PADINI HOLDINGS BERHAD

(50202-A)
(Incorporated in Malaysia)

Annual Report 2015

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 Fourth Annual General Meeting of the Company will be held at No. 19 Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan on 18 November 2015 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 2015 together with the Reports of the Directors and Auditors thereon. *(Ordinary Resolution 1)*

2. To approve payment of Directors' fee of RM260,000.00 in respect of the financial year ended 30 June 2015 (2014 : RM197,000.00). *(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. Yong Lai Wah *(Ordinary Resolution 3)*

   ii) Mr. Cheong Chung Yet *(Ordinary Resolution 4)*

   iii) Mr. Foo Kee Fatt *(Ordinary Resolution 5)*

4. To re-appoint Messrs BDO as the Auditors of the Company and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 6)*

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 Malaysia") 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 of RM0.10 each ("Shares") on the Bursa Malaysia ("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 Malaysia 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 RM265.940 million and RM3.772 million, respectively as at 30 June 2015;

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

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

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

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

whichever occurs first; and

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

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

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

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

(iv) resell the Treasury Shares on Bursa Malaysia.

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

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 Fourth 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 9 November 2015. Only a depositor whose name appears on the Record of Depositors as at 9 November 2015 shall be entitled to attend the said meeting or appoint proxy/proxies to attend and/or vote on his behalf.

BY ORDER OF THE BOARD

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

Selangor
26 October 2015

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 7 is set out in the Share Buy-Back Statement dated 26 October 2015 despatched together with the Annual Report.

STATEMENT ACCOMPANYING THE NOTICE OF THE 34TH 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 34th Annual General Meeting are set out in the Board of Directors' Profile on pages 35 to 41 of the Annual Report. Their shareholdings in the Company are set out in the section entitled "Directors' Shareholdings and Interest" on page 123 of the Annual Report. No individual other than the retiring Directors are seeking election as a Director at the 34th Annual General Meeting.

The retiring Independent Non-Executive Director has been assessed by the Nominating Committee and the Board of Directors and is recommended for re-election at the 34th Annual General Meeting.

Corporate Information

For the financial year ended 30 June 2015

CHAIRMAN	Chia Swee Yuen
MANAGING DIRECTOR	Yong Pang Chaun
DIRECTORS	Chan Kwai Heng Yong Lai Wah Chong Chin Lin Cheong Chung Yet Foo Kee Fatt Lee Peng Khoon Yeo Sok Hiang Andrew Yong Tze How *(Alternate to Chong Chin Lin)*
COMPANY SECRETARIES	Ho Mun Yee (MAICSA 0877877) Tam Fong Ying (MAICSA 7007857)
AUDITORS	BDO Chartered Accountants
PRINCIPAL BANKERS	OCBC Al–Amin Bank Berhad
REGISTERED OFFICE	3rd Floor No. 17, Jalan Ipoh Kecil 50350 Kuala Lumpur Tel : 03 – 4044 3235 Fax : 03 – 4041 3959
PRINCIPAL PLACE OF BUSINESS	No. 19, Lot 115, Jalan U1/20 Hicom Glenmarie Industrial Park 40150 Shah Alam Selangor Darul Ehsan Tel : 03 – 5123 3633 Fax : 03 – 7805 1066
SHARE REGISTRAR	Tricor Investor Services Sdn. Bhd. Unit 32-01, Level 32, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Tel : 03 – 2783 9299 Fax : 03 – 2783 9222
STOCK EXCHANGE LISTING	Main Market Bursa Malaysia Securities Berhad

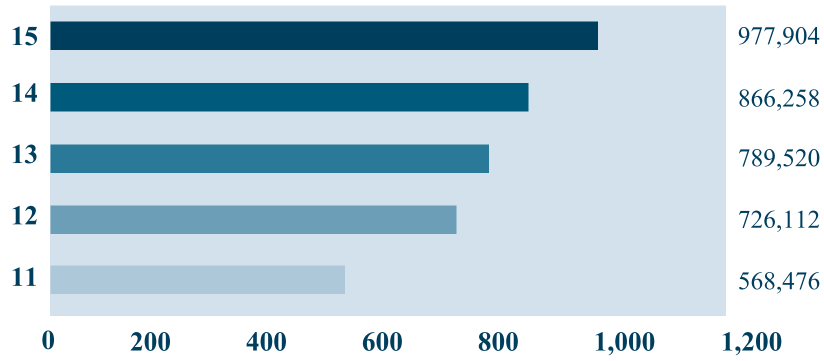
PADINI HOLDINGS BERHAD
(50202-A)

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) SDN. BHD. (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 LTD., HONG KONG (896012)

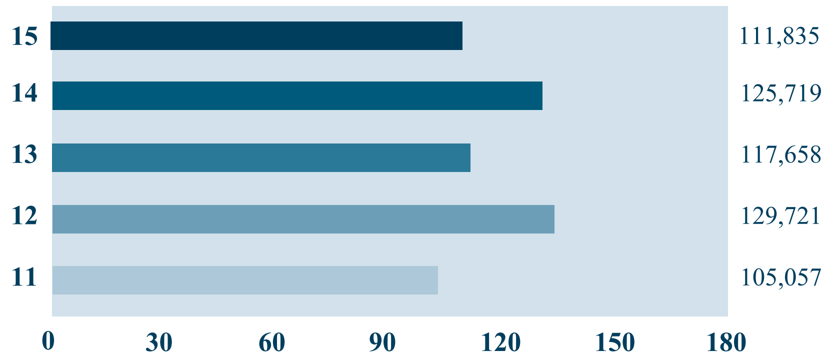
	2011 RM '000	Restated 2012# RM '000	2013 RM '000	2014 RM '000	2015 RM '000
Revenue	568,476	726,112	789,520	866,258	977,904
Profit before taxation	105,057	129,721	117,658	125,719	111,835
Profit attributable to equity holders of the Company	75,694	95,305	85,393	90,913	80,223
Basic earnings per share (sen) based on profit attributable to equity shareholders*	11.51	14.49	12.98	13.82	12.19
Net assets	282,677	339,413	372,226	387,664	405,634
Net assets per share (sen) *	43.0	51.6	56.6	58.9	61.7
Dividend per share (sen)	4 sen	6 sen	8 sen	11.5 sen	10 sen

* Based on ordinary shares of RM0.10 each.
# The figures for financial year ended 30 June 2012 have been restated to reflect the Group's transition from the FRS to the MFRS framework during the financial year ended 30 June 2013.

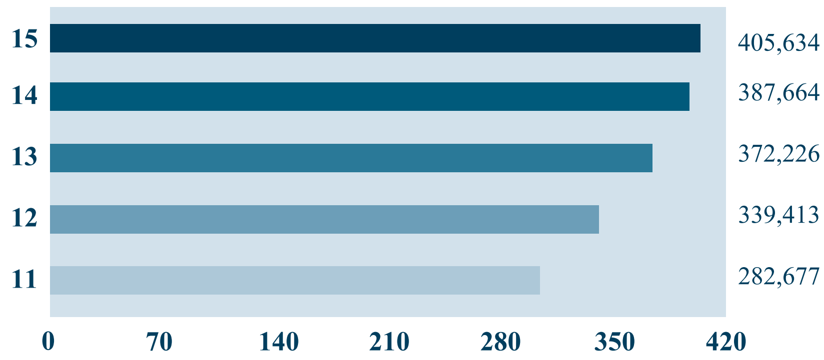
Revenue (RM Thousand)



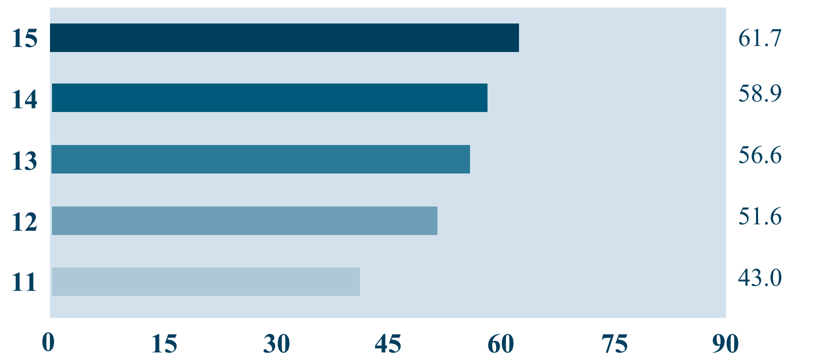
Profit before tax (RM Thousand)



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 2015.

INDUSTRY TREND AND DEVELOPMENT

So long as we, the consumers, do not have the means nor the inclination to produce all the goods and services that we need and want, we will continue to shop. And that, guarantees the future of retail industry. In a similar vein, we will always need to be clothed and shod, and that guarantees the future of the apparels and footwear sub-sector in which our Group primarily operates currently. All these needs and wants however do not in any way guarantee the futures of those that operate in the industry because while the need and desire to shop remain perennial, the way that shopping will be done will inevitably change. The increasing ease of access to information and peer reviews will change the manner in which a consumer selects, buys and consumes a product. While this paradigm shift has yet to reach our shores and affect the retail industry here in a big way, the first nascent signs are already here. Bit by bit, consumers have already started engagement with digital retailing and traditional retailers ignore this development at their own peril. Of course, it will be suicidal to think that all the traditional retailer needs to do to ensure its survival is to build an online store and operate it to complement the brick and mortar side of its business. To thrive in this impending brave new world, the traditional retailer will have to craft strategies and make investments needed to render their stores and operations, whether digital, physical or hybrid, capable of delivering an experience that is fun, entertaining and exciting. As in the past, retailers will still have to provide the consumer with a compelling motivation to visit their shops, but what is going to be different next time is the nature of that motivation.

As an analogy, consider how we consume movies and music today and it will give us an idea of how advances in digital technology have disrupted and at the same time driven these industries, changing both the hardware and the software through which these products are now consumed. The impact made by digital technology on the industries mentioned is bound to hit the retail industry, and today's retailers need to wake up to this fact and to react it to it meaningfully before the wave overwhelms them.

FINANCIAL RESULTS

For the financial year under review, the Group achieved consolidated revenues of RM977.9 million, a growth of 12.9% over the previous year's amount of RM866.3 million. Despite the increase in gross profits of 5.5% over the same period, profit before taxation fell 11%, from RM125.7 million achieved in the previous year to RM111.8 million in the current financial year. Total comprehensive income for the financial year attributable to the owners of the Company thus fell 8.1% to RM83.8 million when compared to the amount of RM91.1 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 2.5 sen per share (single tier), amounting to RM16,447,737.50 declared on 27th August 2014 was paid on 29th September 2014;
- a second interim dividend of 2.5 sen per share (single tier), amounting to RM16,447,737.50 declared on 26th November 2014 was paid on 29th December 2014;
- a third interim dividend of 2.5 sen per share (single tier), amounting to RM16,447,737.50 declared on 16th February 2015 was paid on 20th March 2015, and
- a fourth interim dividend of 2.5 sen per share (single tier), amounting to RM16,447,737.50 declared on 19th May 2015 was paid on 22nd June 2015.

BUSINESS REVIEW

The Group's domestic operations have 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. Though some of our Vincci and PDI products were also sold through franchisee stores, the contributions had been rather insignificant and by December of 2014, all such franchisee stores in Malaysia had been closed.

In markets abroad, only shoes and fashion accessories carried under the Vincci (or VNC) label are sold and mostly through retail stores managed by licensees and dealers.

BUSINESS REVIEW (cont'd)

In the multi-brand Padini Concept Stores and single-brand stores, our products are carried under the following brand names; Vincci, 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 30.6.2013	As at 30.6.2014	As at 30.6.2015
Vincci, Vincci+, Vincci Accessories			
Free-standing stores	17	16	27
Consignment counters	1	1	1
Franchise stores	14	13	–
Seed			
Free-standing stores	3	2	1
Consignment counters	55	48	42
Padini Authentics			
Free-standing stores	8	7	5
Consignment counters	28	27	25
PDI			
Free-standing stores	13	13	14
Franchise stores	1	1	–
Padini			
Free-standing stores	2	2	1
Consignment counters	37	34	28
P&Co			
Free-standing stores	1	1	–
Miki Kids			
Consignment counters	29	29	25
Miki Baby			
Consignment counters	–	28	24
Tizio			
Free-standing stores	2	3	4
Brands Outlet			
Free-standing stores	20	27	31
Multi-brands			
Free-standing stores *	25	29	34
Total	256	281	262

- the 34 multi-brand stores as at 30th June 2015 contain a total of 253 stores-within-store (206 as at 30th June 2014) showcasing the various brands of the Padini Group

Brands – Foreign Market	Locations	As at 30.6.2013	As at 30.6.2014	As at 30.6.2015
Vincci/VNC				
Franchise Stores	ASEAN	9	11	13
	Saudi Arabia	24	23	12
	UAE	15	18	17
	Oman	2	2	2
	Syria	3	3	-
	Qatar	2	2	2
	Bahrain	2	2	1
	Pakistan	3	4	5
	Egypt	2	2	-
	Morocco	2	2	-
	Kuwait	1	1	-
Dealer Stores	Thailand	15	15	12
Total		80	85	64

Retailing – Domestic and Abroad

For the year under review, domestic operations accounted for about 95% or RM928.8 million of the Group's consolidated revenues. For the previous year, the domestic portion was at RM813.2 million, which was approximately 93.9% of that year's total revenues. In absolute value terms, exports fell by about 7.5% or RM4 million from that recorded in the 2014 financial year to RM49.1 million for the year under review. The fall in exports was a result of a contraction in our franchise distribution network in the Middle East. As is evident from the table above, the number of stores abroad had over a 12-month period fallen from 85 to 64 as economic factors and social unrest led many franchisees to shut down their operations.

In the domestic sector, the Group had as at 30th June 2015, a total of 117 retail stores divided into 52 single-brand stores, 34 Padini Concept Stores and 31 Brands Outlet stores. Except for 5 Padini Concept Stores, 4 Brands Outlet stores and 3 Vincci which are located in Sabah and Sarawak, the rest of the stores are located throughout Peninsular Malaysia.

The 2015 financial year had been another busy year where the expansion in our network of large-format shops was concerned. 5 Padini Concept Stores and 5 Brands Outlet stores were opened for business during the year, and after accounting for the closure of a Brands Outlet store in One Borneo Kota Kinabalu, the gross floor area for both these stores types was increased by 131,000 square feet. As at 30th June 2015, the total gross floor area operated by the Group was at 980,000 square feet, of which 536,000 square feet and 365,000 square feet respectively were for the Padini Concept Stores and Brands Outlet stores, while the balance reflected the area covered by our single-brand stores.

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

Company	FYE 30.6.2014	FYE 30.6.2015
Vincci Ladies' Specialties Centre SB		
Revenues	RM206.1 million	RM199.6 million
Profit before Taxation	RM 17.6 million	RM 12.5 million
Padini Corporation SB		
Revenues	RM273.4 million	RM316.2 million
Profit before Taxation	RM 43.2 million	RM 40.3 million
Seed Corporation SB		
Revenues	RM91.4 million	RM98.3 million
Profit before Taxation	RM 8.3 million	RM 3.7 million
Yee Fong Hung (M) SB		
Revenues	RM253.3 million	RM316.1 million
Profit before Taxation	RM 44.0 million	RM 44.5 million
Mikihouse Children's Wear SB		
Revenues	RM29.1million	RM35.5 million
Profit before Taxation	RM 3.1 million	RM 2.0 million

The revenues of all our trading subsidiaries (with the exception of Vincci) had risen in tandem with the increased number of stores that the Group operated in the financial year under review. The increase in the revenues however was not reflected in the profit before taxation. The 2015 financial year had been a rather trying one. The expansion in the scope of the retail industry coupled with relatively stagnant disposable incomes and rising living costs have forced many consumers to prioritise their discretionary spending, becoming more selective when it came to spending their disposable incomes. For Padini, it was necessary to implement measures that would influence consumers to perceive our stores and product offerings in the most positive light. To achieve that, our merchandising, pricing and promotional strategies had to be totally focused on relevance; our products had to be attractive from the aspects of design, quality and affordability. The strategy was to drive volumes to compensate for the reduced margins and to a certain extent that had been achieved. It is true that in spite of the increase in revenues, the profit had fallen but this should be viewed against a backdrop that included a persistently weakening ringgit, rising fuel and power costs, rising wages, and the GST. These inflationary factors had resulted in considerable upward pressures on our operating expenses. At some future point, the prices of our products will have to be raised just to ease the pressures on margins but that option could very likely result in negative consumer perception and we therefore have to tread carefully. But for now and up till June 2016, increasing prices may not be altogether wise. The Price Control and Anti-Profiteering (Mechanism to Determine Unreasonably High Profit) (Net Profit Margin) Regulations 2014 has stipulated that in the 18 months from 01 January 2015 till 30 June 2016, traders and retailers are not allowed to increase their net profit. While increasing prices do not necessarily translate to an increase in net profits, a trader or retailer has to, if called upon by the relevant regulatory authority, prove that the increased price did not result in any increase in net profits. For the time being at least, raising prices has therefore become very much a last resort option.

