PADINI HOLDINGS BERHAD

(50202-A)
(Incorporated in Malaysia)

Annual Report 2017

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 OF *ANNUAL GENERAL MEETING*

NOTICE IS HEREBY GIVEN that the Thirty Sixth Annual General Meeting of the Company will be held at Saujana Ballroom, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang Subang, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 16 November 2017 at 10:00 a.m. for the following purposes:-

AGENDA

Ordinary Business

1. To lay before the Meeting the Audited Financial Statements for the financial year ended 30 June 2017 and the Reports of the Directors and Auditors thereon. **(Please refer to Note A)**

2. To approve payment of Directors' fee of RM260,000 in respect of the financial year ended 30 June 2017. **(Ordinary Resolution 1)**

3. To approve payment of Directors' benefits (excluding Directors' Fees) up to an amount of RM30,000 payable to the Independent Directors from 1 July 2017 until the next Annual General Meeting of the Company. **(Ordinary Resolution 2)**

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

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

   ii) Mr Chia Swee Yuen **(Ordinary Resolution 4)**

   iii) Mdm Yong Lai Wah **(Ordinary Resolution 5)**

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

   i) Ms Chew Voon Chyn **(Ordinary Resolution 6)**

6. 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

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

   Proposed Renewal of the authority for the Company to purchase up to Ten Percent (10%) of its total number of Issued Shares ("Proposed Share Buy-Back")

   "THAT, subject to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorised to purchase its own ordinary shares ("Shares") on the Bursa Malaysia ("Proposed Share Buy-Back") at any time, upon such terms and conditions as the Directors shall in their discretion deem fit and expedient in the best interest of the Company provided that:-

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

(b) The maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the audited retained profits of the Company of RM270.495 million, as at 30 June 2017;

(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 of the Company ("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 all or part of the treasury shares on Bursa Malaysia; and/or
  (v) transfer all or part of the treasury shares for the purposes of or under an employees' share scheme; and/or
  (vi) transfer all or part of the treasury shares as purchase consideration; and/or
  (vii) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister may by order prescribe.

AND THAT authority be and is hereby given to the Board to take all such steps as are necessary or expedient to finalise, to implement or to effect 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)**

Notice of Annual General Meeting (cont'd)

8. 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 Sixth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. ("Bursa Depository") in accordance with Article 67B of the Company's Constitution and Section 34 (1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors as at 10 November 2017. Only a depositor whose name appears on the Record of Depositors as at 10 November 2017 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
25 October 2017

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.

(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).

Notes:

A. The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to Section 340(1) of the Companies Act 2016. Hence, this matter will not be put for voting.

B. The benefits payable to the Directors (excluding Directors' Fees) comprises meeting allowances payable to the Independent Directors. The estimated meeting allowances payable to the Directors from 1 July 2017 until the next Annual General Meeting of the Company, are calculated based on the number of scheduled meetings for Board of Directors, Board Committees and general meetings of the Company.

Notice of Annual General Meeting (cont'd)

EXPLANATORY NOTE ON SPECIAL BUSINESS

1. Proposed Share Buy-Back

The proposed Resolution, if passed, will renew the mandate to empower the Directors of the Company to exercise the power of the Company to purchase its own shares up to a limit of 10% of the existing total number of issued shares of the Company. Further details / explanatory notes on Ordinary Resolution 8 is set out in the Share Buy-Back Statement dated 25 October 2017 despatched together with the Annual Report.

STATEMENT ACCOMPANYING THE NOTICE OF THE 36TH ANNUAL GENERAL MEETING

Further details of Directors who are standing for re-election as Directors

The details of the Directors who are standing for re-election at the 36th Annual General Meeting are set out in the Directors' Profile of the Company's 2017 Annual Report. No individual other than the retiring Directors are seeking election as Directors at the 36th 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 36th Annual General Meeting.

CORPORATE *INFORMATION*

CHAIRMAN	Chia Swee Yuen
MANAGING DIRECTOR	Yong Pang Chaun
DIRECTORS	Yong Lai Wah Chong Chin Lin Foo Kee Fatt Lee Peng Khoon Andrew Yong Tze How Benjamin Yong Tze Jet Chew Voon Chyn (appointed w.e.f. 20/2/2017) Yeo Sok Hiang (resigned w.e.f. 20/2/2017)
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, Jalan Jurunilai 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

CORPORATE *STRUCTURE*

PADINI HOLDINGS BERHAD (50202-A)

100%
MIKIHOUSE CHILDREN'S WEAR SDN. BHD. (164485-U)

100%
PADINI CORPORATION SDN. BHD. (22159-H)

100%
SEED CORPORATION SDN. BHD. (194391-K)

100%
YEE FONG HUNG (MALAYSIA) SENDIRIAN BERHAD (15011-U)

100%
PADINI DOT COM SDN. BHD. (510558-H)

100%
VINCCI LADIES' SPECIALTIES CENTRE SDN. BHD. (73404-H)

100%
VINCCI HOLDINGS SDN. BHD. (97644-K)

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

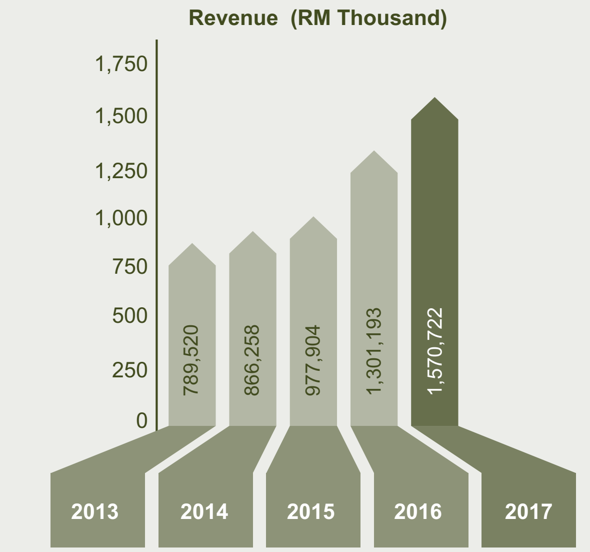
100%
PADINI INTERNATIONAL LIMITED, HONG KONG (896012)

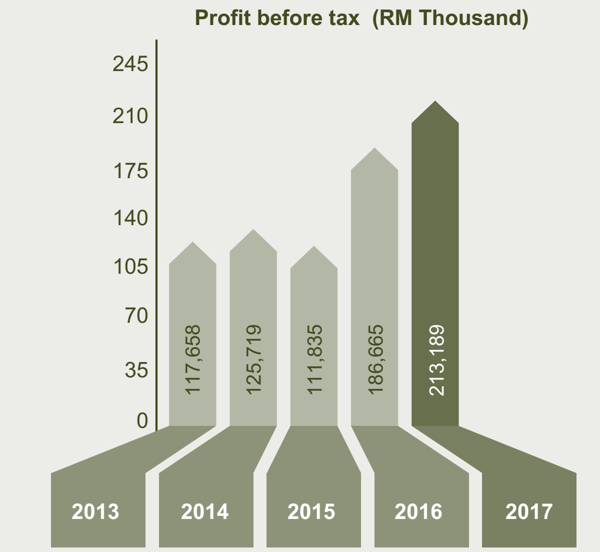
100%
PADINI (CAMBODIA) CO. LTD. (00026592)

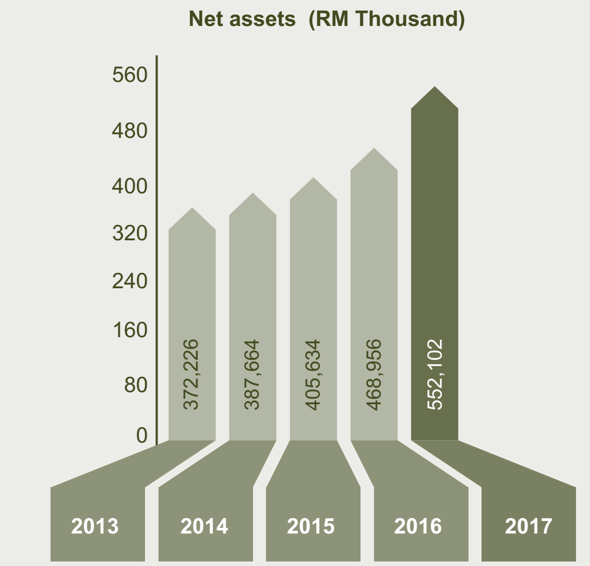
GROUP
FINANCIAL HIGHLIGHTS

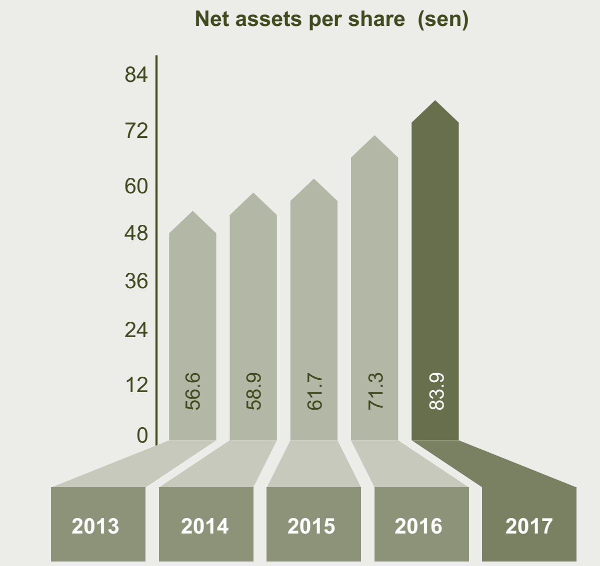
	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Revenue	789,520	866,258	977,904	1,301,193	1,570,722
Profit before taxation	117,658	125,719	111,835	186,665	213,189
Profit attributable to equity holders of the Company	85,393	90,913	80,223	137,385	157,388
Basic earnings per share (sen) based on profit attributable to equity shareholders	12.98	13.82	12.19	20.88	23.92
Net assets	372,226	387,664	405,634	468,956	552,102
Net assets per share (sen)	56.6	58.9	61.7	71.3	83.9
Dividend per share (sen)	8	11.5	10	11.5	11.5
Increase in revenue	63,408 8.7%	76,738 9.7%	111,646 12.9%	323,289 33.1%	269,529 20.7%
(Decrease)/Increase in profit before taxation	-12,063 -9.3%	8,061 6.9%	-13,884 -11.0%	74,830 66.9%	26,524 14.2%
(Decrease)/Increase in profit attributable to equity holders	-9,912 -10.4%	5,520 6.5%	-10,690 -11.8%	57,162 71.3%	20,003 14.6%
Changes in basic earnings per share (sen)	-1.5 -10.4%	0.8 6.5%	-1.6 -11.8%	8.7 71.3%	3.0 14.6%
Changes in net assets	32,813 9.7%	15,438 4.1%	17,970 4.6%	63,322 15.6%	83,146 17.7%
Changes in net assets per share (sen)	5.0 9.7%	2.3 4.1%	2.8 4.8%	9.6 15.6%	12.6 17.7%
Changes in dividend per share (sen)	2 33.3%	3.5 43.8%	-1.5 -13.0%	1.5 15.0%	– –

Group Financial Highlights (cont'd)









CHAIRMAN'S STATEMENT

ON BEHALF OF THE BOARD OF DIRECTORS, IT IS MY PLEASURE TO PRESENT THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF PADINI HOLDINGS BERHAD AND ITS SUBSIDIARY COMPANIES ("PADINI" OR "THE GROUP") FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017.

Group Performance Overview

The Group has performed exceptionally well in the financial year 2017 despite the uncertain overall market outlook. Compared to the previous financial year, top line revenue increased to RM1.57b from RM1.30b whilst net profit increased to RM157.4m from RM137.4m previously. The growth in net profit is mainly attributable by the substantial top line growth and greater cost efficiencies in managing administrative and selling costs notwithstanding the compression of gross margins in the face of a weakening Ringgit Malaysia and the need to continue to offer value for money products to our customers.

Management Discussion and Analysis in the following section discusses in more detail Padini's performance and the risks and challenges the Group are exposed to.

Future outlook

The global economy will continue to be challenging, compounded by the political and attendant economic and social ramifications evolving from the major powerhouses of the United States of America, the European Union/Britain and China. Exchange rates volatility and interest rate hikes will continue to be concerns for businesses worldwide.

