PADINI HOLDINGS BERHAD

(50202-A)
(Incorporated in Malaysia)

Annual Report 2011

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 Thirtieth 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 23 December 2011 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 2011 together with the Reports of the Directors and Auditors thereon. *(Ordinary Resolution 1)*

2. To approve payment of Directors' fee of RM120,000.00 in respect of the financial year ended 30 June 2011. *(Ordinary Resolution 2)*

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

   (i) Mr Yong Pang Chaun *(Ordinary Resolution 3)*

   (ii) Mr. Chan Kwai Heng *(Ordinary Resolution 4)*

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

   (i) Ms. Yeap Tien Ching *(Ordinary Resolution 5)*

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

Special Business

To consider and, if thought fit, to pass, with or without modifications, the following resolutions :

Ordinary Resolution

6. **Proposed Renewal of the Authority for Padini to purchase up to Ten Percent (10%) of its Issued and Paid-up Share Capital ("Proposed Share Buy-Back")**

"THAT, subject to the Companies Act, 1965, the Articles of Association of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorized to purchase its own ordinary shares ("Shares") on the Bursa Securities ("Proposed Share Buy-Back") at any time, upon such terms and conditions as the Directors shall in their discretion deem fit and expedient in the best interest of the Company provided that:-

(a) The aggregate number of Shares in the Company which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the prevailing issued and paid-up share capital of the Company at the time of purchase and the compliance with the public shareholding spread requirements as stipulated in Paragraph 8.02(1) of the Listing Requirements or such other requirements as may be determined by Bursa Securities from time to time;

(b) The maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the audited retained profits and/or share premium accounts of the Company of RM25.732 million and RM3.772 million, respectively as at 30 June 2011;

(c) The authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first; and

(d) Upon the purchase by the Company of its own Shares, the Board of Directors (Board) be and is hereby authorized to:-

(i) cancel all or part of the Shares purchased pursuant to the Proposed Share Buy-Back ("Purchased Shares"); and/or

(ii) retain all or part of the Purchased Shares as Treasury Shares; and/or

(iii) distribute the Treasury Shares as share dividends to the Company's shareholders for the time being; and/or

(iv) resell the Treasury Shares on Bursa Securities.

AND that authority be and is hereby given to the Board to take all such steps as necessary to implement, finalise and give full effect to and to implement the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company." *(Ordinary Resolution 7)*

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

BY ORDER OF THE BOARD

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

Selangor
1 December 2011

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).

EXPLANATORY NOTE ON SPECIAL BUSINESS

1. Proposed Renewal of Authority for the Purchase by the Company of its own Shares

The Ordinary Resolution, if passed, will provide mandate for the Company to buy-back its own shares up to a limit of 10% of the existing issued and paid-up share capital of the Company. Further explanatory notes on Ordinary Resolution 7 is set out in the Circular to Shareholders dated 1 December 2011 despatched together with the Annual Report.

STATEMENT ACCOMPANYING THE NOTICE OF THE 30TH ANNUAL GENERAL MEETING

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 30th 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 98 of the Annual Report.

No individual other than the retiring Directors are seeking election as a Director at the 30th Annual General Meeting.

Corporate Information

For the financial year ended 30 June 2011

CHAIRMAN	Tuan Haji Sahid bin Mohamed Yasin
MANAGING DIRECTOR	Mr.Yong Pang Chaun
DIRECTORS	Ms. Yong Lai Wah Ms. Chong Chin Lin Mr. Chan Kwai Heng Mr. Cheong Chung Yet Mr. Foo Kee Fatt Ms. Yeap Tien Ching
COMPANY SECRETARIES	Ms. Ho Mun Yee (MAICSA 0877877) Ms. Tam Fong Ying (MAICSA 7007857)
AUDITORS	Peter Chong & Co. Chartered Accountants
PRINCIPAL BANKERS	OCBC Al-Amin Bank 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. 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

PADINI HOLDINGS BERHAD (50202-A)

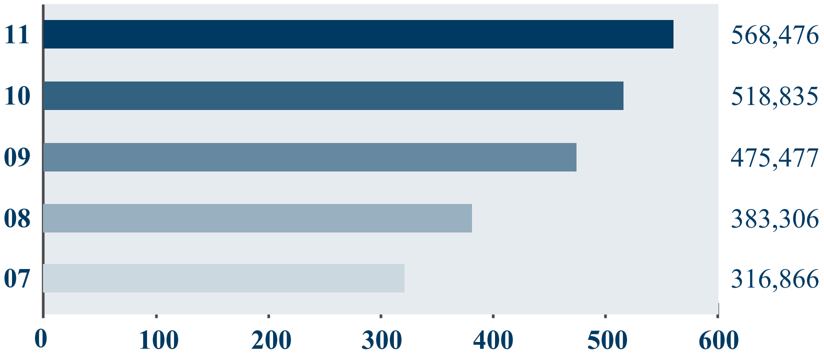
100%	**MIKIHOUSE CHILDREN'S WEAR SDN. BHD.** (164485-U)
100%	**PADINI CORPORATION SDN. BHD.** (22159-H)
100%	**SEED CORPORATION SDN. BHD.** (194391-K)
100%	**YEE FONG HUNG (MALAYSIA) SENDIRIAN BERHAD** (15011-U)
100%	**PADINI DOT COM SDN. BHD.** (510558-H)
100%	**VINCCI LADIES' SPECIALTIES CENTRE SDN. 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

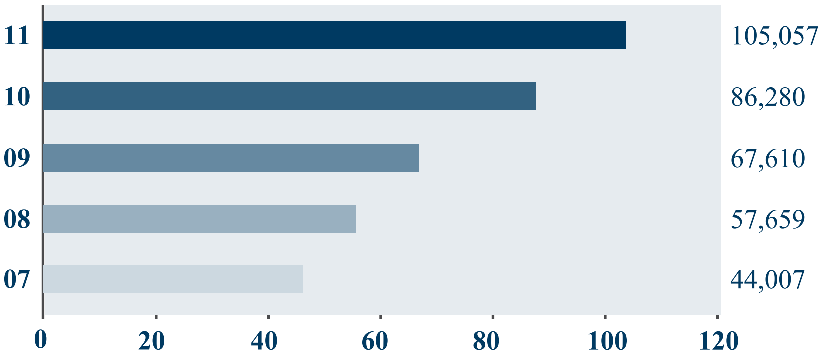
	2007 RM '000	2008 RM '000	2009 RM '000	Restated 2010 RM '000	2011 RM '000
Revenue	316,866	383,306	475,477	518,835	568,476
Profit before taxation	44,007	57,659	67,610	86,280	105,057
Profit attributable to owners of the Company	31,403	41,715	49,533	60,974	75,694
Basic earnings per share (sen) based on profit attributable to equity shareholders*	4.85	6.34	7.53	9.27	11.51
Diluted earnings per share (sen)* *NA denotes not applicable as the ESOS was expired on 2 October 2007.*	4.84	NA	NA	NA	NA
Net assets	142,341	169,478	204,043	234,332	282,677
Net assets per share (sen) *	21.7	25.8	31.0	35.6	43.0
Dividend per share (sen) ^	2.5 sen	3 sen	2.8 sen	4.5 sen	4 sen

* Based on ordinary shares of RM0.10 each.
^ For year 2007 to 2010, the figures have been restated to take into account the share split.

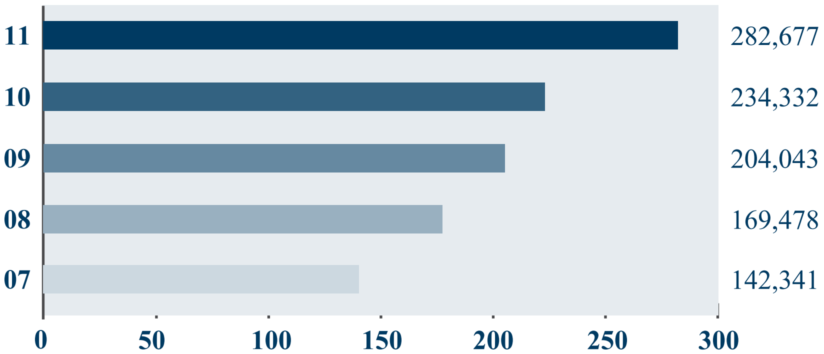
Revenue (RM Thousand)



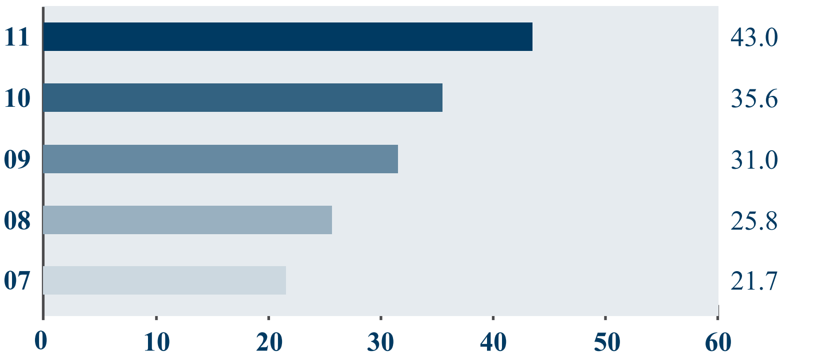
Profit before tax (RM Thousand)



Net assets (RM Thousand)



Net asset 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 2011.

INDUSTRY TREND AND DEVELOPMENT

While the retail industry is fairly well-developed in the Peninsula and in the cities of Kota Kinabalu and Kuching in Sabah and Sarawak respectively, the focus has always been in the Klang Valley. Shopping malls on which all manner of superlatives can be pinned are almost exclusively found only in the Klang Valley, and as such, it is in the Klang Valley where competition in the retail trade is at its fiercest and most unforgiving. Businesses and brands that ply their trade, and malls that open for business in the Klang Valley must very often be at their best to stay relevant and to thrive in this environment; operators that do not readily and correctly respond to the dynamism of the retail landscape will very quickly fall by the wayside. But no worries, newcomers confident of their resources and abilities appear very quickly to fill in the slots left vacant by failed players. As such, constant renewal and growth permeate the industry.

Over the coming twelve months, another two major shopping malls will open for business in the Klang Valley, and they are the Paradigm Mall and the Setia City Mall. These two malls will of course put many more thousands of square metres of retail area into the existing pool and ramp up the competition for those resources needed to man and operate the shops in the malls. Consumers on the other hand will have two more destinations to experience and enjoy, and brand owners will have two additional channels through which to showcase their wares and magic.

And of course, our brands will be at these two new shopping malls when they open for business.

FINANCIAL RESULTS

For the financial year under review, the Group achieved consolidated revenues of RM568.5 million, a growth of 9.6% over the previous year's amount of RM518.8 million (restated). Gross profits rose in tandem by 12.2% over the same period, while profit before taxation grew by 21.8%, from RM86.3 million achieved in the previous year to RM105.1 million in the current financial year. Total comprehensive income for the financial year attributable to the owners of the Company rose 24.7% to RM74.7 million when compared to the amount of RM59.9 million achieved during the previous financial year.

DIVIDENDS

In respect of the financial year under review, a first interim dividend of 2 sen per share (single tier), amounting to RM13,158,190 had been paid on 17th February 2011. Additionally, a second interim dividend of 2 sen per share (single tier) was also declared on 30th May 2011 and payment for that amounting to RM13,158,190 was made on 18th July 2011.

BUSINESS REVIEW

The Group's domestic operations had continued to be the main driver of its revenues and profits, and garments, shoes and 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 and PDI franchise stores in the smaller towns of Malaysia.

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

In the multi-brand Padini Concept Stores and single-brand stores, our products are carried under the following brand names: Vincci, 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 easily available in the major urban shopping malls of Malaysia. In addition to those, the Group also utilizes a great number of lesser known house brands to market the value-for-money merchandise that it offers for sale in its Brands Outlet stores.