Retailing – Domestic and Abroad (cont'd)

As for Vincci, both the revenues and profits were down from the previous financial year and this was in spite of an increase in the number of outlets retailing its products. In recent years, the brand has lost some traction with its target market as its product designs had not kept pace with the demands of its customers. Traditionally, a very large part of its supply had come from local manufacturers whose products had played quite a significant part in Vincci's success. Over the years however, due to an unwillingness to upgrade their equipment, a certain amount of redundancy had set in among the local manufacturers rendering them unable to cope with the changes in design trends. Furthermore, a preoccupation with affordable selling prices coupled with a reluctance on the part of the brand to forgo some of its margin meant that less money was put into its product, resulting in deteriorating quality. And then of course, there were also complacency issues with an R&D department that had experienced such a long spell of success. To address these problems, the supply chain has undergone a revamp. Inefficient manufacturers had been phased out and engagement with more design-progressive manufacturers in China had expanded. To improve upon quality, manufacturing costs have been allowed to increase and where absolutely necessary, prices have also been raised. Besides the appointment of a new Brand Manager more than a year ago, a new head of design was also brought on board to rejuvenate the merchandising and R&D departments. While we do not expect Vincci to regain its glory days in the near term, we are optimistic that the decline had been halted.

Café Operations

We had closed our café operations at the Mid Valley Megamall by March 2015 but the one located at our office in Shah Alam is still operating and we intend to keep it going, not as a business venture but more for the benefit and convenience of our staff and visitors. For the financial year reviewed, the café operations had incurred a loss of RM582,000 which was up about 8.8% from the amount lost last year. The increase was primarily attributed to an increase in operating costs, particularly in wages and salaries of the café staff.

Future Outlook

The months ahead are fraught with economic obstacles. Even as the impact of the recently introduced GST continues to weigh upon discretionary spending and consumer sentiment, the much weakened ringgit has resulted in rising import costs. We had gone ahead with our decision not to raise prices on all stocks that we had on hand prior to the imposition of the GST and this had caused gross margins to contract somewhat. That prices will have to rise at some point in future is already a given. The question is by how much. The increase in prices should ideally cover the GST involved as well as the increase in our import costs but that would probably result in prices that would be quite unappealing to many of our customers. In this respect, we also need to consider how our competitors' prices are behaving as the consumers we serve are surely quite price-sensitive. To retain our customers and their continued engagement with our brands, our merchandising, promotional and pricing strategies must always be guided by delivering value to those who purchase our products. Not only will this enhance the confidence that consumers have in our brands, it should also go some way toward driving revenues.

The uncertainties notwithstanding, the Group still plans to add at least another 5 to 6 shops each for our Padini Concept Stores and Brands Outlet in the coming financial year. Of the new malls where the new stores are to be located, only 3 of them will be in the Greater Kuala Lumpur area. The widening of the geographical reach of our distribution network is important as it allows us to bring our brands, products and retail concepts to markets that are usually not well served by the more established labels. Since consumers will shop anyway, they will certainly be more disposed to engaging with a better established retailer like Padini rather than the collection of generic brands that have tended to characterise retail in the less urbanised parts of the country.

Having mentioned at the start of this statement that the future of shopping and retailing will certainly involve digital retailing, we have also made investments into building an e-commerce platform. This was done in the understanding that we surely need to get on to this learning curve sooner rather than later so that we can build the competencies needed to operate and administer an online shop, and then proceed to offer the conveniences and advantages of both the digital and physical stores to our consumers.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my appreciation and thanks to our management and our staff at all levels and positions for their contributions and 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.

Chia Swee Yuen
Chairman

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.

Since the financial year ended 30 June 2009, the Company had, on an annual basis conducted 2 training programmes. The programmes had initially targeted graduates interested in pursuing management career opportunities in the retail apparel industry as well as undergraduates keen to obtain some practical working experience by serving as interns. These were modified later on to focus more exclusively on preparing participants for careers in the apparels retail trade. For the 2015 financial year, the Company tweaked the training programmes further to render them more relevant to the needs of the Company's retail business, resulting hence in the following:

1. Brands Outlet Retail Trainee Programme: Opened to graduates, this programme was started in June of 2014 and was developed to impart skills needed to manage the frontline operations of a large-sized retail outlet. Conducted over a 3-month period, this programme comprised both classroom and on-the-job training at our Brands Outlet stores and learning included managing staff, stocks, cashiering, customers, etc.. Our Brands Outlet stores are usually of an average size of about 12,000 square feet, with the smallest at around 5,000 square feet and the largest at about 23,000 square feet. The Brands Outlet operates a value-for-money concept and uses a large number of generic brands to represent its many product categories. Upon completion of the programme, all trainees will be awarded a certificate of participation and an opportunity to join the Group. Alternatively, trainees who have completed the programme can also use the certificates earned to boost their employment chances at other retailers.

2. Concept Store Operations Trainee Programme: This programme was introduced in May 2015 following the successful implementation of the Brands Outlet programme mentioned above. While the two programmes are similar in nature, the exposure that trainees were given differed in the sense that for this programme, trainees did their on-the-job training in the Group's Padini Concept Stores. Unlike a Brands Outlet store, the Padini Concept Store is usually larger (average size is around 16,000 square feet) and while the former is characterized by the diversity of its merchandise, the latter houses a collection of brands, with each brand having its own specific brand identity and appeal.

During the year under review, a total of 4 programmes were conducted, involving 33 participants and incurring an expenditure of RM157,000. Of the 33 who participated, 13 were accepted into the Group's employment.

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. Generally the classroom project mimics consultancy work. Students are given a real-life problem that Padini faces and the students will through various activities attempt to deliver a solution. During the year reviewed, the partnership collaborated on a classroom project involving 2 classes and 58 students and covering a period of nearly 2 months. The project concerned the dearth of talent in the retail industry and the obstacles faced in recruiting and retaining the right talents needed to operate at the front-line.

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 2015 financial year, the Group spent about RM204,000.00 on 181 sessions for in-house education and training programmes for its employees. Training mostly covered job-specific topics as well as general matters such as effective communication, coaching skills, leadership, etc. A total of nearly RM12,000.00 was also spent on external training and certification. Over the year and across the Group, each eligible employee received an average of about 7.7 hours of training. As per Company's practice, leaves were extended to those sitting for professional and other examinations. From time to time, staff from the Group's Human Resource and Training Department was also given time off from work to attend job-related talks and seminars conducted by the Malaysian Federation of Employers.

- 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. The Group's Human Resource and Training Department is tasked with ensuring that the Group's labour practices are in compliance with the latest statutes and legislations.

  In October 2014, a Caring Week was organized and the following programs were conducted for the benefit of the employees:

  1. Mental health screening by Spectrum of Life
  2. Bone health check by Anlene
  3. Blood donation by Pusat Darah Negara
  4. Blood test by the National Kidney Foundation
  5. Presentation of Long Service Award, Best Employee Award and Outstanding Team Award.

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, spending a total of 451 man-hours in the process:

- Pertubuhan Kebajikan & Perlindungan Nur Qash Malaysia, Taman Melawati, Kuala Lumpur
- Pusat Kebajikan Baitul Maghfirah, Johor Baru, Johor
- Rumah Anak Kesayangan, Sabah
- House of Love, Klang, Selangor
- Persatuan Kebajikan Ci Hang-Chempaka Selangor, Kampung Baru Subang, Selangor
- Shan Children's Home, Tanjung Tokong, Pulau Pinang
- Ru Yi Home, Tanjung Tokong, Pulau Pinang
- Yayasan Sunbeam Home, Cheras, Selangor

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 Kelab Kebajikan Syarikat Padini Holdings Berhad (formerly Caring From The Heart), a group consisting of employee volunteers from Padini. A total of RM17,000.00 in cash and kind were donated to the homes mentioned.

Besides the above, the Group also donated assorted Padini merchandise to various charities. An in-house blood donation campaign which attracted 56 successful donations was organized by the Group HRT department in collaboration with Pusat Darah Negara.

We sponsored 92 employees for a Lifecheck programme conducted by the National Kidney Foundation and made a RM500.00 cash contribution to the Foundation to fund the operating cost of the Lifecheck Programme.

RM500.00 was also donated to Suria KLCC Group in support of their efforts in organizing the Sunshine September campaign in Alamanda, Putrajaya, to raise funds for the National Autism Society of Malaysia.

We sponsored 2 teams consisting of 10 of our employees to participate in the annual KL Rat Race Charity Run organized by the Edge held in September of 2014. A contribution of RM32,000 was made in relation to our participation.

Environment

During the 2015 financial year, we had collected and sold for recycling a total of 2.32 tonnes of used paper and paper products; the proceeds amounting to some RM569.00, while negligible, were used in part to fund some of the Group's philanthropic activities.

Our Kelab Kebajikan committee members also got together with their colleagues in Pulau Pinang and participated in cleaning beaches in the state.

30 runners from the Group were also sponsored to participate in the CNI Charity Run as a contribution to the Yayasan CNI's initiative to raise funds for their "Plant a Tree, Plant a Hope" programme. The programme had a target of planting 1,000 trees.

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 ("Bursa Malaysia") 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 to craft and then present strategic plans and objectives at the 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 operations on day-to-day basis to ensure achievement of the plan handed down by the Board.

The Board Charter, available on the Group's website (corporate.padini.com), spells out in greater detail the responsibilities of the Board as a whole and that of the Chairman and the CEO in particular. It also spells out matters that are reserved specifically for its decision for approval and change. Briefly the Board has the overall responsibility of providing leadership for the Group in terms of strategic direction for the Group's business, good corporate governance, and guiding management in the achievement of business objectives. The Board's oversight is there to ensure that management does not overstep the boundaries of legal, prudent and morally acceptable behaviours.

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 must always come first. Since the executive directors oversee the day-to-day running of the Group's activities and hence have pertinent information about the Group's business and the developments taking place in the industry, they become primarily responsible for proposing the strategic directions that the Company should adopt. The Board on the other hand questions whether the strategic plans proposed are appropriate for the Group taking into consideration the competitive landscape in which the business operates. To ensure that the business is managed effectively and to have an objective way to measure that effectiveness, the Board adopted KPIs for all senior managers. The KPIs do more than just provide benchmarks against which performance can be gauged but the process of setting KPIs itself seeks to inculcate in the managers the right attitudes relating to the goals and objectives of the business.

Frequent engagements with both the internal and external auditors have constantly reminded the Board of the risks faced by the processes that support the operations of the business, and how such risks can be mitigated by better operating procedures. In understanding that risks are unavoidable, the Board strives to strike a balance between risks and gains. 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.

In reviewing the adequacy and the integrity of the management information and internal controls system of the business, the Audit Committee plays a pivotal role. Guided by the feedback and recommendations given by the internal and external auditors, the Audit Committee engages regularly with the Board to ensure proper compliance with standards, legal provisions and regulatory requirements. Our current Audit Committee is made up of three independent non-executive directors, all of whom are Chartered Accountants with experience in auditing, industry and commerce and banking.

While the Board is aware that a formal programme is not in place to address the issue of succession especially for its senior managers, the reality is that senior managers have repeatedly been reminded of the need to identify those among their staff who are capable of moving up the management hierarchy, and to mentor them on an informal basis. As such, many important positions have been filled internally by people who already understand the culture and the shared values of the Group. The internal promotions also provide employees with a viable career path and achievement that they can aspire to.

Where communication is concerned, the Group has a website (corporate.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 . There is also an e-mail address under the same heading for interested parties to contact us directly. Very often, the people who have used this e-mail contact have ranged from students seeking interviews, customers with complaints, shareholders, research analysts, potential investors seeking information about the Group, to those interested to buy from or sell to the Group. Besides the above, for social media engagement, the Group also maintains a Facebook page, a Twitter page and an Instagram account.

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 Group's Employment Manual. This code provides the parameters governing appropriate behaviours that promote honesty and integrity and covers engagement with both employees and with third party stakeholders. It is to be noted that since executive directors are bound to the Group by their respective contracts of service, they would also be treated for the purposes of the code as employees and hence subject to the penalties stated for breaching of the code. Our recently updated Manual expanded on behaviours deemed inappropriate and contains also a section on whistle-blowing. The coverage of the things the Company is prevented from doing to a whistle-blower, the areas of whistle-blowing and the go-to persons for whistle-blowing is very comprehensive and the details are also available on our corporate website. Of special significance is the fact that whistle-blowing reports may also be directed to the Group's senior independent director. Who the senior independent director may be is indicated in the annual report and also mentioned on the website.

In addition to the code contained in the Group's Employment Manual, the Board is also bound by a code of conduct for its members, a summary of which can be found on the Group's website.

Recommendation 1.4

On strategies to promote sustainability, they are viewed from the environmental, social and governance aspects.

Any form of economic activity is bound to impact upon the environment and the considerably lower prices that we pay today for the products we use have been made possible by modern day production methods which operate on the principle of division of labour. As such, while we sell apparels, we do not grow the cotton nor do we weave it into fabrics or dye the fabrics into the colours we want. With OEM, we do not even manufacture the garment anymore. And after the manufacturing, copious amounts of paper and plastics products are used in the transport and packaging of the finished item just so they look presentable and appealing when they reach the stores. Considerable amounts of resources are consumed and a fair bit of pollution is generated in the process of bringing the product to the market-place but there is no guarantee that all that has been produced will be bought and consumed efficiently. Yes, we do give away unsold items but even before that, all the packaging materials would already have been discarded (adding to rubbish) and the resources that went into making them would have gone to waste. The very many activities that surround the apparels and footwear retail trade have considerable impact on the environment but there is very little that can be done in the way of greening the activities mentioned without raising costs considerably or without facing a very real prospect of a greatly reduced business. As such from the environmental standpoint, there has not been a lot that we can do to promote environmental sustainability. Yes we now only use bio-degradable plastic bags, we recycle paper products and try to use energy-efficient lighting wherever possible, but these pale in comparison to the impact that the apparels trade has on the environment.

As social concerns go, our engagements with stakeholders are considerably better. This is primarily due to the fact that especially in relation to the shareholder and to the employees, numerous statutory provisions are already in place that seek to protect the rights of these two parties. For the shareholders, a large part of their rights are protected by the provisions of the Companies Act, 1965 and Bursa Malaysia's Main Market Listing Requirements while employees are protected by the various labour ordinances, industrial relations statutes as well as by numerous acts promoting their welfare and safety.

To further enhance the welfare of our employees, our policies relating to recruitment, career prospects, and rewards are merit-based. Discrimination if any exists is dealt with as they surface and continually, employment policies are amended to make the workplace more inclusive and diversified. The Group also provides various insurance policies to all full-time employees covering accidents, health and even death. For those wishing to upgrade their skills and competencies, the Group provides grants, loans, paid study leaves, time off for examinations as well as numerous in-house training programmes.

Where our products are concerned, our sourcing team vets and monitors manufacturers to ensure that manufacturers do not employ child labour or operate under sweat shop conditions, and while we do not conduct official audits to verify these, our staff do visit the manufacturers regularly to confirm that such practices are not carried out by our manufacturers. For the consumers, the Group maintains a liberal return policy. Even our debtors and creditors are protected by the provisions in the Group's code of conduct for its employees.

