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HING YIAP GROUP BERHAD (No.22414-V)

ANNUAL REPORT 2011

ANNUAL REPORT 2011

HING YIAP GROUP BERHAD

COMPANY NO. 22414-V

> CONTENTS

PG2	Notice of Annual General Meeting
PG5	Notice Of Nomination Of Auditors
PG6	Corporate Information
PG7	Group Financial Information
PG8	Profile of Directors
PG9	Chairman's Statement
PG12	Statement Of Corporate Social Responsibility
PG13	Directors' Responsibility Statement In Relation To The Financial Statements
PG14	Statement of Corporate Governance
PG19	Audit Committee Report
PG23	Statement on Internal Control
PG24	Other Corporate Information
PG26	Financial Statements
PG94	Properties
PG95	Shareholdings Statistics
	Proxy Form

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Sixth Annual General Meeting of the Company will be held at the Conference Room of the Company at Lot 10449, Jalan Nenas, Batu 4 ½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan on Friday, 16 December 2011 at 10:00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2011 together with the Reports of the Directors and Auditors thereon. — Please refer to Explanatory Note 1

2. To declare a Final Dividend of 5% less income tax for the financial year ended 30 June 2011. — Resolution 1

3. To approve the payment of Directors' fees for the financial year ended 30 June 2011. — Resolution 2

4. To re-elect the following Directors of the Company who shall retire by rotation pursuant to Article 84 of the Company's Articles of Association:-
   (a) Ng Chin Huat — Resolution 3
   (b) Kong Sau Kian — Resolution 4
   (c) Lim Kim Meng — Resolution 5
   (d) Cheah Yong Hock — Resolution 6

5. To appoint Auditors and authorise the Directors to fix their remuneration. — Resolution 7

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed on Page 5 have been received by the Company for the nomination of Messrs. Crowe Horwath, who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution:-

   "That Messrs. Crowe Horwath be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Yong, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors."

As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:-

6. **ORDINARY RESOLUTION 1**
   AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 — Resolution 8

   THAT subject always to the Companies Act, 1965 ("the Act"), Memorandum and Articles of Association ("M&A") of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other governmental/ regulatory bodies, the Directors of the Company be and are hereby empowered pursuant to Section 132D of the Act to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company as at the date of this Annual General Meeting ("AGM") and that the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.

7. **ORDINARY RESOLUTION 2** — Resolution 9
   PROPOSED NEW SHAREHOLDERS' MANDATE IN RESPECT OF RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

   THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and/or it subsidiary companies be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as described in Section 2.1.4 of the Circular to Shareholders dated 22 November 2011 subject further to the following:-

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

i) the recurrent related party transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public where applicable and not to the detriment of the minority shareholders; and

ii) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:-

(a) the conclusion of the next annual general meeting of the Company following this annual general meeting, at which the approval hereby given will lapse, unless by a resolution passed at an annual general meeting, whereby the approval is renewed; or

(b) the expiration of the period within which the next annual general meeting of the Company after this annual general meeting is required to be held pursuant to Section 143(1) of the Act (but such period shall not extend to such extension as may be allowed pursuant to Section 143(2)of the Act); or

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

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution.

8. **ORDINARY RESOLUTION 3** Resolution 10
PROPOSED SHARE BUY BACK OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY

THAT subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and the approvals of all relevant governmental and/or regulatory authorities, the Company be authorised to the extent permitted by the law, to buy back such amount of ordinary shares of RM1.00 each in the Company's issued and paid up capital as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors deem fit and expedient in the interest of the Company provided that:-

i) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed 10% of the total issued and paid-up share capital of the Company at any point in time; and

ii) the maximum amount of funds to be allocated for the share buy-back shall not exceed the aggregate of the retained profits and/or share premium of the Company.

That the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manners:-

a) cancel all the purchased ordinary shares; and/or
b) retain the purchased ordinary shares as treasury shares for distribution as dividend to shareholders and/or resell on the market of Bursa Securities; and/or
c) retain part of the purchased ordinary shares as treasury shares and cancel the remainder.

THAT the authority conferred by this resolution shall continue to be in force until:-

i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed at which time it will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
iii) revoked or varied by ordinary resolution passed by shareholders of the company at a general meeting of the company.

whichever occurs first;

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary and/or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Securities, and all other relevant governmental and/or regulatory authorities."

