PADINI HOLDINGS BERHAD

(50202-A)
(Incorporated in Malaysia)

Annual Report 2016

vision

To Be The
Best Fashion Company
Ever

mission

To Exceed
Customers' Expectations
And
Our Brands' Promise

core value

PADINI

caring from the heart

Contents

NOTICE IS HEREBY GIVEN that the Thirty Fifth Annual General Meeting of the Company will be held at The Glenmarie Ballroom, Lobby Level, Holiday Inn Kuala Lumpur Glenmarie, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on 26 October 2016 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 2016 together with the Reports of the Directors and Auditors thereon. *(Ordinary Resolution 1)*

2. To approve payment of Directors' fee of RM260,000 in respect of the financial year ended 30 June 2016. *(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) Mdm Chong Chin Lin *(Ordinary Resolution 3)*
   ii) Mr Lee Peng Khoon *(Ordinary Resolution 4)*

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

   i) Mr. Andrew Yong Tze How *(Ordinary Resolution 5)*
   ii) Mr. Benjamin Yong Tze Jet *(Ordinary Resolution 6)*

5. To re-appoint Messrs BDO as the Auditors of the Company and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 7)*

Special Business

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

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

   "THAT, subject to the Companies Act, 1965, the Articles of Association of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorised to purchase its own ordinary shares of RM0.10 each ("Shares") on the Bursa Securities ("Proposed Share Buy-Back") at any time, upon such terms and conditions as the Directors shall in their discretion deem fit and expedient in the best interest of the Company provided that:-

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

   (b) The maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the audited retained profits and/or share premium accounts of the Company of RM266.648 million and RM3.772 million, respectively as at 30 June 2016;

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

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

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

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

whichever occurs first; and

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

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

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

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

(iv) resell the Treasury Shares on Bursa Securities.

AND that authority be and is hereby given to the Board to take all such steps as necessary to implement, finalise and give full effect to and to implement the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company." *(Ordinary Resolution 8)*

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

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Thirty Fifth 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 19 October 2016. Only a depositor whose name appears on the Record of Depositors as at 19 October 2016 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
4 October 2016

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 8 is set out in the Share Buy-Back Statement dated 4 October 2016 despatched together with the Annual Report.

STATEMENT ACCOMPANYING THE NOTICE OF THE 35TH 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 35th Annual General Meeting are set out in the Board of Directors' Profile on pages 28 to 35 of the Annual Report. Their shareholdings in the Company are set out in the section entitled "Directors' Shareholdings and Interests" on page 117 of the Annual Report. No individual other than the retiring Directors are seeking election as a Director at the 35th Annual General Meeting.

The retiring Directors have been assessed by the Nominating Committee and the Board of Directors and are recommended for re-election at the 35th Annual General Meeting.

Corporate Information

For the financial year ended 30 June 2016

CHAIRMAN	Chia Swee Yuen
MANAGING DIRECTOR	Yong Pang Chaun
DIRECTORS	Yong Lai Wah Chong Chin Lin Foo Kee Fatt Lee Peng Khoon Yeo Sok Hiang Andrew Yong Tze How (appointed w.e.f. 03/12/2015) Benjamin Yong Tze Jet (appointed w.e.f. 15/7/2016) Cheong Chung Yet (resigned w.e.f. 03/12/2015) Chan Kwai Heng (resigned w.e.f. 15/7/2016)
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 & Issuing House 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)

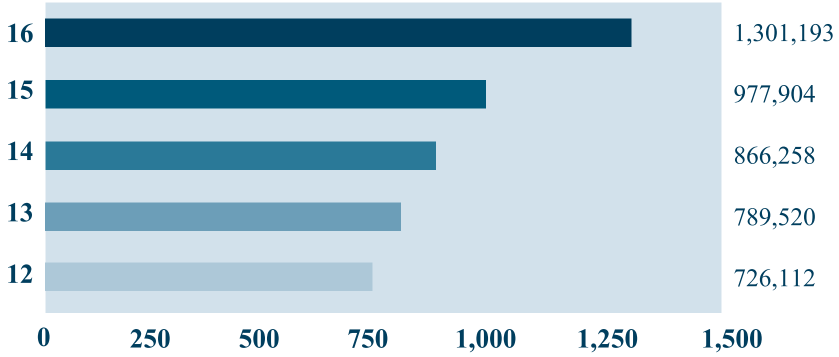
100%
PADINI INTERNATIONAL LTD., HONG KONG (896012)

	Restated 2012# RM '000	2013 RM '000	2014 RM '000	2015 RM '000	2016 RM '000
Revenue	726,112	789,520	866,258	977,904	1,301,193
Profit before taxation	129,721	117,658	125,719	111,835	186,665
Profit attributable to equity holders of the Company	95,305	85,393	90,913	80,223	137,385
Basic earnings per share (sen) based on profit attributable to equity shareholders*	14.49	12.98	13.82	12.19	20.88
Net assets	339,413	372,226	387,664	405,634	468,956
Net assets per share (sen)*	51.6	56.6	58.9	61.7	71.3
Dividend per share (sen)	6 sen	8 sen	11.5 sen	10 sen	11.5 sen

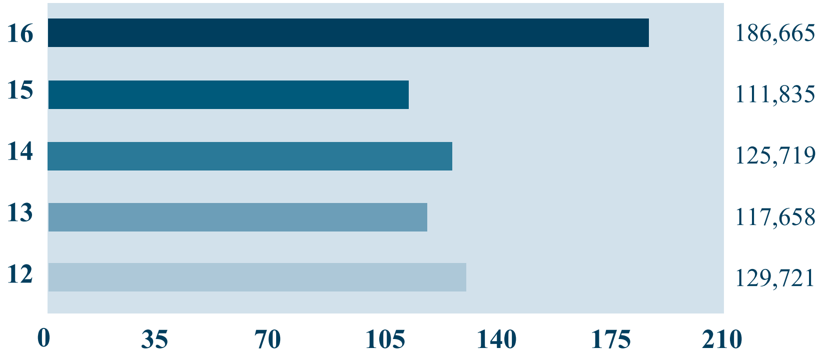
* Based on ordinary shares of RM0.10 each.

\# 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.

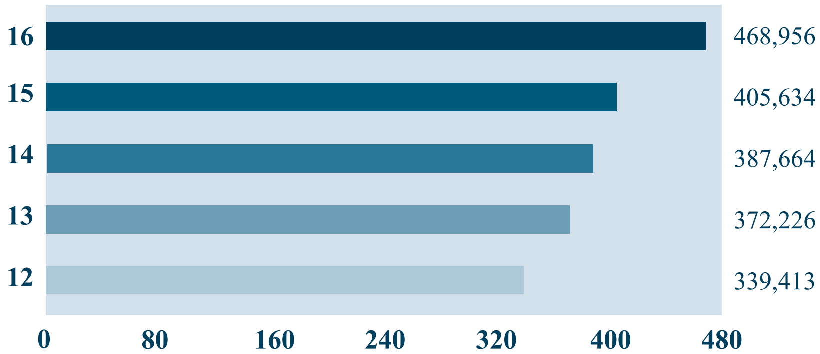
Revenue (RM Thousand)



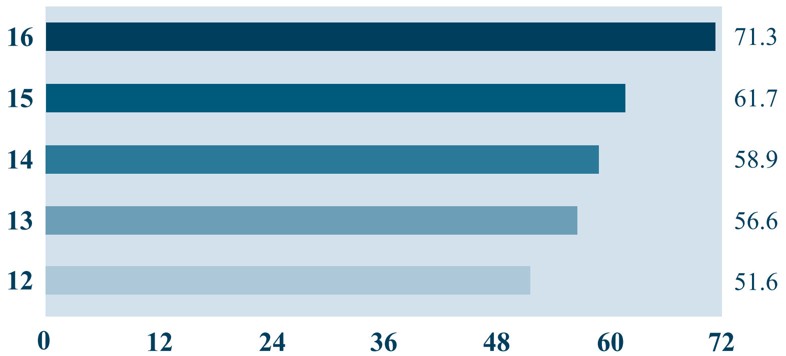
Profit before tax (RM Thousand)



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 30 June 2016.

INDUSTRY TREND AND DEVELOPMENT

Retail has always been and will continue to be ever changing and evolving, this is even more apparent in the subsection of fashion retail. Fashion retailers need to be ever iridescent in the eyes of consumers, to attract and retain their interest. Globalisation, the availability of technology and the myriad of choices and information at the consumers' disposal has made it even more challenging for retailers to stay relevant to their customers. With these developments, speed is now of utmost importance. The latest fashion trends need to be made available in store in the shortest time possible, with the correct price, before it loses its appeal. The question lies in who can execute this and execute it well, every time.

Moving forward, digital retailing will be a big feature in the retail industry. Whilst this is not yet the era of full actualisation in terms of shopping for garments and apparels in particular, where many still appreciate the feel of fabric on their skin and the experience of trying things on before the gratification of purchasing the items of their choice, we need to be fully aware that online shopping will become an important distribution channel for the fashion retail industry and industry players need to get ready for it.

FINANCIAL RESULTS

For the financial year under review, the Group had done exceptionally well, achieving consolidated revenues of RM1.301 billion, a growth of 33% over the previous year's amount of RM977.9 million. Despite the decrease in gross profit margin of 1% in the current financial year under review, profit before taxation increased by RM74.8 million, nearly 67% jump from the previous year's RM111.8 million. Total comprehensive income for the financial year attributable to the owners of the Company rose 66% to RM139 million when compared to the amount of RM83.8 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 ordinary share (single tier) amounting to RM16,447,737.39 for the financial year ending 30 June 2016 that was declared on 18 August 2015 was paid on 21 September 2015.
- a second interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,737.37 for the financial year ending 30 June 2016 that was declared on 26 November 2015 was paid on 31 December 2015.
- a third interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,737.35 for the financial year ending 30 June 2016 that was declared on 23 February 2016 was paid on 28 March 2016.
- a fourth interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,737.42 for the financial year ending 30 June 2016, that was declared on 18 May 2016 was paid on 29 June 2016.
- a special dividend of 1.5 sen per ordinary share (single tier) amounting to RM9,868,642.30 for the financial year ending 30 June 2016, that was declared on 18 May 2016 was paid on 29 June 2016.