As for the governance aspects of business, the Board will be guided by the recommendations of the MCCG 2012 and actively strives to comply with the recommendations as far as practicable. As have been mentioned, issues relating to sustainability and the impact of the Group's activities on the environment will be especially difficult seeing how the products that we acquire are the end results of a long chain of economic activities over which the Group have very little control.

Recommendation 1.5

As practised already, Board members are provided with information such as minutes of previous meetings, financial reports and board papers 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 '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, both 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. Besides the routine secretarial functions pertaining to the correct procedures that the Board members need to abide with when conducting the business of the Board, the Company Secretaries also provide the Board with updates on regulatory requirements and do the needful so that Board members are in compliance with the current policies and practices mandated by the authorities that regulate the affairs of listed corporates. On occasions, the Secretaries also provide inputs and advice pertaining to certain best practices and also from recommendations put forth by their professional associations. In doing so, the Secretaries enable the Board to carry out their duties and responsibilities with improved clarity of the regulatory environment.

Recommendation 1.7

A Board Charter that formally spells out the structure and composition, responsibilities, rights and procedures of the Board is available for public viewing in the Group's website. The charter also contains details pertaining to the positions of the Chairman and the Chief Executive Officer and the responsibilities assigned to them. Besides that the responsibilities of the various board committees, and the manner in which the relationship between the Board and management is also stated.

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. A Nominating Committee Charter is also available for viewing on the Group's website. In the charter, the composition, duties and authority of the Committee are disclosed. Currently, the chair of the Committee is held by the Group's senior independent director who is also tasked with leading the Committee in the annual evaluation of the directors which would also include the chairman of the Board of Directors. A statement outlining the activities of the Nominating Committee for the 2015 financial year is contained in a separate section of the Annual Report.

Recommendation 2.2

In the Report of the Nominating Committee for the financial year ended 30th June 2015, the process of the committee spells out the steps involved in the recommendation, evaluation, appointment, and induction of a new director. At the same time, the Report also deals with numerous other issues relating to training, time commitment, performance evaluation, re-election, board composition, etc.. A more detailed description of the Report is contained in another section of this annual report.

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. Certain recommendations were made as to the types of training that directors should attend as a whole, and individually for the enhancement of skill sets related to the job functions specific to each director.

The Committee has decided that the assessment undertaken with respect to the Board and the various committees would focus on the overall structure and the ability to do the work entrusted to them, on handling issues related to corporate strategy and planning and to managing risks and internal control. As for the individual board members, assessment would focus on each director's performance in relation to the time commitment, participation in Board meetings and deliberations, understanding of the Group's business and of the roles and responsibilities of a director.

As regards gender diversity in the Board, the Board Charter states that at least 2 or 1/3 of its members must be females, and the Board is currently in compliance with that.

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. A Remuneration Committee Charter is available for public viewing on the Group's website. In the charter, the composition, duties and authority of the committee are disclosed.

In relation to the remuneration packages of the executive directors, the majority of these had been based on contracts that have been made prior to the setting up of the Remuneration Committee and as such, the terms and conditions of such contracts were not deliberated upon by the Committee but had been based upon the negotiations carried out between the individual director and the executive board. As for any executive directors appointed after the setting up of the Committee, the terms and conditions of their appointment were decided after review by the Committee. Besides that, the Committee would also assume review of the remuneration offered to new members of senior management where applicable. The chair of the Committee is currently held by an independent non-executive director.

Principle 3 – Reinforce Independence

Recommendation 3.1

The Nominating Committee had noted that the independent directors had been assessed on their independence, that all such directors had declared their independence, and that there were no reported incidents of conflict of interests. The assessment required the independent directors to declare their responses to a list of questions that touched upon issues that would impair their independence, e.g., are they nominees, or which would create situations of conflict of interest.

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 Nominating Committee had proposed a letter outlining the time commitment that all directors must make in their course of carrying out their responsibilities as directors of the Company. This was subsequently adopted and approved by the Board and all directors signed copies of the letter as an indication of their commitment.

Protocols were also adopted that govern how external directorships are to be accepted or not. The applying director must firstly ensure that sufficient time will be allocated to the Company for him/her to perform his/her roles responsibly. A notification on the acceptance of an external directorship must be made to the Company Secretary who would then notify the Chairman of the Board . Should any potential conflicts in interest arise out of this external directorship, it will then be tabled at the Nominating Committee for their decision.

As for ensuring that Board members undergo appropriate continuing education programmes, the Nominating Committee proposed guidelines which the Board approved for adoption. The basic guideline was that all directors should attend training for general topics meant to upgrade the skills of being a director, e.g., issues of corporate governance, and that individual directors should receive training relevant to the job functions each director performs.

For the 2015 financial year, the actual training received by the directors is reported under the heading "Other Information" of the Profile of Directors section.

Principle 5 - Uphold Integrity in Financial Reporting

Recommendation 5.1

To further enhance the quality of the Audit Committee and its ability to uphold the integrity of the Group's financial reporting, the 3 independent non-executive directors who comprised the Audit Committee are all Chartered Accountants with extensive experience in auditing, commerce and industry and in banking. The Chairman of the Committee is a practising accountant who ensures that the Committee reviews the financial statements based upon applicable financial reporting standards. Not only does this enhance the reliability of the financial reports prepared by management, it also promotes meaningful discourse whenever the Audit Committee engages with the internal and external auditors. A summary of the work done by the Audit Committee is available in the Report of the Audit Committee. To promote greater impartiality and to ensure that both the internal and external auditors are able to speak freely, executive members of the Board do not participate in the meetings of the Audit Committee except by invitation from the Audit Committee, which happened very rarely.

Recommendation 5.2

As the initial intention was for the external auditors to provide only audit services to the Company, the Audit Committee did not at the outset establish any policies to govern those circumstances under which contracts for the provision of non-audit services to the Company can be entered into. However following the need to prepare our operating and accounting processes to comply with the legal requirements necessitated by the GST regime enforced on 1st April 2015, it was decided to engage BDO Tax Services to assist the Group in the implementation process. This decision was made after considering several other providers as regards their fees, their pedigree and their commitment to provide the required talents to do the job within the time-frame set. The Board would like to state here that this engagement with BDO Tax Services had arisen because of the urgent need to get the Group GST-ready and as such represented an isolated case. While the Board believes that further engagements with the external auditor for non-audit services may be remote, the Audit Committee nevertheless deliberated over the issue at length during the 2015 financial year and established a set of policies that govern engagements with the external auditor for audit and non-audit services. The policies were presented to and discussed at a Board meeting held in August 2015 and were subsequently approved for adoption. The said approved policies can also be viewed in the Report of the Audit Committee contained in the Company's 2015 annual report.

The Audit Committee has requested and obtained 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'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 (corporate.padini.com) under the heading of "Investor Relations" are various direct links to announcements made and reports submitted to Bursa Malaysia. The Board Charter and the charters for the various committees of the Board together with the code of conduct for the Board can also be found under the same heading.

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 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 as well as in the quarterly results, 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 2015.

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. Mr Lee Peng Khoon (Independent Non-Executive Director; Member)
iii. Mr Chia Swee Yuen (Independent Non-Executive Director; Member)

Terms of Reference of Audit Committee

(A) Terms of Membership

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

In the event of any vacancy in the Audit Committee resulting in the non-compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("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 2015. The details of the attendance of the meetings are disclosed under the heading 'Attendance of Audit Committee Meetings' on page 24 of this Annual Report.

In the Audit Committee Meeting held on 9 October 2014, the Audit Committee had met with the representatives from the external auditors without executive Board Member and the Group's Financial Controller's presence. In all the other four meetings, either the Chief Financial Officer or the Accounts Executive were 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.

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 2015 are as follows:-

Directors	Meetings attended by the Directors/Total Number of Meetings held during the financial year ended 30 June 2015	% of Attendance
Mr Foo Kee Fatt	6/6	100%
Mr Lee Peng Khoon	6/6	100%
Mr Chia Swee Yuen	6/6	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 Internal 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 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, MFRS and other regulatory requirements.

iii. External Audit

- Reviewed with the external auditor, their audit plan for the financial year ended 30 June 2015 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;

- Reviewed their performance and independence before recommending to the Board their reappointment and remuneration; and

- Reviewed and recommended to the Board of Directors the pre-approval policies and procedures for the engagement of the auditor to render audit and certain permitted audit related and non-audit services. The policy was approved for adoption by the Board of Directors. The said policies and procedures are attached as Appendix I at the end of this report.

iv. Internal Audit

- Reviewed with the internal auditor their Audit Plan for the calendar year starting June 2015 to May 2018 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 and performance 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 2015:

- Project Management Department
- Sales and Operation Functions
- Finance and Accounts
- High Level Risk Assessment Report

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 RM56,000.00.

Appendix 1

Proposed Audit and Non-Audit Services Pre-approval Policy by Audit Committee

1. General

This policy applies to Padini Holdings Berhad('Padini') and any entities over which Padini has control or joint control (the "Group"); the policy therefore applies to Subsidiaries and Joint Ventures.

The Audit Committee of the Board of Directors is responsible for the appointment, compensation and oversight of the work of the independent auditor. This responsibility requires the Audit Committee to ensure that the audit and non-audit services performed by the independent auditor do not impair the auditor's independence from the Group and in line with the rules issued by the Securities Commission (the "SC"), the Accounting Oversight Board (AOB), Bursa Malaysia Securities Berhad (Bursa Malaysia) and Malaysian Institute of Accountants (MIA).

The Audit Committee has established pre-approval policies and procedures for the engagement of the independent auditor to render audit and certain permitted audit related and non-audit services.

This policy is approved by the Board on 18 August 2015.

2. Permitted Services and Fees

The appendices to this policy describe the Audit, Audit related, Tax and all other services that have the general pre-approval of the Audit Committee. The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee considers a different period and states otherwise. On an annual basis the Audit Committee will review and pre-approve the services which may be provided by the independent auditor. The Audit Committee will update the list of general pre-approved services from time to time. The Audit Committee may grant general pre-approval to other audit services, which are those services that only the independent auditor reasonably can provide.

No approval will be granted in respect of prohibited non-audit services as defined by the rules of the SC, AOB, Bursa Malaysia and MIA. A list of prohibited non-audit services is attached as Appendix A.

2.1. Audit services

The Audit Committee will recommend to the Board for approval of the annual audit engagement terms and related fees. The independent auditor's engagement includes the following:

- Annual audit of the financial statements of the Group,
- Statutory audit and any other opinions on the financial statements of entities within the Group,
- Any other procedures required to form an opinion on the Group's consolidated financial statements.

Other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit. Audit services also include the attestation engagement for the independent auditor's report on internal controls for financial reporting.

The Audit Committee has pre-approved the audit services in Appendix B. All other audit services not listed in Appendix B must be specifically pre-approved by the Audit Committee.

2.2. Audit fees

The Audit Committee will recommend to the Board for approval of the annual audit fees. At each Annual General Meeting, shareholders are asked to authorise the Board to fix the remuneration.

2.3. Audit Related, Tax and All Other services

The Audit Committee has, in Appendices C and D, outlined the type of audit related, non-audit and all other services that they will permit the independent auditor to carry out on behalf of the Group ("general pre approval"). Where a type of service has not received general approval, it will require specific pre-approval by the Audit Committee if it is to be provided by the independent auditor. In all cases where it is unclear whether or not a proposed service falls within the general pre-approvals, the Finance Director must be informed and will seek specific Audit Committee pre-approval.

2.4. Non Audit Fees

The Audit Committee will recommend to the Board for approval of any non audit fees.

3. Approval Procedures for Audit and Non Audit Services

This Policy does not delegate the Audit Committee's responsibilities to pre-approve services being performed by the independent auditor to management.

3.1. Non Audit Service Procedures

All requests for services to be provided by the independent auditor will be submitted to the CFO.

All requests must include a detailed description of the services to be rendered and an outline of the maximum fee to provide the service. The Finance Director will determine whether such services are included within the Audit Committee's general pre-approval listing of non audit services. Where the service is not listed or is material and/or complex in nature, the Finance Director will bring it to the Audit Committee for their specific approval.

Proposal for the requests to provide services requiring specific approval by the Audit Committee will be submitted by both the independent auditor and the CFO and must include their view whether the request or application is consistent with the rules on auditor independence.

3.2. Tax Services

Permissible tax services performed by the independent auditors are outlined in Appendix C and D. The independent Auditor is required to provide the following information when seeking Audit Committee pre approval for these services:

a. The scope of service, the fee structure for the engagement, or any other agreement (whether oral, written, or otherwise) between the firm and Padini, relating to the service; and
b. Any compensation agreement or other agreement, such as a referral fee or fee-sharing arrangement, between the independent Auditor (or an affiliate of the firm) and any person (other than Padini) with respect to the promoting, marketing, or recommending of a transaction covered by the service.

The independent Auditor is also required to discuss with the Audit Committee the potential effects of the services on the independence of the firm; and document the substance of its discussion with the Audit Committee.

The fee structure for all tax services outlined in the relevant appendices will be either on a fixed fee or a time and materials basis.

4. Audit Committee Annual Reviews

The Audit Committee will review the following on an annual basis.

- Review and discuss with the independent auditor its methods and procedures for ensuring independence and obtaining independence confirmation from external auditors;
- The CFO's report outlining the audit related and non audit services that were approved during the previous year that corresponded to the general pre-approval listing and the amount up to which those services were approved for.

Appendix A
Prohibited Non-Audit Services

- Bookkeeping or other services related to the accounting records or financial statements of the Group
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports
- Actuarial services
- Internal audit outsourcing services
- Management functions
- Human resources
- Secondments to Padini where the audit firm's staff acts as an employee, or performs any decision-making, supervisory or on-going monitoring functions
- Broker-dealer, investment adviser or investment banking services

Appendix A (cont'd)
Prohibited Non-Audit Services (cont'd)

- Legal services
- Expert services unrelated to the audit
- Tax services relating to the promotion of aggressive tax structures/products
- Transaction related services that involve contingent fees or commission being paid to the independent Auditor

Appendix B
Pre-Approved Audit Services:

- Statutory audits or financial audits for the Group
- Audit of the Company's internal control over financial reporting
- Review the disclosure of realised and unrealised profits or losses
- Consultations by the company's management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SC, Bursa Malaysia, MIA, MASB, or other regulatory or standard setting bodies
- Services associated with Bursa Malaysia requirements, periodic reports and other documents filed with the SC, Bursa Malaysia or other documents issued in connection with securities offerings, and assistance in responding to SC or Bursa Malaysia comment letters

Appendix C
Pre-Approved Audit-Related Services:

- The provision of an opinion in relation to the fulfilment of conditions set out in the share option scheme of the Group
- Due diligence services pertaining to potential business acquisitions/dispositions
- Agreed-upon or expanded audit procedures relating to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters and the requirements of rental/leasing agreements
- Internal control, risk management and corporate governance reviews and assistance with associated reporting requirements
- Consultations by the Group's management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SC, Bursa Malaysia, MIA, MASB, or other regulatory or standard-setting bodies.
- Attestation services not required by statute or regulation
- Provision of seminars, training and reference material with regards to auditing, tax and accounting
- Review of the effectiveness of the internal audit function
- General assistance with implementation of the requirements of Bursa Malaysia listing requirements

Appendix D
Pre-Approved Tax Services:

Tax Compliance Services
- Preparation of corporate tax returns / foreign jurisdiction tax filings
- Requests to extend the due date of returns and corporation tax computations
- Responses to routine inquiries from tax authorities concerning tax return processing matters
- Assistance with corporate income tax and payroll reporting and filing obligations
- Tax audit representation and dispute resolution services to assist the Group's undergoing tax examination by the tax authorities (not including representation before a tax court or behind the scenes assistance to counsel)

Direct and Indirect Tax Advisory Services
- Assistance with domestic and international tax planning (including issues on GST, sales and use, customs and excise duty tax compliance)
- Identify specific approaches to addressing the Group's efforts to structure transactions tax-efficiently and to report tax liability appropriately
- Provide tax opinions, technical memoranda or assistance in obtaining private rulings from tax authorities
- Obtain governmental tax incentives
- Provide routine tax advice and assistance ("on-call tax advisory services")
- Assistance with one-off questions on specific tax issues, drafting memos on specific tax rules, and assisting with general transactional questions
- Advisory assistance with tax function reviews, tax data enablement of source systems, and related change management services
- Meeting with Group to review status of tax legislative activities
- Issuing Legislative alerts and identifying issues and advising on approach

MEMBERS

Lee Peng Khoon	Foo Kee Fatt	Chia Swee Yuen
Independent Non- Executive Director Chairman	Independent Non-Executive Director Member	Independent Non-Executive Director Member

TERMS OF REFERENCE

The Nominating Committee's terms of reference are set out in the Nomination Committee Charter which is available on the Company's website at corporate.padini.com.

