PADINI HOLDINGS BERHAD

(50202-A)
(Incorporated in Malaysia)

Annual Report 2012

vision

To Be The
Best Fashion Company
Ever

mission

To Exceed
Customers' Expectations
And
Our Brands' Promise

core value

PADINI

caring from the heart

NOTICE IS HEREBY GIVEN that the Thirty First 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 18 December 2012 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 2012 together with the Reports of the Directors and Auditors thereon. *(Ordinary Resolution 1)*

2. To approve payment of Directors' fee of RM115,000.00 in respect of the financial year ended 30 June 2012 (2011 : RM120,000.00). *(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. Cheong Chung Yet *(Ordinary Resolution 3)*

   ii) Mr. Foo Kee Fatt *(Ordinary Resolution 4)*

   [Tuan Haji Sahid Bin Mohamed Yasin who is also subject to retirement by rotation in accordance with Article 102(1) of the Company's Articles of Association, has indicated that he will not be seeking re-election as a Director of the Company at this Annual General Meeting.]

4. To appoint Messrs BDO as the Auditors of the Company and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 5)*

   Notice of Nomination pursuant to Section 172 (11) of the Companies Act, 1965, a copy of which is annexed to the Company's Annual Report 2012 and marked "APPENDIX A", has been received by the Company for the nomination of Messrs BDO, who have given their consent to act, for appointment as Auditors of the Company and to propose the following ordinary resolution:

   "That Messrs. BDO, Chartered Accountants, be appointed as Auditors of the Company in place of the retiring Auditors Messrs. PETER CHONG & CO., to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Special Business

5. To consider and, if thought fit, to pass, with or without modifications, the following as an ordinary resolution :

   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 authorised 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 RM48.915 million and RM3.772 million, respectively as at 30 June 2012;

(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 authorised 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 6)*

6. To consider and, if thought fit, to pass, with or without modifications, the following as a special resolution :

Proposed Amendments to the Company's Articles of Association ("Proposed Amendments of Articles of Association")

"THAT the amendments to the Articles of Association of the Company as set out in Part B of the Circular to Shareholders dated 26 November 2012 be and is hereby approved and adopted AND THAT the Directors of the Company be and are hereby authorised to give full effect to the said amendments, alterations, modifications and deletions to the Articles of Association of the Company as may be required by any relevant authorities as they deem fit, necessary or expedient in order to give full effect to the Proposed Amendments to the Company's Articles of Association." (Special Resolution 1)

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

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Thirty First Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. ("Bursa Depository") in accordance with Article 67B of the Company's Articles of Association and Section 34 (1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors as at 12 December 2012. Only a depositor whose name appears on the Record of Depositors as at 12 December 2012 shall be entitled to attend the said meeting or appoint proxy/proxies to attend and/or vote on his behalf.

BY ORDER OF THE BOARD

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

Selangor
26 November 2012

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 Share Buy-Back**

   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 6 is set out in the Circular to Shareholders dated 26 November 2012 despatched together with the Annual Report.

2. **Proposed Amendments to the Company's Articles of Association**

   The proposed amendments to the Articles of Association will enable the Company to comply and to be in line with the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad, prevailing statutory and regulatory requirements as well as to update the Articles of Association of the Company. Further explanatory notes on Special Resolution 1 is set out in the Circular to Shareholders dated 26 November 2012 despatched together with the Annual Report.

STATEMENT ACCOMPANYING THE NOTICE OF THE 31ST 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 31st Annual General Meeting are set out in the Board of Directors' Profile on pages 28 to 31 of the Annual Report. Their shareholdings in the Company are set out in the section entitled "Directors' Shareholdings and Interest" on page 98 of the Annual Report.

No individual other than the retiring Directors are seeking election as a Director at the 31st Annual General Meeting.

Date : 1 October 2012

The Board of Directors
PADINI HOLDINGS BERHAD (50202-A)
3RD FLOOR NO. 17
JALAN IPOH KECIL
50350 KUALA LUMPUR
WILAYAH PERSEKUTUAN

Dear Sir/Madam

NOTICE OF NOMINATION OF AUDITORS

We, YONG PANG CHAUN HOLDINGS SDN BHD, being a member of PADINI HOLDINGS BERHAD (50202-A) hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of our intention to nominate Messrs. BDO, Chartered Accountants of 12TH FLOOR, MENARA UNI. ASIA, 1008, JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR, WILAYAH PERSEKUTUAN for appointment as Auditors of the company in place of the retiring Auditors, Messrs. PETER CHONG & CO., Chartered Accountants and of our intention to move the following motion to be passed as an Ordinary Resolution at the Annual General Meeting of PADINI HOLDINGS BERHAD.

Therefore, we propose that the following resolution be considered at the forthcoming Annual General Meeting :-

"That Messrs. BDO, Chartered Accountants, be appointed as Auditors of the Company in place of the retiring Auditors Messrs. PETER CHONG & CO., to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully
for and on behalf of
YONG PANG CHAUN HOLDINGS SDN BHD

____
Director

Corporate Information

For the financial year ended 30 June 2012

CHAIRMAN	Haji Sahid bin Mohamed Yasin
MANAGING DIRECTOR	Yong Pang Chaun
DIRECTORS	Yong Lai Wah Chong Chin Lin Chan Kwai Heng Cheong Chung Yet Foo Kee Fatt Yeap Tien Ching
COMPANY SECRETARIES	Ho Mun Yee (MAICSA 0877877) 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

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)

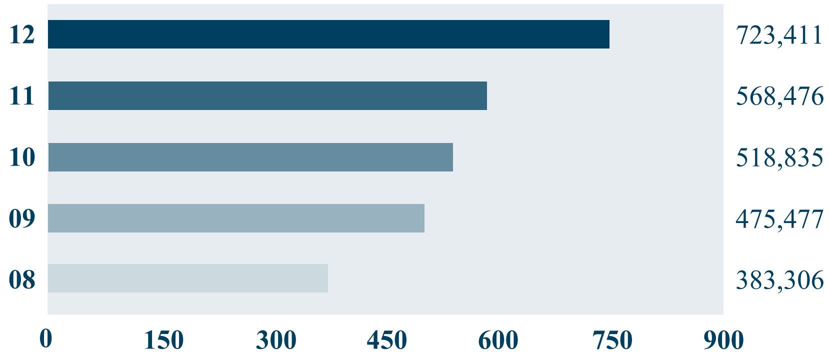
100%
THE NEW WORLD GARMENT MANUFACTURERS SDN. BHD. (80490–U)

100%
PADINI INTERNATIONAL LIMITED, HONG KONG (896012)

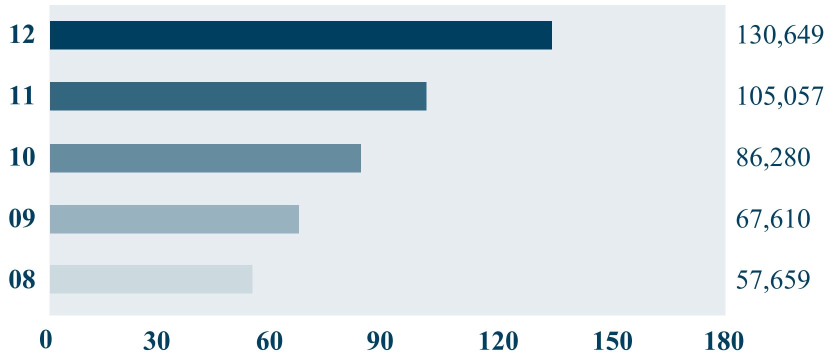
	2008 RM '000	2009 RM '000	2010 RM '000	2011 RM '000	2012 RM '000
Revenue	383,306	475,477	518,835	568,476	723,411
Profit before taxation	57,659	67,610	86,280	105,057	130,649
Profit attributable to owners of the Company	41,715	49,533	60,974	75,694	96,001
Basic earnings per share (sen) based on profit attributable to equity shareholders*	6.34	7.53	9.27	11.51	14.59
Net assets	169,478	204,043	234,332	282,677	340,109
Net assets per share (sen) *	25.8	31.0	35.6	43.0	51.7
Dividend per share (sen) ^	3 sen	2.8 sen	4.5 sen	4 sen	6 sen

* Based on ordinary shares of RM0.10 each.
^ For year 2008 to 2010, the figures have been restated to take into account the share split.

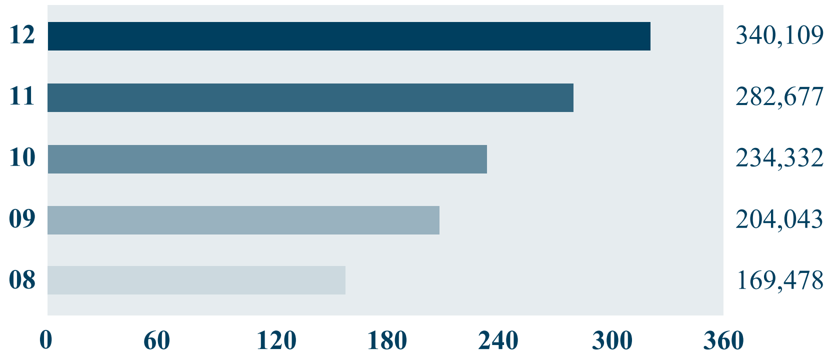
Revenue (RM Thousand)



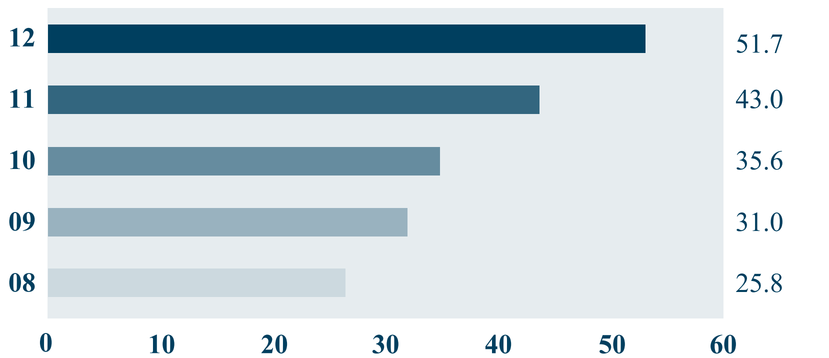
Profit before tax (RM Thousand)



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 2012.