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.

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.

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.

BUSINESS REVIEW (cont'd)

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

Brands – Domestic Market	As at 30.6.2014	As at 30.6.2015	As at 30.6.2016
Vincci, Vincci+, Vincci Accessories			
Free-standing stores	16	27	22
Consignment counters	1	1	1
Franchise stores	13	–	–
Seed			
Free-standing stores	2	1	1
Consignment counters	48	42	21
Padini Authentics			
Free-standing stores	7	5	5
Consignment counters	27	25	14
PDI			
Free-standing stores	13	14	14
Franchise stores	1	–	–
Padini			
Free-standing stores	2	1	1
Consignment counters	34	28	13
P&Co			
Free-standing stores	1	–	–
Miki Kids			
Consignment counters	29	25	17
Miki Baby			
Consignment counters	28	24	–
Tizio			
Free-standing stores	3	4	2
Brands Outlet			
Free-standing stores	27	31	40
Multi-brands			
Free-standing stores*	29	34	39
Total	281	262	190

* The 39 Multi-Brand stores as at 30 June 2016 contain a total of 290 stores-within-store (253 as at 30 June 2015) showcasing the various brands of the Padini Group.

Brands – Foreign Market	Locations	As at 30.6.2014	As at 30.6.2015	As at 30.6.2016
Vincci/VNC				
Franchise Stores	ASEAN	11	13	16
	Saudi Arabia	23	12	–
	UAE	18	17	16
	Oman	2	2	2
	Syria	3	–	–
	Qatar	2	2	2
	Bahrain	2	1	1
	Pakistan	4	5	5
	Egypt	2	–	–
	Morocco	2	–	–
	Kuwait	1	–	–
Dealer Stores	Thailand	15	12	9
Total		85	64	51

Retailing – Domestic and Abroad

For the year under review, domestic operations accounted for about 97% or RM1.263 billion of the Group's consolidated revenues. For the previous year, the domestic portion was at RM928.8 million, which was approximately 95% of that year's total revenues. In absolute value terms, exports fell by about 23% or RM11.2 million from that recorded in the 2015 financial year, to RM37.9 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 and Thailand. As is evident from the table above, the number of stores abroad had over a 12-month period fallen from 64 to 51 as economic factors and social unrest led many franchisees to shut down their operations.

In the domestic sector, the Group had as at 30 June 2016, a total of 124 retail stores divided into 45 single-brand stores, 39 Padini Concept Stores and 40 Brands Outlet stores. Except for 7 Padini Concept Stores, 6 Brands Outlet stores and 3 Vincci which are located in Sabah and Sarawak, the rest of the stores are located throughout Peninsular Malaysia.

The Group had in the financial year of 2016, continued with its expansion plan where, 5 Padini Concept Stores and 9 Brands Outlet stores were opened for business during the year. The gross floor area for both these stores types was increased by 174,000 square feet. As at 30 June 2016, the total gross floor area operated by the Group was at 1,151,000 square feet, of which 602,000 square feet and 476,000 square feet respectively were for the Padini Concept Stores and Brands Outlet stores, whilst 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 30.6.2015	FYE 30.6.2016
Vincci Ladies' Specialties Centre SB		
Revenues	RM199.6 million	RM228.0 million
Profit before Taxation	RM 12.5 million	RM 29.9 million
Padini Corporation SB		
Revenues	RM316.2 million	RM433.4 million
Profit before Taxation	RM 40.3 million	RM 60.6 million
Seed Corporation SB		
Revenues	RM98.3 million	RM134.8 million
Profit before Taxation	RM 3.7 million	RM 18.6 million
Yee Fong Hung (M) SB		
Revenues	RM316.1 million	RM461.4 million
Profit before Taxation	RM 44.5 million	RM 65.9 million
Mikihouse Children's Wear SB		
Revenues	RM35.5 million	RM43.5 million
Profit before Taxation	RM 2.0 million	RM 5.2 million

The 2016 financial year had been an exceptionally good year for the group when compared to the results achieved in the previous year, where all the subsidiaries clocked in marked improvements in revenues and profit before taxation.

That said, as we celebrate this year's accomplishment, we also need to take a step back and look at the picture from a more holistic view. The significant increase we see this year at the top line is a combination of the right strategies in meeting customers needs, from purchasing and merchandising to more efficient supply-chain and store management. From last year's lower profit base base, at a time of high inflationary pressures on our costs, the uncertainties surrounding the GST implementation and the Group's decision to maintain selling prices and absorb the GST that resulted in lower margins, this year was a mixture of improvements in efficiencies as well as a normalisation of sorts from that dismal time, and where the Group has had the good fortune of having a stable network of supply and distribution channels which was being strengthened and expanded constantly by dedicated staff members.

Café Operations

The café located at our office in Shah Alam is still operating and we intend to keep it going as a benefit and convenience for our staff and visitors. For the financial year reviewed, a loss of RM383,000 was recorded. This loss is a 34% reduction from the loss incurred in the last financial year as there is only one café that the Group operates in this financial year.

Future Outlook

In tandem with the global environment, the year ahead will be an arduous journey riddled with uncertainties in all aspects. As the ringgit continues to languish with no visible strengthening catalyst in sight, our import costs will continue to be at a high. Although it is widely believed that the GST impact has started to wear off, the weak ringgit and rising costs of living will continue to negatively impact the local purchasing power and consumer discretionary spending will still be crimped. Bearing this in mind, vigilance in monitoring our purchases and expenses in the coming year will still need to be maintained while we continue to listen to our customers' and provide them with what they need.

As we soldier on into the new financial year, we will continue to expand our network whenever good opportunities are presented. For the new financial year, we plan to open at least 7 Padini Concept Stores and 8 Brands Outlet Stores with some major refurbishments for at least 3 existing Padini Concept Stores.

To maintain if not be better than we are now, our merchandising, pricing and promotional strategies will continue to be focused on being relevant to our customers; concentration will still be on design, quality and affordability, where we strive to bring the best value to our customers in the shortest time-to-market possible.

Whilst we are still very much centred on the brick and mortar business, a lot of effort has been put in to increase the awareness on the availability of our products in our online store. As with all new channels, this will take time to build and nurture. Akin to bringing up a child, effort, time and resources are being applied to build this channel and in the process, mistakes will surely be made and lessons learnt. We believe, digital retailing of the Group does have potential in the years to come and this process should not be rushed as we are not only building a distribution channel, we are building our people as well in the process. As mentioned earlier, we still have some time while the market gets comfortable with online fashion retailing and we will grow together with our customers.

ACKNOWLEDGEMENT

Since the last Annual Report, two of our long-serving Executive Directors, Mr Chan Kwai Heng and Mr Cheong Chung Yet, have resigned from the Group and their directorships. The Board extends their sincere appreciation and thanks for their past contributions, at both the management and directorship levels.

On behalf of the Board, I would also 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. Since the last 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 27 participants and incurring an expenditure of RM148,738. Of the 27 who participated, 9 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.

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 2016 financial year, the Group spent about RM128,741 on 98 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 RM13,197 was also spent on external training and certification. Over the year and across the Group, each eligible employee received an average of about 3.6 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 2015, a Caring Week was organized and the following programs were conducted for the benefit of the employees:

1. Bone Density check by Archright Footprint
2. Blood donation by Pusat Darah Negara
3. Life check programme by the National Kidney Foundation
4. Presentation of Long Service Award, Best Employee Award and Outstanding Team Award.
5. Eye screening and consultation by Optimax Eye Specialist

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 477 man-hours in the process:

- Pusat Jagaan Baitus Sakinah Wal Mahabbah, Kota Warisan Sepang
- Rumah Seri Kenangan Cheng, Melaka
- House of Joy, Puchong
- Grace Covenant Community Center, Johor
- Rumah Amal Al-Firdaus, Shah Alam

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 RM17,920 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 60 successful donations was organized by the Group HRT department in collaboration with Pusat Darah Negara.

In the beginning of 2016, the group also participated in Midvalley's CSR programmes where we contributed RM12,300 worth of cash vouchers to senior citizens invited by the mall. Although the actual utilisation by the senior citizens only amounted to RM5,600, we were glad to be part of the programme.

We sponsored 117 employees for a Lifecheck programme conducted by the National Kidney Foundation and made RM500 cash contribution to the Foundation to fund the operating cost of the Lifecheck Programme.

RM2,000 was also donated to Pertubuhan Membantu Pesakit Parah Miskin Malaysia to support their effort in providing aid to terminally ill patients.

We sponsored 2 charity runs during the year, in November 2015, a team consisting of 30 of our employees participated in the Run for Hope 2015 that was organised by KDU University College and another team of 22 employees participated in the Zombie Night Run (Run for Kidney) in May 2016 organised by MMICARE Association. A contribution of RM1,500 and RM1,100 were made in relation to our participation respectively.

Environment

During the 2016 financial year, we had collected and sold for recycling, a total of 1.975 tonnes of used paper and paper products; the proceeds amounting to some RM502, while negligible, were used in part to fund some of the Group's philanthropic activities.

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 Group 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 Employment Manual also expanded on behaviours deemed inappropriate and contains also a section on whistle-blowing. The coverage of the things the Group 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, Mr Lee Peng Khoon.