The outlook of the domestic economy, on the other hand, seems to be improving with the recent reported strengthening of the GDP of Malaysia and the positive outlook and forecasts of the various international financial bodies such as the IMF and World Bank.

For the Group, retail has always been and will continue to be ever changing and evolving, and this is even more apparent in recent years as the newer generation of consumers demand instant gratification in line with the rapidly changing technological trends to which they have become accustomed to. Good understanding of consumer needs, ability to deliver value and speed-to-market are critical for continued success. These components have been ingrained into all areas of the marketing, merchandising and supply chain of the Group, with constant reinforcement maintained. Digital retailing has also been added as a component to extend the purchasing channels for consumers and for future growth. Organic expansion of brick and mortar outlets will continue to be effected in line with identified market needs and opportunities.

Chairman's Statement (cont'd)

The Group's domestic operations continues to be the main driver of its revenue and profit. With a strong base built up on the domestic front as well as progressive fruition on the development of talent, the Group has commenced its foray into overseas markets with our own outlets instead of just relying on franchisees. Cambodia, a growing and developing market, has been chosen to be the pioneer country.

With all these in mind and given the consistent execution of the Group's strategies to manage both the top and bottom lines, the Group is cautiously optimistic of delivering another year of profitable results for the shareholders.

Appreciation

Since the last Annual Report, one of our Executive Directors, Madam Yeo Sok Hiang has resigned from the Group and her directorship. The Board extends its sincere appreciation and thanks for her past contributions, at both the management and directorship levels.

On behalf of the Board of Directors, I wish to express my deepest appreciation to all our customers, shareholders, suppliers, professional service providers, bankers and all other business associates for their continuous support and trust. I would also like to thank my fellow Board members for their invaluable guidance and support to the Management. Last but not least, I would also like to thank all the dedicated employees of the Group for their contributions and consistent execution of the strategies and plans in moving the Group ever forward.

The Padini Group looks forward to being able to create more value for all the various interested parties. May we continue to work together and forge ahead to achieve sustainable growth and success.

Chia Swee Yuen
Chairman

MANAGEMENT
DISCUSSION & ANALYSIS

The following management discussion and analysis is a review of the business and operation, discussion of the financial results and condition, performance of operating segments, risk and uncertainties and future outlook of Padini. This management discussion & analysis should be read in conjunction with the Company's audited financial statements and the accompanying notes for the financial year ended 30 June 2017.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATION

Padini's vision is to be the best fashion company ever in Malaysia and the region. Our mission is to exceed customer's expectation and our brands' promise. Forward planning, teamwork, resources and infrastructure development and consistent execution of strategies are required to achieve the aforesaid mission and vision. With the key enables progressively put in place, the Group has continued to forge ahead notwithstanding the challenging economic environment.

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, a good understanding of consumers' needs and speed of delivery are now of utmost importance. The latest fashion trends need to be made available in store in the shortest time possible, at the correct price, before it loses its appeal. The question lies in who can execute this and execute it well, every time.

Moving on, 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 AND BUSINESS REVIEW

For the financial year under review, the Group had done considerably well, achieving consolidated revenues of RM1.57 billion, a growth of 21% over the previous year's amount of RM1.30 billion. Despite the decrease in gross profit margin of 3% in the current year under review, profit before taxation increased by approximately RM26.5 million or 14% from the previous year's RM187 million. Total comprehensive income for the financial year attributable to the owners of the Company rose approximately 14% to RM159 million when compared to the amount of RM139 million achieved during the previous financial year.

One of the reasons for the increase in cost of sales during the financial year which caused the drop in gross profit margin was due to the increase of inventories written off, inventories written down and inventory losses (collectively known as inventories losses) of approximately RM32 million. There is an increase of RM22 million from the last financial year. This is an initiative of the Management to embark on a more stringent inventory policy with the use of stricter write off/down estimates.

In summary, the benefits of this initiative are as follows:-

- promoting a unified inventory policy across the Group;
- imposing a control mechanism to control and improve inventories turnover where brand managers will review the stock condition and ageing on a more frequent intervals;
- a step to ensure shorter marketing period and faster cash collection from the inventories;
- better usage of the limited space at the selling floor and hence improved return per square feet in the outlet; and
- saving on the warehouse storage cost.

Excluding the effect of the additional inventories losses, the gross profit margin stood at 40.8%.

Retailing – Domestic and Abroad

The Group's domestic operations have continued to be the main driver of its revenues and profits, and garments, shoes and fashion accessories remain the main products of the Group.

In the domestic market, our products are sold through the numerous retail stores and consignment counters that the Group manages.

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. During the financial year, the Group has decided to discontinue Tizio due to its poor performance.

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

Company	FYE 30.6.2017	FYE 30.6.2016	FYE 30.6.2015
Vincci Ladies' Specialties Centre SB			
Revenues	RM270.6 million	RM228.0 million	RM199.6 million
Profit before Taxation	RM55.6 million	RM29.9 million	RM12.5 million
Padini Corporation SB			
Revenues	RM523.8 million	RM433.4 million	RM316.2 million
Profit before Taxation	RM62.3 million	RM60.6 million	RM40.3 million
Seed Corporation SB			
Revenues	RM153.7 million	RM134.8 million	RM98.3 million
Profit before Taxation	RM22.5 million	RM18.6 million	RM3.7 million
Yee Fong Hung (M) SB			
Revenues	RM572.4 million	RM461.4 million	RM316.1 million
Profit before Taxation	RM59.5 million	RM65.9 million	RM44.5 million
Mikihouse Children's Wear SB			
Revenues	RM49.3 million	RM43.5 million	RM35.5 million
Profit before Taxation	RM6.1 million	RM5.2 million	RM2.0 million

Financial year 2017 had been a great year for the Group when compared to the results achieved in the previous years which mark continuous strong growth in both the revenues and profit before taxation of all the trading subsidiaries.

Management Discussion & Analysis (cont'd)

The following table 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 30.6.2017	As at 30.6.2016	As at 30.6.2015
Vincci, Vincci+, Vincci Accessories			
Free-standing stores	18	22	27
Consignment counters	1	1	1
Seed			
Free-standing stores	1	1	1
Consignment counters	19	21	42
Padini Authentics			
Free-standing stores	3	5	5
Consignment counters	13	14	25
PDI			
Free-standing stores	13	14	14
Padini			
Free-standing stores	1	1	1
Consignment counters	7	13	28
Miki Kids			
Consignment counters	16	17	25
Miki Baby			
Consignment counters	–	–	24
Tizio			
Free-standing stores	–	2	4
Brands Outlet			
Free-standing stores	47	40	31
Multi-brands			
Free-standing stores *	43	39	34
Total	182	190	262

* the 43 multi-brand stores as at 30 June 2017 contain a total of 325 stores-within-store (290 as at 30 June 2016) showcasing the various brands of the Padini Group

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

Brands – Foreign Market	Locations	As at 30.6.2017	As at 30.6.2016	As at 30.6.2015
Vincci/VNC	ASEAN #	20	16	13
Franchise Stores	Saudi Arabia	–	–	12
	UAE	17	16	17
	Oman	3	2	2
	Qatar	2	2	2
	Bahrain	1	1	1
	Pakistan	7	5	5
Dealer Stores	Thailand	9	9	12
Total		59	51	64

Further breakdown as follow:-

	As at 30.6.2017	As at 30.6.2016
Brunei	1	1
Myanmar	3	2
Cambodia	3	3
Indonesia	13	10

Domestic operations accounted for about 96% of the Group's consolidated revenues in the financial year 2017, decreased by 1% compared with 97% in the financial year 2016. Despite a slight drop in the composition of Group revenue, revenue from Domestic market grew by approximately 20% or approximately RM247 million. In absolute value terms, exports sales increased by about 50% or RM19 million from that recorded in the financial year 2016.

The increase in exports was mainly contributed from Indonesia which Padini benefited from higher demand in local market. As evidenced from the above table, the number of stores in Indonesia has increased from 10 to 13 stores during the financial year and the sales in Indonesia has increased by 59% in the financial year 2017.

In the domestic sector, the Group had as at 30 June 2017, a total of 126 retail stores divided into 36 single-brand stores, 43 Padini Concept Stores and 47 Brands Outlet stores. Except for 7 Padini Concept Stores and 6 Brands Outlet stores 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 2017, continued with its expansion plan where, 6 Padini Concept Stores, 7 Brands Outlet stores and 1 free standing store were opened for business during the financial year. The gross floor area for these stores was increased by approximately 142,000 square feet. As at 30 June 2017, the total gross floor area operated by the Group was about 1,310,000 square feet, of which 675,000 square feet and 570,000 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.

Liquidity Indicators

	As at 30.6.2017	As at 30.6.2016
Liquidity ratio	2.33	2.12
Acid test ratio	1.71	1.28
Interest bearing liabilities	RM82 million	RM70 million
Shareholders' funds	RM552 million	RM469 million

Liquidity ratio attempts to measure Group's ability to pay off its short-term debt obligations. This is done by comparing Group's current assets with its short-term liabilities. For a healthy and financially sound company, its acid test should exceed 1. It means that the current assets are not highly dependent on inventories and the Group has the ability to pay their current liabilities as and when needed.

The Group has healthy liquidity indicators for both the financial years under review. Both liquidity ratios and acid test ratios indicate a healthy cash reserve position and have improved over the year. The Group has been keeping relatively low level of liabilities for both the financial years under review and the gearing ratio was maintained at approximately 15% for both the financial years under review.

Management Discussion & Analysis (cont'd)

RISKS AND UNCERTAINTIES

The Group's business activities, operations, financial results and growth prospects are subject to the risks and uncertainties in the market places that it operates. There are inherent risks arising from unfavourable changes in general economic and business condition and rising costs that could result in outcomes differing from the planned result.

The following discussed risks are not exhaustive and there may be other risks which are not known to the Group. The risks and uncertainties that could potentially have an impact on the information disclosed are difficult to predict.

Economy uncertainty

Trading condition remains tough for retailers for the second half of 2017, per Retail Group Malaysia. This resulted from higher cost of goods and rising operation costs for retailers. Many retail sub-sectors reported negative growth rate in the recent periods. The tough retail business segment led to the shutdown of several retailers during the year.

Low consumer confidence, weak job prospect and uncertain economic outlook lead to cautious consumer spending, Malaysians' appetite for spending remains poor in the recent periods. Little can be done by the Group on these risks arising from macro-economics.

However, the Management believes affordable clothing will continue to be a necessity, if we do not increase retail price, and at the same time, providing products with value and quality. With the right marketing and merchandising, consumers will continue to buy our products.

In an economic environment of a weakened consumer sentiment, Management sees this as an opportunity for vigilant expansion. It is anticipated that the expansion and upgrade of the Group's sales floor area, coupled with other development, including regional expansion, will benefit the Group in the medium term. The Group will further expand into the Asean Market with the incorporation of the subsidiary in Cambodia in August 2017 with plan to open stores in the financial year 2018.

Competition

In today's dynamic and borderless business environment, competition is no more between companies within the country. Apparel players in Malaysia also face huge competition coming from foreign companies including China. Competition emerges in many ways, product quality, price comparison, product variety, speed of delivery of trendy apparel to market, product life cycle and distribution channels.

Cognisant of the competition and in order to have the competitive edge, continuous market survey by our marketing team is one of the important tasks to understand our customers' needs and preferences. Besides market survey, our marketing team analyses the performance of each outlet on a regular basis to identify the saleable products of each outlet.

Emphasis is given on the importance of speed and the critical lead times, time to market, time to serve and time to respond. Besides informal regular meetings, we have cross departments meeting on a monthly basis to review the overall performance, including the operation issues, if any, that delay lead times. Effective internal and external communication in all areas of the business is important, so as immediate remedial action is introduced for issue identified.

Supply Chain Capabilities and Performance

It is very important to have a robust supply chain for the Group to ensure good number of product varieties, good quality of products and speedy supply. Poor management on this area is a big risk to the survival of the Group.

Keeping good relationship with existing good suppliers alone is not enough. Sourcing new suppliers that are capable of meeting our requirements is one of the important key performance index for our Sourcing department. Factors to consider include quality workmanship and material used, production capacity and the costing. Quality control inspection after production is also a key element. This is a continuous effort and the performance is reviewed on regular basis.

Financial support is one of the important elements in our Group's supply chain management. The Group does not hesitate to support suppliers that have a good track record in supply chain performance. We believe in the win-win relationship with our business partners in order to sustain the growth and support in the supply chain, which the Group will certainly benefit in the long run.