INDUSTRY TREND AND DEVELOPMENT

Retail today, especially in the retail of apparels, footwear, and accessories, is about that which is trendy, chic and fashionable. In years past, only those who could afford it dressed fashionably. Those in the less-privileged rungs of society were more concerned with eating right rather than dressing right. In recent decades, this has however changed dramatically, and not only in the developed economies but in most developing economies as well. Increasingly, and especially more so since the start of the new millennium, fashion has moved into the wardrobes of the masses. Fashion has become very affordable. While the market for really expensive items of apparels, footwear and accessories still thrives and prospers, it is the market for disposable fashion that has fired up the imaginations (and loosened the wallets and purses) of an extensively broader spectrum of consumers.

It is expected that in the years to come, fashion will become even more "democratized" as more businesses adopt strategies that will drive the perception that value (as in affordable) and dressing right (as in being trendy and looking like a "million dollars") is actually not mutually exclusive but is rather very compatible instead. This development will certainly tax the abilities of brand owners as they try to strike a right balance between the prices and the value of the merchandise they sell, and the profits that this type of activity can generate. An erroneous pricing strategy or a misplaced positioning of the brand can unexpectedly send even established brands on a downward spiral. The question to ask is always one of relevance. Is our brand relevant? Are our products relevant? Are our strategies relevant? But then again, relevance must be qualified because it has to be viewed in relation to the market segment that a brand is supposed to serve. How each retailer responds to such questions will determine the fortunes of his business and against a background of unrelenting competition, rising merchandise costs and operating expenditures, the responses made to these questions and the subsequent measures implemented will determine whether the retailer thrives or gets left behind.

FINANCIAL RESULTS

For the financial year under review, the Group achieved consolidated revenues of RM723.4 million, a growth of 27.2% over the previous year's amount of RM568.5 million. Gross profits rose in tandem by 19.9% over the same period, while profit before taxation grew by 24.4%, from RM105.1 million achieved in the previous year to RM130.6 million in the current financial year. Total comprehensive income for the financial year attributable to the owners of the Company rose 29.7% to RM96.9 million when compared to the amount of RM74.7 million achieved during the previous financial year.

DIVIDENDS

In respect of the financial year under review, the following dividends were declared and paid:

- a first interim dividend of 2 sen per share (single tier), amounting to RM13,158,190 declared on 29th November 2011 was paid on 29th December 2011;
- a second interim dividend of 2 sen per share (single tier), amounting to RM13,158,190 declared on 28th February 2012 was paid on 29th March 2012; and
- a third interim dividend of 2 sen per share (single tier), amounting to RM13,158,190 declared on 30th May 2012 was paid on 29th June 2012

BUSINESS REVIEW

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

In the domestic market, our products are sold through the numerous retail stores and consignment counters that the Group manages. There are also several Vincci 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 30.6.2010	As at 30.6.2011	As at 30.6.2012
Vincci, Vincci+, Vincci Accessories			
Free-standing stores	22	19	20
Consignment counters	0	2	1
Franchise stores	12	14	14
Seed			
Free-standing stores	5	4	4
Consignment counters	49	48	54
Padini Authentics			
Free-standing stores	9	7	8
Consignment counters	24	25	29
PDI			
Free-standing stores	11	12	13
Franchise stores	0	1	1
Padini			
Free-standing stores	2	2	2
Consignment counters	34	34	37
P&Co			
Free-standing stores	1	1	1
Miki Kids			
Consignment counters	24	27	30
Miki Mom			
Consignment counters	10	4	4
Brands Outlet			
Free-standing stores	10	13	19
Multi-brands			
Free-standing stores *	20	22	26
Total	233	235	263

* the 26 multi-brand stores as at 30th June 2012 contain a total of 179 stores-within-store (150 as at 30th June 2011) showcasing the various brands of the Padini Group

Brands – Foreign Market	Locations	As at 30.6.2010	As at 30.6.2011	As at 30.6.2012
Vincci/VNC				
Franchise Stores	ASEAN	18	15	14
	Saudi Arabia	24	25	24
	UAE	9	11	13
	Oman	1	1	2
	Syria	2	3	3
	Qatar	2	2	2
	Bahrain	0	2	2
	Pakistan	0	1	2
	Egypt	0	1	1
	Morocco	0	0	2
Dealer Stores	Thailand	12	12	16
Total		68	73	81

Retailing – Domestic and Abroad

For the year under review, domestic operations accounted for 91.8% or nearly RM664.1 million of the Group's consolidated revenues. For the previous year, the domestic portion was at RM516.07million, which was approximately 90.8% of that year's total revenues. In absolute value terms, exports rose by about 13.2% or RM6.9 million from that recorded in the 2011 financial year to RM59.3 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, 10 are located in Peninsular Malaysia, while Miri, Kota Kinabalu, Sibu and Tawau have 1 each. The sole PDI franchise store is located in Langkawi. As for the 93 retail stores operated by the Group, all are located in the Peninsula except for 4 of the Padini Concept Stores and 3 of the Brands Outlets which are located in Sabah and Sarawak.

As far as retail stores expansion was concerned, the significant additions were 4 new Padini Concept Stores and 6 Brands Outlet Stores. Net addition to gross floor area for our retail stores was 127,861 square feet which roughly represented an increase of 22.38% from the total area standing as at 30th June 2011. As at 30th June 2012, total gross floor area under retail stood at 699,136 square feet.

As per our expectations, our Brands Outlet stores continue to perform astoundingly well. For the financial year ended 30th June 2012, a total of RM3.5 million (FY 2011 : RM3.6 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 RM128.6 million (FY 2011 : RM74.2 million). As a result of this vast improvement in the sales of our house brands, the profit before taxation for Yee Fong Hung (Malaysia) Sdn Bhd (the subsidiary that operates the Brands Outlet business) rose significantly by 55.9% year-on-year. As such, we will continue to focus on expanding the network of Brands Outlet stores. At the time of writing, we already have 20 such stores, and we believe that there is still considerable room for growth since our nearest competitor in this market segment has 53. At the same time, we will also do the needful to tweak our merchandise mix and offerings, and pricing strategies so that our Brands Outlets' products will become ever more relevant to an increased number of consumers.

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

Company	FYE 30.6.2011	FYE 30.6.2012
Vincci Ladies' Specialties Centre SB		
Revenues	RM177.3 million	RM227.8 million
Profit before Taxation	RM 28.3 million	RM 40.9 million
Padini Corporation SB		
Revenues	RM186.6 million	RM225.7 million
Profit before Taxation	RM 43.2 million	RM 47.0 million
Seed Corporation SB		
Revenues	RM79.7 million	RM87.9 million
Profit before Taxation	RM 7.8 million	RM 7.8 million
Yee Fong Hung (Malaysia) SB		
Revenues	RM91.6 million	RM148.3 million
Profit before Taxation	RM16.9 million	RM 26.3 million
Mikihouse Children's Wear SB		
Revenues	RM18.8 million	RM25.1 million
Profit before Taxation	RM 2.6 million	RM 3.8 million

Cafe Operations
We are still operating two cafes, 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 RM623,000 recorded last year, to RM578,000 for the year under review.

New Warehouse
As at the end of the current financial year, all sums originally contracted for the construction and completion of our new warehouse located at No 15 Jalan U1/20 in the Hicom Glenmarie Industrial Park have been completely disbursed.

Future Outlook

The last twelve months have been one of repeated analysis, scrutiny, hand-wringing, finger-pointing, conferences, solutions-seeking, reprimands, and flip-flopping (not forgetting of course, the monetary easing, the bailing out with more loans, and all sorts of rescue efforts too). In spite of all that, the malaise remains. The problems with the US (not having really recovered from the sub-prime fiasco yet), and the Eurozone (mired in a quagmire of irresponsible and profligate consumption), continue to weigh heavily on the minds of economic planners, investors and business people everywhere. And thus the tone for the next twelve months is set.

With two of the largest economic entities of the world struggling, and with the attendant impact that that will have on the rest of the other economies, growth in the coming months will not come easy. And it will be a very brave company that dares to stand up and proclaim loudly and confidently that it will still deliver significant growth in the year ahead. But rightfully the measure of success for a business should not be measured over quarters or a year. While it is understandable that some may have very short investing horizons, we do not. We measure our performance by looking at how we have delivered value over the long term. And notwithstanding how tough the competitive environment has become, we have consistently delivered value, to our customers, employees and shareholders alike. This we will endeavor to the best of our efforts and abilities to continue to do.

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.

Haji Sahid bin Mohamed Yasin
Chairman
Date: 2 November 2012

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. During the financial year 2012, one session of this programme which involved 5 participants was conducted and a sum of RM4,896.00 was incurred for it.

2. Graduate Retail Internship Programme : This programme was introduced in the current financial year to replace an earlier internship programme. While the latter stressed on exposing the participants to the more general aspects of working life, the new programme focuses exclusively on the practical aspects of the retail trade. Participants who are existing undergraduate students spend the entire duration of the programme in the retail shops operated by the Padini Group. This programme which runs over a 3 to 6 month duration depending on the policies of the universities from which the participants were selected, rotates each participant among the various brands that the Padini Group owns. The intention here is to let each participant experience how each of the Group's brands is being positioned and how the different brand identities will impact upon how retail is conducted. In the year concerned, 2 sessions were conducted and 5 out of a total of 8 who joined completed the programme successfully. A total of RM7800.00 was spent to conduct 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. During the year reviewed, the partnership had not carried out any joint projects.