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 shareholders 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 Malaysian 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 2016 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 30 June 2016, 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 regard to 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 26 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 key 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 2016 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

During the financial year, the external auditors provide only audit services to the Company, and 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. In the recent amendments to the Listing Requirements, any resolutions set out in the notice of general meetings held on or after 1 July 2016, will be held by way of poll voting. In compliance with this amendment, the resolutions in the Annual General Meeting to be held on 26 October 2016 will be exercised by way of poll voting.

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 2016.

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

The details of the terms of reference of the Audit Committee are available for reference at corporate.padini.com.

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 2016 are as follows:-

Directors	Meetings attended by the Directors/Total Number of Meetings held during the financial year ended 30 June 2016	% of Attendance
Mr Foo Kee Fatt	5/5	100%
Mr Lee Peng Khoon	5/5	100%
Mr Chia Swee Yuen	5/5	100%

Summary of the Work of the Audit Committee

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

1. Financial Reporting
   - 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 focused primarily on:
     i. changes in or implementation of major accounting policy changes;
     ii. significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
     iii. compliance with accounting standards and other legal requirements.
   - Discussed with Management and the external auditors, amongst others, on the quarterly financial results and annual audited financial statements regarding the accounting principles and standards that were applied and their judgement exercised on the items that may affect the financial results and statements; and
   - Review for any related party transactions.

2. External Audit
   - Reviewed with the external auditor, their audit plan for the financial year ended 30 June 2016 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 presentation to the Committee;
   - Reviewed the external auditors report;
   - The Audit Committee met with the external auditors twice during the year, without the presence of management, to review key issues within their sphere of interest and responsibility. During the private session with the external auditors, it was noted that there were no major concerns from the external auditors;
   - Reviewed and assessed the performance, suitability and independence of the external auditors based on, amongst others, the quality of service, sufficiency of resources, communication and interaction, as well as independence, objectivity and professional skepticism. The external auditors provide an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements. The Audit Committee is satisfied with the performance and the audit independence of the external auditors. Accordingly, it was recommended to the Board to re-appoint BDO as auditors of the Company. A resolution for their re-appointment will be tabled for approval at the forthcoming Annual General Meeting.

3. Internal Audit
   - Reviewed the reports 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. During the financial year, 5 reports were presented to the Audit Committee focusing on:
     - Analysis of Stock Variance by Brands and in Distribution Centre
     - Centralised Warehouse and Security Management
     - Merchandising and Sales and Marketing Operation for Brands Outlet
     - Sourcing and Quality Management
     - Merchandising and Marketing Function for Vincci
   - Reviewed the follow up reports from the internal audit and to ensure the issues were appropriately addressed on a timely basis.
   - The Audit Committee met with the internal auditors once during the year, without the presence of management, to review key issues within their sphere of interest and responsibility. During the private session with the internal auditors, it was noted that there were no major concerns from the internal auditors;
   - Reviewed the effectiveness of the audit process and assessed the performance of the overall Internal Audit function.

Internal Audit Function

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.

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

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

THE PROCESS OF THE COMMITTEE

The Chairman of Nominating Committee is the Senior Independent Director who is responsible for the conduct of meetings. Nominating Committee Meetings shall be held at least once (1) a year and the 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 and upon the evaluation of 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. The Board Chairman will then discuss with the Managing Director on the acceptance of the appointment. If there is a potential conflict in the appointments, 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.

SUMMARY OF ACTIVITIES

During the financial year ended 30 June 2016, the Nominating Committee had met six times, on 18 August 2015, 28 September 2015, 18 November 2015, 23 February 2016, 18 May 2016 and 10 June 2016.

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 :

PERFORMANCE EVALUATION

The Performance Evaluation Guidelines for Directors for the year ended 30 June 2015 were completed by the Directors and the results of the evaluations of the Directors and Board have satisfactory scores. The evaluations of Directors and the Board for subsequent years will be carried out annually.

The Committee had also deliberated on the revision to the forms for 2016 for the (i) Performance Evaluation of Directors (Individual) (ii) Self Declaration by Independent Directors (iii) Board Assessment (iv) Performance Evaluation of Audit Committee Members (v) Performance of the Audit Committee by the Board (vi) Board Skills Matrix Form, for a clearer assessment of the performance of the Board as a whole for future evaluations. All the revised forms were subsequently approved by the Board and then completed by the Directors for the 2016 evaluations. The results of the evaluations were all satisfactory.

Review of the Audit Committee

The Board had issued the relevant performance evaluation forms for the Directors for their feedback/comments on the Audit Committee and its members. Based on the performance evaluation conducted, the Board members were satisfied with the performances of the Audit Committee and its Members.

INDEPENDENCE

The Board consists of nine (9) directors of which three (3) are independent directors. The Committee noted that the Company has met the requirements of Bursa Malaysia Securities Berhad's Main Market Listing requirements that at least 2 directors or 1/3 of the Board of Directors are independent directors.

The Committee had also agreed that an assessment on the sufficiency of independent participation by the Directors in Board Meetings and other areas requiring their views would be a better measure to assess whether there is "sufficient independent element" on the Board and based on the assessment, the Committee is of the opinion that there is "sufficient independent element" on the Board.

The independent directors had also declared their independence by completing the self-declaration form for independent directors and no conflict of interest was reported.

SUCCESSION PLANNING

The Committee noted that in line with Succession Planning Mr Andrew Yong Tze How was appointed as an Executive Director on 3 December 2015 on the resignation of Mr Cheong Chung Yet from the Board. Simultaneously Mr Benjamin Yong Tze Jet was appointed as an alternate director to Madam Chong Chin Lin in place of Mr Andrew Yong Tze How. Subsequently on 15 July 2016 Mr Benjamin Yong Tze Jet was appointed as an Executive Director on the resignation of Mr Chan Kwai Heng from the Board.

With these appointments the Committee is of the opinion that Board positions continued to be fairly stable and succession planning for senior management personnel of the Company/Group is in place.

BOARD SKILLS MATRIX

With the changes to the Board during the year the Committee carried out an evaluation of the Board Skills and is of the opinion that the Company/Group continues to have sufficient depth in the necessary skills set.

TRAINING

Following the guidelines agreed by the Board in the previous year the Committee had decided to carry out a review on the Directors' training requirements every six months and a compilation of the trainings that the Directors had attended was compiled and furnished to the Directors for them to identify the further training they wish to attend. The Committee also recommended that an in-house training be organized for all Directors and senior management. Subsequently a training on the topic "Sustainability for Senior Management" was carried out before the financial year end.

The description of trainings attended by the Directors for the year ended 30 June 2016 is found on pages 34 and 35 of this Annual Report 2016.

RE-ELECTION OF DIRECTORS

Based on the completed Performance Evaluation Form of Directors for the year ended 30 June 2016 which was used as a guide by the Committee to evaluate, review and recommend to the Board of Directors those directors who are due for retirement by rotation at the forthcoming Annual General Meeting the Committee had considered the following Directors who would be standing for re-election at the forthcoming Annual General Meeting of the Company under Sections 102(1) and 109 of the Articles of Association of the Company.

The Directors who are affected are as follows:

Director	Designation	Relevant Provision
Mdm Chong Chin Lin	Executive Director	Re-election under Article 102(1)
Mr Lee Peng Khoon #	Independent Non-Executive Director	Re-election under Article 102 (1)
Mr Andrew Yong Tze How	Executive Director	Re-election under Article 109
Mr Benjamin Yong Tze Jet	Executive Director	Re-election under Article 109

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

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 impact 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, 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. In the financial year 2016, the Group continued its effort to downsize its consignment business. A total of 79 consignment counters were closed during the financial year leaving only 66 operational consignment counters as at 30 June 2016. With the closures, resources have been reallocated to more appropriate and efficient sites of distribution, this also ensures the level of stock left at the consignment counters to be kept to a minimum level thus reducing stock losses that are normally very high in consignment counters.

2. During the financial year, a warehouse management system was put in place in the main warehouse of the Company. The system keeps track of the stock that is transferred in and out of the warehouse and controls the exact location that the goods are to be placed in the warehouse and is integrated to the SAP system that the Company uses. Whilst the system monitors and controls the stock in the system, a team was also put in place to do a cycle count process on a daily basis to ensure that the system and the physical stocks are the same. As the system has just gone live on 28 February 2016, the team is still tightening the securities, processes and reporting.

3. The proposed system on electronic clocking-in for use in the retail stores that the Group operates throughout the country had fully gone live on 1 June 2016. The said system automates 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. As the system requires a reading of the employee's thumbprint to validate the employee's attendance, it should minimise 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.

Report from the Internal Auditors

Our internal auditors have carried out and completed the internal audit review based on the Internal Audit Plan approved previously by the Audit Committee. The results of the internal audit review were satisfactory, having found no major control weaknesses which may pose significant risk exposures to the Group's operations during the financial year under review. The internal auditors have also carried out subsequent follow up review on the agreed action plans, which has been commented and agreed by the management to address the relevant findings highlighted in the internal audit reports, and noted that most of the agreed action plans have been/are being implemented.

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 2015) ('RPG5 (Revised 2015)') 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 2015) 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 the Statement on Risk Management and Internal Control factually inaccurate.

Conclusion

In the Board of Directors' meeting held on 2 September 2016, 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
59 years of age, Malaysian, Male
(Chairman of the Board and Remuneration Committee, Member of the Audit Committee and Nominating Committee, Independent Non-Executive Director)

Mr Chia was appointed to the Board on 2 May 2014.

He graduated from the University of Malaya with a Bachelor of Accounting (1st Class Hons). He is a member of the Malaysian Institute of Accountants ("MIA"). He was formerly a member of the Examination Committee of the Certified Credit Professional (Business) of the Asian Institute of Chartered Bankers ("AICB") (formerly known as Institut Bank-Bank Malaysia). In recognition of his contributions and services rendered to 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 and marketing studies, review of operational processes and financial training.