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 RM16,447,737.36 for the financial year ended 30 June 2017 that was declared on 25 August 2016 and was paid on 29 September 2016.
- a second interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,737.74 for the financial year ended 30 June 2017 that was declared on 25 November 2016 and was paid on 30 December 2016.
- a third interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,737.34 for the financial year ended 30 June 2017 that was declared on 20 February 2017 and was paid on 27 March 2017.
- a fourth interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,737.29 for the financial year ended 30 June 2017, that was declared on 30 May 2017 and was paid on 30 June 2017.
- a special dividend of 1.5 sen per ordinary share (single tier) amounting to RM9,868,642.37 for the financial year ended 30 June 2017, that was declared on 30 May 2017 and was paid on 30 June 2017.

The Board does not intend to establish a fixed dividend policy at this point of time. The Board strives to provide consistent dividend streams to shareholders whilst ensuring to retain flexibility of cash flows to meet its business operation needs as well as its expansion plan.

FORWARD- LOOKING STATEMENT

Due to the difficulties in predicting the financial impacts of the risks and uncertainties on the business, the Group undertakes no obligation to publicly update any of the forward-looking statements in the event that any unforeseen circumstances arise which might affect them.

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 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 6 Padini Concept Stores and 6 Brands Outlet stores with some major refurbishments for at least 1 existing Padini Concept Store and 3 Brands Outlet 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 centered 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. 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.

While we are not expecting major contribution from the new stores in Cambodia in the financial year 2018, we envisage the Group will grow stronger and bigger along with the expansion in ASEAN region in the longer term.

STATEMENT ON
CORPORATE SOCIAL RESPONSIBILITY

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 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 do 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 29 participants and incurring an expenditure of approximately RM152,000. Of the 29 who participated, 13 were accepted into the Group's employment.

Besides the above initiatives, we also have an industry-academic partnership with Inti Universal Holdings Berhad, which works towards improving the quality and hence employability of our graduates. Besides developing business school graduates that are more business-savvy and whose thinking processes are expanded by real-life examples, we also hoped that by directly engaging with an institute of higher learning, we will be able to provide different perspectives and insights to educators and academicians when it came to interpreting and teaching the so many disciplines of business, marketing and management.

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 2017 financial year, the Group spent about RM185,000 on 153 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 RM200,000 was also spent on external training and certification. Over the year and across the Group, each eligible employee received an average of about 6.4 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 2016, a Caring Week was organized and the following programmes were conducted for the benefit of the employees:

1. Presentation of Long Service Award, Best Employee Award and Outstanding Team Award during Caring From The Heart 9th Anniversary Celebration at Sunway Lagoon
2. Early Detection and Prevention Save Lives Programme by the National Kidney Foundation
3. Blood donation by Pusat Darah Negara
4. Dental check by ST Tiew Dental
5. Eye check by VISTA Eye
6. Internal body toxic check by NHF
7. Facial (Skin) Screening by IDO
8. Bone density and urine acid check by Scientist Home
9. Spine & joint analysis by TAGs
10. Foot print test by Good Arch
11. Hair analysis by Hair Miracle
12. Breast cancer exhibition by MAKNA

Customers

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

Statement on Corporate Social Responsibility (cont'd)

Philanthropy

During the year, employees from the Group visited the following homes, spending a total of nearly 500 man-hours in the process:

- Pertubuhan Kebajikan Anak-Anak Yatim Darussalam, Kampung Melayu Sungai Rapat, Ipoh
- Grace Home, Port Klang, Klang
- Persatuan Penjagaan Kanak-Kanak Cacat Klang Selangor, Port Klang, Klang
- Rumah Orang-Orang Tua (P.K.K) Simee, Ipoh, Perak
- Pusat Jagaan Nur Sakinah, Bandar Pinggiran Subang, Selangor
- Pertubuhan Kebajikan Anak-Anak Harapan, Taman Kerubong Perdana, Melaka

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 RM27,000 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 71 successful donations was organized by the Group HRT department in collaboration with Pusat Darah Negara.

We sponsored 108 employees for the Early Detection and Prevention Save Lives Programme conducted by the National Kidney Foundation and made RM500 cash contribution to the Foundation to fund the operating cost of the Early Detection and Prevention Save Lives Programme.

In collaboration with non-governmental organisation, Pertubuhan Melayu Cina India dan Lain-Lain (M.C.I.O), the Group has donated RM2,500 and 86 cartons of merchandises to those affected by flood in Kelantan.

We sponsored 2 charity runs during the year, on 8 September 2016, a team consisting of 4 of our employees participated in the Bursa Bull Charge run that was organised by Bursa Malaysia Berhad and another team of 12 employees participated on Malaysian Retailer-Chains Association (MRCA) run on 20 November 2016. A contribution of RM13,000 and RM4,770 were made in relation to our participation respectively.

Environment

During the financial year 2017, we had collected and sold for recycling, a total of 1,505 kg of used paper and paper products; the proceeds amounting to some RM301, while negligible, were used in part to fund some of the Group's philanthropic activities.

The Group had organised park cleaning activity at Bukit Jalil Recreational Park, Kuala Lumpur and beach cleaning activity at Pantai Morib, Selangor. These cleaning activities are part of educating the society to take care of our beloved paradise land.

STATEMENT ON CORPORATE GOVERNANCE

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 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 the reasons are also given if there are reasons for non-compliance. 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 approved 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. Briefly the Board has the overall responsibility of providing leadership for the Group in terms of strategic direction for the Group's business as a whole. The Board stresses the importance of achieving business objectives in good corporate governance manner and atmosphere. The Board's oversight is there to ensure that Management does not overstep the boundaries of legal 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. Both of them lead the Board, promotes objectivity in board deliberations and oversees how the Board conducts its relationships with Management.

The Board is primarily responsible for the strategic direction of the Group. It delegates to and monitors the implementation of these directions by the Management.

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.

Statement on Corporate Governance (cont'd)

To ensure that the business is managed effectively and to have an objective way to measure that effectiveness, the Board adopted KPIs for all 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 the managers the right attitudes relating to the goals and objectives of the business.

The Company maintains a transparent and healthy relationship with the Company's statutory auditors and internal auditors via the Audit Committee who has explicit authority to communicate directly with them. Frequent engagements with both the internal and statutory 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 statutory 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 in banking.

The Board recognises the importance of succession planning in maintaining long-term sustainable performance. The Nominating Committee together with the Executive Directors ensure that an appropriate team of successors are carefully selected and properly coached who are capable of moving up the managerial hierarchy. Skills, depth of experience and ethical behaviour are part of the important quality and criteria for selecting the successors.

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. All members of the Board are required to confirm their compliances on the ethical requirements on an annual basis.

Recommendation 1.4

The Board is mindful of the importance of building a sustainable business and it is a long-term commitment and therefore takes into consideration the environmental, social and governance impact when developing the corporate strategy.

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 original equipment manufacturing (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. 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. 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 2016 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 going forward the MCCG 2017, and actively strives to comply with the recommendations as far as practicable.

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.

Statement on Corporate Governance (cont'd)

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

Our Nominating Committee comprises 3 independent non-executive directors. The Nominating Committee Charter is also available for viewing on the Group's website, which states the composition, duties and authority of the committee. 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.

Recommendation 2.2

The process of the Nominating Committee includes the steps in the recommendation, evaluation, appointment, and induction of a new director. At the same time, the Nominating Committee also deals with numerous other issues relating to training, time commitment, performance evaluation, re-election, board composition, etc.

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.

During the financial year ended 2017, the Nominating Committee had met three times and the attendance record is as follow:-

No.	Nominating Committee	Meeting Attendance
1.	Lee Peng Khoon, Chairman	3
2.	Foo Kee Fatt, member	2
3.	Chia Swee Yuen, member	3

During the meetings, the following were discussed and carried out in discharging their function and duties:-

- Performance evaluation of the Board, Committee and individual Directors
- Board composition and Board Skills Matrix
- Board Charter
- Succession Planning
- Extension of Service contracts
- Re-election of Directors
- Directors' Training

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

Our Remuneration Committee comprises 2 independent non-executive directors and 1 non-independent executive director. The 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.

The Remuneration Committee held four meetings during the financial year 2017 and the attendance of each member is as follows:-

No.	Remuneration Committee	Meeting Attendance
1.	Chia Swee Yuen, Chairman	4
2.	Yong Pang Chaun, member	4
3.	Lee Peng Khoon, member	4

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.

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

	Executive Directors (RM)	Non-Executive Directors (RM)
Salaries	2,167,892	–
Fees & Allowances	34,800	260,000
Bonuses	2,231,992	–
Benefits-in-kind	49,528	–
Statutory Contributions	528,012	–
Total	5,012,224	260,000

Statement on Corporate Governance (cont'd)

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
RM100,001 - 150,000	1	–
RM150,001 - 200,000	1	–
RM350,001 - 400,000	1	–
RM500,001 - 550,000	1	–
RM600,001 - 650,000	2	–
RM1,050,001 – 1,100,000	1	–
RM1,500,001 - 1,550,000	1	–

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 all directors to declare their responses to a list of questions that touched upon issues that would impair their independence.

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 position of chairman has always been held by an independent non-executive director. Currently the Board is comprised of a majority of non-independent executive directors. The Company has met the requirements of Bursa Malaysia's Main Market Listing Requirements that at least 2 Directors or 1/3 of the Board are independent 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 as a director.

The following are the actual training attended by the directors in the financial year 2017:-

Training Programmes / Seminars	Name of Directors								
	Chia Swee Yuen	Yong Pang Chaun	Chong Chin Lin	Yong Lai Wah	Foo Kee Fatt	Lee Peng Khoon	Andrew Yong Tze How	Benjamin Yong Tze Jet	Chew Voon Chyn
Bursa: CG Breakfast Series with Directors - Anti-Corruption & Integrity - Foundation of Corporate Sustainability						✓			
Bursa: Sustainability Forum for Directors / CEOs - The Velocity of Global Change & Sustainability - The New Business Model						✓			
Bursa: Sustainability Engagement Series for Directors / CEOs 2017						✓			
MICG: Developing An Enterprise Risk Management ("ERM") Framework - Fitting in The "Bolts and Nuts"	✓	✓	✓	✓	✓	✓	✓	✓	✓
MIA: Forum on Key Audit Matters					✓				

Statement on Corporate Governance (cont'd)

Training Programmes / Seminars	Name of Directors								
	Chia Swee Yuen	Yong Pang Chaun	Chong Chin Lin	Yong Lai Wah	Foo Kee Fatt	Lee Peng Khoon	Andrew Yong Tze How	Benjamin Yong Tze Jet	Chew Voon Chyn
AXCELASIA: Workshop on Enhanced Understanding of Risk Management and Internal Control for CFOs, Internal Auditors and Risk Officers					✓				
MIA: Understanding and Applying the MFRS - A Practical Approach					✓				
LHDNM-Seminar Percukaian Kebangsaan 2016					✓				
MIA: Latest Development in Malaysian Financial Reporting Standards (MFRS)/IFRS and IC int. (IC) - An Overview					✓				

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 approved financial reporting standards in Malaysia. 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 statutory 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 statutory 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 statutory auditors provide only audit related services to the Company, and the Audit Committee has requested and obtained a written assurance from the Company's statutory 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 stated clearly 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 and 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 16 November 2017 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 Management Discussion & Analysis 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, a snapshot of the Group's businesses, and a candid summary about the prospects for the year ahead.

REPORT OF THE *AUDIT COMMITTEE*

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 2017.

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 2017 are as follows:-

Directors	Meetings attended by the Directors/ Total Number of Meetings held during the financial year ended 30 June 2017	% of Attendance
Mr Foo Kee Fatt	4/5	80%
Mr Lee Peng Khoon	5/5	100%
Mr Chia Swee Yuen	5/5	100%

Financial Reporting and Significant Financial Issue

The Group's Consolidated Financial Statements are prepared by finance personnel with the appropriate level of qualifications and expertise. The Committee reviews any published financial information including the Annual Report and quarterly financial reports. The Committee reports its views to the Board to assist in its approval of the results announcements and the Annual Report.

The Committee also reviews reports by the statutory auditors on year-end audit procedures which highlight any issues identified from the work undertaken on the audit. The significant issues that the Committee considered in relation to the significant financial issue impacting Financial Statements 2017 is detailed below:

Inventories written off and written down.

The Committee reviewed and agreed the method for calculating the inventories written down and written off.