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 2012 financial year, the Group spent about RM139,000.00 in education and training. Besides having its internal training department conduct a total of 203 training sessions for its own employees, third party training professionals were also engaged to coach its more senior executives and managers. Besides training for specific job skills, training pertaining to health and safety issues was also conducted. A total of nearly RM40,000.00 was also spent on external training and certification. Over the year and across the Group, each eligible employee received an average of slightly more than 8.5 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, expending a total of 528 man-hours in the process:

- Pusat Jagaan Baitus Sakinah Wal Mahabbah
- Pusat Jagaan Rumah Kasih Sayang SLCH
- House of Joy
- Pertubuhan Kebajikan Insan Istimewa Johor Baru

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 RM18,555.00 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 in collaboration with Pusat Darah Negara.

Environment

During the 2012 financial year, we had collected and sold for recycling a total of 2.1 tonnes of used paper and paper products; the proceeds amounting to some RM640.00, while negligible, were used in part to fund some of the Group's philanthropic activities.

We also started our show of support towards the conservation of nature and wildlife with an initial donation of RM500.00

We also started the promotion of the use of greener resources, such as energy saving lamps at one of our warehouses, and the use of bio-degradable plastic bags in our retail shops. It is the objective of the Group to eventually have only bio-degradable plastic bags or paper bags in all our stores.

Although the above are but tiny steps, the Group is committed to doing more for the good of the environment.

The Board is committed to ensure that the Group's existing corporate governance practices and procedures are consistent with the principles and best practices of the Malaysian Code on Corporate Governance [Revised 2007] (the "Code"), wherever applicable, as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value of the Group.

The statement below reports on how the Group has applied the Principles as set out in Part 1 of the Code and the extent of its compliance with best practices as set out in Part 2 of the Code.

SECTION 1: DIRECTORS

Board Responsibilities

The Board has the overall responsibility for corporate governance and overseeing the business performance of the Group and guides the Group towards achieving its set performance objectives.

Having recognised the importance of an effective and dynamic Board, the Board's members are guided by the areas 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.

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 paragraph 15.02 of 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 have the necessary skill and experience to bring independent views and judgment to bear the decision making process during the Board meetings so that no individual or group of individuals dominates the Board's decision making. The number of directors and its composition 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 appropriate 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.

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 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 2012, various members of the Board have attended the following training programmes and seminars:-

- MIA: Audit Quality: Thinking Ahead of the Game
- LHDNM: Seminar Percukaian Kebangsaan 2011
- CPA Malaysia: Updates of 2011 New and Revised Financial Reporting Standards and New Bursa Listing Requirements
- Roles and Responsibilities of Company Directors in Malaysia

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

Supply of Information

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

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

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

Board Meetings

The Board meets regularly throughout the year. Five (5) Board meetings were held during the financial year ended 30 June 2012. The number of Board meetings held during the financial year ended 30 June 2012 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 2012	% of Attendance
Executive Directors		
Mr. Yong Pang Chaun	4/5	80%
Mr. Chan Kwai Heng	5/5	100%
Mr. Cheong Chung Yet	5/5	100%
Ms. Chong Chin Lin	4/5	80%
Ms. Yong Lai Wah	5/5	100%
Non-Executive Directors		
Datuk Dr. Abdullah bin Abdul Rahman (resigned w.e.f. 31.07.2011)	N/A	N/A
Tuan Haji Sahid bin Mohamed Yasin	5/5	100%
Mr. Foo Kee Fatt	5/5	100%
Ms. Yeap Tien Ching (appointed w.e.f 31.10.2011)	3/3	100%

Restriction on Directorships

The number of Directorships held by Directors is as stated on pages 28 to 31 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)

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 22 to 25 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	41,420	115,000
Bonuses	1,543,880	–
Benefits-in-kind	115,080	–
Statutory Contributions	398,016	–
Total	**3,828,400**	**115,000**

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

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM100,000	–	4
RM100,001 to RM200,000	1	–
RM700,001 to RM800,000	1	–
RM800,001 to RM900,000	1	–
RM900,001 to RM1,000,000	1	–
RM1,100,001 to RM1,200,000	1	–

SECTION 3: SHAREHOLDERS

The Board is committed to maintain good communications with its shareholders, stakeholders and investing public, ensuring that all shareholders and other stakeholders are kept informed of significant developments of the Group promptly through appropriate channel. The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the investing 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 32 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. The Board, in fulfilling their responsibilities, had set-up Audit Committee and outsourced the internal audit function of the Group to independent consulting firm to assist the Board on these matters. Information of the Group's internal control and risk management is presented in the Statement on Internal Control set out on pages 26 to 27 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 2012.

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)

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.

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.

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

(B) Meetings and Quorum of the Audit Committee

A quorum shall be 2 members. 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 2012. The details of the attendance of the meetings are disclosed under the heading 'Attendance of Audit Committee Meetings' on page 24 of this Annual Report.

In an Audit Committee Meeting held on 25 October 2011, 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.

(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;

(C) Functions of the Audit Committee (cont'd)

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 Company;

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 2012 are as follows:–

Directors	Meeting attended by the Directors/ Total Number of Meeting held during the financial year ended 30 June 2012	% of Attendance
Mr. Foo Kee Fatt	5/5	100%
Tuan Haji Sahid bin Mohamed Yasin	5/5	100%
Ms Yeap Tien Ching	3/3	100%

(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 2012 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 and approved the appointment of new internal auditor.
- Reviewed with the internal auditor, their audit plan for 2012/2013 to ensure that principal risk areas were adequately identified and covered in the plan;
- 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 pleased to provide the following statement which outlines the nature and scope of internal controls of the Group operations during the financial year ended 30 June 2012.

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 adequate to safeguard the shareholders' investment and the Group's assets. The management assists the Board in the implementation of the Board's policies and procedures, and in the design, operation and monitoring of suitable internal controls to mitigate the risks faced by the Group.

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 Management

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, which has been prepared on a risk-based basis, is reviewed by and approved by the Audit Committee. This risk-based audit plan enables the internal audit function to prioritise and focus their review on high risk auditable areas to ensure the effectiveness of internal control system on these reviewed areas. The internal audit function also reports its findings and recommendations on risk control procedures to the Audit Committee on a quarterly basis. The Audit Committee and management shall be required to review the audit plan as and when required to take into account any changes in the risks that the Group may be exposed to as its objectives and environment in which it operates are continuously evolving.

Information & Communication

The Managing Director and Executive Directors receive 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 consulting firm, which is independent of the activities it audits. The outsourced internal auditors review the auditable 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 RM70,000.

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 2012 in accordance with the Terms of Engagement dated 27 December 2011 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 63 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 5 meetings of the Board of Directors.

Yong Pang Chaun

(Managing Director)

Aged 61 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 4 out of 5 meetings of the Board of Directors.

Chan Kwai Heng

(Executive Director)

Aged 60 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 5 meetings of the Board of Directors.

Cheong Chung Yet
(Executive Director)

Aged 46 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 5 meetings of the Board of Directors.

Chong Chin Lin
(Executive Director)

Aged 59 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 4 out of 5 meetings of the Board of Directors.

Yong Lai Wah
(Executive Director)

Aged 62 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 all 5 meetings of the Board of Directors.

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

Aged 46 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 25 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 5 meetings of the Board of Directors.

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

Aged 40 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.

For the financial year under review, she has attended all 3 out of 3 meetings of the Board of Directors.

Other Information

(i) Family Relationship
Except for Yong Pang Chaun who is the spouse of Chong Chin Lin, and who is also the brother of Yong Lai Wah, none of the Directors above has any family relationship with one another. Yong Pang Chaun, Chong Chin Lin and Yong Lai Wah are the major shareholders in the company by virtue of their interest in Yong Pang Chaun Holdings Sdn Bhd which owns a 43.74% interest in the shares in the Company as at 30 June 2012.

(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 2012.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

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

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to owners of the Company	96,001	62,657

DIVIDENDS

The dividends declared and paid by the Company since 30 June 2011 are as follows:–

	RM'000
In respect of the financial year ended 30 June 2011, on 657,909,500 ordinary shares, as reported in the Directors' report of that year	
Single tier second interim dividend of 2 sen declared on 30 May 2011 and paid on 18 July 2011	13,158
In respect of the financial year ended 30 June 2012, on 657,909,500 ordinary shares,	
Single tier first interim dividend of 2 sen declared on 29 November 2011 and paid on 29 December 2011	13,158
Single tier second interim dividend of 2 sen declared on 28 February 2012 and paid on 29 March 2012	13,158
Single tier third interim dividend of 2 sen declared on 30 May 2012 and paid on 29 June 2012	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 share or debentures during the financial year.

At the Annual General Meeting held on 23 December 2011, the Company obtained the shareholders' approval 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 lapses 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:

Haji Sahid bin Mohamed Yasin
Yong Pang Chaun
Yong Lai Wah
Chong Chin Lin
Chan Kwai Heng
Cheong Chung Yet
Foo Kee Fatt
Yeap Tien Ching (appointed on 31 October 2011)

In accordance with the Company's Articles of Association, Tuan Haji Sahid bin Mohamed Yasin, Mr. Cheong Chung Yet and Mr. Foo Kee Fatt 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 RM0.10 each			
	Balance at 1.7.2011	**Bought**	**Sold**	**Balance at 30.6.2012**
Direct interest in shares of the Company				
Yong Pang Chaun	1,500,000	–	–	1,500,000
Chong Chin Lin	2,019,990	–	–	2,019,990
Chan Kwai Heng	1,144,000	–	–	1,144,000
Cheong Chung Yet	1,173,990	–	–	1,173,990
Indirect interest in shares of the Company				
Yong Pang Chaun	289,783,490	–	–	289,783,490
Chong Chin Lin	289,263,500	–	–	289,263,500
Yong Lai Wah	287,763,500	–	–	287,763,500

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.

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.