9. To transact any other ordinary business for which due notice shall be given.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
MAK CHOOI PENG (MAICSA 7017931)
Company Secretaries

Kuala Lumpur
22 November 2011

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 December 2011 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

2. The proxy appointed to attend and vote at a general meeting may but need not be a member of the Company. A proxy who is not a member of the Company need not be any of the person described in Section 149(1)(b) of the Companies Act, 1965;

   A member shall not be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.

   Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint only one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. 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 such appointor be a corporation, under its common seal or under the hand of an officer or attorney of the corporation duly authorised and shall be deposited with the power of attorney or other authority (if any) at the Registered Office of the Company at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such proxy proposes to vote and in default the proxy shall not be treated as valid. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointor.

Explanatory Notes: -

1. Item 1 of the Agenda
   The Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 6 of the Agenda
   The proposed adoption of Ordinary Resolution 1 is for the purpose of seeking a renewal for the general mandate to authorise the Directors of the Company to issue not more than 10% of the issued share capital of the Company subject to the approval of all the relevant governmental/regulatory bodies. This authorisation will empower the Directors of the Company to issue shares notwithstanding that the authorisation has ceased to be in force if the shares are issued in pursuance of an offer, agreement, option or other instrument made or granted by the Directors while the authorisation was in force. This authorisation will expire at the conclusion of the next annual general meeting of the Company.

   This general mandate will enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

   The Company did not table any proposal for new allotment of shares pursuant to Section 132D of the Companies Act, 1965 at the Thirty-Fifth Annual General Meeting of the Company held on 21 December 2010. As such, as at the date of this notice, no new shares in the Company were issued under the provision general mandate, which will lapse at the conclusion of the Thirty-Sixth Annual General Meeting. Hence, no proceeds were raised therefrom.

3. Item 7 of the Agenda
   The proposed adoption of Ordinary Resolution 2 is to enable the Group to enter into recurrent related party transactions of a revenue or trading nature to facilitate transactions in the normal course of business of the Company and/or its subsidiary companies which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on normal commercial terms and not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

4. Item 8 of the Agenda
   The proposed adoption of Ordinary Resolution 3, if passed, is to empower the Directors to purchase the Company's shares up to ten percent (10%) of the issued and paid up capital of the Company by utilizing the retained profits and the share premium accounts of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTICE IS HEREBY GIVEN that a final dividend of 5% less tax in respect of the financial year ended 30 June 2011, if so approved by the shareholders at the Thirty-Sixth Annual General Meeting, will be paid on 13 January 2012 to shareholders who are registered in the Record of Depositors as at the close of business on 30 December 2011.

Further notice is given that a depositor shall qualify for entitlement only in respect of:

(1) Shares transferred into the depositor's securities account before 4.00 p.m. on 30 December 2011 in respect of ordinary transfers; and

(2) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

NOTICE OF NOMINATION OF AUDITORS

EVEREST HECTARE

20 October 2011

The Board of Directors
Hing Yiap Group Berhad
Lot 10449, Jalan Nenas, Batu 4½,
Kampung Jawa, 41000 Klang,
Selangor Darul Ehsan.

Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

We, the undersigned, being a registered holder of 21,089,520 ordinary shares of RM1/- each fully paid-up in the capital of the Company, hereby nominate pursuant to Section 172 (11) of the Companies Act, 1965, Messrs. Crowe Horwath for appointment as new Auditors of the Company in place of Messrs. Ernst & Young at the forthcoming Annual General Meeting.

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

"That Messrs. Crowe Horwath be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors."

Yours faithfully,

Everest Hectare Sdn. Bhd.

