PADINI HOLDINGS BERHAD

(50202-A)
(Incorporated in Malaysia)

Annual Report 2013

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 Second 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 19 December 2013 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 2013 together with the Reports of the Directors and Auditors thereon. *(Ordinary Resolution 1)*

2. To approve payment of Directors' fee of RM135,000.00 in respect of the financial year ended 30 June 2013 (2012 : RM115,000.00). *(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) Ms. Chong Chin Lin *(Ordinary Resolution 3)*

   ii) Ms. Yong Lai Wah *(Ordinary Resolution 4)*

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

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 RM321.039 million and RM3.772 million, respectively as at 30 June 2013;

   (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

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(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 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 Second 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 13 December 2013. Only a depositor whose name appears on the Record of Depositors as at 13 December 2013 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
27 November 2013

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 Share Buy-Back Statement dated 27 November 2013 despatched together with the Annual Report.

STATEMENT ACCOMPANYING THE NOTICE OF THE 32ND 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 32nd Annual General Meeting are set out in the Board of Directors' Profile on pages 25 to 28 of the Annual Report. Their shareholdings in the Company are set out in the section entitled "Directors' Shareholdings and Interest" on page 118 of the Annual Report.

No individual other than the retiring Directors are seeking election as a Director at the 32nd Annual General Meeting.

CHAIRMAN	Haji Sahid bin Mohamed Yasin (retired w.e.f. 18/12/2012) Woon Chin Chan (appointed w.e.f. 19/02/2013; demised on 09/10/2013)
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	BDO 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)

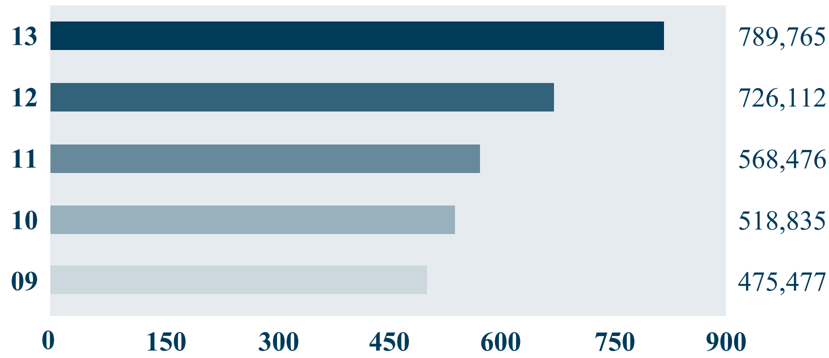
100%
PADINI INTERNATIONAL LIMITED, HONG KONG (896012)

Group Financial Highlights

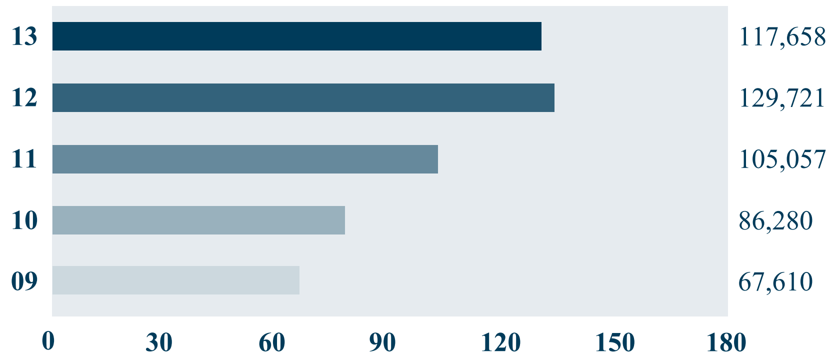
	2009 RM '000	2010 RM '000	2011 RM '000	2012# RM '000	2013 RM '000
Revenue	475,477	518,835	568,476	726,112	789,765
Profit before tax	67,610	86,280	105,057	129,721	117,658
Profit for the financial year attributable to owners of the parent	49,533	60,974	75,694	95,305	85,393
Basic earnings per share (sen) based on profit attributable to equity shareholders*	7.53	9.27	11.51	14.49	12.98
Net assets	204,043	234,332	282,677	339,413	372,226
Net assets per share (sen) *	31.0 sen	35.6 sen	43.0 sen	51.6 sen	56.6 sen
Dividend per share (sen) ^	2.8 sen	4.5 sen	4.0sen	6.0 sen	8.0 sen

* Based on ordinary shares of RM0.10 each.
^ For year 2009 to 2010, the figures have been restated to take into account the share split.
# The figures for financial year ended 30 June 2012 have been restated to reflect the Group's transition from FRS to MFRS framework during the financial year ended 30 June 2013.

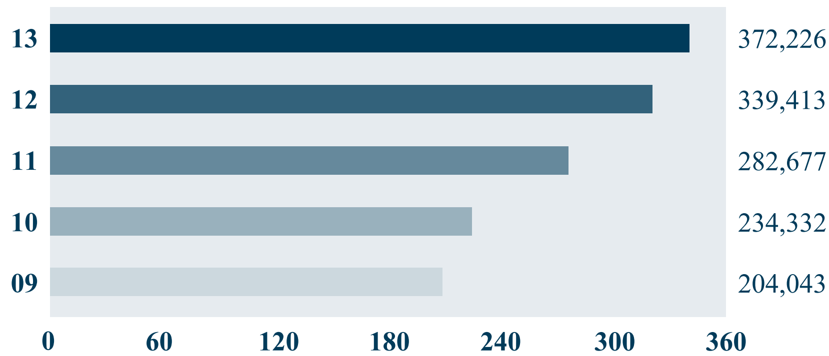
Revenue (RM Thousand)



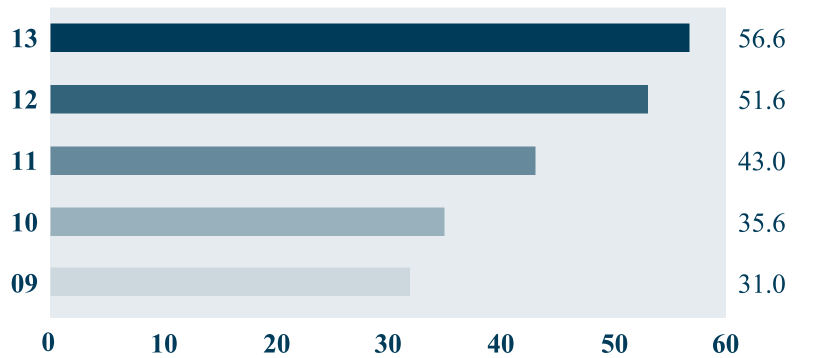
Profit before tax (RM Thousand)



Net assets (RM Thousand)



Net assets per share (sen)



On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Padini Holdings Berhad and its subsidiary companies ("the Group") for the financial year ended 30th June 2013.

INDUSTRY TREND AND DEVELOPMENT

The consumers, at least those in the sectors that we serve, have spoken, and they have reiterated very emphatically with their wallets that they want value in the products they buy. While it is true that shopping for apparels remains a favourite pastime among the Malaysian public, what has also become clearly discernible over the past one year, is that a structural shift has occurred in the way urbanised and youthful consumers choose to spend their disposable incomes, and often this had meant that spending on apparels and shoes had to give way to spending on lifestyle activities. In the majority of cases, living and working in the cities means one will need a car and so the costs of owning and operating one will immediately mean a large chunk off the take-home pay cheque. Then money will be taken off the table to pay for hanging out at the cafes, getting the hottest smart-phones and must-have apps, seeing the latest 3-D blockbuster movie at the cineplex, having the hair coloured, a tattoo done or perhaps even saving for that free and easy tour at one of those destinations served by the budget carriers. And if anything is left after all that, then let us go get some bargains to wear when we go chilling-out.

Insofar as the apparels and footwear retail subsector is concerned, the group that has the highest propensity to consume would be those living in the cities and who would in all likelihood be young and single. The problem however is that this group while eager to spend, does not usually have much disposable income to do so. And given the observations mentioned above, one can conclude that as far as the subsector goes, value will be the order of the day. There will be in the years ahead an increasing hollowing-out of the middle; the rich buys at the top and the middle-class young, single consumer buys mostly at the other end. The rest will not be buying much (not apparels and footwear, anyway); those recently married will very likely be chained to instalments for homes and to raising children while the elderly will fret over healthcare costs and stretching whatever resources they possess.

As such, the brand-owner that understands and embraces this structural shift in retail spending and reacts to it decisively and appropriately will have an advantage over those who do not.

FINANCIAL RESULTS

For the financial year under review, the Group achieved consolidated revenues of RM789.8 million, a growth of 8.8% over the previous year's amount of RM726.1 million. While gross profits rose in tandem by 5% over the same period, profit before taxation had declined by 9.3%, from RM129.7 million achieved in the previous year to RM117.7 million in the current financial year. This decline was caused primarily by increases in selling and distribution costs incurred by 10 new stores added over the 2012 financial year. Total comprehensive income for the financial year attributable to the owners of the Company also fell 11.2% to RM85.4 million when compared to the amount of RM96.2 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 August 2012 was paid on 28th September 2012;
- a second interim dividend of 2 sen per share (single tier), amounting to RM13,158,190 declared on 28th November 2012 was paid on 31st December 2012;
- a third interim dividend of 2 sen per share (single tier), amounting to RM13,158,190 declared on 26th February 2013 was paid on 27th March 2013; and
- a fourth interim dividend of 2 sen per share (single tier), amounting to RM13,158,190 declared on 30th May 2013 was paid on 28th June 2013.

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.

BUSINESS REVIEW (cont'd)

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, Tizio, Padini Authentics, PDI, Padini, Seed, Miki, and P&Co, all of which are owned by the Group. Except for the Tizio label which was introduced in November of 2012, all 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 utilises 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.

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 30.6.2011	As at 30.6.2012	As at 30.6.2013
Vincci, Vincci+, Vincci Accessories			
Free-standing stores	19	20	17
Consignment counters	2	1	1
Franchise stores	14	14	14
Seed			
Free-standing stores	4	4	3
Consignment counters	48	54	55
Padini Authentics			
Free-standing stores	7	8	8
Consignment counters	25	29	28
PDI			
Free-standing stores	12	13	13
Franchise stores	1	1	1
Padini			
Free-standing stores	2	2	2
Consignment counters	34	37	37
P&Co			
Free-standing stores	1	1	1
Miki Kids			
Consignment counters	27	30	29
Miki Mom			
Consignment counters	4	4	–
Tizio			
Free-standing stores	–	–	2
Brands Outlet			
Free-standing stores	13	19	20
Multi-brands			
Free-standing stores *	22	26	25
Total	235	263	256

* the 25 multi-brand stores as at 30th June 2013 contain a total of 177 stores-within-store (179 as at 30th June 2012) showcasing the various brands of the Padini Group

Brands – Foreign Market	Locations	As at 30.6.2011	As at 30.6.2012	As at 30.6.2013
Vincci/VNC				
Franchise Stores	ASEAN	15	14	9
	Saudi Arabia	25	24	24
	UAE	11	13	15
	Oman	1	2	2
	Syria	3	3	3
	Qatar	2	2	2
	Bahrain	2	2	2
	Pakistan	1	2	3
	Egypt	1	1	2
	Morocco	–	2	2
	Kuwait	–	–	1
Dealer Stores	Thailand	12	16	15
Total		73	81	80

Retailing – Domestic and Abroad

For the year under review, domestic operations accounted for 93.2% or nearly RM736.3 million of the Group's consolidated revenues. For the previous year, the domestic portion was at RM666.8 million, which was approximately 91.8% of that year's total revenues. In absolute value terms, exports fell by about 9.9% or RM5.9 million from that recorded in the 2012 financial year to RM53.4 million for the year under review.

In the domestic sector, we have 14 Vincci stores and 1 PDI store that are operated and run by franchisees. Of the 14 Vincci franchise stores, 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 91 retail stores operated by the Group, all are located in the Peninsula except for 3 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 2013 financial year was considerably quiet. While an additional Brands Outlet store and two stores for our new Tizio label were opened, we also closed a Padini Concept Store in Kota Kinabalu together with four other single-brand stores in the Peninsula.

The year under review has been a difficult one. While top-line revenues did increase in absolute terms, driven by the full-year impact of the stores opened during the 2012 financial year, the increase in revenues was not reflective of the increase in gross floor area. This caused selling and distribution costs to rise relatively faster than revenue growth, and profits declined as a result.

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

Company	FYE 30.6.2012	FYE 30.6.2013
Vincci Ladies Specialties Centre SB		
Revenues	RM228.5 million	RM223.7 million
Profit before Taxation	RM 40.7 million	RM 29.5 million
Padini Corporation SB		
Revenues	RM226.7 million	RM245.8 million
Profit before Taxation	RM 46.7 million	RM 40.7 million
Seed Corporation SB		
Revenues	RM88.2 million	RM87.0 million
Profit before Taxation	RM 7.6 million	RM 3.1 million
Yee Fong Hung SB		
Revenues	RM148.9 million	RM194.8 million
Profit before Taxation	RM 26.0 million	RM 33.1 million
Mikihouse Children's Wear SB		
Revenues	RM25.2 million	RM27.9 million
Profit before Taxation	RM 3.8 million	RM 3.0 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 RM578,000 recorded last year, to RM542,000 for the year under review.

Future Outlook

In the ten financial years from 2004 to 2013, this year represents the only year wherein we ended the financial year with a contraction in our profits after taxation. For those who have grown accustomed to the increases and who now perhaps find this setback a bit worrying, we would like to refer them to the comments made pertaining to the future outlook in our 2012 Annual Report.

While we still managed to grow our top-line revenues, mainly due to the expansion in our distribution network, we have seen the contraction in our gross margins in the current financial year cause our net incomes to decline year-on-year. This contraction in gross margins has been the result of an increasing preference among consumers for items of value. To meet with this growing preference, we have over the last 12 to 18 months made the necessary changes to our operations, merchandising and pricing strategies so that our brands and the merchandise that represent them can continue to remain relevant to those who are our target customers. We are confident that these changes made will help us respond adequately to the changed paradigm.

With the general elections effectively out of the way and a budget for the next year already in place, we can all finally settle down and look forward to bouncing back from the results recorded in the current year. The new stores that have been opened since the beginning of the 2014 financial year together with those others in the pipeline will surely be a boost for our earnings in the year ahead. We anticipate that the second half of our 2014 financial year will see revenues receiving a boost from the increase in tourist arrivals expected in conjunction with the 2014 Visit Malaysia Year.

ACKNOWLEDGEMENT

Following Tuan Haji Sahid bin Mohamed Yasin's decision not to seek re-election as a director at the last Annual General Meeting of the Company, the Company had on the 19th of February 2013 appointed Mr Woon Chin Chan to replace Tuan Haji Sahid as both director and Chairman of the Board. Unfortunately, Mr Woon unexpectedly passed away on the 9th of October 2013 and as a result, the Board is currently seeking for a suitable candidate to fill in the vacancy left by Mr Woon's demise. Before the vacancy is filled, Mr Chan Kwai Heng has been appointed the Acting Chairman of the Board. The Board conveys their sincere thanks and appreciation to Tuan Haji Sahid for his past contributions during his tenure as director, and to the family of the late Mr Woon, the Board conveys its condolences.

Other than that, appreciation and thanks also go to our management and our staff at all levels and positions for their contributions and efforts in driving the Group forward. The Board and the Padini Group would also like to 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.

Mr. Chan Kwai Heng
Acting Chairman
Date: 31 October 2013

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. This 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 2013, two sessions of this programme which involved 11 participants were conducted and a sum of RM18,110.00 was incurred for it.