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, do not wish to seek re–appointment.

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

....

HAJI SAHID BIN MOHAMED YASIN
Director

....

YONG PANG CHAUN
Director

Date : 24 October 2012

Kuala Lumpur

Statement By Directors

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

We, **HAJI SAHID BIN MOHAMED YASIN** and **YONG PANG CHAUN**, two of the Directors of **PADINI HOLDINGS BERHAD** state that, in the opinion of the Directors, the financial statements set out on pages 41 to 96 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 2012 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 34 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,

....

HAJI SAHID BIN MOHAMED YASIN
Director

....

YONG PANG CHAUN
Director

Date : 24 October 2012

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 41 to 96 and the supplementary disclosure on page 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	) ....
24 October 2012	) **CHAN KWAI HENG**

Before me

Rejinder Singh
Pesuruhjaya Sumpah Malaysia (W 390)
No 568-8-39, 8th Floor, Mutiara Complex,
Batu 3 1/2 , Jalan Ipoh
51200 Kuala Lumpur

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 2012 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 41 to 96.

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 2012 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 7 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiary company that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(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 34 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. 2832/04/14 (J)
Chartered Accountant

Date : 24 October 2012

Kuala Lumpur

Consolidated Statement Of Financial Position

AS AT 30 JUNE 2012

	Note	2012 RM'000	2011 RM'000
ASSETS			
Non–current assets			
Property, plant and equipment	4	90,261	83,621
Intangible assets	5	7,179	6,523
Investment properties	6	2,591	2,212
Investment in club membership	8	124	124
Other investment			
– Available–for–sale financial assets	9(a)	560	560
Deferred tax assets	10	1,324	1,545
Total non–current assets		102,039	94,585
Current assets			
Inventories	11	192,285	170,955
Receivables	12	47,787	39,433
Tax assets	13	196	402
Other investment			
– Financial assets at fair value through profit or loss	9(b)	2,386	342
Deposits, cash and bank balances	14	137,612	138,622
Total current assets		380,266	349,754
TOTAL ASSETS		482,305	444,339
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	15	65,791	65,791
Reserves	16	274,318	216,886
Total equity		340,109	282,677
LIABILITIES			
Non–current liabilities			
Borrowings	17	19,554	22,151
Deferred tax liabilities	10	2,249	1,564
Total non–current liabilities		21,803	23,715
Current liabilities			
Payables	18	78,900	93,940
Dividend payable	19	–	13,158
Borrowings	17	31,218	24,948
Tax liabilities	13	10,275	5,901
Total current liabilities		120,393	137,947
Total liabilities		142,196	161,662
TOTAL EQUITY AND LIABILITIES		482,305	444,339

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

Consolidated Statement Of Comprehensive Income

for The Financial Year Ended 30 June 2012

	Note	2012 RM'000	2011 RM'000
REVENUE	20	723,411	568,476
COST OF SALES	21	(374,821)	(277,672)
GROSS PROFIT		348,590	290,804
OTHER OPERATING INCOME		7,291	7,536
SELLING AND DISTRIBUTION COSTS		(174,812)	(149,834)
ADMINISTRATION EXPENSES		(48,092)	(41,876)
PROFIT FROM OPERATIONS	22	132,977	106,630
FINANCE COSTS	24	(2,328)	(1,573)
PROFIT BEFORE TAXATION		130,649	105,057
TAXATION	13	(34,648)	(29,363)
PROFIT FOR THE FINANCIAL YEAR		96,001	75,694
OTHER COMPREHENSIVE INCOME (NET OF TAX):			
Currency translation differences		905	(1,033)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		96,906	74,661
Earnings per share of RM0.10 each (sen)			
– Basic	25	14.59	11.51

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

Consolidated Statement Of Changes In Equity

for The Financial Year Ended 30 June 2012

		Attributable to owners of the Company				
		Share capital	Share premium	Currency translation reserve	Retained profits	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2010		65,791	3,772	(1,106)	165,875	234,332
Total comprehensive income		–	–	(1,033)	75,694	74,661
Dividends	26	–	–	–	(26,316)	(26,316)
At 30 June/1 July 2011		65,791	3,772	(2,139)	215,253	282,677
Total comprehensive income		–	–	905	96,001	96,906
Dividends	26	–	–	–	(39,474)	(39,474)
At 30 June 2012		65,791	3,772	(1,234)	271,780	340,109

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

Consolidated Statement Of Cash Flows

for The Financial Year Ended 30 June 2012

	Note	2012 RM'000	2011 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		130,649	105,057
Adjustments for:			
Amortisation of intangible asset		740	468
Changes in fair value of investment property		(242)	(489)
Depreciation of property, plant and equipment		19,578	21,864
Dividend income		(9)	–
Fair value gain on financial assets at fair value through profit or loss		(35)	(533)
Interest expenses		2,328	1,573
Interest income		(2,405)	(2,063)
Inventory loss		6,227	5,238
Inventories written down to net realisable value		1,543	1,983
Inventories written off		1,078	1,010
Profit on disposal of property, plant and equipment		(5)	(252)
Property, plant and equipment written off		34	345
Unrealised (gain)/loss on foreign exchange		(117)	56
Operating profit before working capital changes		159,364	134,257
Inventories		(30,178)	(102,632)
Receivables		(8,237)	(6,928)
Payables		(15,040)	35,320
Cash generated from operations		105,909	60,017
Dividends paid		(52,632)	(32,896)
Tax paid	13	(29,244)	(29,225)
Tax refunded	13	63	–
Net cash generated from/ (used in) operating activities		24,096	(2,104)

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

	Note	2012 RM'000	2011 RM'000
CASH FLOW FROM INVESTING ACTIVITIES			
Interest income received		2,405	2,063
Proceeds from disposal of financial assets at fair value through profit or loss		–	20,106
Proceeds from disposal of property, plant and equipment		36	283
Payment for intangible asset		(758)	–
Purchase of financial assets at fair value through profit or loss		(2,000)	–
Purchase of property, plant and equipment	27	(26,836)	(24,728)
Net cash used in investing activities		(27,153)	(2,276)
CASH FLOW FROM FINANCING ACTIVITIES			
Changes to short term borrowings		6,825	(1,154)
Drawdown of term loan		–	15,306
Interest expenses paid		(2,328)	(1,573)
Repayment of hire purchase and finance lease obligations		(503)	(1,046)
Repayment of term loan		(2,649)	(2,760)
Net cash generated from financing activities		1,345	8,773
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(1,712)	4,393
Effect of change in exchange rate		70	(59)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		138,622	135,025
Effect of change in exchange rate		632	(737)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	28	137,612	138,622

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 2012

	Note	2012 RM'000	2011 RM'000
ASSETS			
Non–current assets			
Property, plant and equipment	4	44,992	46,313
Investment in subsidiary companies	7	405,331	259,369
Other investment			
– Available–for–sale financial assets	9(a)	560	560
Total non–current assets		450,883	306,242
Current assets			
Receivables	12	27,020	26,903
Tax assets	13	32	–
Other investment			
– Financial assets at fair value through profit or loss	9(b)	2,027	–
Deposits, cash and bank balances	14	7,154	18,488
Total current assets		36,233	45,391
TOTAL ASSETS		487,116	351,633
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	15	65,791	65,791
Reserves	16	407,616	238,471
Total equity		473,407	304,262
Non–current liability			
Borrowings	17	12,299	13,592
Current liabilities			
Payables	18	64	18,883
Dividend payable	19	–	13,158
Borrowings	17	1,346	1,719
Tax liabilities	13	–	19
Total current liabilities		1,410	33,779
Total liabilities		13,709	47,371
TOTAL EQUITY AND LIABILITIES		487,116	351,633

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

Statement Of Comprehensive Income

for The Financial Year Ended 30 June 2012

	Note	2012 RM'000	2011 RM'000
REVENUE	20	62,769	37,060
OTHER OPERATING INCOME		3,110	3,478
ADMINISTRATION EXPENSES		(2,142)	(2,516)
PROFIT FROM OPERATIONS	22	63,737	38,022
FINANCE COSTS	24	(657)	(270)
PROFIT BEFORE TAXATION		63,080	37,752
TAXATION	13	(423)	(9,808)
PROFIT FOR THE FINANCIAL YEAR		62,657	27,944
OTHER COMPREHENSIVE INCOME (NET OF TAX):			
Surplus on fair valuation of investment in subsidiary companies		145,962	52,405
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		208,619	80,349

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

	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 July 2010		65,791	3,772	156,562	24,104	250,229
Total comprehensive income		–	–	52,405	27,944	80,349
Dividends	26	–	–	–	(26,316)	(26,316)
At 30 June/1 July 2011		65,791	3,772	208,967	25,732	304,262
Total comprehensive income		–	–	145,962	62,657	208,619
Dividends	26	–	–	–	(39,474)	(39,474)
At 30 June 2012		65,791	3,772	354,929	48,915	473,407

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

	Note	2012 RM'000	2011 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		63,080	37,752
Adjustments for:			
Depreciation of property, plant and equipment		1,321	1,486
Dividend income		(62,769)	(37,060)
Interest expenses		657	270
Interest income		(208)	(114)
Fair value gain on financial assets at fair value through profit or loss		(18)	(481)
Operating profit before working capital changes		2,063	1,853
Receivables		(26)	22
Payables		(719)	(532)
Inter–company balances		25,155	(24,527)
Cash generated from/(used in) operations		26,473	(23,184)
Dividend paid		(52,632)	(32,896)
Tax paid	13	(474)	(640)
Net cash used in operating activities		(26,633)	(56,720)
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend received		37,438	27,795
Interest income received		208	114
Proceeds from disposal of financial assets at fair value through profit or loss		–	19,238
Purchase of investment		(2,000)	–
Purchase of property, plant and equipment	27	–	(6,919)
Net cash generated from investing activities		35,646	40,228

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

	Note	2012 RM'000	2011 RM'000
CASH FLOW FROM FINANCING ACTIVITIES			
Drawdown of term loan		–	15,306
Interest expenses paid		(657)	(270)
Net (repayment to)/ advances/loan from subsidiary companies		(18,024)	10,043
Repayment of term loan		(1,666)	(1,720)
Net cash (used in)/generated from financing activities		(20,347)	23,359
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(11,334)	6,867
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		18,488	11,621
CASH AND CASH EQUIVALENTS CARRIED FORWARD	28	7,154	18,488

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 7 to the financial statements.