THE PROCESS OF THE NOMINATING COMMITTEE

The Senior Independent Director is the Chairman of Nominating Committee who is responsible for the conduct of meetings. Regular meetings are fixed in a calendar year and the Nominating Committee Chairman has the discretion to call for additional meetings whenever required.

In appointing an appropriate individual to the Board, the Nominating Committee shall first consider and recommend to the Board the suitable candidate for directorship taking into consideration the candidate's skills, knowledge, competencies, expertise and experience, time commitment, professionalism, integrity and diversity.

Upon appointment to the Board, all new Directors are required to undergo a comprehensive induction programme and will receive a briefing regarding the Company and the Group, their operations as well as what is expected of the newly appointed Director(s) in terms of time commitment, Board Committee involvements, if any, and other involvements outside Board and Board Committee meetings.

Before any Director accepts any new external Board appointment, the Director shall first ensure sufficient time commitment to the Company and write to the Company Secretary who will then bring the matter to the attention of the Chairman of the Board. If there is a potential conflict in the appointment, it will be tabled at the Nominating Committee.

Directors seeking re-election, re-appointment and retention would abstain from all deliberations regarding his/her re-election, re-appointment and retention.

All Nominating Committee meeting minutes, including meeting papers, on matters deliberated by the Nominating Committee in the discharge of its functions are properly documented.

Recommendations by the Nominating Committee are reported at the meeting of the Board by the Chairman of the Nominating Committee for the Board's consideration and approval.

STATEMENT ON ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30th JUNE 2015

During the financial year ended 30th June 2015, the Nominating Committee had met six times, on 27th August 2014, 9th October 2014, 26th November 2014, 16th February 2015, 19th May 2015 and 25th June 2015.

No.	Nominating Committee Members	Meeting Attendance
1.	Lee Peng Khoon	6/6
2.	Foo Kee Fatt	6/6
3.	Chia Swee Yuen	6/6

During these meetings the following business were transacted:

INDUCTION PROGRAMME FOR NEWLY APPOINTED NON-EXECUTIVE DIRECTORS

The Committee recommended that the Induction Programme of the Company for newly appointed Non-Executive Directors to incorporate the relevant provisions of Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements, the Companies Act, 1965 and other regulations. The Board subsequently approved the Induction Programme as recommended by the Committee and further agreed that the Chief Financial Officer be tasked in organizing the programme.

TIME COMMITMENT

The Committee had agreed to adopt the letter on Director's time commitment to devote sufficient time to carry out their responsibilities as Directors of the Company. This was subsequently approved by the Board of Directors for adoption by the Company and has since been implemented.

TRAINING

The Committee had considered and agreed to the Proposed Guidelines for Directors' Continuous Training which was also subsequently approved by the Board of Directors for adoption by the Company. The Board had completed the modified Board Skills Matrix Form and the Committee had reviewed the results of Board Assessment of the Directors Skills Sets and also the trainings attended by the present Board of Directors from 2011 to-date. The Committee recognizes that Directors should be equipped with skills and knowledge that are relevant to their roles and thus should attend trainings that are related to their specific roles on the Board in the Company. However all Directors should attend trainings on general topics such as corporate governance. Other topics such as knowledge in accounting standards would also be beneficial for all Directors to have a basic understanding of the subject and not all Directors need to be specialized in a specific topic. The Committee agreed on the following guidelines for training:

- Trainings on general topics such as corporate governance – all Directors to attend
- Topics which are recommended but not compulsory
- Topics on specific skills, related to job functions

Each Director would be given the flexibility to identify the trainings that he/she wishes to attend and inform the Committee on his/her choice of training which would aid him/her to carry out his/her roles as a Board member. The Committee decided that they will look into the training requirements after the Directors have identified the trainings to attend, based on the guidelines set above.

The description of trainings attended by the Directors for the year ended 30th June 2015 is found on pages 40 and 41 of the Annual Report.

PERFORMANCE EVALUATION

The Committee had adopted the practice of peer evaluation of individual Directors and the Board as a whole. The Performance Evaluation Form for Directors were completed by each individual Director. The overall results of the evaluation of the Directors and Board as a whole for the year ended 30th June 2014 was satisfactory.

RE-ELECTION OF DIRECTORS

The Committee had used as a guide the completed Performance Evaluation Form of Directors to evaluate, review and recommend to the Board of Directors the directors below who were due for retirement by rotation in accordance with Articles 102(1) and 109 of the Articles of Association of the Company, at the 33rd Annual General Meeting held on 12th December 2014 ("33rd AGM").

Article 102(1) of the Articles of Association of the Company states that "An election of the Directors shall take place each year. Subject always to Section 143 of the Act at the first annual general meeting of the Company all the Directors shall retire from office, and at the annual general meeting in every subsequent year one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third, shall retire from office. PROVIDED ALWAYS that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires."

Article 109 of the Articles of Association states that "The Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting."

Director	Designation	Relevant Provision
Mr Yong Pang Chaun	Managing Director	Re-election under Article 102(1)
Mr Chan Kwai Heng	Executive Director	Re-election under Article 102(1)
Mr Lee Peng Khoon #	Independent Non-Executive Director	Re-election under Article 109
Mr Chia Swee Yuen #	Independent Non-Executive Director	Re-election under Article 109
Ms Yeo Sok Hiang	Executive Director	Re-election under Article 109

 # Director abstaining from all deliberations in the Committee meeting regarding his re-election

RE-ELECTION OF DIRECTORS (cont'd)

Subsequent to the financial year ended 30th June 2015, the Committee had reviewed and recommended the following Directors for re-election at the forthcoming Annual General Meeting:

1. Ms Yong Lai Wah
2. Mr Cheong Chung Yet
3. Mr Foo Kee Fatt

INDEPENDENCE

The Committee noted that the independent Directors were assessed annually on their independence and all independent Directors had declared their independence and no conflict of interest was reported.

SUCCESSION PLANNING

Steps have been taken to ensure continuity in some of the key positions with the appointments of Mr Andrew Yong Tze How on 6th January 2014 as alternate director to Madam Chong Chin Lin and Ms Yeo Sok Hiang on 1st July 2014 as the Chief Financial Officer/Director. The Committee felt that Board positions were fairly stable and that there is succession planning for senior management.

SENIOR INDEPENDENT DIRECTOR

The Board had agreed to the appointment of Mr Lee Peng Khoon who is the Nominating Committee Chairman, as the Senior Independent Director on 27th August 2014.

The Committee was of the view that the Senior Independent Director's role would be as a channel to facilitate whistle-blowing. The Committee had agreed to a list of the roles and responsibilities of the Senior Independent Director who would also lead the Committee in the annual evaluation of the performance of the Directors (including the Board Chairman) and the Board. The Board subsequently approved the list recommended by the Committee.

CRITERIA FOR THE APPOINTMENT OF DIRECTORS

The Committee agreed that any proposed Director should meet the minimum requirements/qualifications as set out in the Companies Act, 1965, Bursa Malaysia's Main Market Listing Requirement and the Malaysian Code on Corporate Governance 2012.

The Committee also agreed to adopt the Board Skills Matrix Form that has been fine-tuned for the Company's purpose in the selection and assessment of Directors and that the skills matrix will be reviewed annually to suit the changing needs of the Company over time. The Form was subsequently approved by the Board as a skill set guide in determining the composition of the Directors.

BOARD COMPOSITION

On the Company's Policy on Board Composition with regards to the mix of skills, independence and diversity required to meet the needs of a listed issuer, the Committee noted that the Board Charter had already mentioned the policy on independence of its members as well as gender diversity wherein it is stated that at least 2 directors or 1/3 of its members, whichever number is higher must be independent directors and at least 2 directors or 1/3 of its members whichever number is higher, must be females. The Committee is satisfied that the conditions on these two policies have been complied with by the Company.

The Board Skills Matrix Form was completed by all Directors to assess the mix of skills of the Board. The Committee was of the opinion that the overall average score of the Board was satisfactory indicating that overall the Board had a mixed set of skills that complemented one another.

NOMINATING COMMITTEE CHARTER

The Committee had reviewed, deliberated and adopted on the Nominating Committee Charter which is available on the Group's website.

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. The latest internal audit plan covering the period 2015 to 2018 and involving 12 auditable areas whose risk impacts have been assessed as between medium to high, was proposed to the Audit Committee by the internal auditors in May 2015. The new internal audit plan was subsequently tabled and adopted by the Audit Committee in its meeting held also in May 2015.

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.

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. A summary of the code of conduct and of the whistle-blowing policy have been posted on Padini's corporate website.

Further Developments during the financial year under review

To further improve upon the framework, the Group undertook the following activities during the financial year concerned:

1. The 2015 financial year also saw a very aggressive move to reduce the size of our consignment counters network located in the various department stores operating in the country. This was done to primarily achieve two objectives. The first is to pre-empt redundancy by substantially reducing our dependence on this channel of distribution to generate revenues. It is our firm belief that the importance of this channel will diminish considerably in the years ahead and a gradual withdrawal from it would be less disruptive to our operations. The downsizing here will also allow us to reallocate the resources intended for consignment to other more promising channels of distribution. Secondly, this reduction of our consignment activities should also see a reduction in our inventory losses as traditionally, stock losses from our consignment counters have always been highest compared to the other channels. For the record, 22 counters were closed in the 2015 financial year and in the first two months of the 2016 financial year, an additional 13 counters were closed.

2. To manage the losses experienced in our consignment counters, we had also since September 2014 started to conduct a scanning of our stocks held at the consignment counters on a monthly basis. The objective here was to obtain a more detailed analysis of the stocks held and also to have them on a more regular and at shorter intervals. The increase in stock-scanning activity has improved visibility we have of the stocks held at the consignment counters leading to better management of the asset. It also sends a strong signal to those in charge of the counters that this matter is being viewed seriously by the Company and that such losses must be reduced. This practice of doing monthly scanning of the stocks held on consignment currently covers all consignment counters located throughout the country.

3. Commenced engagement with the relevant service and equipment providers to acquire an electronic clocking-in system for use in the retail stores that the Group operates throughout the country. The objective of this initiative was manifold. The proposed system would automate the processes involved in the calculation of the overtime pay due to the employees stationed in the retail stores. Not only will this reduce the workload of the payroll staff, it will of more importance ensure that the sums calculated as payable for overtime claims will be more accurate. Besides that because the system to be installed will require a reading of the employee's thumbprint to validate the employee's attendance, it should eliminate the entry of fictitious employees into the payroll. Information about an employee's attendance at work, his or her commencement or cessation of employment can also be passed onto the payroll department for processing in a timely manner. Barring circumstances beyond our control, we expect the system to be fully operational and installed at all our retail shops by the end of the 2016 financial year.

Comments from the Internal Auditors

Our internal auditors reported that the internal audit review based on the Internal Audit Plan approved previously by the Audit Committee had been completed and that the results were satisfactory, having found no major control weaknesses which may pose major risk exposures to the Group's operations. They further mentioned that management have implemented improvements as recommended in their audit reports and that in their opinion there were no significant finding which required further expansion of the internal audit coverage and hence there was no cause to review the existing Internal Audit Plan previously approved by the Audit Committee.

Review of the statement by external auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad's Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (Revised) ('RPG5 (Revised)') issued by the Malaysian Institute of Accountants (MIA) and procedures have been performed 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 processes the Directors have adopted.

RPG5 (Revised) does not require the External Auditors to consider whether this Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group including the assessment and opinion by the Board of Directors and management thereon. Based on their procedures performed, the External Auditors have reported to the Board of Directors that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

Conclusion

In the Board of Directors' meeting held on the 28th of September 2015, 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.

Chia Swee Yuen
(Chairman of the Board and Remuneration Committee, Member of the Audit Committee and Nominating Committee, Independent Non-Executive Director)

Aged 58 of Malaysian nationality, he was appointed to the Board on 2 May 2014.

He graduated from the University of Malaya with a Bachelor of Accounting (Hons) and is a member of Malaysian Institute of Accountants (“MIA”). In recognition of his contributions and services rendered to the Asian Institute of Chartered Bankers (“AICB”) and the banking industry, he was elected by the Council as an Associate Fellow of AICB.

He started his career in 1980 with SGV-Kassim Chan Sdn Bhd, a management consultancy firm, conducting financial feasibility, marketing studies and financial training and reviews of management information, accounting systems and operational processes. From 1984 to 1987, he was with Malaysian Resources Corporation Berhad, a diversified listed group with businesses in the manufacturing, trading, credit and leasing, credit card, construction and property development areas, in charge of the corporate planning, accounting and tax, information technology and general administration areas. Since 1988 till his retirement in the current financial year, he headed varied areas in banking consisting of marketing, branch management, credit evaluation, credit operations and risk management during his attachments with Overseas Union Bank (Malaysia) Bhd and AmBank (M) Bhd.

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

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

Yong Pang Chaun
(Managing Director and Member of Remuneration Committee)

Aged 64 of Malaysian nationality, he was 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 63 of Singaporean nationality, he was 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 49 of Malaysian nationality, he was 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 4 out of 5 meetings of the Board of Directors.

Chong Chin Lin
(Executive Director)

Aged 62 of Malaysian nationality, she was 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 65 of Malaysian nationality, she was appointed to the Board on 26 March 1992 as a Non–Executive Director; she was subsequently redesignated as an Executive Director when she was given the task of overseeing the cafe Operations of Seed Corporation Sdn Bhd, a subsidiary of the Group.

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

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

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

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

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

Aged 49 of Malaysian nationality, he was appointed to the Board on 2 January 2009.

He is a member of Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia. He is also 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. He is currently in public practice.

Other than his directorship with Padini Holdings Berhad, he is also an independent non–executive director in Tatt Giap Group 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.

Lee Peng Khoon
(Chairman of Nominating Committee, Member of the Audit Committee and Remuneration Committee, Senior Independent Non-Executive Director)

Aged 62 of Malaysian nationality, he was appointed to the Board on 6 January 2014.

He qualified as a Chartered Accountant in 1978 in a London firm of chartered accountants. He is a member of the Malaysian Institute of Accountants, The Institute of Chartered Accountants in England & Wales and Chartered Tax Institute of Malaysia.

On his return to Malaysia in 1981, he joined a big four auditing firm as an audit senior and later audit manager. He then held senior management positions in private and public companies that were involved in plantation, property development, credit financing, manufacturing & trading, countertrade and trade financing, investment holding and chartering & engineering in the oil and gas sector.

He is presently a self-employed general consultant.

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.

Yeo Sok Hiang
(Executive Director)

Aged 41 of Malaysian nationality, she was appointed to the board on 1 July 2014.

She graduated from The Association of Chartered Certified Accountants (ACCA) in 1998 and was admitted as a member of the Malaysian Institute of Accountants (MIA) and a member of the Association of Chartered Certified Accountants (ACCA) in 2001. In 2006, she became a Fellow of the Association of Chartered Certified Accountants (FCCA).

Prior to joining Padini, she worked as a business support analyst in a multinational Information Technology Company, the Treasury Department of a public listed company in the construction and property industry and handled the financial reporting of a manufacturing subsidiary of another public listed company, where she has gained a diverse range of skills and knowledge.

She joined Padini in December 2001 as the Group's Finance Manager and was re-designated to the position of Group Financial Controller in March 2008. She is now the CFO of the Group and manages the financial operations, planning and reporting of the group's finances.