2. Graduate Retail Internship Programme : This programme was introduced in the previous 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, 4 students were enrolled in this programme and a total of RM4,883.00 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 2013 financial year, the Group spent about RM161,000.00 and covering 193 sessions for in-house education and training programmes for its own employees. Besides that, 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 7.3 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 569 man-hours in the process:

- Taman Pengasih Sultan Haji Ahmad Shah, Kuantan
- Pertubuhan Kebajikan Anak Anak Yatim Bahagia, Ipoh
- Pertubuhan Kebajikan Harapan Baru, Ipoh
- Persatuan Kebajikan Ci-Hang-Chempaka Selangor, Kampung Baru Subang, Selangor
- Persatuan Insan Istimewa, Cheras, Selangor
- Victory Elderly Home, Seremban
- House of Megaways, Seremban
- St. Joseph's Orphanage, Penang

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 RM12,000.00 in cash and kind were donated to the homes mentioned.

Besides the above, the Group also donated clothings and umbrellas to various charities.

An in-house blood donation campaign which attracted 55 successful donations was organized by the Group HRT department in collaboration with Pusat Darah Negara.

We sponsored 188 employees for a Lifecheck programme conducted by the National Kidney Foundation and made a RM1,000.00 cash contribution to the Foundation to fund the operating course of the Lifecheck Programme.

A career talk was also organised by the Group's HR and Training department for more than 200 Form 4 and 5 students of SMK Seri Ampang, Ipoh

Environment

During the 2013 financial year, we had collected and sold for recycling a total of 9.5 tonnes of used paper and paper products; the proceeds amounting to some RM2,719.00, while negligible, were used in part to fund some of the Group's philanthropic activities.

A 'gotong-royong' was held at Pantai Dataran Teluk Kemang, Port Dickson by our Caring From The Heart Committee to help clean the beach.

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

The Board fully recognises that its primary role as stewards of the Group must of necessity require it to dutifully act always in the best interests, firstly of the Group and then of its shareholders. At the same time however, the Board is also cognisant of the need to strike a proper balance between enhancing shareholders' value and giving due consideration to the interests of other stakeholders.

Chapter 15, Part E, Paragraph 15.25 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements have been amended to take cognisance of the new Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), and the following presents a narrative statement provided by the Board describing how the Group has applied the Principles and their corresponding Recommendations as set out in the MCCG 2012. Where the Recommendations relating to any one Principle have not been followed, the position is clearly stated and if there are reasons for non-compliance, the reasons are also given. However if alternatives have been adopted, they are also reported upon.

Principle 1 – Establish clear roles and responsibilities

Recommendation 1.1

As the Board is made up of both non-independent executive directors (which include among them, the Managing Director or the CEO) and independent non-executive directors, the practice has been for the former, in their role as management, to present strategic plans and objectives which they have prepared, in the various meetings of the Board so that the non-executives can review, provide inputs, and subsequently participate in making an informed collective decision to either adopt the original or an amended plan.

Although it can be claimed that the executives perform a dual role of being both members of the Board as well as of senior management, their responsibilities as management relate mostly to providing leadership to the managers who are tasked with doing the necessary on day-to-day basis to ensure achievement of the plan handed down by the Board.

Recommendation 1.2

It has long been recognised that both the Chairman of the Board who is an independent non-executive director, and the Managing Director who is the de facto CEO of the Group, will play important leadership roles. The former leads the Board, promotes objectivity in board deliberations and oversees how the Board conducts its relationships with management while the latter provides leadership more specifically to the managers responsible for performance and profits.

In discharging its fiduciary functions, the Board has been guided primarily by the fact that the interests of the Company and by extension, the subsidiaries that it owns, must always come first. Since the executive directors oversee the day-to-day running of the Group's activities and would have pertinent information relating to the Group's business as a whole, they become the ones primarily responsible for raising issues needed to ensure the Group's sustainability. The Board on the other hand questions whether the strategic plans that management proposes are appropriate for the Group considering the competitive landscape in which the business is to operate; it also seeks assurance from management as to whether the business of the Group has been operated accordingly to meet objectives that have been set out. In furtherance of this role, the Board has put in place a proper framework to identify, review, manage and report on both operational and financial risks.

A nominating committee has also been established during the 2013 financial year and it is tasked with ensuring that the Group will be run by capable directors and senior management staff, and that disruptions arising from any departure of directors and senior managers are minimised.

Where communication is concerned, the Group has a website (www.padini.com) and under the heading of "Investor Relations" on the home page, a user can easily access any of the announcements, circulars, reports, etc., that the Company has provided to Bursa Malaysia Securities Berhad ("Bursa Malaysia"). There is also an e-mail address under the same heading for interested parties to contact us directly, and for social media and engagement, the Group also maintains a Facebook page.

For shareholders and other parties interested in the business and development of the Group, we have an executive director who is responsible for conducting the relevant investor-relations activities, and who actively engages with the investment community on a regular basis.

Recommendation 1.3

Ethical behaviour within the Group is promoted and governed within the Group by a formalised code of conduct that is contained in the Company's Employment Manual. This code provides a guide to appropriate behaviours that promote honesty and integrity and covers engagement with both employees and with third party stakeholders. As for the procedures that guide whistleblowing activities, these are contained in a separate document, which at a later date will also be inserted into the Employment Manual. Currently, the said Manual is undergoing an update to take into consideration new issues that have arisen in recent times.

In consideration of this recommendation, the Board will instruct the relevant department to prepare and upload a summary of the code of conduct onto the Group's website as soon as possible.

Recommendation 1.4

Strategies adopted by the Group to drive its business forward have always considered the commercial sustainability of the Group. This can be seen in the consistent improvements in the Group's financial performance since its listing on Bursa Malaysia in 1998. Perhaps in striving for commercial sustainability, considerations for environmental, social and governance aspects of business may not always have been given their due prominence. Since the 2009 financial year however, the Board had already set broad guidelines for the conduct of CSR, and has reported on the Group's CSR activities regularly in the Company's annual report. Currently CSR activities are very much in the hands of the managers and the Board supports the CSR activities only in terms of providing advice and funding and allowing its employees to take time off for involvement in the activities whenever required. As for the governance aspects of business, the Board will be guided by the recommendations of the MCCG 2012.

Recommendation 1.5

As practised already, Board members are provided with information such as minutes of previous meetings, financial reports, one week before a meeting so that each one will have sufficient time to review the information provided to facilitate decision-making at the meetings.

Board members are also aware that in performing their duties, they have a right to access to any information about the Group, access to advice and to service of the Company Secretary, and also, at the Company's costs, right to obtain independent professional advice where required.

However, the above rights are tempered by the fact that any information obtained must be kept confidential, both in compliance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements and also with the Personal Data Protection Act of Malaysia 2010.

Recommendation 1.6

We have access to the services of two Company Secretaries, all of whom are members of the Malaysia Institute of Chartered Secretaries and Administrators ("MAICSA"), and from the Board's experience with them, the Board is confident of their competence.

Recommendation 1.7

We do not currently have a Board Charter that formally spells out the structure, responsibilities, rights and procedures of the Board. The framework that promotes the functions of a Board Charter has been an informal one mostly. In view of the MCCG 2012, the Board will proceed to do the necessary to comply with this recommendation by establishing a formal Board Charter, review it periodically and publish the charter on our corporate website.

Principle 2 – Strengthen Composition

Recommendation 2.1

A Nominating Committee comprised of 3 independent non-executive directors was established following a Board meeting held on the 26th of February 2013. The chair of the Committee was held by the then Chairman of the Board who has since passed away on the 9th of October 2013. The position of the chair of the Committee will be filled within the required time-frame by an appointment of another suitable candidate.

Recommendation 2.2

As regards to gender diversity in the Board, it is noted that that has been complied with and the Committee will ensure continuous compliance with the gender diversity requirement.

The Committee also decided that the current Board size is to be maintained and that for the time being no new appointments will be made. Instead it proposed the appointment of alternates, mainly to the Executive Directors, so that successors will be given the requisite exposure as to the workings of the Board. As such, the Committee has yet to establish any policies tied to the process of nominating, election of new board members or how new members were to be inducted. Once such policies are formed, they would be disclosed in future annual reports.

Where training is concerned, the Committee clarified that training can be in any field so long as it is relevant to a particular director's job requirements, especially where such directors also serve in an executive capacity. The Board had requested the Committee to look into the training needs of the directors especially since the Committee has indicated that it will conduct an annual assessment of the Board as a whole as well as a review of the individual director's performance.

Recommendation 2.3

To complement the activities of the Nominating Committee, a Remuneration Committee was also established on the 26th of February 2013, comprised of 2 independent non-executive directors and 1 non-independent executive director. Besides designing remuneration packages to attract, retain and motivate directors, the Committee was also tasked with doing the same for the Group's senior management staff. Once the Committee has established the policies and procedures that guide the design of remuneration packages for both board members and senior managers, they would be disclosed in future annual reports.

Principle 3 – Reinforce Independence

Recommendation 3.1

The independence of our independent directors was something that has always been perceived as a given; the belief was that there were no reasons for the independent directors not to act objectively during board deliberations. As such, the Board has never thought it fit to assess their independence.

However in view of this recommendation, the Board will have the Nominating Committee develop the criteria to assess the independence of these directors on an annual basis and when occasions arise that require such assessment. Furthermore, the Board will also disclose that it has conducted such assessment in future annual reports and in any notice convening a general meeting for the appointment or re-appointment of independent directors.

Recommendation 3.2 and 3.3

The Board currently does not have any independent director whose tenure has exceeded nine years, calculated consecutively or cumulatively.

Recommendation 3.4 and 3.5

The positions of chairman and CEO have always been held by different individuals, with the former held by an independent non-executive director. Currently the Board is comprised of a majority of non-independent executive directors.

Principle 4 – Foster Commitment

Recommendation 4.1 and 4.2

The Board has never set out expectations on time commitment for its members nor has it established any protocols to guide their acceptance of new directorships.

To comply with the recommendations under this principle, the Board intends to obtain from its directors their commitment to devote sufficient time to carry out their responsibilities as directors and to regularly update their knowledge and enhance their skills through continuing education and learning so that they can perform their directors' duties more effectively. The Board will also establish protocols for its members in relation to the assuming of new directorships.

Principle 5 - Uphold Integrity in Financial Reporting

Recommendation 5.1

The Company's Audit Committee which is chaired by a director who is a member of the Malaysian Institute of Accountants was originally comprised of three members. However one of its members had passed away on the 9th of October 2013; as a result, the Group will have to make another appointment to the Audit Committee within the required time-frame. Since the chair of the Audit Committee is held by a member of the Malaysian Institute of Accountants, a great degree of expertise and knowledge in the latest financial reporting standards has always been brought to bear whenever the Audit Committee engages with the internal auditors, the external auditors and with the Group's financial controller. Executive members of the Board do not participate in the meetings of the Audit Committee.

Recommendation 5.2

For the financial year ended 30th June 2013, our external auditors have been contracted to provide only audit services to the Company, and hence the Audit Committee has not established any policies to guide the provision of non-audit services to the Company. As the position now stands, the Group does not have any intentions of engaging the external auditors in any non-audit work. That said, the Audit Committee intends to obtain a written assurance from the Company's external auditors confirming their independence in accordance with existing regulatory requirements.

Principle 6 - Recognise and Manage Risks

Recommendation 6.1 and 6.2

Compliance relating to this principle is described in a narrative statement on Risk Management & Internal Control disclosed separately in the annual report.

Principle 7 – Ensure Timely And High Quality Disclosure

Recommendation 7.1

The Group's code of conduct contains clauses that state that any unauthorised public statement or involvement in any unauthorised publication on matters relating to an employee's employment, and to the business activities and affairs of the Group constitutes an act of misconduct. This was put in place to ensure that corporate disclosures do not breach Bursa Malaysia Securities Berhad's Main Market Listing Requirements. Authority for corporate disclosures comes from the Board and would be made by the Company and/or Company Secretary via public announcements. It has always been the intention and practice of the Board to provide disclosures that are accurate and timely in nature.

Recommendation 7.2

Stakeholders can access information about the Group via the Company's website. Available also on the website (www.padini.com) under the heading of "Investor Relations" are various direct links to announcements made and reports submitted to Bursa Malaysia. The Board intends to establish a section on the website wherein the Board Charter and the charters for the various committees of the Board can be made publicly available.

Principle 8 – Strengthen Relationship between Company and Shareholders

Recommendation 8.1 & 8.2

The Board is of the opinion that it already engages actively with the Company's shareholders at a level that promotes shareholder participation. At the Company's general meetings, shareholders have always been given sufficient time and opportunity to raise issues and questions and the Board has always responded to the queries to the best of its abilities and to the satisfaction of the shareholders present. Where questions do not require the disclosure of material or price-sensitive information, the Board has always provided all information relevant to the questions raised at the general meetings. While the Board is not considering to adopt electronic voting in the near future, it intends to ensure that notices for meetings are served early and that shareholders are informed at the start of the general meeting about their right to demand a poll vote.

Recommendation 8.3

Direct engagement with shareholders is conducted by an executive member of the Board who has volunteered to ensure that shareholders, big or small, private or corporate, are given all information needed for them to make a proper evaluation about the prospects of the Group. In the Chairman's statement in the Company's annual report, comprehensive information has been provided regularly about the developments taking place in the industry, the performances achieved by the Group's subsidiaries, a snapshot of the Group's businesses, and a candid summary about the prospects for the year ahead.

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 2013.

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. Ms Yeap Tien Ching (Independent Non-Executive Director; Member)
iii. Mr Woon Chin Chan (Independent Non-Executive Director; Member) (appointed w.e.f. 19/02/2013, demised on 09/10/2013)

Tuan Haji Sahid bin Mohamed Yasin has ceased as Member of the Audit Committee following from his retirement as a Chairman and Director of the Company at the Annual General Meeting held on 18 December 2012.

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 six (6) times during the financial year ended 30 June 2013. The details of the attendance of the meetings are disclosed under the heading 'Attendance of Audit Committee Meetings' on page 21 of this Annual Report.

In an Audit Committee Meeting held on 24 October 2012, 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 five 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 2013 are as follows:-

Directors	Meeting attended by the Directors/ Total Number of Meeting held during the financial year ended 30 June 2013	% of Attendance
Mr Foo Kee Fatt	6/6	100%
Ms Yeap Tien Ching	6/6	100%
Mr Woon Chin Chan (appointed w.e.f. 19/02/2013, demised on 09/10/2013)	3/3	100%
Tuan Haji Sahid bin Mohamed Yasin (retired w.e.f. 18/12/2012)	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 2013 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 with the internal auditor, their Audit Plan for the years 2012, 2013 and 2014 to ensure that principal risk areas were adequately identified and covered in the plan;
- Reviewed the recommendations by internal auditor, 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.

Internal audit reports on the following areas had been tabled to the Audit Committee for the financial year ended 30 June 2013:

- Group's Merchandising and Design Function (All Brands except Vincci and Brands Outlet)
- High Level Corporate Governance Compliance Review
- Group's Centralised Inventory and Warehouse Management
- Information Technology
- Merchandising and Design Function for Brands Outlet
- Merchandising and Design Function for Vincci

The Group has outsourced its internal audit function to an external party, Baker Tilly Monteiro Heng Governance Sdn. Bhd. which is independent of the activities it audits.

The Group's annual professional fee for services by the outsourced internal auditor to manage the internal audit function is RM56,000.

The main features and the adequacy of the Padini Group's risk management and internal control system, hereinafter referred to as "the System", are primarily guided by the objective that the System is meant to accomplish, and that is to assure that the achievement of the Group's strategic and operational goals is done within an environment where losses and liabilities arising from risks, uncertainty and random events can be minimised, protected against and even avoided altogether.