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

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

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

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

The Board has authorised the issuance of the financial statements on 24 October 2012.

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 12 and 14.

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 Dollars, based on the carrying amounts as at the end of the reporting period was:

Group	**2012**	**2011**
	RM'000	**RM'000**
Trade receivables	8,768	6,780
Cash and bank balances	22,999	11,890
Trade payables	(722)	(1,199)
Net exposure in the statement of financial position	31,045	17,471

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

These notes form part of the financial statements.

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

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.

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 and the Company adopted the following new and amended FRSs and Issues Committee ("IC") Interpretations which are effective for this financial year:

FRSs, Amendments to FRSs and IC Interpretations

Applicable and relevant to the Group

		Effective dates
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 134	Interim Financial Reporting	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

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

3.2 Changes in accounting policies (cont'd)

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

Not applicable and not relevant to the Group

		Effective dates
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 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
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

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

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 9	Financial Instruments	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119	Employee Benefits	1 January 2013
FRS 124	Related Party Disclosures	1 January 2012
FRS 127	Separate Financial Statements	1 January 2013
Amendment to FRS 7	Disclosures – Transfers of Financial Assets	1 January 2012
Amendment to FRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendment to FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendment to FRS 112	Deferred Tax Recovery of Underlying Assets	1 January 2012
Amendment to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

It is anticipated that the adoption of the abovementioned Standards will not have a significant impact on the financial statements of the Group and the Company.

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 (cont'd)

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

FRSs, Amendments to FRSs and IC Interpretations		**Effective dates**
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 128	Investment in Associates and Joint Ventures	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendment to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First–time Adopters	1 January 2012
Amendment to FRS 1	Government Loans	1 January 2013

(iii) On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer (herein called "Transitioning Entities"). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

It is anticipated that the adoption of the MFRS Framework will not have significant impact on the financial statements of the Group and the Company.

3.4 Significant accounting estimates and judgements

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(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 can be sold separately (or leased out separately under a finance lease), the Group will account for the portions separately. If the portion cannot 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.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Significant accounting estimates and judgements (cont'd)

(a) Key sources of estimation uncertainty (cont'd)

(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(c). The carrying amount of the Group's property, plant and equipment at 30 June 2012 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 properties 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 5 to 15 years. The carrying amount of the Group's intangible asset at 30 June 2012 is as disclosed in Note 5. Technological changes could impact the economic useful life and the residual value 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 a 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 programme

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

The Group treats the loyalty points as a separate component of the sales transaction in which they are granted. The Group has estimated the fair value of the unredeemed rebate vouchers issued to members and the unconverted loyalty points and has 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.

(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.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Significant accounting estimates and judgements (cont'd)

(a) Key sources of estimation uncertainty (cont'd)

(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.

(ix) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matter in the ordinary course of the business.

(b) Changes in accounting estimates

Estimation of the discount rate
The value–in–use of the CGU adopted was based on an estimated discount rate of 25% (5% after dividend) for the financial year ended 30 June 2011.

The discount rate of CGU is now revised to 16%. The Directors are of the opinion that the revision, which is based on the industry average of 14% to 16%, would better reflect a fair valuation.

If a similar discount rate of 16% was used in 2011, the Company's investment in subsidiary companies would have shown an increase in valuation of RM37 million. There is no impact on the consolidated financial statements which remained unchanged.

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.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Summary of significant accounting policies (cont'd)

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

(ii) Basis of consolidation (cont'd)

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.

(b) Investment

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.

(c) Property, plant and equipment and depreciation

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Summary of significant accounting policies (cont'd)

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

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.

(d) 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 as follows:

	Number of years
Systems, Applications and Products ("SAP")	15
Computer software	5

(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.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Summary of significant accounting policies (cont'd)

(e) Investment properties (cont'd)

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.

(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.

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 (cont'd)

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.

(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.

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

3.5 Summary of significant accounting policies (cont'd)

(i) Impairment of financial assets (cont'd)

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 or 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.

(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.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Summary of significant accounting policies (cont'd)

(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.

(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.

These notes form part of the financial statements.

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:

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

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Summary of significant accounting policies (cont'd)

(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.

(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) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Summary of significant accounting policies (cont'd)

(u) 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.

(v) 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.

(w) 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.

(x) 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.

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 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/ 1 July 2011	12,240	37,222	1,924	5,325	70,912	14,133	26,372	318	168,446
Reclassified to intangible assets (Note 5)	–	–	–	–	–	(1,183)	–	–	(1,183)
Additions	–	–	–	6	16,804	2,630	7,396	–	26,836
Disposals	–	–	–	(5)	(4)	(136)	(2)	–	(147)
Written off	–	–	–	–	(1,513)	(77)	(242)	–	(1,832)
Reclassification	–	–	–	–	–	310	–	(310)	–
At 30 June 2012	12,240	37,222	1,924	5,326	86,199	15,677	33,524	8	192,120

These notes form part of the financial statements.

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

Group	Freehold land RM'000	Freehold buildings RM'000	Workshop RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Office equipment RM'000	Tools and equipment RM'000	Capital work in progress RM'000	Total RM'000
Accumulated depreciation									
At 1 July 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/ 1 July 2011	–	(3,047)	(348)	(3,166)	(55,149)	(8,596)	(14,411)	–	(84,717)
Reclassified to intangible assets (Note 5)	–	–	–	–	–	545	–	–	545
Depreciation charge	–	(744)	(92)	(656)	(10,499)	(2,225)	(5,362)	–	(19,578)
Disposals	–	–	–	5	3	106	2	–	116
Written off	–	–	–	–	1,506	67	225	–	1,798
At 30 June 2012	–	(3,791)	(440)	(3,817)	(64,139)	(10,103)	(19,546)	–	(101,836)
Effect of changes in exchange rate									
At 1 July 2010	–	–	12	–	–	–	–	–	12
Changes during the year	–	–	(120)	–	–	–	–	–	(120)
At 30 June/ 1 July 2011	–	–	(108)	–	–	–	–	–	(108)
Changes during the year	–	–	85	–	–	–	–	–	85
At 30 June 2012	–	–	(23)	–	–	–	–	–	(23)

These notes form part of the financial statements.

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

Group	**Freehold land**	**Freehold buildings**	**Workshop**	**Motor vehicles**	**Furniture and fixtures**	**Office equipment**	**Tools and equipment**	**Capital work in progress**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net carrying amount									
At 30 June 2012									
– At cost	12,240	32,709	1,461	1,509	22,060	5,574	13,978	8	89,539
– At valuation	–	722	–	–	–	–	–	–	722
	12,240	33,431	1,461	1,509	22,060	5,574	13,978	8	90,261
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

Company	**Freehold land**	**Freehold buildings**	**Motor vehicles**	**Furniture and fixtures**	**Office equipment**	**Tools and equipment**	**Capital work in progress**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cost								
At 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/ 1 July 2011	12,240	36,057	107	3,223	1,662	112	–	53,401
Reclassified to intangible assets (Note 5)	–	–	–	–	(82)	–	–	(82)
Disposals	–	–	–	–	(18)	–	–	(18)
At 30 June 2012	12,240	36,057	107	3,223	1,562	112	–	53,301

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
Accumulated depreciation								
At 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/ 1 July 2011	–	(2,627)	(107)	(2,716)	(1,549)	(89)	–	(7,088)
Reclassified to intangible assets (Note 5)	–	–	–	–	82	–	–	82
Depreciation charge	–	(721)	–	(474)	(113)	(13)	–	(1,321)
Disposals	–	–	–	–	18	–	–	18
At 30 June 2012	–	(3,348)	(107)	(3,190)	(1,562)	(102)	–	(8,309)
Net carrying amount								
At 30 June 2012	12,240	32,709	–	33	–	10	–	44,992
At 30 June 2011	12,240	33,430	–	507	113	23	–	46,313

These notes form part of the financial statements.

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

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(i) Assets carried at valuation less accumulated depreciation:				
– freehold buildings	722	745	–	–
Had these assets been carried at cost less accumulated depreciation:				
– freehold buildings	216	223	–	–

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(ii) Assets pledged as securities for banking facilities (Note 17):				
– freehold land	9,520	9,520	9,520	9,520
– freehold building	29,648	30,288	28,926	29,543
	39,168	39,808	38,446	39,063
(iii) Assets held under hire purchase instalment plan and finance lease obligations:				
– motor vehicles	734	1,268	–	–
– furniture and fixtures	–	465	–	–
– office equipment	–	71	–	–
– tools and equipment	–	461	–	–
	734	2,265	–	–

These notes form part of the financial statements.

5. INTANGIBLE ASSETS

Group	System, Applications and Products RM'000	Computer software RM'000	Total RM'000
Cost			
At 1 July 2010/ 2011	7,030	–	7,030
Reclassified from property, plant and equipment (Note 4)	–	1,183	1,183
Addition	–	758	758
At 30 June 2012	7,030	1,941	8,971
Accumulated amortisation			
At 1 July 2010	(39)	–	(39)
Charge for the year	(468)	–	(468)
At 30 June/ 1 July 2011	(507)	–	(507)
Reclassified from property, plant and equipment (Note 4)	–	(545)	(545)
Addition	(469)	(271)	(740)
At 30 June 2012	(976)	(816)	(1,792)
Net carrying amount			
At 30 June 2012	6,054	1,125	7,179
At 30 June 2011	6,523	–	6,523

Company	2012 RM'000	2011 RM'000
Computer software		
Cost		
At 1 July	–	–
Reclassified from property, plant and equipment (Note 4)	82	–
At 30 June	82	–
Accumulated amortisation		
At 1 July	–	–
Reclassified from property, plant and equipment (Note 4)	(82)	–
At 30 June	(82)	–
Net carrying amount		
At 30 June	–	–

These notes form part of the financial statements.