BUSINESS REVIEW (cont'd)

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 Market	As at 30.6.2009	As at 30.6.2010	As at 30.6.2011
Vincci, Vincci+, Vincci Accessories			
Free-standing stores	19	22	19
Consignment counters	–	–	2
Franchise stores	12	12	14
Seed			
Free-standing stores	5	5	4
Consignment counters	49	49	48
Padini Authentics			
Free-standing stores	11	9	7
Consignment counters	23	24	25
PDI			
Free-standing stores	14	11	12
Franchise stores	–	–	1
Padini			
Free-standing stores	3	2	2
Consignment counters	33	34	34
P&Co			
Free-standing stores	1	1	1
Miki Kids			
Consignment counters	24	24	27
Miki Mom			
Consignment counters	11	10	4
Brands Outlet			
Free-standing stores	8	10	13
Multi-brands			
Free-standing stores *	19	20	22
Total	232	233	235

* The 22 multi-brand stores as at 30th June 2011 contain a total of 150 stores-within-store (137 as at 30th June 2010) showcasing the various brands of the Padini Group

Brands – Foreign Market	Locations	As at 30.6.2009	As at 30.6.2010	As at 30.6.2011
Vincci/VNC				
Franchise stores	ASEAN	19	18	15
	Saudi Arabia	20	24	25
	UAE	7	9	11
	Oman	1	1	1
	Syria	1	2	3
	Qatar	–	2	2
	Bahrain	–	–	2
	Pakistan	–	–	1
	Egypt	–	–	1
Dealer stores	Thailand	12	12	12
Seed				
Franchise stores	Saudi Arabia	7	8	7
Dealer stores	Thailand	21	10	–
Padini Authentics				
Franchise stores	Saudi Arabia	8	7	5
Total		96	93	85

Retailing – Domestic and Abroad

For the year under review, domestic operations accounted for 90.8% or nearly RM516.07 million of the Group's consolidated revenues. For the previous year, the domestic portion was at RM473.7million (restated), which was approximately 91.3% of that year's total revenues. In absolute value terms, exports rose by about 16% or RM7.2 million from that recorded in the 2010 financial year to RM52.4 million for the year under review.

In the domestic sector, we have 14 Vincci stores and 1 PDI store that are operated and run by franchisees. Of the 14 Vincci franchise stores, 11 are located in Peninsular Malaysia, while Miri, Kota Kinabalu and Tawau have 1 each. The sole PDI franchise store is located in Langkawi. As for the 80 retail stores operated by the Group, all are located in the Peninsula except for 4 of the Padini Concept Stores and 2 of the Brands Outlets which are located in Sabah and Sarawak.

As far as retail stores expansion was concerned, the significant additions were 2 new Padini Concept Stores and 3 Brands Outlet Stores. Net addition to gross floor area for our retail stores was 40,301 square feet which roughly represents an increase of 7.6% from last year's total area. As at 30th June 2011, total gross floor area under retail stood at 567,874 square feet.

As per our expectations, our Brands Outlet stores continue to perform astoundingly well. For the financial year ended 30th June 2011, a total of RM3.6 million (FY 2010 : RM4.2 million) was earned from trade margins and rentals collected from consignors operating in our Brands Outlets while our own house brands generated sales revenues of RM74.2 million (FY 2010 : RM42.5 million). As a result of this vast improvement in the sales of our house brands, the profit before taxation for Yee Fong Hung (Malaysia) Sendirian Berhad (the subsidiary that operates the Brands Outlet business) rose significantly by 164% year-on-year. While we will try to expand the network of the Brands Outlet stores quickly so as to create even greater market awareness and a more commanding market presence, we will also at the same time further focus on fine-tuning our merchandise mix and offerings and pricing strategies in order to become a more attractive option for consumers seeking good value for their ringgit.

BUSINESS REVIEW (cont'd)

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

Company	FYE 30.6.2010 (Restated)	FYE 30.6.2011
Vincci Ladies Specialties Centre SB		
Revenues	RM172.6 million	RM177.3 million
Profit before Taxation	RM 28.7 million	RM 28.3 million
Padini Corporation SB		
Revenues	RM179.9 million	RM186.6 million
Profit before Taxation	RM 49.0 million*	RM 43.2 million
Seed Corporation SB		
Revenues	RM77.9 million	RM79.7 million
Profit before Taxation	RM 6.1 million	RM 7.8 million
Yee Fong Hung (Malaysia) SB		
Revenues	RM58.3 million	RM91.6 million
Profit before Taxation	RM 6.4 million	RM16.9 million
Mikihouse Children's Wear SB		
Revenues	RM17.7 million	RM18.8 million
Profit before Taxation	RM 1.9 million	RM 2.6 million

* The profit before taxation for Padini Corporation SB for the financial year ended 30th June 2010 had included a gain of RM12.2 million from the disposal of a property made in that year.

Cafe Operations
We are still operating two cafés, one at the Mid Valley Megamall and the other at our office in Shah Alam. Even though the café operations had remained unprofitable, we have managed to reduce the size of its net loss before taxation, from RM697,000 recorded last year, to RM623,000 for the year under review.

Investments in IT and Systems Solutions
As at the end of the current financial year, all sums originally contracted for the purchase and implementation of the ERP solution have been completely disbursed. Overall progress in the use of the solution has been satisfactory although instances of non-compliance still occur among the users and preset procedures required to process some transactions have not always been observed. As such, intervention from the IT department is still required from time to time.

New Warehouse
Full use of the new warehouse had already commenced several months ago. Of the actual RM18.6 million that was the total costs of the construction, only about RM411,000, representing a portion of the retention sum, remained unpaid as at 30th June 2011.

CORPORATE DEVELOPMENTS

During the financial year reviewed, Padini Holdings Berhad had announced the following proposals:

- On 25th October 2011, it was announced that the Company will seek the approval of its shareholders on the proposed renewal of the authority for the Company to buy back up to ten percent (10%) of its issued and paid-up capital at the forthcoming Annual General Meeting scheduled for 23rd December 2011.

Future Outlook

The past 12 months have not been particularly happy ones for many economies and the global economic outlook for the coming year continues to remain very much wait-and-see. The very open nature of the Malaysian economy makes us very susceptible to events occurring in those nations with whom we trade, and considering that a convergence of social, political, economic and environmental forces is currently changing the international landscape for business, the Malaysian economy could well be buffeted by events beyond the control of our policy-makers.

While cotton prices and the supply conditions in China (from whom we buy considerable amounts of our supplies) have stabilized, the fact remains that many economists are predicting that the world will be slipping into a recession in 2012. Be that as it may, the Padini Group has had considerable experience in dealing with economic downturns, and given our sizeable distribution network, the diverse market segments that our brands and products serve and the deep understanding we have for our business, we remain confident of our prospects.

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 interested parties concerned.

The Board also wishes to congratulate Tuan Haji Sahid bin Mohamed Yasin on his appointment as Chairman of the Board on 25th October 2011, replacing Datuk Dr Abdullah bin Abdul Rahman who had resigned from his position as Director of the Company and all posts previously held by him in his capacity as Director of the Company on 31st July 2011. The Board conveys its sincere thanks and appreciation to Datuk Dr Abdullah for his contributions during his tenure as Chairman of the Board.

In view of my appointment as Chairman of the Board, the position of Chairman of the Audit Committee, previously held by me, has now been assumed by Mr Foo Kee Fatt, who had, since his appointment to the Board, served as a member of the Audit Committee. The Board too wishes to welcome our newest member, Madam Yeap Tien Ching, who was appointed to the Board on 31st October 2011. Additionally, Madam Yeap also serves as a member of the Audit Committee of the Company.

Haji Sahid bin Mohamed Yasin
Chairman
Date: 1 November 2011

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. Retail Trainee Programme : This programme was started towards the end of the 2010 financial year with the objective of replacing the Management Trainee learning Programme which was introduced two years ago. While we did have some success with the latter, a decision was made to replace it following feedback from the Group's managers that the number of vacancies available for executives at the head office was not large and that it would be more beneficial to focus on the human resource requirements for the retail side of the business. This new month-long programme is opened to fresh graduates interested in pursuing a career in retail, and it covers both classroom and on-the-job training. While the classroom training imparts skills required to manage a retail shop, and informs about the prospects and rewards of such a career, the on-the-job training exposes the participants to the rigours and demands of the job. For a start, three batches, comprising a total of 16 participants were taken in over the period 24th June 2010 to 13th July 2011, and 13 of the participants were offered full-time employment with the Group upon successful completion of the programmes. A sum of about RM25,000 was spent for putting the three groups of participants through the programme.

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. For the year no one was enrolled for this programme.

Besides the above initiatives, we also have an industry-academic partnership with Inti Universal Holdings Berhad, which works towards improving the quality and hence employability of our graduates. Besides developing business school graduates that are more business-savvy and whose thinking processes are expanded by real-life examples, we also hoped that by directly engaging with an institute of higher learning, we will be able to provide different perspectives and insights to educators and academicians when it came to interpreting and teaching the so many disciplines of business, marketing and management. So far, we have completed two projects with the School's undergraduates where we asked the students to look for solutions to certain pressing issues faced by two of the Group's business departments. On our side, we assessed the solutions for their viability and their costs-benefits impacts, and commented on the quality of the solutions presented.

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 2011 financial year, the Group spent a total of nearly RM345,000.00 in education and training. Besides having its internal training department conduct a total of 129 training sessions for its own employees, third party training professionals were also engaged to coach its more senior executives and managers. Additionally the Group also paid RM6,900.00 for its Head of training to attend an 8-day certification programme. Over the year and across the Group, each eligible employee received an average of slightly more than 10 hours of training. Financial grants were also made available to employees wishing to take up courses relevant to their jobs, and leaves were extended to those sitting for professional and other 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.
- Others : Talks on matters of health were conducted for employees to attend during normal office hours; awards were given to employees for long service and for outstanding performance. From time to time, staff from our HRT department was also given time off from work to attend talks and seminars conducted by the Malaysian Federation of Employers.

Customers

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

Philanthropy

During the year, employees from the Group visited the following homes:
- Persatuan Kebajikan Ci Hang Chempaka, Kg Subang
- Penang Home for the Infirm and Aged

Besides engaging and interacting with the residents of the various Homes, the employees involved in the visits also performed for the residents. Donations both monetary and in kind were also made from proceeds derived from a variety of fund-raising activities conducted by the Caring From The Heart committee, a group consisting of employee volunteers from Padini. A total of RM11,000.00 in cash donations were made to the homes mentioned.

Besides the above, the Group also donated clothing to various charities.

An in-house blood donation campaign which attracted 50 successful donations was organized by the Group HRT department.

Environment

During the 2011 financial year, we had collected and sold for recycling a total of 1.34 tonnes of used paper and paper products; the proceeds amounting to some RM550.00, 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.

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 Tuan Haji Sahid Bin Mohamed Yasin as the Independent Non-Executive Chairman of the Board and Mr. Yong Pang Chaun as the Managing Director. The Chairman is responsible to ensure that the Board functions properly with good corporate governance practices and procedures, whist the Managing Director is responsible for the day-to-day operations and business activities of the Group. This is to 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.

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 provides 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 2011, various members of the Board have attended the following training programmes and seminars:-

- Directors' Training : Getting Up to Speed with Governance (Part 2)
- KPPHDN : Seminar Percukaian Kebangsaan 2010
- New Public Rulings Issued in 2009 and 2010
- Driving Audit Quality : Enhancing the Role of Stakeholders
- Common Offences Committed by Company Directors under the Companies Act, 1965

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. Six (6) Board meetings were held during the financial year ended 30 June 2011. The number of Board meetings held during the financial year ended 30 June 2011 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 2011	% of Attendance
Executive Directors		
Mr. Yong Pang Chaun	6/6	100%
Mr. Chan Kwai Heng	6/6	100%
Mr. Cheong Chung Yet	6/6	100%
Ms. Chong Chin Lin	6/6	100%
Ms. Yong Lai Wah	5/6	83%
Non-Executive Directors		
Datuk Dr. Abdullah bin Abdul Rahman (resigned w.e.f. 31.07.2011)	6/6	100%
Tuan Haji Sahid bin Mohamed Yasin	6/6	100%
Mr. Foo Kee Fatt	6/6	100%
Ms. Yeap Tien Ching (appointed w.e.f. 31.10.2011)	N/A	N/A

Restriction on Directorships

The number of Directorships held by Directors is as stated on pages 27 to 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:

- Mr. Foo Kee Fatt (Independent Non-Executive Director; Chairman)
- Tuan Haji Sahid bin Mohamed Yasin (Independent Non-Executive Director; Member)
- Ms. Yeap Tien Ching (Independent Non-Executive Director; Member) (Appointed w.e.f. 31.10.2011)

Mr. Foo Kee Fatt is re-designated as the Audit Committee Chairman, taking over from Tuan Haji Sahid Bin Mohamed Yasin, effective from 25 October 2011. Datuk Dr. Abdullah Bin Abdul Rahman resigned as the Audit Committee Member with effect from 31 July 2011.

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	40,660	120,000
Bonuses	1,249,480	-
Benefits-in-kind	116,117	-
Statutory Contributions	362,592	-
Total	**3,498,853**	**120,000**

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	-
RM650,001 to RM700,000	1	-
RM700,001 to RM750,000	1	-
RM850,001 to RM900,000	1	-
RM1,000,001 to RM1,050,000	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 2011.

Composition of the Audit Committee

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

i. Mr. Foo Kee Fatt (Independent Non-Executive Director; Chairman)
ii. Tuan Haji Sahid bin Mohamed Yasin (Independent Non-Executive Director; Member)
iii. Ms. Yeap Tien Ching (Independent Non-Executive Director; Member) (Appointed w.e.f. 31.10.2011)

Mr. Foo Kee Fatt is re-designated as the Audit Committee Chairman, taking over from Tuan Haji Sahid Bin Mohamed Yasin, effective from 25 October 2011. Datuk Dr. Abdullah Bin Abdul Rahman resigned as the Audit Committee Member w.e.f. 31 July 2011.