Report of the Audit Committee (cont'd)

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 Malaysia. 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 were addressed; and
     iii. compliance with accounting standards and other legal requirements.
   - Discussed with Management and the statutory 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 statutory auditors, their audit plan for the financial year ended 30 June 2017 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 statutory auditors report;
   - The Audit Committee met with the statutory 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 statutory auditors, it was noted that there were no major concerns from the statutory auditors; and
   - Reviewed and assessed the performance, suitability and independence of the statutory auditors based on, amongst others, the quality of service, sufficiency of resources, communication and interaction, as well as independence, objectivity and professional skepticism. The statutory 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 statutory 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 auditors, 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:
     ➢ Merchandising and Marketing Function for Padini and PDI
     ➢ Human Resource Management and Payroll Function
     ➢ Review of recurrent related parties policies and transactions
     ➢ Goods & Services Tax ("GST") health check
     ➢ Consignment Sales Operation for SEED, Padini Authentics & Miki
   - 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; and
   - Reviewed the effectiveness of the audit process and assessed the performance of the overall Internal Audit function.

Report of the Audit Committee (cont'd)

Internal Audit Function

The Group has outsourced its internal audit function to an independent external party, Baker Tilly Monteiro Heng Governance Sdn. Bhd. which reports directly to the Committee. The Committee reviews internal audit and monitors its relationship with the statutory auditors, including plans and performance. It reviews and assesses the quarterly internal audit reports together with Management's actions on findings to gain assurance as to the effectiveness of the internal control framework throughout the Group.

The Group's annual professional fee for internal audit services charged by the outsourced internal auditors is RM56,000.

Statutory Auditors

The Committee is responsible to the Board for recommendations on the appointment, re-appointment and removal of the statutory auditors. As part of this process the Committee assesses annually the independence and objectivity of the statutory auditors taking into account relevant professional and regulatory requirements and the relationship with the statutory auditors as a whole, including the provision of any non-audit services. The Committee also assesses the statutory auditors' performance and effectiveness during the exercise of their duties.

The statutory auditors attended there (3) meetings of the Committee of which the activities are as disclosed under 'Summary of the Work of the Audit Committee'.

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL

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 latest internal audit plan covering the period 2015 to 2018 and involving 13 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 internal audit plan was subsequently tabled and adopted by the Audit Committee and Audit Committee has reviewed the audit plan during the year and the same audit plan remains relevant and will be continue until financial year 2018 as planned.

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, a German multinational software manufacturer to manage business operations and customer relations. 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.

Statement on Risk Management and Internal Control (cont'd)

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 2017, the Group continued its effort to downsize its non-performing consignment business. A total of 10 consignment counters were closed during the financial year leaving only 56 operational consignment counters as at 30 June 2017. 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. The electronic clocking-in system for use in the retail stores that the Group operates throughout the country had fully gone live at the end of last financial year. The said system is currently used to monitor the attendance of the staff and the Management is pleased to inform that the monitoring system is running smoothly after one year of testing and fixing up the teething problems. The Management intends to commence phase 2 of this project in the financial year 2018, which is the automation of overtime pay calculation. The Management foresees that this automation will reduce the workload of the payroll staff, ensure higher accuracy, reduce human error and produce reporting on a timely manner. This automation will minimise the risk of fictitious employees in the payroll, as the system requires employee's thumbprint to validate the employee's attendance.
3. It is always the culture of the Group to minimise and to avoid related party transactions. This is to prevent conflict of interest in the course of business and to ensure that the best interest of the Group is well preserved. This could be difficult to monitor due to the size of the Group which continues to grow. The Board has decided to impose a self-declaration system whereby annual independent declaration from all the members of the Board and also the Key Senior Management is required annually starting from the financial year 2017.

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 Statutory Auditors

As required by paragraph 15.23 of the Bursa Malaysia Securities Berhad's Listing Requirements, the Statutory Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (Revised) ('RPG5 (Revised)') issued by the Malaysian Institute of Accountants (MIA) and procedures have been performed to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors have adopted.

RPG5 (Revised) does not require the Statutory 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 Statutory Auditors have reported to the Board of Directors that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

Conclusion

In the Board of Directors' Meeting held on 27 September 2017, the Managing Director and CFO have given the assurance to the Board that the Risk Management and Internal Control System currently in place is adequate and effective for the Group.

PROFILE OF **DIRECTORS**

Chia Swee Yuen

60 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 and leasing, credit card, construction and property development areas, in charge of the corporate planning, accounting and tax, information technology and general administration areas.

Since 1988 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

66 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

64 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 all 5 meetings of the Board of Directors.

Yong Lai Wah

67 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 4 out of 5 meetings of the Board of Directors.

Profile of Directors (cont'd)

Foo Kee Fatt

51 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 and Malaysian Institute of Accountants. He is also an associate member of Chartered Tax Institute of Malaysia and an approved company auditor under the Malaysian Companies Act 2016.

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 and MMS Ventures Berhad, companies listed on Bursa Malaysia.

For the financial year under review, he has attended 4 out of 5 Meetings of the Board of Directors.

Lee Peng Khoon

64 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.

Andrew Yong Tze How

36 years of age, Malaysian, Male

(Executive Director and Key Senior Management)

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 oversee, 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 4 out of 5 meetings of the Board of Directors.

Benjamin Yong Tze Jet

33 years of age, Malaysian, Male

(Executive Director and Key Senior Management)

Mr Benjamin Yong was appointed to the Board on 15 July 2016.

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 all 5 meetings of the Board of Directors.

Profile of Directors (cont'd)

Chew Voon Chyn

35 years of age, Malaysian, Female
(Executive Director)
(Appointed as Alternate Director to Madam Yong Lai Wah on 1 December 2016, ceased as Alternate Director to Madam Yong Lai Wah on 20 February 2017)

Ms Chew Voon Chyn was appointed to the Board on 20 February 2017.

She graduated from Parsons School of Design, New York with a Bachelor's Degree in Business Administration, majoring in Design & Management. She worked as a merchandising assistant in Calvin Klein Jeans, New York in year 2005.

She joined Vincci in August 2005 as Design & Merchandising Executive till July 2007. From August 2007 till June 2009, she was redesignated as Trend Developer cum Merchandiser, who managed the Research & Development department. She was promoted to Brand Manager for Vincci Accessories & Vincci + in July 2009 till December 2013. From Jan 2014 till present, she is the Brand Manager for the entire Vincci group.

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

For the financial year under review, she has attended 1 out of 2 meetings of the Board of Directors.

Yeo Sok Hiang

43 years of age, Malaysian, Female
(Executive Director and Key Senior Management) - resigned on 20 February 2017

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. Prior to her resignation, she was the CFO of the Group and managed the financial operations, planning and reporting of the Group's finances.

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

For the financial year under review, she has attended all 4 out of 4 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 2017. Chew Voon Chyn is the niece of Yong Pang Chaun and Yong Lai Wah as well as cousin to Andrew Yong Tze How and Benjamin Yong Tze Jet.

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 (if any).

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. No. of board meetings held
Five (5) Board meetings were held during the financial year ended 30 June 2017.

vi. Non-audit fee
There was no non-audit fee paid to the statutory 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 2016 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 2016.

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.

FINANCIAL STATEMENTS

DIRECTORS' *REPORT*

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 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 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	157,388	79,507

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 2017:	
First interim single tier dividend of 2.5 sen per ordinary share, paid on 29 September 2016.	16,448
Second interim single tier dividend of 2.5 sen per ordinary share, paid on 30 December 2016.	16,448
Third interim single tier dividend of 2.5 sen per ordinary share, paid on 27 March 2017.	16,448
Fourth interim single tier dividend of 2.5 sen per ordinary share, paid on 30 June 2017.	16,448
Special single tier dividend of 1.5 sen per ordinary share, paid on 30 June 2017.	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 2017, 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 2018, which will be payable on 29 September 2017.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than the effects of adoption of Companies Act 2016 as disclosed in Note 14 to the financial statements.

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:

Padini Holdings Berhad

Yong Pang Chaun	
Yong Lai Wah	
Chong Chin Lin	
Chia Swee Yuen	
Foo Kee Fatt	
Lee Peng Khoon	
Andrew Yong Tze How	
Benjamin Yong Tze Jet	
Chew Voon Chyn	(appointed as alternate Director to Yong Lai Wah on 1 December 2016 and ceased on 20 February 2017; appointed as Director on 20 February 2017)
Yeo Sok Hiang	(resigned on 20 February 2017)

Subsidiaries of Padini Holdings Berhad

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Yong Pang Chaun
Yong Lai Wah
Yong Lai Ang
Chong Chin Lin
Andrew Yong Tze How
Benjamin Yong Tze Jet
Christopher Yong Tze Yao

In accordance with Article 102(1) of the Company's Constitution, Yong Pang Chaun, Yong Lai Wah and Chia Swee Yuen 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 Constitution, Chew Voon Chyn retires at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

Directors' Report (cont'd)

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 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	[------ Number of ordinary shares ------]			
	Balance as at 1.7.2016/ date of appointment*	**Bought**	**Sold**	**Balance as at 30.6.2017**
Shares in the Company				
Direct interests				
Yong Pang Chaun	1,500,000	–	–	1,500,000
Chong Chin Lin	2,019,990	1,200,000	–	3,219,990
Indirect interests				
Yong Pang Chaun	289,783,490	1,200,000	–	290,983,490
Chong Chin Lin	289,263,500	–	–	289,263,500
Yong Lai Wah	287,763,500	–	–	287,763,500
Chew Voon Chyn*	5,000	–	–	5,000

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, 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.

DIRECTORS' REMUNERATION

Fees and other benefits of the Directors who held office during the financial year ended 30 June 2017 are as follows:

	Group 2017 RM'000	Company 2017 RM'000
Fees	260	260
Short term employee benefits	4,435	–
Contributions to defined contribution plans	528	–
	5,223	260

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM50,000.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company for the financial year 2017 was RM15,000.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, 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.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

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

(d) In the opinion of the Directors:

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 32 to the financial statements.

AUDITORS

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

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2017 amounted to RM56,000 and RM164,000 respectively.

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

Yong Pang Chaun
Director

Andrew Yong Tze How
Director

Kuala Lumpur
27 September 2017

STATEMENT **BY DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 56 to 108 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 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 2017 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 35 to the financial statements on page 109 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,

Yong Pang Chaun
Director

Andrew Yong Tze How
Director

Kuala Lumpur
27 September 2017

STATUTORY **DECLARATION**

I, Sung Fong Fui, being the officer primarily responsible for the financial management of Padini Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 109 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)
27 September 2017)

……………...................
Sung Fong Fui

Before me

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PADINI HOLDINGS BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Padini Holdings Berhad, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 108.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Inventories written down and inventories written off

As at 30 June 2017, inventories of the Group were RM193,212,000. The details of the inventories have been disclosed in Note 11 to the financial statements. During the financial year, there were inventories written down and inventories written off recognised as cost of sales amounted to RM7,248,000 and RM19,565,000 respectively.

Writing down and writing off of slow moving and obsolete inventories to their net realisable values are mainly based on management estimates, which have been derived from expectations on current market prices, sales trend analysis and future demand of which different expectations would impact the carrying amounts of the inventories. We have focused on this area as a key audit matter as this assessment involves significant judgments made by management and high degree of estimation uncertainty.