6. INVESTMENT PROPERTIES

	Group	
	2012	2011
	RM'000	RM'000
Workshop, at fair value		
At 1 July	2,212	1,870
Changes in fair value	242	489
Effect of changes in exchange rate	137	(147)
At 30 June	2,591	2,212

(i) The investment property was revalued at 30 June 2012 by professional qualified valuers, Midland Surveyors Limited, Hong Kong using the comparison approach and the investment approach to reflect its fair value of RM2.59 million (HK$6,300,000) (2011: RM2.21 million (HK$5,700,000)).

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

	Group	
	2012	2011
	RM'000	RM'000
Rental income	106	105
Changes in fair value	242	489
Direct operating expenses of revenue generating investment property	(28)	(27)

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2012	2011
Unquoted shares	RM'000	RM'000
At fair value	414,342	268,380
Less: Accumulated impairment losses		
At 1 July/ 30 June	(9,011)	(9,011)
Net carrying amount	405,331	259,369

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.

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Estimation of the discount rate

The value–in–use of the CGU was based on an estimated discount rate of 25% (5% after dividend) for the financial year ended 30 June 2011.

The discount rate of the CGU is now revised to 16%. The Directors are of the opinion that the revision, which is based on the industry average of 14% to 16%, would better reflect a fair valuation. The impact is as disclosed in Note 3.4 (b).

Key assumptions used in value–in–use calculations

The fair value 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 16% (2011: 25%) over the five–year period.

(v) Tenancy agreements

There will be no significant changes to the terms of the tenancy agreements.

(vi) Key management personnel

There will be no change to the key management personnel.

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

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 2012	2011	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.

8. INVESTMENT IN CLUB MEMBERSHIP

	Group 2012 RM'000	2011 RM'000
Club membership, at cost	124	124

9. OTHER INVESTMENT

(a) Available–for–sale financial asset

	Group/Company 2012 RM'000	2011 RM'000
Unquoted shares in Malaysia		
At cost	560	560

These notes form part of the financial statements.

9. OTHER INVESTMENT (cont'd)

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Investment in unit trusts, in Malaysia				
At fair value	2,386	342	2,027	–
At market value	2,386	342	2,027	–

10. 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	
	2012	2011
Deferred taxation	RM'000	RM'000
At 1 July	(19)	1,185
Recognised in profit or loss (Note 13)	(905)	(1,206)
Effect of change in exchange rate	(1)	2
At 30 June	(925)	(19)

Presented after appropriate offsetting as follows:

	Group	
	2012	2011
	RM'000	RM'000
Deferred tax assets	1,324	1,545
Deferred tax liabilities	(2,249)	(1,564)
	(925)	(19)

These notes form part of the financial statements.

10. 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 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/ 1 July 2011	569	1,122	810	–	–	2,501	(956)	1,545
Recognised in profit or loss	(195)	(14)	(634)	–	–	(843)	622	(221)
Balance at 30 June 2012	374	1,108	176	–	–	1,658	(334)	1,324

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 2010	(96)	(2,150)	(2,246)	1,472	(774)
Recognised in profit or loss	3	(279)	(276)	(516)	(792)
Effect of change in exchange rate	–	2	2	–	2
Balance at 30 June/ 1 July 2011	(93)	(2,427)	(2,520)	956	(1,564)
Recognised in profit or loss	3	(65)	(62)	(622)	(684)
Effect of change in exchange rate	–	(1)	(1)	–	(1)
Balance at 30 June 2012	(90)	(2,493)	(2,583)	334	(2,249)

These notes form part of the financial statements.

10. 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	
	2012	2011
	RM'000	RM'000
Temporary differences between accounting depreciation and related capital allowances	12	19
Unused capital allowances	206	224
	218	243

11. INVENTORIES

	Group	
	2012	2011
	RM'000	RM'000
Raw materials and manufacturing accessories	146	19
Completed garments, shoes and accessories	192,139	170,612
Tools and consumables	–	324
	192,285	170,955

The amounts of write–down of inventories and inventory loss recognised as expenses (Note 21) during the year are as follows:

	Group	
	2012	2011
	RM'000	RM'000
Inventory loss	6,227	5,238
Inventories written down to net realisable value	1,543	1,983
Inventories written off	1,078	1,010

These notes form part of the financial statements.

12. RECEIVABLES

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Trade receivables	23,255	18,851	–	–
Other receivables and prepayment	4,919	2,911	46	20
Deposits				
– business premises	19,066	17,129	–	–
– others	547	542	95	95
Due from subsidiary companies				
– non–trade	–	–	26,879	26,788
	47,787	39,433	27,020	26,903

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	39,019	32,653	27,020	26,879
US Dollar	8,711	5,215	–	–
Renminbi	33	4	–	–
Hong Kong Dollar	24	1,561	–	24
	47,787	39,433	27,020	26,903

Included in other receivables and prepayment of the Group are advance payments to a trade payable amounting to RMNil (2011: RM1,100,000).

(ii) The Group's normal trade receivable credit period ranges from 2 to 60 days (2011: 2 to 60 days). 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	
	2012	2011
	RM'000	RM'000
Neither past due nor impaired	22,046	15,619
1 to 30 days past due not impaired	290	1,732
31 to 60 days past due not impaired	222	186
61 to 90 days past due not impaired	50	160
91 to 305 days past due not impaired	340	1,093
More than 305 days past due not impaired	307	61
	1,209	3,232
	23,255	18,851

These notes form part of the financial statements.

12. RECEIVABLES (cont'd)

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

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 2012 is due from 5 (2011: 2) customers ie. approximately 71% (2011: 34%) or RM16,396,298 (2011: RM6,423,376) of the net trade receivables.

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

13. TAXATION

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net tax liabilities at 1 July	(5,499)	(6,595)	(19)	(116)
Taxation charge for the financial year	(33,743)	(28,157)	(423)	(9,808)
Effect of change in exchange rate	(18)	28	–	–
Tax deducted at source	–	–	–	9,265
Payment made during the financial year	29,244	29,225	474	640
Tax refunded	(63)	–	–	–
Net tax (liabilities)/assets at 30 June	(10,079)	(5,499)	32	(19)
Disclosed as :–				
Tax assets	196	402	32	–
Tax liabilities	(10,275)	(5,901)	–	(19)
	(10,079)	(5,499)	32	(19)
The taxation expenses comprise:				
Malaysian taxation				
– Based on results for the financial year	33,910	27,796	440	9,802
– (Over)/under provision in prior years	(397)	18	(17)	6
– Penalty	–	26	–	–
Hong Kong taxation				
– Based on results for the financial year	230	317	–	–
	33,743	28,157	423	9,808
Deferred taxation (Note 10)				
– Based on results for the financial year				
– Malaysian taxation	845	1,191	–	–
– Hong Kong taxation	–	2	–	–
– Over provision in prior years	60	13	–	–
	905	1,206	–	–
	34,648	29,363	423	9,808

These notes form part of the financial statements.

13. TAXATION (cont'd)

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

	2012 RM'000	2011 RM'000
Profit before taxation	130,649	105,057
Tax at the current income tax rate at 25%	32,662	26,264
Tax of certain subsidiary companies at different statutory income tax rates	(137)	(218)
Tax effects in respect of:		
– Depreciation of non–qualifying property, plant and equipment	2,912	3,452
– Non–allowable expenses	266	513
– Non–taxable income	(690)	(718)
– Deferred tax assets not recognised	–	16
– Tax savings on utilisation of deferred tax assets previously not recognised	(25)	–
– Crystallisation of deferred tax liability on revaluation surplus	(3)	(3)
(Over)/under provision in prior years		
– Income tax	(397)	18
– Deferred tax	60	13
Penalty	–	26
	34,648	29,363

Tax savings arising from the utilisation of unused capital allowances and tax losses of the Group during the financial year amounted to approximately RM631,845 (2011: RM887,308).

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

	2012 RM'000	2011 RM'000
Profit before taxation	63,080	37,752
Tax at the current income tax rate at 25%	15,770	9,438
Tax effects in respect of:		
– Depreciation of non–qualifying property, plant and equipment	306	314
– Non–allowable expenses	86	154
– Non–taxable income	(7)	(120)
– Single–tier dividend income	(15,690)	–
– Deferred tax assets not recognised	–	16
– Tax savings on utilisation of deferred tax assets previously not recognised	(25)	–
(Over)/under provision of income tax in prior years	(17)	6
	423	9,808

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unused capital allowances	1,528	4,133	824	894

These notes form part of the financial statements.

14. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed bank	28	27	–	–
Cash and bank balances	137,584	138,595	7,154	18,488
	137,612	138,622	7,154	18,488

(i) 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% (2011: 3.15%) per annum and have maturity periods ranging from 3 months to 12 months (2011: 3 months to 12 months).

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	114,613	126,732	7,154	18,488
US Dollar	21,842	11,528	–	–
Hong Kong Dollar	1,126	362	–	–
Korean Won	1	–	–	–
Renminbi	30	–	–	–
	137,612	138,622	7,154	18,488

(iii) The Group and the Company are exposed to a significant concentration of credit risk, whereby 75% (2011 : 79%) and 92% (2011: 97%) respectively of the total cash and bank balances is placed in one (1) (2011: one (1)) financial institution.