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 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 2011. 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 21 October 2010, 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 Group, 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; and

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;

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 2011 are as follows:-

Directors	Meeting attended by the Directors/ Total Number of Meeting held during the financial year ended 30 June 2011	% of Attendance
Mr. Foo Kee Fatt	5/5	100%
Tuan Haji Sahid bin Mohamed Yasin	5/5	100%
Datuk Dr. Abdullah bin Abdul Rahman (resigned w.e.f. 31.07.2011)	5/5	100%
Ms. Yeap Tien Ching (appointed w.e.f. 31.10.2011)	N/A	N/A

(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

- Reviewed the quarterly results and audited annual financial statements of the Group and Company before recommending to the Board for release to Bursa Malaysia Securities Berhad ("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.

(H) Summaries of Activities of the Audit Committee (cont'd)

iii. External Audit

- Reviewed with the external auditor, their audit plan for the financial year ended 30 June 2011 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

The Malaysian Code on Corporate Governance requires that the board of a listed company should "maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets". Paragraph 15.26(b) of the Bursa Malaysia Listing Requirements requires the Board of Directors of listed companies to include in its 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 please to provide the following statement which outlines the nature and scope of internal controls of the Group operations during the financial year.

BOARD OF DIRECTORS' RESPONSIBILITIES

The Board has the overall responsibility for the Group's internal control and for reviewing its effectiveness, adequacy and integrity. The internal control covers financial controls, operational and compliance controls and risk management.

Due to the limitations that are inherent in any system of internal control, these systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

It is the Board's view that in order to achieve a sound system of internal control, it is first necessary to provide a control environment and framework that is conducive to this objective. This requires that the Board, Management and all levels of employees must be aware of the Group's business objectives, the risks that could potentially impede the Group in achieving these objectives and the policies and control strategies that are required to manage these risks.

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 is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements is sound and adequate to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets. The management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

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 has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board and accords with the guidelines for directors on internal control, the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

The internal audit plan is reviewed by and approved by the Audit Committee based on an on-going 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 continously 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.

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 2011 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 the 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.

Haji Sahid bin Mohamed Yasin

(Chairman of the Board, Member of the Audit Committee, Independent Non-Executive Director.)

Aged 62 of Malaysian nationality, he was first appointed to the board on 23 October 1997.

He was appointed as Chairman of the Board on and redesignated as a member of the Audit Committee on 25th October 2011. 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 6 meetings of the Board of Directors.

Yong Pang Chaun

(Managing Director)

Aged 60 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 recent 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 6 meetings of the Board of Directors.

Chan Kwai Heng

(Executive Director)

Aged 59 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 for 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 was worked as a temporary teacher in SMJK Chi Wen, a school in Bahau, Negeri 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 6 meetings of the Board of Directors.

Cheong Chung Yet
(Executive Director)

Aged 45 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 department, 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 all 6 meetings of the Board of Directors.

Chong Chin Lin
(Executive Director)

Aged 58 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' Specialities 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 6 meetings of the Board of Directors.

Yong Lai Wah
(Executive Director)

Aged 61 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 from 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 5 out of 6 meetings of the Board of Directors.

Foo Kee Fatt
(Chairman of the Audit Committee, Independent Non-Executive Director)

Aged 45 of Malaysian nationality, he was first appointed to the Board on 2 January 2009.

He was redesignated as the Audit Committee Chairman, taking over from Tuan Haji Sahid Bin Mohamad Yasin on 25th October 2011. 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 all 6 meetings of the Board of Directors.

Yeap Tien Ching
(Member of the Audit Committee, Independent Non-Executive Director)

Aged 39 of Malaysian nationality, she was first appointed to the Board on 31 October 2011.

A graduate of the University of Western Australia with a Bachelor of Commerce majoring in Marketing and Management, she joined Overseas Union Bank (M) Bhd in 1994 as a Senior Officer in the Corporate Banking Department where she gained significant insights of banking operations and financing of businesses.

In 1996, she left the Bank to set up the operations for the then sole-distributor of Kenwood audio visual equipment in Sarawak. She was involved in the entire end-to-end business operations, from importation of goods, inventory planning and sales to office administration.

From 1997 to 1998, she was with Fuji Xerox Asia Pacific Pte Ltd as a Dealer Sales Executive managing the sales of photocopiers to dealers based in Malaysia. This involved constant liaison with dealers on their business and support requirements, including inventory planning, sales training and periodic promotions and discounts in order to meet and exceed the company's sales targets. Her last posting was as a Direct Sales Executive with front-line experience dealing with corporate customers.

From 2002 to 2007, she was a business partner of a Cosway outlet in Kota Damansara selling consumer products. She currently concentrates on managing her family investments.

Datuk Dr Abdullah bin Abdul Rahman

(Chairman of the Board, Member of the Audit Committee, Independent Non-Executive Director) - (resigned w.e.f. 31 July 2011)

Aged 66 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 Masters 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 Advance Management, INSEAD, Fontainebleau, France in 1993.

After graduation in 1968, he had joined the State Secretariat, Negeri 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 6 meetings of the Board of Director.

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 43.74% interest in the shares in the Company as at 30 June 2011.

(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) Materials Contracts
No materials 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 2011.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are as disclosed in Note 8 to the financial statements.

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

FINANCIAL RESULT

	Group RM'000	Company RM'000
Profit for the financial year attributable to owners of the Company	75,694	27,944

DIVIDENDS

The dividends declared, paid and payable by the Company since 30 June 2010 are as follows:-

	RM'000
In respect of the financial year ended 30 June 2010 as reported in the Directors' report of that year	
Single tier second interim dividend of 7.5 sen on 131,581,900 ordinary shares, declared 30 June 2010 and paid on 17 September 2010	9,869
In respect of the financial year ended 30 June 2011	
Single tier first interim dividend of 2 sen on 657,909,500 ordinary shares, declared on 13 January 2011 and paid on 17 February 2011	13,158
Single tier second interim dividend of 2 sen on 657,909,500 ordinary shares, declared 30 May 2011 and paid on 18 July 2011	13,158

The Directors have not recommended any final dividend in respect of the current financial year.

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 debentures during the financial year.

At the Annual General Meeting held on 22 December 2010, the Company obtained the shareholders' approval:

(i) to undertake a share split involving the subdivision of every one (1) existing share of RM0.50 each in the Company into five (5) ordinary shares of RM0.10 each ("Share Split"). The shares, so split, shall upon allotment and issue, rank pari passu in all respects amongst themselves.

The Share Split was completed on 6 January 2011.

(ii) to purchase up to ten percent (10%) of its issued and paid up share capital from the open market at a price of not more than fifteen percent (15%) above the weighted average market price for the shares for the 5 market days before the date of any purchase ("Share Buy-Back").

The Share Buy-Back shall lapse at the forthcoming Annual General Meeting unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions. As such, the Board of Directors proposes to seek the approval from shareholders at the forthcoming Annual General Meeting on the proposed renewal of the authority for the Company to purchase up to ten percent (10%) of its issued and paid up share capital.

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:

Sahid bin Mohamed Yasin

Yong Pang Chaun

Yong Lai Wah

Chong Chin Lin

Chan Kwai Heng

Cheong Chung Yet

Foo Kee Fatt

Datuk Dr. Abdullah bin Abdul Rahman (resigned on 31 July 2011)

In accordance with the Company's Articles of Association, Mr. Yong Pang Chaun and Mr. Chan Kwai Heng retire by rotation, and being eligible, offer themselves 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	Number of ordinary shares of RM0.10 each			
	Balance at 1.7.2010	Adjusted for share split	Bought	Sold	Balance at 30.6.2011
Direct interest in shares of the Company					
Yong Pang Chaun	300,000	1,200,000	–	–	1,500,000
Chong Chin Lin	403,998	1,615,992	–	–	2,019,990
Chan Kwai Heng	228,800	915,200	–	–	1,144,000
Cheong Chung Yet	234,798	939,192	–	–	1,173,990
Indirect interest in shares of the Company					
Yong Pang Chaun	57,956,698	231,826,792	–	–	289,783,490
Chong Chin Lin	57,852,700	231,410,800	–	–	289,263,500
Yong Lai Wah	57,552,700	230,210,800	–	–	287,763,500

DIRECTORS' INTERESTS (cont'd)

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.

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 or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and statements of financial position 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) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had 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,

....
SAHID BIN MOHAMED YASIN
Director

....
YONG PANG CHAUN
Director

Date : 25 October 2011

Kuala Lumpur

Statement By Directors

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

We, **SAHID BIN MOHAMED YASIN** and **YONG PANG CHAUN**, two of the Directors of P**ADINI HOLDINGS BERHAD** state that, in the opinion of the Directors, the financial statements set out on pages 40 to 97 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 financial position of the Group and the Company as at 30 June 2011 and of the financial performances and cash flows of the Group and the Company for the financial year ended on that date.

The information set out in Note 35 to the Financial Statements has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

....

SAHID BIN MOHAMED YASIN
Director

....

YONG PANG CHAUN
Director

Date : 25 October 2011

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 97 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 date of	) …………………………….....
25 October 2011	) **CHAN KWAI HENG**

Before me

……………………………….
Commissioner for Oaths

Report on the financial statements
We have audited the financial statements of **PADINI HOLDINGS BERHAD**, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 97.

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 at 30 June 2011 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' report of the subsidiary company of which we have not acted as auditors, which is indicated in Note 8 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.

(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 reporting responsibilities
The supplementary information set out in Note 35 to the Financial Statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Peter Chong & Co.
No. AF 0165
Chartered Accountants

Tan Sui Hean
No. 2832/04/12 (J)
Chartered Accountant

Date : 25 October 2011

Kuala Lumpur

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	30.6.2011 RM'000	Restated 30.6.2010 RM'000	Restated 1.7.2009 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	4	83,621	80,753	76,781
Intangible asset	5	6,523	6,991	–
Investment properties	6	2,212	1,870	1,700
Investment in club membership	9	124	124	124
Other investment				
- Available-for-sale financial assets	10(a)	560	–	–
- Investment	10(b)	–	560	560
Deferred tax assets	11	1,545	1,959	2,047
Total non-current assets		94,585	92,257	81,212
Current assets				
Inventories	12	170,955	76,554	91,878
Receivables	13	39,433	32,561	33,064
Tax assets	14	402	270	–
Other investment				
- Financial assets at fair value through profit or loss	10(c)	342	–	–
- Short term investment	10(d)	–	19,915	18,945
Deposits, cash and bank balances	15	138,622	135,025	65,621
Total current assets		349,754	264,325	209,508
TOTAL ASSETS		444,339	356,582	290,720
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	16	65,791	65,791	65,791
Reserves	17	216,886	168,541	138,252
Total equity		282,677	234,332	204,043
LIABILITIES				
Non-current liabilities				
Borrowings	18	22,151	10,125	3,210
Deferred tax liabilities	11	1,564	774	194
Total non-current liabilities		23,715	10,899	3,404
Current liabilities				
Payables	19	93,940	58,620	38,002
Dividend payable	20	13,158	19,738	7,895
Borrowings	18	24,948	26,128	28,636
Tax liabilities	14	5,901	6,865	8,740
Total current liabilities		137,947	111,351	83,273
Total liabilities		161,662	122,250	86,677
TOTAL EQUITY AND LIABILITIES		444,339	356,582	290,720

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

Consolidated Statement of Comprehensive Income

for The Financial Year Ended 30 June 2011

	Note	2011 RM'000	Restated 2010 RM'000
REVENUE	21	568,476	518,835
COST OF SALES	22	(277,672)	(259,547)
GROSS PROFIT		290,804	259,288
OTHER OPERATING INCOME		7,536	5,789
SELLING AND DISTRIBUTION COSTS		(149,834)	(133,132)
ADMINISTRATION EXPENSES		(41,876)	(44,571)
PROFIT FROM OPERATIONS	23	106,630	87,374
FINANCE COSTS	25	(1,573)	(1,094)
PROFIT BEFORE TAXATION		105,057	86,280
TAXATION	14	(29,363)	(25,306)
PROFIT FOR THE FINANCIAL YEAR		75,694	60,974
OTHER COMPREHENSIVE INCOME (NET OF TAX):			
Currency translation differences		(1,033)	(1,079)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		74,661	59,895
Earnings per share of RM0.10 each (sen)			
- Basic	26	11.51	9.27

