM50.1 million for the year under review.

In the domestic sector, except for the 12 Vincci franchise stores, all the stores and outlets indicated above were run by the Group; of the 12 franchise stores, 10 are located in Peninsular Malaysia, and 1 each in Miri and Kota Kinabalu. As for the rest of the domestic stores, all except 3 multi-brand stores are located in the Peninsula.

Expansion of free-standing single-brand stores has remained somewhat stagnant in 2009, but the number for the larger Brands Outlet and the multi-brand stores has risen considerably. The total gross floor area of all retail stores for apparels operated by the Group as at 30th June 2009 stood at 479,606 square feet, up about 23.5% from the 388,255 square feet recorded on 30th June 2008.

Reflecting the increase in our gross floor area, sales revenues from our free-standing stores grew about 25% in absolute terms year-on-year; at the same time, same store sales growth was up by about 16%.

Our Brands Outlet stores have also been growing nicely. In these stores we sell a mix of merchandise, i.e., those which we have developed ourselves, or bought as stock-lots and those that are supplied by third parties on consignment. Consignors who sell their merchandise at our Brands Outlet stores, either pay us a basic rental plus a commission on their sales, or just a commission. While in the previous financial year, the revenues from sale of merchandise owned by Padini plus the commissions and rentals earned from the consignors totaled RM12.7 million, this had risen by about 127% to RM28.85 million for the 2009 financial year. We envisage that over the medium to long term the Brands Outlet operations will contribute more in terms of profits as we believe that with its current network size, the scale of its operations has already reached critical mass.

Our existing wide network of multi-brand concept stores and the continued expansion of our Brands Outlet stores will continue to drive domestic and overall revenue growth in the years ahead.

BUSINESS REVIEW (Cont'd)

On the export front, 21 more new stores were opened by our franchisees in the year while 9 others were closed.

For the financial year under review, the individual performance of the 5 trading subsidiary companies is indicated in the table below.

Company	FYE 30.6.2008	FYE 30.6.2009
Vincci Ladies Specialties Centre SB Revenues Profit before Taxation	 RM 134.1 million RM 19.2 million	 RM 160.3 million RM 21.8 million
Padini Corporation SB Revenues Profit before Taxation	 RM 134.1 million RM 25.7 million	 RM 169 million RM 31.5 million
Seed Corporation SB Revenues Profit before Taxation	 RM 67.3 million RM 8.1 million	 RM 79 million RM 7.9 million
Yee Fong Hung (Malaysia) SB Revenues Profit before Taxation	 RM 24.4 million RM 0.67 million	 RM 40.7 million RM 1.1 million
Mikihouse Children's Wear SB Revenues Profit before Taxation	 RM 13 million RM 0.49 million	 RM 16.4 million RM 0.76 million

Cafe Operations
The results from our café operations have remained more or less the same except for the fact the performance of the outlet located at the Mid Valley Megamall has somewhat declined even as the operations of the one located at the Group's head office in Shah Alam improved. Overall, the loss resulting from the café operations for the 2009 financial year was at RM860,000, down about 14% from the loss incurred during the previous financial year.

Investments in IT and systems solutions
Following the Group's decision made in 2008 to purchase an ERP solution from SAP, and to also revamp the point-of-sales system (both software and hardware) used in all its retail stores, we started the implementation process in early August 2008. The process is currently still in progress and it is expected that a "go-live" should be achieved by the middle of 2010.

Up till 30th June 2009, a total sum of approximately RM7.07 million has been disbursed to the respective vendors for the development of the software, the acquisition of the requisite hardware needed to run the solutions, and for the construction of a data centre to house the central servers. Another sum amounting to about RM2.64 million which has been contracted for in relation to the above remained unpaid as at 30th June 2009.

FUTURE OUTLOOK

Given that the worst of the effects arising from the sub-prime crisis is already behind us, we can now proceed to look forward to the year ahead with more optimism. The advent of improving economic conditions will bring about better sentiments and while we cannot expect the economy to rebound immediately, the perception that better days are ahead can only be good for the economy in general and for the retail sector in particular.

It cannot be denied that a thriving economy is always good for any retail operator, but booming times will almost certainly attract more players who will in turn intensify the competition within the industry. There will always be challenges no matter what economic environment prevails.

From our perspective however and regardless of prevailing economic conditions, the retail industry has always been viewed as a viable one so long as an operator is willing to focus on the job at hand. In Padini, we never lose sight of the fact that our revenues and profits are derived from serving consumers, responding to their preferences, and ensuring that their needs and wants are fulfilled in a timely and convenient manner.

Hence for us, the outlook has almost always been one of hope and one where excitement abounds; ultimately it is what we do and how we do it, whether during good times or bad, that will determine if we are going to remain profitable or otherwise.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my appreciation and thanks to our management and our staff at all levels and positions for their contributions and dedication without whom the current achievements of the Padini Group would certainly not have been that commendable. I also thank our customers, business partners, bankers, advisors, and shareholders for their continued support. The Padini Group looks forward to being able to create more value for all stakeholders concerned.

Datuk Dr Abdullah bin Abdul Rahman
Chairman
Date: 22 October 2009

The scope of CSR is very wide and encompasses the economic, environmental and social dimensions; however, no matter the width of its embrace, the whole of CSR is ultimately aimed towards the improvement of the human condition.

But then it has often been mentioned that CSR initiatives should not be about philanthropy per se but that such initiatives should be embedded into the business process so that they become a regular part of business strategies.

Education and Training

For Padini Holdings Berhad, we have chosen to focus the main thrust of our CSR activities on the area of education and practical training. On one hand, we wish to address, in part at least, the pressing issue of unemployable graduates, and on the other, we hope that by providing practical pre-job training, we can over time build up a labour resource from which we may select suitable candidates to fill executive-level vacancies available in Padini.

To achieve that, our Human Resource and Training Department set up the following 2 programmes :

1. Management Trainee Learning Programme : This is open to fresh college and university graduates who want to pursue management career opportunities in the retail apparel industry. Conducted over 3 months, trainees go through 9 classroom training programmes plus a month-long on-the-job training at the retail shop floor and in several support departments in the corporate head office. At the end of the programme, suitable candidates will be offered positions in the Padini Group of companies. For the financial year ended 30th June 2009, one intake of 8 trainees was inducted into the programme. Each trainee participated in a total of 63 hours of classroom training, and a total of RM42,700.00 were spent on out-of-pocket expenses. Of the original 8 trainees, 2 joined the Group and are currently still in our employ.

2. Internship Programme : This programme intends to expose undergraduate students to a real working environment and is conducted in cooperation with universities and university colleges. The interns were either recommended by their universities or if they applied individually, they had to obtain validation from their universities. The objective here is to complement formal education with real life working experience prior to a student's graduation. The time period spent in the Group will vary between 2 and 6 months. During the 2009 financial year, 5 students from 4 colleges, namely Taylors University College, Multimedia University, SEGI College Subang Jaya, and Kolej Profesional Mara were taken on board as interns and up till the time of the report, 3 of the original 5 are still with the Group. In total, this programme cost the Group RM3,330.00 in out-of-pocket expenses.

Besides the above two programmes, the HR Department had also given career guidance talks on 3 separate occasions to about 200 students from Taylors University College, INTI University College and from SMK Taman Bukit Maluri, KL.

CSR Activities – Other Aspects

Employees

- Insurance & Welfare: All our full-time employees are provided at the Group's costs, with Personal Accidents, Hospitalisation & Surgery, and Term Life insurance cover. The purpose of these insurance covers is to ensure that in the event of illnesses, injury, disablement, or even death, a reasonably-sized financial cushion is made available to the affected employee to help reduce the trauma of the unforeseen situations.
- Education and Training : During the 2009 financial year, the Group spent a total of nearly RM191,000.00 in education and training. Its HR Department conducted or arranged for a total of 122 training sessions which spanned a total of 16,120 hours. Training covered 13 different topics and saw a total of 2,527 participants from across the Group's entire range of departments. The Group's lead trainer also attended in Australia, a 2-day National Training Day Conference, while another trainer was provided with support and finance to complete a Certified Trainer Professional course during the month of November 2008. A further amount of RM13,600 was incurred for the two trainers' education. In addition to the above efforts, the Group also awarded a total of 22 days paid study and examination leave to 3 of its employees sitting for external examinations.
- Discounts : Generous discounts, ranging from 20% to 40% for the purchase of the Group's products are also made available to all confirmed employees.
- Labour – Management relations : Our Group promotes and practices open communications across all levels of staff and departments and all employees are aware that they can bring their work-related grievances, complaints, etc., directly to the attention of an Executive Director of the Group.

Customers

- 14-day exchange policy for merchandise bought from our stores when accompanied by original receipts.

Philanthropy

Our attempts at charity have actually seen us unofficially adopting the Ti-Ratana Welfare Society as our focus in the 2009 financial year. It is a community service society set up in the spirit of compassion to both serve and provide shelter, education and care to the underprivileged members of the community.
This welfare society offers, amongst others, the following social and community programmes / services :

- Children's Homes/Orphanage
- Old Folks' Homes
- Shelter Home for Women
- Free Mobile Medical/Healthcare Service

We began our relationship with the Society in 2007 when we brought the children staying at its children's home to our office for an evening of food, fun and games. At that time, we also made a donation to the Society to finance part of their activities. During the 2009 financial year, about 10 of our employees paid a visit to one of the Society's homes in Desa Petaling. Besides making a cash donation of RM5,000.00, and presenting the home with more than RM3,000.00 worth of daily necessities, our staff also spent some hours there interacting and engaging the children staying at the home.

Environment

During the 2009 financial year, we had also collected and sold for recycling a total of 2.42 tonnes of used paper and paper products; the proceeds while negligible, were used in part to fund some of the Group's philanthropic activities.

The statement below reports on how the Group has applied the Principles as set out in Part 1 of the Malaysian Code on Corporate Governance (the "Code") and the extent of its compliance with Part 2 of the Code.

The Board continuously evaluates the Group's corporate governance practices and procedures with a view to adopt and implement the principles and best practices of the Code, wherever applicable, as a fundamental part of discharging its responsibilities to protect and enhance shareholder value. The Board believes that good corporate governance results in creation of long term value and benefits for all shareholders.

SECTION 1: DIRECTORS

The Board takes full responsibilities for the performance of the Group and guides the Group towards achieving its short and long term objectives, setting corporate strategies for growth and new business development while providing advice and direction to the Management to enable the Group to achieve its corporate goals and objectives.

Composition of the Board

The Board members are professional from diverse disciplines, tapping their respective qualifications and experiences in business, commercial, and financial aspects. Together, they bring a wide range of experience and expertise which are vital towards the effective discharge of the Board's responsibilities for the successful direction and growth of the Group. A brief description of the background of each Director is presented in the Profile of Directors in the Annual Report.

The Board currently has eight (8) members, comprising of five (5) Executive Directors including the Managing Director and three (3) Non-Executive Directors (all of whom are independent). This is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), which require that two or one third, whichever is higher, of the total number of Directors to be Independent Directors.

Dato' Zulkifli bin Abdul Rahman retired at the Annual General Meeting held on the 19 December 2008 which led to the subsequent appointment of Mr. Foo Kee Fatt to the Board on 2 January 2009.

The Independent Directors also have the necessary skill and experience to bring an independent judgment to bear the issues of strategy, performance, resources including key appointments and standards of conduct.

The Independent Directors are independent of Management and majority shareholders. They provide independent views and judgment and at the same time, safeguard the interests of parties such as minority shareholders. No individual or group of individuals dominates the Board's decision making and the number of directors fairly reflects the investment of the shareholders.

The roles of the Chairman and the Managing Director are separated with Datuk Dr. Abdullah bin Abdul Rahman as the Independent Non-Executive Chairman of the Board and Mr. Yong Pang Chaun as the Managing Director. This will ensure a balance of power and authority.

The Board does not consider it necessary to nominate a Senior Independent Non-Executive Director to whom concerns may be conveyed. All members of the Board have demonstrated that they are always available to members and stakeholders. All issues can be openly discussed during Board meetings. The company is not marred with conflicts and controversies and also has not received any notice of matters of concern from stakeholders since its listing.

All the Directors have given their undertaking to comply with the Listing Requirements of Bursa Securities and the Independent Directors have confirmed their independence in writing.

Board Responsibilities

Having recognised the importance of an effective and dynamic Board, the Board's members are guided by the area of responsibilities as outlined:-

- Reviewing and adopting strategic plan for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is properly managed;
- Identifying principal risks of the Group and ensuring that appropriate systems are implemented and/or steps are taken to manage these risks;
- Developing and implementing investor relations programme or shareholders communication policy for the Group; and
- Reviewing the adequacy and the integrity of the Group's internal control systems and management of information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

Appointment of Directors

The Board annually reviews the required mix of skills, experience and other qualities of the directors to ensure that the Board is functioning effectively and efficiently.

Re-Election of Directors

In accordance with the Company's Article of Association ("the Article"),

- all directors who are appointed to the Board shall hold office until the next following Annual General Meeting and shall then be eligible for re-election, and
- at the Annual General Meeting in every subsequent year, one-third, or the number nearest to one-third, of the directors shall retire from office and be eligible for re-election.

Notwithstanding the above, the Article also provide that all the directors of the Company shall retire from office once at least in every three years but shall be eligible for re-election.

Director's Training

The Group acknowledges that continuous education is vital for the Board Members to gain insight into the state of economy, technological advances, regulatory updates, and management strategies. In compliance with the Listing Requirements of and the relevant Practice Note issued by Bursa Securities, all Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities:

During the financial year ended 30 June 2009, various members of the Board have attended the following training programmes and seminars:-

- Auditing Corporate Governance
- Risk Management Asia Conference
- Corporate Social Responsibility (CSR) Awareness
- Managing Tax Planning Issues in a Human Resource Environment
- National Seminar on Taxation 2008
- Implementation Guidance on FRS
- Practical Approach to Tax Incentives in Malaysia
- The 2009 Budget Seminar

The Directors are also aware of their duty to undergo appropriate training from time to time to ensure that they be better equipped to carry out their duties as Directors. The Board is mindful therefore of the need to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates. Whenever the need arises, the Company provides briefings of new recruits to the Board, to ensure they have a comprehensive understanding on the operations of the Group and the Company.

Supply of Information

The Board has a formal schedule of matters for decision-making to ensure that the direction and control of the Group is firmly in its hands.

Board proceedings, deliberations, and conclusions of the Board at every Board meeting are duly recorded in the Board minutes and all minutes are signed by the Chairman of the meeting in compliance with Section 156 of the Companies Act, 1965. All Directors have the right and duty to make further inquiries where they consider this necessary.

Each director has unrestricted access to all information within the Group, the senior management and the company secretary. The directors, whether as full Board or in their individual capacity, may in furtherance of their duties, take independent professional advice at the Company's expense, if required.