To achieve the System's objective, a process has been started as far back as 2001, with the help of the Group's third-party internal auditors and with the collaboration of the Group's senior managers and officers, which carried out the following:

1. identified the risks related to all the possible business processes within the Group,

2. evaluated the relative relationship between the likelihood of a risk occurring for each of the business process and the impact that the actualisation of the risk will have on the business process and on the business itself,

3. analysed each of the business processes for the likelihood of the risk attached to it occurring and the consequent impact from that occurrence. Both the likelihood and the impact were each given a value from 1 to 10, with 10 being the most serious position. The two values given to each business process were plotted onto a Risk Scatter Diagram and all those business processes whose scores were located in the top-right quadrant, i.e., high risk and high impact, were considered of interest,

4. ranked the business processes considered to be of interest according to degree of significance, and

5. a 5-year audit plan was drafted which indicated the sequence in which the business processes would be audited, the frequency of an audit being done for any one business process over the plan, and the resources that should be applied to each audit.

The above had initially identified 21 business processes and 11 of those fell within the area of interest. In the first year of audit, 6 of the 11 processes were put through the audit. Over the initial 5-year plan, all the 21 processes identified had been audited at least once. Currently, the Group has revisited the internal audit plan and given the changes in the business environment, a new internal audit scope has been prepared and tabled to the Audit Committee by the internal auditor in the Revised Risk-based Internal Audit Plan 2012-2014.

As a matter of practice, the internal auditor engages with our managers and executives to find out about the policies and practices already in place for a selected process, performs tests, determines the adequacy and effectiveness of existing controls, and then presents a summary of observations requiring remedial measures together with recommendations for improvement to management for their response. After management has responded, an audit report is prepared and forwarded to the Audit Committee for consideration. At each meeting of the Audit Committee, the internal auditors will present the audit report concerned.

Acting on the audit report and the responses and opinions given by the internal auditor, the Audit Committee is then ready to bring the pertinent risk management or internal control issues to the Board itself for further consideration. Where the internal auditor's recommendations have not been adopted, the Board then seeks to satisfy itself that the alternative policies in practice are unavoidable for strategic reasons or that such policies are specific to the business activity in question, and that there is sufficient oversight over the alternatives used so that risks can be minimised. Where management agrees to implement the internal auditor's recommendations, the Audit Committee and the Board then seeks a time-line for adoption and keeps themselves apprised of the progress of the process of adoption.

On the matter of internal control, especially in relation to risks of financial loss arising from fraud, collusion and/or negligence, the Board wishes to inform that currently the activities of the Group, except the payroll function and the point-of-sale system, are controlled and monitored via an enterprise resource planning (ERP) solution provided by SAP. All activities involving the procurement of assets (whether for trade or otherwise), and contracting for services, are all documented and recorded according to the protocols of the said ERP, which in most cases involve various duties performed separately and in rigid sequence by several persons attached to various departments. The underlying principle at work here is that the party that initiates an order for procurement must not be the one who will receive the items later on directly from the suppliers. A disinterested third party is tasked to receive such items, acknowledge the receipt and proceed to record the transaction into the system. In addition to that, whenever circumstances permit, at least one more other party would be inserted between the one who initiated a procurement and the one who would receive the items procured.

At times, especially in the purchase of small non-trade items for use in the retail stores, and for purposes of expediency, the above procedure is not adhered too. Instead, the purchase is made, usually with an endorsement from a relevant manager, and then the claims are presented to the finance department for final approval before being presented to accounts payable for reimbursement. Where budgets for spending on an item or items have been prepared, discussed and approved beforehand, like in the budget for spending on advertising and promotions, procurement would also be made on a piecemeal basis without approval. This occurs frequently when the advertising and promotions department buys stuff for use in a large number of stores or across users of different subsidiaries; in such cases, the ones responsible for the purchases would have to inform the finance department of the various costs centres to which the amounts should go and this also acts as part of the controls.

In fact, for each expenditure initiated, the persons responsible will have to indicate to the finance department, the cost centre to which the expenditure will have to be assigned, and this provides for a very precise audit trail.

Where the payroll function is concerned, even though it is not tied to the ERP, controls are also in place to ensure that fictitious employees or fraudulent payments to existing employees are guarded against.

Overall, a review of the system of risk management and internal control already in place showed that it is both adequate and effective in managing the business risks faced as well as the risk of fraudulent behaviours. The internal audit function has always been properly instituted and is progressive in keeping with the developments and changing needs of the Group's business as it grows. The employees, including management, of the Group are exposed to the activities of the internal audit function and are aware of the objectives of the risk management and the need for the various checks and balances put in place to achieve effective internal control. The Group also has in place a formal code of conduct and whistle-blowing policy, both of which has been widely disseminated to the employees in general.

Review of the statement by external auditors

As required by the Bursa Securities Main Market Listing Requirements, the External Auditors has reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants (MIA). Their review has been conducted to assess whether the Statement on Risk Management and 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 of internal control for the Group.

RPG 5 does not require the External Auditors to consider whether this Statement covers all risk and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy of internal control of the Group.

Conclusion

The CEO and CFO have given the assurance to the Board that the risk management and internal control system currently in place is adequate and effective and meets with the requirements of the Group.

Yong Pang Chaun

(Managing Director and Member of Remuneration Committee)

Aged 62 of Malaysian nationality, he was first appointed to the Board on 26 March 1992.

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

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

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

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

Chan Kwai Heng

(Executive Director)

Aged 61 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 47 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 60 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 5 meetings of the Board of Directors.

Yong Lai Wah
(Executive Director)

Aged 63 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 4 out of 5 meetings of the Board of Directors.

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

Aged 47 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, Nomination and Remuneration Committee, Independent Non-Executive Director)

Aged 41 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 5 meetings of the Board of Directors.

Woon Chin Chan

(Chairman of the Board, Nomination and Remuneration Committee, Member of Audit Committee, Independent Non-Executive Director)
(Appointed w.e.f. 19 February 2013, demised on 9 October 2013)

Aged 54 of Malaysian nationality, he was first appointed to the Board on 19 February 2013.

He is a member of Malaysian Institute of Certified Public Accountant ("MICPA") and Malaysian Institute of Accountant ("MIA"). He earned his accounting qualification in the Malaysian Association of Certified Public Accountants in 1983. He is presently a consultant cum trainer in financial and related matters. Since 1990, he has been a project manager to various working groups that develop MASB Standard. He had conducted training for the professional staff of Bursa Malaysia Securities Berhad ("Bursa Securities") , Securities Commission and various PLCs. In addition, he provides consultancy services to SME on financial issues and reporting. From 1988 to 1990, he was a technical manager in MICPA developing various technical materials on accounting, taxation and company law. He also acted as secretary to technical committees and liaison bodies with the statutory bodies on accounting matters. He joined a major international accounting firm from 1980 to 1988, holding the position as an audit manager. While in the accounting firm, he was involved in various audit assignments and listing exercises, and engaged in due diligence and share valuation projects. He also sits on the board of directors of Hup Seng Industries Berhad.

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

Haji Sahid bin Mohamed Yasin

(Chairman of the Board, Member of the Audit Committee, Independent Non–Executive Director)
(Retired w.e.f. 18 December 2012)

Aged 64 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 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 2013.

(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.

(v) Remuneration Package

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

	Executive Directors (RM)	Non-Executive Directors (RM)
Salaries	1,796,349	–
Fees & Allowances	90,940	135,000
Bonuses	1,950,020	–
Benefits-in-kind	114,455	–
Statutory Contributions	460,692	–
Total	**4,412,456**	**135,000**

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	–	3
RM100,001-200,000	1	–
RM800,001-900,000	1	–
RM900,001-1,000,000	1	–
RM1,100,001-1,200,000	1	–
RM1,200,001-1,300,000	1	–

(vi) Director's Training

During the financial year ended 30 June 2013, the members of the Board have attended at least one training programme. Amongst the training programme and seminars attended were as follows:

- LHDNM/CTIM: National Tax Conference 2012
- The Institute of Internal Auditors Malaysia: Increasing The Value of Internal Audit
- LHDNM: The Transfer Pricing Seminar 2012
- Starhill Culinary Studio: Creative Culinary Classes: Steamed Spicy Barramundi
- ICLIF Leadership & Governance Centre: Nominating Committee Program
- Bursatra: Understanding The Governance Framework for Boardroom Excellence - MCCG 2012 & Amended Listing Requirements

(vii) No. of board meetings held
Five (5) Board meetings were held during the financial year ended 30 June 2013.

(viii) Non-audit fee
There was no non-audit fee paid to the external auditors during the financial year.

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 in Malaysia the Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Company and its subsidiaries as at the end of the financial year, and of the financial performance 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 submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	85,393	127,072

DIVIDENDS

Dividends declared and paid since the end of the previous financial year were as follows:

	Company RM'000
In respect of the financial year ended 30 June 2013:	
First interim single tier dividend of 2.0 sen per ordinary share, paid on 28 September 2012	13,158
Second interim single tier dividend of 2.0 sen per ordinary share, paid on 31 December 2012	13,158
Third interim single tier dividend of 2.0 sen per ordinary share, paid on 27 March 2013	13,158
Fourth interim single tier dividend of 2.0 sen per ordinary share, paid on 28 June 2013	13,159
	52,633

The Directors do not recommend the payment of any final dividend in respect of the current financial year. On 28 August 2013, the Directors declared a first interim single tier dividend of 2.5 sen per ordinary share amounting to RM16,448,000 in respect of the financial year ending 30 June 2014, which was paid on 27 September 2013.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

The Directors who have held for office since the date of the last report are:

Yong Pang Chaun

Yong Lai Wah

Chong Chin Lin

Chan Kwai Heng

Cheong Chung Yet

Foo Kee Fatt

Yeap Tien Ching

Woon Chin Chan (appointed on 19 February 2013 and demised on 9 October 2013)

Haji Sahid bin Mohamed Yasin (retired on 18 December 2012)

In accordance with Article 102(1) of the Company's Articles of Association, Chong Chin Lin and Yong Lai Wah retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2013 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.10 each			
	Balance as at 1.7.2012/ *date of appointment	**Bought**	**Sold**	**Balance as at 30.6.2013**
<u>Shares in the Company</u>				
<u>Direct interests</u>				
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
Woon Chin Chan*	1,000	–	–	1,000
<u>Shares in the Company</u>				
<u>Indirect interests</u>				
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 the ordinary shares of the Company, Yong Pang Chaun, Yong Lai Wah and Chong Chin Lin are deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the remuneration received by certain Directors as Directors of the subsidiaries.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that provision need not to be made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts inadequate to any material extent or necessitate the making of provision for doubtful debts in the financial statements of the Group and of the Company;

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

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

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

…………………………………………………….
Chan Kwai Heng
Director

…………………………………………………….
Yong Pang Chaun
Director

Kuala Lumpur
29 October 2013

Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 38 to 116 have been drawn up in accordance with Malaysian Financial Reporting Standards, International 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 of the Company as at 30 June 2013 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 37 to the financial statements on page 117 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

…………………………………………………………..

Chan Kwai Heng
Director

…………………………………………………………..

Yong Pang Chaun
Director

Kuala Lumpur
29 October 2013

Statutory Declaration

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

I, Chan Kwai Heng, being the Director primarily responsible for the financial management of Padini Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 117 are, to the best of my knowledge and belief, 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 at Kuala Lumpur this	)
29 October 2013	)…………..........................
	) **Chan Kwai Heng**

Before me

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 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 116.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 give a true and fair view of the financial positions of the Group and of the Company as of 30 June 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 10 to the financial statements.

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

(d) The audit reports on the accounts of the subsidiaries 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 37 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

The financial statements of the Group and of the Company for the financial year ended 30 June 2012 were audited by another firm of chartered accountants whose report dated 24 October 2012 expressed an unqualified opinion on those statements.

As stated in Note 3 to the financial statements, Padini Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These Standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2012 and 1 July 2011, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 30 June 2012 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as of 30 June 2013 and financial performance and cash flows for the financial year then ended.

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.

BDO
AF : 0206
Chartered Accountants

Tang Seng Choon
2011/12/13 (J)
Chartered Accountant

Kuala Lumpur
29 October 2013

		Group		
	Note	30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	88,281	93,190	85,475
Intangible assets	8	6,673	7,179	7,161
Investment property	9	2,911	2,591	2,212
Other investments	11	735	684	684
Deferred tax assets	12	1,306	1,489	1,545
		99,906	105,133	97,077
Current assets				
Inventories	13	143,838	192,285	170,955
Other investments	11	12,323	2,386	342
Trade and other receivables	14	49,609	47,787	39,433
Current tax assets		443	196	402
Cash and cash equivalents	15	206,226	137,612	138,622
		412,439	380,266	349,754
TOTAL ASSETS		512,345	485,399	446,831
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	16	65,791	65,791	65,791
Reserves	17	306,435	273,622	216,886
TOTAL EQUITY		372,226	339,413	282,677
LIABILITIES				
Non-current liabilities				
Borrowings	18	17,238	19,554	22,151
Provision for restoration costs	20	3,904	3,709	2,492
Deferred tax liabilities	12	2,359	2,182	1,564
		23,501	25,445	26,207
Current liabilities				
Trade and other payables	21	88,973	78,900	107,098
Borrowings	18	18,726	31,218	24,948
Provision for restoration costs	20	481	148	–
Current tax liabilities		8,438	10,275	5,901
		116,618	120,541	137,947
TOTAL LIABILITIES		140,119	145,986	164,154
TOTAL EQUITY AND LIABILITIES		512,345	485,399	446,831

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

Statement of Financial Position

As at 30 June 2013

	Note	[--------Company	--------]	
		30.6.2013	30.6.2012	1.7.2011
		RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	44,254	44,992	46,313
Intangible assets	8	–	–	–
Investments in subsidiaries	10	248,087	248,087	259,369
Other investments	11	560	560	560
		292,901	293,639	306,242
Current assets				
Other investments	11	12,323	2,027	–
Other receivables	14	70,621	27,020	26,903
Current tax assets		–	32	–
Cash and cash equivalents	15	39,926	7,154	18,488
		122,870	36,233	45,391
TOTAL ASSETS		415,771	329,872	351,633
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	16	65,791	65,791	65,791
Reserves	17	324,811	250,372	238,471
TOTAL EQUITY		390,602	316,163	304,262
LIABILITIES				
Non-current liabilities				
Borrowings	18	10,968	12,299	13,592
		10,968	12,299	13,592
Current liabilities				
Trade and other payables	21	12,801	64	32,041
Borrowings	18	1,372	1,346	1,719
Current tax liabilities		28	–	19
		14,201	1,410	33,779
TOTAL LIABILITIES		25,169	13,709	47,371
TOTAL EQUITY AND LIABILITIES		415,771	329,872	351,633

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

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	24	789,765	726,112	125,435	62,769
Cost of sales	25	(420,932)	(374,821)	–	–
Gross profit		368,833	351,291	125,435	62,769
Other income		7,513	7,291	5,063	3,110
Selling and distribution costs		(204,984)	(170,883)	–	–
Administrative expenses		(51,732)	(55,376)	(1,888)	(13,424)
Profit from operations		119,630	132,323	128,610	52,455
Finance costs	26	(1,972)	(2,602)	(587)	(657)
Profit before tax	27	117,658	129,721	128,023	51,798
Tax expense	29	(32,265)	(34,416)	(951)	(423)
Profit for the financial year attributable to owners of the parent		85,393	95,305	127,072	51,375
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Fair value gains on available-for-sale financial assets		55	–	–	–
Foreign currency translations		(2)	905	–	–
Total other comprehensive income		53	905	–	–
Total comprehensive income attributable to the owners of the parent		85,446	96,210	127,072	51,375
Earnings per ordinary share attributable to owners of the parent (sen):					
- Basic and diluted	31	12.98	14.49		