Other than the 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.

Andrew Yong Tze How
(Alternate Director to Mdm Chong Chin Lin)

Aged 34 of Malaysian nationality, he was appointed as Alternate Director to Mdm Chong Chin Lin on 6 January 2014.

He is the son of the Managing Director, Mr Yong Pang Chaun and the Executive Director, Mdm Chong Chin Lin.

He graduated from the California State University, Northridge, Los Angeles, California with a Bachelor's Degree in Computer Science. From April 2006 to May 2008, he worked as a AS400 programmer contracted to Patimas PSG and a system operator in Prudential services.

He joined Padini in June 2008 as IT manager in Padini Dot Com Sdn Bhd managing all IT operations, system implementations and IT assets for the Group. He is promoted to General Manager – Operations in August 2015 and oversees, manage and direct overall operations of support departments 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.

Other Information

(i) Family Relationship

Except for Yong Pang Chaun who is the spouse of Chong Chin Lin, and is also the brother of Yong Lai Wah and Andrew Yong Tze How who is the son of Yong Pang Chaun and Chong Chin Lin, 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 2015.

(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	2,517,180	–
Fees & Allowances	52,938	260,000
Bonuses	2,023,211	–
Benefits-in-kind	125,727	–
Statutory Contributions	545,469	–
Total	**5,264,525**	**260,000**

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

Range of Remuneration	Executive Directors	Non-Executive Directors
RM50,001 - 100,000	–	3
RM150,001 - 200,000	2	–
RM400,001 - 450,000	1	–
RM800,001 - 850,000	1	–
RM1,150,001 - 1,200,000	1	–
RM1,200,001 - 1,250,000	2	–

(vi) Director's Training

During the financial year ended 30 June 2015, members of the Board have attended the following training programmes and seminars:-

Training Programmes / Seminars	Name of Directors: Chia Swee Yuen	Yong Pang Chaun	Chan Kwai Heng	Cheong Chung Yet	Chong Chin Lin	Yong Lai Wah	Foo Kee Fatt	Lee Peng Khoon	Yeo Sok Hiang	Andrew Yong Tze How
Bursa: Enhancing Internal Audit Practice								√		
Bursa: Overview of ESG Index and Industry Classification Benchmark			√						√	
Bursa: Directors Breakfast Series: Great Companies Deserve Great Boards								√		
Bursa/Iclif: Nominating Committee Programme	√							√		
Bursa/Iclif: Board Chairman Series: The Role of the Chairman								√		
MICG: Remuneration Reward Practices Internal Training for Padini	√	√	√	√	√	√		√	√	√
MIA: Walking The Ethical Tightrope								√		
KPI Presentation with Root Cause Analysis & Action Plan	√	√	√	√	√			√	√	√
Bursa: Advocacy Sessions on Management Discussion & Analysis for CEO & CFO of Listed Issuers			√						√	
LHDNM-CTIM: Tax Forum 2015							√			

(vi) Director's Training (cont'd)

Training Programmes / Seminars	Name of Directors Chia Swee Yuen	Yong Pang Chaun	Chan Kwai Heng	Cheong Chung Yet	Chong Chin Lin	Yong Lai Wah	Foo Kee Fatt	Lee Peng Khoon	Yeo Sok Hiang	Andrew Yong Tze How
CTIM: Analysis of Recent Tax Cases 2014 & Understanding Tax Appeal Processes							√			
Sekhar & Tan: IFRS Technical Update 2014/2015							√			
KPMG: Audit Committee Institute Breakfast Roundtable - The Impact of Cyber Security at Board Levels							√			

(vii) No. of board meetings held

Five (5) Board meetings were held during the financial year ended 30 June 2015.

(viii) Non-audit Fee

There was a balance fees of RM110,000.00 paid to BDO Tax Services as GST Consultant for the Group 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.

DIRECTORS' REPORT

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 2015.

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	80,223	84,194

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM'000
In respect of financial year ended 30 June 2015:	
First interim single tier dividend of 2.5 sen per ordinary share, paid on 29 September 2014.	16,448
Second interim single tier dividend of 2.5 sen per ordinary share, paid on 29 December 2014.	16,448
Third interim single tier dividend of 2.5 sen per ordinary share, paid on 20 March 2015.	16,448
Fourth interim single tier dividend of 2.5 sen per ordinary share, paid on 22 June 2015.	16,447
	65,791

The Directors do not recommend the payment of any final dividend in respect of the current financial year. On 18 August 2015, 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 2016, which was paid on 21 September 2015.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue 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
Chia Swee Yuen
Foo Kee Fatt
Lee Peng Khoon
Yeo Sok Hiang
Andrew Yong Tze How (Alternate Director to Mdm. Chong Chin Lin)

In accordance with Article 102(1) of the Company's Articles of Association, Yong Lai Wah, Cheong Chung Yet and Foo Kee Fatt 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 2015 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 1.7.2014	**Bought**	**Sold**	**Balance as at 30.6.2015**
Shares in the Company				
Direct interests				
Yong Pang Chaun	1,500,000	–	–	1,500,000
Chong Chin Lin	2,019,990	–	–	2,019,990
Chan Kwai Heng	1,144,000	56,000	–	1,200,000
Cheong Chung Yet	1,173,990	–	–	1,173,990
Yeo Sok Hiang	100,000	–	–	100,000
Indirect interests				
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
Yeo Sok Hiang	2,000	–	–	2,000

By virtue of their interests in the ordinary shares of the Company, Yong Pang Chaun, Chong Chin Lin and Yong Lai Wah are also 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 the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION 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 satisfied themselves that there are no known bad debts and that provision need not 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 necessitate the writing off of bad debts or 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 would 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
28 September 2015

Statement By Directors

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

In the opinion of the Directors, the financial statements set out on pages 51 to 121 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 2015 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 36 to the financial statements on page 122 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
28 September 2015

Statutory Declaration

Persuant of 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 51 to 122 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	)
28 September 2015	) ……….........................
	) **Chan Kwai Heng**

Before me

Report on the Financial Statements

We have audited the financial statements of Padini Holdings Berhad, which comprise statements of financial position as at 30 June 2015 of the Group and of the Company, and 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 51 to 121.

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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 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 position of the Group and of the Company as of 30 June 2015 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 financial statements of the Company 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 36 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO
AF : 0206
Chartered Accountants

Tang Seng Choon
2011/12/15 (J)
Chartered Accountant

Kuala Lumpur
28 September 2015

As At 30 June 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	123,113	108,717	43,282	43,528
Intangible assets	8	6,685	6,267	–	–
Investment property	9	3,944	3,108	–	–
Investments in subsidiaries	10	–	–	248,087	248,087
Other investments	11	710	735	560	560
Deferred tax assets	12	1,185	648	–	–
		135,637	119,475	291,929	292,175
Current assets					
Inventories	13	168,931	222,066	–	–
Trade and other receivables	14	50,579	55,157	3,519	10,252
Current tax assets		1,368	949	–	–
Other investments	11	109,165	73,781	47,141	22,233
Cash and bank balances	15	137,092	97,462	3,121	3,880
		467,135	449,415	53,781	36,365
TOTAL ASSETS		602,772	568,890	345,710	328,540
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	65,791	65,791	65,791	65,791
Reserves	17	339,843	321,873	269,712	251,309
TOTAL EQUITY		405,634	387,664	335,503	317,100
LIABILITIES					
Non-current liabilities					
Borrowings	18	12,504	15,014	8,163	9,544
Provision for restoration costs	20	6,422	5,034	–	–
Deferred tax liabilities	12	1,530	2,353	–	–
		20,456	22,401	8,163	9,544
Current liabilities					
Trade and other payables	21	142,123	113,861	408	298
Borrowings	18	26,462	37,193	1,438	1,435
Provision for restoration costs	20	602	293	–	–
Current tax liabilities		7,495	7,478	198	163
		176,682	158,825	2,044	1,896
TOTAL LIABILITIES		197,138	181,226	10,207	11,440
TOTAL EQUITY AND LIABILITIES		602,772	568,890	345,710	328,540

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

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	24	977,904	866,258	82,638	391
Cost of sales	25	(555,688)	(466,224)	–	–
Gross profit		422,216	400,034	82,638	391
Other income		11,816	9,299	5,010	5,280
Selling and distribution costs		(256,592)	(223,965)	–	–
Administrative expenses		(62,748)	(57,433)	(1,906)	(1,892)
Profit from operations		114,692	127,935	85,742	3,779
Finance costs	26	(2,857)	(2,216)	(515)	(531)
Profit before tax	27	111,835	125,719	85,227	3,248
Tax expense	29	(31,612)	(34,806)	(1,033)	(1,090)
Profit for the financial year attributable to owners of the parent		80,223	90,913	84,194	2,158
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Fair value loss on available-for-sale financial assets	29(d)	(25)	–	–	–
Foreign currency translations	29(d)	3,563	185	–	–
Total other comprehensive income, net of tax		3,538	185	–	–
Total comprehensive income attributable to owners of the parent		83,761	91,098	84,194	2,158
Earnings per ordinary share attributable to equity holders of the Company (sen):					
- Basic	31	12.19	13.82		
- Diluted	31	12.19	13.82		

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

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 30 June 2015

Group	Note	Share capital RM'000	Share premium RM'000	Available-for-sale reserve RM'000	Exchange translation differences RM'000	Retained earnings RM'000	Total equity RM'000
		[---Non-distributable			---]	Distributable	
Balance as at 1 July 2013		65,791	3,772	55	(1,236)	303,844	372,226
Profit for the financial year		–	–	–	–	90,913	90,913
Foreign currency translations, net of tax		–	–	–	185	–	185
Total comprehensive income		–	–	–	185	90,913	91,098
Transactions with owners							
Dividends paid	30	–	–	–	–	(75,660)	(75,660)
Total transactions with owners		–	–	–	–	(75,660)	(75,660)
Balance as at 30 June 2014		65,791	3,772	55	(1,051)	319,097	387,664

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

Consolidated Statement Of Changes In Equity (cont'd)

For The Financial Year Ended 30 June 2015

Group	Note	Non-distributable Share capital RM'000	Non-distributable Share premium RM'000	Non-distributable Available-for-sale reserve RM'000	Non-distributable Exchange translation differences RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2014		65,791	3,772	55	(1,051)	319,097	387,664
Profit for the financial year		–	–	–	–	80,223	80,223
Fair value loss on available-for-sale financial assets, net of tax		–	–	(25)	–	–	(25)
Foreign currency translations, net of tax		–	–	–	3,563	–	3,563
Total comprehensive income		–	–	(25)	3,563	80,223	83,761
Transactions with owners							
Dividends paid	30	–	–	–	–	(65,791)	(65,791)
Total transactions with owners		–	–	–	–	(65,791)	(65,791)
Balance as at 30 June 2015		65,791	3,772	30	2,512	333,529	405,634

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

		[------Non-distributable------]		Distributable	
			Share	Retained	Total
		Share capital	premium	earnings	equity
Company	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance as at 30 June 2013		65,791	3,772	321,039	390,602
Profit for the financial year		–	–	2,158	2,158
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income		–	–	2,158	2,158
Transaction with owners					
Dividends paid	30	–	–	(75,660)	(75,660)
Total transactions with owners		–	–	(75,660)	(75,660)
Balance as at 30 June 2014		65,791	3,772	247,537	317,100
Profit for the financial year		–	–	84,194	84,194
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income		–	–	84,194	84,194
Transaction with owners					
Dividends paid	30	–	–	(65,791)	(65,791)
Total transactions with owners		–	–	(65,791)	(65,791)
Balance as at 30 June 2015		65,791	3,772	265,940	335,503

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

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		111,835	125,719	85,227	3,248
Adjustments for:					
Amortisation of intangible assets	8	969	894	–	–
Depreciation of property, plant and equipment	7	29,643	22,736	784	736
Dividend income from:					
- other investments		(1,460)	(608)	(588)	(391)
- subsidiaries	24	–	–	(82,050)	–
Fair value adjustments on:					
- investment property	9	(268)	(167)	–	–
- other investments		(37)	(44)	(13)	(23)
(Gain)/Loss on disposals of:					
- property, plant and equipment		(239)	(47)	–	(2)
- other investments		(1)	4	–	4
Impairment loss on property, plant and equipment	7	202	–	–	–
Intangible assets written off		1	3	–	–
Interest expense		2,813	2,207	515	531
Interest income		(3,255)	(3,993)	(196)	(462)
Inventory losses	13	3,634	5,038	–	–
Inventories written down	13	3,052	480	–	–
Inventories written off	13	3,987	1,960	–	–
Property, plant and equipment written off		1,320	981	–	–
Rebate of management fees in the form of unit trust units in other investments		(9)	–	(2)	–
Reversal of provision for restoration costs	20	(1,700)	(881)	–	–
Unrealised (gain)/loss on foreign exchange		(333)	37	–	–
Operating profit before changes in working capital		150,154	154,319	3,677	3,641
Decrease/(Increase) in inventories		42,513	(85,699)	–	–
Decrease/(Increase) in trade and other receivables		4,826	(5,578)	(19)	2,558
Increase in trade and other payables		27,780	24,533	110	106
Cash generated from operations		225,273	87,575	3,768	6,305
Tax paid		(33,525)	(36,331)	(998)	(966)
Tax refunded		99	712	–	11
Net cash from operating activities		191,847	51,956	2,770	5,350

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from subsidiaries		–	–	87,444	57,974
Interest received		3,255	3,993	196	462
Placements of unit trust funds		(96,000)	(65,566)	(34,000)	(13,756)
Proceeds from disposals of:					
- property, plant and equipment		240	48	–	2
- other investments		62,123	4,756	9,695	4,256
Purchase of:					
- intangible assets	8	(1,387)	(491)	–	–
- property, plant and equipment	7(a)	(41,838)	(41,628)	(538)	(10)
Repayments by/(to) subsidiaries		–	–	1,358	(12,772)
Net cash (used in)/from investing activities		(73,607)	(98,888)	64,155	36,156
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	30	(65,791)	(75,660)	(65,791)	(75,660)
Drawdowns of short term bank borrowings		83,951	67,644	–	–
Interest paid		(2,242)	(1,791)	(515)	(531)
Repayments of:					
- hire purchase and finance lease obligations		(425)	(313)	–	–
- short term bank borrowings		(94,753)	(49,411)	–	–
- term loans		(2,497)	(2,443)	(1,378)	(1,361)
Withdrawal of deposit pledged with a licensed bank		12	–	–	–
Net cash used in financing activities		(81,745)	(61,974)	(67,684)	(77,552)
Net increase/(decrease) in cash and cash equivalents		36,495	(108,906)	(759)	(36,046)
Effects of exchange rate fluctuations on cash and cash equivalents		3,147	142	–	–
Cash and cash equivalents at beginning of financial year		97,450	206,214	3,880	39,926
Cash and cash equivalents at end of financial year	15(d)	137,092	97,450	3,121	3,880

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 2015 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company. All the financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 September 2015.

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 51 to 121 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. However, Note 36 to the financial statements set out on page 122 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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

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 interest of the Group 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, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests, if any, represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, 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.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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.

If 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 joint venture.

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

4.3 Business combinations

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 services 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:

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

(b) 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.

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 profit or loss.

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 (if any) 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.

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 previously held equity interest of the Group 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.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. 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 could 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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 except for freehold land and capital work in progress are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost 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 buildings	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).

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Intangible assets (cont'd)

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 amortised 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, which is 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.

4.6 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase 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 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 incremental borrowing rate of the Group 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 investment property reflects among other things, rental income from current leases and other assumptions that market participants would use when pricing investment property under current market conditions.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 Investment property (cont'd)

Fair value of investment property is based on valuation by registered independent valuer 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 been 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.

4.8 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. 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 on 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.9 Impairment of non-financial assets (cont'd)

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.

4.10 Inventories

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

Cost is determined on a weighted average basis. The cost comprises all costs of purchase plus other costs incurred in 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 costs 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.

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

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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

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.

(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 right of the Group to receive payment is established.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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 each 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 the end of each reporting period 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 Companies Act, 1965 in Malaysia.