Board Meetings

The Board meets regularly throughout the year. Five (5) Board meetings were held during the financial year ended 30 June 2009. The number of Board meetings held during the financial year ended 30 June 2009 and the attendance of the meetings are as follows:-

Directors	Meetings attended by the Directors / Total Number of Meeting held during the financial year ended 30 June 2009	% of Attendance
Executive Directors		
Mr. Yong Pang Chaun	5/5	100%
Mr. Chan Kwai Heng	5/5	100%
Mr. Cheong Chung Yet	4/5	80%
Mr. Chong Chin Lin	5/5	100%
Ms. Yong Lai Wah	5/5	100%
Non-Executive Directors		
Datuk Dr. Abdullah bin Abdul Rahman	5/5	100%
En. Sahid bin Mohamed Yasin	5/5	100%
Dato' Zulkifli bin Abdul Rahman (retired at AGM held on 19 Dec 2008)	3/3	100%
Mr. Foo Kee Fatt (appointed on 2 Jan 2009)	2/2	100%

Restriction on Directorships

The number of Directorships held by Directors is as stated on pages 27 of 30 of the Annual Report.

Committees

The Board has established the Audit Committee to assist the Board in the discharging of its duties and responsibilities. The Audit Committee comprises:

- En. Sahid bin Mohamed Yasin (Independent Non-Executive Director; Chairman)
- Datuk Dr. Abdullah bin Abdul Rahman (Independent Non-Executive Director; Member)
- Mr. Foo Kee Fatt (Independent Non-Executive Director; Member)

The terms of reference of the Audit Committee have been approved by the Board and where applicable, comply with the recommendations of the Code. The details of the Audit Committee are set out on page 21 to 24 of the Annual Report.

In line with best practices in Corporate Governance, the Code recommends for the establishment of the following committees:

1) Nomination Committee

The Board does not consider it necessary to establish a Nomination Committee currently as the composition of the Board is relatively stable. However, a Nomination Committee will be established shall the need arise.

2) Remuneration Committee

The Board has decided that there is no need for a Remuneration Committee to be set up presently. The remuneration of each Executive Director, are determined by the Board as a whole through their contracts of employment. The Directors do not participate in discussion and decision of their own remuneration.

Non-Executive Directors are provided with Directors' fees, which are approved by the shareholders at the Annual General Meeting, based on the recommendation of the Board.

SECTION 2: DIRECTOR'S REMUNERATION

(a) Remuneration Procedure

The remuneration of directors is formulated to be competitive and realistic, emphasis being placed on performance and calibre, with aims to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Group effectively.

For Executive Directors, the remuneration packages link rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken.

(b) Remuneration Package

The details of the remuneration of the Directors of the company are as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)
Salaries	1,730,004	-
Fees & Allowances	54,180	105,000
Bonuses	865,000	-
Benefits-in-kind	96,029	-
Statutory Contributions	315,792	-
Total	3,061,005	105,000

The number of Directors whose remuneration falls into the following bands is as follows:-

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	2
RM50,001 to RM100,000	-	1
RM150,001 to RM200,000	1	-
RM550,001 to RM600,000	1	-
RM600,001 to RM650,000	1	-
RM650,001 to RM700,000	1	-
RM950,001 to RM1,000,000	1	-

SECTION 3: SHAREHOLDERS

The Board maintained an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decision.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:-

i. the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Audit Committee and Board of Directors;

ii. various announcements made to the Bursa Securities, which include announcements on quarterly results;

iii. the Company website at http://www.padini.com

iv. regular meetings with research analysts and fund managers to give them a better understanding of the business conducted by the Group in particular, and of the industry in which the Group's business operates, in general; and

v. participation in surveys and research conducted by professional organisations as and when such requests arise.

The Annual General Meeting serves as an important means for shareholders communication. Notice of the Annual General Meeting and Annual Reports are sent to shareholders twenty one days, at the least, prior to the meeting.

At each Annual General Meeting, the Board presents the performance and progress of the Group and provides shareholders with the opportunity to raise questions pertaining to the Group. The Chairman and the Board will respond to the questions raised by the shareholders during the Annual General Meeting.

The Board has ensured each item of special business included in the notice of meeting will be accompanied by an explanatory statement on the effects of the proposed resolution.

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a clear, balance and comprehensive assessment of the Group's financial performance and prospects through the quarterly announcement of results to the Bursa Securities as well as the Chairman's statement, review of operations and annual financial statements in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting.

The Directors are responsible to ensure that the annual financial statements are prepared in accordance with the provisions of the Companies Act 1965 and applicable accounting standards in Malaysia. A statement of the director's responsibilities in preparing the financial statements is set out separately on page 31 of the Annual Report.

Internal Control and Risk Management

The Board acknowledges their responsibilities for the internal control system of the Group, covering not only financial controls but also controls relating to operations, compliance and risk management. Information of the Group's internal control and risk management is presented in the Statement on Internal Control set out on pages 25 to 26 of the Annual Report.

Relationship with Auditors

The Board established formal and transparent arrangements for maintaining an appropriate relationship with the Group's Auditors, both internal and external. Whenever the need arises, the Auditors would highlight to both the Audit Committee and the Board, matters, especially those pertaining to the area of risk management, which would require their attention and response.

The Board of Directors of Padini Holdings Berhad is pleased to present the Audit Committee Report of the Board for the financial year ended 30 June 2009.

Composition of the Audit Committee

The present members of the Audit Committee of the Company are:

i. En. Sahid bin Mohamed Yasin (Independent Non-Executive Director; Chairman)
ii. Datuk Dr. Abdullah bin Abdul Rahman (Independent Non-Executive Director; Member)
iii. Mr. Foo Kee Fatt (Independent Non-Executive Director; Member)

Terms of Reference of Audit Committee

(A) Terms of Membership

The Audit Committee shall be appointed by the Board of Directors amongst its members and consist of at least three (3) members, of whom all must be Non-Executive Directors with a majority of them being Independent Directors. The Chairman, who shall be elected by the Audit Committee, must be an Independent Director.

The Committee shall include one member who is a member of the Malaysian Institute of Accountants ("MIA"); or if he is not a member of the MIA, he must have at least three (3) years' working experience and he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or he must hold a degree/master/doctorate in accounting or finance and have at least 3 years' post qualification experience in accounting or finance; or he must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being the primarily responsible for the management of the financial affairs of a corporation or fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad. ("Bursa Securities")

In the event of any vacancy in the Audit Committee resulting in the non-compliance with the Listing Requirements of Bursa Securities, the Board shall appoint a new member within three (3) months.

The Board of Directors shall review the term of office and the performance of an Audit Committee and each of its members at least once in every three (3) years.

No alternate Director shall be appointed as a member of the Audit Committee.

(B) Meetings and Quorum of the Audit Committee

In order to form a quorum in respect of a meeting of the Audit Committee, the majority of the members present must be independent directors. The Company Secretary shall act as secretary of the Audit Committee.

The Audit Committee met five (5) times during the financial year ended 30 June 2009. The details of the attendance of the meetings are disclosed under the heading 'Attendance of Audit Committee Meetings' on page 23 of this Annual Report.

The Audit Committee may require the attendance of any management staff from the Finance/Accounts Department or other departments deemed necessary together with a representative or representatives from the external auditors and/or internal auditors. The Audit Committee shall also meet with external auditors without executive Board members present at least once a year. In an Audit Committee Meeting held on 16 October 2008, the Audit Committee had met with the representatives from both the external and internal auditors without executive Board Member and the Group's Financial Controller's presence.

In all the other four meetings, the Group Financial Controller was present to report on the results of the Group as well as to answer questions posed by the Audit Committee in relation to the results to be announced. During these Audit Committee meetings, representatives from the Internal Auditors had also been present to provide updates on the progress of internal audit work that have been conducted to date, and to also provide comments and recommendations, where applicable to improve the risk management framework supporting the activities of the Group.

In any event, should the external auditors request, the Chairman of the Audit Committee shall convene a meeting of the committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

(C) Functions of the Audit Committee

The duties and responsibilities of the Audit Committee include the following:-

i. To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;

ii. To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

iii. To discuss with the external auditor on the evaluation of the system of internal controls and the assistance given by the employees to the external auditors.

iv. To review and report to the Board if there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.

v. To review the quarterly and year-end financial statements of the Board, focusing particularly on:
   - Any changes in the accounting policies and practices;
   - Significant adjustments arising from the audit;
   - The going concern assumption; and
   - Compliance with accounting standards and other legal requirements.

vi. To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of the management where necessary);

vii. To review the external auditor's management letter and the management's response;

viii. To do the following in relation to the internal audit function
   - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
   - review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
   - review any appraisal or assessment of the performance of members of the internal audit function;
   - approve any appointment or termination of senior staff members of the internal audit function; and
   - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

ix. To consider any related party transactions that may arise within the Company or the Group;

x. To consider the major findings of internal investigations and the management's response;

xi. To consider other topics as defined by the Board.

(D) Rights of the Audit Committee

The Audit Committee has ensured that it shall, wherever necessary and reasonable for the performance of its duties and in accordance with a procedure determined by the Board:-

i. have authority to investigate any matter within its terms of reference;

ii. have the resources which are required to perform its duties;

iii. have full and unrestricted access to any information pertaining to the listed issuer;

(D) Rights of the Audit Committee (cont'd)

iv. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);

v. be able to obtain independent professional or other advice; and

vi. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

(E) Procedure of Audit Committee

The Audit Committee regulates its own procedures by:-

i. the calling of meetings;

ii. the notice to be given of such meetings;

iii. the voting and proceedings of such meetings;

iv. the keeping of minutes; and

v. the custody, protection and inspection of such minutes.

(F) Review of the Audit Committee

The Board of Directors shall ensure that the term of office and performance of the Audit Committee and each of its members are being reviewed at least once in every three years to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

(G) Attendance of Audit Committee Meetings

The details of attendance of each Audit Committee member in the Audit Committee meetings held during the financial year ended 30 June 2009 are as follows:-

Directors	Meeting attended by the Directors/Total Number of Meeting held during the financial year ended 30 June 2009	% of Attendance
En. Sahid bin Mohamed Yasin	5/5	100%
Datuk Dr. Abdullah bin Abdul Rahman	5/5	100%
Mr. Foo Kee Fatt (appointed on 2 Jan 2009)	2/2	100%
Dato' Zulkifli bin Abdul Rahman (ceased w.e.f. 19 Dec 2008)	3/3	100%
Mr. Cheong Chung Yet (resigned on 2 Jan 2009)	2/3	67%

(H) Summaries of Activities of the Audit Committee

During the financial year up to the date of this Report, the Audit Committee carried out the following activities in discharging their duties and responsibilities:

i. Control

- Evaluated the overall effectiveness of the system of internal control through the review of the results of work performed by the internal and external auditors and discussions with key management.

ii. Financial Results

- Review quarterly results and audited annual financial statements of the Group and Company before recommending to the Board for release to Bursa Securities. The review focussed primarily on:

  a) major judgmental areas, significant and unusual events;
  b) significant adjustments resulting from audit;
  c) the going concern assumptions;
  d) compliance with applicable approved accounting standards in Malaysia; and
  e) compliance with Listing Requirements of Bursa Securities, MASB and other regulatory requirements.

iii. External Audit

- Reviewed with the external auditor, their audit plan for the financial year ended 30 June 2009 to ensure that their scope of work adequately covers the activities of the Group;

- Reviewed the results and issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their report to the Committee; and

- Reviewed their performance and Independence before recommending to the Board their reappointment and remuneration.

iv. Internal Audit

- Reviewed the recommendations by internal audit, representations made and corrective actions taken by the management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis; and

- Reviewed the competencies of the internal auditors to execute the plan, the audit programs used in the execution of the internal audit work and results of their work.

INTRODUCTION

Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") requires the Board of Directors of public listed companies to include in the Annual Report a "statement about the state of internal control of the listed issuer as a group". The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement which outlines the nature and scope of the system of internal control of the Group operational during the financial year.

BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors acknowledges its responsibility and reaffirms its commitment in recognizing the importance of an effective and sound system of internal control to enhance good corporate governance. The system covers financial controls, operational and compliance controls and risk management. However, the system is designed to manage rather than eliminate the risk of failure to achieve business objectives.

It should be noted that any system of internal control implemented can only provide reasonable and not absolute assurance against material misstatement, fraud or loss. In pursuing this objective, the management's role is to ensure the implementation and compliance of those internal controls in its day-to-day operations.

The internal audit function which reports directly to the Audit Committee, undertakes an objective, independent and systematic review of the system of internal control so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively. To that effect, the Board also ensures that the external auditors review the statement on internal control and report the results thereof to the Board.

The Board has considered the system of internal control in operation during the financial year and the key elements of the system are as follows:-

Control Environment

The Group's internal controls are maintained through an organisational structure with clearly defined responsibilities, lines of reporting and authority levels, supported by operating procedures and job descriptions. These controls are subject to periodic review and their continued suitability for implementation.

Internal policies and procedures for areas reviewed are in place and are regularly updated to resolve operational deficiencies. Instances of non-compliance with such policies and procedures are reported thereon by its internal auditors to the Board via the Audit Committee.

Risk Assessment

The Board maintains an on-going process of identification, evaluation and management of significant risks. The process is regularly reviewed by the Board and has been in place during the year under review. A Risk assessment exercise was carried out by the Board and management to identify and evaluate significant risks faced by the Group. Key risk areas identified by the Board and management are reviewed by the internal auditors based on which an audit plan is devised.

A 3-year audit plan was adopted following the risk assessment exercise to continuously review the effectiveness of the Group's system of internal control. The internal audit function adopts a risk-based approach and prepare its plan and strategy based on the risk profile of the Group's operations as assessed by the management. The internal audit function reports its findings and recommendations on risk control procedures to the Audit Committee on a quarterly basis. The Audit Committee and management shall be required to review the audit plan as and when required to take into account any changes in the risks that the Group may be exposed to as its objectives and environment in which it operates are continuously evolving.

Information & Communication

The Board receives periodic reports on operations and financial performance of various divisions of the Group which provide them with information needed for decision-making.

Monitoring

The Board, the Audit Committee and management monitor the effectiveness of the Group's internal control system. The Group has outsourced its internal audit function to an external party, CEOPE Consulting Group, which is independent of the activities it audits. The outsourced internal auditors review the audit areas based on the approved internal audit plan which will cover major operating subsidiaries. The internal audit focuses on regular and systematic reviews of the systems of financial and operational control in anticipating potential risk exposures over key business processes and proper conduct of the business of the Group.