From 1984 to 1987, he was with Malaysian Resources Corporation Berhad, a diversified listed group with businesses in the manufacturing, trading, credit & 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 up to his retirement in the financial year 2015, he has been with the banking sector, heading varied areas of marketing, branch management, credit evaluation, credit operations and risk management with Overseas Union Bank (M) Bhd and Ambank (M) Bhd. Customer segment handled is mainly in business banking.

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
65 years of age, Malaysian, Male
(Managing Director, Member of Remuneration Committee and Key Senior Management)

Mr Yong 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.

Chong Chin Lin
63 years of age, Malaysian, Female
(Executive Director and Key Senior Management)

Madam Chong 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 4 out of 5 meetings of the Board of Directors.

Yong Lai Wah
66 years of age, Malaysian, Female
(Executive Director)

Madam Yong 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 Café 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 of 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
50 years of age, Malaysian, Male
(Chairman of the Audit Committee, Member of Nominating Committee, Independent Non-Executive Director)

Mr Foo 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
63 years of age, Malaysian, Male
(Chairman of Nominating Committee, Member of the Audit Committee and Remuneration Committee, Senior Independent Non-Executive Director)

Mr Lee 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
42 years of age, Malaysian, Female
(Executive Director and Key Senior Management)

Madam Yeo 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
35 years of age, Malaysian, Male
(Executive Director and Key Senior Management)
(Appointed as Director on 3 December 2015, Ceased as Alternate Director to Mdm Chong Chin Lin on 3 December 2015)

Mr Andrew Yong was appointed to the Board on 3 December 2015.

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 was promoted to General Manager - Operations in August 2015 and overseas, 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.

Benjamin Yong Tze Jet
32 years of age, Malaysian, Male
(Executive Director and Key Senior Management)
(Appointed as Director on 15 July 2016, Ceased as Alternate Director to Mdm Chong Chin Lin on 15 July 2016)

Mr Benjamin Yong was appointed as the Alternate Director to Madam Chong Chin Lin on 3 December 2015.

After graduating with a Bachelor's Degree in Arts, Media & Communication from the University of Melbourne, Victoria, Australia in 2005, Mr Benjamin Yong started his career as a Merchandising Assistant with Padini Merchandising department in September of the same year. He was promoted to the position of Merchandiser in 2007 and appointed as the Brand Manager for Padini Workwear in 2009. He is now the Head of Design, Merchandising and Retail of the Group and is responsible for the overall management, development and organisation of the design, merchandising, retail and branding activities for the brands assigned to him.

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 2 out of 2 meetings of the Board of Directors.

Chan Kwai Heng
64 years of age, Singaporean, Male
(Executive Director) – resigned on 15 July 2016

Mr Chan 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.

Prior to his resignation, he was overseeing 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
50 years of age, Malaysian, Male
(Executive Director) - resigned on 3 December 2015

Mr Cheong 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 assumed until his resignation.

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

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

Other Information

(i) Family Relationship

Yong Pang Chaun is the spouse of Chong Chin Lin, and is also the brother of Yong Lai Wah. Andrew Yong Tze How and Benjamin Yong Tze Jet are both sons of Yong Pang Chaun and Chong Chin Lin. None of the other Directors above have 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 2016.

(ii) Conflict of Interest

None of the Directors have any conflict of interest with the company.

(iii) Convictions for offences

None of the Directors have been convicted for offences within the past ten years other than for traffic offences.

(iv) Material Contracts

No material contracts had been entered into for the financial year under review between the Group and the Directors and/or Major Shareholders.

(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	2,554,711	–
Fees & Allowances	24,460	260,000
Bonuses	1,877,832	–
Benefits-in-kind	88,958	–
Statutory Contributions	531,937	–
Total	**5,077,898**	**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	1	–
RM200,001 - 250,000	1	–
RM300,001 - 350,000	1	–
RM400,001 - 450,000	1	–
RM750,001 - 800,000	1	–
RM850,001 - 900,000	1	–
RM1,100,001 - 1,150,000	2	–

(vi) Directors' Training

During the financial year ended 30 June 2016, 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	Benjamin Yong Tze Jet
Bursa: Board Chairman Series Part 2 - Leadership Excellence from the Chair	✓							✓			
Bursa: Directors CG Series: Building Effective Finance Function: From Reporting to Analytics to Strategic Input	✓							✓	✓		
Bursa: ESG Workshop for FTSE4Good Bursa Malaysia Index			✓						✓		
Bursa: CG Breakfast Series with Directors - How to Maximise Internal Audit								✓			
Bursa: CG Breakfast Series with Directors - Future of Auditor Reporting - The Game Changer for Boardroom								✓			
BDO: Budget 2016 Tax Seminar								✓			
FPLC: National Seminar on TPPA	✓										
SC: The New Auditor's Report - Sharing the UK Experience								✓			
Bursa/Shemsi - Sustainability Reporting Workshop for Practitioners									✓		
SHEMSI: Sustainability for Senior Management Internal Training for Padini	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Bursa: CG Breakfast Series with Directors - The Strategy, the Leadership, the Stakeholders and the Board								✓			

(vi) Directors' 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	Benjamin Yong Tze Jet
Bursa - The Interplay between CG, Non-Financial Information (NFI) and Investment Decision								✓	✓		
FPLC: Audit Committee Seminar for the Public and Private Sectors 2016	✓						✓	✓			
SIDC: Creating A Better World: The Role of Corporate ASEAN in Driving The Sustainable Development Goals								✓			
Bursa: Sustainability Engagement Series for Directors / CEO								✓			
Bursatra - Handling Media Interviews, Tricky Media Questions & Crisis Situations										✓	
MIA: IFRS 15 Revenue from Contracts with Customers and Agriculture	✓						✓				
MIA: Presentation of Financial Statements and Disclosure Requirements of IFRS / MFRS							✓				
MIA/MATA: The 2016 Budget Seminar							✓				

Notes:
* Mr Chan Kwai Heng resigned on 15 July 2016
# Mr Cheong Chung Yet resigned on 3 December 2015

(vii) No. of board meetings held

Five (5) Board meetings were held during the financial year ended 30 June 2016.

(viii) Non-audit Fee

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

Directors' Responsibility Statement

in Respect of the Annual Audited Financial Statements

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

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

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

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

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

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 2016.

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	137,385	76,368

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 2016:	
First interim single tier dividend of 2.5 sen per ordinary share, paid on 21 September 2015.	16,448
Second interim single tier dividend of 2.5 sen per ordinary share, paid on 31 December 2015.	16,448
Third interim single tier dividend of 2.5 sen per ordinary share, paid on 28 March 2016.	16,448
Fourth interim single tier dividend of 2.5 sen per ordinary share, paid on 29 June 2016.	16,448
Special single tier dividend of 1.5 sen per ordinary share, paid on 29 June 2016.	9,868
	75,660

The Directors do not recommend the payment of any final dividend in respect of the current financial year. On 25 August 2016, 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 2017, which will be payable on 29 September 2016.

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	
Chia Swee Yuen	
Foo Kee Fatt	
Lee Peng Khoon	
Yeo Sok Hiang	
Andrew Yong Tze How	(ceased as alternate Director to Chong Chin Lin on 3 December 2015; appointed as Director on 3 December 2015)
Benjamin Yong Tze Jet	(appointed as alternate Director to Chong Chin Lin on 3 December 2015 and ceased on 15 July 2016; appointed as Director on 15 July 2016)
Cheong Chung Yet	(resigned on 3 December 2015)
Chan Kwai Heng	(resigned on 15 July 2016)

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

In accordance with Article 109 of the Company's Articles of Association, Andrew Yong Tze How and Benjamin Yong Tze Jet retire 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 2016 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 1.7.2015	**Bought**	**Sold**	**Balance as at 30.6.2016**
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	1,200,000	–	(887,100)	312,900
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.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (cont'd)

(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.

....

Yeo Sok Hiang
Director

....

Yong Pang Chaun
Director

Kuala Lumpur
2 September 2016

Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 45 to 115 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 2016 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 116 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,

....

Yeo Sok Hiang
Director

....

Yong Pang Chaun
Director

Kuala Lumpur
2 September 2016

Statutory Declaration

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

I, Yeo Sok Hiang, 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 45 to 116 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	)
2 September 2016	) …………..........................
	) **Yeo Sok Hiang**

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 2016 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 45 to 115.

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 2016 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
2011/12/17 (J)
Chartered Accountant

Kuala Lumpur
2 September 2016

Statements of Financial Position

As at 30 June 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	122,838	123,113	44,982	43,282
Intangible assets	8	7,326	6,685	–	–
Investment property	9	4,195	3,944	–	–
Investments in subsidiaries	10	–	–	248,087	248,087
Other investments	11	705	710	560	560
Deferred tax assets	12	2,208	1,185	–	–
		137,272	135,637	293,629	291,929
Current assets					
Inventories	13	263,266	168,931	–	–
Trade and other receivables	14	49,278	50,579	1,327	3,519
Current tax assets		278	1,368	–	–
Other investments	11	112,650	109,165	33,637	47,141
Cash and bank balances	15	237,069	137,092	16,581	3,121
		662,541	467,135	51,545	53,781
TOTAL ASSETS		799,813	602,772	345,174	345,710
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	65,791	65,791	65,791	65,791
Reserves	17	403,165	339,843	270,420	269,712
TOTAL EQUITY		468,956	405,634	336,211	335,503
LIABILITIES					
Non-current liabilities					
Borrowings	18	9,644	12,504	6,724	8,163
Provision for restoration costs	20	7,778	6,422	–	–
Deferred tax liabilities	12	1,448	1,530	–	–
		18,870	20,456	6,724	8,163
Current liabilities					
Trade and other payables	21	235,336	142,123	557	408
Borrowings	18	60,176	26,462	1,442	1,438
Provision for restoration costs	20	1,689	602	–	–
Current tax liabilities		14,786	7,495	240	198
		311,987	176,682	2,239	2,044
TOTAL LIABILITIES		330,857	197,138	8,963	10,207
TOTAL EQUITY AND LIABILITIES		799,813	602,772	345,174	345,710

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

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	24	1,301,193	977,904	74,920	82,638
Cost of sales	25	(758,635)	(555,688)	–	–
Gross profit		542,558	422,216	74,920	82,638
Other income		11,806	11,816	4,660	5,010
Selling and distribution costs		(299,185)	(256,592)	–	–
Administrative expenses		(64,803)	(62,748)	(1,789)	(1,906)
Profit from operations		190,376	114,692	77,791	85,742
Finance costs	26	(3,711)	(2,857)	(457)	(515)
Profit before tax	27	186,665	111,835	77,334	85,227
Tax expense	29	(49,280)	(31,612)	(966)	(1,033)
Profit for the financial year attributable to owners of the parent		137,385	80,223	76,368	84,194
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Fair value loss on available-for-sale financial assets	29(d)	(1)	(25)	–	–
Foreign currency translations	29(d)	1,598	3,563	–	–
Total other comprehensive income, net of tax		1,597	3,538	–	–
Total comprehensive income attributable to owners of the parent		138,982	83,761	76,368	84,194
Earnings per ordinary share attributable to equity holders of the Company (sen):					
- Basic	31	20.88	12.19		
- Diluted	31	20.88	12.19		

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

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 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.