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 by the receivable, 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Impairment of financial assets (cont'd)

(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 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 costs are recognised in profit or loss in the period in which they are incurred.

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.

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

4.14 Income taxes (cont'd)

(b) Deferred tax (cont'd)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would 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 profits would 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 would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would 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 the 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 would 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 the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

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 obligation of the Group to restore leased outlets to its original state upon the expiry of tenancy agreements.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 would 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.

4.17 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 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 its 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 contribution 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 entities of the Group 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 functional and presentation currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.19 Foreign currencies (cont'd)

(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 each 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.

In the consolidated financial statements, exchange differences arising from the translation of 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 each reporting period.

4.20 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could 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 chief operating decision maker of the Group 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 percent (10%) or more of the combined revenue, internal and external, of all operating segments.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.20 Operating segments (cont'd)

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds: (cont'd)

(b) The absolute amount of its reported profit or loss is ten percent (10%) 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 percent (10%) 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 percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

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 activities of the Group 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 does not have 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 either when the obligation in respect of the awards is fulfilled or upon the expiry of the customer loyalty points.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.21 Revenue recognition (cont'd)

(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.

4.23 Fair value measurements

The fair value of an asset or a liability, except for lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the 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
Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to MFRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
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
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 - 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 - 2013 Cycle*	1 July 2014

There is no material effect upon the adoption of these Amendments and Interpretation during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

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

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012 - 2014 Cycle*	1 January 2016
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018

The Group is in the process of assessing the impact of implementing these Amendments and Standards, 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 significant changes in estimates at the end of the reporting period.

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

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the accounting policies of the Group 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 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) Significant influence

Significant influence is presumed to exist when an entity holds twenty percent (20%) or more of the voting rights of another entity, unless it can be clearly demonstrated otherwise.

The Group holds a forty percent (40%) interest in Cassardi Corporation Sdn. Bhd. ("Cassardi") for which the Group has determined that it does not hold significant influence over Cassardi as:

(i) The Group does not have any representative on the board of directors of Cassardi, and is therefore unable to participate in policy-making processes of Cassardi;
(ii) There are no material transactions between the Group and Cassardi; and
(iii) There is no interchange of managerial personnel and provision of essential technical information between the Group and Cassardi.

Based on this, the Group considers that it does not have the power to exercise significant influence and has treated its interest in Cassardi as a simple investment in unquoted shares.

(c) 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.

(d) 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.

(e) 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.

(f) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

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

6.2 Critical judgements made in applying accounting policies (cont'd)

(g) 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.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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 that 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) Amortisation of intangible assets

The cost of intangible assets is depreciated on a straight-line basis over the assets' useful lives. Management estimates that the useful lives of these assets to be five (5) years to fifteen (15) years, which 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.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the tax losses, capital allowances and other deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

(d) 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 recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(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. 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 would impact the carrying amount of receivables.

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

6.3 Key sources of estimation uncertainty (cont'd)

(f) 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 would be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred tax provisions in the period in which such determination is made.

(g) 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.

(h) 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.

(i) 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 products of the Group 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 own retail outlets of the Group or when the rebate vouchers have expired without being redeemed.

(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.

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

6.3 Key sources of estimation uncertainty (cont'd)

(k) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

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

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group engages a professional valuer to perform valuation on an investment property as disclosed in Note 9 to the financial statements. This valuation report would be tabled annually to the Audit Committee for approval, where applicable.

The Group measures these elements in the financial statements at fair value:

(i) Investment property, Note 9 to the financial statements; and
(ii) Financial instruments, Note 34 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group At cost	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings 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
Balance as at 1 July 2014	12,240	37,222	1,913	6,215	116,663	60,276	–	234,529
Additions	–	21	4,980	596	26,254	13,481	34	45,366
Disposals	–	–	–	(1,421)	(81)	(14)	–	(1,516)
Written off	–	–	–	–	(9,539)	(3,470)	–	(13,009)
Translation adjustments	–	–	316	–	7	20	–	343
Balance as at 30 June 2015	12,240	37,243	7,209	5,390	133,304	70,293	34	265,713
Accumulated depreciation								
Balance as at 1 July 2014	–	5,280	579	4,611	78,357	36,985	–	125,812
Charge for the financial year	–	745	230	717	19,230	8,721	–	29,643
Disposals	–	–	–	(1,421)	(81)	(13)	–	(1,515)
Written off	–	–	–	–	(8,709)	(2,980)	–	(11,689)
Translation adjustments	–	–	122	–	7	18	–	147
Balance as at 30 June 2015	–	6,025	931	3,907	88,804	42,731	–	142,398
Accumulated impairment loss								
Balance as at 1 July 2014	–	–	–	–	–	–	–	–
Charge for the financial year	–	–	202	–	–	–	–	202
Balance as at 30 June 2015	–	–	202	–	–	–	–	202
Carrying amount								
Balance as at 30 June 2015	12,240	31,218	6,076	1,483	44,500	27,562	34	123,113

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

Group At cost	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	Total RM'000
Balance as at 1 July 2013	12,240	37,222	1,892	5,732	97,522	49,812	204,420
Additions	–	–	–	879	29,340	13,919	44,138
Disposals	–	–	–	(396)	–	(57)	(453)
Written off	–	–	–	–	(10,199)	(3,399)	(13,598)
Translation adjustments	–	–	21	–	–	1	22
Balance as at 30 June 2014	12,240	37,222	1,913	6,215	116,663	60,276	234,529
Accumulated depreciation							
Balance as at 1 July 2013	–	4,535	516	4,349	73,872	32,867	116,139
Charge for the financial year	–	745	58	658	13,942	7,333	22,736
Disposals	–	–	–	(396)	–	(56)	(452)
Written off	–	–	–	–	(9,457)	(3,160)	(12,617)
Translation adjustments	–	–	5	–	–	1	6
Balance as at 30 June 2014	–	5,280	579	4,611	78,357	36,985	125,812
Carrying amount							
Balance as at 30 June 2014	12,240	31,942	1,334	1,604	38,306	23,291	108,717

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

Company	Freehold land RM'000	Freehold buildings 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 2014	12,240	36,057	3,225	1,684	–	53,206
Additions	–	21	168	315	34	538
Balance as at 30 June 2015	12,240	36,078	3,393	1,999	34	53,744
Accumulated depreciation						
Balance as at 1 July 2014	–	4,790	3,214	1,674	–	9,678
Charge for the financial year	–	721	29	34	–	784
Balance as at 30 June 2015	–	5,511	3,243	1,708	–	10,462
Carrying amount						
Balance as at 30 June 2015	12,240	30,567	150	291	34	43,282

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 2013	12,240	36,057	54	3,225	1,674	53,250
Additions	–	–	–	–	10	10
Disposals	–	–	(54)	–	–	(54)
Balance as at 30 June 2014	12,240	36,057	–	3,225	1,684	53,206
Accumulated depreciation						
Balance as at 1 July 2013	–	4,069	54	3,202	1,671	8,996
Charge for the financial year	–	721	–	12	3	736
Disposals	–	–	(54)	–	–	(54)
Balance as at 30 June 2014	–	4,790	–	3,214	1,674	9,678
Carrying amount						
Balance as at 30 June 2014	12,240	31,267	–	11	10	43,528

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Additions of property, plant and equipment	45,366	44,138	538	10
Financed by hire purchase and lease arrangements	(483)	(766)	–	–
Provision for restoration costs capitalised (Note 20)	(3,045)	(1,744)	–	–
Cash payments on purchase of property, plant and equipment	41,838	41,628	538	10

(b) During the financial year, the Group recognised an impairment loss of RM202,000 (2014: RM Nil) on a leasehold building to the recoverable amount, which is based on a valuation performed by an external and independent property valuer.

(c) The net carrying amounts of the property, plant and equipment of the Group held under hire purchase and lease creditors at the end of the reporting period are as follows:

	Group	
	2015 RM'000	2014 RM'000
Motor vehicles	1,367	1,299

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

(d) 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(b) to the financial statements with carrying amounts as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Freehold land	4,892	4,892	4,892	4,892
Freehold buildings	18,523	18,919	17,871	18,244
	23,415	23,811	22,763	23,136

8. INTANGIBLE ASSETS

Group	System, applications and products RM'000	Computer software RM'000	Total RM'000
At cost			
Balance as at 1 July 2014	7,030	2,654	9,684
Additions	–	1,387	1,387
Written off	–	(2)	(2)
Translation adjustments	–	5	5
Balance as at 30 June 2015	7,030	4,044	11,074
Accumulated amortisation			
Balance as at 1 July 2014	1,914	1,503	3,417
Charge for the financial year	469	500	969
Written off	–	(1)	(1)
Translation adjustments	–	4	4
Balance as at 30 June 2015	2,383	2,006	4,389
Carrying amount			
Balance as at 30 June 2015	4,647	2,038	6,685
At cost			
Balance as at 1 July 2013	7,030	2,170	9,200
Additions	–	491	491
Written off	–	(7)	(7)
Balance as at 30 June 2014	7,030	2,654	9,684
Accumulated amortisation			
Balance as at 1 July 2013	1,445	1,082	2,527
Charge for the financial year	469	425	894
Written off	–	(4)	(4)
Balance as at 30 June 2014	1,914	1,503	3,417
Carrying amount			
Balance as at 30 June 2014	5,116	1,151	6,267

9. INVESTMENT PROPERTY

	Group 2015 RM'000	Group 2014 RM'000
Workshop, at valuation		
Balance as at 1 July 2014/2013	3,108	2,911
Fair value adjustments	268	167
Translation adjustments	568	30
Balance as at 30 June 2015/2014	3,944	3,108

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

	Group 2015 RM'000	Group 2014 RM'000
Repairs and maintenance	17	14
Quit rent and assessment	6	5

(b) The fair value of investment property of the Group is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2015				
Workshop	–	3,944	–	3,944
2014				
Workshop	–	3,108	–	3,108

(i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 30 June 2015 and 30 June 2014.

(ii) Investment property at Level 2 fair value was determined by an external and independent property valuer, who is a member of The Hong Kong Institute of Surveyors. The 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. The valuation had resulted in a fair value gain of RM268,000 (2014 : RM167,000) to the Group to reflect its fair value of RM3,944,000 or equivalent to HKD8,100,000 (2014: RM3,108,000 or equivalent to HKD7,500,000).

(iii) The fair value measurement of the investment property is based on the highest and best use, which does not differ from their actual use.

10. INVESTMENTS IN SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
At cost:		
- Unquoted shares	259,369	259,369
Less: Impairment losses	(11,282)	(11,282)
	248,087	248,087

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2015 %	Effective equity interest 2014 %	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 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 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

11. OTHER INVESTMENTS

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-current				
Available-for-sale financial assets:				
- Unquoted shares in Malaysia	560	560	560	560
- Club memberships	150	175	–	–
Total non-current other investments	710	735	560	560
Current				
Financial assets at fair value through profit or loss				
- Unit trust funds in Malaysia	109,165	73,781	47,141	22,233
Total other investments	109,875	74,516	47,701	22,793

(a) Information on the fair value hierarchy is disclosed in Note 34(d) 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 2015 RM'000	Group 2014 RM'000
Balance as at 1 July 2014/2013	(1,705)	(1,053)
Recognised in profit or loss (Note 29)	1,360	(652)
Balance as at 30 June 2015/2014	(345)	(1,705)
Presented after appropriate offsetting:		
Deferred tax assets, net	1,185	648
Deferred tax liabilities, net	(1,530)	(2,353)
	(345)	(1,705)

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

	Deferred revenue RM'000	Other deductible temporary differences RM'000	Total RM'000
Balance as at 1 July 2014	919	580	1,499
Recognised in profit or loss	(18)	47	29
Balance as at 30 June 2015, prior to offsetting	901	627	1,528
Set-off of tax			(343)
Balance as at 30 June 2015			1,185
Balance as at 1 July 2013	958	644	1,602
Recognised in profit or loss	(39)	(64)	(103)
Balance as at 30 June 2014, prior to offsetting	919	580	1,499
Set-off of tax			(851)
Balance as at 30 June 2014			648

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Other taxable temporary differences RM'000	Total RM'000
Balance as at 1 July 2014	(3,204)	–	(3,204)
Recognised in profit or loss	1,332	(1)	1,331
Balance as at 30 June 2015, prior to offsetting	(1,872)	(1)	(1,873)
Set-off of tax			343
Balance as at 30 June 2015			(1,530)
Balance as at 1 July 2013	(2,655)	–	(2,655)
Recognised in profit or loss	(549)	–	(549)
Balance as at 30 June 2014, prior to offsetting	(3,204)	–	(3,204)
Set-off of tax			851
Balance as at 30 June 2014			(2,353)

12. DEFERRED TAX (cont'd)

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unused tax losses	4,926	4,926	–	–
Unabsorbed capital allowances	811	811	811	811
	5,737	5,737	811	811

Deferred tax assets of the Company have 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 would be available against which the deductible temporary differences could 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 would be available against which the deductible temporary differences could be utilised.

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

13. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
At cost		
Completed garments, shoes and accessories	160,531	213,974
Raw materials and manufacturing accessories	98	163
	160,629	214,137
At net realisable value		
Completed garments, shoes and accessories	8,302	7,929
	8,302	7,929
	168,931	222,066

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM534,374,000 (2014: RM451,205,000). 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	
	2015 RM'000	2014 RM'000
Inventory losses	3,634	5,038
Inventories written down to net realisable values	3,052	480
Inventories written off	3,987	1,960
	10,673	7,478

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	19,970	21,580	–	–
Other receivables and deposits				
Amounts owing by subsidiaries	–	–	3,380	10,132
Other receivables	172	181	–	–
Deposits	26,089	24,808	71	71
	26,261	24,989	3,451	10,203
Loans and receivables	46,231	46,569	3,451	10,203
Prepayments				
Prepayments	4,348	8,588	68	49
	50,579	55,157	3,519	10,252

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 2 to 60 days (2014: 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 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 RM2,500,000 (2014: RM7,894,000) and RM875,000 (2014: RM2,238,000) respectively.

(c) The currency exposure profiles of receivables (excluding prepayments) are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	43,644	43,989	3,451	10,203
US Dollar	2,519	2,503	–	–
Hong Kong Dollar	32	46	–	–
Chinese Renminbi	36	31	–	–
	46,231	46,569	3,451	10,203

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

	Group	
	2015	2014
	RM'000	RM'000
Neither past due nor impaired	17,233	14,944
Past due, not impaired		
1 to 30 days	1,556	3,602
31 to 60 days	1,030	1,538
61 to 90 days	83	734
More than 90 days	68	762
	2,737	6,636
Past due and impaired	–	–
	19,970	21,580

14. TRADE AND OTHER RECEIVABLES (cont'd)

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

Receivables that are 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. All (2014: Ninety-three percent (93%)) of the trade receivables of the Group arise from customers with more than two (2) years of experience with the Group 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 RM2,737,000 (2014: RM6,636,000) that were past due at the end of each reporting period but not impaired. Trade receivables of the Group 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 ongoing 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 BANK BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	137,092	97,450	3,121	3,880
Deposit with a licensed bank	–	12	–	–
	137,092	97,462	3,121	3,880

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

(b) The currency exposure profiles of cash and bank balances are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	121,230	71,829	3,121	3,880
US Dollar	12,720	25,397	–	–
Hong Kong Dollar	2,907	68	–	–
Chinese Renminbi	235	166	–	–
Korean Won	–	2	–	–
	137,092	97,462	3,121	3,880

(c) In the previous financial year, deposit with a licensed bank of the Group was pledged as security for transaction costs on banking facilities granted to a subsidiary.

15. CASH AND BANK BALANCES (cont'd)

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	137,092	97,450	3,121	3,880
Deposit with a licensed bank	–	12	–	–
	137,092	97,462	3,121	3,880
Less: Deposit pledged with a licensed bank	–	(12)	–	–
	137,092	97,450	3,121	3,880

16. SHARE CAPITAL

	Group and Company			
	2015		2014	
	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 residual assets of the Company.