EVEREST HECTARE SDN BHD (906715-M)

♦ Lot 10449, Jalan Nenas, Batu 4 1/2, Kampung Jawa, 41000, Klang, Selangor, Malaysia. ♦ Phone: 603-51618822 Fax: 603-51612728

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ng Chin Huat
(Chairman/ Non Independent Non-Executive Director)*

Kong Sau Kian
(Independent Non-Executive Director)*

Lim Kim Meng
(Independent Non-Executive Director)*

* *Appointed w.e.f. 1 March 2011*

Cheah Yong Hock
(Chief Executive Officer/ Executive Director)
(Appointed w.e.f. 15 August 2011)

Chi Oi Meng
(Executive Chairperson)**

Khoo Henn Kuan
(Managing Director)**

Khoo Henn Kiew
(Executive Director)**

Prof. Emeritus Dato' Dr. Khairuddin Yusof
(Senior Independent Non-Executive Director)**

Lee Chaing Huat
(Independent Non-Executive Director)**

Tan Sri Dato' Ahmad bin Mohd Don
(Independent Non-Executive Director)**

** *Resigned w.e.f. 1 March 2011*

AUDIT COMMITTEE

Kong Sau Kian
(Chairman)*

Ng Chin Huat
(Member)*

Lim Kim Meng
(Member)*

* *Appointed w.e.f. 1 March 2011*

Prof. Emeritus Dato' Dr. Khairuddin Yusof
(Chairman)**

Lee Chaing Huat
(Member)**

Tan Sri Dato' Ahmad bin Mohd Don
(Member)**

** *Resigned w.e.f. 1 March 2011*

SECRETARIES

Chua Siew Chuan (MAICSA 0777689)

Mak Chooi Peng (MAICSA 7017931)

REGISTERED AND BUSINESS OFFICE

Lot 10449, Jalan Nenas,
Batu 4 ½, Kampung Jawa
41000 Klang, Selangor Darul Ehsan
Tel: 03-5161 8822
Fax: 03-5161 2728
Email: mail@hingyiap.com
Website: www.hingyiap.com

REGISTRAR

Securities Services (Holdings) Sdn Bhd
(Company No. 36869-T)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur.
Tel: 03-2084 9000
Fax: 03-2094 9940

AUDITORS

Ernst & Young (AF: 0039)
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

SOLICITORS

Advanz Fidelis
K. H. Tai & Co.

BANKERS

Malayan Banking Berhad
Ambank (M) Berhad
United Overseas Bank (Malaysia) Bhd
Public Bank Berhad

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

STOCK CODE AND STOCK NAME

Stock Code: 7722
Stock Name: HINGYIAP

GROUP FINANCIAL INFORMATION

RM'000	2011	2010	2009	2008	2007
Revenue	138,619	134,828	137,020	141,661	132,402
Profit/(Loss) Before Taxation	18,120	17,003	13,349	11,470	7,333
Earnings before interest, taxation, depreciation and amortisation	21,559	20,502	17,407	15,352	12,264
Net Profit/(Loss)	13,453	12,426	9,354	7,852	4,520
Paid-up Share Capital	41,787	41,787	41,787	41,787	41,787
Shareholders' Funds	99,904	89,503	80,472	74,252	67,946

Per share	2011	2010	2009	2008	2007
Basic Earnings/(Loss) (sen)	32.2	29.74	22.39	18.79	10.82
Gross Dividend (sen)	5.0	10.0	7.5	-	5.0
Tax Exempt Final Dividend (sen)	-	-	-	5.0	-
Tax Exempt Special Dividend (sen)	-	-	2.5	2.5	-
Net Tangible Assets (RM)	2.22	1.96	1.75	1.71	1.57

PROFILE OF DIRECTORS

Ng Chin Huat

Ng Chin Huat, aged 41, Malaysian, is the Non-Independent Non-Executive Chairman of the Company and a member of the Audit Committee.

Mr. Ng was appointed to the Board on 1 March 2011. He holds a degree in Actuarial Science conferred by the University of Melbourne, Australia. Upon graduation, he was trained as an Actuary in Prudential Singapore for 2 years. Thereafter, he moved into the stock-broking industry in 1993, gaining employment with HLG Securities, Malaysia.

Mr. Ng also sits on the board of Asia Brands Corporation Berhad and Group. He is currently the Executive Chairman of Asia Brands Corporation Berhad.

Mr. Ng does not have any family relationship with any Director and/or major shareholder of the Company. He is a substantial shareholder of the Company through deemed interested by virtue of his direct interest in Everest Hectare Sdn. Bhd. via Section 6A of the Companies Act, 1965. He has no conflict of interest with the Company and has not been convicted of any offences within the last 10 years. Mr. Ng attended all the Board meetings held since the date of his appointment to the Board on 1 March 2011.