The attached notes form an integral part of the financial statements

Consolidated Statement of Changes In Equity

For Financial Year Ended 30 June 2011

		Attributable to owners of the Company				
	Note	Share capital RM'000	Share premium RM'000	Currency translation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 July 2009		65,791	3,772	(27)	134,507	204,043
Total comprehensive income		–	–	(1,079)	60,974	59,895
Dividends	27	–	–	–	(29,606)	(29,606)
At 30 June 2010/ 1 July 2010		65,791	3,772	(1,106)	165,875	234,332
Total comprehensive income		–	–	(1,033)	75,694	74,661
Dividends	27	–	–	–	(26,316)	(26,316)
At 30 June 2011		65,791	3,772	(2,139)	215,253	282,677

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

Consolidated Statement of Cash Flows

for The Financial Year Ended 30 June 2011

	Note	2011 RM'000	Restated 2010 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		105,057	86,280
Adjustments for:			
Amortisation of intangible asset		468	39
Bad debts written off		–	17
Changes in fair value of investment property		(489)	(319)
Deposit written off		–	22
Depreciation of property, plant and equipment		21,864	21,760
Fair value gain on financial assets at fair value through profit or loss		(533)	–
Interest expenses		1,573	1,094
Interest income		(2,063)	(2,171)
Inventories written down to net realisable value		1,983	1,660
Inventories written off		1,010	2,913
Profit on disposal of property, plant and equipment		(252)	(119)
Property, plant and equipment written off		345	31
Unrealised loss on foreign exchange		56	–
Operating profit before working capital changes		129,019	111,207
Inventories		(97,394)	10,751
Receivables		(6,928)	(4,579)
Payables		35,320	20,618
Cash generated from operations		60,017	137,997
Dividends paid		(32,896)	(17,763)
Tax paid	14	(29,225)	(26,721)
Net cash (used in)/ generated from operating activities		(2,104)	93,513

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

	Note	2011 RM'000	Restated 2010 RM'000
CASH FLOW FROM INVESTING ACTIVITIES			
Interest income received		2,063	1,201
Proceeds from disposal of financial assets at fair value through profit or loss		20,106	–
Proceeds from disposal of property, plant and equipment		283	125
Payment for intangible asset		–	(1,987)
Purchase of property, plant and equipment	28	(24,728)	(25,690)
Net cash used in investing activities		(2,276)	(26,351)
CASH FLOW FROM FINANCING ACTIVITIES			
Changes to short term borrowings		(1,154)	(3,609)
Drawdown of term loan		15,306	10,800
Interest expenses paid		(1,573)	(1,094)
Repayment of hire purchase and finance lease obligations		(1,046)	(889)
Repayment of term loan		(2,760)	(2,124)
Net cash generated from financing activities		8,773	3,084
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,393	70,246
Effect of change in exchange rate		(59)	(117)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		135,025	65,621
Effect of change in exchange rate		(737)	(725)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	29	138,622	135,025

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

Statement of Financial Position

As at 30 June 2011

	Note	2011 RM'000	2010 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	46,313	40,880
Investment in subsidiary companies	8	259,369	206,964
Other investment			
- Available-for-sale financial assets	10(a)	560	–
- Investment	10(b)	–	560
Total non-current assets		306,242	248,404
Current assets			
Receivables	13	26,903	1,401
Other investment			
- Short term investment	10(d)	–	18,757
Deposits, cash and bank balances	15	18,488	11,621
Total current assets		45,391	31,779
TOTAL ASSETS		351,633	280,183
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	16	65,791	65,791
Reserves	17	238,471	184,438
Total equity		304,262	250,229
Non-current liability			
Borrowings	18	13,592	425
Current liabilities			
Payables	19	18,883	8,375
Dividend payable	20	13,158	19,738
Borrowings	18	1,719	1,300
Tax liabilities	14	19	116
Total current liabilities		33,779	29,529
Total liabilities		47,371	29,954
TOTAL EQUITY AND LIABILITIES		351,633	280,183

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

Statement of Comprehensive Income

for The Financial Year Ended 30 June 2011

	Note	2011 RM'000	2010 RM'000
REVENUE	21	37,060	41,350
OTHER OPERATING INCOME		3,478	3,801
REVERSAL OF IMPAIRMENT LOSS ON INVESTMENT IN SUBSIDIARY COMPANIES		–	4,773
ADMINISTRATION EXPENSES		(2,516)	(2,065)
PROFIT FROM OPERATIONS	23	38,022	47,859
FINANCE COSTS	25	(270)	(105)
PROFIT BEFORE TAXATION		37,752	47,754
TAXATION	14	(9,808)	(10,910)
PROFIT FOR THE FINANCIAL YEAR		27,944	36,844
OTHER COMPREHENSIVE INCOME (NET OF TAX):			
Surplus on fair valuation of investment in subsidiary companies		52,405	39,046
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		80,349	75,890

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

Statement of Changes In Equity

For The Financial Year Ended 30 June 2011

	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 July 2009		65,791	3,772	117,516	16,866	203,945
Total comprehensive income		–	–	39,046	36,844	75,890
Dividends	27	–	–	–	(29,606)	(29,606)
At 30 June/1 July 2010		65,791	3,772	156,562	24,104	250,229
Total comprehensive income		–	–	52,405	27,944	80,349
Dividends	27	–	–	–	(26,316)	(26,316)
At 30 June 2011		65,791	3,772	208,967	25,732	304,262

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

Statement of Cash Flows

for The Financial Year Ended 30 June 2011

	Note	2011 RM'000	2010 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		37,752	47,754
Adjustments for:			
Depreciation of property, plant and equipment		1,486	1,231
Dividend income		(37,060)	(41,350)
Interest expenses		270	105
Interest income		(114)	(919)
Fair value gain on financial assets at fair value through profit or loss		(481)	–
Reversal of impairment loss on investment in subsidiary companies		–	(4,773)
Operating profit before working capital changes		1,853	2,048
Receivables		22	(2)
Payables		(532)	1,276
Inter-company balances		(24,527)	274
Cash (used in)/generated from operations		(23,184)	3,596
Dividend paid		(32,896)	(17,763)
Tax paid	14	(640)	(599)
Net cash used in operating activities		(56,720)	(14,766)
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend received		27,795	31,012
Interest income received		114	5
Proceeds from disposal of financial assets at fair value through profit or loss		19,238	–
Purchase of property, plant and equipment	28	(6,919)	(11,543)
Net cash generated from investing activities		40,228	19,474

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

	Note	2011 RM'000	2010 RM'000
CASH FLOW FROM FINANCING ACTIVITIES			
Drawdown of term loan		15,306	–
Interest expenses paid		(270)	(105)
Net advances/loan from subsidiary companies		10,043	8,050
Repayment of term loan		(1,720)	(1,276)
Net cash generated from financing activities		23,359	6,669
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,867	11,377
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		11,621	244
CASH AND CASH EQUIVALENTS CARRIED FORWARD	29	18,488	11,621

The above statement of cash flows 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 8 to the financial statements.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of 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 25 October 2011.

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 and cash and bank balances. They are subject to continuous review. At reporting date, the maximum exposure for the Group was represented by the carrying amount of the financial assets.

For cash and bank balances, the Group minimises credit risk by dealing exclusively with reputable financial institutions.

Information regarding the credit risk concentration of financial assets is disclosed in Note 13.

Foreign currency risk

The Group is exposed to foreign currency risk especially from the US Dollar. The Group does not use foreign exchange derivative instruments as a means to hedge its transaction risk. The risk is, by large, naturally hedged through matching, as far as possible, receipts and payments in each individual currency.

The Group's exposure to foreign currency risk, mainly denominated in US Dollar based on carrying amounts as at the end of the reporting period was:

Group	
2011	**RM'000**
Trade receivables	5,215
Cash and bank balances	11,528
Trade payables	(463)
Net exposure in the statement of financial position	16,280

The Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal.

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 on-going basis and the Group endeavours to keep the exposure at an acceptable level.

The Group's exposure to risk resulting from changes in interest rate is minimal.

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.

The Group's exposure to liquidity risk arising from mismatches of financial assets and liabilities is minimal.

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 Changes in accounting policies

At the beginning of the financial year, the Group adopted the following new and amended FRSs and Issues Committee ("IC") Interpretations which are mandatory for annual financial periods beginning on or after 1 January 2010:

FRSs, Amendments to FRSs and IC Interpretations

Applicable and relevant to the Group

FRS 3	Business Combinations
FRS 7	Financial Instrument: Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 138	Intangible Assets
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 13	Customer Loyalty Programmes
Improvements to FRSs (2009)	
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Changes in accounting policies (cont'd)

FRSs, Amendments to FRSs and IC Interpretations (cont'd)

Applicable and relevant to the Group (cont'd)

Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 140	Investment Property

Not applicable and not relevant to the Group

FRS 1	First-Time Adoption of Financial Reporting Standards
FRS 4	Insurance Contracts
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 2	Share-based Payment-Vesting Conditions and Cancellations
Amendment to FRS 5	Non-current Assets Held For Sale and Discontinued Operations
Amendment to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-Cash Assets to Owners
Improvements to FRSs (2009)	
Amendment to FRS 5	Non-current Assets Held For Sale and Discontinued Operations
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interests in Joint Ventures

The adoption of the abovementioned applicable and relevant Standards and Interpretations does not have a significant impact on the financial statements of the Group except for those discussed below:

(a) FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis. The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's financial statements for the year ended 30 June 2011.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Changes in accounting policies (cont'd))

(b) The revised FRS 101 introduces changes in the presentation and disclosures of the financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expenses recognised directly in equity, either in one single statement, or in two linked statements. The Group have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comprehensive period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

(c) The amendment of FRS 117 has clarified the classification of leases of land and buildings. For land elements held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classifications on the basis of the facts and circumstances existing on the date it adopts the amendments, and recognise the asset and liability relating to a land lease newly classified as a finance lease at their fair values on that date. Any difference between those fair values is recognised in retained earnings.

Upon the initial application of this amendment, the prepaid land lease payments will need to be reclassified as finance leases and disclosed as part of the Group's property, plant and equipment.

As at the end of the reporting date, the Group has carrying amount of prepaid land lease payments for workshop's land of RM722,034 that has been reclassified as land held in accordance with FRS116 upon adoption of this amendment.

The effects on the statement of financial position as at 30 June 2011 are set out as below:

	RM'000
Statement of financial position as at 30 June 2011	
Increase in property, plant and equipment	722
Decrease in prepaid land lease payments	(722)

There were no effects on the profit or loss for the financial year ended 30 June 2011.

The reclassification of prepaid land lease payments as leasehold land has been accounted for retrospectively and as such, certain comparatives have been restated.

	Previously stated RM'000	Effect of FRS 117 RM'000	Restated RM'000
Statement of financial position as at 30 June 2011			
Property, plant and equipment	79,953	800	80,753
Prepaid land lease payments	800	(800)	–

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Changes in accounting policies (cont'd)

(d) FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group has adopted FRS 139 prospectively on 1 July 2010 in accordance with the transitional provisions. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

Impairment of trade receivables
Prior to 1 July 2010, impairment was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivables' carrying amount and the present value of the estimated future cash flows discounted at the receivables' original effective interest rate.

(e) Annual Improvements to FRSs (2009) that result in accounting changes for presentation, recognition or measurement editorial amendments. These amendments have no material impact on the financial purposes and terminology or statements of the Group upon their initial application.

(f) Prior to adoption of IC Interpretation 13 ("IC Int 13"), the Group had accounted for sales made under customer loyalty programmes by recognising the full consideration received or receivable from retail sales as revenue and the cost of award credit as expenses.

With the adoption of IC Int 13, award credits from sale of goods transacted under customer loyalty programmes are accounted for as a separately identifiable component of the sales transactions in which they were granted (the "initial sale"). The fair value of the consideration received in respect of the initial sale is allocated between the cost of award credits earned by customers and the other components of the sale. The consideration allocated to award credits is recognised as revenue when award credits are redeemed and the Group fulfills its obligations to supply awards.

This change in accounting policy has been made retrospectively and affects the classification of items in the profit or loss.

The effects on the statement of financial position and statement of comprehensive income as at 30 June 2011 are set out below:

	RM'000
Statement of financial position as at 30 June 2011	
Increase in payables	4,490
Decrease in provision	(4,490)
Statement of comprehensive income for the financial year ended 30 June 2011	
Decrease in revenue	(808)
Decrease in selling and distribution costs	808

Following the adoption of the IC Int 13, certain comparatives have been represented as follows:

	Previously stated RM'000	Effect of IC Int 13 RM'000	Restated RM'000
Statement of financial position as at 30 June 2010			
Payables	74,676	3,682	78,358
Provision	3,682	(3,682)	–
Statement of comprehensive income for the financial year ended 30 June 2010			
Revenue	520,880	(2,045)	518,835
Selling and distribution costs	135,177	(2,045)	133,132

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 New and revised FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations

(i) New and revised FRSs, Amendments to FRSs and IC Interpretations which have been issued but not yet effective:

FRSs, Amendments to FRSs and IC Interpretations		Effective dates
FRS 124	Related Party Disclosures	1 January 2012
Amendment to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Improvements to FRSs (2010)		
Amendment to FRS 3	Business Combinations	1 January 2011
Amendment to FRS 7	Financial Instruments: Disclosures	1 January 2011
Amendment to FRS 101	Presentation of Financial Statements	1 January 2011
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2011
Amendment to FRS 132	Financial Instruments: Presentation	1 January 2011
Amendment to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2011
Amendment to IC Interpretation 13	Customer Loyalty Programmes	1 January 2011

The adoption of the abovementioned Standards and Interpretations does not have significant impact on the financial statements of the Group.