Key Audit Matters (continued)

1. **Inventories written down and inventories written off (continued)**

   Audit response

   Our audit procedures included the following:

   a. obtained an understanding of the process implemented by management over the determination of lower of cost and net realisable value of inventories and inquired management on the current and planned actions to continuously identify, monitor and realise slow moving and obsolete inventories;

   b. tested the reliability of the inventories ageing report and re-performed weighted average cost of inventories;

   c. analysed inventories ageing by brands, seasons or periods and compared that to the assessment of management in determining slow moving and obsolete inventories, which have been derived from expectations of current market prices, sales trend analysis and future demand; and

   d. challenged assessment of management that write down and write off of inventories were appropriate by verifying actual margins and testing the selling prices of inventories sold from sales invoices subsequent to the end of the reporting period.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report
To The Members Of Padini Holdings Berhad
(cont'd)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Reporting Responsibilities

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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

27 September 2017
Kuala Lumpur

STATEMENTS OF *FINANCIAL POSITION*

AS AT 30 JUNE 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	136,675	122,838	47,252	44,982
Intangible assets	6	6,695	7,326	–	–
Investment property	7	4,918	4,195	–	–
Investments in subsidiaries	8	–	–	258,414	248,087
Other investments	9	705	705	560	560
Deferred tax assets	10	7,173	2,208	–	–
		156,166	137,272	306,226	293,629
Current assets					
Inventories	11	193,212	263,266	–	–
Trade and other receivables	12	64,924	49,278	1,400	1,327
Current tax assets		56	278	–	–
Other investments	9	50,010	112,650	30,006	33,637
Cash and bank balances	13	416,891	237,069	9,746	16,581
		725,093	662,541	41,152	51,545
TOTAL ASSETS		881,259	799,813	347,378	345,174
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	69,563	65,791	69,563	65,791
Reserves	15	482,539	403,165	270,495	270,420
TOTAL EQUITY		552,102	468,956	340,058	336,211
LIABILITIES					
Non-current liabilities					
Borrowings	16	6,339	9,644	5,032	6,724
Provision for restoration costs	18	10,614	7,778	–	–
Deferred tax liabilities	10	1,472	1,448	–	–
		18,425	18,870	5,032	6,724
Current liabilities					
Trade and other payables	19	221,320	235,336	479	557
Borrowings	16	75,959	60,176	1,610	1,442
Provision for restoration costs	18	1,738	1,689	–	–
Current tax liabilities		11,715	14,786	199	240
		310,732	311,987	2,288	2,239
TOTAL LIABILITIES		329,157	330,857	7,320	8,963
TOTAL EQUITY AND LIABILITIES		881,259	799,813	347,378	345,174

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 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	22	1,570,722	1,301,193	67,874	74,920
Cost of sales	23	(952,135)	(758,635)	–	–
Gross profit		618,587	542,558	67,874	74,920
Other income		17,475	11,806	14,859	4,660
Selling and distribution costs		(344,958)	(299,185)	–	–
Administrative expenses		(73,252)	(64,803)	(1,975)	(1,789)
Profit from operations		217,852	190,376	80,758	77,791
Finance costs	24	(4,663)	(3,711)	(369)	(457)
Profit before tax	25	213,189	186,665	80,389	77,334
Tax expense	27	(55,801)	(49,280)	(882)	(966)
Profit for the financial year attributable to owners of the parent		157,388	137,385	79,507	76,368
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Fair value loss on available-for-sale financial assets	27(d)	–	(1)	–	–
Foreign currency translations	27(d)	1,418	1,598	–	–
Total other comprehensive income, net of tax		1,418	1,597	–	–
Total comprehensive income attributable to owners of the parent		158,806	138,982	79,507	76,368
Earnings per ordinary share attributable to equity holders of the Company (sen):					
-Basic	29	23.92	20.88		
-Diluted	29	23.92	20.88		

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

CONSOLIDATED STATEMENT *OF CHANGES IN EQUITY*

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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	28	–	–	–	–	(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.

Consolidated Statement Of Changes In Equity

for the Financial Year Ended 30 June 2017 (cont'd)

		[---------Non-distributable			---------]	Distributable	
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**
Balance as at 1 July 2016		65,791	3,772	29	4,110	395,254	468,956
Profit for the financial year		–	–	–	–	157,388	157,388
Foreign currency translations, net of tax		–	–	–	1,418	–	1,418
Total comprehensive income		–	–	–	1,418	157,388	158,806
Transactions with owners							
Dividends paid	28	–	–	–	–	(75,660)	(75,660)
Total transactions with owners		–	–	–	–	(75,660)	(75,660)
Transfer pursuant to Companies Act 2016	14	3,772	(3,772)	–	–	–	–
Balance as at 30 June 2017		69,563	–	29	5,528	476,982	552,102

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

STATEMENT OF *CHANGES IN EQUITY*

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Company	Note	[------------Non-distributable---------] Share capital RM'000	Share premium RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 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	28	–	–	(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
Profit for the financial year		–	–	79,507	79,507
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income		–	–	79,507	79,507
Transaction with owners					
Dividends paid	28	–	–	(75,660)	(75,660)
Total transactions with owners		–	–	(75,660)	(75,660)
Transfer pursuant to Companies Act 2016	14	3,772	(3,772)	–	–
Balance as at 30 June 2017		69,563	–	270,495	340,058

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		213,189	186,665	80,389	77,334
Adjustments for:					
Amortisation of intangible assets	6	1,461	1,311	–	–
Depreciation of property, plant and equipment	5	37,221	33,629	868	844
Dividend income from:					
- subsidiaries	22	–	–	(66,870)	(73,614)
- unit trust funds		(3,398)	(3,484)	(1,004)	(1,306)
Fair value adjustments on:					
- investment property	7	(462)	–	–	–
- unit trust funds		(10)	(66)	(6)	(55)
(Gain)/Loss on disposals of:					
- property, plant and equipment		(8)	(227)	–	–
- unit trust funds		371	(31)	86	(17)
Impairment losses on:					
- club membership	9	–	4	–	–
- property, plant and equipment	5	–	272	–	–
Intangible assets written off	6	–	25	–	–
Interest expense	25	4,572	3,560	369	457
Interest income	25	(6,452)	(4,062)	(401)	(183)
Inventory losses	11	5,352	4,618	–	–
Inventories written down	11	7,248	2,014	–	–
Inventories written off	11	19,565	3,260	–	–
Property, plant and equipment written off	5	930	597	–	–
Rebate of management fees in the form of unit trust units in other investments		(49)	(25)	(9)	(7)
Reversal of impairment loss on investment in a subsidiary	8	–	–	(10,327)	–
Reversal of provision for restoration costs	18	(1,627)	(959)	–	–
Unrealised (gain)/loss on foreign exchange		(1,331)	523	–	–
Operating profit before changes in working capital		276,572	227,624	3,095	3,453
Decrease/(Increase) in inventories		37,889	(104,227)	–	–
(Increase)/Decrease in trade and other receivables		(15,652)	1,374	245	(267)
(Decrease)/Increase in trade and other payables		(14,173)	93,172	(78)	149
Cash generated from operations		284,636	217,943	3,262	3,335

Statements Of Cash Flows
for the Financial Year Ended 30 June 2017 (cont'd)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Tax paid		(64,237)	(42,162)	(923)	(924)
Tax refunded		662	153	–	–
Net cash from operating activities		221,061	175,934	2,339	2,411
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from:					
- subsidiaries		–	–	66,870	75,340
- unit trust funds		3,179	829	784	218
Interest received		6,452	4,062	401	183
Placements of unit trust funds		(145,000)	(99,000)	(60,000)	(20,000)
Proceeds from disposals of:					
- property, plant and equipment		15	251	–	–
- unit trust funds		207,547	98,292	63,780	34,671
Purchase of:					
- intangible assets	6	(830)	(1,977)	–	–
- property, plant and equipment	5(b)	(47,797)	(30,839)	(3,138)	(2,544)
(Payments made on behalf of)/ Repayments by subsidiaries		–	–	(318)	733
Net cash from/(used in) investing activities		23,566	(28,382)	68,379	88,601
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	28	(75,660)	(75,660)	(75,660)	(75,660)
Drawdowns of short term bank borrowings		240,125	134,008	–	–
Interest paid		(3,729)	(2,890)	(369)	(457)
Repayments of:					
- hire purchase and finance lease obligations		(382)	(403)	–	–
- short term bank borrowings		(224,508)	(100,355)	–	–
- term loans		(2,757)	(2,611)	(1,524)	(1,435)
Net cash used in financing activities		(66,911)	(47,911)	(77,553)	(77,552)
Net increase/(decrease) in cash and cash equivalents		177,716	99,641	(6,835)	13,460
Effects of exchange rate fluctuations on cash and cash equivalents		2,106	336	–	–
Cash and cash equivalents at beginning of financial year		237,069	137,092	16,581	3,121
Cash and cash equivalents at end of financial year	13	416,891	237,069	9,746	16,581

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

NOTES TO THE
FINANCIAL STATEMENTS
30 JUNE 2017

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, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 30 June 2017 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 27 September 2017.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 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 have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

However, Note 35 to the financial statements set out on page 109 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.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and amendments to MFRSs adopted during the financial year are disclosed in Note 34.1 to the financial statements.

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.

4. 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.

Notes to the Financial Statements (cont'd)

4. OPERATING SEGMENTS (continued)

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 financial statements.

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.

4. OPERATING SEGMENTS (continued)

2017	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	270,561	523,825	153,714	572,395	49,274	218,751	1,788,520
Inter-segment revenue	(419)	(795)	(290)	(573)	(76)	(215,645)	(217,798)
Revenue from external customers	**270,142**	**523,030**	**153,424**	**571,822**	**49,198**	**3,106**	**1,570,722**
Interest income	942	1,313	488	1,131	222	2,356	6,452
Finance costs	(799)	(1,485)	(168)	(1,737)	(68)	(406)	(4,663)
Net finance income/(expense)	143	(172)	320	(606)	154	1,950	1,789
Depreciation of property, plant and equipment	(5,180)	(10,440)	(3,391)	(12,749)	(1,233)	(4,228)	(37,221)
Amortisation of intangible assets	(38)	(6)	(5)	(188)	(1)	(1,223)	(1,461)
Segment profit before tax	**55,575**	**62,348**	**22,464**	**59,502**	**6,123**	**84,137**	**290,149**
Income tax expense	(13,667)	(15,957)	(5,757)	(16,241)	(1,526)	(2,653)	(55,801)
Other material non-cash items:							
- Inventory losses	(427)	(1,752)	(704)	(2,302)	(167)	–	(5,352)
- Inventories written down	(351)	(2,199)	(1,515)	(3,109)	(74)	–	(7,248)
- Inventories written off	(1,444)	(8,446)	(2,772)	(6,429)	(474)	–	(19,565)
Additions to non-current assets other than financial instruments and deferred tax assets	6,042	14,747	4,616	17,903	1,361	7,775	52,444
Segment assets	**165,222**	**246,845**	**79,837**	**210,262**	**34,925**	**502,667**	**1,239,758**
Segment liabilities	**54,909**	**107,063**	**30,005**	**98,664**	**13,708**	**114,417**	**418,766**

4. **OPERATING SEGMENTS (continued)**

2016	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	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**

4. OPERATING SEGMENTS (continued)

(a) Reconciliations

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

	2017 RM'000	2016 RM'000
Revenue		
Total revenue for reportable segments	1,788,520	1,502,579
Elimination of inter-segment revenue	(217,798)	(201,386)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	1,570,722	1,301,193
Profit for the financial year		
Total profit or loss for reportable segments	290,149	260,045
Elimination of inter-segment profits	(76,960)	(73,380)
	213,189	186,665
Tax expense	(55,801)	(49,280)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	157,388	137,385
Assets		
Total assets for reportable segments	1,239,758	1,120,326
Elimination of investments in subsidiaries	(258,414)	(248,087)
Elimination of inter-segment balances	(100,085)	(72,426)
Total assets of the Group per consolidated statement of financial position	881,259	799,813
Liabilities		
Total liabilities for reportable segments	418,766	392,557
Elimination of inter-segment balances	(89,609)	(61,700)
Total liabilities of the Group per consolidated statement of financial position	329,157	330,857

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.

5. 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 2016	12,240	37,243	7,664	4,646	148,359	77,652	2,578	290,382
Additions	–	–	–	160	34,369	14,143	2,942	51,614
Disposals	–	–	–	–	(285)	(40)	–	(325)
Written off	–	–	–	–	(19,039)	(6,479)	–	(25,518)
Translation adjustments	–	–	505	–	15	11	–	531
Balance as at 30 June 2017	12,240	37,243	8,169	4,806	163,419	85,287	5,520	316,684
Accumulated depreciation								
Balance as at 1 July 2016	–	6,770	1,265	3,288	105,204	50,543	–	167,070
Charge for the financial year	–	745	280	522	24,894	10,780	–	37,221
Disposals	–	–	–	–	(280)	(38)	–	(318)
Written off	–	–	–	–	(18,531)	(6,057)	–	(24,588)
Translation adjustments	–	–	79	–	6	9	–	94
Balance as at 30 June 2017	–	7,515	1,624	3,810	111,293	55,237	–	179,479
Accumulated impairment losses								
Balance as at 1 July 2016	–	–	474	–	–	–	–	474
Translation adjustments	–	–	56	–	–	–	–	56
Balance as at 30 June 2017	–	–	530	–	–	–	–	530
Carrying amount								
Balance as at 30 June 2017	12,240	29,728	6,015	996	52,126	30,050	5,520	136,675

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

5. **PROPERTY, PLANT AND EQUIPMENT (continued)**

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 2016	12,240	36,078	3,323	1,778	2,578	55,997
Additions	–	–	134	62	2,942	3,138
Balance as at 30 June 2017	12,240	36,078	3,457	1,840	5,520	59,135
Accumulated depreciation						
Balance as at 1 July 2016	–	6,233	3,230	1,552	–	11,015
Charge for the financial year	–	722	75	71	–	868
Balance as at 30 June 2017	–	6,955	3,305	1,623	–	11,883
Carrying amount						
Balance as at 30 June 2017	12,240	29,123	152	217	5,520	47,252
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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) All items of property, plant and equipment are initially measured at cost. 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 estimated useful lives represent common life expectancies applied in the industry within which the Group operates. 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.