Results of the audit including comments from management are reported directly to the Audit Committee periodically, who reports to the Board. The effectiveness of the system of internal control is also monitored on an ongoing basis by the Audit Committee, who receives reports from the internal auditors. Improvements are made to the internal control system, where necessary, in response to recommendations. The corrective actions were followed up and reports were updated to reflect the latest position. The Group's annual professional fee for services by the outsourced internal auditors to manage the internal audit function is RM84,000.

Review of Internal Control Statement by the External Auditors

The external auditors have reviewed the Statement on Internal Control intended to be included in the annual report for the financial year ended 30 June 2009 in accordance with the Terms of Engagement dated 2 July 2002 and Recommended Practice Guide 5, Guidance for Auditors on Review of Directors' Statement on Internal Control ("RPG 5"). The review has been conducted to assess whether the Statement on Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process of Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group.

Based on the review, nothing has come to attention that causes the external auditors to believe that the Statement on Internal Control intended to be included in the annual report is inconsistent with their understanding of the process the Board of Directors have adopted in the review of the adequacy and integrity of internal control of the Group.

CONCLUSION

The Board has appraised the effectiveness, adequacy and integrity of the system of internal control in operation during the financial year through the monitoring process set out above. However, it must be made clear that any system of internal control, no matter how well designed, implemented and monitored, does not eliminate the possibility of human error, collusion or the deliberate circumvention of control procedures. The Board remains committed towards operating a sound system of internal control and therefore acknowledge that the system must continuously evolve to support the Group.

Datuk Dr Abdullah bin Abdul Rahman
(Chairman of the Board, Member of the Audit Committee, Independent Non-Executive Director)

Aged 64 of Malaysian nationality, he was first appointed to the Board as Director and Chairman on 14 February 2001.

From graduating with a BA(Hons) University of Malaya degree in 1968, he went on to complete both his Master of Public Administration, and Ph.D. in Public Administration, in 1976 and 1979 respectively from the University of Southern California.

He also obtained a Certificate in Methodology of Training, University of Manchester (U.K.) in 1972, and a Certificate in Advanced Management, INSEAD, Fontainebleau, France in 1993.

After graduation in 1968, he had joined the State Secretariat, Negri Sembilan as the Assistant State Secretary, and was there until 1971 when he joined INTAN (the National Institute of Public Administration Malaysia) as a lecturer in Management Science. By the time he left INTAN in 1985, he was already the Deputy Director (Academic). His next position was as Director of the Special Task Force on Productivity with the Prime Minister's Department, and he was to remain with the Prime Minister's Department until 1996, by which time he was already serving as the Director General of MAMPU (the Malaysian Administrative, Modernisation and Planning Unit).

Upon leaving the Prime Minister's Department, he was with the Ministry of Health for a brief stint before joining the Government as Special Assistant to the Ketua Setiausaha Malaysia, where he served from 1998 to July of 2000, whereupon he retired upon reaching the retirement age of 55 years.

From July 2000 to July 2001, he was also Professor at the Faculty of Economics and Administration, University of Malaya.

Other than his directorship with Padini Holdings Berhad, he is also a director in the following public company:

1. Tracoma Holdings Berhad

For the financial year under review, he has attended all 5 meetings of the Board of Directors.

Yong Pang Chaun
(Managing Director)

Aged 58 of Malaysian nationality, he was first appointed to the Board on 26 March 1992.

An entrepreneur with extensive hands-on experience in the textiles and apparel industry, he has been and still is primarily responsible for the achievements of the Group.

After completing his secondary education, he joined a textile merchant in Singapore where he gained considerable experience in the textile trade. Returning to Malaysia several years later, he set up the Company's first subsidiary in 1971 to manufacture ladies fashion. From there, other businesses were set up and since then he has always set the strategies for the development of the Group. The present success of the Group's brands, and the presence that the brands command in the domestic market today are attestations to his entrepreneurial skills. His ability to analyse fashion trends and to react quickly to take advantage of changes in market conditions and consumers' preferences, has resulted in the Group being provided with tremendous opportunities for continued growth. Today, he continues to manage the strategies and plans for the Group's future.

Other than his directorship with Padini Holdings Berhad, he is not serving as a director in any other public companies.

For the financial year under review, he has attended all 5 meetings of the Board of Directors.

Chan Kwai Heng
(Executive Director)

Aged 57 of Singaporean nationality, he was first appointed to the Board on 29 March 1995.

He graduated from the University of Malaya in 1975 with a Bachelor of Economics (Hons) degree, majoring in Accounts. He also has an European MBA from the Paris Graduate School of Management, which he obtained in June of 2003.

From 1975 and up till 1977, he has worked as a temporary teacher in SMJK Chi Wen, a school in Bahau, Negri Sembilan. Subsequently, he did some lecturing on a part-time basis at colleges such as the Systematic Business Training Centre and TL Management Centre Sdn Bhd in Kuala Lumpur. Before joining the Group in 1988 as an executive director in one of its subsidiary companies, he had also worked from 1983 to 1987 in Vincci Department Store Sdn Bhd as a Manager in charge of finance and administration.

Currently he oversees the finance and administrative activities of the Group.

Other than his directorship with Padini Holdings Berhad, he is not serving as a director in any other public companies.

For the financial year under review, he has attended all 5 meetings of the Board of Directors.

Cheong Chung Yet
(Executive Director)

Aged 43 of Malaysian nationality, he was first appointed to the Board on 14 July 2000.

He obtained his Bachelor of Accountancy (Hons) degree from the University of Malaya in 1989.

In 1990, he joined Isetan of Japan Sdn Bhd as a Sales and Merchandising Executive before being promoted to the position of Manager of the Merchandising Department in 1995. While serving in Isetan, he had gained extensive experience in retail management (operations and merchandising), and in concept planning, branding and merchandising for in-house labels.

He joined the Group in January 1996 as the head of the Group's merchandising and retail departments, a position which he still assumes.

Other than his directorship with Padini Holdings Berhad, he is not serving as a director in any other public companies.

For the financial year under review, he has attended 4 out of 5 meetings of the Board of Directors.

Chong Chin Lin
(Executive Director)

Aged 56 of Malaysian nationality, she was first appointed to the Board on 29 March 1995.

While still in the second year of her sixth form education, she was called upon to help in the family business which dealt in the wholesale and retail of fashion accessories and costume jewellery. After three years and gaining considerable experience in the trade, she left and joined a boutique retailing ladies fashion. After Vincci Ladies' Specialties Centre Sdn Bhd got incorporated in 1981, she joined the company as a merchandiser for ladies fashion wear and accessories. Since then she has been with the Group and has contributed much to the development of the Group's major brands like Seed, Padini Authentics and Miki.

When she was merchandiser for ladies fashion, she got involved in garment manufacturing operations and was able to later use this experience to oversee the Group's garment manufacturing operations.

Other than her directorship with Padini Holdings Berhad, she is not serving as a director in any other public companies.

For the financial year under review, she has attended all 5 meetings of the Board of Directors.

Yong Lai Wah
(Executive Director)

Aged 59 of Malaysian nationality, she was initially appointed to the Board on 26 March 1992 as a Non-Executive Director; she was subsequently redesignated as an Executive Director when she was given the task of overseeing the cafe operations of Seed Corporation Sdn Bhd, a subsidiary of the Group.

After completing her secondary education, she worked for several years in floor operations in a department store before joining a manufacturing venture started by her family. This manufacturing facility which was started in 1971, produced ladies fashion wear for both wholesale and retail. Since then she has been actively involved with the manufacturing and selling of fashion wear to local department stores and boutiques.

Her numerous years experience in managing not only manufacturing operations, but also in the wholesale of fashion wear have given her considerable business experience and exposure.

Other than her directorship with Padini Holdings Berhad, she is not serving as a director in any other public companies.

For the financial year under review, she has attended all 5 meetings of the Board of Directors.

Sahid bin Mohamed Yasin
(Chairman of the Audit Committee, Independent Non-Executive Director)

Aged 60 of Malaysian nationality, he was first appointed to the Board on 23 October 1997.

He graduated from the University of Malaya in 1973 with a Bachelor of Arts degree in Economics and obtained a postgraduate Diploma in Management Science from the National Institute of Public Administration in 1976. Upon graduation in 1973, he got a post as Assistant Secretary in the Prime Minister's Department and served until 1977. Subsequently, he joined Malaysia British Assurance Sdn Bhd in a senior management position and was there for 5 years. In 1983, he joined Hicom Holdings Bhd as Manager for Corporate Services before leaving in 1995 to concentrate on his private businesses.

Other than his directorship with Padini Holdings Berhad, he is not serving as a director in any other public companies.

For the financial year under review, he has attended all 5 meetings of the Board of Directors.

Foo Kee Fatt
(Member of Audit Committee – appointed on 2 January 2009, Independent Non-Executive Director)

Aged 43 of Malaysian nationality, he was first appointed to the Board on 2 January 2009.

He is a member of Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants, and an approved company auditor under Section 8 of the Malaysian Companies Act, 1965.

In 1987, he joined and served his articleship with one of the reputable international accounting firms. From 1993 to 2006, he was with a local accounting firm with international affiliation. In 2007, he set up an accounting firm in Penang and joined another local accounting firm in Johor.

Other than his directorship with Padini Holdings Berhad, he is also an independent non-executive director in:

1. Central Industrial Corporation Berhad, a company listed on the Main Market of Bursa Malaysia.

For the financial year under review, he has attended 2 out of 2 meetings of the Board of Directors.

Other Information

(i) Family Relationship
Except for Yong Pang Chaun who is the spouse of Chong Chin Lin, and who is also the brother of Yong Lai Wah, none of the Directors above has any family relationship with one another. Yong Pang Chaun, Chong Chin Lin and Yong Lai Wah are the major shareholders in the Company by virtue of their interest in Yong Pang Chaun Holdings Sdn Bhd which owns a 42.22% interest in the shares in the Company as at 30 June 2009.

(ii) Conflict of Interest
None of the Directors mentioned has any conflict of interest with the Company.

(iii) Convictions for offences
None of the Directors mentioned has been convicted for offences within the past ten years other than for traffic offences.

(iv) Material Contracts
No material contracts had been entered into for the financial year under review between the group and the directors and or major shareholders.

Directors' Responsibility Statement

in Respect of the Annual Audited Financial Statements

Pursuant to paragraph 15.26 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and as required by Companies Act 1965, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company and its subsidiary companies as at the end of the financial year, and of the results and cash flows for the financial year ended.

In ensuring the preparation of these financial statements of Padini Holdings Berhad, the Directors have ensured the following:-

- Adopted suitable accounting policies and apply them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- Making of judgments and estimates that are appropriate, reasonable and prudent.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy the financial position of the Company and ensuring that the financial statements comply with the provisions of the Companies Act, 1965.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group, and to prevent and detect fraud and other such irregularities.

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the financial year ended 30 June 2009.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are as disclosed in Note 7 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to equity holders of the Company	49,533	6,453

DIVIDENDS

The dividends declared, paid and payable by the Company since 30 June 2008 are as follows:-

	RM'000
In respect of the financial year ended 30 June 2008 as reported in the Directors' report of that year	
First interim dividend of 10 sen on 131,581,900 ordinary shares less 26% tax, paid on 8 August 2008	9,737
In respect of the financial year ended 30 June 2008	
Final dividend of 8 sen on 131,581,900 ordinary shares less 25% tax, paid on 13 March 2009	7,895
In respect of the financial year ended 30 June 2009	
Single tier interim dividend of 6 sen on 131,581,900 ordinary shares, paid on 5 August 2009	7,895

The Directors recommend a final single tier dividend of 7.5 sen per share for the current financial year, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new share or debentures during the financial year.

SHARES OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS IN OFFICE

The following Directors served on the Board of the Company since the date of the last report:

Datuk Dr. Abdullah bin Abdul Rahman

Yong Pang Chaun

Yong Lai Wah

Chong Chin Lin

Chan Kwai Heng

Sahid bin Mohamed Yasin

Cheong Chung Yet

Foo Kee Fatt (appointed on 02.01.2009)

Dato' Zulkifli bin Abdul Rahman (retired on 19.12.2008)

In accordance with the Company's Articles of Association, Mr. Chan Kwai Heng, Encik Sahid bin Mohamed Yasin, and Mr. Cheong Chung Yet retire by rotation, and being eligible, offer themselves for re-election.

Mr. Foo Kee Fatt, who was appointed to the Board during the financial year, retires under the Article of Association, and being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of Directors in office at the end of the financial year in shares of the Company and related corporations were as follows:-

	Number of ordinary shares of RM0.50 each			
	Balance at 1.7.2008	**Bought**	**Sold**	**Balance at 30.6.2009**
Direct interest in shares of the Company				
Yong Pang Chaun	300,000	-	-	300,000
Chong Chin Lin	403,998	-	-	403,998
Chan Kwai Heng	228,800	-	-	228,800
Cheong Chung Yet	234,798	-	-	234,798
Indirect interest in shares of the Company				
Yong Pang Chaun	54,404,800	1,556,800	-	55,961,600
Chong Chin Lin	54,300,802	1,556,800	-	55,857,602
Yong Lai Wah	54,000,802	1,556,800	-	55,557,602

By virtue of their interests in shares of the Company, Messrs. Yong Pang Chaun, Yong Lai Wah and Chong Chin Lin are deemed to be interested in shares of the subsidiary companies to the extent the Company has an interest.

DIRECTORS' INTERESTS (cont'd)

No other Directors in office at the end of the financial year held or dealt in shares of the Company and 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 any benefit (other than Directors' remuneration as disclosed 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 except for any benefits which may arise from related party transactions as disclosed in Note 30 to the financial statements.

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

OTHER STATUTORY INFORMATION

Before the income statements and balance sheets of the Group and the Company were made out, the Directors took reasonable steps:

a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

b) and to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances:

a) which 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 the Company inadequate to any substantial extent; or

b) which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading; or

c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or

d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year to secure the liability of any other person; or

b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

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

OTHER STATUTORY INFORMATION (cont'd)

In the opinion of the Directors,

a) the results of the Group's and the Company's operations during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and the Company for the financial year in which this report is made.

AUDITORS

The auditors, Messrs. Peter Chong & Co., Chartered Accountants, have indicated their willingness to accept re-appointment.

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

....
DATUK DR. ABDULLAH BIN ABDUL RAHMAN
Director

....
YONG PANG CHAUN
Director

Date : 22 October 2009

Kuala Lumpur

Statement by Directors

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

We, **DATUK DR. ABDULLAH BIN ABDUL RAHMAN** and **YONG PANG CHAUN**, two of the Directors of **PADINI HOLDINGS BERHAD** state that, in the opinion of the Directors, the financial statements set out on pages 40 to 93 are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2009 and of the results and cash flow of the Group and the Company for the financial year ended on that date.