(ii) New and revised FRSs, Amendments to FRSs and IC Interpretations that are issued, not yet effective and not relevant to the Group:

FRSs, Amendments to FRSs and IC Interpretations		Effective dates
Amendment to FRS 1	Limited Exemption from Comparative FRS7 Disclosures for First-time Adopters	1 January 2011
Amendment to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendment to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
IC Interpretation 4	Determining whether an Arrangement Contains a Lease	1 January 2011
Amendment to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15	Agreements for The Construction of Real Estate	1 January 2012
Amendment to IC Interpretation 15	Agreements for The Construction of Real Estate	30 August 2010
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Improvements to FRSs (2010)		
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2011
Amendment to FRS 128	Investments in Associates	1 January 2011
Amendment to FRS 131	Interests in Joint Ventures	1 January 2011
Amendment to FRS 134	Interim Financial Reporting	1 January 2011

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

3.4 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 other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in these estimates and assumptions by the management may have an effect on the balances reported in the financial statements.

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

The Group has developed certain criteria based on FRS 140 in making judgements on 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 portions could be sold separately (or leased out separately under a finance lease), the Group will account for the portions separately. If the portion could not be sold separately, the property will be recognised as 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) 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 3.5 (d). The carrying amount of the Group's property, plant and equipment at 30 June 2011 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.

(iii) Valuation of investment properties

The fair value of 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.

(iv) Amortisation of intangible asset

The cost of an intangible asset is amortised on a straight-line basis over its estimated useful life. Management estimates the useful life of this asset to be 15 years. The carrying amount of the Group's intangible asset at 30 June 2011 was as disclosed in Note 5. Technological changes could impact the economic useful lives and the residual values of this asset, therefore future amortisation charges could be revised.

(v) 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 in the financial statements for any obsolete and/ or slow-moving items. In addition, the Group conducts physical counts on their inventories on a periodic basis in order to determine whether any allowance is required to be made.

(vi) Deferred revenue for customer loyalty points

The Group maintains a customer loyalty program that allows its members to accumulate rebate points on the purchases of the Group's products sold in its own retail outlets. These rebate points are then converted into rebate vouchers and sent to the customers based on the terms and conditions in force.

The Group treats the loyalty program as a separate component of the sales transaction in which they are granted. The Group has estimated the fair value of the rebate vouchers and accounted for it as deferred revenue. This deferred revenue is recognised as revenue when the issued rebate vouchers are redeemed in the Group's own retail outlets or when the rebate vouchers have expired without being redeemed.

These notes form part of the financial statements.

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

3.4 Significant accounting estimates and judgements (cont'd)

(vii) Income taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates 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.

(viii) Deferred tax assets

Deferred tax assets are recognised for all 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.

3.5 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 reporting 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.

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 the profit or loss.

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

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

These notes form part of the financial statements.

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

3.5 Summary of significant accounting policies (cont'd)

(b) Investment

(i) Investment in subsidiary companies

Investments in subsidiary companies, which are eliminated on consolidation, are classified as being available-for-sale and are stated at fair value, with any resultant fair value changes recognised in equity under the revaluation reserve account, except for impairment losses. When these investments are derecognised, the cumulative fair value gain previously recognised directly in other comprehensive income is reclassified to the profit or loss.

The fair values of the subsidiary companies are determined based on a combination of net assets values and discounted future cash flow analysis on certain assets and liabilities of the subsidiary companies, with consideration of the aggregate values in comparison to the market capitalisation of the Group at the reporting date. The assumptions of the discounted cash flow analysis incorporate observable business conditions and other factors that are likely to affect the subsidiary companies.

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

(ii) Investment in unquoted shares

Investments in non-current investment are stated at cost. Where an indication of impairment exists, the carrying amount of an investment is assessed and written down immediately to its recoverable amount. The Group has applied the new policy according to the transitional provision of FRS 139 by re-classifying all financial assets, as appropriate.

At the beginning of the financial year, the Group has classified its investment in unquoted shares as available-for-sale financial assets as disclosed in Note 3.5(g).

(iii) Investment in unit trust

Investments in unit trusts are stated at market value. Any increase or decrease in the carrying value of these investments is taken to the profit or loss. The Group has applied the new policy according to the transitional provision of FRS 139 by re-measuring all financial assets, as appropriate.

At the beginning of the financial year, the Group has classified its investment in unit trusts as financial asset at fair value through profit or loss as disclosed in Note 3.5(g).

(c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over their estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Computer software that do not form an integral part of the related hardware are treated as intangible assets with finite lives and are amortised over their estimated economic useful lives of 15 years.

(d) 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 profit or loss during the financial period in which they are incurred.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Summary of significant accounting policies (cont'd)

(d) 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 is 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
Workshops	25
Motor vehicles	5
Furniture and fixtures, office equipment, tools and equipment	3 – 5

The residual value, useful lives and depreciation methods are reviewed at each financial year end to ensure that the amounts, methods and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of 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 profit or loss.

(e) Investment properties

Investment property is a property which is held either to earn rental income or for capital appreciation or both. Such property is measured initially at cost, including transaction costs. 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 properties and the valuation 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 loss arising from changes in the fair value of investment property is recognised in the profit or loss 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 are recognised in the profit or loss in the year in which it arises.

(f) 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 comprise 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.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Summary of significant accounting policies (cont'd)

(g) Financial assets

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

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

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

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

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets
Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

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

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

3.5 Summary of significant accounting policies (cont'd)

(h) Financial liabilities

Financial liabilities are recognised when the Group or the Company become a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "finance costs" in the profit or loss. Financial liabilities are derecognised if the Group's obligations, specified in the contract, expire or are discharged or cancelled.

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost, which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the reporting date are included in current liabilities in the statement of financial position even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date. Borrowings to be settled within the Group's normal operating cycle are considered as current. Other borrowings due to be settled more than 12 months after the reporting date are included in non-current liabilities in the statement of financial position.

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

(i) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired and recognise the impairment loss when such evidence exists.

Financial assets carried at amortised cost
An impairment loss is recognised in the profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

Available-for-sale financial assets
The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit to loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Summary of significant accounting policies (cont'd)

(j) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each reporting 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 profit or loss in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment 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 profit or loss.

(k) Interest-bearing borrowings

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

(l) 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 reporting 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.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Summary of significant accounting policies (cont'd)

(m) Customer loyalty points

Deferred revenue on customer loyalty points is recognised as a reduction in revenue upon granting of loyalty to customers in accordance with the announced loyalty points scheme.

(n) Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the assets are reclassified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 3.5(q).

(o) 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 reporting 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 statement of financial position 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 profits will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient future taxable profit will be available to allow the benefit of part or the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Summary of significant accounting policies (cont'd)

(p) 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 contributions for the local employees to the state pension scheme, the Employees Provident Fund ("EPF"). Overseas subsidiary companies make contributions to the respective countries' Statutory Pension Scheme. Such contributions are recognised as an expense in the profit or loss as incurred.

(q) 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 profit or loss 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.

Revenue from customer loyalty points

Revenue from customer loyalty points is recognised when the obligation in respect of the award is fulfilled.

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:

These notes form part of the financial statements.

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

3.5 Summary of significant accounting policies (cont'd)

(q) Revenue recognition (cont'd)

Other revenues (cont'd)

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 ncome	-	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.

(r) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value. These are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains or losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR within equity.

These notes form part of the financial statements.

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

3.5 Summary of significant accounting policies (cont'd)

(s) 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 profit or loss in the period in which they are incurred.

(t) Segment reporting

The Group's businesses are generally segmented by its channels of distribution and geographical locations. 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 leases, taxation, corporate assets and corporate expenses. The allocation of revenue by geographical segments is based on the location of the customers regardless of where the goods are produced. The allocation of 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.

(u) 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 profit or loss 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.

(v) Financial guarantee contracts

A financial guarantee contracts is a contract that required the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor failed to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition financial guarantee contracts are recognised as income in the profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contracts when it is due, the Company, as the issuer, is required to reimburse the holder for the associated loss. The liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Summary of significant accounting policies (cont'd)

(w) 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 investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

(x) 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.

(y) 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 profit or loss.

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.

[The rest of the page is intentionally left blank]

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/ Valuation									
At 1 July 2009, as previously stated	12,240	17,538	1,062	5,020	73,882	12,913	21,321	2,063	146,039
Effect of amendment to FRS 117 (Note 7)	–	–	862	–	–	–	–	–	862
At 1 July 2009, as restated	12,240	17,538	1,924	5,020	73,882	12,913	21,321	2,063	146,901
Additions	–	–	–	982	8,303	2,097	3,001	11,536	25,919
Disposals	–	–	–	(636)	(35)	(2)	(2)	–	(675)
Written off	–	–	–	(118)	(12,772)	(3,332)	(1,721)	–	(17,943)
Reclassification	–	–	–	–	–	834	–	(834)	–
At 30 June/1 July 2010	12,240	17,538	1,924	5,248	69,378	12,510	22,599	12,765	154,202
Additions	–	6,919	–	1,192	10,253	2,310	4,236	318	25,228
Disposals	–	–	–	(1,115)	(32)	–	(32)	–	(1,179)
Written off	–	–	–	–	(8,587)	(97)	(1,121)	–	(9,805)
Reclassification	–	12,765	–	–	(100)	(590)	690	(12,765)	–
At 30 June 2011	12,240	37,222	1,924	5,325	70,912	14,133	26,372	318	168,446
Accumulated depreciation									
At 1 July 2009 ,as previously stated	–	(2,083)	(113)	(3,885)	(48,342)	(7,893)	(7,925)	–	(70,241)
Effect of amendment to FRS 117 (Note 7)	–	–	(41)	–	–	–	–	–	(41)
At 1 July 2009, as restated	–	(2,083)	(154)	(3,885)	(48,342)	(7,893)	(7,925)	–	(70,282)
Depreciation charge	–	(352)	(102)	(501)	(14,702)	(1,993)	(4,110)	–	(21,760)
Disposals	–	–	–	636	30	1	2	–	669
Written off	–	–	–	118	12,763	3,326	1,705	–	17,912
At 30 June/1 July 2010	–	(2,435)	(256)	(3,632)	(50,251)	(6,559)	(10,328)	–	(73,461)
Depreciation charge	–	(613)	(92)	(649)	(13,479)	(2,342)	(4,689)	–	(21,864)
Disposals	–	–	–	1,115	13	–	20	–	1,148
Written off	–	–	–	–	8,521	85	854	–	9,460
Reclassification	–	1	–	–	47	220	(268)	–	–
At 30 June 2011	–	(3,047)	(348)	(3,166)	(55,149)	(8,596)	(14,411)	–	(84,717)

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
Effect of changes in exchange rate									
At 1 July 2009, as previously stated (Note 7)	–	–	88	–	–	1	–	–	89
Effect of amendment to FRS 117	–	–	73	–	–	–	–	–	73
At 1 July 2009, as restated	–	–	161	–	–	1	–	–	162
Changes during the year	–	–	(149)	–	–	(1)	–	–	(150)
At 30 June/1 July 2010	–	–	12	–	–	–	–	–	12
Changes during the year	–	–	(120)	–	–	–	–	–	(120)
At 30 June 2011	–	–	(108)	–	–	–	–	–	(108)
Net carrying amount									
At 30 June 2011									
- At cost	12,240	33,430	1,468	2,159	15,763	5,537	11,961	318	82,876
- At valuation	–	745	–	–	–	–	–	–	745
	12,240	34,175	1,468	2,159	15,763	5,537	11,961	318	83,621
Net carrying amount									
At 30 June 2010									
- At cost	12,240	14,335	1,680	1,616	19,127	5,951	12,271	12,765	79,985
- At valuation	–	768	–	–	–	–	–	–	768
	12,240	15,103	1,680	1,616	19,127	5,951	12,271	12,765	80,753

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 2009	12,240	16,373	107	3,448	1,869	451	1,238	35,726
Additions	–	–	–	11	5	–	11,527	11,543
Written off	–	–	–	(236)	(356)	(195)	–	(787)
At 30 June/ 1 July 2010	12,240	16,373	107	3,223	1,518	256	12,765	46,482
Additions	–	6,919	–	–	–	–	–	6,919
Reclassification	–	12,765	–	–	144	(144)	(12,765)	–
At 30 June 2011	12,240	36,057	107	3,223	1,662	112	–	53,401
Accumulated depreciation								
At 1 July 2009	–	(1,710)	(107)	(1,717)	(1,302)	(322)	–	(5,158)
Depreciation charge	–	(328)	–	(617)	(237)	(49)	–	(1,231)
Written off	–	–	–	236	356	195	–	787
At 30 June/ 1 July 2010	–	(2,038)	(107)	(2,098)	(1,183)	(176)	–	(5,602)
Depreciation charge	–	(590)	–	(617)	(257)	(22)	–	(1,486)
Reclassification	–	1	–	(1)	(109)	109	–	–
At 30 June 2011	–	(2,627)	(107)	(2,716)	(1,549)	(89)	–	(7,088)
Net carrying amount								
At 30 June 2011	12,240	33,430	–	507	113	23	–	46,313
At 30 June 2010	12,240	14,335	–	1,125	335	80	12,765	40,880

(a) During the financial year, the Group reassessed its long term leases of land in accordance with the Amendment to FRS117, Leases to be finance lease. The classification of prepaid lease payments for land as property, plant and equipment has been accounted for retrospectively.