Consolidated Statement of Changes In Equity (cont'd)

For the financial year ended 30 June 2016

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 2015		65,791	3,772	30	2,512	333,529	405,634
Profit for the financial year		–	–	–	–	137,385	137,385
Fair value loss on available-for-sale financial assets, net of tax		–	–	(1)	–	–	(1)
Foreign currency translations, net of tax		–	–	–	1,598	–	1,598
Total comprehensive income		–	–	(1)	1,598	137,385	138,982
Transactions with owners							
Dividends paid	30	–	–	–	–	(75,660)	(75,660)
Total transactions with owners		–	–	–	–	(75,660)	(75,660)
Balance as at 30 June 2016		65,791	3,772	29	4,110	395,254	468,956

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

Company	Note	[---------------Non-distributable-------------] Share capital RM'000	Share premium RM'000	Distributable Retained earnings RM'000	Total equity RM'000
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
Profit for the financial year		–	–	76,368	76,368
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income		–	–	76,368	76,368
Transaction with owners					
Dividends paid	30	–	–	(75,660)	(75,660)
Total transactions with owners		–	–	(75,660)	(75,660)
Balance as at 30 June 2016		65,791	3,772	266,648	336,211

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

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		186,665	111,835	77,334	85,227
Adjustments for:					
Amortisation of intangible assets	8	1,311	969	–	–
Depreciation of property, plant and equipment	7	33,629	29,643	844	784
Dividend income from:					
- subsidiaries	24	–	–	(73,614)	(82,050)
- unit trust funds		(3,484)	(1,460)	(1,306)	(588)
Fair value adjustments on:					
- investment property	9	–	(268)	–	–
- unit trust funds		(66)	(37)	(55)	(13)
Gain on disposals of:					
- property, plant and equipment		(227)	(239)	–	–
- unit trust funds		(31)	(1)	(17)	–
Impairment losses on:					
- club membership		4	–	–	–
- property, plant and equipment	7	272	202	–	–
Intangible assets written off		25	1	–	–
Interest expense		3,560	2,813	457	515
Interest income		(4,062)	(3,255)	(183)	(196)
Inventory losses	13	4,618	3,634	–	–
Inventories written down	13	2,014	3,052	–	–
Inventories written off	13	3,260	3,987	–	–
Property, plant and equipment written off		597	1,320	–	–
Rebate of management fees in the form of unit trust units in other investments		(25)	(9)	(7)	(2)
Reversal of provision for restoration costs	20	(959)	(1,700)	–	–
Unrealised loss/(gain) on foreign exchange		523	(333)	–	–
Operating profit before changes in working capital		227,624	150,154	3,453	3,677
(Increase)/Decrease in inventories		(104,227)	42,513	–	–
Decrease/(Increase) in trade and other receivables		1,374	4,826	(267)	(19)
Increase in trade and other payables		93,172	27,780	149	110
Cash generated from operations		217,943	225,273	3,335	3,768
Tax paid		(42,162)	(33,525)	(924)	(998)
Tax refunded		153	99	–	–
Net cash from operating activities		175,934	191,847	2,411	2,770

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from:					
- subsidiaries		–	–	75,340	87,444
- unit trust funds		829	–	218	–
Interest received		4,062	3,255	183	196
Placements of unit trust funds		(99,000)	(96,000)	(20,000)	(34,000)
Proceeds from disposals of:					
- property, plant and equipment		251	240	–	–
- unit trust funds		98,292	62,123	34,671	9,695
Purchase of:					
- intangible assets	8	(1,977)	(1,387)	–	–
- property, plant and equipment	7(a)	(30,839)	(41,838)	(2,544)	(538)
Repayments by subsidiaries			–	733	1,358
Net cash (used in)/from investing activities		(28,382)	(73,607)	88,601	64,155
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	30	(75,660)	(65,791)	(75,660)	(65,791)
Drawdowns of short term bank borrowings		134,008	83,951	–	–
Interest paid		(2,890)	(2,242)	(457)	(515)
Repayments of:					
- hire purchase and finance lease obligations		(403)	(425)	–	–
- short term bank borrowings		(100,355)	(94,753)	–	–
- term loans		(2,611)	(2,497)	(1,435)	(1,378)
Withdrawal of deposit pledged with a licensed bank		–	12	–	–
Net cash used in financing activities		(47,911)	(81,745)	(77,552)	(67,684)
Net increase/(decrease) in cash and cash equivalents		99,641	36,495	13,460	(759)
Effects of exchange rate fluctuations on cash and cash equivalents		336	3,147	–	–
Cash and cash equivalents at beginning of financial year		137,092	97,450	3,121	3,880
Cash and cash equivalents at end of financial year	15	237,069	137,092	16,581	3,121

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 2016 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 2 September 2016.

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 45 to 115 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 116 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	4 - 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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.

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)

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.

However, derivatives that are 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.

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

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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.

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

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.

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

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.

(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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 Income taxes

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

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

(a) Current tax

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

(b) Deferred tax

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.15 Provisions (cont'd)

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.

4.16 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.

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

4.17 Employee benefits (cont'd)

(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.

(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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.21 Revenue recognition (cont'd)

(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.

(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.

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

4.23 Fair value measurements (cont'd)

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 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, 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
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 107 *Disclosure Initiative*	1 January 2017
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
MFRS 16 *Leases*	1 January 2019
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	Deferred

The Group is in the process of assessing the impact of implementing these 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	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
At cost								
Balance as at 1 July 2015	12,240	37,243	7,209	5,390	133,304	70,293	34	265,713
Additions	–	–	–	464	21,199	9,627	2,544	33,834
Disposals	–	–	–	(1,208)	(174)	(41)	–	(1,423)
Written off	–	–	–	–	(5,981)	(2,236)	–	(8,217)
Translation adjustments	–	–	455	–	11	9	–	475
Balance as at 30 June 2016	12,240	37,243	7,664	4,646	148,359	77,652	2,578	290,382
Accumulated depreciation								
Balance as at 1 July 2015	–	6,025	931	3,907	88,804	42,731	–	142,398
Charge for the financial year	–	745	283	589	22,044	9,968	–	33,629
Disposals	–	–	–	(1,208)	(149)	(42)	–	(1,399)
Written off	–	–	–	–	(5,498)	(2,122)	–	(7,620)
Translation adjustments	–	–	51	–	3	8	–	62
Balance as at 30 June 2016	–	6,770	1,265	3,288	105,204	50,543	–	167,070
Accumulated impairment losses								
Balance as at 1 July 2015	–	–	202	–	–	–	–	202
Charge for the financial year	–	–	272	–	–	–	–	272
Balance as at 30 June 2016	–	–	474	–	–	–	–	474
Carrying amount								
Balance as at 30 June 2016	12,240	30,473	5,925	1,358	43,155	27,109	2,578	122,838

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

Group	**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**
At cost								
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 losses								
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)

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 2015	12,240	36,078	3,393	1,999	34	53,744
Additions	–	–	–	–	2,544	2,544
Written off	–	–	(70)	(221)	–	(291)
Balance as at 30 June 2016	12,240	36,078	3,323	1,778	2,578	55,997
Accumulated depreciation						
Balance as at 1 July 2015	–	5,511	3,243	1,708	–	10,462
Charge for the financial year	–	722	57	65	–	844
Written off	–	–	(70)	(221)	–	(291)
Balance as at 30 June 2016	–	6,233	3,230	1,552	–	11,015
Carrying amount						
Balance as at 30 June 2016	12,240	29,845	93	226	2,578	44,982

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)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Additions of property, plant and equipment	33,834	45,366	2,544	538
Financed by hire purchase and lease arrangements	(215)	(483)	–	–
Provision for restoration costs capitalised (Note 20)	(2,780)	(3,045)	–	–
Cash payments on purchase of property, plant and equipment	30,839	41,838	2,544	538

(b) During the financial year, the Group recognised an impairment loss of RM272,000 (2015: RM202,000) on a leasehold building to its recoverable amount 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	
	2016 RM'000	2015 RM'000
Motor vehicles	1,175	1,367

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Freehold land	4,892	4,892	4,892	4,892
Freehold buildings	18,106	18,523	17,477	17,871
	22,998	23,415	22,369	22,763

8. INTANGIBLE ASSETS

Group	System, applications and products RM'000	Computer software RM'000	Total RM'000
At cost			
Balance as at 1 July 2015	7,030	4,044	11,074
Additions	–	1,977	1,977
Written off	–	(139)	(139)
Translation adjustments	–	2	2
Balance as at 30 June 2016	7,030	5,884	12,914
Accumulated amortisation			
Balance as at 1 July 2015	2,383	2,006	4,389
Charge for the financial year	469	842	1,311
Written off	–	(114)	(114)
Translation adjustments	–	2	2
Balance as at 30 June 2016	2,852	2,736	5,588
Carrying amount			
Balance as at 30 June 2016	4,178	3,148	7,326
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

9. INVESTMENT PROPERTY

	Group 2016 RM'000	Group 2015 RM'000
Workshop, at valuation		
Balance as at 1 July 2015/2014	3,944	3,108
Fair value adjustments	–	268
Translation adjustments	251	568
Balance as at 30 June 2016/2015	4,195	3,944

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

	Group 2016 RM'000	Group 2015 RM'000
Repairs and maintenance	32	17
Quit rent and assessment	8	6

(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
2016				
Workshop	–	4,195	–	4,195
2015				
Workshop	–	3,944	–	3,944

(i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 30 June 2016 and 30 June 2015.