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Additions of property, plant and equipment	51,614	33,834	3,138	2,544
Financed by hire purchase and lease arrangements	–	(215)	–	–
Provision for restoration costs capitalised (Note 18)	(3,817)	(2,780)	–	–
Cash payments on purchase of property, plant and equipment	47,797	30,839	3,138	2,544

(c) In the previous financial year, the Group recognised an impairment loss of RM272,000 on a leasehold building to its recoverable amount based on a valuation performed by an external and independent property valuer.

(d) 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	
	2017 RM'000	2016 RM'000
Motor vehicles	707	1,175

Details of terms and conditions of the finance lease arrangements are disclosed in Note 17 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) Certain freehold land and buildings have been pledged as securities to banks for financing facilities granted to the Group and the Company with carrying amounts as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Freehold land	4,892	4,892	4,892	4,892
Freehold buildings	17,688	18,106	17,083	17,477
	22,580	22,998	21,975	22,369

6. INTANGIBLE ASSETS

Group	System, applications and products RM'000	Computer software RM'000	Total RM'000
At cost			
Balance as at 1 July 2016	7,030	5,884	12,914
Additions	–	830	830
Written off	–	(24)	(24)
Translation adjustments	–	2	2
Balance as at 30 June 2017	7,030	6,692	13,722
Accumulated amortisation			
Balance as at 1 July 2016	2,852	2,736	5,588
Charge for the financial year	468	993	1,461
Written off	–	(24)	(24)
Translation adjustments	–	2	2
Balance as at 30 June 2017	3,320	3,707	7,027
Carrying amount			
Balance as at 30 June 2017	3,710	2,985	6,695
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

6. INTANGIBLE ASSETS (continued)

Group	System, applications and products RM'000	Computer software RM'000	Total RM'000
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

Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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 life and are amortised over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal amortisation periods are as follows:

SAP	15 years
Computer software	5 years

7. INVESTMENT PROPERTY

	Group	
	2017 RM'000	2016 RM'000
Workshop, at valuation		
Balance as at 1 July 2016/2015	4,195	3,944
Fair value adjustments	462	–
Translation adjustments	261	251
Balance as at 30 June 2017/2016	4,918	4,195

(a) Investment property is initially measured at cost, which includes transaction costs. After initial recognition, investment property is measured at fair value, which reflects market conditions at the end of the reporting period and changes in fair value are included in profit or loss.

7. INVESTMENT PROPERTY (continued)

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

	Group 2017 RM'000	Group 2016 RM'000
Repairs and maintenance	23	32
Quit rent and assessment	9	8

(c) 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
2017				
Workshop	–	4,918	–	4,918
2016				
Workshop	–	4,195	–	4,195

(i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 30 June 2017 and 30 June 2016.

(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 RM462,000 (2016: RM NIL) to the Group to reflect its fair value of RM4,918,000 or equivalent to HKD8,940,000 (2016: RM4,195,000 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.

8. INVESTMENTS IN SUBSIDIARIES

	Company 2017 RM'000	Company 2016 RM'000
At cost:		
- Unquoted shares	259,369	259,369
Less: Impairment losses	(955)	(11,282)
	258,414	248,087

8. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Investments in subsidiaries are measured at cost. Non-controlling interests, if any, are measured at their proportionate share of net assets of subsidiaries, unless another measurement basis is required by MFRSs.

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

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	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*

(c) During the financial year, there was a reversal of impairment loss on investment in a subsidiary amounted to RM10,327,000 due to improved business operations.

9. OTHER INVESTMENTS

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Non-current				
Available-for-sale financial assets:				
- Unquoted shares in Malaysia	560	560	560	560
- Club memberships	145	145	–	–
Total non-current other investments	705	705	560	560
Current				
Financial assets at fair value through profit or loss				
- Unit trust funds in Malaysia	50,010	112,650	30,006	33,637
Total other investments	50,715	113,355	30,566	34,197

(a) All regular way purchase or sale of financial assets shall be recognised and derecognised, using trade date accounting.

(b) The fair value of unquoted shares in Malaysia 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.

The fair values for club memberships are estimated based on references to current available counter party quotations of the same investments.

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

(c) The fair value of other investments of the Group and of the Company are categorised as follows:

	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Group				
2017				
Other investments				
- Unit trust funds	50,010	–	–	50,010
- Unquoted shares in Malaysia	–	–	560	560
- Club memberships	–	–	145	145

9. OTHER INVESTMENTS (continued)

(c) The fair value of other investments of the Group and of the Company are categorised as follows (continued):

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2016				
Other investments				
- Unit trust funds	112,650	–	–	112,650
- Unquoted shares in Malaysia	–	–	560	560
- Club memberships	–	–	145	145
Company				
2017				
Other investments				
- Unit trust funds	30,006	–	–	30,006
- Unquoted shares in Malaysia	–	–	560	560
2016				
Other investments				
- Unit trust funds	33,637	–	–	33,637
- Unquoted shares in Malaysia	–	–	560	560

(d) Sensitivity analysis of changes in market quoted prices of unit trust funds at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Effects of 5% changes in market quoted prices to profit after tax				
- Unit trust funds	2,500	5,633	1,500	1,682

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Balance as at 1 July	705	710	560	560
Impairment loss	–	(4)	–	–
Fair value loss recognised in other comprehensive income	–	(1)	–	–
Balance as at 30 June	705	705	560	560

9. OTHER INVESTMENTS (continued)

(f) 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
<u>Other investments</u> Unquoted shares in Malaysia	Discounted industry price to book ratio (2017: 0.71; 2016: 0.84)	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.

(g) The following table shows the sensitivity analysis for the level 3 fair value measurements:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Profit after tax				
Price to book ratio				
- increase by 0.1	85	80	85	80
- decrease by 0.1	(85)	(80)	(85)	(80)

(h) The Group holds a forty percent (40%) interest in Cassardi Corporation Sdn. Bhd. ("Casardi") 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 process 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 in Malaysia.

10. DEFERRED TAX

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

	Group 2017 RM'000	Group 2016 RM'000
Balance as at 1 July 2016/2015	760	(345)
Recognised in profit or loss (Note 27)	4,941	1,105
Balance as at 30 June 2017/2016	5,701	760
Presented after appropriate offsetting:		
Deferred tax assets, net	7,173	2,208
Deferred tax liabilities, net	(1,472)	(1,448)
	5,701	760

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

<u>Deferred tax assets of the Group</u>

	Deferred revenue RM'000	Other deductible temporary differences RM'000	Total RM'000
Balance as at 1 July 2016	1,269	981	2,250
Recognised in profit or loss	(322)	5,465	5,143
Balance as at 30 June 2017, prior to offsetting	947	6,446	7,393
Set-off of tax			(220)
Balance as at 30 June 2017			7,173
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

10. DEFERRED TAX (continued)

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

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 2016	(1,414)	(76)	(1,490)
Recognised in profit or loss	39	(241)	(202)
Balance as at 30 June 2017, prior to offsetting	(1,375)	(317)	(1,692)
Set-off of tax			220
Balance as at 30 June 2017			(1,472)
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)

(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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unused tax losses	8,637	6,878	–	–
Unabsorbed capital allowances	811	811	811	811
	9,448	7,689	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.

11. INVENTORIES

	Group 2017 RM'000	Group 2016 RM'000
At cost		
Completed garments, shoes and accessories	191,431	257,790
Raw materials and manufacturing accessories	45	54
	191,476	257,844
At net realisable value		
Completed garments, shoes and accessories	1,736	5,422
	193,212	263,266

(a) Cost of inventories of the Group is determined on a weighted average basis.

(b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM900,704,000 (2016: RM732,730,000). 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 2017 RM'000	Group 2016 RM'000
Inventory losses	5,352	4,618
Inventories written down to net realisable values	7,248	2,014
Inventories written off	19,565	3,260
	32,165	9,892

(c) 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 future demand 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 amounts of inventories.

Notes to the Financial Statements (cont'd)

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables				
Third parties	23,215	17,600	–	–
Other receivables and deposits				
Amounts owing by subsidiaries	–	–	1,239	921
Other receivables	69	142	3	285
Deposits	31,019	26,342	71	71
	31,088	26,484	1,313	1,277
Loans and receivables	54,303	44,084	1,313	1,277
Prepayments				
Prepayments	10,621	5,194	87	50
	64,924	49,278	1,400	1,327

(a) Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 2 to 60 days (2016: 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.

(c) 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 (2016: RM774,000) and RM363,000 (2016: RM NIL) respectively.

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

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	18,570	15,365
Past due, not impaired		
1 to 30 days	2,039	2,202
31 to 60 days	2,406	32
61 to 90 days	111	–
More than 90 days	89	1
	4,645	2,235
Past due and impaired	–	–
	23,215	17,600

12. TRADE AND OTHER RECEIVABLES (continued)

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

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. Most 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 RM4,645,000 (2016: RM2,235,000) 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) 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.

(f) The currency exposure profiles of trade and other receivables (excluding prepayments) are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Ringgit Malaysia	47,858	41,875	539	503
United States Dollar	6,383	2,151	774	774
Chinese Renminbi	41	38	–	–
Hong Kong Dollar	21	20	–	–
	54,303	44,084	1,313	1,277

12. TRADE AND OTHER RECEIVABLES (continued)

(g) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Effects of 5% changes to RM against foreign currencies				
Profit after tax				
- United States Dollar	243	82	29	29

The exposure of other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

(h) At the end of each reporting period, approximately eighty-six percent (86%) (2016: eighty-two percent (82%)) of the trade receivables of the Group were owed by five (5) major customers (2016: five (5) customers).

13. CASH AND BANK BALANCES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	416,891	237,069	9,746	16,581

(a) The weighted average effective interest rate of cash and bank balances as at the end of each reporting period is as follows:

	Group and Company	
	2017	**2016**
	%	**%**
Weighted average effective interest rate		
- Floating rate	2.70	2.78

(b) Sensitivity analysis of interest rates for floating rate instruments at the end of the reporting period, assuming all other variable remain constant is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Effects of 50bp changes to profit after tax				
Floating rate instruments	1,584	901	37	63

13. CASH AND BANK BALANCES (continued)

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	377,637	208,859	9,746	16,581
United States Dollar	38,948	27,588	–	–
Hong Kong Dollar	210	483	–	–
Chinese Renminbi	96	139	–	–
	416,891	237,069	9,746	16,581

(d) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2017 RM'000	2016 RM'000
Effects of 5% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	1,480	1,048

The exposure of other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

14. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid up ordinary shares				
At beginning of the financial year	657,910	65,791	657,910	65,791
Transfer from share premium account pursuant to the Companies Act 2016	–	3,772	–	–
At end of the financial year	657,910	69,563	657,910	65,791

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

Notes to the Financial Statements (cont'd)

14. SHARE CAPITAL (continued)

(b) With the introduction of the Companies Act 2016 (the "Act") effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. Consequently, balance within the share premium account has been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Act.

(c) The shareholders of the Company, by way of a resolution passed at the Annual General Meeting held on 26 October 2016 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.

15. RESERVES

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Non-distributable				
Share premium	–	3,772	–	3,772
Available-for-sale reserve	29	29	–	–
Exchange translation differences	5,528	4,110	–	–
	5,557	7,911	–	3,772
Distributable				
Retained earnings	476,982	395,254	270,495	266,648
	482,539	403,165	270,495	270,420

(a) Share premium

Share premium balance has been transferred to share capital pursuant to the transitional provisions in Section 618(2) of the Companies Act 2016.

(b) Available-for-sale reserve

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

(c) 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.

16. BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current liabilities				
Secured				
Hire purchase and lease creditors (Note 17)	314	382	–	–
Term loans	2,900	2,666	1,610	1,442
	3,214	3,048	1,610	1,442
Unsecured				
Bankers' acceptances	67,520	52,616	–	–
Revolving credits	5,225	4,512	–	–
	72,745	57,128	–	–
	75,959	60,176	1,610	1,442
Non-current liabilities				
Secured				
Hire purchase and lease creditors (Note 17)	315	629	–	–
Term loans	6,024	9,015	5,032	6,724
	6,339	9,644	5,032	6,724
Total borrowings				
Hire purchase and lease creditors (Note 17)	629	1,011	–	–
Term loans	8,924	11,681	6,642	8,166
Banker's acceptances	67,520	52,616	–	–
Revolving credits	5,225	4,512	–	–
	82,298	69,820	6,642	8,166

(a) All borrowings are denominated in RM.

(b) Bankers' acceptances amounting to RM29,320,000 (2016: RM37,447,000) of the Group are guaranteed by the Company. The remaining bankers' acceptances of the Group amounting to RM38,200,000 (2016: RM15,169,000) and revolving credits are guaranteed by certain subsidiaries.

(c) Term loans of the Group and Company are secured by way of legal charges over certain property, plant and equipment of the Group and of the Company as disclose d in Note 5 (e) to the financial statements.

Notes to the Financial Statements (cont'd)

16. BORROWINGS (continued)

(d) The borrowings are repayable over the following periods:

Group	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000	Total RM'000
As at 30 June 2017					
Hire purchase and lease creditors	314	229	86	–	629
Term loans	2,900	2,682	3,342	–	8,924
Bankers' acceptances	67,520	–	–	–	67,520
Revolving credits	5,225	–	–	–	5,225
	75,959	2,911	3,428	–	82,298
As at 30 June 2016					
Hire purchase and lease creditors	382	314	315	–	1,011
Term loans	2,666	2,819	6,196	–	11,681
Bankers' acceptances	52,616	–	–	–	52,616
Revolving credits	4,512	–	–	–	4,512
	60,176	3,133	6,511	–	69,820
Company					
As at 30 June 2017					
Term loans	1,610	1,691	3,341	–	6,642
As at 30 June 2016					
Term loans	1,442	1,533	5,191	–	8,166

(e) The interest rate profiles of the borrowings as at end of each reporting period are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
- Fixed rate	629	1,011	–	–
- Floating rate	81,669	68,809	6,642	8,166

(f) The weighted average effective interest rates of the borrowings as at the end of each reporting period are as follows:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Hire purchase and lease creditors	4.65	4.62	–	–
Bankers' acceptances	3.95	4.06	–	–
Revolving credits	3.99	4.29	–	–
Term loans	4.84	4.93	4.92	5.09

16. BORROWINGS (continued)

(g) Sensitivity analysis for fixed rate borrowings as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates. Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Effects of 50bp changes to profit after tax				
Floating rate instruments	310	261	25	31

(h) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values, are as follows:

	2017		2016	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Hire purchase and lease liabilities	629	580	1,011	921

The fair values of hire purchase and lease creditors are estimated by discounting expected future cash flows at market incremental lending rate for similar type of lending, borrowings or leasing arrangements at the end of each reporting period.

The fair values of hire purchase and lease creditors are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(i) The table below summarises the maturity profile of the borrowings at the end of each reporting period based on contractual undiscounted repayment obligations:

Group	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
As at 30 June 2017				
Hire purchase and lease creditors	335	326	–	661
Term loans	3,257	6,387	–	9,644
Bankers' acceptances	67,520	–	–	67,520
Revolving credits	5,225	–	–	5,225
	76,337	6,713	–	83,050

Notes to the Financial Statements (cont'd)

16. BORROWINGS (continued)

(i) The table below summarises the maturity profile of the borrowings at the end of each reporting period based on contractual undiscounted repayment obligations (continued):

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 30 June 2016				
Hire purchase and lease creditors	419	661	–	1,080
Term loans	3,257	9,946	–	13,203
Bankers' acceptances	52,616	–	–	52,616
Revolving credits	4,512	–	–	4,512
	60,804	10,607	–	71,411
Company				
As at 30 June 2017				
Term loans	1,892	5,380	–	7,272
As at 30 June 2016				
Term loans	1,892	7,559	–	9,451

17. HIRE PURCHASE AND LEASE CREDITORS

	Group 2017 RM'000	Group 2016 RM'000
Minimum hire purchase and lease payments		
- not later than one (1) year	335	419
- later than one (1) year but not later than five (5) years	326	661
Total minimum hire purchase and lease payments	661	1,080
Less: Future interest charges	(32)	(69)
Present value of hire purchase and lease payments	629	1,011
Repayable as follows:		
Current liabilities		
- not later than one (1) year	314	382
Non-current liabilities		
- later than one (1) year but not later than five (5) years	315	629
	629	1,011

18. PROVISION FOR RESTORATION COSTS

	Group	
	2017 RM'000	2016 RM'000
Non-current		
Provision for restoration costs	10,614	7,778
Current		
Provision for restoration costs	1,738	1,689

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

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

	Group	
	2017 RM'000	2016 RM'000
Balance as at 1 July 2016/2015	9,467	7,024
Recognised in property, plant and equipment (Note 5)	3,817	2,780
Recognised in profit or loss (Note 24)	843	670
Reversal of provision for restoration costs	(1,627)	(959)
Utilised during the financial year	(148)	(48)
Balance as at 30 June 2017/2016	12,352	9,467

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables				
Third parties	136,391	160,795	–	–
Other payables				
Other payables	66,497	60,881	170	255
Accruals	14,484	8,370	309	302
Deferred revenue from customer loyalty points	3,948	5,290	–	–
	221,320	235,336	479	557

(a) Trade and other payables (excluding deferred revenue from customer loyalty points) are classified as other financial liabilities, and measured at amortised cost using the effective interest method.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2016: 30 to 90 days) from date of invoices.

(c) Included in trade payables of the Group are advance payments received from customers against confirmed purchase orders amounting to RM691,000 (2016: RM853,000).

Notes to the Financial Statements (cont'd)

19. TRADE AND OTHER PAYABLES (continued)

(d) Included in other payables is an amount of RM41,528,000 (2016: RM46,435,000) 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.

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

	Group	
	2017 RM'000	**2016 RM'000**
Balance as at 1 July 2016/2015	5,290	3,755
Additions during the financial year	2,494	5,277
Redemptions	(2,771)	(2,704)
Lapsed rebate vouchers	(1,065)	(1,038)
Balance as at 30 June 2017/2016	3,948	5,290

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.

(f) The currency exposure profiles of trade and other payables (excluding deferred revenue from customer loyalty points) are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Ringgit Malaysia	217,152	229,146	479	557
Singapore Dollar	102	329	–	–
Hong Kong Dollar	83	108	–	–
United States Dollar	35	463	–	–
	217,372	230,046	479	557

Sensitivity analysis of RM against foreign currencies for trade and other payables is not presented as it is not material to the Group.

(g) The maturity profile of the trade and other payables (excluding deferred revenue from customer loyalty points) of the Group and of the Company as at the end of the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.

20. 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	
	2017	**2016**
	RM'000	**RM'000**
Not later than one (1) year	74,474	57,322
Later than one (1) year but not later than five (5) years	60,575	42,004
	135,049	99,326

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 RM30,793,000 (2016: RM22,302,000), which have been included in rental of premises.

(b) Capital commitments

	Group and Company	
	2017	**2016**
	RM'000	**RM'000**
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	–	3,030

21. CONTINGENT LIABILITIES

	Company	
	2017	**2016**
	RM'000	**RM'000**
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries		
- secured	10,800	10,800
- unsecured	77,767	73,108
Corporate guarantees given to landlords for the non-cancellable leases of business premises of certain subsidiaries		
- unsecured	19,509	9,730
	108,076	93,638

21. CONTINGENT LIABILITIES (continued)

(a) 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.

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

	Company	
	2017 RM'000	**2016 RM'000**
Ringgit Malaysia	82,309	69,530
United States Dollar	25,767	24,108
	108,076	93,638

(c) 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.

22. REVENUE

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Sales of goods	1,567,968	1,301,289	–	–
Commission income	1,412	1,439	–	–
Deferred revenue from customer loyalty points	1,342	(1,535)	–	–
Dividend income from:				
- subsidiaries	–	–	66,870	73,614
- unit trust funds	–	–	1,004	1,306
	1,570,722	1,301,193	67,874	74,920

22. REVENUE (continued)

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and services and acceptance by customers.

(b) Commission income

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

(c) 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.

(d) Dividend income

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

(e) Other income

(i) Interest income

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

(ii) Rental income

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

(iii) 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.

(iv) Membership fee

Membership fee is recognised on a cash receipt basis.

23. COST OF SALES

	Group	
	2017 RM'000	**2016 RM'000**
Inventories sold	900,704	732,730
Carriage, freight and handling charges	19,266	16,013
Others	32,165	9,892
	952,135	758,635

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

Notes to the Financial Statements (cont'd)

24. FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on:				
- Term loans	501	646	369	457
- Bankers' acceptances	2,788	1,826	–	–
- Revolving credits	403	365	–	–
- Hire purchase and lease creditors	37	53	–	–
- Unwinding of discount on provision for restoration costs (Note 18)	843	670	–	–
Others	91	151	–	–
	4,663	3,711	369	457

25. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
After charging:					
Auditors' remuneration					
BDO Malaysia					
- statutory audits		199	188	50	44
- other services		6	26	6	6
Other auditors					
- statutory audits		15	15	–	–
- other services		–	6	–	–
Directors' remuneration:					
- fees payable by the Company		260	260	260	260
- other emoluments paid by the subsidiaries		4,963	4,989	–	–
Impairment losses on club membership	9	–	4	–	–
Intangible assets written off	6	–	25	–	–
Interest expense		4,572	3,560	369	457
Loss on disposals of unit trust funds		371	–	86	–
Loss on foreign exchange					
- realised		45	–	–	–
- unrealised		–	523	–	–
Property, plant and equipment written off	5	930	597	–	–
Rental of equipment		601	253	–	–
Rental of premises		124,003	106,339	–	–

25. PROFIT BEFORE TAX (continued)

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at (continued):

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
And crediting:					
Dividend income from:					
- subsidiaries		–	–	66,870	73,614
- unit trust funds		3,398	3,484	1,004	1,306
Fair value adjustments on unit trust funds		10	66	6	55
Gain on disposals of:					
- property, plant and equipment		8	227	–	–
- unit trust funds		–	31	–	17
Gain on foreign exchange:					
- realised		8	42	–	–
- unrealised		1,331	–	–	–
Interest income		6,452	4,062	401	183
Rebate of management fees in the form of unit trust units in other investments		49	25	9	7
Rental income from:					
- investment property		112	168	–	–
- premises		–	–	4,115	4,398
Reversal of impairment loss on investment in a subsidiary	8	–	–	10,327	–
Royalty income		1,555	1,810	–	–

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM50,000 (2016: RM89,000).

Notes to the Financial Statements (cont'd)

26. EMPLOYEE BENEFITS

	Group 2017 RM'000	Group 2016 RM'000
Salaries, wages, allowances and bonuses	160,319	137,946
Contributions to defined contribution plans	17,284	15,024
Unutilised leaves	342	261
Other employee benefits	4,817	3,805
	182,762	157,036

Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM4,963,000 (2016: RM4,989,000).

27. TAX EXPENSE

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current year tax expense based on profit for the financial year:				
- Malaysian income tax	60,867	50,866	890	910
- Foreign income tax	40	28	–	–
	60,907	50,894	890	910
(Over)/Under provision in prior years:				
- Malaysian income tax	(165)	(509)	(8)	56
	60,742	50,385	882	966
Deferred tax (Note 10):				
- Relating to origination and reversal of temporary differences	(5,248)	(1,810)	–	–
- Under provision in prior years	307	705	–	–
	(4,941)	(1,105)	–	–
Total tax expense	55,801	49,280	882	966

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) 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.