These notes form part of the financial statements.

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

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(i) Assets carried at valuation less accumulated depreciation:				
- freehold buildings	745	768	–	–
Had these assets been carried at cost less accumulated depreciation:				
- freehold buildings	223	230	–	–

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(ii) Assets pledged as securities for banking facilities (Note 18):				
- freehold land	9,520	4,629	9,520	4,629
- freehold building	30,288	11,106	29,543	10,338
	39,808	15,735	39,063	14,967
(iii) Assets held under hire purchase instalment plan and finance lease obligations:				
- motor vehicles	1,268	795	–	–
- furniture and fixtures	465	1,085	–	–
- office equipment	71	131	–	–
- tools and equipment	461	594	–	–
	2,265	2,605	–	–

These notes form part of the financial statements.

5. INTANGIBLE ASSET

	Group 2011 RM'000	Group 2010 RM'000
Systems, Applications and Products (SAP)		
Cost		
At 1 July	7,030	–
Addition	–	1,987
Reclassification from prepayment	–	5,043
At 30 June	7,030	7,030
Accumulated amortisation		
At 1 July	(39)	–
Addition	(468)	(39)
At 30 June	(507)	(39)
Net carrying amount		
At 30 June	6,523	6,991

6. INVESTMENT PROPERTIES

	Group 2011 RM'000	Group 2010 RM'000
Workshop, at fair value		
At 1 July	1,870	1,700
Changes in fair value	489	319
Effect of changes in exchange rate	(147)	(149)
At 30 June	2,212	1,870

(i) The investment property was revalued at 30 June 2011 by professional qualified valuers, Midland Surveyors Limited, using the comparison approach and the investment approach to reflect its fair value of RM2.21 million (HK$5,700,000) (2010: RM1.87 million (HK$4,470,000)).

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

	Group 2011 RM'000	Group 2010 RM'000
Rental income	105	114
Changes in fair value	489	319
Direct operating expenses of revenue generating investment property	(27)	(30)

These notes form part of the financial statements.

7. PREPAID LAND LEASE PAYMENTS

	Cost RM'000	Accumulated amortisation RM'000	Effect of changes in exchange rate RM'000	Net carrying amount RM'000
Group				
At 1 July 2009, as previously stated	862	(41)	73	894
Effect of amendment to FRS 117 (Note 4)	(862)	41	(73)	(894)
At 1 July 2009, as restated	–	–	–	–

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
Unquoted shares	**2011 RM'000**	**2010 RM'000**
At fair value	268,380	215,975
Less: Accumulated impairment losses		
At 1 July	(9,011)	(13,784)
Additions	–	–
Reversal	–	4,773
At 30 June	(9,011)	(9,011)
Net carrying amount	259,369	206,964

The fair value of the subsidiary companies was determined based on a combination of net assets value and a discounted future cash flow analysis on certain assets and liabilities of the subsidiary companies, with consideration of the aggregated values in comparison to market capitalisation of the Group at the reporting date.

The recoverable amount is determined based on value-in-use calculations using cash flow projections based on financial budgets estimated by the 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 the respective subsidiary companies.

(ii) Budgeted gross margin

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

(iii) Operating expenditure

The rate of respective operating expenses is determined based on historical trends.

(iv) Discount rate

The discount rate used is 5% over the five-year period.

These notes form part of the financial statements.

8. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

.

Sensitivity to changes in assumptions

With regard to the assessment of the 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 the 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 2011 %	2010 %	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.

9. INVESTMENT IN CLUB MEMBERSHIP

	Group 2011 RM'000	2010 RM'000
Club membership, at cost	124	124

These notes form part of the financial statements.

10. OTHER INVESTMENT

(a) Available-for-sale financial asset

	Group/Company	
	2011 RM'000	2010 RM'000
Unquoted shares in Malaysia		
At cost	560	–

(b) Investment

	Group/Company	
	2011 RM'000	2010 RM'000
Unquoted shares in Malaysia		
At cost	–	560

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 transactions between the Group and the investee company, no interchange of managerial personnel nor has there been any provision of technical information to the investee company and vice versa. There is no active market for the equity instrument and hence it is stated at cost.

(c) Financial assets at fair value through profit or loss

	Group	
	2011 RM'000	2010 RM'000
Investment in unit trusts, in Malaysia		
At carrying amount	342	–
At market value	342	–

(d) Short term investment

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Investment in unit trusts, in Malaysia				
At carrying amount	–	19,915	–	18,757
At market value	–	19,915	–	18,757

The comparative figures have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in FRS 7.44AA.

11. 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 statement of financial position:

	Group	
	2011	**2010**
Deferred taxation	**RM'000**	**RM'000**
At 1 July	1,185	1,853
Recognised in profit or loss (Note 14)	(1,206)	(669)
Effect of change in exchange rate	2	1
At 30 June	(19)	1,185

Presented after appropriate offsetting as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Deferred tax assets	1,545	1,959
Deferred tax liabilities	(1,564)	(774)
	(19)	1,185

[The rest of the page is intentionally left blank]

These notes form part of the financial statements.

11. DEFERRED TAXATION (cont'd)

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

Group	Depreciation claimed in excess of capital allowances RM'000	Deferred revenue from customer loyalty points RM'000	Unused capital allowance RM'000	Unused business losses RM'000	Impairment on debts RM'000	Deferred tax assets (before offsetting) RM'000	Offsetting RM'000	Deferred tax assets (after offsetting) RM'000
Balance at 1 July 2009	806	370	–	699	271	2,146	(99)	2,047
Recognised in profit or loss	(62)	550	1,334	(537)	–	1,285	(1,373)	(88)
Balance at 30 June/1 July 2010	744	920	1,334	162	271	3,431	(1,472)	1,959
Recognised in profit or loss	(175)	202	(524)	(162)	(271)	(930)	516	(414)
Balance at 30 June 2011	569	1,122	810	–	–	2,501	(956)	1,545

Group	Surplus on revaluation RM'000	Capital allowances claimed in excess of depreciation RM'000	Deferred tax liabilities (before offsetting) RM'000	Offsetting RM'000	Deferred tax liabilities (after offsetting) RM'000
Balance at 1 July 2009	(99)	(194)	(293)	99	(194)
Recognised in profit or loss	3	(1,957)	(1,954)	1,373	(581)
Effect of changes in exchange rates	–	1	1	–	1
Balance at 30 June/1 July 2010	(96)	(2,150)	(2,246)	1,472	(774)
Recognised in profit or loss	3	(279)	(276)	(516)	(792)
Effect of changes in exchange rates	–	2	2	–	2
Balance at 30 June 2011	(93)	(2,427)	(2,520)	956	(1,564)

These notes form part of the financial statements

11. DEFERRED TAXATION (cont'd)

Deferred tax assets of the companies in the Group are only recognised to the extent where it is probable that future taxable profits 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	
	2011	**2010**
	RM'000	**RM'000**
Temporary differences between accounting depreciation and related capital allowances	19	3
Unused capital allowances	224	224
	243	227

12. INVENTORIES

	Group	
	2011	**2010**
	RM'000	**RM'000**
Raw materials	19	140
Completed garments, shoes and accessories	170,612	76,414
Tools and consumables	324	–
	170,955	76,554

During the financial year, the Group has written down its inventories by RM1,982,934 (2010: RM1,659,906) to net realisable value and written off inventories of RM1,009,562 (2010: RM2,913,005).

13. RECEIVABLES

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	18,851	17,202	–	–
Less: Impairment on debts				
At 1 July	(1,083)	(1,083)	–	–
Written off	1,083	–	–	–
At 30 June	–	(1,083)	–	–
	18,851	16,119	–	–
Other receivables and prepayment	2,911	1,051	20	45
Deposits				
- business premises	17,129	14,876	–	–
- others	542	515	95	92
Due from subsidiary companies				
- non-trade	–	–	2,053	1,264
- trade	–	–	24,735	–
	39,433	32,561	26,903	1,401

These notes form part of the financial statements.

13. RECEIVABLES (cont'd)

(i) The currency exposure profile of receivables is as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	32,653	25,813	26,879	1,377
US Dollar	5,215	5,370	–	–
Renminbi	4	–	–	–
Hong Kong Dollar	1,561	1,378	24	24
	39,433	32,561	26,903	1,401

Included in other receivables and prepayment of the Group are advance payments to a trade payable amounting to RM1,100,000 (2010: RMNil).

(ii) The Group normally grants credit terms ranging from 30 to 60 days (2010: 30 to 90 days) to its customers. Other credit terms are assessed and approved on a case-by-case basis.

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

	Group
	2011
	RM'000
Neither past due nor impaired	15,619
1 to 30 days past due not impaired	1,732
31 to 60 days past due not impaired	186
61 to 90 days past due not impaired	160
91 to 305 days past due not impaired	1,093
More than 305 days past due not impaired	61
	3,232
	18,851

Receivables that are past due but not impaired
The Group does not hold any collateral in respect of the receivables and there are no disputes on these outstanding receivables.

(iv) The Group is exposed to a significant concentration of credit risk, whereby a significant amount of the total outstanding balance of trade receivables as at 30 June 2011 is due from 2 (2010: 2) customers ie. approximately 34% (2010: 36%) or RM6,423,376 (2010: RM5,800,644) of the net trade receivables.

(v) The amount due from subsidiary companies is unsecured, interest-free and repayable upon demand.

14. TAXATION

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Net tax liabilities at 1 July	(6,595)	(8,740)	(116)	(143)
Taxation charge for the financial year	(28,157)	(24,637)	(9,808)	(10,910)
Effect of change in exchange rate	28	61	–	–
Tax deducted at source	–	–	9,265	10,338
Payment made during the financial year	29,225	26,721	640	599
Net tax liabilities at 30 June	(5,499)	(6,595)	(19)	(116)
Disclosed as :-				
Tax assets	402	270	–	–
Tax liabilities	(5,901)	(6,865)	(19)	(116)
	(5,499)	(6,595)	(19)	(116)

The taxation expenses comprise:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
- Based on results for the financial year	27,796	24,075	9,802	10,910
- Under/(over) provision in prior years	18	(2)	6	–
- Penalty	26	205	–	–
Hong Kong taxation				
- Based on results for the financial year	317	370	–	–
- Over provision in prior years	–	(11)	–	–
	28,157	24,637	9,808	10,910
Deferred taxation (Note 11)				
- Based on results for the financial year				
- Malaysian taxation	1,191	330	–	–
- Hong Kong taxation	2	15	–	–
- Over provision in prior years	13	324	–	–
	1,206	669	–	–
	29,363	25,306	9,808	10,910

Tax savings arising from the utilisation of unused capital allowances and tax losses of the Group during the financial year amounted to approximately RM887,308 (2010: RM538,300).

14. TAXATION (cont'd)

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

	2011 RM'000	2010 RM'000
Profit before taxation	105,057	86,280
Tax at the current income tax rate at 25%	26,264	21,570
Tax of certain subsidiary companies at different statutory income tax rates	(218)	(216)
Tax effects in respect of:		
- Depreciation of non-qualifying property, plant and equipment	3,452	3,423
- Non-allowable expenses	513	668
- Non-taxable income	(718)	(671)
- Deferred tax assets not recognised	16	19
- Crystallisation of deferred tax liability on revaluation surplus	(3)	(3)
Under/(over) provision in prior years		
- Income tax	18	(13)
- Deferred tax	13	324
Penalty	26	205
	29,363	25,306

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

	2011 RM'000	2010 RM'000
Profit before taxation	37,752	47,754
Tax at the current income tax rate at 25%	9,438	11,938
Tax effects in respect of:		
- Reversal of impairment loss on investment in subsidiary companies	–	(1,193)
- Depreciation of non-qualifying property, plant and equipment	314	247
- Non-allowable expenses	154	127
- Non-taxable income	(120)	(228)
- Deferred tax assets not recognised	16	19
Under provision of income tax in prior years	6	–
	9,808	10,910

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unused capital allowances	4,133	7,033	894	894
Unused tax losses	–	649	–	–
	4,133	7,682	894	894

These notes form part of the financial statements.

15. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed bank	27	24	–	–
Cash and bank balances	138,595	135,001	18,488	11,621
	138,622	135,025	18,488	11,621

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

The fixed deposits with licensed banks have an effective interest yield of 3.15% (2010: 2.50%) per annum and have maturity periods ranging from 3 months to 12 months (2010: 3 months to 12 months).

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

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	126,732	120,679	18,488	11,621
US Dollar	11,528	13,362	–	–
Hong Kong Dollar	362	984	–	–
	138,622	135,025	18,488	11,621

16. SHARE CAPITAL

Group/Company	2011 No. of shares '000	2010 No. of shares '000	2011 RM'000	2010 RM'000
Authorised:				
At 1 July	^200,000	^200,000	100,000	100,000
Adjustment made pursuant to Share Split	800,000	–	–	–
At 30 June	*1,000,000	^200,000	100,000	100,000
Issued and fully paid:				
At 1 July	^131,582	^ 131,582	65,791	65,791
Adjustment made pursuant to Share Split	526,328	–	–	–
At 30 June	*657,910	^ 131,582	65,791	65,791

^ Ordinary shares of RM0.50 each
* Ordinary shares of RM0.10 each

At the Annual General Meeting held on 22 December 2010, the Company obtained the shareholders' approval:

(i) to undertake a share split involving the subdivision of every one (1) existing share of RM0.50 each in the Company into five (5) ordinary shares of RM0.10 each ("Share Split"). The shares, so split, shall upon allotment and issue, rank pari passu in all respects amongst themselves.

The Share Split was completed on 6 January 2011.

These notes form part of the financial statements.

16. SHARE CAPITAL (cont'd)

(ii) to purchase up to ten percent (10%) of its issued and paid up share capital from the open market at a price of not more than fifteen percent (15%) above the weighted average market price for the shares for the 5 market days before the date of any purchase ("Share Buy-Back").

The Share Buy-Back shall lapse at the forthcoming Annual General Meeting unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions. As such, the Board of Directors proposes to seek the approval from shareholders at the forthcoming Annual General Meeting on the proposed renewal of the authority for the Company to purchase up to ten percent (10%) of its issued and paid up share capital.

Capital management
The main objective of the Group's capital management policies is to promote and maintain a strong capital base so that the Group will have ready acccess to resources at all times to avail itself of opportunities that could improve its business performance and to grow the Group so that returns to its shareholders and other interested parties can be maximised.

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

17. RESERVES

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Non-distributable				
Share premium	3,772	3,772	3,772	3,772
Revaluation reserve	–	–	208,967	156,562
Currency translation reserves	(2,139)	(1,106)	–	–
	1,633	2,666	212,739	160,334
Distributable				
Retained profits	215,253	165,875	25,732	24,104
	216,886	168,541	238,471	184,438

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 the Company's investment in its 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, whereby the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

Retained profits
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 2011 under the single tier system.

18. BORROWINGS

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-current				
Secured				
Hire purchase and finance lease obligations	644	699	–	–
Term loans	21,507	9,426	13,592	425
	22,151	10,125	13,592	425
Current				
Secured				
Hire purchase and finance lease obligations	504	995	–	–
Term loans	2,716	2,251	1,719	1,300
Unsecured				
Bankers' acceptances	18,398	17,656	–	–
Revolving credit	3,330	5,226	–	–
	24,948	26,128	1,719	1,300
	47,099	36,253	15,311	1,725

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

The unsecured borrowings are secured by a corporate guarantee given by the Company.

(ii) Interests are charged as follows:

Bankers' acceptances	-	Ranging from 3.28% to 3.75% (2010: 2.52% to 3.10%) per annum.
Hire purchase and finance lease obligations	-	implicit interest rates ranging from 4.19% to 9.70% (2010: 4.19% to 9.70%) per annum.
Terms loans	-	Ranging from 3.25% to 4.40% (2010: 2.68% to 4.40%) per annum.
Revolving credit	-	Ranging from 3.16% to 4.22% (2010: 3.10% to 4.39%) per annum.

(iii) Hire purchase and finance lease obligations

	Group 2011 RM'000	Group 2010 RM'000
Minimum lease payments		
- not later than 1 year	548	1,084
- later than 1 year and not later than 5 years	690	734
	1,238	1,818
Less : Unexpired finance charges	(90)	(124)
	1,148	1,694
Present value of hire purchase and finance lease obligations		
Payable as follows:		
- not later than 1 year	504	995
- later than 1 year and not later than 5 years	644	699
	1,148	1,694

These notes form part of the financial statements

18. BORROWINGS (cont'd)

(iv) The term loans at the end of the financial year are repayable as follows:

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Not later than 1 year	2,716	2,251	1,719	1,300
Between 1 to 2 years	3,799	1,419	2,756	425
Between 2 to 5 years	8,015	3,258	4,597	–
Later than 5 years	9,693	4,749	6,239	–
	24,223	11,677	15,311	1,725

19. PAYABLES

	Group		Company	
		Restated		
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Trade payables	75,934	44,973	–	–
Other payables and accruals	13,516	9,965	783	1,315
Due to subsidiary companies – non-trade	–	–	18,100	7,060
Deferred revenue from customer loyalty points	4,490	3,682	–	–
	93,940	58,620	18,883	8,375

(i) The currency exposure profile of the payables (excluding deferred revenue from customer loyalty points) is as follows:

	Group		Company	
		Restated		
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Ringgit Malaysia	88,251	53,199	18,883	8,375
US Dollar	463	449	–	–
Renminbi	2	–	–	–
Hong Kong Dollar	734	1,290	–	–
	89,450	54,938	18,883	8,375

Included in trade payables of the Group are advance payments received from customers against confirmed purchase orders amounting to RM614,544 (2010: RM608,704).

(ii) The normal trade credit periods granted to the Group range from 30 to 90 days (2010: 30 to 90 days) or such other period as negotiated with the suppliers.

(iii) The amount due to subsidiary companies is unsecured, interest-free and repayable upon demand.

These notes form part of the financial statements.

19. PAYABLES (cont'd)

(iv) A reconciliation of the deferred revenue from customer loyalty points is as follows:

	Group	
	2011	2010
	RM'000	RM'000
At 1 July	3,682	1,637
Addition during the year	4,901	3,695
Recognised as revenue	(2,908)	(585)
Lapsed amounts reversed	(1,185)	(1,065)
At 30 June	4,490	3,682

The deferred revenue from customer loyalty points are estimated based on the amount of loyalty points outstanding as at the end of the reporting date that are expected to be redeemed within a year.

20. DIVIDEND PAYABLE

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Dividend payable	13,158	19,738	13,158	19,738

21. REVENUE

	Group		Company	
		Restated		
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Sale of goods	569,186	518,301	–	–
Dividend income	–	–	37,060	41,350
Commission income	3,780	4,216	–	–
Deferred revenue from customer loyalty points	(4,490)	(3,682)	–	–
	568,476	518,835	37,060	41,350

22. COST OF SALES

	Group	
	2011	2010
	RM'000	RM'000
Purchases	372,073	244,223
Changes in inventories of finished goods	(94,401)	15,324
	277,672	259,547

These notes form part of the financial statements.

23. PROFIT FROM OPERATIONS

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

	Group		Company	
		Restated		
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audit				
- current year	149	140	35	32
- under provision in prior year	10	–	3	–
- tax services	23	22	2	–
Other auditors' remuneration				
- statutory audit				
- current year	8	9	–	–
- under provision in prior year	1	1	–	–
Amortisation of intangible asset	468	39	–	–
Bad debts written off	–	17	–	–
Changes in fair value of investment property	(489)	(319)	–	–
Depreciation of property, plant and equipment	21,864	21,760	1,486	1,231
Directors' remuneration (Note 24)	3,621	3,390	120	120
Fair value gain on financial assets at fair value through profit or loss	(533)	–	(481)	–
Interest income	(2,063)	(2,171)	(114)	(919)
Inventories written down to net realisable value	1,983	1,660	–	–
Inventories written off	1,010	2,913	–	–
Loss on foreign exchange				
- realised	782	343	–	–
- unrealised	56	–	–	–
Profit on disposal of property, plant and equipment	(252)	(119)	–	–
Property, plant and equipment written off	345	31	–	–
Rental income	(105)	(114)	(2,882)	(2,882)
Rental of equipment	747	1,220	–	–
Rental of premises	51,238	47,635	–	–
Reversal of impairment loss on investment in subsidiary companies	–	–	–	(4,773)
Royalty income	(1,396)	(1,355)	–	–
Staff costs				
- Salary, allowances and bonuses	70,864	64,304	–	–
- Employees' Provident Fund	7,863	7,232	–	–
- Unconsumed leaves	81	234	–	–
- Other employee benefits	2,391	2,190	–	1

These notes form part of the financial statements.

24. DIRECTORS' REMUNERATION

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- fees	120	120	120	120
- other emoluments	3,382	3,151	–	–
Director of a subsidiary company				
- other emoluments	119	119	–	–
	3,621	3,390	120	120

The estimated monetary value of other benefits not included in the above received by the Directors of the Company and subsidiary company are RM116,117 (2010: RM95,405) and RM6,600 (2010: RM6,600) respectively.

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

Directors of the Company
Sahid bin Mohamed Yasin
Yong Pang Chaun
Yong Lai Wah
Chong Chin Lin
Chan Kwai Heng
Cheong Chung Yet
Foo Kee Fatt
Datuk Dr. Abdullah bin Abdul Rahman (resigned on 31 July 2011)

Director of a subsidiary company
Yong Lai Ang

	Executive 2011 RM'000	Non-executive 2011 RM'000	Executive 2010 RM'000	Non-executive 2010 RM'000
Group				
Directors of the Company				
Fees	–	120	–	120
Other emoluments				
- Salaries and allowances	1,770	–	1,793	–
- Bonuses	1,249	–	1,020	–
- Employees' Provident Fund	363	–	338	–
	3,382	120	3,151	120
Company				
Directors of the Company				
Fees	–	120	–	120

These notes form part of the financial statements.

25. FINANCE COSTS

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Interests on:				
- Hire purchase and finance lease	104	169	–	–
- Term loan	574	126	248	63
- Bankers' acceptance	552	318	–	–
- Revolving credit	320	435	–	–
- Letter of credit charges	22	42	22	42
- Others	–	2	–	–
Trust receipt/ bankers' acceptance charges	1	2	–	–
	1,573	1,094	270	105

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:

	2011	2010
	RM'000	RM'000
Profit attributable to owners of the Company	75,694	60,974
	Number of ordinary shares	
	'000	'000
Number of shares in issue as at 1 July	131,582	131,582
Effects of share split	526,328	#526,328
Weighted average number of ordinary shares in issue	657,910	657,910
Basic earnings per share of RM0.10 each (sen)	11.51	9.27

The weighted average number of ordinary shares in issue have been adjusted to reflect the share split which was
completed on 6 January 2011.

(ii) Diluted earnings per share

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

These notes form part of the financial statements.

27. DIVIDENDS

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

	Group/ Company			
	2011		2010	
Recognised during the year:	Dividend per share net of tax	Amount of dividend net of tax	Dividend per share net of tax	Amount of dividend net of tax
	sen	RM'000	sen	RM'000
Single tier first interim dividend	2.00	13,158	7.50	9,869
Single tier second interim dividend	2.00	13,158	7.50	9,869
Single tier final interim dividend	–	–	7.50	9,868
		26,316		29,606

The Directors have not recommended any final dividend in respect of the current financial year.

28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Additions to property, plant and equipment	25,228	25,919	6,919	11,543
Financed by hire purchase and finance leases	(500)	(229)	–	–
	24,728	25,690	6,919	11,543

29. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Represented by:				
Deposits, cash and bank balances	138,622	135,025	18,488	11,621

These notes form part of the financial statements.

30. SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosures 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 8.

(b) Substantial shareholder of the Company

Yong Pang Chaun Holdings Sdn. Bhd. ("YPC"), a shareholder of the Company which holds 43.74% 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 undertake on agreed terms and prices, the following transactions with its related parties as follows:-

	Group		Company	
	2011	2010	2011	2010
Transactions entered into with subsidiary companies	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Dividend income received from				
- Vincci	–	–	12,880	19,320
- Padini Corporation	–	–	19,480	19,480
- Seed	–	–	1,700	2,550
- Yee Fong Hung	–	–	3,000	–
Purchase of food and beverage				
- Seed	–	–	2	–
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	–	–	995	995
Advance to				
- The New World Garment	–	–	–	1

These notes form part of the financial statements.

30. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

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

	Group		Company	
	2011	2010	2011	2010
Transactions entered into with subsidiary companies	RM'000	RM'000	RM'000	RM'000
Advance/ loan from				
- Padini Corporation	–	–	–	6,131
- Seed	–	–	1	268
- Yee Fong Hung	–	–	–	19
- Padini Dot Com	–	–	10,042	5,935
Repayment of advance/ loan received from				
- Mikihouse	–	–	–	4,000
- Padini Corporation	–	–	–	3
Repayment of advance/ loan to				
- Seed	–	–	–	417
- Padini Corporation	–	–	–	5,195
- Vincci	–	–	–	2,693
Transactions entered into with related parties				
Dividend paid and payable to YPC	11,510	16,151	11,510	16,151
Purchase of goods from Dat Hin	–	2	–	–

Information regarding outstanding balances arising from related party transactions as at 30 June 2011 and 30 June 2010 are disclosed in Note 13 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.

31. COMMITMENTS

(i) Capital commitment

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

	Group		Company	
	2011	2010	2011	2010
Contracted but not provided for	RM'000	RM'000	RM'000	RM'000
- Capital expenditure in relation to capital work-in-progress	–	6,036	–	6,036

(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	
	2011	2010
	RM'000	RM'000
Not later than 1 year	40,575	33,859
Later than 1 year and not later than 5 years	40,317	25,286
	80,892	59,145

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

32. CONTINGENT LIABILITIES

(i)

	Company	
	2011	2010
Secured	RM'000	RM'000
Freehold land and building pledged to bank for term loan		
- Facility approved	23,050	7,200
- Amount outstanding	15,310	1,725
Unsecured		
Corporate guarantee to banks and financial institutions for banking facilities granted to certain subsidiary companies		
- In Ringgit Malaysia	59,000	63,000
- In US Dollar	6,000	6,000
Amount utilised		
- In Ringgit Malaysia	21,728	22,882

(ii) Letters of guarantee and indemnity were issued by the Company for the lease of business premises of certain subsidiary companies on the non-cancellable lease commitments of approximately RM21,026,000 (2010: RM6,500,000).

These notes form part of the financial statements.

33. FINANCIAL INSTRUMENTS

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, short term borrowings and amount due from/(to) subsidiary companies

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

Investment in subsidiary companies

Investments in subsidiary companies are valued by the Directors based on a combination of their net assets value and the discounted future cash flow analysis on certain assets and liabilities of the subsidiary companies.

Available-for-sale financial assets

No disclosure is made as it is impractical to estimate the fair value of unquoted investment due to a lack of quoted market prices and the inability to establish the fair values without incurring excessive cost.

Financial assets at fair value through profit or loss

The fair values of the unit trusts are their market value at the reporting date as disclosed in Note 10 (c).

Trade receivables and payables

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

Borrowings

The fair values of long-term borrowings are estimated at the current rates available for borrowings with similar maturity profiles. The carrying amounts of the long-term borrowings at reporting date approximate their fair values.

Contingent liability

The Company provides corporate guarantees to certain subsidiary companies as follows:

(i) to banks for credit facilities extended; and
(ii) for non-cancellable business premise lease commitments.

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

34. SEGMENTAL INFORMATION

The Group operates principally within the retail industry and the business operation of the Group mainly operates in Malaysia, therefore no segmental information is presented.

Primary reporting format-geographical segments by location of assets

Group 2010	**Malaysia RM'000**	**Hong Kong RM'000**	**Elimination RM'000**	**Consolidated RM'000**
Revenue, restated				
Revenue from external customers	506,286	12,549	–	518,835
Inter-segment revenue	1	–	(1)	–
	506,287	12,549	(1)	518,835
Results				
Segment results	82,663	2,540	–	85,203
Interest income	2,171	–	–	2,171
Finance cost	(1,094)	–	–	(1,094)
Taxation	(24,947)	(359)	–	(25,306)
Profit for the financial year				60,974
Assets				
Segment assets	339,260	15,093	–	354,353
Unallocated assets				2,229
Total assets				356,582
Liabilities, restated				
Segment liabilities	77,068	1,290	–	78,358
Borrowings	36,253	–	–	36,253
Unallocated liabilities				7,639
Total liabilities				122,250

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 2010	**Malaysia RM'000**	**Hong Kong RM'000**	**Elimination RM'000**	**Consolidated RM'000**
Capital expenditure	25,913	6	–	25,919
Non-cash items				
Amortisation of intangible asset	39	–	–	39
Bad debts written off	17	–	–	17
Changes in fair value of investment property	–	(319)	–	(319)
Depreciation of property, plant and equipment	21,650	110	–	21,760
Inventories written down to net realisable value	1,660	–	–	1,660
Inventories written off	2,913	–	–	2,913
Profit on disposal of property, plant and equipment	(119)	–	–	(119)
Property, plant and equipment written off	31	–	–	31

Segment revenue and results include transfers 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

Revenue	**Group Restated 2010 RM'000**
Malaysia	472,534
Middle East countries	34,541
Other Asia Pacific countries	11,310
Others	450
	518,835

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

These notes form part of the financial statements.

35. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The breakdown of the retained profits of the Group and of the Company as at 30 June 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants on 20 December 2010.

The retained profits as at reporting date are analysed as follows:

	Group 2011 RM'000	Company 2011 RM'000
Total retained profits		
- Realised profits	248,275	25,732
- Unrealised profits	680	-
	248,955	25,732
Less: Consolidation adjustments	(33,702)	-
	215,253	25,732

Comparative figures are not required in the first financial year of complying with the realised and unrealised profits disclosure by Bursa Malaysia Securities Berhad.

[The rest of the page is intentionally left blank]

DIRECTORS' SHAREHOLDINGS AS AT 31 OCTOBER 2011

Shareholdings in the Company

Director	No. of Shares Held			
	Indirect	**%**	**Direct**	**%**
YONG PANG CHAUN	289,783,490 *	44.05	1,500,000	0.23
CHAN KWAI HENG	NIL	NIL	1,144,000	0.17
CHEONG CHUNG YET	NIL	NIL	1,173,990	0.18
CHONG CHIN LIN	289,263,500 **	43.97	2,019,990	0.31
YONG LAI WAH	287,763,500 ^	43.74	NIL	NIL
HAJI SAHID BIN MOHAMED YASIN	NIL	NIL	NIL	NIL
FOO KEE FATT	NIL	NIL	NIL	NIL
YEAP TIEN CHING	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.)

Authorised Share Capital	:	RM100,000,000-00
Issued and Paid-up Capital	:	RM65,790,950-00
Class of Shares	:	Ordinary Shares of RM0-10 each
Voting rights	:	One vote per Ordinary share
No. of shareholders	:	3,310

DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 31 OCTOBER 2011

No. of Holders	Holdings	Total Holdings	%
21	less than 100	522	0.000
492	100 - 1,000	372,479	0.056
1,825	1,001 - 10,000	8,374,480	1.272
787	10,001 - 100,000	24,365,014	3.703
184	100,001 - 32,895,474	337,033,505	51.227
1	32,895,475 and above	287,763,500	43.739
3,310	**TOTAL**	**657,909,500**	**100.000**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2011

No.	Name	Nationality	Registered Hold	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.	287,763,500	–	43.74	–
2	Yong Pang Chaun *	Malaysian	- Yong Pang Chaun Holdings Sdn. Bhd.	–	287,763,500	–	43.74
			- Chong Chin Lin	–	2,019,990	–	0.31
			- Yong Pang Chaun	1,500,000	–	0.23	–
3	Chong Chin Lin **	Malaysian	- Yong Pang Chaun Holdings Sdn. Bhd.	–	287,763,500	–	43.74
			- Yong Pang Chaun	–	1,500,000	–	0.23
			- Chong Chin Lin	2,019,990	–	0.31	–
4	Yong Lai Wah ^	Malaysian	- Yong Pang Chaun Holdings Sdn. Bhd.	–	287,763,500	–	43.74
			- Yong Lai Wah	–	–	–	–
5	Yong Lee Peng ^	Malaysian	- Yong Pang Chaun Holdings Sdn. Bhd.	–	287,763,500	–	43.74
			- Yong Lee Peng	1,500,000	–	0.23	–

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

* 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.)

LIST OF TOP 30 SHAREHOLDERS AS AT 31 OCTOBER 2011
(As per the Record of Depositors)

No.	Name	No. of Shares	%
1	Yong Pang Chaun Holdings Sdn. Bhd.	287,763,500	43.739
2	Amanahraya Trustee Berhad Skim Amanah Saham Bumiputera	25,600,080	3.891
3	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad icapital.biz Berhad	22,700,000	3.450
4	Thian Min Yang	15,713,200	2.388
5	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	14,646,700	2.226
6	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund W4B3 for Wasatch Emerging Markets Small Cap Fund	13,150,000	1.998
7	HSBC Nominees (Asing) Sdn Bhd HSBC -FS I for Apollo Asia Fund Ltd	12,573,100	1.911
8	Permodalan Nasional Berhad	12,266,800	1.864
9	Amanah Trustees Berhad Amanah Saham Wawasan 2020	12,116,700	1.841
10	Amanahraya Trustees Berhad Public Smallcap Fund	10,514,500	1.598
11	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Norges BK Lend)	10,000,000	1.519
12	Amanahraya Trustees Berhad Public Islamic Dividend Fund	9,394,000	1.427
13	Amanahraya Trustees Berhad Amanah Saham Malaysia	8,954,700	1.361
14	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	8,511,500	1.293
15	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 6608 for Royce Micro-Cap Fund	8,339,000	1.267
16	Yong Yee Ching	7,991,960	1.214
17	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore for Pangolin Asia Fund	7,309,000	1.110
18	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	7,288,500	1.107
19	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	7,266,000	1.104
20	Mayban Nominees (Asing) Sdn Bhd DBS Bank for Albizia Asean Opportunities Fund (290127)	5,850,000	0.889

LIST OF TOP 30 SHAREHOLDERS AS AT 31 OCTOBER 2011 (cont'd)
(As per the Record of Depositors)

No.	Name	No. of Shares	%
21	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	4,142,100	0.629
22	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 6622 for Royce Capital Fund-Micro-Cap Portfolio	4,084,500	0.620
23	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	4,010,000	0.609
24	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund FJ4V for Asian Small Companies Portfolio	4,007,200	0.609
25	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund W4A9 for Wasatch Mirco Cap Value Fund	3,600,000	0.547
26	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yip Swee Kian (CEB)	3,545,000	0.538
27	Amanahraya Trustees Berhad As 1Malaysia	3,381,500	0.513
28	Denver Corporation Sdn Bhd	3,355,500	0.510
29	HSBC Nominees (Asing) Sdn Bhd Exempt An for the Bank of New York Mellon (Mellon ACCT)	3,270,000	0.497
30	Amanahraya Trustees Berhad Amanah Saham Didik	2,911,000	0.442
	TOTAL	**544,256,040**	**82.725**

List of Group Properties

As at 30 June 2011

Location	Description / Existing Use	Land Area/ Built-up Area (sq. ft.)	Tenure	Approximate Age of Buildings	Net Carrying Amount @ 30.06.2011 (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	15.5 years	6,607,176
No. 19, Lot 115, Jalan U1/20 Glenmarie Industrial Park 40150 Shah Alam Date of Acquisition: 08 August 2003	4-storey Office cum warehouse: Corporate Headquarters & central warehouse	45,962/ 116,337	Freehold	5 year	14,745,615
No. 15, Lot 112, Jalan U1/20 Glenmarie Industrial Park 40150 Shah Alam Date of Acquisition: 24 March 2006	4-storey Central Warehouse with 1 Basement Car park	75,003/ 180,070	Freehold	1 year	24,317,460
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	38 years	12,545,000
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	29 years	1,468,992
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	29 years	2,212,170

Statement Regarding Revaluation Policy

As at 30 June 2011

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.

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 Thirtieth 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 23 December 2011 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
Ordinary Resolution 1	Reports and Audited Financial Statements		
Ordinary Resolution 2	Directors' Fee		
Ordinary Resolution 3	Re-election of Mr. Yong Pang Chaun		
Ordinary Resolution 4	Re-election of Mr. Chan Kwai Heng		
Ordinary Resolution 5	Re-election of Ms. Yeap Tien Ching		
Ordinary Resolution 6	To re-appoint Messrs Peter Chong & Co. as Auditors		
Ordinary Resolution 7	Proposed Renewal of Authority for the Purchase by the Company of its own Shares		

Dated this _________ day of ____________________ 2011

	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).

Fold here

Stamp

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

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

Fold here