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

....
DATUK DR. ABDULLAH BIN ABDUL RAHMAN
Director

....
YONG PANG CHAUN
Director

Date : 22 October 2009

Kuala Lumpur

Statutory Declaration

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

I, **CHAN KWAI HENG**, being the Director primarily responsible for the financial management of **PADINI HOLDINGS BERHAD**, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements set out on pages 40 to 93 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.

Subscribed and solemnly declared by	)
the abovenamed **CHAN KWAI HENG**	)
at **KUALA LUMPUR** in the **FEDERAL**	)
TERRITORY this 22nd day of October 2009	) Before me

Report on the financial statements

We have audited the financial statements of **PADINI HOLDINGS BERHAD**, which comprise the balance sheets as at 30 June 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 93.

Directors' responsibilities for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as of 30 June 2009 and of their financial performances and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of the subsidiary company of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiary company 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.

Report on other legal and regulatory requirements (cont'd)

(d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other matters

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

Peter Chong & Co.
No. AF 0165
Chartered Accountants

Peter Chong Ton Nen
No. 394/03/10 (J/PH)
Partner of the Firm

Date : 22 October 2009

Kuala Lumpur

Consolidated Balance Sheet

As at 30 June 2009

	Note	2009 RM'000	2008 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	75,887	70,748
Investment properties	5	1,700	1,681
Prepaid land lease payments	6	894	845
Investment	8	684	697
Deferred tax assets	9	2,047	473
Total non-current assets		81,212	74,444
Current assets			
Non-current assets held for sale	10	-	1,716
Inventories	11	91,878	116,113
Receivables	12	33,064	30,199
Tax assets	13	-	178
Short term investment	14	18,945	19,868
Deposits, cash and bank balances	15	65,621	21,796
Total current assets		209,508	189,870
TOTAL ASSETS		290,720	264,314
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	16	65,791	65,791
Reserves	17	138,252	103,687
Total equity		204,043	169,478
LIABILITIES			
Non-current liabilities			
Borrowings	18	3,210	3,195
Deferred tax liabilities	9	194	19
Total non-current liabilities		3,404	3,214
Current liabilities			
Payables	19	44,260	60,757
Borrowings	18	28,636	25,002
Tax liabilities	13	8,740	4,796
Provision	20	1,637	1,067
Total current liabilities		83,273	91,622
Total liabilities		86,677	94,836
TOTAL EQUITY AND LIABILITIES		290,720	264,314

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

Consolidated Income Statement

For the financial year ended 30 June 2009

	Note	2009 RM'000	2008 RM'000
Revenue	21	475,477	383,306
Cost of sales	22	(241,958)	(192,353)
Gross profit		233,519	190,953
Other operating income		4,938	4,628
Selling and distribution costs		(128,126)	(106,113)
Administration expenses		(41,196)	(31,040)
Profit from operations	23	69,135	58,428
Finance costs	25	(1,525)	(769)
Profit before taxation		67,610	57,659
Taxation	13	(18,077)	(15,909)
Profit for the financial year		49,533	41,750
ATTRIBUTABLE TO:			
Equity holders of the Company		49,533	41,715
Minority interest		-	35
		49,533	41,750
EARNINGS PER SHARE OF RM0.50 EACH (SEN)			
- Basic	26	37.64	31.71

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

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2009

	Note	Share capital RM'000	Share premium RM'000	Share options reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
		← Attributable to equity holders of the Company					→		
At 1 July 2007		65,591	3,348	103	(453)	73,752	142,341	326	142,667
Issuance of shares pursuant to ESOS		200	424	(78)	-	-	546	-	546
Reversal of ESOS reserve		-	-	(25)	-	25	-	-	-
Dividends	27	-	-	-	-	(14,606)	(14,606)	-	(14,606)
Dividends paid to minority interest		-	-	-	-	-	-	(22)	(22)
Increase in equity interest in existing subsidiary company		-	-	-	-	(122)	(122)	(339)	(461)
Foreign exchange difference		-	-	-	(396)	-	(396)	-	(396)
Net expense recognised directly in equity		-	-	-	(396)	-	(396)	-	(396)
Profit for the financial year		-	-	-	-	41,715	41,715	35	41,750
Total recognised income and expense for the financial year		-	-	-	(396)	41,715	41,319	35	41,354
At 30 June/ 1 July 2008		65,791	3,772	-	(849)	100,764	169,478	-	169,478

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

	Note	Share capital RM'000	Share premium RM'000	Share options reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
		Attributable to equity holders of the Company							
Foreign exchange difference		-	-	-	822	-	822	-	822
Net income recognised directly in equity		-	-	-	822	-	822	-	822
Profit for the financial year		-	-	-	-	49,533	49,533	-	49,533
Total recognised income for the financial year		-	-	-	822	49,533	50,355	-	50,355
Dividends	27	-	-	-	-	(15,790)	(15,790)	-	(15,790)
At 30 June 2009		65,791	3,772	-	(27)	134,507	204,043	-	204,043

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

Consolidated Cash Flow Statement

For the financial year ended 30 June 2009

	Note	2009 RM'000	2008 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		67,610	57,659
Adjustments for:			
Allowance for doubtful debts		268	271
Amortisation of prepaid land lease payment		24	17
Changes in fair value of investment property		123	67
Depreciation of property, plant and equipment		19,667	12,410
Interest expenses		1,525	769
Interest income		(645)	(1,472)
Inventories written down to net realisable value		1,693	2,544
Loss on disposal of investment		75	-
Loss on short term investment		923	-
Profit on disposal of non-current assets held for sale		(684)	-
Profit on disposal of property, plant and equipment		(14)	(8)
Property, plant and equipment written off		136	48
Provision for loyalty points		570	239
Operating profit before working capital changes		91,271	72,544
Inventories		22,542	(54,616)
Receivables		(3,133)	(4,523)
Payables		(14,655)	11,730
Cash generated from operations		96,025	25,135
Dividends paid		(17,632)	(4,869)
Tax paid	13	(15,440)	(15,595)
Net cash generated from operating activities		62,953	4,671
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of additional share in a subsidiary company		-	(461)
Interest income received		645	577
Proceeds from disposal of investment		78	-
Proceeds from disposal of non-current assets held for sale		2,400	-
Proceeds from disposal of property, plant and equipment		40	16
Proceeds from disposal of short term investment		-	35,087
Purchase of additional short term investment		-	(23,828)
Purchase of investment		(140)	-
Purchase of investment properties		-	(1,723)
Purchase of prepaid land lease payments		-	(862)
Purchase of property, plant and equipment	28	(22,465)	(32,657)
Net cash used in investing activities		(19,442)	(23,851)

The above consolidated cash flow statement is to be read in conjunction with the notes to the financial statements.

For the financial year ended 30 June 2009

	Note	2009 RM'000	2008 RM'000
CASH FLOW FROM FINANCING ACTIVITIES			
Changes to short term borrowings		2,841	21,143
Dividend paid to minority interest		-	(22)
Interest expenses paid		(1,525)	(769)
Proceeds from issuance of shares		-	546
Repayment of hire purchase and finance lease obligations		(405)	(168)
Repayment of term loan		(1,201)	(1,175)
Net cash (used in)/ generated from financing activities		(290)	19,555
NET INCREASE IN CASH AND CASH EQUIVALENTS		43,221	375
Effect of change in exchange rate		249	(93)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		21,796	21,866
Effect of change in exchange rate		355	(352)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	29	65,621	21,796

The above consolidated cash flow statement is to be read in conjunction with the notes to the financial statements.

	Note	2009 RM'000	2008 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	30,568	30,559
Investment in subsidiary companies	7	163,145	119,463
Investment	8	560	560
Total non-current assets		194,273	150,582
Current assets			
Receivables	12	5,530	14,279
Short term investment	14	17,843	18,715
Deposits, cash and bank balances	15	244	321
Total current assets		23,617	33,315
TOTAL ASSETS		217,890	183,897
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	16	65,791	65,791
Reserves	17	138,154	103,688
Total equity		203,945	169,479
Non-current liability			
Borrowings	18	1,726	3,002
Current liabilities			
Payables	19	10,801	10,070
Borrowings	18	1,275	1,200
Tax liabilities	13	143	146
Total current liabilities		12,219	11,416
Total liabilities		13,945	14,418
TOTAL EQUITY AND LIABILITIES		217,890	183,897

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

Income Statement

For the financial year ended 30 June 2009

	Note	2009 RM'000	2008 RM'000
Revenue	21	9,740	48,428
Other operating income		2,887	2,894
Administration expenses		(2,985)	(2,189)
Profit from operations	23	9,642	49,133
Finance costs	25	(187)	(263)
Profit before taxation		9,455	48,870
Taxation	13	(3,002)	(13,452)
Profit for the financial year		6,453	35,418

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

Statement Of Changes In Equity

For the financial year ended 30 June 2009

	Note	Share capital RM'000	Share premium RM'000	Share options reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 July 2007		65,591	3,348	103	46,209	5,366	120,617
Issuance of shares pursuant to ESOS		200	424	(78)	-	-	546
Reversal of ESOS reserve		-	-	(25)	-	25	-
Surplus on revaluation of investment in subsidiary companies		-	-	-	27,504	-	27,504
Net income recognised directly in equity		-	-	-	27,504	-	27,504
Profit for the financial year		-	-	-	-	35,418	35,418
Total recognised income for the financial year		-	-	-	27,504	35,418	62,922
Dividends	27	-	-	-	-	(14,606)	(14,606)
At 30 June/ 1 July 2008		65,791	3,772	-	73,713	26,203	169,479
Surplus on revaluation of investment in subsidiary companies		-	-	-	43,803	-	43,803
Net income recognised directly in equity		-	-	-	43,803	-	43,803
Profit for the financial year		-	-	-	-	6,453	6,453
Total recognised income for the financial year		-	-	-	43,803	6,453	50,256
Dividends	27	-	-	-	-	(15,790)	(15,790)
At 30 June 2009		65,791	3,772	-	117,516	16,866	203,945

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

Cash Flow Statement

For the financial year ended 30 June 2009

	Note	2009 RM'000	2008 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		9,455	48,870
Adjustments for:			
Depreciation of property, plant and equipment		1,280	1,302
Dividend income		(9,740)	(48,428)
Interest expenses		187	263
Interest income		(5)	(7)
Impairment loss on investment in subsidiary companies		121	-
Loss on short term investment		872	113
Property, plant and equipment written off		9	1
Operating profit before working capital changes		2,179	2,114
Receivables		(8)	466
Payables		(294)	(62)
Inter-company balances		3,986	(5,611)
Cash generated from/ (used in) operations		5,863	(3,093)
Dividend paid		(17,632)	(4,869)
Tax paid	13	(3,005)	(13,284)
Net cash used in operating activities		(14,774)	(21,246)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of additional investment in subsidiary company		-	(461)
Dividend received		9,740	48,428
Interest income received		5	7
Purchase of additional short term investment		-	(23,828)
Purchase of property, plant and equipment	28	(1,298)	(62)
Proceeds from disposal of short term investment		-	5,000
Subscription for additional shares in subsidiary company		-	(2,780)
Net cash generated from investing activities		8,447	26,304

The above cash flow statement is to be read in conjunction with the notes to the financial statements.

	Note	2009 RM'000	2008 RM'000
CASH FLOW FROM FINANCING ACTIVITIES			
Advances from subsidiary companies		4,063	100
Advances to subsidiary companies		(5)	(4,900)
Interest expenses paid		(187)	(263)
Proceeds from issuance of shares		-	546
Repayment received from subsidiary companies		3,580	810
Repayment of term loan		(1,201)	(1,175)
Net cash generated from/ (used in) financing activities		6,250	(4,882)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(77)	176
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		321	145
CASH AND CASH EQUIVALENTS CARRIED FORWARD	29	244	321

The above cash flow statement is to be read in conjunction with the notes to the financial statements.

1. GENERAL INFORMATION

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are as disclosed in Note 7 to the financial statements.

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

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

The address of the registered office is 3rd Floor, No. 17, Jalan Ipoh Kecil, 50350 Kuala Lumpur.

The principal place of business of the Company is at No. 19, Lot 115, Jalan U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The Board has authorised the issuance of the financial statements on 22 October 2009.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks and the overall risk management objective is to ensure the Group creates value for its shareholders whilst minimising the potential adverse effects on the performance. The Group does not actively use derivative financial instruments to hedge its risks and does not trade in financial instruments during the financial year.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk, interest rate risk, market risk and liquidity risk.

Credit risk

The Group is exposed to credit risk mainly from trade receivables. They are subject to continuous review. At balance sheet date, the maximum exposure for the Group was represented by the carrying amount of the financial assets.

Foreign currency risk

The Group's foreign exchange risks comprise transaction risk which arises from day-to-day requirements to receive in currencies other than the local currency especially from the US Dollar, and structural foreign currency translation exposure arising from investment in foreign subsidiary companies which are denominated in the currencies where they are domiciled. The Group minimises its foreign currency exchange exposure by entering into derivative financial instruments such as foreign currency forward contract when the foreign exchange risk is assessed as high.

Interest rate risk

The Group is exposed to interest rate risk mainly from its borrowings. There is no formal hedging policy in respect of interest rate exposure. The interest rate risk is monitored on an ongoing basis and the Group endeavours to keep the exposure at an acceptable level.

Market risk

The Group is exposed to market risk of which the value of a financial instrument will fluctuate as a result of changes in the market prices. The risk of loss in value is minimised via adherence of qualifying criteria before making the investment and by continuous monitoring of the performance.

These notes form part of the financial statements.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity risk

The Group practices prudent liquidity risk management by maintaining sufficient cash and committed credit facilities to meet the Group's operating and financial requirements for the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements of the Group and of the Company comply with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia, which is the Company's functional currency and all values are rounded to the nearest thousand (RM'000) unless otherwise indicated.

3.2 New FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations that are not yet effective and have not been early adopted

The Group and the Company have not early adopted the following new FRSs, Amendments to FRSs and IC Interpretations which have been issued but not yet effective:

(i) FRSs, Amendments to FRSs and IC Interpretations that are not yet effective and have not been early adopted by the Group and the Company:

		Effective dates
FRS 7	Financial Instrument: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements (as revised in 2009)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127	First-Time Adoption of Financial Reporting Standards and FRS127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139, FRS 7, and IC Interpretation 9	Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures, and IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010

It is anticipated that the adoption of the abovementioned Standards and Interpretations does not have significant impact on the financial statements of the Group and the Company except for additional disclosure requirements.