(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 RM NIL (2015: RM268,000) to the Group to reflect its fair value of RM4,195,000 or equivalent to HKD8,100,000 (2015: RM3,944,000 or equivalent to HKD8,100,000).

(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 2016 RM'000	Company 2015 RM'000
At cost:		
- Unquoted shares	259,369	259,369
Less: Impairment losses	(11,282)	(11,282)
	248,087	248,087

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

Name of company	Country of incorporation	Effective equity interest 2016 %	Effective equity interest 2015 %	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 and electronic commerce
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		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Available-for-sale financial assets:				
- Unquoted shares in Malaysia	560	560	560	560
- Club memberships	145	150	–	–
Total non-current other investments	705	710	560	560
Current				
Financial assets at fair value through profit or loss				
- Unit trust funds in Malaysia	112,650	109,165	33,637	47,141
Total other investments	113,355	109,875	34,197	47,701

(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	
	2016 RM'000	2015 RM'000
Balance as at 1 July 2015/2014	(345)	(1,705)
Recognised in profit or loss (Note 29)	1,105	1,360
Balance as at 30 June 2016/2015	760	(345)
Presented after appropriate offsetting:		
Deferred tax assets, net	2,208	1,185
Deferred tax liabilities, net	(1,448)	(1,530)
	760	(345)

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 2015	901	627	1,528
Recognised in profit or loss	368	354	722
Balance as at 30 June 2016, prior to offsetting	1,269	981	2,250
Set-off of tax			(42)
Balance as at 30 June 2016			2,208
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

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 2015	(1,872)	(1)	(1,873)
Recognised in profit or loss	458	(75)	383
Balance as at 30 June 2016, prior to offsetting	(1,414)	(76)	(1,490)
Set-off of tax			42
Balance as at 30 June 2016			(1,448)
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)

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unused tax losses	6,878	4,926	–	–
Unabsorbed capital allowances	811	811	811	811
	7,689	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	
	2016 RM'000	2015 RM'000
At cost		
Completed garments, shoes and accessories	257,790	160,531
Raw materials and manufacturing accessories	54	98
	257,844	160,629
At net realisable value		
Completed garments, shoes and accessories	5,422	8,302
	263,266	168,931

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM732,730,000 (2015: RM534,374,000). 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	
	2016 RM'000	2015 RM'000
Inventory losses	4,618	3,634
Inventories written down to net realisable values	2,014	3,052
Inventories written off	3,260	3,987
	9,892	10,673

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables				
Third parties	17,600	19,970	–	–
Other receivables and deposits				
Amounts owing by subsidiaries	–	–	921	3,380
Other receivables	142	172	285	–
Deposits	26,342	26,089	71	71
	26,484	26,261	1,277	3,451
Loans and receivables	44,084	46,231	1,277	3,451
Prepayments				
Prepayments	5,194	4,348	50	68
	49,278	50,579	1,327	3,519

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 2 to 60 days (2015: 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 RM774,000 (2015: RM2,500,000) and RM NIL (2015: RM875,000) respectively.

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	41,875	43,644	503	3,451
US Dollar	2,151	2,519	774	–
Hong Kong Dollar	20	32	–	–
Chinese Renminbi	38	36	–	–
	44,084	46,231	1,277	3,451

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

	Group	
	2016 RM'000	2015 RM'000
Neither past due nor impaired	15,365	17,233
Past due, not impaired		
1 to 30 days	2,202	1,556
31 to 60 days	32	1,030
61 to 90 days	–	83
More than 90 days	1	68
	2,235	2,737
Past due and impaired	–	–
	17,600	19,970

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 of the trade receivables of the Group arose 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 RM2,235,000 (2015: RM2,737,000) 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	237,069	137,092	16,581	3,121

(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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	208,859	121,230	16,581	3,121
US Dollar	27,588	12,720	–	–
Hong Kong Dollar	483	2,907	–	–
Chinese Renminbi	139	235	–	–
	237,069	137,092	16,581	3,121

16. SHARE CAPITAL

	Group and Company			
	2016		2015	
	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

16. SHARE CAPITAL (cont'd)

(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 18 November 2015 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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Non-distributable				
Share premium	3,772	3,772	3,772	3,772
Available-for-sale reserve	29	30	–	–
Exchange translation differences	4,110	2,512	–	–
	7,911	6,314	3,772	3,772
Distributable				
Retained earnings	395,254	333,529	266,648	265,940
	403,165	339,843	270,420	269,712

(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 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current liabilities				
Secured				
Hire purchase and lease creditors (Note 19)	382	374	–	–
Term loans	2,666	2,613	1,442	1,438
	3,048	2,987	1,442	1,438
Unsecured				
Bankers' acceptances	52,616	11,816	–	–
Revolving credits	4,512	11,659	–	–
	57,128	23,475	–	–
	60,176	26,462	1,442	1,438
Non-current liabilities				
Secured				
Hire purchase and lease creditors (Note 19)	629	825	–	–
Term loans	9,015	11,679	6,724	8,163
	9,644	12,504	6,724	8,163
Total borrowings				
Hire purchase and lease creditors (Note 19)	1,011	1,199	–	–
Term loans	11,681	14,292	8,166	9,601
Bankers' acceptances	52,616	11,816	–	–
Revolving credits	4,512	11,659	–	–
	69,820	38,966	8,166	9,601

(a) Bankers' acceptances amounting to RM37,447,000 (2015: RM5,724,000) of the Group are guaranteed by the Company. The remaining bankers' acceptances of the Group amounting to RM15,169,000 (2015: RM6,092,000) and revolving credits 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Not later than one (1) year	2,666	2,613	1,442	1,438
Later than one (1) year but not later than five (5) years	9,015	10,070	6,724	6,554
Later than five (5) years	–	1,609	–	1,609
	11,681	14,292	8,166	9,601

(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	
	2016 RM'000	2015 RM'000
Minimum hire purchase and lease payments		
- not later than one (1) year	419	419
- later than one (1) year but not later than five (5) years	661	874
Total minimum hire purchase and lease payments	1,080	1,293
Less: Future interest charges	(69)	(94)
Present value of hire purchase and lease payments	1,011	1,199
Repayable as follows:		
Current liabilities		
- not later than one (1) year	382	374
Non-current liabilities		
- later than one (1) year but not later than five (5) years	629	825
	1,011	1,199

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	
	2016 RM'000	2015 RM'000
Non-current		
Provision for restoration costs	7,778	6,422
Current		
Provision for restoration costs	1,689	602

(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	
	2016	**2015**
	RM'000	**RM'000**
Balance as at 1 July 2015/2014	7,024	5,327
Recognised in property, plant and equipment (Note 7)	2,780	3,045
Recognised in profit or loss (Note 26)	670	571
Reversal of provision for restoration costs	(959)	(1,700)
Utilised during the financial year	(48)	(219)
Balance as at 30 June 2016/2015	9,467	7,024

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables				
Third parties	160,795	95,399	–	–
Other payables				
Other payables	60,881	37,083	255	107
Accruals	8,370	5,886	302	301
Deferred revenue from customer loyalty points	5,290	3,755	–	–
	235,336	142,123	557	408

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2015: 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 RM853,000 (2015: RM1,317,000).

(c) Included in other payables is an amount of RM46,435,000 (2015: RM22,887,000) 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	
	2016	**2015**
	RM'000	**RM'000**
Balance as at 1 July 2015/2014	3,755	3,680
Additions during the financial year	5,277	3,718
Redemptions	(2,704)	(2,354)
Lapsed rebate vouchers	(1,038)	(1,289)
Balance as at 30 June 2016/2015	5,290	3,755

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	229,146	137,073	557	408
US Dollar	463	798	–	–
Hong Kong Dollar	108	459	–	–
Singapore Dollar	329	38	–	–
	230,046	138,368	557	408

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

22. COMMITMENTS

(a) 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	
	2016 RM'000	2015 RM'000
Not later than one (1) year	57,322	66,250
Later than one (1) year but not later than five (5) years	42,004	53,879
	99,326	120,129

Certain lease rentals are subject to contingent rental, which are determined based on a percentage of sales generated from outlets. During the financial year, the Group has incurred contingent rentals amounted to RM22,302,000 (2015: RM11,687,000), which have been included in rental of premises.