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

Consolidated Statement of Changes In Equity

For the financial year ended 30 June 2013

Group	Note	[--------Non-distributable	--------	--------]	Distributable	
		Share capital RM'000	Share premium RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2011		65,791	3,772	(2,139)	215,253	282,677
Effect of adoption of MFRS 1	36	–	–	–	–	–
Restated balance as at 1 July 2011		65,791	3,772	(2,139)	215,253	282,677
Profit for the financial year		–	–	–	95,305	95,305
Foreign currency translations		–	–	905	–	905
Total comprehensive income		–	–	905	95,305	96,210
Transactions with owners						
Dividends paid	30	–	–	–	(39,474)	(39,474)
Total transactions with owners		–	–	–	(39,474)	(39,474)
Balance as at 30 June 2012		65,791	3,772	(1,234)	271,084	339,413

Consolidated Statement of Changes In Equity (cont'd)

For the financial year ended 30 June 2013

Group	Note	[---Non-distributable---			---]	Distributable	
		Share capital RM'000	Share premium RM'000	Available-for-sale reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2012		65,791	3,772	–	(1,234)	271,084	339,413
Profit for the financial year		–	–	–	–	85,393	85,393
Fair value gains on available-for-sale financial assets		–	–	55	–	–	55
Foreign currency translations		–	–	–	(2)	–	(2)
Total comprehensive income		–	–	55	(2)	85,393	85,446
Transactions with owners							
Dividends paid	30	–	–	–	–	(52,633)	(52,633)
Total transactions with owners		–	–	–	–	(52,633)	(52,633)
Balance as at 30 June 2013		65,791	3,772	55	(1,236)	303,844	372,226

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

Company	Note	[------Non-distributable------] Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2011		65,791	3,772	208,967	25,732	304,262
Effect of the adoption of MFRS 1	36	–	–	(208,967)	208,967	–
Restated balance as at 1 July 2011		65,791	3,772	–	234,699	304,262
Profit for the financial year		–	–	–	51,375	51,375
Other comprehensive income, net of tax		–	–	–	–	–
Total comprehensive income		–	–	–	51,375	51,375
Transaction with owners						
Dividends paid	30	–	–	–	(39,474)	(39,474)
Total transactions with owners		–	–	–	(39,474)	(39,474)
Balance as at 30 June 2012		65,791	3,772	–	246,600	316,163
Profit for the financial year		–	–	–	127,072	127,072
Other comprehensive income, net of tax		–	–	–	–	–
Total comprehensive income		–	–	–	127,072	127,072
Transaction with owners						
Dividends paid	30	–	–	–	(52,633)	(52,633)
Total transactions with owners		–	–	–	(52,633)	(52,633)
Balance as at 30 June 2013		65,791	3,772	–	321,039	390,602

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

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		117,658	129,721	128,023	51,798
Adjustments for:					
Amortisation of intangible assets	8	796	740	–	–
Bad debt written off		136	–	–	–
Depreciation of property, plant and equipment	7	21,386	20,232	740	1,321
Dividend income	24	(245)	(9)	(125,435)	(62,769)
Fair value adjustments on:					
- financial assets		(62)	(35)	(50)	(18)
- investment property	9	(318)	(242)	–	–
Gain on disposal of property, plant and equipment		(14)	(5)	(2)	–
Impairment losses on investments in subsidiaries	10	–	–	–	11,282
Interest expense	26	1,972	2,602	587	657
Interest income		(2,793)	(2,405)	(217)	(208)
Inventory losses	13	6,460	6,227	–	–
Inventories written down	13	1,554	1,543	–	–
Inventories written off	13	1,957	1,078	–	–
Other investments written off		4	–	–	–
Property, plant and equipment written off		134	34	–	–
Net unrealised loss /(gain) on foreign exchange		404	(117)	–	–
Operating profit before changes in working capital		149,029	159,364	3,646	2,063
Decrease/(Increase) in inventories		38,476	(30,178)	–	–
(Increase)/Decrease in trade and other receivables		(1,955)	(8,237)	3,622	(449)
Increase/(Decrease) in trade and other payables		10,075	(15,040)	128	(719)
Cash generated from operations		195,625	105,909	7,396	895
Tax paid		(34,465)	(29,244)	(893)	(474)
Tax refunded		469	63	2	–
Net cash from operating activities		161,629	76,728	6,505	421

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances from/(Repayments to) subsidiaries		–	–	5,932	(17,181)
Dividends received from subsidiaries		–	–	84,644	62,173
Interest received		2,793	2,405	217	208
Placements of unit trust funds		(10,001)	(2,000)	(10,001)	(2,000)
Proceeds from disposals of:					
- property, plant and equipment		20	36	2	–
- other investments		371	–	–	–
Purchase of:					
- intangible assets	8	(282)	(758)	–	–
- property, plant and equipment	7(a)	(16,117)	(26,836)	(2)	–
Net cash (used in)/from investing activities		(23,216)	(27,153)	80,792	43,200
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	30	(52,633)	(52,632)	(52,633)	(52,632)
Drawdowns of short term bank borrowings		20,692	7,844	–	–
Decrease/(Increase) in deposits pledged with licensed banks		16	(1)		
Interest paid		(1,548)	(2,328)	(587)	(657)
Repayments of:					
- hire purchase and finance lease obligations		(369)	(503)	–	–
- short term bank borrowings		(33,201)	(1,019)	–	–
- term loans		(2,342)	(2,649)	(1,305)	(1,666)
Net cash used in financing activities		(69,385)	(51,288)	(54,525)	(54,955)
Net increase/(decrease) in cash and cash equivalents		69,028	(1,713)	32,772	(11,334)
Effects of exchange rate fluctuations on cash and cash equivalents		(398)	702	–	–
Cash and cash equivalents at beginning of of financial year		137,584	138,595	7,154	18,488
Cash and cash equivalents at end of financial year	15	206,214	137,584	39,926	7,154

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

1. CORPORATE INFORMATION

Padini Holdings Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

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

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

The consolidated financial statements for the financial year ended 30 June 2013 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency. All the financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

These financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 29 October 2013.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 38 to 116 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia.

These are the Group and the Company's first financial statements prepared in accordance with MFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ('FRSs') in Malaysia.

The Group and Company have consistently applied the same accounting policies in its opening MFRS statements of financial position as at 1 July 2011 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures for the financial year ended 2012 in these financial statements have been restated to give effect to these changes, and Note 36 to the financial statements discloses the impact of the transition to MFRS on the Group and Company's reported financial position, financial performance and cash flows for the financial year then ended.

However, Note 37 to the financial statements set out on page 117 has been 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 ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, the accounting policies of the subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests, if any, represent the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 Financial Instruments: Recognition and Measurement or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4.3 Business combinations

Business combinations from 1 July 2011 onwards

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale* and *Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(d) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(e) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Business combinations (cont'd)

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profits or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 July 2011

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 July 2011.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the costs of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods are as follows:

Freehold buildings	50 years
Leasehold building	25 years
Motor vehicles	5 years
Furniture and fixtures	3 - 5 years
Office equipment and tools	3 - 5 years

Freehold land has unlimited useful life and is not depreciated. Capital work in progress is stated at cost and is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on 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 carrying amount is included in profit or loss.

4.5 Intangible assets

Intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After 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 the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

System, applications, and products ("SAP") and computer software that do not form an integral part of the related hardware are treated as intangible assets with finite lives and are amotised over their estimated useful lives. The principal amortisation periods are as follows:

SAP	15 years
Computer software	5 years

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.6 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of buildings

The leases of buildings are classified as operating or finance leases in the same way as leases of other assets.

4.7 Investment property

Investment property is a property which is held to earn rental yields or for capital appreciation or for both and is not occupied by the Group. Investment property is initially measured at cost, which includes transaction costs. After initial recognition, investment property is stated at fair value.

The fair value of the investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment property reflects market conditions at the end of the reporting period, without any deduction for transaction costs that may be incurred on sale or other disposal.

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

A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss for the period in which it arises.

Investment property is derecognised when either it has disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company have the power to exercise control over the financial and operating policies so as to obtain benefits from its activities. The existence and effects of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the Company's separate financial statements. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale* and *Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4.9 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories, deferred tax assets and investment property measured at fair value, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Inventories

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

Cost of inventories is based on a weighted average cost principle. The cost comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

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

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

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

(iii) Loans and receivables

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

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

(iv) 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 are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

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

4.11 Financial instruments (cont'd)

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.12 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Impairment of financial assets (cont'd)

(a) Loans and receivables (cont'd)

The carrying amount of loans and receivables is reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) 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 in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses 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.

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by a foreign subsidiary on distributions to the Group and Company, and real property gains taxes payable on disposal of properties.

Taxes in the statement of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by a foreign subsidiary on distribution of retained earnings to companies in the Group) and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

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, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profits.

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 income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Provision for restoration costs

Provision for restoration costs is included in the carrying amounts of furniture and fixtures. This provision is recognised in respect of the Group's obligation to restore leased outlets to its original state upon the expiry of tenancy agreements.

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more 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 extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

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

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and a foreign subsidiary makes contributions to its country's statutory pension scheme. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4.18 Customer loyalty points

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

4.19 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.19 Foreign currencies (cont'd)

(c) Foreign operations (cont'd)

In the consolidated financial statements, exchange differences arising from the translation of a net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

4.20 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

    (i) the combined reported profit of all operating segments that did not report a loss; and

    (ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative threshold, if any, would result in a restatement of prior period segment data for comparative purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with the delivery of goods and services and acceptance by customers.

(b) Commission income

Commission income is recognised at the fair value of the consideration receivable upon the sales of goods.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(e) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(f) Revenue from customer loyalty points

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

(g) Royalty income and master license fee

Royalty income and master license fee are recognised on an accrual basis in accordance with the substance of the relevant agreements.

(h) Membership fee

Membership fee is recognised on a cash receipt basis.

4.22 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the current financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2012
MFRS 2 *Share-based Payment*	1 January 2012
MFRS 3 *Business Combinations*	1 January 2012
MFRS 4 *Insurance Contracts*	1 January 2012
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7 *Financial Instruments: Disclosures*	1 January 2012
MFRS 8 *Operating Segments*	1 January 2012
MFRS 101 *Presentation of Financial Statements*	1 January 2012
MFRS 102 *Inventories*	1 January 2012
MFRS 107 *Statement of Cash Flows*	1 January 2012
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110 *Events After the Reporting Period*	1 January 2012
MFRS 111 *Construction Contacts*	1 January 2012
MFRS 112 *Income Taxes*	1 January 2012
MFRS 116 *Property, Plant and Equipment*	1 January 2012
MFRS 117 *Leases*	1 January 2012
MFRS 118 *Revenue*	1 January 2012
MFRS 119 *Employee Benefits*	1 January 2012
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123 *Borrowing Costs*	1 January 2012
MFRS 124 *Related Party Disclosures*	1 January 2012
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127 *Consolidated and Separate Financial Statements*	1 January 2012
MFRS 128 *Investments in Associates*	1 January 2012
MFRS 129 *Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131 *Interests in Joint Ventures*	1 January 2012
MFRS 132 *Financial Instruments: Presentation*	1 January 2012
MFRS 133 *Earnings Per Share*	1 January 2012
MFRS 134 *Interim Financial Reporting*	1 January 2012
MFRS 136 *Impairment of Assets*	1 January 2012
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138 *Intangible Assets*	1 January 2012
MFRS 139 *Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140 *Investment Property*	1 January 2012
MFRS 141 *Agriculture*	1 January 2012

5. **ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (cont'd)**

5.1 New MFRSs adopted during the current financial year (cont'd)

Title	Effective Date
Improvements to MFRSs (2008)	1 January 2012
Improvements to MFRSs (2009)	1 January 2012
Improvements to MFRSs (2010)	1 January 2012
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2012
IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10 *Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12 *Service Concession Arrangements*	1 January 2012
IC Interpretation 13 *Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14 *MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 107 *Introduction of the Euro*	1 January 2012
IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112 *Consolidation - Special Purpose Entities*	1 January 2012
IC Interpretation 113 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115 *Operating Leases - Incentives*	1 January 2012
IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 129 *Service Concession Arrangements: Disclosures*	1 January 2012
IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132 *Intangible Assets - Web Site Costs*	1 January 2012
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012

(a) Amendments to MFRS 1 *Government Loans* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 1 *Government Loans* in conjunction with the application of MFRS 1. Following the adoption of these Amendments, where applicable, the Group has applied the requirements in MFRS 120 prospectively to Government loans existing as at the date of transition to MFRSs.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (cont'd)

5.1 New MFRSs adopted during the current financial year (cont'd)

(b) Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information are mandatory for annual periods beginning on or after 1 January 2013.*

The Group has early adopted Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* in conjunction with the application of MFRS 101. These Amendments clarify that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, these Amendments clarify that the related notes to the opening statement of financial position need not be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 July 2011.

(c) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* are mandatory for annual periods beginning on or after 1 January 2013

The Group has early adopted Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in conjunction with the application of MFRS 1. These Amendments clarify that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been adopted by the Group and the Company.

Title	Effective Date
MFRS 10 *Consolidated Financial Statements*	1 January 2013
MFRS 11 *Joint Arrangements*	1 January 2013
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13 *Fair Value Measurement*	1 January 2013
MFRS 119 *Employee Benefits (revised)*	1 January 2013
MFRS 127 *Separate Financial Statements*	1 January 2013
MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2013
Amendments to MFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRSs *Annual Improvements 2009 - 2011 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
MFRS 9 *Financial Instruments*	1 January 2015

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification between investment property and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or for both.

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

(b) Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of this property which is leased out as operating leases due to the lease period of two (2) years out of the investment property's economic life of seventy five (75) years.

(c) Contingent rental

The Group has entered into tenancy agreements for the lease of outlets, which contain contingent rental features based on predetermined revenue thresholds. The Group has determined that these contingent rental features are not embedded derivatives to be separately accounted for due to the economic characteristics and risks of these contingent rental features are closely related to the economic characteristics and risks of the underlying tenancy agreements. There are no leverage features contained within these contingent rental features.

(d) Contingent liabilities

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

(e) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions non-cancellable to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for banking facilities are negligible.

(f) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

6.3 Key sources of estimation uncertainty

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

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these assets to be three (3) years to fifty (50) years. These are common life expectancies applied in this industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised.

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits 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.

(c) Amortisation of intangible assets

The cost of intangible assets is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these assets to be five (5) years to fifteen (15) years. These are common life expectancies applied in this industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these intangible assets and therefore future amortisation charges could be revised.

(d) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 35(c) to the financial statements.

(e) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(f) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recoverable. Management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(g) Income taxes

Significant judgement is required in determining the capital allowances, deductibility of certain expenses and taxability of certain income during the estimation of the provision for income taxes. There are transactions during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

6.3 Key sources of estimation uncertainty (cont'd)

(h) Deferred revenue for customer loyalty points

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

The Group treats the loyalty program as a separate component of the sales transaction in which they are granted. The Group has estimated the fair value of the 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.

(i) Provision for restoration costs

The Group estimates provision for restoration costs based on historical costs incurred per square feet of sales area. The estimated provision for restoration costs are reviewed periodically and are updated if expectations differ from previous estimates due to changes in cost factors. Where expectations differ from the original estimates, the differences would impact the carrying amount of provision for restoration costs.

(j) Impairment of investments in subsidiaries

Management reviews the investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries are assessed by reference to the higher of the fair values less cost to sell and the value in use of the respective subsidiaries.