By virtue of the exemption provided for in FRS 139, the possible impact of applying the standard, if any need not be disclosed.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 New FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations that are not yet effective and have not been early adopted (cont'd)

(ii) Improvements to FRSs (2009) announced on 15 September 2009 that are not yet effective and have not been early adopted by the Group and the Company:

		Effective dates
Amendment to FRS 5	Non-Current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendment to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendment to FRS 8	Operating Segments	1 January 2010
Amendment to FRS 107	Statement of Cash Flows	1 January 2010
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 110	Events after the Reporting Period	1 January 2010
Amendment to FRS 116	Property, Plant and Equipment	1 January 2010
Amendment to FRS 117	Leases	1 January 2010
Amendment to FRS 118	Revenue	1 January 2010
Amendment to FRS 119	Employee Benefits	1 January 2010
Amendment to FRS 123	Borrowing Costs	1 January 2010
Amendment to FRS 127	Consolidated and Separate Financial Statements	1 January 2010
Amendment to FRS 134	Interim Financial Reporting	1 January 2010
Amendment to FRS 136	Impairment of Assets	1 January 2010
Amendment to FRS 140	Investment Property	1 January 2010

The expected impact of the above Improvements to FRSs (2009) are being assessed by the Group.

(iii) FRSs, Amendments to FRSs and IC Interpretations that are not yet effective and not relevant to the Group and the Company:

		Effective dates
FRS 4	Insurance Contracts	1 January 2010
Amendment to FRS 2	Share-Based Payment-Vesting Conditions and Cancellations	1 January 2010
IC Interpretation 11	FRS 2-Group and Treasury Share Transactions	1 January 2010
IC Interpretation 14	FRS119-The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction	1 January 2010
Improvements to FRSs (2009)		
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
Amendment to FRS 128	Investments in Associates	1 January 2010
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendment to FRS 131	Interests in Joint Ventures	1 January 2010
Amendment to FRS 138	Intangible Assets	1 January 2010

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Significant accounting estimates and judgements

Preparation of the financial statements involved making certain estimates, judgements and assumptions concerning the future. They affect the accounting policies applied, amounts of assets, liabilities, income and expenses reported and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in these estimates and assumptions by management may have an effect on the balances as reported in financial statements.

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment property.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portion could be sold separately (or leased out separately under a finance lease), the Group would account for the portion separately. If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(ii) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on assessment of recoverability. Whilst management's judgement is guided by the past experiences, judgement is made about the future recovery of debts.

(iii) Allowance for inventories

The Group reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, the Group conducts physical counts on their inventories on a periodic basis in order to determine whether an allowance is required to be made.

(iv) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment as disclosed in Note 3.4 (c). The carrying amount of the Group's property, plant and equipment at 30 June 2009 was as disclosed in Note 4. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(v) Valuation of investment properties

Fair value for investment property is arrived at by reference to market evidence of transaction prices for similar property and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Significant accounting estimates and judgements (cont'd)

(vi) Income taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. 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 tax in the periods in which the outcome is known.

(vii) Provisions

The Group recognises provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each balance sheet date and adjusted to reflect the Group's current best estimate.

(viii) Deferred tax assets

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

3.4 Summary of significant accounting policies

(a) Subsidiary companies and basis of consolidation

(i) Subsidiary companies

Subsidiary companies are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Summary of significant accounting policies (cont'd)

(a) Subsidiary companies and basis of consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

Acquisitions of subsidiary companies are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. 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.

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

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary companies' equity since then.

(b) Investment

Investment in subsidiary companies and other non-current investment are shown at cost or at valuation and are adjusted for impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investment in subsidiary companies are revalued at 5-year interval with additional revaluation in the intervening years where the carrying values of the revalued investment differ materially from the underlying net assets' values of the subsidiary companies.

Where investment in subsidiary companies are stated at valuation, the net increase in the aggregate amount arising from the revaluation is credited to a revaluation reserve account as revaluation surplus. Net decrease in the aggregate amount arising from the revaluation will be charged to the revaluation reserve account. To the extent that a net decrease in aggregate amount is not supported by any previous revaluation surplus, the net decrease is charged to the income statement.

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

Investment in unit trusts is stated at market value. Any increase or decrease in the carrying value of these investments is taken to the income statement.

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment and depreciation (cont'd)

Certain property, plant and equipment of the Group have not been revalued since they were first revalued in 1982. The Directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provision, these assets continue to be stated at their 1982 valuation less accumulated depreciation.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work in progress are also not depreciated as these assets are not available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the following estimated useful lives:

	Number of years
Buildings	50
Workshop	25
Motor vehicles	5
Furniture and fixtures, office equipment, tools and equipment	3 – 5

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement.

(d) Investment properties

Investment property is property which is held either to earn rental income or for capital appreciation or both. Such property is measured initially at cost, including transaction cost. Subsequent to initial recognition, investment property is stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar property and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

Gain or losses arising from changes in the fair value of investment property is recognised in the income statement in the year in which it arises.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in the income statement in the year in which it arises.

These notes form part of the financial statements.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.4 **Summary of significant accounting policies** (cont'd)

(e) **Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out method. The costs of finished goods comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition.

Net realisable value is determined based on the estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

(f) **Impairment of non-financial assets**

The carrying amounts of the Group's assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated on an annual basis or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs 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 risks specific to the asset. Where the carrying amount of an asset exceeds 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 income statement 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 loss 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 the 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 income statement.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Summary of significant accounting policies (cont'd)

(g) Receivables

Receivables are carried at anticipated realisable value. All known bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the period end.

(h) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(i) Interest-bearing borrowings

All bank borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

(j) Provisions

Provisions are recognised when the Group 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 balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(k) Employee benefits

Short term employee benefits

Wages, salaries, bonuses and social contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement. Absences such as sick leaves are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contribution for the local employees to the state pension scheme, the Employees Provident Fund ("EPF"). Overseas subsidiary companies make contributions to respective countries' Statutory Pension Scheme. Such contributions are recognised as an expense in the income statement as incurred.

(l) Leases

Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Summary of significant accounting policies (cont'd)

(l) Leases (cont'd)

Finance lease

Assets acquired by way of hire purchase or finance lease are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 3.4 (c).

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Lease of land

Prepaid land lease payments on leasehold land are stated at surrogate cost less accumulated amortisation and any impairment loss. The policy for the recognition and measurement of impairment losses are in accordance with Note 3.4 (f).

Land held on long lease is being a lease with an unexpired period of fifty years or more and less than fifty years is described as short lease.

The lease payments are amortised on a straight-line basis over the lease term of 50 years.

(m) Taxation and deferred taxation

Income tax on the results for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax asset and liability are accounted for using the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient future taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient future taxable profit will be available, such reductions will be reversed.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Summary of significant accounting policies (cont'd)

(n) Revenue recognition

Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and it is probable that the economic benefits associated with the transactions will flow to the companies in the Group.

Commission income

Commission income is measured at the fair value of the consideration receivable unless collectability is in doubt.

Other revenues

Other revenues are recognised to the extent that it is probable that the economic benefits will flow to the companies in the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before other revenues are recognised:

Rental, royalty and master license fee income	-	on an accrual basis in accordance with the substance of the relevant agreement unless collectability is in doubt.
Dividend income	-	when the shareholder's right to receive payment is established.
Interest income	-	on an accrual basis (taking into account the effective yield on the assets) unless collectability is in doubt.
Membership fee	-	on cash receipt basis.

(o) Foreign currencies

Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Summary of significant accounting policies (cont'd)

(o) Foreign currencies (cont'd)

Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the income statement for the period. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in the income statement in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Summary of significant accounting policies (cont'd)

(q) Segment reporting

The Group's businesses are generally segmented by its channel of distribution and geographical location. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise bank borrowings, finance lease, taxation, corporate assets and corporate expenses. The revenue by geographical segments are based on the location of the customers regardless of where the goods are produced. The assets and capital expenditure are based on the location of those assets.

Segment accounting policies are the same as the policies of the Group. Intersegment transactions are carried out based on terms agreed upon between the management of the respective segment.

(r) Financial instruments

Financial instrument is any contract that gives rise to both a financial asset of one company and a financial liability or equity instrument of other entities.

Financial instruments carried on the balance sheet include cash and bank balances, investment, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(s) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, pledged deposits, bank overdrafts and short term, highly liquid investment that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

These notes form part of the financial statements.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.4 **Summary of significant accounting policies** (cont'd)

(u) **Contingent liabilities and contingent assets**

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(v) **Non-current assets (or disposal groups) held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classifications as held for sale, the measurements of the non-current assets (or all the assets and liabilities in a disposal group) are brought up-to-date in accordance with applicable FRSs. Then, on initial classifications as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the income statement.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is a subsidiary company acquired exclusively with a view to resale.

These notes form part of the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Freehold buildings RM'000	Workshop RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Office equipment RM'000	Tools and equipment RM'000	Capital work in progress RM'000	Total RM'000
Cost									
At 1 July 2007	12,240	17,518	-	4,123	55,807	10,151	9,393	-	109,232
Additions	-	20	1,062	354	20,489	2,798	8,174	-	32,897
Disposals	-	-	-	(6)	(15)	(8)	-	-	(29)
Written off	-	-	-	-	(13,374)	(1,601)	(2,193)	-	(17,168)
Effect of change in exchange rate	-	-	-	-	(1)	(4)	-	-	(5)
At 30 June/ 1 July 2008	12,240	17,538	1,062	4,471	62,906	11,336	15,374	-	124,927
Additions	-	-	-	550	14,100	1,943	6,223	2,063	24,879
Disposals	-	-	-	-	(27)	(69)	(115)	-	(211)
Written off	-	-	-	(1)	(3,098)	(301)	(161)	-	(3,561)
Effect of change in exchange rate	-	-	91	-	1	8	-	-	100
At 30 June 2009	12,240	17,538	1,153	5,020	73,882	12,917	21,321	2,063	146,134

These notes form part of the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Freehold buildings RM'000	Workshop RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Office equipment RM'000	Tools and equipment RM'000	Capital work in progress RM'000	Total RM'000
Accumulated depreciation									
At 1 July 2007	-	1,381	-	2,792	42,984	6,625	5,133	-	58,915
Depreciation charge	-	352	33	574	8,304	1,374	1,773	-	12,410
Disposals	-	-	-	(5)	(15)	(1)	-	-	(21)
Written off	-	-	-	-	(13,335)	(1,596)	(2,189)	-	(17,120)
Effect of change in exchange rate	-	-	(1)	-	(1)	(3)	-	-	(5)
At 30 June/ 1 July 2008	-	1,733	32	3,361	37,937	6,399	4,717	-	54,179
Depreciation charge	-	350	80	525	13,487	1,771	3,454	-	19,667
Disposals	-	-	-	-	(4)	(66)	(115)	-	(185)
Written off	-	-	-	(1)	(3,079)	(214)	(131)	-	(3,425)
Effect of change in exchange rate	-	-	4	-	1	6	-	-	11
At 30 June 2009	-	2,083	116	3,885	48,342	7,896	7,925	-	70,247
Net carrying amount									
At 30 June 2009	12,240	15,455	1,037	1,135	25,540	5,021	13,396	2,063	75,887
At 30 June 2008	12,240	15,805	1,030	1,110	24,969	4,937	10,657	-	70,748

These notes form part of the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land RM'000	Freehold buildings RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Office equipment RM'000	Tools and equipment RM'000	Capital work in progress RM'000	Total RM'000
Cost								
At 1 July 2007	12,240	16,354	107	4,359	2,612	597	-	36,269
Additions	-	19	-	20	1	22	-	62
Written off	-	-	-	(975)	(735)	(184)	-	(1,894)
At 30 June/ 1 July 2008	12,240	16,373	107	3,404	1,878	435	-	34,437
Additions	-	-	-	44	-	16	1,238	1,298
Written off	-	-	-	-	(9)	-	-	(9)
At 30 June 2009	12,240	16,373	107	3,448	1,869	451	1,238	35,726
Accumulated depreciation								
At 1 July 2007	-	1,055	107	1,417	1,482	408	-	4,469
Depreciation charge	-	328	-	641	285	48	-	1,302
Written off	-	-	-	(975)	(734)	(184)	-	(1,893)
At 30 June/ 1 July 2008	-	1,383	107	1,083	1,033	272	-	3,878
Depreciation charge	-	327	-	634	269	50	-	1,280
At 30 June 2009	-	1,710	107	1,717	1,302	322	-	5,158
Net carrying amount								
At 30 June 2009	12,240	14,663	-	1,731	567	129	1,238	30,568
At 30 June 2008	12,240	14,990	-	2,321	845	163	-	30,559

These notes form part of the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in the net carrying amount of property, plant and equipment are:

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
(i) Assets carried at valuation less accumulated depreciation:				
- freehold buildings	792	814	-	-
Had these assets been carried at cost less accumulated depreciation:				
- freehold buildings	237	244	-	-

The freehold buildings were valued by independent professional valuers based on the open market value method in 1982.

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
(ii) Assets pledged as securities for banking facilities (Note 18):				
- freehold land	4,629	4,629	4,629	4,629
- freehold building	10,562	10,784	10,562	10,784
	15,191	15,413	15,191	15,413
(iii) Assets held under hire purchase instalment plan and finance lease obligations:				
- motor vehicles	654	361	-	-
- furniture and fixtures	1,704	-	-	-
- office equipment	166	-	-	-
- tools and equipment	744	-	-	-
	3,268	361	-	-
(iv) Title deeds to the following land and buildings have yet to be issued by the relevant authorities:				
- freehold land	-	4,892	-	4,892
- freehold buildings	792	814	-	-
	792	5,706	-	4,892

These notes form part of the financial statements.

5. INVESTMENT PROPERTIES

Group	Long-term leasehold land and buildings RM'000	Workshops RM'000	Total RM'000
At fair value			
At 1 July 2007	1,740	-	1,740
Addition	-	1,723	1,723
Changes in fair value	(24)	(43)	(67)
Reclassified to non-current assets held for sale (Note 10)	(1,716)	-	(1,716)
Effect of change in exchange rate	-	1	1
At 30 June/ 1 July 2008	-	1,681	1,681
Changes in fair value	-	(123)	(123)
Effect of change in exchange rate	-	142	142
At 30 June 2009	-	1,700	1,700

(i) The investment property was revalued at 30 June 2009 by professional qualified valuers, Midland Surveyors Limited, using the comparison approach and the investment approach, to reflect its fair value of RM1.7 million (HK$3,740,000).