(b) Capital commitments

	Group and Company	
	2016 RM'000	2015 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	3,030	–

23. CONTINGENT LIABILITIES

	Company	
	2016	2015
	RM'000	RM'000
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries		
- secured	10,800	10,800
- unsecured	73,108	71,647
Corporate guarantees given to landlords for the non-cancellable leases of business premises of certain subsidiaries		
- unsecured	9,730	17,575
	93,638	100,022

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

	Company	
	2016	2015
	RM'000	RM'000
Ringgit Malaysia	69,530	77,375
US Dollar	24,108	22,647
	93,638	100,022

(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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Sales of goods	1,301,289	976,012	–	–
Commission income	1,439	1,967	–	–
Deferred revenue from customer loyalty points	(1,535)	(75)	–	–
Dividend income from:				
- subsidiaries	–	–	73,614	82,050
- unit trust funds	–	–	1,306	588
	1,301,193	977,904	74,920	82,638

25. COST OF SALES

	Group	
	2016	2015
	RM'000	RM'000
Inventories sold	732,730	534,374
Carriage, freight and handling charges	16,013	10,641
Others	9,892	10,673
	758,635	555,688

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

26. FINANCE COSTS

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Interest expense on:				
- Term loans	646	760	457	515
- Bankers' acceptances	1,826	986	–	–
- Revolving credits	365	436	–	–
- Hire purchase and lease creditors	53	60	–	–
- Unwinding of discount on provision for restoration costs (Note 20)	670	571	–	–
Others	151	44	–	–
	3,711	2,857	457	515

27. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Amortisation of intangible assets	8	1,311	969	–	–
Auditors' remuneration					
- statutory audits		203	197	44	42
- other services		32	31	6	6
Depreciation of property, plant and equipment	7	33,629	29,643	844	784
Directors' remuneration:					
- fees payable by the Company		260	260	260	260
- other emoluments paid by the subsidiaries		5,108	5,257	–	–
Impairment losses on:					
- club membership		4	–	–	–
- property, plant and equipment	7	272	202	–	–
Intangible assets written off		25	1	–	–
Interest expense		3,560	2,813	457	515
Inventory losses	13	4,618	3,634	–	–
Inventories written down	13	2,014	3,052	–	–
Inventories written off	13	3,260	3,987	–	–
Property, plant and equipment written off		597	1,320	–	–
Rental of equipment		253	326	–	–
Rental of premises		106,339	87,741	–	–
Unrealised loss on foreign exchange		523	–	–	–

27. PROFIT BEFORE TAX (cont'd)

Profit before tax is arrived at after charging (continued):

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
And crediting:					
Dividend income from:					
- subsidiaries		–	–	73,614	82,050
- unit trust funds		3,484	1,460	1,306	588
Fair value adjustments on:					
- investment property	9	–	268	–	–
- unit trust funds		66	37	55	13
Gain on disposals of:					
- property, plant and equipment		227	239	–	–
- unit trust funds		31	1	17	–
Gain on foreign exchange:					
- realised		42	695	–	–
- unrealised		–	333	–	–
Interest income		4,062	3,255	183	196
Rental income from:					
- investment property		168	149	–	–
- premises		–	–	4,398	4,794
Reversal of provision for restoration costs	20	959	1,700	–	–
Royalty income		1,810	1,970	–	–

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM89,000 (2015: RM126,000).

28. EMPLOYEE BENEFITS

	Group	
	2016	2015
	RM'000	RM'000
Salaries, wages, allowances and bonuses	137,946	122,766
Contributions to defined contribution plans	15,024	13,536
Unutilised leaves	261	51
Other employee benefits	3,805	3,348
	157,036	139,701

Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM5,108,000 (2015: RM5,257,000).

29. TAX EXPENSE

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current year tax expense based on profit for the financial year:				
- Malaysian income tax	50,866	32,215	910	1,025
- Foreign income tax	28	60	–	–
	50,894	32,275	910	1,025
(Over)/Under provision in prior years:				
- Malaysian income tax	(509)	706	56	8
- Foreign income tax	–	(9)	–	–
	(509)	697	56	8
	50,385	32,972	966	1,033
Deferred tax (Note 12):				
- Relating to origination and reversal of temporary differences	(1,810)	(548)	–	–
- Under/(Over) provision in prior years	705	(812)	–	–
	(1,105)	(1,360)	–	–
Total tax expense	49,280	31,612	966	1,033

(a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2015: 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.

(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 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit before tax	186,665	111,835	77,334	85,227
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	44,800	27,959	18,560	21,307
Tax effect in respect of:				
Different tax rates in foreign jurisdiction	33	(28)	–	–
Non-allowable expenses	5,182	5,202	349	383
Non-taxable income	(1,399)	(1,395)	(17,999)	(20,665)
Deferred tax assets not recognised	470	–	–	–
Reduction in deferred taxes as a result of reduction in tax rate	–	(11)	–	–
Utilisation of previously unrecognised tax losses	(2)	–	–	–
	49,084	31,727	910	1,025
(Over)/Under provision of tax expense in prior years	(509)	697	56	8
Under/(Over) provision of deferred tax in prior years	705	(812)	–	–
	49,280	31,612	966	1,033

29. TAX EXPENSE (cont'd)

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

	Group					
	2016			2015		
	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	(1)	–	(1)	(25)	–	(25)
Foreign currency translations	1,598	–	1,598	3,563	–	3,563
	1,597	–	1,597	3,538	–	3,538

30. DIVIDENDS

	Group and Company			
	2016 Dividend per ordinary share sen	2016 Amount of dividend RM'000	2015 Dividend per ordinary share sen	2015 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
Third interim dividend	2.5	16,448	2.5	16,448
Fourth interim dividend	2.5	16,448	2.5	16,447
Special dividend	1.5	9,868	–	–
	11.5	75,660	10.0	65,791

The Directors do not recommend the payment of any final dividend in respect of the current financial year. On 25 August 2016, 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 2017, which will be payable on 29 September 2016.

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	
	2016 RM'000	2015 RM'000
Profit attributable to equity holders of the parent	137,385	80,223
Weighted average number of ordinary shares in issue ('000)	657,910	657,910
Basic earnings per ordinary share (sen)	20.88	12.19

31. EARNING PER SHARE (cont'd)

(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.

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% (2015: 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	
	2016	**2015**
	RM'000	**RM'000**
Transactions with subsidiaries:		
Dividend income received and receivable from:		
- Vincci	9,660	11,270
- Padini Corporation	19,480	19,480
- Seed	1,700	6,800
- Yee Fong Hung	42,000	42,000
- Mikihouse	–	2,500
- Padini International Limited	774	–
Purchases of products from Seed	8	6
Rental income received and receivable from:		
- Vincci	387	391
- Padini Corporation	1,946	1,870
- Seed	479	471
- Yee Fong Hung	597	1,008
- Mikihouse	410	493
- Padini Dot Com	579	561

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

32. RELATED PARTY DISCLOSURES (cont'd)

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

Information regarding outstanding balances arising from related party transactions as at 30 June 2016 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.

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

	Group	
	2016 RM'000	2015 RM'000
Short term employee benefits	4,569	4,705
Contributions to defined contribution plans	539	552
	5,108	5,257

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. ("Mikihouse")	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)

2016	Vinci RM'000	Padini Corporation RM'000	Seed RM'000	Yee Fong Hung RM'000	Mikihouse RM'000	Others RM'000	Total RM'000
Revenue							
Total revenue	228,047	433,402	134,837	461,379	43,543	201,371	1,502,579
Inter-segment revenue	(30)	(70)	(67)	(54)	(10)	(201,155)	(201,386)
Revenue from external customers	**228,017**	**433,332**	**134,770**	**461,325**	**43,533**	**216**	**1,301,193**
Interest income	337	926	250	831	102	1,616	4,062
Finance costs	(441)	(1,294)	(114)	(1,300)	(59)	(503)	(3,711)
Net finance (expense)/income	(104)	(368)	136	(469)	43	1,113	351
Depreciation of property, plant and equipment	(5,378)	(9,629)	(3,253)	(10,339)	(1,146)	(3,884)	(33,629)
Amortisation of intangible assets	(42)	(14)	(9)	(119)	(2)	(1,125)	(1,311)
Segment profit before tax	**29,917**	**60,570**	**18,598**	**65,902**	**5,230**	**79,828**	**260,045**
Income tax expense	(7,564)	(15,957)	(4,832)	(17,143)	(1,398)	(2,386)	(49,280)
Other material non-cash items:							
- Impairment losses on property, plant and equipment	–	–	–	–	–	(272)	(272)
- Inventory losses	(555)	(1,626)	(599)	(1,709)	(129)	–	(4,618)
- Inventories written down	(205)	(718)	(445)	(504)	(142)	–	(2,014)
- Inventories written off	(620)	(1,900)	(601)	(130)	(9)	–	(3,260)
Additions to non-current assets other than financial instruments and deferred tax assets	3,113	6,543	2,061	17,118	794	6,182	35,811
Segment assets	**125,361**	**245,850**	**69,790**	**194,204**	**24,338**	**460,783**	**1,120,326**
Segment liabilities	**39,247**	**113,498**	**26,465**	**125,868**	**7,718**	**79,761**	**392,557**

33. OPERATING SEGMENTS (cont'd)

2015	Vincci RM'000	Padini Corporation RM'000	Seed RM'000	Yee Fong Hung RM'000	Mikihouse 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 losses 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)

(a) Reconciliations

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

	2016 RM'000	2015 RM'000
Revenue		
Total revenue for reportable segments	1,502,579	1,164,850
Elimination of inter-segment revenue	(201,386)	(186,946)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	1,301,193	977,904
Profit for the financial year		
Total profit or loss for reportable segments	260,045	193,648
Elimination of inter-segment profits	(73,380)	(81,813)
	186,665	111,835
Tax expense	(49,280)	(31,612)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	137,385	80,223
Assets		
Total assets for reportable segments	1,120,326	921,957
Elimination of investments in subsidiaries	(248,087)	(248,087)
Elimination of inter-segment balances	(72,426)	(71,098)
Total assets of the Group per consolidated statement of financial position	799,813	602,772
Liabilities		
Total liabilities for reportable segments	392,557	257,300
Elimination of inter-segment balances	(61,700)	(60,162)
Total liabilities of the Group per consolidated statement of financial position	330,857	197,138

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 2016 and financial year ended 30 June 2015.