Estimating a value in use requires management to make an estimate of the expected future cash flows to be derived from continuing use of the asset and from its ultimate disposal, expectations about possible variations in the amount, timing of those cash flows, the time value of money, price for inherent uncertainty risk and other relevant factors.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Freehold buildings RM'000	Leasehold building RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Office equipment and tools RM'000	Capital work in progress RM'000	Total RM'000
At cost								
Balance as at 1 July 2012	12,240	37,222	1,888	5,326	89,782	49,175	8	195,641
Additions	–	–	10	589	10,135	5,899	–	16,633
Disposals	–	–	–	(183)	(1)	(1)	–	(185)
Written off	–	–	–	–	(6,435)	(1,220)	–	(7,655)
Transfer to intangible assets (Note 8)	–	–	–	–	–	–	(8)	(8)
Reclassifications	–	–	–	–	4,041	(4,041)	–	–
Translation adjustments	–	–	(6)	–	–	–	–	(6)
Balance as at 30 June 2013	12,240	37,222	1,892	5,732	97,522	49,812	–	204,420
Accumulated depreciation								
Balance as at 1 July 2012	–	3,791	427	3,817	64,793	29,623	–	102,451
Depreciation charge for the financial year	–	744	87	711	12,392	7,452	–	21,386
Disposals	–	–	–	(179)	–	–	–	(179)
Written off	–	–	–	–	(6,359)	(1,162)	–	(7,521)
Reclassifications	–	–	–	–	3,046	(3,046)	–	–
Translation adjustments	–	–	2	–	–	–	–	2
Balance as at 30 June 2013	–	4,535	516	4,349	73,872	32,867	–	116,139
Carrying amount								
Balance as at 30 June 2013	12,240	32,687	1,376	1,383	23,650	16,945	–	88,281

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

Group	Freehold land RM'000	Freehold buildings RM'000	Leasehold building RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Office equipment and tools RM'000	Capital work in progress RM'000	Total RM'000
At cost								
Balance as at 1 July 2011	12,240	37,222	1,782	5,325	73,404	39,292	318	169,583
Additions	–	–	–	6	17,895	10,026	–	27,927
Disposals	–	–	–	(5)	(4)	(138)	–	(147)
Written off	–	–	–	–	(1,513)	(319)	–	(1,832)
Reclassifications	–	–	–	–	–	310	(310)	–
Translation adjustments	–	–	106	–	–	4	–	110
Balance as at 30 June 2012	12,240	37,222	1,888	5,326	89,782	49,175	8	195,641
Accumulated depreciation								
Balance as at 1 July 2011	–	3,047	314	3,166	55,149	22,432	–	84,108
Depreciation charge for the financial year	–	744	92	656	11,153	7,587	–	20,232
Disposals	–	–	–	(5)	(3)	(108)	–	(116)
Written off	–	–	–	–	(1,506)	(292)	–	(1,798)
Translation adjustments	–	–	21	–	–	4	–	25
Balance as at 30 June 2012	–	3,791	427	3,817	64,793	29,623	–	102,451
Carrying amount								
Balance as at 30 June 2012	12,240	33,431	1,461	1,509	24,989	19,552	8	93,190

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land RM'000	Freehold buildings RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Office equipment and tools RM'000	Total RM'000
At cost						
Balance as at 1 July 2012	12,240	36,057	107	3,223	1,674	53,301
Additions	–	–	–	2	–	2
Disposals	–	–	(53)	–	–	(53)
Balance as at 30 June 2013	12,240	36,057	54	3,225	1,674	53,250
Accumulated depreciation						
Balance as at 1 July 2012	–	3,348	107	3,190	1,664	8,309
Depreciation charge for the financial year	–	721	–	12	7	740
Disposals	–	–	(53)	–	–	(53)
Balance as at 30 June 2013	–	4,069	54	3,202	1,671	8,996
Carrying amount						
Balance as at 30 June 2013	12,240	31,988	–	23	3	44,254

7. 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 and tools RM'000	Total RM'000
At cost						
Balance as at 1 July 2011	12,240	36,057	107	3,223	1,692	53,319
Disposals	–	–	–	–	(18)	(18)
Balance as at 30 June 2012	12,240	36,057	107	3,223	1,674	53,301
Accumulated depreciation						
Balance as at 1 July 2011	–	2,627	107	2,716	1,556	7,006
Depreciation charge for the financial year	–	721	–	474	126	1,321
Disposals	–	–	–	–	(18)	(18)
Balance as at 30 June 2012	–	3,348	107	3,190	1,664	8,309
Carrying amount						
Balance as at 30 June 2012	12,240	32,709	–	33	10	44,992

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

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Additions of property, plant and equipment	16,633	27,927	2	–
Financed by hire purchase and lease arrangements	(412)	–	–	–
Provision for restoration costs capitalised (Note 20)	(104)	(1,091)	–	–
Cash payments on purchase of property, plant and equipment	16,117	26,836	2	–

As at 30 June 2013, the carrying amounts of the property, plant and equipment of the Group held under hire purchase and lease creditors are as follows:

	Group	
	2013 RM'000	2012 RM'000
Motor vehicles	868	734

Details of the terms and conditions of the finance leases arrangements are disclosed in Notes 19 and 35 to the financial statements respectively.

(b) Certain freehold land and buildings have been pledged as securities to banks for financing facilities granted to the Group and the Company as disclosed in Note 18(c) to the financial statements with carrying amounts as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
- Freehold land	4,892	4,892	4,892	4,892
- Freehold buildings	19,337	19,754	18,638	19,032
	24,229	24,646	23,530	23,924

8. INTANGIBLE ASSETS

Group	System, applications and products RM'000	Computer software RM'000	Total RM'000
At cost			
Balance as at 1 July 2012	7,030	1,962	8,992
Additions	–	282	282
Transfer from property, plant and equipment (Note 7)	–	8	8
Written off	–	(82)	(82)
Balance as at 30 June 2013	7,030	2,170	9,200
Accumulated amortisation			
Balance as at 1 July 2012	976	837	1,813
Amortisation charge for the financial year	469	327	796
Written off	–	(82)	(82)
Balance as at 30 June 2013	1,445	1,082	2,527
Carrying amount			
Balance as at 30 June 2013	5,585	1,088	6,673
At cost			
Balance as at 1 July 2011	7,030	1,203	8,233
Additions	–	758	758
Translation adjustments	–	1	1
Balance as at 30 June 2012	7,030	1,962	8,992
Accumulated amortisation			
Balance as at 1 July 2011	507	565	1,072
Amortisation charge for the financial year	469	271	740
Translation adjustments	–	1	1
Balance at 30 June 2012	976	837	1,813
Carrying amount			
Balance as at 30 June 2012	6,054	1,125	7,179

8. INTANGIBLE ASSETS (cont'd)

Company	Computer software 2013 RM'000	2012 RM'000
At cost		
Balance as at 1 July 2012/2011	82	82
Written off	(82)	–
Balance as at 30 June 2013/2012	–	82
Accumulated amortisation		
Balance as at 1 July 2012/2011	82	82
Written off	(82)	–
Balance as at 30 June 2013/2012	–	82
Carrying amount		
Balance as at 30 June 2013/2012	–	–

9. INVESTMENT PROPERTY

	Group 2013 RM'000	2012 RM'000
Workshop, at valuation		
Balance as at 1 July 2012/2011	2,591	2,212
Fair value adjustments	318	242
Translation adjustments	2	137
Balance as at 30 June 2013/2012	2,911	2,591

(a) The fair value of the above investment property was determined by an independent professional valuer, who is a member of The Hong Kong Institute of Surveyors. The independent professional valuer has adopted the comparison approach, making reference to relevant comparable transactions in the market, and the investment approach whereby the market value was calculated on the basis of capitalisation of the net income receivable with due allowance for reversion income potential. In arriving with the valuation, the independent professional valuer has made adjustment for factors, which would affect the market value of the investment property including but not limited to views, size, floor levels and time factor. The valuation had resulted in a fair value gain of RM318,000 (2012 : RM242,000) to the Group to reflect its fair value of RM2,911,000 or equivalent to HKD7,100,000 (2012: RM2,591,000 or equivalent to HKD6,300,000).

(b) Direct operating expenses arising from the investment property generating rental income during the financial year are as follows:

	Group 2013 RM'000	2012 RM'000
Repairs and maintenance	13	13
Quit rent and assessment	3	4

10. INVESTMENTS IN SUBSIDIARIES

	Company 2013 RM'000	Company 2012 RM'000
Unquoted shares, at cost	259,369	259,369
Less: Impairment losses	(11,282)	(11,282)
	248,087	248,087

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2013 %	Effective equity interest 2012 %	Principal activities
Vincci Ladies' Specialties Centre Sdn. Bhd. ("Vincci")	Malaysia	100	100	Dealers of ladies' shoes and accessories
Padini Corporation Sdn. Bhd. ("Padini Corporation")	Malaysia	100	100	Dealers of garments and ancillary products
Seed Corporation Sdn. Bhd. ("Seed")	Malaysia	100	100	Dealers of garments and ancillary products
Yee Fong Hung (Malaysia) Sendirian Berhad ("Yee Fong Hung")	Malaysia	100	100	Dealers of garments and ancillary products
Mikihouse Children's Wear Sdn. Bhd. ("Mikihouse")	Malaysia	100	100	Dealers of children's garments maternity wear and accessories
Padini Dot Com Sdn. Bhd. ("Padini Dot Com")	Malaysia	100	100	Provision of management services
Padini International Limited*	Hong Kong	100	100	Dealers of garments, ladies' shoes and ancillary products
Vincci Holdings Sdn. Bhd. ("Vincci Holdings")	Malaysia	100	100	Dormant
The New World Garment Manufacturers Sdn. Bhd. ("The New World Garment")	Malaysia	100	100	Dormant

* *Subsidiary audited by other firm of auditors*

Impairment losses on investments in subsidiaries amounting to RM11,282,000 in respect of Seed Corporation Sdn. Bhd. and Padini International Limited were recognised in the previous financial year due to the recoverable amounts were lower than their carrying amounts. The recoverable amounts were determined based on value-in-use calculations using cash flow projections based on financial budgets approved by the management covering a five (5)-year period. The forecasted annual revenue growth rate used in the cash flow projections ranged from 1% to 13%, which were derived from the historical growth rates of the products of the respective subsidiaries. The discount rate applied to the cash flow projections was 16.0% based on the industry average rate estimated by the Directors.

11. OTHER INVESTMENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current				
Available-for-sale financial assets:				
- Unquoted shares in Malaysia	560	560	560	560
- Club memberships	175	124	–	–
	735	684	560	560
Current				
Financial assets at fair value through profit or loss				
Unit trust funds in Malaysia	12,323	2,386	12,323	2,027

(a) Information on the fair value hierarchy is disclosed in Note 34 to the financial statements.

(b) Information on financial risks of other investments is disclosed in Note 35 to the financial statements.

12. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2013 RM'000	2012 RM'000
Balance as at 1 July 2012/2011	(693)	(19)
Recognised in profit or loss (Note 29)	(360)	(673)
Recognised in other comprehensive income	–	(1)
Balance as at 30 June 2013/2012	(1,053)	(693)
Presented after appropriate offsetting:		
Deferred tax assets, net	1,306	1,489
Deferred tax liabilities, net	(2,359)	(2,182)
	(1,053)	(693)

12. DEFERRED TAX (cont'd)

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

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Deferred revenue RM'000	Other deductible temporary differences RM'000	Total RM'000
Balance as at 1 July 2012	176	1,108	606	1,890
Recognised in profit or loss	(176)	(150)	38	(288)
Balance as at 30 June 2013, prior to offsetting	–	958	644	1,602
Set-off of tax				(296)
Balance as at 30 June 2013				1,306
Balance as at 1 July 2011	810	1,122	569	2,501
Recognised in profit or loss	(634)	(14)	37	(611)
Balance as at 30 June 2012, prior to offsetting	176	1,108	606	1,890
Set-off of tax				(401)
Balance as at 30 June 2012				1,489

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000
Balance as at 1 July 2012	(2,583)
Recognised in profit or loss	(72)
Balance as at 30 June 2013, prior to offsetting	(2,655)
Set-off of tax	296
Balance as at 30 June 2013	(2,359)
Balance as at 1 July 2011	(2,520)
Recognised in profit or loss	(62)
Recognised in other comprehensive income	(1)
Balance as at 30 June 2012, prior to offsetting	(2,583)
Set-off of tax	401
Balance as at 30 June 2012	(2,182)

12. DEFERRED TAX (cont'd)

(c) The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unused tax losses	4,926	4,926	–	–
Unabsorbed capital allowances	620	811	620	811
Other deductible temporary differences	22	45	22	45
	5,568	5,782	642	856

Deferred tax assets of the Company has not been recognised in respect of these items as these items were derived from different business sources and it is not probable that taxable profits of the Company from the same business source will be available against which the deductible temporary differences can be utilised.

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under current tax legislation.

13. INVENTORIES

	Group	
	2013 RM'000	2012 RM'000
At cost		
Completed garments, shoes and accessories	136,458	188,898
Raw materials and manufacturing accessories	188	146
	136,646	189,044
At net realisable value		
Completed garments, shoes and accessories	7,192	3,241
	7,192	3,241
	143,838	192,285

During the financial year, inventories of the Group recognised as cost of sales amounted to RM414,590,000 (2012: RM368,774,000). The amounts of write down and write off of inventories and inventory losses recognised as cost of sales during the financial year are as follows:

	Group	
	2013 RM'000	2012 RM'000
Inventory losses	6,460	6,227
Inventories written down to net realisable values	1,554	1,543
Inventories written off	1,957	1,078
	9,971	8,848

14. TRADE AND OTHER RECEIVABLES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade receivables				
Third parties	23,124	23,820	–	–
Other receivables				
Amounts owing by subsidiaries	–	–	70,497	26,879
Other receivables	78	270	–	–
	78	270	70,497	26,879
Loans and receivables	23,202	24,090	70,497	26,879
Deposits and prepayments				
Deposits	21,058	19,640	71	95
Prepayments	5,349	4,057	53	46
	26,407	23,697	124	141
	49,609	47,787	70,621	27,020

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 2 to 60 days (2012: 2 to 60 days) from the date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(b) Amounts owing by subsidiaries mainly represent advances and payments made on behalf, which are unsecured, interest free and payable upon demand in cash and cash equivalents. Also included in amounts owing by subsidiaries are dividends and rental receivable from subsidiaries amounting to RM65,868,000 (2012: RM25,322,000) and RM4,794,000 (2012: RM1,189,000) respectively.

(c) The currency exposure profile of receivables are as follows:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Ringgit Malaysia	45,179	39,237	70,621	27,020
US Dollar	4,343	8,492	–	–
Hong Kong Dollar	56	40	–	–
Chinese Renminbi	31	18	–	–
	49,609	47,787	70,621	27,020

14. TRADE AND OTHER RECEIVABLES (cont'd)

(d) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2013	2012
	RM'000	RM'000
Neither past due nor impaired	16,603	17,212
Past due, not impaired		
1 to 30 days	5,234	5,342
31 to 60 days	837	443
61 to 90 days	268	108
More than 90 days	182	715
	6,521	6,608
Past due and impaired	–	–
	23,124	23,820

Receivables that neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy trade receivables with good payment records with the Group. Trade receivables of the Group of more than 95% (2012: 98%) respectively arise from customers with more than two (2) years of experience with the Company and have never defaulted.

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM6,521,000 (2012: RM6,608,000) that are past due at the end of the reporting period but not impaired. Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the Group is of the view that the amounts are recoverable based on past payment history. Trade receivables of the Group that are past due but not impaired are unsecured in nature. The Group closely monitors the financial standing of these counter parties on an on going basis to ensure that the Group is exposed to minimal credit risk.

(e) Information on financial risks of trade and other receivables is disclosed in Note 35 to the financial statements.

15. CASH AND CASH EQUIVALENTS

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash and bank balances	206,214	137,584	39,926	7,154
Deposits with licensed banks	12	28	–	–
	206,226	137,612	39,926	7,154

(a) Information on financial risks of cash and cash equivalents is disclosed in Note 35 to the financial statements.

(b) The currency exposure profile of cash and cash equivalents are as follows:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Ringgit Malaysia	184,107	114,613	39,926	7,154
US Dollar	20,927	21,842	–	–
Hong Kong Dollar	1,015	1,126	–	–
Chinese Renminbi	168	30	–	–
Korean Won	9	1	–	–
	206,226	137,612	39,926	7,154

(c) Deposits with licensed banks of the Group have been pledged as security for banking facilities granted to a subsidiary.