27. TAX EXPENSE (continued)

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

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Profit before tax	213,189	186,665	80,389	77,334
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	51,165	44,800	19,293	18,560
Tax effect in respect of:				
Different tax rates in foreign jurisdiction	(37)	33	–	–
Non-allowable expenses	7,936	5,182	369	349
Non-taxable income	(3,827)	(1,399)	(18,772)	(17,999)
Deferred tax assets not recognised	423	470	–	–
Utilisation of previously unrecognised tax losses	(1)	(2)	–	–
	55,659	49,084	890	910
(Over)/Under provision of tax expense in prior years	(165)	(509)	(8)	56
Under provision of deferred tax in prior years	307	705	–	–
	55,801	49,280	882	966

27. TAX EXPENSE (continued)

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

	Group					
	2017			2016		
	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)
Foreign currency translations	1,418	–	1,418	1,598	–	1,598
	1,418	–	1,418	1,597	–	1,597

28. DIVIDENDS

	Group and Company			
	2017 Dividend per ordinary share sen	2017 Amount of dividend RM'000	2016 Dividend per ordinary share sen	2016 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	16,448
Special dividend	1.5	9,868	1.5	9,868
	11.5	75,660	11.5	75,660

The Directors do not recommend the payment of any final dividend in respect of the current financial year. On 25 August 2017, 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 2018, which will be payable on 29 September 2017.

29. 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.

	Group	
	2017 RM'000	2016 RM'000
Profit attributable to equity holders of the parent	157,388	137,385
Weighted average number of ordinary shares in issue ('000)	657,910	657,910
Basic earnings per ordinary share (sen)	23.92	20.88

(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.

Notes to the Financial Statements (cont'd)

30. 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% (2016: 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 related parties during the financial year:

	Company	
	2017 RM'000	2016 RM'000
Transactions with subsidiaries:		
Dividend income received and receivable from:		
- Vincci	17,710	9,660
- Padini Corporation	38,960	19,480
- Seed	10,200	1,700
- Yee Fong Hung	–	42,000
- Padini International Limited	–	774
Purchases of products from Seed	–	8

30. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions (continued)

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

	Company	
	2017 RM'000	2016 RM'000
Transactions with subsidiaries (continued):		
Rental income received and receivable from:		
- Vincci	437	387
- Padini Corporation	649	1,946
- Seed	285	479
- Yee Fong Hung	1,979	597
- Mikihouse	187	410
- Padini Dot Com	578	579

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

Information regarding outstanding balances arising from related party transactions as at 30 June 2017 is disclosed in Note 12 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 of the Company.

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fees	260	260	260	260
Short term employee benefits	4,435	4,457	–	–
Contributions to defined contribution plans	528	532	–	–
	5,223	5,249	260	260

Notes to the Financial Statements (cont'd)

31. CAPITAL AND FINANCIAL RISK MANAGEMENT

(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 2017 and financial year ended 30 June 2016.

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 2017.

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

(b) Financial risk management

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.

(i) Credit risk

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

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

The credit risk profile has been disclosed in Note 12 to the financial statements.

31. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) 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 analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 16 and 19 to the financial statements respectively.

(iii) 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.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 13 and 16 to the financial statements respectively.

(iv) 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 United States 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 RM39,254,000 (2016: RM28,210,000) for the Group.

The currency exposure profile and sensitivity analysis of foreign currency risk have been disclosed in Notes 12, 13, 19 and 21 to the financial statements respectively.

31. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(v) 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.

The sensitivity analysis of market risk has been disclosed in Note 9 to the financial statements.

32. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 7 August 2017, the Company announced that it had subscribed for 1,000 ordinary shares of 20,000 Riels each of the issued and paid-up share capital of Padini (Cambodia) Co. Ltd. ("Padini Cambodia") upon its incorporation.

The principal activities of Padini Cambodia are trading of apparel, shoes and accessories. The above incorporation did not have any material financial effect to the Group.

33. COMPANIES ACT 2016

Companies Act 2016 ("CA2016") was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016 to replace the Companies Act, 1965. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism had appointed 31 January 2017 as the date on which CA2016 came into operation except for Section 241 and Division 8 of Part III of CA2016.

Consequently, the Group and the Company effected the following changes as at 31 January 2017:

(a) Authorised share capital has been removed;
(b) Par or nominal value of ordinary shares have been removed; and
(c) Balance in the share premium account has been transferred into the share capital account.

34. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

34.1 New MFRSs adopted during the financial year

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

Title	Effective Date
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

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company, other than the adoption of Amendments to MFRS 101 *Disclosure Initiative*, which resulted in the following:

(a) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.

(b) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

34.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 107 *Disclosure Initiative*	1 January 2017
Amendments to MFRS 12 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2017
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
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

Notes to the Financial Statements (cont'd)

34. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

34.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017 (continued)

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company: (continued)

Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9* Financial Instruments *with MFRS 4* Insurance Contracts	See MFRS 4 Paragraphs 46 and 48
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

35. 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	704,595	619,862	270,489	266,521
- Unrealised	168	(6,914)	6	127
	704,763	612,948	270,495	266,648
Less: Consolidation adjustments	(227,781)	(217,694)	–	–
Total retained earnings	476,982	395,254	270,495	266,648

DIRECTORS' SHAREHOLDINGS AND INTERESTS

DIRECTORS' SHAREHOLDINGS AS AT 15 SEPTEMBER 2017

Shareholdings in the Company

Director	No. of Shares Held			
	Indirect	%	Direct	%
YONG PANG CHAUN	290,983,490 *	44.228	1,500,000	0.227
CHONG CHIN LIN	289,263,500 **	43.967	3,219,990	0.489
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
ANDREW YONG TZE HOW	NIL	NIL	NIL	NIL
BENJAMIN YONG TZE JET	NIL	NIL	NIL	NIL
CHEW VOON CHYN	5,000 ^^	0.000	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 shareholding in Yong Pang Chaun Holdings Sdn. Bhd. and via his spouse, Mdm. Chong Chin Lin's direct interest.

** Deemed interest by virtue of her spouse, Yong Pang Chaun's substantial shareholding 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 in Yong Pang Chaun Holdings Sdn. Bhd.).

^^ Deemed interest by virtue of her spouse, Kumarason A/L Chandran's direct interest in the Company.

ANALYSIS OF SHAREHOLDINGS

Analysis of Shareholdings as at 15 September 2017

Total number of shares issued	:	657,909,500 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting rights	:	One vote per Ordinary share
No. of shareholders	:	5,181

DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 15 SEPTEMBER 2017

No. of Holders	Holdings	Total Holdings	%
77	less than 100	1,968	0.000
1,598	100 - 1,000	1,033,895	0.157
2,478	1,001 - 10,000	9,923,516	1.508
720	10,001 - 100,000	22,714,380	3.452
307	100,001 - 32,895,474	336,472,241	51.142
1	32,895,475 and above	287,763,500	43.739
5,181	**TOTAL**	**657,909,500**	**100.000**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 15 SEPTEMBER 2017

No.	Name	Nationality	Registered Holder	No. of Shares held or beneficially interested in		Percentage of Shareholding	
				Direct	Indirect	Direct	Indirect
1	Yong Pang Chaun Holdings Sdn. Bhd.	Incorporated in Malaysia	-Yong Pang Chaun Holdings Sdn. Bhd.	287,763,500	–	43.739	–
2	Yong Pang Chaun **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -Chong Chin Lin # -Yong Pang Chaun	– – 1,500,000	287,763,500 3,219,990 –	– – 0.227	43.739 0.489 –
3	Chong Chin Lin **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -Yong Pang Chaun * -Chong Chin Lin	– – 3,219,990	287,763,500 1,500,000 –	– – 0.489	43.739 0.227 –
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 –	– 0.227	43.739 –
6	Somerset Capital Management LLP	England & Wales	Not applicable	35,537,836	–	5.402	–

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

** Those whose names with a double asterisk are also deemed to have an interest in the shares of the Company pursuant to Section 8 of the Companies Act 2016.

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 15 SEPTEMBER 2017
(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	28,344,136	4.308
3	THIAN MIN YANG	19,425,900	2.952
4	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. ICAPITAL.BIZ BERHAD	19,000,000	2.887
5	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. BNYM SA/NV FOR ROCHDALE EMERGING MARKETS PORTFOLIO	13,839,300	2.103
6	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	9,106,900	1.384
7	HSBC NOMINEES (ASING) SDN. BHD. JPMBL SA FOR AVIVA INVESTORS	8,366,569	1.271
8	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	7,919,300	1.203
9	YONG YEE CHING	7,871,960	1.196
10	HSBC NOMINEES (ASING) SDN. BHD. TNTC FOR MI SOMERSET EMERGING MARKETS SMALL CAP FUND	7,193,700	1.093
11	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	5,538,100	0.841
12	AMSEC NOMINEES (TEMPATAN) SDN. BHD. MTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	5,410,900	0.822
13	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	4,620,500	0.702
14	CARTABAN NOMINEES (ASING) SDN. BHD. SSBT FUND F9EX FOR FIDELITY NORTHSTAR FUND	4,400,000	0.668
15	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR CHURCH COMMISSIONERS FOR ENGLAND	4,397,564	0.668
16	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	4,300,000	0.653
17	AMANAHRAYA TRUSTEES BERHAD PB SMALLCAP GROWTH FUND	4,276,700	0.650

Analysis of Shareholdings (cont'd)

No.	Name	No. of Shares	%
18	CITIGROUP NOMINEES (ASING) SDN. BHD. CBLDN FOR AVIVA INVESTORS MULTI-STRATEGY TARGET RETURN FUND (AIIF ICVC)	4,233,431	0.643
19	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AIA BHD.	4,143,600	0.629
20	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	4,050,100	0.615
21	CARTABAN NOMINEES (ASING) SDN. BHD. BBH (LUX) SCA FOR FIDELITY ASIAN SMALLER COMPANIES POOL (FIDELITY FUNDS)	4,022,500	0.611
22	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	3,382,300	0.514
23	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 15)	3,305,000	0.502
24	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. NATIONAL TRUST FUND (IFM EASTSPRING) (410140)	3,279,100	0.498
25	CHONG CHIN LIN	3,219,990	0.489
26	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	3,095,400	0.470
27	CARTABAN NOMINEES (ASING) SDN. BHD. SSBT FUND F9LJ FOR FIDELITY GLOBAL INTRINSIC VALUE INVESTMENT TRUST	3,000,000	0.455
28	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	2,856,400	0.434
29	CARTABAN NOMINEES (ASING) SDN. BHD. BBH AND CO BOSTON FOR FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	2,700,000	0.410
30	CITIGROUP NOMINEES (ASING) SDN. BHD. UBS AG	2,589,534	0.393
	TOTAL	485,652,384	73.817

LIST OF **GROUP PROPERTIES**

Location	Description / Existing Use	Land Area/ Built-up Area (sq. ft.)	Tenure	Approximate Age of Buildings	Net Carrying Amount @ 30.06.2017 (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	21.5 years	11,499,296
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	11 years	13,409,422
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	7 years	21,974,865
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	44 years	10,985,000
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	35 years	1,540,135
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	35 years	4,918,565
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	14 years	4,473,896

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PADINI HOLDINGS BERHAD
(Company No. 50202-A)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	No. of Shares held	Tel No

I/We, ____
(Full name in Block Letters and NRIC/Passport/Company No.)
of ____
(Address)
being a member(s) of **PADINI HOLDINGS BERHAD**, hereby appoint

Full Name (in Block Letters) and address	NRIC/Passport No.	% of Shareholding

or failing him/her

Full Name (in Block Letters) and address	NRIC/Passport No.	% of Shareholding

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 Sixth Annual General Meeting of the Company to be held at Saujana Ballroom, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang Subang, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 16 November 2017 at 10:00 a.m. or at any adjournment thereof.

		FOR	AGAINST
Ordinary Resolution 1	Directors' Fee		
Ordinary Resolution 2	Directors' Benefits		
Ordinary Resolution 3	Re-election of Mr Yong Pang Chaun		
Ordinary Resolution 4	Re-election of Mr Chia Swee Yuen		
Ordinary Resolution 5	Re-election of Mdm Yong Lai Wah		
Ordinary Resolution 6	Re-election of Ms Chew Voon Chyn		
Ordinary Resolution 7	Re-appointment of Auditors		
Ordinary Resolution 8	Proposed Share Buy-Back		

(With reference to the agenda set forth in the Notice of Meeting, please indicate with an "X" in the space provided above 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.)

Dated this __________ day of ______________________ 2017

____
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.

(ii) Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

(iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy must be completed and deposited at the registered office of the Company at 3rd Floor, No. 17 Jalan Ipoh Kecil, 50350 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll).

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Secretary
PADINI HOLDINGS BERHAD
(Company No. 50202-A)
3rd Floor No. 17
Jalan Ipoh Kecil
50350 Kuala Lumpur

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corporate.padini.com

PADINI HOLDINGS BERHAD
(50202-A)

No. 19, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park
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