Kong Sau Kian

Kong Sau Kian, aged 47, Malaysian, is an Independent Non-Executive Director of the Company and the Chairman of the Audit Committee.

Mr. Kong was appointed to the Board on 1 March 2011. He is a member of the Malaysian Institute of Accountants, graduated with a Bachelor of Accounting (Honours) degree from University of Malaya in 1988. Subsequently, he joined KPMG Peat Marwick, an international accounting firm until 1992 where his exposure include audit of wide range of industries, corporate restructuring, acquisition audit and other special assignments.

Mr. Kong also sits on the board of LBS Bina Group Berhad and LBI Capital Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad. He is also an Executive Director of LBI Capital Berhad.

Mr. Kong does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with Hing Yiap Group Berhad and does not hold any shares in the Company and its subsidiary companies. He has not been convicted of any offences within the last 10 years. Mr. Kong attended all Board meetings held since the date of his appointment to the Board on 1 March 2011.

Lim Kim Meng

Lim Kim Meng, aged 40, Malaysian, is an Independent Non-Executive Director of the Company and a member of the Audit Committee.

Mr. Lim was appointed to the Board on 1 March 2011. He graduated with a Second Class Honours Bachelor of Laws Degree from the University of London and completed his Certificate of legal practice in 1994. He is the Managing Partner of Kamil Hashim Pury & Lim, Advocates & Solicitors. His professional experience includes being a member of the Malaysia Financial Markets Association, holding the position of licensed foreign exchange and money market dealer at Southern Bank Berhad (1994-1997) and Institutional Sales Dealer and Licensed KLSE Equities Dealer with HLG Securities (1997-1998).

Mr. Lim does not hold any directorship on the board of other public companies.

Mr. Lim does not have any family relationship with any Director and/or major shareholder nor any conflict of interest with Hing Yiap Group Berhad and does not hold any shares in the Company and its subsidiary companies. He has not been convicted of any offences within the last 10 years. Mr. Lim attended all Board meetings held since the date of his appointment to the Board on 1 March 2011.

Cheah Yong Hock

Cheah Yong Hock, aged 49, Malaysian, is the Chief Executive Officer/Executive Director of the Company. He was appointed to the Board on 15 August 2011.

Mr. Cheah is a graduate from Chartered Institute of Marketing, United Kingdom. He is presently the Chief Executive Officer of Asia Brands Corporation Berhad (“the Group”). He joined the Group as a General Manager in 2003 and was promoted to the current post in 2006. He has had more than 24 years of extensive experience in this field, ranging from retailing for supermarket chains to sales and marketing of mass customer products. He has held key positions in multi-national companies such as Kiwi Brands (M) Sdn. Bhd. and Guinness Anchor Marketing Sdn. Bhd. Prior to joining the Group, he was the National Sales Manager of Socma Trading (M) Sdn. Bhd. (a subsidiary of PSC Ltd in Singapore) in charge of the selling and distribution of Mentos in Malaysia.

Mr. Cheah does not hold any directorship on the board of other public companies.

Mr. Cheah does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with Hing Yiap Group Berhad and does not hold any shares in the Company and subsidiary companies. He has not been convicted of any offences within the last 10 years. Mr. Cheah was appointed after the financial year ended 30 June 2011 and hence, did not attend any Board meetings held during the financial year under review.

CHAIRMAN'S STATEMENT

On behalf of the new Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of **Hing Yiap Group Berhad** for the financial year ended 30 June 2011.

Market Trend and Development

We began the year with optimism given the Government's decision to embark on the Economic Transformation Program (ETP) to propel Malaysia into a higher income economy. We believed the ETP when fully implemented will have strong economic multiplier effect to drive the local consumer spending.

At the same time, the retail landscape is undergoing major changes with retailers, shopping malls, hypermarkets and department stores upgrading their images and product offerings in facing renewed competition from one another. To stay competitive, it is important to stay focused on our core business while at the same time be receptive to innovative ideas and developments brought about by the relentless proliferation of customer demands, new products, market segmentation, supply and distribution channels and access to information.

Aforesaid, the economic environment had turned cautious towards the tail end of the financial year due to the European financial crisis. However, the Group remained steadfast that the local retail conditions will continue to be favourable and has resumed expansion plans, albeit in a more selective and cautious way.