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash and bank balances	206,214	137,584	39,926	7,154
Deposits with licensed banks	12	28	–	–
	206,226	137,612	39,926	7,154
Less: Deposits pledged with licensed banks	(12)	(28)	–	–
	206,214	137,584	39,926	7,154

16. SHARE CAPITAL

	Group and Company			
	2013		2012	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.10 each				
Authorised	1,000,000	100,000	1,000,000	100,000
Issued and fully paid	657,910	65,791	657,910	65,791

(a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

(b) The shareholders of the Company, by way of a resolution passed at the Annual General Meeting held on 18 December 2012 renewed the authority given to the Directors to repurchase up to 10% of the issued and paid-up ordinary share capital of the Company ("Share Buy-Back"). The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders.

There was no repurchase of ordinary share during the financial year.

17. RESERVES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-distributable				
Share premium	3,772	3,772	3,772	3,772
Available-for-sale reserve	55	–	–	–
Exchange translation reserve	(1,236)	(1,234)	–	–
	2,591	2,538	3,772	3,772
Distributable				
Retained earnings	303,844	271,084	321,039	246,600
	306,435	273,622	324,811	250,372

(a) Available-for-sale reserve

The reserve arose from gains or losses of financial assets classified as available-for-sale.

(b) Exchange translation reserve

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

(c) Retained earnings

The Company had moved to a single tier system and as a result, there are no longer any restrictions on the Company to frank the payment of dividends out of its entire retained earnings as at the end of the reporting period.

18. BORROWINGS

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Current liabilities				
Secured				
Bankers' acceptances	2,103	–	–	–
Hire purchase and lease creditors (Note 19)	241	300	–	–
Term loans	2,441	2,365	1,372	1,346
	4,785	2,665	1,372	1,346
Unsecured				
Bankers' acceptances	7,690	17,379	–	–
Revolving credits	6,251	11,174	–	–
	13,941	28,553	–	–
	18,726	31,218	1,372	1,346
Non-current liabilities				
Secured				
Hire purchase and lease creditors (Note 19)	447	345	–	–
Term loans	16,791	19,209	10,968	12,299
	17,238	19,554	10,968	12,299
Total borrowings				
Hire purchase and lease creditors (Note 19)	688	645	–	–
Term loans	19,232	21,574	12,340	13,645
Bankers' acceptances	9,793	17,379	–	–
Revolving credits	6,251	11,174	–	–
	35,964	50,772	12,340	13,645

(a) All bankers' acceptances and revolving credits of the Group are guaranteed by the Company.

(b) Certain bankers' acceptances of the Group are secured by way of deposits with licensed banks of the Group amounting to RM12,000 (2012: RM28,000) as disclosed in Note 15(c) to the financial statements and guaranteed by the Company.

(c) Term loans of the Group and of the Company are secured by way of legal charges over certain property, plant and equipment of the Group and of the Company as disclosed in Note 7(b) to the financial statements.

18. BORROWINGS (cont'd)

(d) Term loans are repayable as follows:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Not later than one (1) year	2,441	2,365	1,372	1,346
Later than one (1) year and not later than five (5) years	10,965	10,451	6,149	5,839
Later than five (5) years	5,826	8,758	4,819	6,460
	19,232	21,574	12,340	13,645

(e) Information on financial risks of borrowings is disclosed in Note 35 to the financial statements.

(f) All borrowings are denominated in RM.

19. HIRE PURCHASE AND LEASE CREDITORS

	Group 2013 RM'000	Group 2012 RM'000
Minimum hire purchase and lease payments		
- not later than one (1) year	268	326
- later than one (1) year and not later than five (5) years	472	365
Total minimum hire purchase and lease payments	740	691
Less: Future interest charges	(52)	(46)
Present value of hire purchase and lease payments	688	645
Repayable as follows:		
Current liabilities		
- not later than one (1) year	241	300
Non-current liabilities		
- later than one (1) year and not later than five (5) years	447	345
	688	645

Information on financial risks of hire purchase and lease creditors is disclosed in Note 35 to the financial statements.

20. PROVISION FOR RESTORATION COSTS

	Group	
	2013	2012
	RM'000	RM'000
Non-current		
Provision for restoration costs	3,904	3,709
Current		
Provision for restoration costs	481	148

(a) Provision for restoration costs comprises mainly initial estimates of reinstatement costs for lease outlets upon the expiry of tenancy agreements.

(b) A reconciliation of the provision for restoration costs is as follows:

	Group	
	2013	2012
	RM'000	RM'000
Balance as at 1 July 2012/2011	3,857	2,492
Recognised in property, plant and equipment (Note 7)	104	1,091
Recognised in profit or loss (Note 26)	424	274
Balance as at 30 June 2013/2012	4,385	3,857

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	69,445	55,574	–	–
Other payables				
Other payables	12,718	16,231	18	27
Accruals	2,974	2,660	174	37
Deferred revenue from customer loyalty points	3,836	4,435	–	–
Amount owing to a subsidiary	–	–	12,609	–
	88,973	78,900	12,801	64

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2012: 30 to 90 days) from date of invoice.

(b) Amount owing to a subsidiary mainly represents advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

21. TRADE AND OTHER PAYABLES (cont'd)

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

	Group	
	2013	**2012**
	RM'000	**RM'000**
Balance as at 1 July 2012/2011	4,435	4,490
Additions during the financial year	3,975	4,626
Redemptions	(2,962)	(3,514)
Lapsed rebate vouchers	(1,612)	(1,167)
Balance as at 30 June 2013/2012	3,836	4,435

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

(d) The currency exposure profile of payables are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	84,919	77,725	12,801	64
US Dollar	3,240	179	–	–
Hong Kong Dollar	810	876	–	–
Singapore Dollar	4	96	–	–
Chinese Renminbi	–	24	–	–
	88,973	78,900	12,801	64

(e) Included in trade payables of the Group are advance payments received from customers against confirmed purchase orders amounting to RM2,158,000 (2012: RM522,000).

(f) Information on financial risks of trade and other payables is disclosed in Note 35 to the financial statements.

22. RENTAL COMMITMENTS

The Group had entered into several tenancy agreements for the rental of retail space, resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

The Group has aggregate future commitments as at the end of the reporting period as follows:

	Group	
	2013	**2012**
	RM'000	**RM'000**
Not later than one (1) year	48,613	53,871
Later than one (1) year and not later than five (5) years	47,444	50,334
	96,057	104,205

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

23. CONTINGENT LIABILITIES

	Company	
	2013	**2012**
	RM'000	**RM'000**
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries		
- secured	12,800	15,800
- unsecured	86,083	70,315
Corporate guarantees given to landlords for the non-cancellable leases of business premises of certain subsidiaries		
- unsecured	15,754	14,447
	114,637	100,562

(a) The currency exposure profile of corporate guarantees is as follows:

	Company	
	2013	**2012**
	RM'000	**RM'000**
Ringgit Malaysia	95,554	81,392
US Dollar	19,083	19,170
	114,637	100,562

(b) The Directors are of the view that the chances of the financial institutions and landlords to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for banking facilities and to landlords for non-cancellable leases of business premises are negligible.

24. REVENUE

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Sales of goods	785,492	720,679	–	–
Commission income	3,429	5,369	–	–
Deferred revenue from customer loyalty points	599	55	–	–
Dividend income	245	9	125,435	62,769
	789,765	726,112	125,435	62,769

25. COST OF SALES

	Group	
	2013	2012
	RM'000	RM'000
Inventories sold	404,974	359,833
Carriage, freight and handling	5,987	6,140
Others	9,971	8,848
	420,932	374,821

Others represent inventory losses, inventories written down and inventories written off.

26. FINANCE COSTS

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- Term loans	919	1,036	587	655
- Bankers' acceptances	212	867	–	–
- Revolving credits	355	378	–	–
- Hire purchase and lease creditors	42	44	–	–
- Unwinding of discount on provision for restoration costs (Note 20)	424	274	–	–
- Others	20	3	–	2
	1,972	2,602	587	657

27. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	8	796	740	–	–
Auditors' remunerations					
- statutory audits		171	161	38	35
- other services		28	10	–	–
Bad debt written off		136	–	–	–
Depreciation of property, plant and equipment	7	21,386	20,232	740	1,321
Directors' remuneration:					
- fees		135	115	135	115
- other emoluments		4,417	3,832	–	–
Impairment losses on investments in subsidiaries	10	–	–	–	11,282
Inventory losses	13	6,460	6,227	–	–
Inventories written down	13	1,554	1,543	–	–
Inventories written off	13	1,957	1,078	–	–
Loss on foreign exchange:					
- realised		101	–	4	–
- unrealised		404	–	–	–
Property, plant and equipment written off		134	34	–	–
Other investment written off		4	–	–	–
Rental of equipment		1,740	1,364	–	–
Rental of premises		71,456	62,483	–	–

And crediting:

		Group		Company	
	Note	2013	2012	2013	2012
Fair value adjustments on:					
- investment property	9	318	242	–	–
- other investments		62	35	50	18
Gain on disposal of property, plant and equipment		14	5	2	–
Gain on foreign exchange:					
- realised		–	103	–	–
- unrealised		–	117	–	–
Interest income		2,793	2,405	217	208
Rental income from:					
- investment property		111	106	–	–
- premises		–	–	4,794	2,882
Royalty income		2,060	2,086	–	–

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM120,000 (2012: RM122,000).

28. EMPLOYEE BENEFITS

	Group 2013 RM'000	Group 2012 RM'000
Salaries, wages, allowances and bonuses	102,146	88,880
Contributions to defined contribution plan	11,415	9,969
Unutilised leaves	208	400
Other employee benefits	2,626	2,684
	116,395	101,933

Included in the employee benefits of the Group are Executive Directors' remunerations amounting to RM4,417,000 (2012: RM3,832,000).

29. TAX EXPENSE

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Current year tax expense based on profit for the financial year:				
- Malaysian income tax	31,954	33,910	903	440
- Foreign income tax	239	230	–	–
	32,193	34,140	903	440
(Over)/Under provision in prior years:				
- Malaysian income tax	(283)	(397)	48	(17)
- Foreign income tax	(5)	–	–	–
	31,905	33,743	951	423
Deferred tax (Note 12):				
- Relating to origination and reversal of temporary differences	(234)	613	–	–
- Under provision in prior years	594	60	–	–
	360	673	–	–
Total tax expense	32,265	34,416	951	423

The Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profits for the fiscal year.

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

29. TAX EXPENSE (cont'd)

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before taxation	117,658	129,721	128,023	51,798
Tax at Malaysia statutory tax rate of 25% (2012: 25%)	29,415	32,430	32,006	12,950
Tax effect in respect of:				
Different tax rates in foreign jurisdiction	(148)	(137)	–	–
Non-allowable expenses	3,519	3,175	322	3,212
Non-taxable income	(773)	(690)	(31,371)	(15,697)
Utilisation of previously unrecognised deferred tax assets	(54)	(25)	(54)	(25)
	31,959	34,753	903	440
(Over)/Under provision of tax expense in prior years	(288)	(397)	48	(17)
Under provision of deferred tax in prior years	594	60	–	–
	32,265	34,416	951	423

30. DIVIDENDS

	Group and Company			
	2013 Dividend per ordinary share sen	2013 Amount of dividend RM'000	2012 Dividend per ordinary share sen	2012 Amount of dividend RM'000
First interim dividend	2.00	13,158	2.00	13,158
Second interim dividend	2.00	13,158	2.00	13,158
Third interim dividend	2.00	13,158	2.00	13,158
Fourth interim dividend	2.00	13,159	-	-
	8.00	52,633	6.00	39,474

The Directors do not recommend the payment of any final dividend in respect of the current financial year. On 28 August 2013, the Directors declared a first interim single tier dividend of 2.5 sen per ordinary share amounting to RM16,448,000 in respect of the financial year ending 30 June 2014, which was paid on 27 September 2013.

31. EARNING PER SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2013	**2012**
	RM'000	**RM'000**
Profit attributable to owners of the parent	85,393	95,305
Weighted average number of ordinary shares outstanding ('000)	657,910	657,910
Basic earnings per ordinary share (sen)	12.98	14.49

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share for the financial year is the same as the basic earnings per ordinary share for the financial year as there were no dilutive potential ordinary shares.

32. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationships with its direct and indirect subsidiaries.

The Group also has related party relationships with the following parties:

Identities of related parties	**Relationship**
Yong Pang Chaun Holdings Sdn. Bhd. ("YPCH")	Corporate shareholder of the Company with equity interest of 43.74% (2012: 43.74%) and where the Directors of the Company, namely 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 YPCH.

32. RELATED PARTY DISCLOSURES (cont'd)

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with the related parties during the financial year:

	Company	
	2013	**2012**
	RM'000	**RM'000**
Transactions with subsidiaries:		
Dividend income received and receivable from:		
- Vincci	40,250	16,100
- Padini Corporation	58,440	38,960
- Seed	8,500	1,700
- Yee Fong Hung	18,000	6,000
Transactions with subsidiaries:		
Rental income received and receivable from:		
- Vincci	1,178	637
- Padini Corporation	1,305	471
- Seed	491	417
- Yee Fong Hung	1,035	177
- Mikihouse	252	186
- Padini Dot Com	533	994

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2013 is disclosed in Notes 14 and 21 to the financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of Directors during the financial year was as follows:

	Group	
	2013	**2012**
	RM'000	**RM'000**
Short term employee benefits	3,949	3,427
Contributions to defined contribution plans	468	405
	4,417	3,832

33. OPERATING SEGMENTS

The Company and its subsidiaries are principally engaged in the garments industry. The Group has arrived at five (5) reportable segments, which are determined by each of its subsidiaries. These companies are the strategic business units of the Group.

The strategic business units possess different brands and offer distinguished and different theme of products to cater to different customer segments. These strategic business units are managed separately because they require different business and marketing strategies. For each of the strategic business units, the Group's Managing Director and brand managers collectively (the "Chief of Decision Maker" or "CODM") review internal management reports at least on a quarterly basis.

The following summary shows brands possessed by each of the Group's reportable segments:

Companies	Brands
Vincci Ladies' Specialties Centre Sdn. Bhd. ("Vincci")	Move, Tizio, Vincci, Vincci Plus and Vincci Accessories
Padini Corporation Sdn. Bhd. ("Padini Corporation")	Padini, Padini Authentics and PDI
Seed Corporation Sdn. Bhd. ("Seed")	Seed and Seed cafe
Yee Fong Hung (Malaysia) Sendirian Berhad ("Yee Fong Hung")	Brands Outlet and P&Co
Mikihouse Children's Wear Sdn. Bhd. ("Miki")	Miki Kids and Miki Mom

Other operating segments comprise management services and investment holding.