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 2016.

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

(b) Financial instruments

Group **30 June 2016**	**Loans and receivables** **RM'000**	**Fair value through profit or loss** **RM'000**	**Available-for-sale** **RM'000**	**Total** **RM'000**
Financial assets				
Trade and other receivables, net of prepayments	44,084	–	–	44,084
Other investments	–	112,650	705	113,355
Cash and bank balances	237,069	–	–	237,069
	281,153	112,650	705	394,508

	Other financial liabilities **RM'000**	**Total** **RM'000**
Financial liabilities		
Borrowings	69,820	69,820
Trade and other payables, net of deferred revenue from customer loyalty points	230,046	230,046
	299,866	299,866

Group **30 June 2015**	**Loans and receivables** **RM'000**	**Fair value through profit or loss** **RM'000**	**Available-for-sale** **RM'000**	**Total** **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

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

Group 30 June 2015	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

Company 30 June 2016	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	1,277	–	–	1,277
Other investments	–	33,637	560	34,197
Cash and bank balances	16,581	–	–	16,581
	17,858	33,637	560	52,055

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	8,166	8,166
Other payables	557	557
	8,723	8,723

Company 30 June 2015	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	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

34. **FINANCIAL INSTRUMENTS (cont'd)**

(b) Financial instruments (cont'd)

Company **30 June 2015**	**Other financial liabilities** **RM'000**	**Total** **RM'000**
Financial liabilities		
Borrowings	9,601	9,601
Other payables	408	408
	10,009	10,009

(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.

(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).

34. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

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 (2016: 0.84; 2015: 0.71).	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					
	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**
2016										
Group										
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trust funds	112,650	–	–	112,650	–	–	–	–	112,650	112,650
Available-for-sale financial assets										
- Unquoted shares in Malaysia	–	–	560	560	–	–	–	–	560	560
- Club memberships	–	–	145	145	–	–	–	–	145	145
	112,650	–	705	113,355	–	–	–	–	113,355	113,355
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	–	–	–	–	–	921	–	921	921	1,011

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
2016										
Company										
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trust funds	33,637	–	–	33,637	–	–	–	–	33,637	33,637
Available-for-sale financial assets										
- Unquoted shares in Malaysia	–	–	560	560	–	–	–	–	560	560
	33,637	–	560	34,197	–	–	–	–	34,197	34,197

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										
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				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										
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)

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets				
Balance as at 1 July 2015/2014	710	735	560	560
Impairment loss	(4)	–	–	–
Fair value loss recognised in other comprehensive income	(1)	(25)	–	–
Balance as at 30 June 2016/2015	705	710	560	560

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit after tax				
Price to book ratio				
- increase by 0.1	80	82	80	82
- decrease by 0.1	(80)	(82)	(80)	(82)

(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.

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

(a) Credit risk (cont'd)

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

Exposure to credit risk

At the end of 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-two percent (82%) (2015: eighty-three percent (83%)) of the trade receivables of the Group were owed by five (5) major customers (2015: 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 2016	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	230,046	–	–	230,046
Borrowings	60,804	10,607	–	71,411
Total undiscounted financial liabilities	290,850	10,607	–	301,457
Company				
Financial liabilities				
Other payables	557	–	–	557
Borrowings	1,892	7,559	–	9,451
Total undiscounted financial liabilities	2,449	7,559	–	10,008
As at 30 June 2015				
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

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 and of the Company relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate 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 and of the Company 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 of the 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**	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Profit after tax				
- increase by 0.5% (2015: 0.5%)	639	372	32	(21)
- decrease by 0.5% (2015: 0.5%)	(639)	(372)	(32)	21

The sensitivity of the Group and of the Company are higher in 2016 than in 2015 because of an increase in cash and bank balances during the financial year.

The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

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

(c) Interest rate risk (cont'd)

The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of each reporting period and the remaining maturities of the 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 2016									
Fixed rates									
Hire purchase and lease creditors	19	4.62	(382)	(314)	(229)	(74)	(12)	–	(1,011)
Floating rates									
Cash and bank balances	15	2.78	237,069	–	–	–	–	–	237,069
Bankers' acceptances	18	4.06	(52,616)	–	–	–	–	–	(52,616)
Revolving credits	18	4.29	(4,512)	–	–	–	–	–	(4,512)
Term loans	18	4.93	(2,666)	(2,819)	(2,634)	(1,732)	(1,830)	–	(11,681)
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)

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 2016									
Floating rates									
Cash and bank balances	15	2.78	16,581	–	–	–	–	–	16,581
Term loan	18	5.09	(1,442)	(1,533)	(1,629)	(1,732)	(1,830)	–	(8,166)
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)

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 RM28,210,000 (2015: RM15,862,000) 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		**2016 RM'000**	**2015 RM'000**
USD/RM	-strengthen by 5%	1,113	542
	-weaken by 5%	(1,113)	(542)

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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Profit after tax				
- increase by 5% (2015: 5%)	5,633	5,458	1,682	2,357
- decrease by 5% (2015: 5%)	(5,633)	(5,458)	(1,682)	(2,357)

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	619,862	568,502	266,521	265,855
- Unrealised	(6,914)	(4,545)	127	85
	612,948	563,957	266,648	265,940
Less: Consolidation adjustments	(217,694)	(230,428)	–	–
Total retained earnings	395,254	333,529	266,648	265,940

DIRECTORS' SHAREHOLDINGS AS AT 30 AUGUST 2016

Shareholdings in the Company

	No. of Shares Held			
Director	**Indirect**	**%**	**Direct**	**%**
YONG PANG CHAUN	289,783,490 *	44.046	1,500,000	0.228
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	50,000	0.007
ANDREW YONG TZE HOW	NIL	NIL	NIL	NIL
BENJAMIN YONG TZE JET	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 August 2016

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	:	5,252

DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 30 AUGUST 2016

No. of Holders	Holdings	Total Holdings	%
71	less than 100	2,060	0.000
1,317	100 - 1,000	891,255	0.135
2,722	1,001 - 10,000	11,558,381	1.756
836	10,001 - 100,000	25,564,260	3.885
305	100,001 - 32,895,474	332,130,044	50.482
1	32,895,475 and above	287,763,500	43.739
5,252	**TOTAL**	**657,909,500**	**100.000**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 AUGUST 2016

No.	Name	Nationality	Registered Holder	No. of Shares held or beneficially interested in: Direct	No. of Shares held or beneficially interested in: Indirect	Percentage of Shareholding: Direct	Percentage of Shareholding: 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 AUGUST 2016
(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 TNTC FOR SOMERSET EMERGING MARKETS SMALL CAP FUND LLC	24,520,336	3.727
3	THIAN MIN YANG	19,073,700	2.899
4	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD ICAPITAL.BIZ BERHAD	19,000,000	2.887
5	HSBC NOMINEES (ASING) SDN BHD MORGAN STANLEY & CO. INTERNATIONAL PLC (FIRM A/C)	9,605,604	1.460
6	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	9,339,044	1.419
7	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	8,646,900	1.314
8	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	7,919,300	1.203
9	YONG YEE CHING	7,881,960	1.198
10	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (JPMEL AIF-UK)	6,014,600	0.914
11	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	5,766,700	0.876
12	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	5,765,100	0.876

No.	Name	No. of Shares	%
13	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. LLC (CLIENT)	5,607,800	0.852
14	HSBC NOMINEES (ASING) SDN BHD TNTC FOR MI SOMERSET EMERGING MARKETS SMALL CAP FUND	5,418,400	0.823
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	4,916,700	0.747
16	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	4,809,800	0.731
17	CARTABAN NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY ASIAN SMALLER COMPANIES POOL (FIDELITY FUNDS)	4,712,600	0.716
18	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	4,458,400	0.677
19	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	4,449,800	0.676
20	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR J.P. MORGAN BANK LUXEMBOURG S.A. (2)	4,344,000	0.660
21	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND F9EX FOR FIDELITY NORTHSTAR FUND	4,200,000	0.638
22	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	4,087,200	0.621
23	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	4,050,100	0.615
24	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.K.)	4,044,710	0.614

No.	Name	No. of Shares	%
25	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND F9LJ FOR FIDELITY GLOBAL INTRINSIC VALUE INVESTMENT TRUST	3,900,000	0.592
26	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	3,382,300	0.514
27	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG LONDON	3,306,882	0.502
28	CITIGROUP NOMINEES (ASING) SDN BHD GSCO FOR TRUFFLE HOUND GLOBAL VALUE LLC	2,988,400	0.454
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	2,900,000	0.440
30	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)	2,834,600	0.430
	TOTAL	485,708,436	73.826

List of Group Properties

As at 30 June 2016

Location	Description / Existing Use	Land Area/ Built-up Area (sq. ft.)	Tenure	Approximate Age of Buildings	Net Carrying Amount @ 30.06.2016 (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	20.5 years	8,661,631
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	10 year	13,632,121
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	6 year	22,369,052
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	43 years	11,245,000
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	34 years	1,519,673
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	34 years	4,194,747
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	13 years	4,401,895

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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 Fifth Annual General Meeting of the Company to be held at The Glenmarie Ballroom, Lobby Level, Holiday Inn Kuala Lumpur Glenmarie, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on 26 October 2016 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 Mdm Chong Chin Lin		
Ordinary Resolution 4	Re-election of Mr. Lee Peng Khoon		
Ordinary Resolution 5	Re-election of Mr. Andrew Yong Tze How		
Ordinary Resolution 6	Re-election of Mr. BenjaminYong Tze Jet		
Ordinary Resolution 7	To re-appoint Messrs BDO as Auditors		
Ordinary Resolution 8	Proposed Share Buy-Back		

Dated this _________ day of ____________________ 2016

____
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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