(ii) The rental income and operating expenses related to the investment properties recognised for the financial year are as follows:

	Group 2009 RM'000	Group 2008 RM'000
Rental income	117	103
Changes in fair value	(123)	(67)
Direct operating expenses of revenue generating investment property	(15)	(26)

6. PREPAID LAND LEASE PAYMENTS

	Group 2009 RM'000	Group 2008 RM'000
Cost		
At 1 July	862	-
Addition	-	862
Effect of change in exchange rate	74	-
At 30 June	936	862
Less: Accumulated amortisation		
At 1 July	17	-
Charge for the year	24	17
Effect of change in exchange rate	1	-
At 30 June	(42)	(17)
Net carrying amount	894	845

These notes form part of the financial statements.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2009	2008
Unquoted shares	**RM'000**	**RM'000**
At valuation	176,929	133,126
Less: Accumulated impairment losses		
At 1 July	13,663	13,663
Additions	121	-
At 30 June	(13,784)	(13,663)
Net carrying amount	163,145	119,463

The Directors revalued the investment in subsidiary companies based on their underlying net assets during the financial year.

The management of the Company has carried out a review of the recoverable amount of its investments in subsidiary companies following the under performance of the subsidiary companies. The review has led to the retention of the impairment loss of RM13,663,125 recognised in the prior year's income statement, and a further impairment loss amounting to RM121,000 is required.

The recoverable amount is determined based on value-in-use calculations using cash flow projections based on financial budgets estimated by management covering a five-year period, and is premised on the following assumptions:

(i) Growth rate

The weighted average growth rates are consistent with the long-term average growth rate of respective subsidiary companies.

(ii) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for expected internal resource efficiency improvements, market and economic conditions.

(iii) Operating expenditure

Rate of respective operating expenses are determined based on historical trend.

(iv) Discount rate

The discount rate used is 4% over the five-year period.

These notes form part of the financial statements.

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the CGUs, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to materially exceed their recoverable amounts.

All subsidiary companies were incorporated in Malaysia except for Padini International Limited which was incorporated in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"). Details of the subsidiary companies are as follows:-

Subsidiary companies of the Company	Gross equity interest 2009 %	2008 %	Principal activities
Vincci Ladies' Specialties Centre Sdn. Bhd. ("Vincci")	100	100	Dealers of ladies' shoes and accessories.
Padini Corporation Sdn. Bhd. ("Padini Corporation")	100	100	Dealers of garments and ancillary products.
Seed Corporation Sdn. Bhd. ("Seed")	100	100	Dealers of garments and ancillary products.
Yee Fong Hung (Malaysia) Sendirian Berhad ("Yee Fong Hung")	100	100	Dealers of garments and ancillary products.
Mikihouse Children's Wear Sdn. Bhd. ("Mikihouse")	100	100	Dealers of children's garments, maternity wear and accessories.
Padini Dot Com Sdn. Bhd. ("Padini Dot Com")	100	100	Provision of management services.
Padini International Limited *	100	100	Dealers of garments, ladies' shoes and ancillary products.
Vincci Holdings Sdn. Bhd. ("Vincci Holdings")	100	100	Dormant.
The New World Garment Manufacturers Sdn. Bhd. ("The New World Garment")	100	100	Dormant.

* Audited by other firms of auditors.

These notes form part of the financial statements.

8. INVESTMENT

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Quoted shares in Malaysia, at cost	-	60	-	-
Less : Impairment loss	-	(47)	-	-
	-	13	-	-
Unquoted shares in Malaysia, at cost	560	560	560	560
Club membership, at cost	124	124	-	-
	684	697	560	560
Quoted shares, at market value	-	30		

Included in unquoted investment is an investment in Cassardi Sdn. Bhd., in which the Company has 40% equity interest. The investment is classified as a simple investment and is shown at cost. No equity accounting has been applied despite a 40% equity interest as the Group does not have control nor influence in the investee company, no representation on the investee company's board of Directors, no participation in any policy making processes, no material transaction between the Group and the investee company, no interchange of managerial personnel nor is there any provision of technical information to the investee company and vice versa.

9. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group	
	2009	2008
Deferred taxation	RM'000	RM'000
At 1 July	454	820
Recognised in the income statement (Note 13)	1,401	(366)
Effect of change in exchange rate	(2)	-
At 30 June	1,853	454

Presented after appropriate offsetting as follows:

	Group	
	2009	2008
	RM'000	RM'000
Deferred tax assets	2,047	473
Deferred tax liabilities	(194)	(19)
	1,853	454

These notes form part of the financial statements.

9. DEFERRED TAXATION (cont'd)

The components and movements of deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows:

Group	Balance at 1.7.2008 RM'000	Recognised in the income statement RM'000	Effect of change in exchange rate RM'000	Balance at 30.6.2009 RM'000
Deferred tax assets				
Surplus on revaluation	(101)	2	-	(99)
Depreciation claimed in excess of capital allowances	143	663	-	806
Provision for loyalty points	239	131	-	370
Unused business losses	-	699	-	699
Allowance for doubtful debts	192	79	-	271
	473	1,574	-	2,047
Deferred tax liabilities				
Capital allowances claimed in excess of depreciation	(19)	(173)	(2)	(194)
	454	1,401	(2)	1,853

Deferred tax assets of the companies in the Group are only recognised to the extent where it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The balance of deferred tax assets have not been recognised as it is not probable that sufficient future taxable profits will be available to offset against the unrecognised deferred tax assets.

Deferred tax assets have not been recognised in respect of the following:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Surplus on revaluation	(99)	(101)	-	-
Temporary differences between accounting depreciation and related capital allowances	789	(244)	(17)	48
Unused capital allowances	266	179	266	124
Unused tax losses	699	1,380	-	-
Provision for loyalty points	370	267	-	-
Allowance for doubtful debts	271	191	-	-
	2,296	1,672	249	172
Less: Recognised as deferred tax assets	(2,047)	(473)	-	-
	249	1,199	249	172

10. NON-CURRENT ASSETS HELD FOR SALE

	Group	
Net carrying amount	2009 RM'000	2008 RM'000
Long-term leasehold land and buildings (Note 5)	-	1,716

These notes form part of the financial statements.

11. INVENTORIES

	Group	
	2009	2008
At cost	RM'000	RM'000
Raw materials	666	692
Completed garments, shoes and accessories	88,231	111,240
Food and beverage	23	23
	88,920	111,955
At net realisable value		
Raw materials	-	132
Completed garments, shoes and accessories	2,958	4,026
	91,878	116,113

12. RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Trade receivables	12,390	13,134	-	-
Less: Allowance for doubtful debts				
At 1 July	(815)	(544)	-	-
Additions	(268)	(271)	-	-
At 30 June	(1,083)	(815)	-	-
	11,307	12,319	-	-
Other receivables and prepayment	7,718	4,834	31	54
Deposits				
- business premises	13,537	12,628	-	-
- others	502	418	104	73
Due from subsidiary companies - non-trade	-	-	5,395	14,152
	33,064	30,199	5,530	14,279

The currency exposure profile of receivables is as follows:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	30,029	25,691	5,506	14,279
US Dollar	2,786	901	-	-
Hong Kong Dollar	249	3,607	24	-
	33,064	30,199	5,530	14,279

The amount due from subsidiary companies is unsecured, interest free and has no fixed terms of repayment.

These notes form part of the financial statements.

13. TAXATION

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Net tax (liabilities)/ assets at 1 July	(4,618)	(4,720)	(146)	22
Taxation charge for the financial year	(19,478)	(15,543)	(3,002)	(13,452)
Effect of change in exchange rate	(84)	50	-	-
Payment made during the financial year	15,440	15,595	3,005	13,284
Net tax liabilities at 30 June	(8,740)	(4,618)	(143)	(146)
Disclosed as :-				
Tax assets	-	178	-	-
Tax liabilities	(8,740)	(4,796)	(143)	(146)
	(8,740)	(4,618)	(143)	(146)

The taxation expenses comprise:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
- Based on results for the financial year	19,032	15,414	3,007	13,152
- (Over)/ under provision in prior years	(77)	(566)	(5)	214
- Penalty	-	109	-	86
Hong Kong taxation	523	586	-	-
	19,478	15,543	3,002	13,452
Deferred taxation (Note 9)				
- Based on results for the financial year				
- Malaysian taxation	(307)	219	-	-
- Hong Kong taxation	(9)	14	-	-
- (Over)/ under provision in prior years	(1,085)	133	-	-
	(1,401)	366	-	-
	18,077	15,909	3,002	13,452

Tax savings arising from utilisation of unused capital allowances and tax losses of the Group during the financial year amounted to approximately RM521,400 (2008: RM546,600).

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In prior year, certain subsidiary companies of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%
In excess of RM500,000 of chargeable income : 26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiary companies no longer qualify for the above preferential tax rates.

These notes form part of the financial statements.

13. TAXATION (cont'd)

(i) Group's reconciliation of tax expense with accounting profit:

	2009 RM'000	2008 RM'000
Profit before taxation	67,610	57,659
Tax at the current income tax rate at 25% (2008: 26%)	16,903	14,991
Tax at different statutory income tax rate of certain subsidiary companies	(264)	(409)
Tax effects in respect of:		
- Depreciation of non-qualifying property, plant and equipment	2,710	1,845
- Tax savings from utilisation of unused capital allowances and tax losses	(254)	(66)
- Non-allowable expenses	609	757
- Non-taxable income	(603)	(492)
- Deferred tax assets/ (liabilities) not recognised	140	(411)
- Crystallisation of deferred tax liability on revaluation surplus	(2)	(4)
(Over)/ under provision in prior years		
- Income tax	(77)	(566)
- Deferred tax	(1,085)	133
Penalty	-	109
Effect of changes in tax rate	-	22
	18,077	15,909

(ii) Company's reconciliation of tax expense with accounting profit:

	2009 RM'000	2008 RM'000
Profit before taxation	9,455	48,870
Tax at the current income tax rate at 25% (2008: 26%)	2,364	12,706
Tax effects in respect of:		
- Impairment loss on investment in subsidiary companies	30	-
- Depreciation of non-qualifying property, plant and equipment	247	257
- Non-allowable expenses	292	111
- Non-taxable income	-	(1)
- Deferred tax assets not recognised	74	79
(Over)/ under provision of income tax in prior years	(5)	214
Penalty	-	86
	3,002	13,452

(iii) The Group and the Company have the following which can be used to offset against future taxable profits:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unused capital allowances	1,066	494	1,066	494
Unused tax losses	2,798	4,926	-	-
	3,864	5,420	1,066	494

These notes form part of the financial statements.

14. SHORT TERM INVESTMENT

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
At market value				
Investment in unit trusts, in Malaysia	18,945	19,868	17,843	18,715

15. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed bank	12	24	-	-
Cash and bank balances	65,609	21,772	244	321
	65,621	21,796	244	321

Fixed deposits with licensed bank have been pledged to secure banking facilities of a subsidiary company and hence, are not available for general use.

The currency exposure profile of deposits, cash and bank balances is as follows:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	56,490	17,632	244	321
Hong Kong Dollar	9,131	4,164	-	-
	65,621	21,796	244	321

16. SHARE CAPITAL

Group/Company	2009 No. of shares '000	2008 No. of shares '000	2009 RM'000	2008 RM'000
Authorised:				
At 1 July	*200,000	^100,000	100,000	100,000
Adjustment made pursuant to Share Split	-	100,000	-	-
At 30 June	*200,000	*200,000	100,000	100,000

^ Ordinary shares of RM1.00 each
* Ordinary shares of RM0.50 each

These notes form part of the financial statements.

16. SHARE CAPITAL (cont'd)

Group/Company	2009 No. of shares '000	2008 No. of shares '000	2009 RM'000	2008 RM'000
Issued and fully paid:				
At 1 July	* 131,582	^ 65,591	65,791	65,591
Adjustment made pursuant to Share Split	-	65,591	-	-
Share options exercised				
At RM0.53 per share	-	* 20	-	10
At RM0.63 per share	-	* 11	-	5
At RM1.16 per share	-	* 115	-	58
At RM0.93 per share	-	* 33	-	16
At RM1.65 per share	-	* 221	-	111
	-	* 400	-	200
At 30 June	* 131,582	* 131,582	65,791	65,791

^ Ordinary shares of RM1.00 each
* Ordinary shares of RM0.50 each

The Company's Employees' Share Option Scheme ("ESOS scheme") was approved by the shareholders at the Extraordinary General Meeting held on 16 September 2002. It became effective on 3 October 2002 for a period of 5 years. The ESOS scheme ended on 2 October 2007.

At the Extraordinary General Meeting held on 18 June 2007, the Company obtained the shareholders' approval to undertake a share split involving the subdivision of every one (1) existing share of RM1.00 each in the Company into two (2) ordinary shares of RM0.50 each ("Share Split"). The share split, ranked pari passu in all respects amongst themselves.

The Share Split was completed on 9 July 2007.

17. RESERVES

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Non-distributable				
Share premium	3,772	3,772	3,772	3,772
Revaluation reserve	-	-	117,516	73,713
Currency translation reserves	(27)	(849)	-	-
	3,745	2,923	121,288	77,485
Distributable				
Retained profits	134,507	100,764	16,866	26,203
	138,252	103,687	138,154	103,688

These notes form part of the financial statements.

17. RESERVES (cont'd)

Share premium
The share premium of the Group and the Company represents premium arising from the issuance of ordinary shares of the Company at issue price above par value.

Revaluation reserve
The revaluation reserve arises on the revaluation of Company's investment in subsidiary companies.

Currency translation reserves
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

Retained profits
Prior to year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("Single Tier System"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

During the financial year, the Company has elected for the irrevocable option to disregard the Section 108 balance and opted to move to the single tier system. Hence, the Company will be able to distribute dividends out of its entire retained earnings as at 30 June 2009 under the single tier system.

18. BORROWINGS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-current				
Secured				
Hire purchase and finance lease obligations	1,484	193	-	-
Term loan	1,726	3,002	1,726	3,002
	3,210	3,195	1,726	3,002
Current				
Secured				
Hire purchase and finance lease obligations	870	152	-	-
Term loan	1,275	1,200	1,275	1,200
Unsecured				
Bankers' acceptance	26,074	23,150	-	-
Revolving credit	417	500	-	-
	28,636	25,002	1,275	1,200
	31,846	28,197	3,001	4,202

These notes form part of the financial statements.

18. BORROWINGS (cont'd)

(i) The term loan is secured against certain property, plant and equipment of the Group as disclosed in Note 4 (ii).

The entire borrowings, except for term loan and hire purchase obligations, are secured by corporate guarantee given by the Company.

(ii) Interests are charged as follows:

Bankers' acceptance	-	Ranging from 2.59% to 4.59% (2008: 4.07% to 4.15%) per annum.
Hire purchase and finance lease obligations	-	Implicit interest rate ranging from 4.32% to 9.70% (2008: 4.32% to 4.70%) per annum.
Term loan	-	Ranging from 2.63% to 4.18% (2008: 4.03% to 4.06%) per annum.
Revolving credit	-	Ranging from 3.10% to 4.76% (2008: 4.36% to 4.48%) per annum.