Financial Results

The Group posted a marginal 2.2% increase in revenue during the financial year under review to RM132.4 million from RM129.6 million in prior year from continuing operations. This is achieved on a backdrop of a national GDP growth of -4.5% that also affected general domestic consumption.

Group profit before tax jumped by 9.5% to RM20.4 million from RM18.6 million in prior year. The higher profit was mainly due to tighter cost controls and lower costs of goods.

Correspondingly, net profit improved 12.0% to RM15.8 million from RM14.1 million in prior year from continuing operations.

Shareholders' funds increased by 11.6% to RM99.9 million from RM89.5 million in prior year. We started the financial year with a gearing ratio of 0.41 but managed to reduce this to 0.29 by the end of financial year due to good cash flow arising from the business operations.

Dividend

The Board recommends a first and final dividend of 5% less Malaysian income tax, for the approval of the shareholders in the forthcoming Annual General Meeting.

CHAIRMAN'S STATEMENT (CONT'D)

Business Review

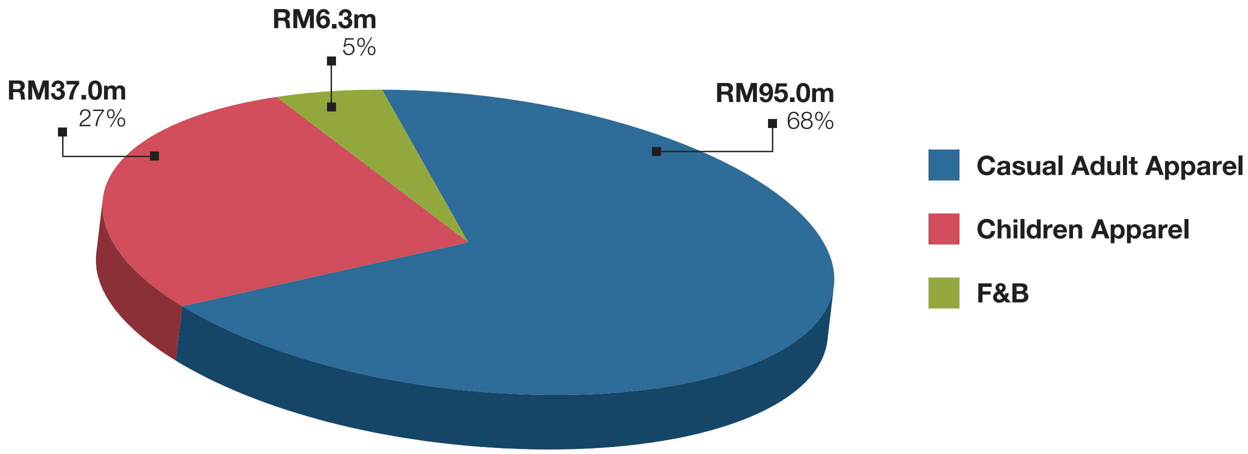

Figure 1 : Sectoral Breakdown by Sales

Our core business is in the casual adult and children apparel under brand names such as *B.U.M Equipment, Diesel, Antioni, Bontton and Union Bay*. The Group's multi-brand strategy continues to be the main driver for its revenues and profits, with majority sales distribution via consignment counters and also numerous stand-alone retail stores across Malaysia. In the area of stock management, there is room for improvement as Inventories rose 31.1% to RM78.3m from RM59.7m a year ago. This is due to a strategic decision made to build up inventories in view of the fear of rising cotton and other raw material prices last year. We expect to bring the inventories level down to a healthier level in this coming year.

We also had an unsuccessful maiden venture into the food and beverage (F&B) business via Theobromo Chocolate café outlets, which is a franchise from Australia. Upon conducting strategic review, we had decided to dispose of the F&B business to enable the Group to focus on our core competency in the apparel line.

FYE2011	Group RM	F&B RM	Group excuding F&B RM
Revenue	138,618,983	6,260,552	132,358,431
Operating profit	18,482,577	(2,260,462)	20,743,039
Profit before tax	18,120,240	(2,299,963)	20,420,203

Table 1 : PBT without F&B Division

CHAIRMAN'S STATEMENT (CONT'D)

Future Outlook

With fear of yet another global economic downturn, the question we face as a business organisation is whether to be cautious in our business plans or to be a contrarian and expand. We opine that our last three financial years of continuous growth in profits is proof that the Group is able to ride through slowdowns in economy. As such, both the Board and management are confident that our existing business strategy of focussing on our core business expansion via multiple brands is the right way going forward.