The performance of the reportable segments are measured based on segment profit before tax, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant for the evaluation of the results of certain brands embedded with the companies.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Inter segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

33. OPERATING SEGMENTS (cont'd)

2013	Vincci RM'000	Padini Corporation RM'000	Seed RM'000	Yee Fong Hung RM'000	Miki RM'000	Others RM'000	Total RM'000
Revenue							
Total revenue	223,728	245,775	87,026	194,762	27,902	219,602	998,795
Inter-segment revenue	(1)	(4)	(37)	(2)	–	(208,986)	(209,030)
Revenue from external customers	**223,727**	**245,771**	**86,989**	**194,760**	**27,902**	**10,616**	**789,765**
Interest income	532	363	188	479	46	1,185	2,793
Finance costs	(433)	(274)	(232)	(420)	(17)	(596)	(1,972)
Net finance income/(expense)	99	89	(44)	59	29	589	821
Depreciation	(3,935)	(5,610)	(2,375)	(6,023)	(463)	(2,980)	(21,386)
Amortisation	(22)	(30)	(19)	(46)	(6)	(673)	(796)
Segment profit before tax	**29,469**	**40,698**	**3,087**	**33,060**	**2,963**	**133,334**	**242,611**
Income tax expense	(7,602)	(11,262)	(1,118)	(9,253)	(808)	(2,222)	(32,265)
Other material non-cash items:							
- Inventory losses	(716)	(1,671)	(1,605)	(1,411)	(1,057)	–	(6,460)
- Inventories written down	(240)	(429)	(757)	(95)	(33)	–	(1,554)
- Inventories written off	(846)	(412)	(160)	(519)	(20)	–	(1,957)
Additions to non-current assets other than financial instruments and deferred tax assets	3,430	4,805	1,829	4,038	571	2,242	16,915
Segment assets	**99,649**	**162,825**	**49,368**	**71,343**	**15,814**	**526,557**	**925,556**
Segment liabilities	**36,901**	**96,575**	**19,357**	**31,613**	**4,126**	**105,258**	**293,830**

33. OPERATING SEGMENTS (cont'd)

2012	Vincci RM'000	Padini Corporation RM'000	Seed RM'000	Yee Fong Hung RM'000	Miki RM'000	Others RM'000	Total RM'000
Revenue							
Total revenue	228,480	226,651	88,224	148,927	25,199	145,436	862,917
Inter-segment revenue	–	(4)	(27)	(3)	(1)	(136,770)	(136,805)
Revenue from external customers	**228,480**	**226,647**	**88,197**	**148,924**	**25,198**	**8,666**	**726,112**
Interest income	553	492	122	310	29	899	2,405
Finance costs	(460)	(219)	(510)	(679)	(63)	(671)	(2,602)
Net finance income/(expense)	93	273	(388)	(369)	(34)	228	(197)
Depreciation	(3,765)	(5,219)	(2,436)	(4,970)	(371)	(3,471)	(20,232)
Amortisation	(18)	(31)	(19)	(40)	(5)	(627)	(740)
Segment profit before tax	**40,685**	**46,701**	**7,645**	**26,047**	**3,821**	**67,345**	**192,244**
Income tax expense	(9,933)	(12,467)	(2,218)	(7,376)	(995)	(1,427)	(34,416)
Other material non-cash items:							
- Inventory losses	(1,123)	(1,868)	(1,305)	(871)	(1,060)	–	(6,227)
- Inventories written down	(426)	(182)	(713)	(177)	(45)	–	(1,543)
- Inventories written off	(379)	(347)	(153)	(189)	(10)	–	(1,078)
Additions to non-current assets other than financial instruments and deferred tax assets	4,274	7,603	3,208	10,169	838	2,593	28,685
Segment assets	**115,506**	**128,187**	**52,035**	**70,583**	**17,519**	**381,209**	**765,039**
Segment liabilities	**34,372**	**32,956**	**15,493**	**36,692**	**7,986**	**38,387**	**165,886**

33. OPERATING SEGMENTS (cont'd)

(a) Reconciliations

Reconciliations of reportable segment revenue and profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2013 RM'000	2012 RM'000
Revenue		
Total revenue for reportable segments	998,795	862,917
Elimination of inter-segmental revenue	(209,030)	(136,805)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	789,765	726,112
Profit for the financial year		
Total profit or loss for reportable segments	242,611	192,244
Elimination of inter-segment profits	(124,953)	(62,523)
	117,658	129,721
Income tax expense	(32,265)	(34,416)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	85,393	95,305
Assets		
Total assets for reportable segments	925,556	765,039
Elimination of investments in subsidiaries	(248,087)	(248,087)
Elimination of inter-segment balances	(165,124)	(31,553)
Total assets of the Group per consolidated statements of financial position	512,345	485,399
Liabilities		
Total liabilities for reportable segments	293,830	165,886
Elimination of inter-segment balances	(153,711)	(19,900)
Total liabilities of the Group per consolidated statements of financial position	140,119	145,986

Geographical segments

The business of the Group is predominantly operated in Malaysia. As such, information on geographical segment is not presented.

Major customers

There are no major customers with revenue equal or more than ten (10) percent of the Group revenue. As such, information on major customers is not presented.

34. FINANCIAL INSTRUMENTS

(a) Capital management

The objective of the Group's capital management is to ensure that it maintains a strong capital base in order to support its business operations and to provide fair returns for shareholders and benefits for other stakeholders.

For capital management purposes, the Group considers equity attributable to owners of the parent as the Group's capital structure. The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may, from time to time, adjust the dividend payout to shareholders or issue new share, where necessary. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2013 and financial year ended 30 June 2012.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement for the financial year ended 30 June 2013.

(b) Financial instruments

Categories of financial instruments

Group	**Loans and receivables RM'000**	**Fair value through profit or loss RM'000**	**Available-for-sale RM'000**	**Total RM'000**
30 June 2013				
Financial assets				
Other investments	–	12,323	735	13,058
Trade and other receivables, net of deposits and prepayments	23,202	–	–	23,202
Cash and cash equivalents	206,226	–	–	206,226
	229,428	12,323	735	242,486

	Other financial liabilities RM'000	**Total RM'000**
Financial liabilities		
Borrowings	35,964	35,964
Trade and other payables	88,973	88,973
	124,937	124,937

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

Categories of financial instruments (cont'd)

Group	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
30 June 2012				
Financial assets				
Other investments	–	2,386	684	3,070
Trade and other receivables, net of deposits and prepayments	24,090	–	–	24,090
Cash and cash equivalents	137,612	–	–	137,612
	161,702	2,386	684	164,772

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	50,772	50,772
Trade and other payables	78,900	78,900
	129,672	129,672

Company	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
30 June 2013				
Financial assets				
Other investments	–	12,323	560	12,883
Other receivables, net of deposits and prepayments	70,497	–	–	70,497
Cash and cash equivalents	39,926	–	–	39,926
	110,423	12,323	560	123,306

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

Categories of financial instruments (cont'd)

Company	Other financial liabilities RM'000	Total RM'000
30 June 2013		
Financial liabilities		
Borrowings	12,340	12,340
Other payables	12,801	12,801
	25,141	25,141

Company	Loans and receivables RM	Fair value through profit or loss RM	Available-for-sale RM	Total RM
30 June 2012				
Financial assets				
Other investments	–	2,027	560	2,587
Other receivables, net of deposits and prepayments	26,879	–	–	26,879
Cash and cash equivalents	7,154	–	–	7,154
	34,033	2,027	560	36,620

	Other financial liabilities RM	Total RM
Financial liabilities		
Borrowings	13,645	13,645
Other payables	64	64
	13,709	13,709

34. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair values of financial instruments

The carrying amounts of financial assets and financial liabilities of the Group and Company as at the end of the reporting period approximate their fair values due to the relatively short term maturity of these financial instruments except for the following:

	Group	
	Carrying amount RM'000	**Fair value RM'000**
30 June 2013		
Recognised		
Financial liabilities:		
Hire-purchase and lease creditors	688	616
30 June 2012		
Recognised		
Financial liabilities:		
Hire-purchase and lease creditors	645	585

(d) Methods and assumptions used to estimate fair values

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of loans and borrowings are reasonable approximation of their fair values due to the insignificant impact of discounting.

(ii) Obligations under hire purchase and lease creditors

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowings or leasing arrangements at the end of each reporting period.

(iii) Other investments - unit trust funds

The fair values of unit trust funds are determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.

(iv) Other investments - unquoted shares

The fair values of these unquoted investments are estimated by using net asset valuation technique based on the investee's latest available financial statements obtained. Management believes that the estimated fair values resulting from this valuation technique are reasonable and the most appropriate at the end of each reporting period.

(v) Club memberships

The fair values for club memberships are estimated based on references to current available counters party quotation of the same investment.

34. FINANCIAL INSTRUMENTS (cont'd)

(e) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2013, the Group and the Company held the following financial instruments carried at fair values on the statements of financial position:

Assets measured at fair values

Group	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Available-for-sale financial assets				
- Unquoted shares in Malaysia	560	–	–	560
- Club memberships	175	–	–	175
Financial assets at fair value through profit or loss				
- Unit trust funds	12,323	12,323	–	–
Company				
Available-for-sale financial assets				
- Unquoted shares in Malaysia	560	–	–	560
Financial assets at fair value through profit or loss				
- Unit trust funds	12,323	12,323	–	–

As at 30 June 2012, the Group and the Company held the following financial instruments carried at fair values on the statements of financial position:

Assets measured at fair values

Group	**Total RM'000**	**level 1 RM'000**	**level 2 RM'000**	**level 3 RM'000**
Available-for-sale financial assets				
- Unquoted shares in Malaysia	560	–	–	560
- Club memberships	124	–	–	124
Financial assets at fair value through profit or loss				
- Unit trust funds	2,386	2,027	359	–
Company				
Available-for-sale financial assets				
- Unquoted shares in Malaysia	560	–	–	560
Financial assets at fair value through profit or loss				
- Unit trust funds	2,027	2,027	–	–

34. FINANCIAL INSTRUMENTS (cont'd)

(e) Fair value hierarchy (cont'd)

There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 30 June 2013 and 30 June 2012.

The following table shows a reconciliation of balances of financial instruments whose fair values have been classified in Level 3 of the fair value hierarchy:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Available-for-sale financial assets				
Balance as at 1 July 2012/2011	684	684	560	560
Written off	(4)	–	–	–
Total gains or losses recognised in other comprehensive income	55	–	–	–
Balance as at 30 June 2013/2012	735	684	560	560

35. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market risk.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market risk. Information on the management of the related exposures is detailed below:

(a) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are reputable institutions and organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for certain export franchisees, where deposits in advance are normally required. The credit period is generally for a period of two (2) days, extending up to two (2) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

35. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

At the end of the reporting period, approximately 71% (2012: 71%) of the Group's trade receivables owed by 5 major customers (2012: 5 customers).

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14 to the financial statements. Deposits with licensed banks and investment securities that are neither past due nor impaired are placed with or entered into with financial institutions with good standing.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14 to the financial statements.

(b) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

As at 30 June 2013	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Trade and other payables	88,973	–	–	88,973
Borrowings	19,570	13,502	6,129	39,201
Total undiscounted financial liabilities	108,543	13,502	6,129	128,174
Company				
Financial liabilities				
Other payables	12,801	–	–	12,801
Borrowings	1,892	7,570	5,106	14,568
Total undiscounted financial liabilities	14,693	7,570	5,106	27,369

35. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(b) Liquidity and cash flow risk (cont'd)

As at 30 June 2012	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Trade and other payables	78,900	–	–	78,900
Borrowings	32,137	13,395	9,387	54,919
Total undiscounted financial liabilities	111,037	13,395	9,387	133,819
Company				
Financial liabilities				
Other payables	64	–	–	64
Borrowings	1,892	7,570	6,999	16,461
Total undiscounted financial liabilities	1,956	7,570	6,999	16,525

(c) Interest rate risk

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

The Group's primary interest rate risk relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The Group's fixed-rate deposits and borrowings are exposed to a risk of changes in their fair values due to changes in interest rates. The Group's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and Company if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit after tax				
- increase by 0.5% (2012: 0.5%)	641	328	103	(24)
- decrease by 0.5% (2012: 0.5%)	(641)	(328)	(103)	24

The sensitivity is higher in 2013 than in 2012 because of an increase in cash and bank balances during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

35. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(c) Interest rate risk (cont'd)

The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of each reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group	Note	WAEIR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
As at 30 June 2013									
Fixed rates									
Deposits with a licensed bank	15	3.02	12	–	–	–	–	–	12
Hire purchase and lease creditors	19	5.04	(241)	(217)	(133)	(90)	(7)	–	(688)
Floating rates									
Cash and bank balances	15	1.95	206,214	–	–	–	–	–	206,214
Bankers' acceptances	18	3.68	(9,793)	–	–	–	–	–	(9,793)
Revolving credits	18	4.16	(6,251)	–	–	–	–	–	(6,251)
Term loans	18	4.60	(2,441)	(2,556)	(2,676)	(2,801)	(2,932)	(5,826)	(19,232)
As at 30 June 2012									
Fixed rates									
Deposits with licensed banks	15	3.05	28	–	–	–	–	–	28
Hire purchase and lease creditors	19	5.29	(300)	(163)	(135)	(47)	–	–	(645)
Floating rates									
Cash and bank balances	15	1.68	137,584	–	–	–	–	–	137,584
Bankers' acceptances	18	3.75	(17,379)	–	–	–	–	–	(17,379)
Revolving credits	18	4.08	(11,174)	–	–	–	–	–	(11,174)
Term loans	18	4.60	(2,365)	(2,441)	(2,556)	(2,676)	(2,778)	(8,758)	(21,574)
Company									
As at 30 June 2013									
Floating rate									
Cash and bank balances	15	1.95	39,926	–	–	–	–	–	39,926
Term loans	18	4.60	(1,372)	(1,435)	(1,501)	(1,570)	(1,643)	(4,819)	(12,340)
As at 30 June 2012									
Floating rate									
Cash and bank balances	15	1.68	7,154	–	–	–	–	–	7,154
Term loans	18	4.60	(1,346)	(1,372)	(1,435)	(1,501)	(1,531)	(6,460)	(13,645)

35. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

A subsidiary operating in Hong Kong has assets and liabilities with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group is exposed to foreign currency risk as a result of the foreign currency denominated transactions entered into by the Group during the course of business. The foreign currency primarily involved is the US Dollar. Transactions in all other foreign currencies are minimal. In addition, the Group does not use foreign exchange derivative instruments to hedge its transaction risk.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currencies balances amounted to RM22,119,000 (2012: RM22,999,000) for the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the functional currencies of the Group against the exchange rates of USD, with all other variables held constant.

		Group	
Profit net of tax		**2013**	**2012**
		RM'000	**RM'000**
USD/RM	-strengthen by 5%	826	1,131
	-weaken by 5%	(826)	(1,131)

(e) Market risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to market price risks arising from unit trust funds, which are quoted. These instruments are classified as financial assets designated at fair value through profit or loss.

Sensitivity analysis for market price risk

Unit trust funds of the Group are exposed to changes in market quoted prices. However, the volatility of these funds' prices is considered low, and hence, sensitivity analysis for equity price risk is not presented.

36. EXPLANATION OF TRANSITION TO MFRSs

The Group and the Company are non-transitioning entities as defined by the MASB, and have adopted the MFRS Framework during the financial year ended 30 June 2013. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 4 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2013, as well as comparative information presented in these financial statements for the financial year ended 30 June 2012 and in the preparation of the opening MFRS statements of financial position at 1 July 2011 (the date of transition of the Group to MFRSs).