(iii) Hire purchase and finance lease obligations

	Group	
	2009 RM'000	2008 RM'000
Minimum lease payments		
- not later than 1 year	1,031	164
- later than 1 year and not later than 5 years	1,579	209
	2,610	373
Less : Unexpired finance charges	(256)	(28)
	2,354	345
Present value of hire purchase and finance lease obligations		
Payable as follows:		
- not later than 1 year	870	152
- later than 1 year and not later than 5 years	1,484	193
	2,354	345

(iv) The term loan at the end of the financial year is repayable as follows:

	Group/Company	
	2009 RM'000	2008 RM'000
Not later than 1 year	1,275	1,200
Between 1 to 2 years	1,300	1,275
Between 2 to 5 years	426	1,727
	3,001	4,202

These notes form part of the financial statements.

19. PAYABLES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Trade payables	28,485	38,050	-	-
Other payables and accruals	7,880	12,970	39	333
Due to subsidiary companies - non-trade	-	-	2,867	-
Dividends payable	7,895	9,737	7,895	9,737
	44,260	60,757	10,801	10,070

The currency exposure profile of payables is as follows:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	42,369	58,572	10,801	10,070
US Dollar	982	1,345	-	-
Hong Kong Dollar	909	840	-	-
	44,260	60,757	10,801	10,070

Included in trade payables of the Group is advance payment received from customers against confirmed purchase orders amounted to RM1,030,396 (2008: RM1,393,258).

The amount due to subsidiary companies is unsecured, interest free and has no fixed terms of repayment.

20. PROVISION

	Group	
	2009	2008
	RM'000	RM'000
Provision for loyalty points	1,637	1,067

The provision represents loyalty points given to customers who are members of the Group's loyalty programme.

The provision is expected to be utilised in the next financial year.

21. REVENUE

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Commission income	3,780	2,428	-	-
Dividend income	-	28	9,740	48,428
Sale of goods	471,697	380,850	-	-
	475,477	383,306	9,740	48,428

These notes form part of the financial statements.

22. COST OF SALES

	Group 2009 RM'000	Group 2008 RM'000
Purchases	217,723	244,425
Changes in inventories of finished goods	24,235	(52,072)
	241,958	192,353

23. PROFIT FROM OPERATIONS

The following items have been charged/ (credited) in arriving at profit from operations:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Auditors' remuneration				
- statutory audit				
- current year	149	149	32	32
- under provision in prior year	-	1	-	2
- tax services	20	22	2	2
Allowance for doubtful debts	268	271	-	-
Amortisation of prepaid land lease payment	24	17	-	-
Changes in fair value of investment property	123	67	-	-
Depreciation of property, plant and equipment	19,667	12,410	1,280	1,302
Directors' remuneration (Note 24)	3,190	2,947	105	100
Impairment loss on investment in subsidiary companies	-	-	121	-
Interest income	(645)	(1,472)	(5)	(7)
Inventories written down to net realisable value	1,693	2,544	-	-
Loss on disposal of investment	75	-	-	-
Loss on short term investment	923	-	872	113
Management fee income	-	(140)	-	-
Profit on disposal of non-current assets held for sale	(684)	-	-	-
Profit on disposal of property, plant and equipment	(14)	(8)	-	-
Property, plant and equipment written off	136	48	9	1
Provision for loyalty points	570	239	-	-
Realised loss/ (gain) on foreign exchange	501	(91)	-	-
Rental income	(118)	(103)	(2,882)	(2,882)
Rental of equipment	232	241	-	-
Rental of motor vehicles	1	1	-	-
Rental of premises	44,909	39,742	-	-
Royalty income	(1,447)	(982)	-	-
Staff costs				
- Salaries, allowances and bonuses	62,072	52,003	-	-
- Employees' Provident Fund	7,003	5,868	-	-
- Unconsumed leaves	186	118	-	-
- Other employee benefits	2,835	3,768	8	2

These notes form part of the financial statements.

24. DIRECTORS' REMUNERATION

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- fees	105	100	105	100
- other emoluments	2,965	2,722	-	-
Director of a subsidiary company				
- other emoluments	120	125	-	-
	3,190	2,947	105	100

The estimated monetary value of other benefits not included in the above received by the Directors of the Company and subsidiary company were RM96,029 (2008: RM92,367) and RM6,900 (2008: RM5,900) respectively.

The Directors' remuneration were received or receivable by the following Directors:-

Directors of the Company
Datuk Dr. Abdullah bin Abdul Rahman
Yong Pang Chaun
Yong Lai Wah
Chong Chin Lin
Chan Kwai Heng
Sahid bin Mohamed Yasin
Cheong Chung Yet
Foo Kee Fatt (appointed on 02.01.2009)

Director of a subsidiary company
Yong Lai Ang

	Executive 2009 RM'000	Non-executive 2009 RM'000	Executive 2008 RM'000	Non-executive 2008 RM'000
Group				
Directors of the Company				
Fees	-	105	-	100
Other emoluments				
- Salaries and allowances	1,784	-	1,776	-
- Bonuses	865	-	659	-
- Employees' Provident Fund	316	-	287	-
	2,965	105	2,722	100
Company				
Directors of the Company				
Fees	-	105	-	100

These notes form part of the financial statements.

25. FINANCE COSTS

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Interests on:				
- Hire purchase and finance lease	76	10	-	-
- Term loan	128	192	128	192
- Bankers' acceptance	656	349	-	-
- Revolving credit	596	142	-	-
- Letter of credit charges	67	76	59	71
- Others	2	-	-	-
	1,525	769	187	263

26. EARNINGS PER SHARE

(i) Basic earnings per share

The basic earnings per share of the Group for the financial year is calculated based on the profit attributable to equity holders divided by the weighted average number of ordinary shares in issue:

	2009	2008
	RM'000	RM'000
Profit attributable to equity holders of the Company	49,533	41,715
	Number of ordinary shares	
	'000	'000
Number of shares in issue as at 1 July	131,582	65,591
Effects of:		
Exercise of ESOS	-	356
Share split	-	65,591
Weighted average number of ordinary shares in issue	131,582	131,538
Basic earnings per share of RM0.50 each (sen)	37.64	31.71

(ii) Diluted earnings per share

During the current and previous financial years, there were no shares in issuance which will have a dilutive effect to the earnings per share of the Group.

These notes form part of the financial statements.

27. DIVIDENDS

The dividends declared and paid by the Company are as follows:-

	Group/ Company			
	2009		2008	
	Dividend per share net of tax sen	Amount of dividend net of tax RM'000	Dividend per share net of tax sen	Amount of dividend net of tax RM'000
Recognised during the year:				
In respect of prior year				
Franked final dividend at 8 sen per share less income tax of 25% (2008: Franked final dividend at 5 sen per share less income tax of 26%)	6.00	7,895	3.70	4,869
In respect of current year				
Single tier interim dividend at 6 sen per share (2008: Franked interim dividend at 10 sen per share less income tax of 26%)	6.00	7,895	7.40	9,737
		15,790		14,606

The Directors recommend a final single tier dividend of 7.5 sen per share for the current financial year, subject to the approval of members at the forthcoming Annual General Meeting.

28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Additions to property, plant and equipment	24,879	32,897	1,298	62
Financed by hire purchase and finance lease	(2,414)	(240)	-	-
	22,465	32,657	1,298	62

29. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM'000	Restated 2008 RM'000	2009 RM'000	Restated 2008 RM'000
Represented by:				
Deposits, cash and bank balances	65,621	21,796	244	321

These notes form part of the financial statements.

30. SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosure mentioned elsewhere in the financial statements, the other related party relationships and significant transactions are set out as follows:

(i) Related party relationships

Related parties are parties in which one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company has related party relationships with the following:-

(a) Subsidiary companies of the Company as disclosed in Note 7.

(b) Substantial shareholder of the Company

Yong Pang Chaun Holdings Sdn. Bhd. ("YPC"), a shareholder of the Company which holds 42.22% equity interest in the Company where the Directors of the Company, Messrs. Yong Pang Chaun, Chong Chin Lin and Yong Lai Wah have substantial financial interests. Yong Pang Chaun and Chong Chin Lin are also the directors of YPC.

(c) A company in which a Director has indirect financial interest

Dat Hin Garment Manufacturing Sdn. Bhd. ("Dat Hin"), a company where the Director of the Company, Mdm. Yong Lai Wah has indirect financial interest.

(ii) Significant related party transactions

In the normal course of business, the Group and the Company undertakes on agreed terms and prices, the following transactions with its related parties as follows:-

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Transactions entered into with subsidiary companies				
Dividend income received from				
- Vincci	-	-	-	41,830
- Padini Corporation	-	-	9,740	4,870
- Seed	-	-	-	1,700
Rental income received from				
- Vincci	-	-	637	637
- Padini Corporation	-	-	471	471
- Seed	-	-	417	417
- Yee Fong Hung	-	-	177	177
- Mikihouse	-	-	186	186
- Padini Dot Com	-	-	994	994

These notes form part of the financial statements.

30. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(ii) Significant related party transactions (cont'd)

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Transactions entered into with subsidiary companies (continued)				
Subscription of shares in				
- Yee Fong Hung				
- in cash	-	-	-	2,780
- in settlement of receivable balance	-	-	-	600
Advance to				
- Padini Corporation	-	-	3	-
- Mikihouse	-	-	-	1,100
- Padini Dot Com	-	-	-	3,800
- The New World Garment	-	-	2	-
Advance from				
- Vincci	-	-	2,693	-
- Padini Corporation	-	-	1,195	-
- Seed	-	-	149	-
- Yee Fong Hung	-	-	26	-
- Padini Dot Com	-	-	-	100
Repayment received from				
- Yee Fong Hung	-	-	-	90
- Mikihouse	-	-	100	-
- Padini Dot Com	-	-	3,480	720
Transactions entered into with related parties				
Dividend paid to YPC	7,330	1,998	7,330	1,998
Purchase of goods from Dat Hin	53	-	-	-
Purchase of additional equity interest of Vincci from Yong Lai Wah	-	461	-	461

Information regarding outstanding balances arising from related party transactions as at 30 June 2009 and 30 June 2008 are disclosed in Note 12 and Note 19.

(iii) Compensation of key management personnel

The members of key management are also the Directors of the Company. The Directors' remuneration is disclosed in Note 24.

These notes form part of the financial statements.

31. COMMITMENTS

(i) Capital commitment

Capital commitment at the end of the financial year are as follows:

	Group 2009 RM'000	Group 2008 RM'000
Contracted but not provided for		
- Capital expenditure in relation to computer system	2,609	3,303

(ii) Non-cancellable lease commitment

As at the end of the financial year, non-cancellable long-term lease commitments pertaining to the Group in respect of rental of premises and equipment are as follows:-

	Group 2009 RM'000	Group 2008 RM'000
Not later than 1 year	38,274	37,555
Later than 1 year and not later than 5 years	23,474	45,562
	61,748	83,117

Certain lease rental are subject to contingent rental which are determined based on a percentage of sales generated from outlets.

32. CONTINGENT LIABILITIES

(i)

	Company 2009 RM'000	Company 2008 RM'000
Secured		
Freehold land and building pledged to bank for banking facilities		
- Facility approved	7,200	7,200
- Amount utilised	7,200	7,200
Unsecured		
Corporate guarantee to banks and financial institutions for banking facilities granted to certain subsidiary companies		
- In Ringgit Malaysia	53,000	54,750
- In US Dollar	6,000	6,000
Amount utilised		
- In Ringgit Malaysia	26,491	22,250

(ii) Letter of guarantee and indemnity were issued by the Company to the landlord of certain subsidiary companies pertaining to its non-cancellable lease commitment of approximately RM13,443,000 (2008: RM15,514,000).

These notes form part of the financial statements.

33. FINANCIAL INSTRUMENTS

(i) Credit risk

Receivables

The Group's normal trade receivables credit period ranges from 2 to 90 days (2008: 2 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group is exposed to a significant concentration of credit risk, whereby significant outstanding balance of trade receivables as at 30 June 2009 is due from 2 (2008: 2) customers, represent approximately 43% (2008: 44%) or RM4,842,791 (2008: RM5,374,867) of the net trade receivables.

Payables

The normal trade credit period granted to the Group ranges from 30 to 90 days (2008: 30 to 90 days) or such other period as negotiated with the suppliers.

(ii) Interest rate risk

The fixed deposits with licensed banks has an effective interest yield of 3.7% (2008: 3.7%) per annum and has a maturity period of 365 days (2008: 365 days).

(iii) Fair values

The following methods and assumptions are used to determine the fair value of each of the financial assets or liabilities for which it is practicable to estimate their values:

Cash and bank balances, other receivables, other payables and short term borrowings

The carrying amounts of these amounts approximate their fair values due to their short term nature.

Investment in subsidiary companies

Investment in subsidiary companies is valued by the Directors based on their underlying net assets.

Investment

The fair value of quoted shares is its market value at the balance sheet date as disclosed in Note 8.

Short term investment

The fair value of unit trusts is its market value at the balance sheet date as disclosed in Note 14.

Trade receivables and payables

The carrying values of these amounts approximate their fair values because these are subject to normal trade credit terms and their short term nature.

Amount due from/ (to) subsidiary companies

No disclosure of fair value is made for amount due from/ (to) subsidiary companies as it is not practicable to determine its fair values with sufficient reliability given these balances have no fixed terms of repayment. However, the Directors do not anticipate the carrying value recorded at the balance sheet date to be significantly different from the amount which would eventually be settled as disclosed in Note 12 and Note 19.

These notes form part of the financial statements.

33. FINANCIAL INSTRUMENTS (cont'd)

(iii) Fair values (cont'd)

Borrowings

The fair value of long-term borrowings is estimated based on the current rates available for borrowings with the similar maturity profile. The carrying amount of the long-term borrowings at balance sheet date approximates their fair values.

Contingent liability

The Company provides guarantees to certain subsidiary companies as follows:

(i) financial guarantees to banks for credit facilities extended; and
(ii) indemnity guarantees to landlord pertaining to its non-cancellable lease commitment.

The fair value of such guarantees is not expected to be material as the probability of the subsidiary companies defaulting on the credit lines and non-cancellable lease commitment are remote.

34. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's geographical segment. The segment operates in two principal geographical areas, Malaysia and Hong Kong.

Primary reporting format-geographical segments by location of assets

Group 2009	Malaysia RM'000	Hong Kong RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
Revenue from external customers	465,130	10,347	-	475,477
Inter-segment revenue	316	-	(316)	-
	465,446	10,347	(316)	475,477
Results				
Segment results	65,473	3,017	-	68,490
Interest income	644	1	-	645
Finance cost				(1,525)
Taxation				(18,077)
Profit for the financial year				49,533
Assets				
Segment assets	274,752	13,921	-	288,673
Unallocated assets				2,047
Total assets				290,720
Liabilities				
Segment liabilities	37,093	909	-	38,002
Borrowings	31,846	-	-	31,846
Unallocated liabilities				16,829
Total liabilities				86,677

These notes form part of the financial statements.