We further see opportunities in growing our stand-alone retail stores albeit strong competition from existing local and foreign brands. To differentiate our brand offerings, we intend to spend on upgrading our entire retail design and outlet ambience as we see this as key to refresh our brands in the minds of consumers.

On resource planning and supply chain management, the last year had been particularly challenging in terms of managing rising raw material costs as well as domestic inflation. As we are unable to predict further uncertainties in the coming year, the Group intends to further review its costs structure and streamline operations such as embarking on partnership programs with several key suppliers to strengthen the supply chain; selling non-core businesses and disposing non-revenue generating assets. We believe this will further improve our operation efficiency and enhance productivity to enable the Group to stay competitive.

We are confident that our management and staff are adequately prepared and ready to take on any challenges and new opportunities that lie ahead.

Acknowledgement

On behalf of the new Board of Directors, I would like to firstly extend my appreciation to the previous Board of Directors for their contribution. At the same time, I would also like to thank the management team and all our employees for their hard work, dedication and commitment.

Last but not least, I would like to record my gratitude to our customers, shareholders, business partners, bankers and suppliers for their continued support. With this let us all strive to create more value for all stakeholders.

"We further see opportunities in growing our stand-alone retail stores albeit strong competition from existing local and foreign brands. To differentiate our brand offerings, we intend to spend on upgrading our entire retail design and outlet ambience as we see this as key to refresh our brands in the minds of consumers."

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

At the Hing Yiap Group, we believe that Corporate Social Responsibility should be a standard commitment for all corporations. Not only should companies practice accountability, honesty and transparency in the conduct of their businesses, they should also uphold a fair degree of social responsibility in contributing towards the well being of their staff as well as the welfare of the community as a whole.

WORKPLACE

Staff Training and Welfare

The Group recognizes the importance of employees as their most valuable asset. The company constantly conducts various in-house and external training programs to enhance technical competencies as well as supervisory leadership skills in order to develop a competent workforce. Throughout the year, the company provides training to staffs not only in areas relating to their job skills alone but also towards their character and mental development. These courses include team building, leadership training and mental motivation. We believe such trainings benefit the Group's productivity as well as the well-being of the staff and the community they are in.

The Group also actively promotes work-life balance by contributing financially towards the Staff Sports Club which enables the staff to enjoy various events such as sports meets, social gatherings and annual company trips. These activities were carried out with the full support and commitment of the employees throughout the financial year. We believe such events encourage unity, harmony and team spirit within the organization. They also promote mental-balance, staff contentment at work and positive values in the community they live.

Safe and Healthy Working Environment

The Group strives to maintain a safe and healthy working environment for all our employees. Our factory operations comply strictly to rules set by the Occupational Safety and Health Act, 1994. We have a Safety and Fire Committee team that oversees the safety measures in the company. The Safety and Fire Committee team conducts occupational safety and awareness programmes for our employees. Numerous measures such as providing First Aid assistance and encouraging employees to participate in fire drills are designed to mitigate risks in the work environment. Preventive procedures and programs such as fire evacuation exercise and safety trainings are conducted from time to time to create a high level of safety awareness among the employees. Inspection of the factory premise and office building is conducted regularly to prevent fire and industrial accident.

In our manufacturing plant, we are accredited and operate according to the MS ISO 9001:2008 quality standards. We use chemicals and dyeing materials according to the Oeko-Tex Standard with minimal hazard and harm to our staff. We also adhere strictly to production standards and operating procedures to ensure the safety of our workers. The use of protective gears such as ear plugs, gloves, masks, shoes and safety boots are implemented wherever necessary. Medical and hospitalization insurance are subscribed annually to cover workers health needs.

COMMUNITY

Environment

The Group recognizes the importance of environmental conservation. We undertake various environmental management measures to ensure that our factory operates in an environmental friendly and responsible manner.