15. SHARE CAPITAL

Group/Company	2012 No. of shares '000	2011 No. of shares '000	2012 RM'000	2011 RM'000
Authorised:				
At 1 July	*1,000,000	^200,000	100,000	100,000
Adjustment made pursuant to Share Split	–	800,000	–	–
At 30 June	*1,000,000	*1,000,000	100,000	100,000
Issued and fully paid:				
At 1 July	*657,910	^ 131,582	65,791	65,791
Adjustment made pursuant to Share Split	–	526,328	–	–
At 30 June	*657,910	*657,910	65,791	65,791

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

These notes form part of the financial statements.

15. SHARE CAPITAL (cont'd)

At the Annual General Meeting held on 23 December 2011, the Company obtained the shareholders' approval 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 lapses 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 approval from the 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 access 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.

16. RESERVES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non–distributable				
Share premium	3,772	3,772	3,772	3,772
Revaluation reserve	–	–	354,929	208,967
Currency translation reserves	(1,234)	(2,139)	–	–
	2,538	1,633	358,701	212,739
Distributable				
Retained profits	271,780	215,253	48,915	25,732
	274,318	216,886	407,616	238,471

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 2012 under the single tier system.

These notes form part of the financial statements.

17. BORROWINGS

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non–current				
Secured				
Hire purchase and finance lease obligations	345	644	–	–
Term loans	19,209	21,507	12,299	13,592
	19,554	22,151	12,299	13,592
Current				
Secured				
Hire purchase and finance lease obligations	300	504	–	–
Term loans	2,365	2,716	1,346	1,719
Unsecured				
Bankers' acceptances	17,379	18,398	–	–
Revolving credit	11,174	3,330	–	–
	31,218	24,948	1,346	1,719
	50,772	47,099	13,645	15,311

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

(ii) The bankers' acceptances and revolving credit are secured by a corporate guarantee given by the Company.

(iii) Interests are charged as follows:

Bankers' acceptances	–	Ranging from 3.50% to 3.85% (2011: 3.28% to 3.75%) per annum.
Hire purchase and finance lease obligations	–	Implicit interest rates ranging from 4.19% to 9.70% (2011: 4.19% to 9.70%) per annum.
Terms loans	–	Ranging from 3.24% to 4.70% (2011: 3.25% to 4.40%) per annum.
Revolving credit	–	Ranging from 3.87% to 4.32% (2011: 3.16% to 4.22%) per annum.

These notes form part of the financial statements.

17. BORROWINGS (CONT'D)

(iv) Hire purchase and finance lease obligations

	Group	
	2012 RM'000	**2011 RM'000**
Minimum lease payments		
– not later than 1 year	326	548
– later than 1 year and not later than 5 years	365	690
	691	1,238
Less : Unexpired finance charges	(46)	(90)
	645	1,148
Present value of hire purchase and finance lease obligations		
Payable as follows:		
– not later than 1 year	300	504
– later than 1 year and not later than 5 years	345	644
	645	1,148

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

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Not later than 1 year	2,365	2,716	1,346	1,719
Between 1 to 2 years	3,939	3,799	2,870	2,756
Between 2 to 5 years	8,311	8,015	4,788	4,597
Later than 5 years	6,959	9,693	4,641	6,239
	21,574	24,223	13,645	15,311

18. PAYABLES

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Trade payables	55,581	75,934	–	–
Other payables and accruals	18,884	13,516	64	783
Due to subsidiary companies – non–trade	–	–	–	18,100
Deferred revenue from customer loyalty programme	4,435	4,490	–	–
	78,900	93,940	64	18,883

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	73,743	88,251	64	18,883
US Dollar	11	463	–	–
Hong Kong Dollar	605	734	–	–
Renminbi	29	2	–	–
Singapore Dollar	77	–	–	–
	74,465	89,450	64	18,883

(ii) Included in trade payables of the Group are advance payments received from customers against confirmed purchase orders amounting to RM522,217 (2011: RM614,544).

(iii) The normal trade credit periods granted to the Group range from 30 to 90 days (2011: 30 to 90 days) or such other period as negotiated with the suppliers.

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

(v) A reconciliation of the deferred revenue from customer loyalty programme is as follows:

	Group	
	2012 RM'000	2011 RM'000
At 1 July	4,490	3,682
Addition during the year	4,626	4,901
Recognised as revenue	(3,514)	(2,908)
Lapsed amounts reversed	(1,167)	(1,185)
At 30 June	4,435	4,490

The deferred revenue from customer loyalty programme are estimated based on the amount of unredeemed rebate vouchers and loyalty points outstanding as at the end of the reporting date that are expected to be redeemed before expiry.

These notes form part of the financial statements.

19. DIVIDEND PAYABLE

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Dividend payable	–	13,158	–	13,158

20. REVENUE

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Sale of goods	722,468	569,186	–	–
Dividend income	9	–	62,769	37,060
Commission income	5,369	3,780	–	–
Deferred revenue from customer loyalty programme	(4,435)	(4,490)	–	–
	723,411	568,476	62,769	37,060

21. COST OF SALES

	Group	
	2012	2011
	RM'000	RM'000
Inventories sold	368,681	272,306
Carriage, freight and handling	6,140	5,366
	374,821	277,672

The following items have been charged in arriving at cost of sales:

	Group	
	2012	2011
	RM'000	RM'000
Inventory loss	6,227	5,238
Inventories written down to net realisable value	1,543	1,983
Inventories written off	1,078	1,010

22. PROFIT FROM OPERATIONS

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
– statutory audit				
– current year	151	149	35	35
– under provision in prior year	2	10	–	3
– tax services	23	23	2	2
Other auditors' remuneration				
– statutory audit				
– current year	8	8	–	–
– under provision in prior year	2	1	–	–
Amortisation of intangible asset	740	468	–	–
Changes in fair value of investment property	(242)	(489)	–	–
Depreciation of property, plant and equipment	19,578	21,864	1,321	1,486
Directors' remuneration (Note 23)	3,947	3,621	115	120
Fair value gain on financial assets at fair value through profit or loss	(35)	(533)	(18)	(481)
(Gain)/loss on foreign exchange				
– realised	(101)	782	–	–
– unrealised	(117)	56	–	–
Interest income	(2,405)	(2,063)	(208)	(114)
Profit on disposal of property, plant and equipment	(5)	(252)	–	–
Property, plant and equipment written off	34	345	–	–
Rental income	(106)	(105)	(2,882)	(2,882)
Rental of equipment	1,364	747	–	–
Rental of premises	62,449	51,238	–	–
Royalty income	(2,086)	(1,396)	–	–
Staff costs				
– Salary, allowances and bonuses	84,543	70,864	–	–
– Employees' Provident Fund	9,560	7,863	–	–
– Unconsumed leaves	400	81	–	–
– Other employee benefits	3,120	2,391	–	–

These notes form part of the financial statements.

23. DIRECTORS' REMUNERATION

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Present Directors of the Company				
– fees	110	120	110	120
– other emoluments	3,713	3,382	–	–
Past Director of the Company				
– fees	5	–	5	–
Present Director of a subsidiary company				
– other emoluments	119	119	–	–
	3,947	3,621	115	120

The estimated monetary value of other benefits not included in the above received by the present Directors of the Company and subsidiary company are RM115,080 (2011: RM116,117) and RM6,600 (2011: RM6,600) respectively.

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

Present Directors of the Company
Haji Sahid bin Mohamed Yasin
Yong Pang Chaun
Yong Lai Wah
Chong Chin Lin
Chan Kwai Heng
Cheong Chung Yet
Foo Kee Fatt
Yeap Tien Ching (appointed on 31 October 2011)

Past Director of the Company
Datuk Dr. Abdullah bin Abdul Rahman (resigned on 31 July 2011)

Present Director of a subsidiary company
Yong Lai Ang

These notes form part of the financial statements.

23. DIRECTORS' REMUNERATION (cont'd)

	Executive 2012 RM'000	Non–executive 2012 RM'000	Executive 2011 RM'000	Non–executive 2011 RM'000
Group				
Present Directors of the Company				
Fees	–	110	–	120
Other emoluments				
– Salaries and allowances	1,771	–	1,770	–
– Bonuses	1,544	–	1,249	–
– Employees' Provident Fund	398	–	363	–
	3,713	110	3,382	120
Past Director of the Company				
Fees	–	5	–	–
	3,713	115	3,382	120
Company				
Directors of the Company				
Fees	–	115	–	120

24. FINANCE COSTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interests on:				
– Hire purchase and finance lease	44	104	–	–
– Term loan	1,036	574	655	248
– Bankers' acceptance	867	552	–	–
– Revolving credit	378	320	–	–
– Letter of credit charges	3	22	2	22
Trust receipt/ bankers' acceptance charges	–	1	–	–
	2,328	1,573	657	270

These notes form part of the financial statements.

25. 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:

	2012 RM'000	2011 RM'000
Profit attributable to owners of the Company	96,001	75,694
	Number of ordinary shares	
	'000	**'000**
Number of shares in issue as at 1 July	657,910	131,582
Effects of share split	–	#526,328
Weighted average number of ordinary shares in issue	657,910	657,910
Basic earnings per share of RM0.10 each (sen)	14.59	11.51

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.

26. DIVIDENDS

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

	Group/ Company			
	2012		2011	
	Dividend per share net of tax	Amount of dividend net of tax	Dividend per share net of tax	Amount of dividend net of tax
Recognised during the year:	**sen**	**RM'000**	**sen**	**RM'000**
Single tier first interim dividend	2.00	13,158	2.00	13,158
Single tier second interim dividend	2.00	13,158	2.00	13,158
Single tier third interim dividend	2.00	13,158	–	–
		39,474		26,316

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

27. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Additions to property, plant and equipment	26,836	25,228	–	6,919
Financed by hire purchase and finance leases	–	(500)	–	–
	26,836	24,728	–	6,919

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Represented by:				
Deposits, cash and bank balances	137,612	138,622	7,154	18,488

29. 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 7.

(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.

These notes form part of the financial statements.

29. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(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	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Transactions entered into with subsidiary companies				
Dividend income received from				
– Vincci	–	–	16,100	12,880
– Padini Corporation	–	–	38,960	19,480
– Seed	–	–	1,700	1,700
– Yee Fong Hung	–	–	6,000	3,000
Transactions entered into with subsidiary companies				
Purchase of food and beverage				
– Seed	–	–	3	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	–	–	994	994
Advance from				
– Vincci	–	–	2	–
– Seed	–	–	–	1
– Padini Dot Com	–	–	1	10,042
Repayment received from advances/ loan to				
– Mikihouse	–	–	120	–
Repayment made for advance/ loan from				
– Seed	–	–	1	–
– Padini Corporation	–	–	2,131	–
– Vincci	–	–	1	–
– Padini Dot Com	–	–	15,970	–
– Yee Fong Hung	–	–	44	–

Information regarding outstanding balances arising from related party transactions as at 30 June 2012 and 30 June 2011 are disclosed in Note 12 and Note 18.

These notes form part of the financial statements.

29. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(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 23.

30. COMMITMENTS

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	
	2012 RM'000	2011 RM'000
Not later than 1 year	53,871	40,575
Later than 1 year and not later than 5 years	50,334	40,317
	104,205	80,892

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

31. CONTINGENT LIABILITIES

(i)

	Company	
	2012	2011
Secured	**RM'000**	**RM'000**
Freehold land and building pledged to bank for term loan		
– Facility approved	23,050	23,050
– Amount outstanding	13,645	15,310
Unsecured		
Corporate guarantee to banks and financial institutions for banking facilities granted to certain subsidiary companies		
– In Ringgit Malaysia	59,000	59,000
– In US Dollar	18,000	18,000
Amount utilised		
– In Ringgit Malaysia	22,176	21,728

(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 RM14,447,000 (2011: RM21,026,000).

These notes form part of the financial statements.

32. 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 9(b).

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.

Fair value measurement hierarchies

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:

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

Level 2: Inputs other than quoted prices included in level 1, that are observable for assets or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability, that are not based on observable market data (unobservable inputs)

These notes form part of the financial statements.

32. FINANCIAL INSTRUMENTS (cont'd)

Fair value measurement hierarchies (cont'd)

As at 30 June 2012, the Group's and the Company's financial instruments carried at fair value are analysed as below:

	Fair Value			
	Level 1	Level 2	Level 3	Total
Group	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss:				
– unit trusts	–	2,386	–	2,386
Company				
Financial assets				
Investment in subsidiary companies	–	–	405,331	405,331
Financial assets at fair value through profit or loss:				
– unit trusts	–	2,027	–	2,027

Comparative figures have not been presented for 30 June 2011 by virtue of paragraph 44G of FRS 7.

There were no transfers between Level 2 and 3 in the reporting period.

Reconciliation of Level 3 fair value measurements of financial assets is as follows:

	Company
Investment in subsidiary companies	RM'000
At 1 July 2011	259,369
Gain recognised in other comprehensive income	145,962
At 30 June 2012 (Note 7)	405,331

Although the Group believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. Discount rates have been used as a critical assumption or input for fair value measurement in Level 3.

These notes form part of the financial statements.

32. FINANCIAL INSTRUMENTS (cont'd)

Fair value measurement hierarchies (cont'd)

If this input was higher/lower while all other variables were held constant, the changes of fair value of the investment in subsidiary companies would be as follows:

	Company	
	Effect on statement of financial position	Effect on equity
2012	**RM'000**	**RM'000**
Increase in the discount rate by:		
– 2%	(13,721)	(13,721)
– 4%	(26,444)	(26,444)
– 6%	(38,261)	(38,261)
Decrease in the discount rate by:		
– 2%	14,825	14,825
– 4%	30,872	30,872
– 6%	48,275	48,275

33. 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.

34. 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 2012 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	
	2012	**2011**
	RM'000	**RM'000**
Total retained profits of the Company and its subsidiary companies:		
– Realised	305,018	248,275
– Unrealised	224	680
	305,242	248,955
Less: Consolidation adjustments	(33,462)	(33,702)
	271,780	215,253

	Company	
	2012	**2011**
	RM'000	**RM'000**
Total retained profits of the Company:		
– Realised	48,915	25,732

DIRECTORS' SHAREHOLDINGS AS AT 31 OCTOBER 2012

Shareholdings in the Company

	No. of Shares Held			
Director	**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
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.)

Analysis of Shareholdings

As At 31 October 2012

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 : 3,458

DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 31 OCTOBER 2012

No. of Holders	Holdings	Total Holdings	%
31	less than 100	762	0.000
653	100 - 1,000	483,199	0.073
1,833	1,001 - 10,000	7,791,910	1.184
686	10,001 - 100,000	21,745,076	3.305
254	100,001 - 32,895,474	340,125,053	51.697
1	32,895,475 and above	287,763,500	43.739
3,458	**TOTAL**	**657,909,500**	**100.000**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2012

No.	Name	Nationality	Registered Holder	No. of Shares held or beneficially interested in		Percentage of Shareholding	
				Direct	Indirect	Direct	Indirect
1	Yong Pang Chaun Holdings Sdn. Bhd.	Incorporated in Malaysia	–Yong Pang Chaun Holdings Sdn. Bhd.	287,763,500	–	43.74	–
2	Yong Pang Chaun **	Malaysian	–Yong Pang Chaun Holdings Sdn. Bhd. –Chong Chin Lin # –Yong Pang Chaun	– – 1,500,000	287,763,500 2,019,990 –	– – 0.23	43.74 0.31 –
3	Chong Chin Lin **	Malaysian	–Yong Pang Chaun Holdings Sdn. Bhd. –Yong Pang Chaun * –Chong Chin Lin	– – 2,019,990	287,763,500 1,500,000 –	– – 0.31	43.74 0.23 –
4	Yong Lai Wah **	Malaysian	–Yong Pang Chaun Holdings Sdn. Bhd. –Yong Lai Wah	– –	287,763,500 –	– –	43.74 –
5	Yong Lee Peng **	Malaysian	–Yong Pang Chaun Holdings Sdn. Bhd. –Yong Lee Peng	– 1,500,000	287,763,500 –	– 0.23	43.74 –

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

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

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

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

LIST OF TOP 30 SHAREHOLDERS AS AT 31 OCTOBER 2012
(As per the Record of Depositors)

No.	Name	No. of Shares	%
1	Yong Pang Chaun Holdings Sdn. Bhd.	287,763,500	43.739
2	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad icapital.biz Berhad	22,700,000	3.450
3	Amanahraya Trustees Berhad Public Smallcap Fund	16,381,500	2.489
4	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	16,096,900	2.446
5	Thian Min Yang	15,832,300	2.406
6	HSBC Nominees (Asing) Sdn Bhd TNTC for Somerset Emerging Markets Small Cap Fund LLC	12,930,500	1.965
7	AmSec Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	11,064,600	1.681
8	Cartaban Nominees (Asing) Sdn Bhd BBH (LUX) SCA for Fidelity Funds ASEAN	10,650,500	1.618
9	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 6608 for Royce Micro-Cap Fund	9,789,000	1.487
10	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (NOMURA)	8,517,000	1.294
11	Maybank Nominees (Asing) Sdn Bhd DBS Bank for Albizia ASEAN Opportunities Fund (290127)	8,000,000	1.215
12	Yong Yee Ching	7,791,960	1.184
13	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	6,843,000	1.040
14	HSBC Nominees (Asing) Sdn Bhd HSBC -FS I for Apollo Asia Fund Ltd	6,087,500	0.925
15	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 6622 for Royce Capital Fund-Micro-Cap Portfolio	5,240,000	0.796
16	HSBC Nominees (Asing) Sdn Bhd Exempt An for the Bank of New York Mellon (Mellon ACCT)	5,121,500	0.778

No.	Name	No. of Shares	%
17	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore for Pangolin Asia Fund	5,009,000	0.761
18	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	4,142,100	0.629
19	Cartaban Nominees (Asing) Sdn Bhd Svenska Handelsbanken Stockholm	4,000,000	0.607
20	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund W4B9 for Wasatch Frontier Emerging Small Countriesfund	3,906,198	0.593
21	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	3,880,000	0.589
22	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yip Swee Kian (CEB)	3,523,100	0.535
23	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for MAAKL Al-Fauzan (5170)	3,199,800	0.486
24	Cartaban Nominees (Asing) Sdn Bhd BBH (LUX) SCA for Fidelity Funds Malaysia	3,168,000	0.481
25	Denver Corporation Sdn Bhd	3,137,500	0.476
26	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	3,122,000	0.474
27	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Floreat Fund Ltd.	2,700,000	0.410
28	HSBC Nominees (Asing) Sdn Bhd HSBC-FS I for JF Malaysia Fund	2,663,700	0.404
29	HSBC Nominees (Asing) Sdn Bhd TNTC for PFS Somerset Emerging Markets Small Cap Fund (NWB AS DEP)	2,661,100	0.404
30	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund FJ4V for Asian Small Companies Portfolio	2,633,400	0.400
	TOTAL	498,555,658	75.778

List of Group Properties

As at 30 June 2012

Location	Description / Existing Use	Land Area/ Built–up Area (sq. ft.)	Tenure	Approximate Age of Buildings	Net Carrying Amount @ 30.06.2012 (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	16.5 years	6,502,491
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	6 year	14,522,916
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	2 year	23,923,691
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	39 years	12,285,000
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	30 years	1,461,605
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	30 years	2,590,560

Statement Regarding Revaluation Policy

for The Financial Year Ended 30 June 2012

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 Thirty First 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 18 December 2012 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 Cheong Chung Yet		
Ordinary Resolution 4	Re-election of Mr Foo Kee Fatt		
Ordinary Resolution 5	To appoint Messrs BDO as Auditors		
Ordinary Resolution 6	Proposed Share Buy-Back		
Special Resolution 1	Proposed Amendments of Articles of Association		

Dated this _________ day of ___________________ 2012

	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