(b) The shareholders of the Company, by way of a resolution passed at the Annual General Meeting held on 12 December 2014 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable				
Share premium	3,772	3,772	3,772	3,772
Available-for-sale reserve	30	55	–	–
Exchange translation differences	2,512	(1,051)	–	–
	6,314	2,776	3,772	3,772
Distributable				
Retained earnings	333,529	319,097	265,940	247,537
	339,843	321,873	269,712	251,309

17. RESERVES (cont'd)

(a) Available-for-sale reserve

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

(b) Exchange translation differences

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

18. BORROWINGS

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Current liabilities				
Secured				
Hire purchase and lease creditors (Note 19)	374	360	–	–
Term loans	2,613	2,556	1,438	1,435
	2,987	2,916	1,438	1,435
Unsecured				
Bankers' acceptances	11,816	31,639	–	–
Revolving credits	11,659	2,638	–	–
	23,475	34,277	–	–
	26,462	37,193	1,438	1,435
Non-current liabilities				
Secured				
Hire purchase and lease creditors (Note 19)	825	781	–	–
Term loans	11,679	14,233	8,163	9,544
	12,504	15,014	8,163	9,544
Total borrowings				
Hire purchase and lease creditors (Note 19)	1,199	1,141	–	–
Term loans	14,292	16,789	9,601	10,979
Bankers' acceptances	11,816	31,639	–	–
Revolving credits	11,659	2,638	–	–
	38,966	52,207	9,601	10,979

(a) Bankers' acceptances amounting to RM5,724,000 (2014: RM17,933,000) and revolving credits of the Group are guaranteed by the Company. The remaining bankers' acceptances of the Group amounting to RM6,092,000 (2014: RM13,706,000) are guaranteed by certain subsidiaries.

(b) 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(d) to the financial statements.

18. BORROWINGS (cont'd)

(c) Term loans are repayable as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Not later than one (1) year	2,613	2,556	1,438	1,435
Later than one (1) year but not later than five (5) years	10,070	11,119	6,554	6,430
Later than five (5) years	1,609	3,114	1,609	3,114
	14,292	16,789	9,601	10,979

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

(e) All borrowings are denominated in RM.

19. HIRE PURCHASE AND LEASE CREDITORS

	Group	
	2015	2014
	RM'000	RM'000
Minimum hire purchase and lease payments		
- not later than one (1) year	419	404
- later than one (1) year but not later than five (5) years	874	833
Total minimum hire purchase and lease payments	1,293	1,237
Less: Future interest charges	(94)	(96)
Present value of hire purchase and lease payments	1,199	1,141
Repayable as follows:		
Current liabilities		
- not later than one (1) year	374	360
Non-current liabilities		
- later than one (1) year but not later than five (5) years	825	781
	1,199	1,141

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	
	2015	2014
	RM'000	RM'000
Non-current		
Provision for restoration costs	6,422	5,034
Current		
Provision for restoration costs	602	293

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

20. PROVISION FOR RESTORATION COSTS (cont'd)

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

	Group	
	2015 RM'000	2014 RM'000
Balance as at 1 July 2014/2013	5,327	4,385
Recognised in property, plant and equipment (Note 7)	3,045	1,744
Recognised in profit or loss (Note 26)	571	416
Reversal of provision for restoration costs	(1,700)	(881)
Utilised during the financial year	(219)	(337)
Balance as at 30 June 2015/2014	7,024	5,327

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables				
Third parties	95,399	81,919	–	–
Other payables				
Other payables	37,083	23,985	107	60
Accruals	5,886	4,277	301	238
Deferred revenue from customer loyalty points	3,755	3,680	–	–
	142,123	113,861	408	298

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2014: 30 to 90 days) from date of invoices.

(b) Included in trade payables of the Group are advance payments received from customers against confirmed purchase orders amounting to RM1,317,000 (2014: RM1,719,000).

(c) Included in other payables is an amount of RM22,887,000 (2014: RM Nil) owing to a bank, which the bank acts as a settlement and paying agent on behalf of the Group before the expiry of the credit terms granted by the trade payables under a trade-related financial services agreement entered into between the bank and the Group. The Group is required to repay the bank no later than the expiry of the credit terms that are originally granted by the trade payables.

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

	Group	
	2015 RM'000	2014 RM'000
Balance as at 1 July 2014/2013	3,680	3,836
Additions during the financial year	3,718	3,905
Redemptions	(2,354)	(2,783)
Lapsed rebate vouchers	(1,289)	(1,278)
Balance as at 30 June 2015/2014	3,755	3,680

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 each reporting period that are expected to be redeemed before expiry.

21. TRADE AND OTHER PAYABLES (cont'd)

(e) The currency exposure profiles of payables (excluding deferred revenue from customer loyalty points) are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	137,073	108,035	408	298
US Dollar	798	1,323	–	–
Hong Kong Dollar	459	786	–	–
Singapore Dollar	38	34	–	–
Chinese Renminbi	–	3	–	–
	138,368	110,181	408	298

(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 can, 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 each reporting period as follows:

	Group	
	2015	2014
	RM'000	RM'000
Not later than one (1) year	66,250	56,257
Later than one (1) year but not later than five (5) years	53,879	52,033
	120,129	108,290

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

23. CONTINGENT LIABILITIES

	Company	
	2015	2014
	RM'000	RM'000
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries		
- secured	10,800	10,800
- unsecured	71,647	68,275
Corporate guarantees given to landlords for the non-cancellable leases of business premises of certain subsidiaries		
- unsecured	17,575	24,144
	100,022	103,219

23. CONTINGENT LIABILITIES (cont'd)

(a) The currency exposure profiles of corporate guarantees are as follows:

	Company	
	2015 RM'000	2014 RM'000
Ringgit Malaysia	77,375	83,944
US Dollar	22,647	19,275
	100,022	103,219

(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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sales of goods	976,012	863,853	–	–
Commission income	1,967	2,249	–	–
Deferred revenue from customer loyalty points	(75)	156	–	–
Dividend income from:				
- other investments	–	–	588	391
- subsidiaries	–	–	82,050	–
	977,904	866,258	82,638	391

25. COST OF SALES

	Group	
	2015 RM'000	2014 RM'000
Inventories sold	534,374	451,205
Carriage, freight and handling charges	10,641	7,541
Others	10,673	7,478
	555,688	466,224

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

26. FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on:				
- Term loans	760	814	515	531
- Bankers' acceptances	986	743	–	–
- Revolving credits	436	189	–	–
- Hire purchase and lease creditors	60	45	–	–
- Unwinding of discount on provision for restoration costs (Note 20)	571	416	–	–
Others	44	9	–	–
	2,857	2,216	515	531

27. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Amortisation of intangible assets	8	969	894	–	–
Auditors' remuneration					
- statutory audits		197	184	42	40
- other services		31	30	6	6
Depreciation of property, plant and equipment	7	29,643	22,736	784	736
Directors' remuneration:					
- fees payable by the Company		260	197	260	197
- other emoluments paid by the subsidiaries		5,257	4,573	–	–
Impairment loss on property, plant and equipment	7	202	–	–	–
Intangible assets written off		1	3	–	–
Interest expense		2,813	2,207	515	531
Inventory losses	13	3,634	5,038	–	–
Inventories written down	13	3,052	480	–	–
Inventories written off	13	3,987	1,960	–	–
Loss on disposals of other investments		–	4	–	4
Loss on foreign exchange:					
- realised		–	135	–	–
- unrealised		–	37	–	–
Property, plant and equipment written off		1,320	981	–	–
Rental of equipment		326	885	–	–
Rental of motor vehicle		–	3	–	–
Rental of premises		87,741	80,943	–	–

And crediting:

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Dividend income from:					
- other investments		1,460	608	588	391
- subsidiaries		–	–	82,050	–
Fair value adjustments on:					
- investment property	9	268	167	–	–
- other investments		37	44	13	23
Gain on disposals of:					
- property, plant and equipment		239	47	–	2
- other investments		1	–	–	–
Interest income		3,255	3,993	196	462
Gain on foreign exchange:					
- realised		695	–	–	–
- unrealised		333	–	–	–
Rental income from:					
- investment property		149	119	–	–
- premises		–	–	4,794	4,794
Reversal of provision for restoration costs	20	1,700	881	–	–
Royalty income		1,970	1,964	–	–

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM126,000 (2014: RM111,000).

28. EMPLOYEE BENEFITS

	Group 2015 RM'000	Group 2014 RM'000
Salaries, wages, allowances and bonuses	122,766	111,629
Contributions to defined contribution plans	13,536	12,366
Unutilised leaves	51	321
Other employee benefits	3,348	3,473
	139,701	127,789

Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM5,257,000 (2014: RM4,573,000).

29. TAX EXPENSE

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Current year tax expense based on profit for the financial year:				
- Malaysian income tax	32,215	33,763	1,025	1,005
- Foreign income tax	60	276	–	–
	32,275	34,039	1,025	1,005
Under/(Over) provision in prior years:				
- Malaysian income tax	706	115	8	85
- Foreign income tax	(9)	–	–	–
	697	115	8	85
	32,972	34,154	1,033	1,090
Deferred tax (Note 12):				
- Relating to origination and reversal of temporary differences	(548)	655	–	–
- Over provision in prior years	(812)	(3)	–	–
	(1,360)	652	–	–
Total tax expense	31,612	34,806	1,033	1,090

(a) The Malaysian income tax is calculated at the statutory tax rate of twenty-five percent (25%) (2014: twenty-five percent (25%)) of the estimated taxable profits for the fiscal year.

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

29. TAX EXPENSE (cont'd)

(c) 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	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Profit before tax	111,835	125,719	85,227	3,248
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	27,959	31,430	21,307	812
Tax effect in respect of:				
Different tax rates in foreign jurisdiction	(28)	(156)	–	–
Non-allowable expenses	5,202	4,035	383	303
Non-taxable income	(1,395)	(609)	(20,665)	(104)
Utilisation of previously unrecognised deferred tax assets	–	(6)	–	(6)
Reduction in deferred taxes as a result of reduction in tax rate	(11)	–	–	–
	31,727	34,694	1,025	1,005
Under provision of tax expense in prior years	697	115	8	85
Over provision of deferred tax in prior years	(812)	(3)	–	–
	31,612	34,806	1,033	1,090

(d) Tax on each component of other comprehensive income is as follows:

	Group					
	2015			2014		
	Before tax RM'000	**Tax effect RM'000**	**After tax RM'000**	**Before tax RM'000**	**Tax effect RM'000**	**After tax RM'000**
Items that may be reclassified subsequently to profit or loss						
Fair value loss on available-for-sale financial assets	(25)	–	(25)	–	–	–
Foreign currency translations	3,563	–	3,563	185	–	185
	3,538	–	3,538	185	–	185

30. DIVIDENDS

	Group and Company			
	2015 Dividend per ordinary share sen	2015 Amount of dividend RM'000	2014 Dividend per ordinary share sen	2014 Amount of dividend RM'000
First interim dividend	2.5	16,448	2.5	16,448
Second interim dividend	2.5	16,448	2.5	16,448
Special dividend	–	–	1.5	9,868
Third interim dividend	2.5	16,448	2.5	16,448
Fourth interim dividend	2.5	16,447	2.5	16,448
	10.0	65,791	11.5	75,660

The Directors do not recommend the payment of any final dividend in respect of the current financial year. On 18 August 2015, 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 2016, which was paid on 21 September 2015.

31. EARNING 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.

	Group	
	2015 RM'000	2014 RM'000
Profit attributable to equity holders of the parent	80,223	90,913
Weighted average number of ordinary shares in issue ('000)	657,910	657,910
Basic earnings per ordinary share (sen)	12.19	13.82

(b) Diluted

The diluted earnings per ordinary share equals basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.

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 could be individuals or other parties.

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

32. RELATED PARTY DISCLOSURES (cont'd)

(a) Identities of related parties (cont'd)

The Group also has related party relationship with the following party:

Identity of the related party	Relationship
Yong Pang Chaun Holdings Sdn. Bhd. ("YPCH")	Corporate shareholder of the Company with equity interest of 43.74% (2014: 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.

(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	
	2015	2014
	RM'000	RM'000
Transactions with subsidiaries:		
Dividend income received and receivable from:		
- Vincci	11,270	–
- Padini Corporation	19,480	–
- Seed	6,800	–
- Yee Fong Hung	42,000	–
- Mikihouse	2,500	–
Purchase of products from Seed	6	6
Rental income received and receivable from:		
- Vincci	391	900
- Padini Corporation	1,870	1,503
- Seed	471	605
- Yee Fong Hung	1,008	999
- Mikihouse	493	254
- Padini Dot Com	561	533

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 2015 is disclosed in Note 14 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.

32. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel (cont'd)

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

	Group	
	2015 RM'000	2014 RM'000
Short term employee benefits	4,705	4,089
Contributions to defined contribution plans	552	484
	5,257	4,573

33. OPERATING SEGMENTS

The Company and its subsidiaries are principally engaged in the retailing of 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 Managing Director of the Group 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 reportable segments of the Group:

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

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)

2015	Vinci 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	199,613	316,202	98,255	316,089	35,481	199,210	1,164,850
Inter-segment revenue	(325)	(9)	(84)	–	–	(186,528)	(186,946)
Revenue from external customers	**199,288**	**316,193**	**98,171**	**316,089**	**35,481**	**12,682**	**977,904**
Interest income	405	451	218	797	47	1,337	3,255
Finance costs	(392)	(873)	(162)	(752)	(118)	(560)	(2,857)
Net finance income/(expense)	13	(422)	56	45	(71)	777	398
Depreciation of property, plant and equipment	(5,189)	(8,484)	(2,993)	(8,514)	(969)	(3,494)	(29,643)
Amortisation of intangible assets	(47)	(24)	(14)	(46)	(4)	(834)	(969)
Segment profit before tax	**12,535**	**40,302**	**3,705**	**44,484**	**2,045**	**90,577**	**193,648**
Income tax expense	(3,242)	(11,252)	(1,369)	(12,560)	(651)	(2,538)	(31,612)
Other material non-cash items:							
- Impairment loss on property, plant and equipment	–	–	–	–	–	(202)	(202)
- Inventory losses	(714)	(1,146)	(507)	(1,168)	(99)	–	(3,634)
- Inventories written down	(631)	(1,552)	(546)	(233)	(90)	–	(3,052)
- Inventories written off	(721)	(810)	(1,520)	(778)	(158)	–	(3,987)
Additions to non-current assets other than financial instruments and deferred tax assets	6,842	13,140	4,072	10,092	1,607	11,000	46,753
Segment assets	**103,790**	**183,283**	**45,908**	**108,970**	**24,801**	**455,205**	**921,957**
Segment liabilities	**30,369**	**76,064**	**14,648**	**47,391**	**12,014**	**76,814**	**257,300**

33. OPERATING SEGMENTS (cont'd)

2014	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	206,118	273,436	91,415	253,330	29,094	103,307	956,700
Inter-segment revenue	–	(14)	(41)	(3)	–	(90,384)	(90,442)
Revenue from external customers	**206,118**	**273,422**	**91,374**	**253,327**	**29,094**	**12,923**	**866,258**
Interest income	521	496	222	687	61	2,006	3,993
Finance costs	(367)	(537)	(270)	(473)	(19)	(550)	(2,216)
Net finance income/(expense)	154	(41)	(48)	214	42	1,456	1,777
Depreciation of property, plant and equipment	(4,180)	(6,070)	(2,345)	(6,646)	(604)	(2,891)	(22,736)
Amortisation of intangible assets	(35)	(31)	(18)	(46)	(5)	(759)	(894)
Segment profit before tax	**17,625**	**43,163**	**8,296**	**44,005**	**3,052**	**9,341**	**125,482**
Income tax expense	(4,973)	(11,768)	(2,583)	(12,051)	(846)	(2,585)	(34,806)
Other material non-cash items:							
- Inventory losses	(644)	(1,579)	(1,192)	(1,257)	(366)	–	(5,038)
- Inventories written down	(50)	(313)	(77)	–	(40)	–	(480)
- Inventories written off	(610)	(566)	(174)	(593)	(17)	–	(1,960)
Additions to non-current assets other than financial instruments and deferred tax assets	7,180	13,406	4,436	14,363	1,625	3,619	44,629
Segment assets	**104,778**	**160,003**	**54,142**	**121,528**	**22,050**	**424,627**	887,128
Segment liabilities	**29,378**	**62,358**	**18,418**	**49,844**	**8,156**	**72,048**	240,202

33. OPERATING SEGMENTS (cont'd)

(a) Reconciliations

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

	2015 RM'000	2014 RM'000
Revenue		
Total revenue for reportable segments	1,164,850	956,700
Elimination of inter-segment revenue	(186,946)	(90,442)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	977,904	866,258
Profit for the financial year		
Total profit or loss for reportable segments	193,648	125,482
Elimination of inter-segment profits	(81,813)	237
	111,835	125,719
Tax expense	(31,612)	(34,806)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	80,223	90,913
Assets		
Total assets for reportable segments	921,957	887,128
Elimination of investments in subsidiaries	(248,087)	(248,087)
Elimination of inter-segment balances	(71,098)	(70,151)
Total assets of the Group per consolidated statement of financial position	602,772	568,890
Liabilities		
Total liabilities for reportable segments	257,300	240,202
Elimination of inter-segment balances	(60,162)	(58,976)
Total liabilities of the Group per consolidated statement of financial position	197,138	181,226

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 percent (10%) of the Group revenue. As such, information on major customers is not presented.

34. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group 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 capital structure of the Group. 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 2015 and financial year ended 30 June 2014.

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 of not less than or equals to twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 30 June 2015.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial instruments

Group	**Loans and receivables**	**Fair value through profit or loss**	**Available-for-sale**	**Total**
30 June 2015	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets				
Trade and other receivables, net of prepayments	46,231	–	–	46,231
Other investments	–	109,165	710	109,875
Cash and bank balances	137,092	–	–	137,092
	183,323	109,165	710	293,198

	Other financial liabilities RM'000	**Total RM'000**
Financial liabilities		
Borrowings	38,966	38,966
Trade and other payables, net of deferred revenue from customer loyalty points	138,368	138,368
	177,334	177,334

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

Group	Loans and receivables	Fair value through profit or loss	Available-for-sale	Total
30 June 2014	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets				
Trade and other receivables, net of prepayments	46,569	–	–	46,569
Other investments	–	73,781	735	74,516
Cash and bank balances	97,462	–	–	97,462
	144,031	73,781	735	218,547

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	52,207	52,207
Trade and other payables, net of deferred revenue from customer loyalty points	110,181	110,181
	162,388	162,388

Company	Loans and receivables	Fair value through profit or loss	Available-for-sale	Total
30 June 2015	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets				
Other receivables, net of prepayments	3,451	–	–	3,451
Other investments	–	47,141	560	47,701
Cash and bank balances	3,121	–	–	3,121
	6,572	47,141	560	54,273

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	9,601	9,601
Other payables	408	408
	10,009	10,009

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

Company **30 June 2014**	**Loans and receivables RM'000**	**Fair value through profit or loss RM'000**	**Available-for-sale RM'000**	**Total RM'000**
Financial assets				
Other receivables, net of prepayments	10,203	–	–	10,203
Other investments	–	22,233	560	22,793
Cash and bank balances	3,880	–	–	3,880
	14,083	22,233	560	36,876

	Other financial liabilities RM'000	**Total RM'000**
Financial liabilities		
Borrowings	10,979	10,979
Other payables	298	298
	11,277	11,277

(c) 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 financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of 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.

(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 investment - Unquoted shares

The fair value of these unquoted investments is estimated based on the price to book valuation model. Management obtained the industry price to book ratio from observable market data, discounted the price to book ratio for illiquidity, and multiplied the discounted price to book ratio with the book value per share of the investee to derive the estimated fair value. Management believes that the estimated fair value resulting from this valuation model is 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 counter party quotations of the same investments.

34. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy

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).

Fair value of non-derivative financial liabilities, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

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).

The significant unobservable inputs used in determining the fair value measurements of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, are detailed in the table below.

Financial instrument	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair values
Financial assets		
Unquoted shares	Discounted industry price to book ratio (2015: 0.71; 2014: 0.88).	The higher the price to book ratio, the higher the fair value of the unquoted shares would be.
Club memberships	Counter party quotation.	The higher the counter party quotation, the higher the fair values of the club memberships would be.

34. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair values	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2015										
Group										
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trust funds	109,165	–	–	109,165	–	–	–	–	109,165	109,165
Available-for-sale financial assets										
- Unquoted shares in Malaysia	–	–	560	560	–	–	–	–	560	560
- Club memberships	–	–	150	150	–	–	–	–	150	150
	109,165	–	710	109,875	–	–	–	–	109,875	109,875
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	–	–	–	–	–	1,074	–	1,074	1,074	1,199

34. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair values RM'000	Carrying amount RM'000
2015										
Company										
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trust funds	47,141	–	–	47,141	–	–	–	–	47,141	47,141
Available-for-sale financial assets										
- Unquoted shares in Malaysia	–	–	560	560	–	–	–	–	560	560
	47,141	–	560	47,701	–	–	–	–	47,701	47,701

34. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair values	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2014										
Group										
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trust funds	73,781	–	–	73,781	–	–	–	–	73,781	73,781
Available-for-sale financial assets										
- Unquoted shares in Malaysia	–	–	560	560	–	–	–	–	560	560
- Club memberships	–	–	175	175	–	–	–	–	175	175
	73,781	–	735	74,516	–	–	–	–	74,516	74,516
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	–	–	–	–	–	1,016	–	1,016	1,016	1,141

34. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair values RM'000	Carrying amount RM'000
2014										
Company										
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trust funds	22,233	–	–	22,233	–	–	–	–	22,233	22,233
Available-for-sale financial assets										
- Unquoted shares in Malaysia	–	–	560	560	–	–	–	–	560	560
	22,233	–	560	22,793	–	–	–	–	22,793	22,793

34. FINANCIAL INSTRUMENTS (cont'd)

(e) The following table shows a reconciliation of Level 3 fair values:

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Financial assets				
Balance as at 1 July 2014/2013	735	735	560	560
Fair value loss recognised in other comprehensive income	(25)	–	–	–
Balance as at 30 June 2015/2014	710	735	560	560

(f) The following table shows the sensitivity analysis for the level 3 fair value measurements.

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Profit after tax				
Price to book ratio				
- increase by 0.1	82	80	82	(80)
- decrease by 0.1	(82)	(80)	(82)	80

(g) The Group has an established control framework in respect to the measurement of fair values of financial instruments. The management has overall responsibility for overseeing all significant fair value measurements and reports directly to the Managing Director of the Group. The management regularly reviews significant unobservable inputs and valuation adjustments.

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.

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

(a) Credit risk (cont'd)

Exposure to credit risk

At the end of each 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.

Credit risk concentration profile

At the end of each reporting period, approximately eighty-three percent (83%) (2014: sixty-two percent (62%)) of the trade receivables of the Group were owed by five (5) major customers (2014: five (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. Investment securities and cash deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions with good standing. The Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

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 executing its liquidity risk management strategy, the Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

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

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

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

As at 30 June 2015	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, net of deferred revenue from customer loyalty points	138,368	–	–	138,368
Borrowings	27,152	12,183	1,636	40,971
Total undiscounted financial liabilities	165,520	12,183	1,636	179,339
Company				
Financial liabilities				
Other payables	408	–	–	408
Borrowings	1,892	7,570	1,636	11,098
Total undiscounted financial liabilities	2,300	7,570	1,636	11,506
As at 30 June 2014				
Group				
Financial liabilities				
Trade and other payables, net of deferred revenue from customer loyalty points	110,181	–	–	110,181
Borrowings	37,939	13,505	3,228	54,672
Total undiscounted financial liabilities	148,120	13,505	3,228	164,853
Company				
Financial liabilities				
Other payables	298	–	–	298
Borrowings	1,892	7,570	3,228	12,690
Total undiscounted financial liabilities	2,190	7,570	3,228	12,988

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

(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 primary interest rate risk of the Group relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate deposit and borrowings of the Group are exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate deposits and borrowings of the Group 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 its 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	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit after tax				
- increase by 0.5% (2014: 0.5%)	372	174	(21)	(27)
- decrease by 0.5% (2014: 0.5%)	(372)	(174)	21	27

The sensitivity of the Group is higher in 2015 than in 2014 because of an increase in cash and bank balances during the financial year. The sensitivity of the Company is lower in 2015 than in 2014 because of a decrease 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 financial instruments of the Group and of the Company 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 2015									
Fixed rates									
Hire purchase and lease creditors	19	4.58	(374)	(342)	(271)	(185)	(27)	–	(1,199)
Floating rates									
Cash and bank balances	15	2.40	137,092	–	–	–	–	–	137,092
Bankers' acceptances	18	3.98	(11,816)	–	–	–	–	–	(11,816)
Revolving credits	18	4.65	(11,659)	–	–	–	–	–	(11,659)
Term loans	18	4.87	(2,613)	(2,746)	(2,885)	(2,672)	(1,767)	(1,609)	(14,292)
As at 30 June 2014									
Fixed rates									
Deposit with a licensed bank	15	2.92	12	–	–	–	–	–	12
Hire purchase and lease creditors	19	4.65	(360)	(283)	(247)	(171)	(80)	–	(1,141)
Floating rates									
Cash and bank balances	15	2.01	97,450	–	–	–	–	–	97,450
Bankers' acceptances	18	3.69	(31,639)	–	–	–	–	–	(31,639)
Revolving credits	18	4.15	(2,638)	–	–	–	–	–	(2,638)
Term loans	18	4.60	(2,556)	(2,676)	(2,801)	(2,933)	(2,709)	(3,114)	(16,789)

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 financial instruments of the Group and of the Company that are exposed to interest rate risk:

Company	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 2015									
Floating rates									
Cash and bank balances	15	2.40	3,121	–	–	–	–	–	3,121
Term loan	18	5.04	(1,438)	(1,514)	(1,594)	(1,679)	(1,767)	(1,609)	(9,601)
As at 30 June 2014									
Floating rates									
Cash and bank balances	15	2.01	3,880	–	–	–	–	–	3,880
Term loan	18	4.50	(1,435)	(1,501)	(1,570)	(1,642)	(1,717)	(3,114)	(10,979)

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 would 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 bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currencies balances amounted to RM15,862,000 (2014: RM25,633,000) for the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD exchange rate against the functional currency of the Group, with all other variables held constant.

		Group	
Profit after tax		**2015**	**2014**
		RM'000	**RM'000**
USD/RM	-strengthen by 5%	542	997
	-weaken by 5%	(542)	(997)

Sensitivities of other foreign currencies are not disclosed as they are not material to the Group.

(e) Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments of the Group would 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

The following table demonstrates the sensitivity analysis of the Group and of the Company if market quoted prices of unit trust funds at the end of each reporting period changes by five percent (5%) with all other variables held constant:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit after tax				
- increase by 5% (2014: 5%)	5,458	3,689	2,357	1,112
- decrease by 5% (2014: 5%)	(5,458)	(3,689)	(2,357)	(1,112)

36. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	568,502	555,910	265,855	247,461
- Unrealised	(4,545)	(6,146)	85	76
	563,957	549,764	265,940	247,537
Less: Consolidation adjustments	(230,428)	(230,667)	–	–
Total retained earnings	333,529	319,097	265,940	247,537

DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2015

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	1,200,000	0.182
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
CHIA SWEE YUEN	NIL	NIL	NIL	NIL
FOO KEE FATT	NIL	NIL	NIL	NIL
LEE PENG KHOON	NIL	NIL	NIL	NIL
YEO SOK HIANG	2,000 ^^	0.000	100,000	0.015
ANDREW YONG TZE HOW (Alternate Director to Chong Chin Lin)	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.)

^^ Deemed interest by virtue of her husband, Chuah Thean Joo's direct interest in the Company.

As At 30 September 2015

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	:	6,861

DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 30 SEPTEMBER 2015

No. of Holders	Holdings	Total Holdings	%
55	less than 100	1,516	0.000
1,266	100 - 1,000	923,155	0.140
3,971	1,001 - 10,000	18,141,723	2.758
1,296	10,001 - 100,000	38,233,466	5.811
272	100,001 - 32,895,474	312,846,140	47.552
1	32,895,475 and above	287,763,500	43.739
6,861	TOTAL	**657,909,500**	**100.000**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2015

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 30 SEPTEMBER 2015
(As per the Record of Depositors)

No.	Name	No. of Shares	%
1	YONG PANG CHAUN HOLDINGS SDN. BHD.	287,763,500	43.739
2	HSBC NOMINEES (ASING) SDN BHD KBL EURO PB FOR HALLEY SICAV - HALLEY ASIAN PROSPERITY	27,579,300	4.191
3	HSBC NOMINEES (ASING) SDN BHD TNTC FOR SOMERSET EMERGING MARKETS SMALL CAP FUND LLC	24,520,336	3.727
4	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD ICAPITAL.BIZ BERHAD	19,000,000	2.887
5	THIAN MIN YANG	18,163,000	2.760
6	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	9,819,400	1.492
7	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	8,646,900	1.314
8	YONG YEE CHING	8,141,960	1.237
9	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	7,919,300	1.203
10	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (JPMEL AIF-UK)	6,845,300	1.040
11	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	5,063,700	0.769
12	CITIGROUP NOMINEES (ASING) SDN BHD GSCO FOR TRUFFLE HOUND GLOBAL VALUE LLC	5,000,000	0.759
13	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 12)	4,444,500	0.675
14	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR J.P. MORGAN BANK (IRELAND) PUBLIC LIMITED COMPANY	4,439,700	0.674
15	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	4,157,100	0.631
16	HSBC NOMINEES (ASING) SDN BHD HSBC-FS I FOR APOLLO ASIA FUND LTD	4,110,700	0.624
17	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	4,087,200	0.621

No.	Name	No. of Shares	%
18	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.K.)	3,895,164	0.592
19	HSBC NOMINEES (ASING) SDN BHD TNTC FOR PFS SOMERSET EMERGING MARKETS SMALL CAP FUND (NWB AS DEP)	3,837,500	0.583
20	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)	3,818,800	0.580
21	CARTABAN NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY ASIAN SMALLER COMPANIES POOL (FIDELITY FUNDS)	3,720,400	0.565
22	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	3,580,000	0.544
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BANK NEGARA MALAYSIA NATIONAL TRUST FUND (CIMB)	3,516,500	0.534
24	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND F9EX FOR FIDELITY NORTHSTAR FUND	3,200,000	0.486
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (LIFE NON-PAR FD)	2,834,600	0.430
26	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND WTAU FOR WISDOMTREE EMERGING MARKETS SMALLCAP DIVIDEND FUND	2,822,196	0.428
27	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	2,684,900	0.408
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ARIM)	2,650,000	0.402
29	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	2,518,500	0.382
30	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	2,489,343	0.378
	TOTAL	491,269,799	74.671

Location	Description / Existing Use	Land Area/ Built-up Area (sq. ft.)	Tenure	Approximate Age of Buildings	Net Carrying Amount @ 30.06.2015 (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	19.5 years	6,222,337
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	9 year	13,854,820
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	5 year	22,763,240
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	42 years	11,505,000
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	33 years	1,547,879
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	33 years	3,943,728
Flat E, 5th Floor, Block 5, Liberte, No. 833, Lai Chi Kok Road, Kowloon. Date of acquisition : 29 August 2014	Residential Apartment: Staff Hostel	698	Leasehold – 50 years expiring on 16.08.2049	12 years	4,576,672

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 Fourth Annual General Meeting of the Company to be held at No. 19 Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan on 18 November 2015 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. Yong Lai Wah		
Ordinary Resolution 4	Re-election of Mr. Cheong Chung Yet		
Ordinary Resolution 5	Re-election of Mr. Foo Kee Fatt		
Ordinary Resolution 6	To re-appoint Messrs BDO as Auditors		
Ordinary Resolution 7	Proposed Share Buy-Back		

Dated this _________ day of ____________________ 2015

____
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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