As a manufacturer of textile and apparel, our Group adheres to procedures that minimize any negative impact on the environment. Our factory waste water discharges are treated in accordance with standards set by the Department of Environment and Alam Sekitar. We have over the years invested and upgraded in machines which are more and more environmentally friendly and our staff regularly attends training in effective waste disposal and management.

Social Responsibilities

On the community front, we believe being involved in communal projects that give back to the community is an integral part of our social responsibility. The Group has over the years contributed towards numerous charitable organizations for the purpose of giving assistance to the less fortunate in times of need.

The Group has contributed to the Kiwanis Down Syndrome Foundation by providing sponsorship towards the "KDSF Together We Achieve – Annual Food & Fun Fair" in the month of October. Besides, our Group has also supported the Sunshine Camp organized by Cancerlink Foundation in December by providing apparel sponsorship (t-shirts and caps) to 56 children from across the nation whom attended the four days three nights camp.

This Statement of Corporate Governance is made in accordance with a resolution of the Board dated 20 October 2011.

DIRECTORS' RESPONSIBILITY STATEMENT IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required to take reasonable steps in ensuring that the financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, 1965, applicable financial reporting standards and approved accounting standards in Malaysia so to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and the cash flows of the Group and the Company for that year then ended.

The Directors consider that in preparing the financial statements for the financial year ended 30 June 2011:

- the Group and the Company have adopted the appropriate accounting policies and applied them consistently;
- reasonable and prudent judgments and estimates have been made;
- all applicable approved accounting standards in Malaysia have been followed; and
- the financial statements have been prepared on a going concern basis.

The Directors are also responsible for ensuring that the Group and the Company maintain proper accounting records that disclose with reasonable accuracy, at any time, of the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibilities for taking such steps that appropriate systems are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of Hing Yiap Group Berhad ("Hing Yiap" or the "Company") believes in upholding the highest standards of Corporate Governance in conducting the affairs of the Company and its subsidiaries ("the Group") with integrity, transparency and professionalism. The Board of Directors ("the Board") commits to ensure that a sound framework of best practices of good corporate governance as prescribed in the Malaysian Code of on Corporate Governance ("the Code"), is generally implemented and in place at all levels of the Group's businesses to protect and enhance long-term shareholders' value and all stakeholders' interest.

The Board is pleased to report on the manner in which the Principles set-out in Part 1 of the Code are applied and the extent of compliance with the Best Practices in Corporate Governance set-out in Part 2 of the said Code, pursuant to paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Main LR").

The Board recognises the importance of adopting a good corporate governance culture in the organisation. The Board takes cognizance of the fact that appropriate standards of corporate governance should be practised throughout the Group, based on the Group's culture and business, as a fundamental part of discharging its responsibilities towards the protection and enhancement of shareholder value and financial performance of the Group.

The Board recognises that cost competitiveness and effective management remain key considerations in the Group's operating environment.

The Board

The Board of Hing Yiap provides the leadership and control for the Group. The Board meets at regular intervals and is responsible for the proper management of the Group. All Board members bring an independent judgement to bear on the issues of strategy, performance and resources, including appointments and standards of conduct.

The Board meets at least four (4) times a year and additional Board meetings are convened where necessary. Sufficient notices are given to the Board prior to each meeting. During the financial year, the Board convened five (5) meetings and the attendance of the Directors were as follows:-

Director	No. of Meetings attended
Ng Chin Huat*	1/1
Kong Sau Kian*	1/1
Lim Kim Meng*	1/1
* *Appointed w.e.f. 1 March 2011*	
Cheah Yong Hock *Appointed w.e.f. 15 August 2011*	0/0
Chi Oi Meng**	6/6
Khoo Henn Kuan**	6/6
Prof. Emeritus Dato' Dr. Khairuddin Yusof**	5/6
Lee Chaing Huat**	6/6
Tan Sri Dato' Ahmad bin Mohd Don**	6/6
Khoo Henn Kiew**	6/6
** Resigned w.e.f. 1 March 2011	

The Company Secretaries record minutes of meetings and conclusions by the Board in the discharge of their duties and responsibilities.

The duties and responsibilities of the Board include determining the Company's overall strategic plans, performing periodic reviews of business and financial performance, engaging in succession planning and adopting practical risk management as well as implementing a strong framework of internal controls for the Company, developing and implementing an investor relations programme or shareholder communications policy for the Group.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Board Balance

The Articles of Association of Hing Yiap provides that the number of Directors shall not be less than two (2) or more than twenty (20). The current Board comprises four (4) Directors, of which one (1) Executive Director, one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors, thus fulfilling the requirement of at least one-third of the Board comprises independent directors.