34. SEGMENTAL INFORMATION (cont'd)

Primary reporting format-geographical segments by location of assets (cont'd)

Group 2009	Malaysia RM'000	Hong Kong RM'000	Elimination RM'000	Consolidated RM'000
Capital expenditure	24,876	3	-	24,879
Non-cash items				
Allowance for doubtful debts	268	-	-	268
Amortisation of prepaid land lease payments	-	24	-	24
Changes in fair value of investment property	-	123	-	123
Depreciation of property, plant and equipment	19,574	93	-	19,667
Inventories written down to net realisable value	1,693	-	-	1,693
Loss on disposal of investment	75	-	-	75
Loss on short term investment	923	-	-	923
Profit on disposal of non-current assets held for sale	(684)	-	-	(684)
Profit on disposal of property, plant and equipment	(14)	-	-	(14)
Property, plant and equipment written off	136	-	-	136
Provision for loyalty points	570	-	-	570

Group 2008	Malaysia RM'000	Hong Kong RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
Revenue from external customers	370,642	12,664	-	383,306
Inter-segment revenue	2,106	-	(2,106)	-
	372,748	12,664	(2,106)	383,306
Results				
Segment results	53,429	3,527	-	56,956
Interest income	1,419	53	-	1,472
Finance cost				(769)
Taxation				(15,909)
Profit for the financial year				41,750

These notes form part of the financial statements.

34. SEGMENTAL INFORMATION (cont'd)

Primary reporting format-geographical segments by location of assets (cont'd)

Group 2008	Malaysia RM'000	Hong Kong RM'000	Elimination RM'000	Consolidated RM'000
Assets				
Segment assets	251,670	11,993	-	263,663
Unallocated assets				651
Total assets				264,314
Liabilities				
Segment liabilities	50,090	1,997	-	52,087
Borrowings	28,197	-	-	28,197
Unallocated liabilities				14,552
Total liabilities				94,836
Capital expenditure	30,956	1,941	-	32,897
Non-cash items				
Allowance for doubtful debts	271	-	-	271
Amortisation of prepaid land lease payments	-	17	-	17
Changes in fair value of investment property	24	43	-	67
Depreciation of property, plant and equipment	12,355	55	-	12,410
Inventories written down to net realisable value	2,544	-	-	2,544
Profit on disposal of property, plant and equipment	(8)	-	-	(8)
Property, plant and equipment written off	48	-	-	48
Provision for loyalty points	239	-	-	239

Segment revenue and results include transfer between geographical segments. Such transfers are accounted for at agreed terms and prices. These transfers are eliminated on consolidation.

Secondary reporting format-geographical segment by location of customers

	Group 2009 RM'000	 2008 RM'000
Revenue		
Malaysia	425,400	345,083
Middle East countries	38,124	25,983
Other Asia Pacific countries	11,733	12,240
Others	220	-
	475,477	383,306

The Group operates principally in retail industry and therefore information by business segments is not applicable.

These notes form part of the financial statements.

35. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the Balance Sheet date, the Company had awarded construction works located at Lot 112, Jalan U1/20, Hicom Glenmarie Industrial Park, 40000 Shah Alam, for an estimated construction cost of RM18 million.

36. PRIOR YEAR ADJUSTMENTS

(i) The cash and cash equivalents as presented in Cash Flow Statement 2008 includes investment in unit trusts of RM19,868,000 (2007: RM30,232,000) and RM18,715,000 (2007: RM Nil) for the Group and the Company respectively. This has been excluded in the current financial year and the comparative figures have been restated accordingly.

(ii) Leasehold properties are stated at fair value as provided for under FRS 140 – Investment Property. Previously this has been stated at cost less accumulated depreciation and is now restated. There is no effect to the retained profits brought forward.

(iii) Investment in subsidiary companies is stated at valuation based on its underlying net assets. For the year 2008 and 2007, investment in subsidiary companies was shown at deemed cost based on the underlying net assets as at 30 June 2006. The resultant revaluation of investment in subsidiary companies as at 30 June 2008 based on its underlying net assets gave rise to a revaluation surplus to the Company by approximately RM27 million. The Group's net worth remained unchanged.

These notes form part of the financial statements.

DIRECTORS' SHAREHOLDINGS AS AT 30 OCTOBER 2009

Shareholdings in the Company

	No. of Shares Held			
Director	Indirect	%	Direct	%
DATUK DR ABDULLAH BIN ABDUL RAHMAN	NIL	NIL	NIL	NIL
YONG PANG CHAUN	55,961,600*	42.53	300,000	0.23
CHAN KWAI HENG	NIL	NIL	228,800	0.17
CHEONG CHUNG YET	NIL	NIL	234,798	0.18
CHONG CHIN LIN	55,857,602**	42.45	403,998	0.31
YONG LAI WAH	55,557,602^	42.22	NIL	NIL
SAHID BIN MOHAMED YASIN	NIL	NIL	NIL	NIL
FOO KEE FATT	NIL	NIL	NIL	NIL

In addition to the direct/indirect interests disclosed above, Yong Pang Chaun, Yong Lai Wah and Chong Chin Lin are deemed to be interested in shares of the subsidiary companies to the extent the Company has an interest by virtue of their interests in the shares of the Company.

* Deemed interest by virtue of his substantial shareholdings in Yong Pang Chaun Holdings Sdn. Bhd. and via his spouse, Mdm. Chong Chin Lin's direct interest.

** Deemed interest by virtue of her husband, Yong Pang Chaun's substantial shareholdings in Yong Pang Chaun Holdings Sdn. Bhd. and his direct interest in the Company.

^ Deemed interest is held via Yong Pang Chaun Holdings Sdn. Bhd. (By virtue of her shareholding and her brother, Mr. Yong Pang Chaun's shareholdings in Yong Pang Chaun Holdings Sdn. Bhd.)

Analysis of Shareholdings

As at 30 October 2009

Authorised Share Capital	:	RM100,000,000-00
Issued and Paid-up Capital	:	RM65,790,950-00
Class of Shares	:	Ordinary Shares of RM0-50 each
Voting rights	:	One vote per Ordinary share
No. of shareholders	:	1,814

DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 30 OCTOBER 2009

No. of Holders	Holdings	Total Holdings	%
83	less than 100	6,026	0.004
806	100 - 1,000	338,404	0.257
669	1,001 - 10,000	2,835,034	2.155
197	10,001 - 100,000	6,005,162	4.564
57	100,001 - 6,579,094	30,987,676	23.550
2	6,579,095 and above	91,409,598	69.470
1,814	**TOTAL**	**131,581,900**	**100.000**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 OCTOBER 2009

No.	Name	Nationality	Registered Holder	No. of Shares held or beneficially interested in		Percentage of Shareholding	
				Direct	Indirect	Direct	Indirect
1	Yong Pang Chaun Holdings Sdn. Bhd.	Incorporated in Malaysia	-Yong Pang Chaun Holdings Sdn. Bhd.	55,557,602	-	42.22	-
2	Puncak Bestari Sdn. Bhd.	Incorporated in Malaysia	-Puncak Bestari Sdn Bhd	35,851,996	-	27.25	
3	Yong Pang Chaun **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd.	-	55,557,602	-	42.22
			-Chong Chin Lin #	-	403,998	-	0.31
			-Yong Pang Chaun	300,000	-	0.23	-
4	Chong Chin Lin **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd.	-	55,557,602	-	42.22
			-Yong Pang Chaun *	-	300,000	-	0.23
			-Chong Chin Lin	403,998	-	0.31	-
5	Yong Lai Wah **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd.	-	55,557,602	-	42.22
			-Yong Lai Wah	-	-	-	-
6	Yong Lee Peng **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd.	-	55,557,602	-	42.22
			-Yong Lee Peng	300,000	-	0.23	-

Note : All names listed above as substantial shareholders are the beneficial owners even though they may not be the registered holders.

** Those whose names are preceded by a double asterisk are deemed to have an interest in the shares by virtue of Section 6A(4)(c) of the Companies Act, 1965.

Deemed Interest via his spouse, Madam Chong Chin Lin's direct interest.

* Deemed Interest via her spouse, Mr Yong Pang Chaun's direct interest.

LIST OF TOP 30 SHAREHOLDERS AS AT 30 OCTOBER 2009
(As per the Record of Depositors)

No.	Name	No. of Shares	%
1	Yong Pang Chaun Holdings Sdn. Bhd.	55,557,602	42.223
2	Puncak Bestari Sdn. Bhd.	35,851,996	27.247
3	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad icapital.biz Berhad	4,540,000	3.450
4	Thian Yee Chin	2,895,800	2.201
5	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Public Smallcap Fund	2,672,300	2.031
6	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Dividend Fund	1,892,500	1.438
7	Yong Yee Ching	1,549,194	1.177
8	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Opportunities Fund	1,463,200	1.112
9	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Deutsche Bank AG Singapore for Pangolin Asia Fund	1,077,600	0.819
10	Soo Tuck Koow	940,000	0.714
11	Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for HLG Penny Stock Fund (UT-HLG-PSF)	914,000	0.695
12	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yip Swee Kian (CEB)	687,300	0.522
13	Denver Corporation Sdn. Bhd.	671,100	0.510
14	Chong Khin Hsiung	494,198	0.376
15	Mayban Nominees (Tempatan) Sdn Bhd Mayban Life Assurance Berhad (Par Fund)	492,900	0.375
16	Seo Cheng Gaok	457,598	0.348
17	Min Seng Realty Sdn. Bhd.	420,600	0.320
18	Kwong Fatt Textiles Sdn. Berhad	406,200	0.309
19	Chong Chin Lin	403,998	0.307
20	Sik Gim Keat	400,500	0.304
21	Mayban Nominees (Tempatan) Sdn Bhd Mayban Life Assurance Berhad (Non-Par Fund)	400,000	0.304
22	Soon Peng Len	400,000	0.304
23	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Goon Khing (E-BTR)	395,000	0.300
24	Thian Min Yang	373,900	0.284
25	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yoong Fui Kien (Dealer 01C)	368,000	0.280
26	Soo Tuck Koow	357,500	0.272
27	A.A. Anthony Securities Sdn. Bhd. IVT (CI001)	347,000	0.264
28	Yong Lai Ang	341,998	0.260
29	Yeoh Ah Tu	340,000	0.258
30	Jaya Kumar A/L Ganason @ Kanajan	300,000	0.228
	TOTAL	**117,411,984**	**89.231**

List of Group Properties

As at 30 June 2009

Location	Description / Existing Use	Land Area/ Built-up Area (sq. ft.)	Tenure	Approximate Age of Buildings	Net Carrying Amount @ 30.06.2009 (RM)
No. 21, Lot 116, Jalan U1/20 Glenmarie Industrial Park 40000 Shah Alam Date of Acquisition: 11 June 1998	2-storey Office cum warehouse : Corporate Headquarters & central warehouse	45,962 / 56,568	Freehold	13.5 years	6,816,546
Lot 115, Jalan U1/20 Glenmarie Industrial Park 40000 Shah Alam Date of Acquisition: 08 August 2003	4-storey Office cum warehouse : Corporate Headquarters & central warehouse	45,962	Freehold	3 year	15,191,013
Lot 112, Jalan U1/20 Glenmarie Industrial Park 40000 Shah Alam Date of Acquisition: 24 March 2006	Industrial land and construction of a warehouse for the company in progress	75,003	Freehold	Not Applicable	4,896,013
Lots LG 028 & 044 Lower Ground Floor Sungei Wang Plaza Kuala Lumpur Date of last revaluation : 1982	Retail shoplots : utilized by a subsidiary as a free-standing retail outlet	1455 / 1455	Freehold	36 years	791,552
Workshop B15 10th Floor, Block B Hong Kong Industrial Centre 489-491 Castle Peak Road, Kowloon, Hong Kong Date of acquisition : 12 September 2007	Office Lot/ Workshop: Management Office for Padini International Limited, Hong Kong	1,500	Leasehold – 75 years expiring on 30.06.2047	27 years	1,929,934
Workshops B14 10th Floor, Block B Hong Kong Industrial Centre 489-491 Castle Peak Road, Kowloon, Hong Kong Date of acquisition : 12 September 2007	Office Lot/ Workshop: Rented out	1,424	Leasehold – 75 years expiring on 30.06.2047	27 years	1,699,830

Statement Regarding Revaluation Policy

As at 30 June 2009

In 1982, two items consisting of two retail shoplots located in Sungei Wang Plaza (freehold) owned by subsidiary Padini Corporation Sdn Bhd, was revalued based on the open market value method of valuation.

Since then, none of the landed properties owned by the Company and its subsidiary companies had been revalued.

As for the revaluation done in 1982, the Directors have adopted the transitional provision as allowed by the Malaysian Accounting Standards Board, and the Company has retained that revaluation subject to the continuing application of the current depreciation policy.

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Form Of Proxy

I/We ______________________________ of ______________________________

______________________________ being a member/members of Padini Holdings Berhad

('the Company") hereby appoint ______________________________

of ______________________________

or failing him/her, ______________________________

of ______________________________

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the Twenty-Eighth Annual General Meeting of the Company to be held at No. 19 Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan on 22 December 2009 at 10:00 a.m. or at any adjournment thereof.

(With reference to the agenda set forth in the Notice of Meeting, please indicate with an "X" in the space provided below how you wish your votes to be cast on the resolutions specified. If no specific direction as to the voting is given, the Proxy will vote or abstain at his/her discretion.)

		FOR	AGAINST
Resolution 1	Reports and Audited Financial Statements		
Resolution 2	Declaration of Final Dividend		
Resolution 3	Directors' Fee		
Resolution 4	Re-election of Mr. Chan Kwai Heng		
Resolution 5	Re-election of En. Sahid Bin Mohamed Yasin		
Resolution 6	Re-election of Mr. Cheong Chung Yet		
Resolution 7	Re-election of Mr. Foo Kee Fatt		
Resolution 8	To re-appoint Messrs Peter Chong & Co. as Auditors		

Dated this ______________ day of ____________ 2009

	No. of ordinary shares held
1st proxy	
2nd proxy	
Total	

____
Signature of Member / Common Seal

Notes:

(i) A member of the Company entitled to attend and vote at the above meeting, is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

(ii) Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

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

(iv) The instrument appointing a proxy must be completed and deposited at the registered office of the Company at 3rd Floor, No. 17 Jalan Ipoh Kecil, 50350 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll).

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Stamp

The Secretary
PADINI HOLDINGS BERHAD
(Company No. 50202-A)

3rd Floor No. 17
Jalan Ipoh kecil
50350 Kuala Lumpur

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