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

The Group has adjusted amounts previously reported in financial statements that were prepared in accordance with the previous FRS Framework. In preparing the opening statements of financial position at 1 July 2011, an explanation on the impact arising from the transition from FRSs to MFRSs on the Group's financial position and financial performance is set out as follows:

(a) Reconciliation of financial position as at 1 July 2011

		Group			Company		
	Note	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	36(d)(i), (iii) & (iv)	83,621	1,854	85,475	46,313	–	46,313
Intangible assets	36(d)(iv)	6,523	638	7,161	–	–	–
Investment property		2,212	–	2,212	–	–	–
Investments in subsidiaries	36(d)(ii)	–	–	–	259,369	–	259,369
Other investments		684	–	684	560	–	560
Deferred tax assets		1,545	–	1,545	–	–	–
		94,585	2,492	97,077	306,242	–	306,242
Current assets							
Inventories		170,955	–	170,955	–	–	–
Other investments		342	–	342	–	–	–
Trade and other receivables		39,433	–	39,433	26,903	–	26,903
Current tax assets		402	–	402	–	–	–
Cash and cash equivalents		138,622	–	138,622	18,488	–	18,488
		349,754	–	349,754	45,391	–	45,391
TOTAL ASSETS		444,339	2,492	446,831	351,633	–	351,633

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

(a) Reconciliation of financial position as at 1 July 2011 (cont'd)

	Note	Group Previously reported under FRSs RM'000	Group Effect on adoption of MFRSs RM'000	Group Restated under MFRSs RM'000	Company Previously reported under FRSs RM'000	Company Effect on adoption of MFRSs RM'000	Company Restated under MFRSs RM'000
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital		65,791	–	65,791	65,791	–	65,791
Share premium		3,772	–	3,772	3,772	–	3,772
Exchange translation reserve		(2,139)	–	(2,139)	–	–	–
Revaluation reserve	36(d)(ii)	–	–	–	208,967	(208,967)	–
Retained earnings	36(d)(ii)	215,253	–	215,253	25,732	208,967	234,699
TOTAL EQUITY		282,677	–	282,677	304,262	–	304,262
LIABILITIES							
Non-current liabilities							
Borrowings		22,151	–	22,151	13,592	–	13,592
Provision for restoration costs	36(d)(iii)	–	2,492	2,492	–	–	–
Deferred tax liabilities		1,564	–	1,564	–	–	–
		23,715	2,492	26,207	13,592	–	13,592
Current liabilities							
Trade and other payables		107,098	–	107,098	32,041	–	32,041
Borrowings		24,948	–	24,948	1,719	–	1,719
Current tax liabilities		5,901	–	5,901	19	–	19
		137,947	–	137,947	33,779	–	33,779
TOTAL LIABILITIES		161,662	2,492	164,154	47,371	–	47,371
TOTAL EQUITY AND LIABILITIES		444,339	2,492	446,831	351,633	–	351,633

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

(b) Reconciliation of financial position as at 30 June 2012

	Note	Group: Previously reported under FRSs RM'000	Group: Effect on adoption of MFRSs RM'000	Group: Restated under MFRSs RM'000	Company: Previously reported under FRSs RM'000	Company: Effect on adoption of MFRSs RM'000	Company: Restated under MFRSs RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	36(d)(iii)	90,261	2,929	93,190	44,992	–	44,992
Intangible assets		7,179	–	7,179	–	–	–
Investment property		2,591	–	2,591	–	–	–
Investments in subsidiaries	36(d)(ii)	–	–	–	405,331	(157,244)	248,087
Other investments		684	–	684	560	–	560
Deferred tax assets	36(d)(iii)	1,324	165	1,489	–	–	–
		102,039	3,094	105,133	450,883	(157,244)	293,639
Current assets							
Inventories		192,285	–	192,285	–	–	–
Other investments		2,386	–	2,386	2,027	–	2,027
Trade and other receivables		47,787	–	47,787	27,020	–	27,020
Current tax assets		196	–	196	32	–	32
Cash and cash equivalents		137,612	–	137,612	7,154	–	7,154
		380,266	–	380,266	36,233	–	36,233
TOTAL ASSETS		482,305	3,094	485,399	487,116	(157,244)	329,872

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

(b) Reconciliation of financial position as at 30 June 2012 (cont'd)

	Note	Group: Previously reported under FRSs RM'000	Group: Effect on adoption of MFRSs RM'000	Group: Restated under MFRSs RM'000	Company: Previously reported under FRSs RM'000	Company: Effect on adoption of MFRSs RM'000	Company: Restated under MFRSs RM'000
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital		65,791	–	65,791	65,791	–	65,791
Share premium		3,772	–	3,772	3,772	–	3,772
Exchange translation reserve		(1,234)	–	(1,234)	–	–	–
Revaluation reserve	36(d)(ii)	–	–	–	354,929	(354,929)	–
Retained earnings	36(d)(ii) & (iii)	271,780	(696)	271,084	48,915	197,685	246,600
TOTAL EQUITY		340,109	(696)	339,413	473,407	(157,244)	316,163
LIABILITIES							
Non-current liabilities							
Borrowings		19,554	–	19,554	12,299	–	12,299
Provision for restoration costs	36(d)(iii)	–	3,709	3,709	–	–	–
Deferred tax liabilities	36(d)(iii)	2,249	(67)	2,182	–	–	–
		21,803	3,642	25,445	12,299	–	12,299
Current liabilities							
Trade and other payables		78,900	–	78,900	64	–	64
Borrowings		31,218	–	31,218	1,346	–	1,346
Provision for restoration costs	36(d)(iii)	–	148	148	–	–	–
Current tax liabilities		10,275	–	10,275	–	–	–
		120,393	148	120,541	1,410	–	1,410
TOTAL LIABILITIES		142,196	3,790	145,986	13,709	–	13,709
TOTAL EQUITY AND LIABILITIES		482,305	3,094	485,399	487,116	(157,244)	329,872

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

(c) Reconciliation of profit and loss and other comprehensive income as at 30 June 2012

The statements of profit or loss and other comprehensive income for the financial year ended 30 June 2012 have been restated arising from the adoption of MFRS as follows:

		[---Group---]		
	Note	**Previously reported under FRSs RM'000**	**Effect on adoption of MFRSs RM'000**	**Restated under MFRSs RM'000**
Revenue	36(d)(v)	723,411	2,701	726,112
Cost of sales		(374,821)	–	(374,821)
Gross profit		348,590	2,701	351,291
Other income		7,291	–	7,291
Selling and distribution costs	36(d)(iii), (v) & (vi)	(174,812)	3,929	(170,883)
Administrative expenses	36(d)(vi)	(48,092)	(7,284)	(55,376)
Profit from operations		132,977	(654)	132,323
Finance costs	36(d)(iii)	(2,328)	(274)	(2,602)
Profit before tax		130,649	(928)	129,721
Tax expense	36(d)(iii)	(34,648)	232	(34,416)
Profit for the financial year attributable to owners of the parent		96,001	(696)	95,305
Other comprehensive income, net of tax				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translations		905	–	905
Total other comprehensive income		905	–	905
Total comprehensive income attributable to the owners of the parent		96,906	(696)	96,210

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

(c) Reconciliation of profit and loss and other comprehensive income as at 30 June 2012 (cont'd)

	Note	Company: Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
Revenue		62,769	–	62,769
Cost of sales		–	–	–
Gross profit		62,769	–	62,769
Other income		3,110	–	3,110
Administrative expenses	36(d)(ii)	(2,142)	(11,282)	(13,424)
Profit from operations		63,737	(11,282)	52,455
Finance costs		(657)	–	(657)
Profit before tax		63,080	(11,282)	51,798
Tax expense		(423)	–	(423)
Profit for the financial year attributable to owners of the parent		62,657	(11,282)	51,375
Other comprehensive income, net of tax				
Item that may be reclassified subsequently to profit or loss				
Fair value gains on investments in subsidiaries	36(d)(ii)	145,962	(145,962)	–
Total comprehensive income		145,962	(145,962)	–
Total comprehensive income attributable to the owners of the parent		208,619	(157,244)	51,375

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

(d) Note to reconciliation

(i) Revaluation reserves of property, plant and equipment

The Group and companies within the Group have elected to measure property, plant and equipment at cost in accordance with MFRS 116 and as a result, fair values on certain shop lots that were carried out in 1982 would be deemed to carry at cost. However, there was no impact to the financial statements as the revaluation reserves in relation to that valuation no longer existed as at the date of transition.

(ii) Investments in subsidiaries - use of fair value as deemed cost

Under FRSs, the Company measured its investments in subsidiaries at fair value as available-for-sale financial assets. Upon transition to MFRSs, the Company has elected to apply the optional exemption to use the fair value at the date of transition as deemed cost. Accordingly, the revaluation reserve in respect of the fair value gains on investments in subsidiaries was transferred to retained earnings as at the date of transition.

In respect to this transition, the subsequent revaluation decrease of RM11,282,000 on the investments in subsidiaries for the financial year ended 30 June 2012 that was previously recognised in the revaluation reserves under the FRS Framework, has now been re-presented as impairment loss in the statement of profit or loss and other comprehensive income upon transition to MFRSs.

(iii) Provision for restoration costs

In the previous financial years, provision for restoration costs was not recognised as the management considered that the provision was immaterial to the Group. However, after considering the increase in retail space over the coming years, which would result in a gradual elevation of restoration costs, management has elected to apply the optional exemption to measure this provision as at the date of transition to MFRSs in accordance with IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities.*

This has resulted in movements in property, plant and equipment, deferred tax assets and liabilities, and provision for restoration costs respectively in the statements of financial position as at 1 July 2011 and 30 June 2012. This has also resulted in a correspondence increase in depreciation, finance costs and deferred tax income in the statement of profit or loss and other comprehensive income for the financial year ended 30 June 2012.

The impact arising from the change is summarised as follows:

	Group	
	30.6.2012	**1.7.2011**
	RM'000	**RM'000**
Statement of financial position		
Property, plant and equipment	2,929	2,492
Deferred tax assets	165	–
Retained earnings	696	–
Provision for restoration costs	(3,857)	(2,492)
Deferred tax liabilities	67	–
Depreciation charge	(654)	–
Finance cost	(274)	–
Tax income	232	–
Adjustment to retained earnings	(696)	–

36. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

(d) Note to reconciliation (cont'd)

(iv) Presentation of property, plant and equipment and intangible assets

Upon transition to MFRSs, the Group and the Company reclassified items of property, plant and equipment amounting to RM638,000 to intangible assets, which are in accordance with their nature.

(v) Revenue recognition

Upon transition to MFRSs, the Group reclassified credit card commissions of RM2,701,000 from revenue to selling and distribution costs to comply with MFRS 118 *Revenue.* Credit card commissions are now presented under selling and distribution costs.

(vi) Presentation of selling and distribution costs and administrative expenses

Upon transition to MFRSs, the Group re-presented the selling and distribution costs and administrative expenses amounting to RM7,284,000, which are in accordance with their nature.

(vii) Income tax
All of the changes as described earlier resulted in the following impact on deferred tax assets and deferred tax liabilities:

	Group	
	30.6.2012 RM'000	**1.7.2011 RM'000**
Increase in deferred tax assets	165	–
Decrease in deferred tax liabilities	67	–

(viii) Retained earnings

All of the changes as described earlier resulted in the following impact on retained earnings:

	Group		Company	
	30.6.2012 RM'000	**1.7.2011 RM'000**	**30.6.2012 RM'000**	**1.7.2011 RM'000**
(Decrease)/ Increase in retained earnings	(696)	–	197,685	208,967

37. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	536,696	502,793	320,971	246,582
- Unrealised	(1,945)	(562)	68	18
	534,751	502,231	321,039	246,600
Less: Consolidation adjustments	(230,907)	(231,147)	–	–
Total retained earnings	303,844	271,084	321,039	246,600

DIRECTORS' SHAREHOLDINGS AS AT 31 OCTOBER 2013

Shareholdings in the Company

	No. of Shares Held			
Director	Indirect	%	Direct	%
YONG PANG CHAUN	289,783,490 *	44.046	1,500,000	0.228
CHAN KWAI HENG	NIL	NIL	1,144,000	0.174
CHEONG CHUNG YET	NIL	NIL	1,173,990	0.178
CHONG CHIN LIN	289,263,500 **	43.967	2,019,990	0.307
YONG LAI WAH	287,763,500 ^	43.739	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 2013

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 : 3,795

DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 31 OCTOBER 2013

No. of Holders	Holdings	Total Holdings	%
33	less than 100	912	0.000
729	100 - 1,000	539,335	0.082
2,134	1,001 - 10,000	9,280,140	1.411
684	10,001 - 100,000	20,464,906	3.110
214	100,001 - 32,895,474	339,860,707	51.658
1	32,895,475 and above	287,763,500	43.739
3,795	TOTAL	**657,909,500**	**100.000**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2013

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	–	43.739	–
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 –	– – 0.228	43.739 0.307 –
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 –	– – 0.307	43.739 0.228 –
4	Yong Lai Wah **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -Yong Lai Wah	– –	287,763,500 –	– –	43.739 –
5	Yong Lee Peng **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -Yong Lee Peng	– 1,500,000	287,763,500 –	– 0.228	43.739 –

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 2013
(As per the Record of Depositors)

No.	Name	No. of Shares	%
1	Yong Pang Chaun Holdings Sdn. Bhd.	287,763,500	43.739
2	Lembaga Tabung Haji	21,231,500	3.227
3	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad icapital.biz Berhad	19,000,000	2.887
4	HSBC Nominees (Asing) Sdn. Bhd. TNTC for Somerset Emerging Markets Small Cap Fund LLC	18,728,100	2.846
5	Thian Min Yang	16,368,200	2.487
6	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (Nomura)	14,650,000	2.226
7	HSBC Nominees (Asing) Sdn. Bhd. HSBC-FS for the Navis Asia Navigator Master Fund	14,489,500	2.202
8	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	14,176,800	2.154
9	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for the Bank of New York Mellon (Mellon ACCT)	13,672,400	2.078
10	Maybank Nominees (Asing) Sdn. Bhd. DBS Bank for Albizia Asean Opportunities Fund (290127)	12,794,700	1.944
11	Amanahraya Trustees Berhad Public Smallcap Fund	10,832,500	1.646
12	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund W4B0 for Wasatch International Opportunities Fund	8,321,590	1.264
13	Yong Yee Ching	7,976,960	1.212

No.	Name	No. of Shares	%
14	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	6,593,000	1.002
15	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Hwang Select Opportunity Fund (3969)	6,500,000	0.987
16	HSBC Nominees (Asing) Sdn. Bhd. HSBC-FS I for Apollo Asia Fund Ltd	5,737,500	0.872
17	HSBC Nominees (Asing) Sdn. Bhd Exempt An for J.P. Morgan Bank Luxembourg S.A.	5,696,600	0.865
18	HSBC Nominees (Asing) Sdn. Bhd. TNTC for Ashmoreemm Global Small Capitalization Fund	4,758,900	0.723
19	HSBC Nominees (Asing) Sdn. Bhd. TNTC for PFS Somerset Emerging Markets Small Cap Fund (NWB AS DEP)	4,601,100	0.699
20	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for JPMorgan Chase Bank, National Association (Sweden)	3,936,850	0.598
21	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	3,880,000	0.589
22	Cartaban Nominees (Asing) Sdn. Bhd. GIC Private Limited for Monetary Authority of Singapore (H)	3,749,200	0.569
23	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	3,133,800	0.476
24	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	3,122,000	0.474
25	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for MAAKL Al-Fauzan (5170)	3,049,800	0.463

No.	Name	No. of Shares	%
26	HSBC Nominees (Asing) Sdn. Bhd. HSBC-FS for NIIF Public Equities	2,993,600	0.455
27	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Nomura)	2,725,000	0.414
28	Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund FJ4V for Asian Small Companies Portfolio	2,633,400	0.400
29	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Hong Leong Growth Fund	2,496,000	0.379
30	Chong Khin Hsiung	2,470,990	0.375
	TOTAL	528,083,490	80.266

Location	Description/ Existing Use	Land Area/ Built-up Area (sq. ft.)	Tenure	Approximate Age of Buildings	Net Carrying Amount @ 30.06.2013 (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	17.5 years	6,397,806
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	7 year	14,300,217
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	3 year	23,529,923
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	40 years	12,025,000
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	31 years	1,376,771
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	31 years	2,911,120

Form of Proxy

(NRIC No………...…………………./ Tel No...…………………..)

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 Second 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 19 December 2013 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 Ms Chong Chin Lin		
Ordinary Resolution 4	Re-election of Ms Yong Lai Wah		
Ordinary Resolution 5	To re-appoint Messrs BDO as Auditors		
Ordinary Resolution 6	Proposed Share Buy-Back		

Dated this _________ day of ____________________ 2013

____
Signature of Member / Common Seal

Notes:

(i) A member of the Company entitled to attend and vote at the above meeting, is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
(ii) Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
(iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
(iv) The instrument appointing a proxy must be completed and deposited at the registered office of the Company at 3rd Floor, No. 17 Jalan Ipoh Kecil, 50350 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll).

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Stamp

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

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

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