The Board is chaired by a Non-Independent Non-Executive Director. The Non-Executive Directors are independent of management and have no relationships that could materially interfere with the exercise of their independent judgement. Together, the Directors have wide ranging experience in business, corporate, banking and financial experience.

The Board is free to discuss all matters regarding the affairs of the Group, without any restrictions or limitations being imposed on any Director. Where matters discussed involve the interest of the Chairman, he shall state his interest and shall refrain from discussions and decision-making.

No individual or a company of individuals dominates the Board's decision making.

The roles of the Chairman of the Board and the Chief Executive Officer are not combined.

All the Directors have an equal responsibility for the Group's operations and corporate accountability. The Independent Non-Executive Directors play a vital supporting role by contributing their knowledge and experience towards the development of the Group's objectives. They also provide a broader and independent view in the decision-making process.

Based on the nature of the Group's business and the size of its operations, the present Board representation fairly reflects the interest of the significant shareholder and minority shareholders.

Supply of Information

The regular agendas for Board meetings are the briefing by the Audit Committee Chairman on the outcome of Audit Committee meeting(s), the review of periodic financial results, the briefing by the Executive Director on the business aspects, the briefing on the corporate social responsibility activities, the notation of circular resolutions passed, announcements made to Bursa Malaysia Securities Berhad and dealings in securities by Directors and principal officers, if any.

Relevant Board papers are disseminated to all the Directors prior to the meetings in a timely manner to enable the Directors to review the material and obtain additional information or clarification prior to the meeting.

In the furtherance of their duties, the Directors have access to all information within the Group, to seek advice from independent professional advisors at the Group's expense and access to the advice and services of the Company Secretaries.

Appointments to the Board

The full Board assumes the responsibility for the appointment of new director due to the relatively small size of the Company's present board composition.

The Board is entitled to the services of the Company Secretaries who ensures that all appointments are properly made, that all necessary information is obtained from Directors, both for the internal records and for the purposes of meeting statutory obligations, as well as obligations arising from the Main LR or other regulatory requirements.

Directors' Training

As at the latest practicable date prior to the date of printing of this Annual Report, all the Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") as prescribed by the Main LR of Bursa Securities for directors of public listed companies except Mr. Cheah Yong Hock who was appointed on 15 August 2011. Mr. Cheah will be attending the MAP on 2 November 2011 and 3 November 2011.

During the financial year ended 30 June 2011, the Directors attended training programmes such as corporate reforms, taxation update and group tax planning, financial reporting standards, and marketing conference. The directors will continue to attend relevant trainings and education programmes in order to keep themselves abreast of the latest development in the economy, industry and technology and discharge their duties and responsibilities more effectively.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Re-election

In accordance with the Articles of Association, all Directors who are appointed by the Board shall hold office only until the next annual general meeting and shall be eligible for re-appointment by the shareholders.

In addition, the Articles of Association also provides that at every annual general meeting, one-third of the Directors, including the Managing Director, shall retire from office provided always that all Directors shall retire at least once in every three (3) years. A retiring Director shall be eligible for re-election.

Remuneration

The Level and Make-up of Remuneration

The Board has adopted the Principle as recommended by the Code. The Board ensures that the level of remuneration is sufficient to attract and retain Directors needed to run the Group successfully. The component part of remuneration have been structured to link rewards to corporate and individual performance for Executive Directors whilst Non-Executive Directors' remuneration reflect their experience and level of responsibilities.

The Board does not have a remuneration committee as it is of the opinion that the Board as a whole could determine the remuneration of Directors, with external advice where necessary.

The Board's policy is to ensure that the remuneration practices of the Company are competitive, thereby enabling the Company to attract and retain Directors needed to run the Company successfully and the linking of rewards to corporate and individual performance.

The Board as a whole determines the remuneration of the Non-Executive Directors, who do not take part in the discussions on their own remuneration.

Directors' Remuneration during the Financial Year

1.1 Aggregate remuneration for present Board

	Executive Directors RM	Non-Executive Directors RM	Total RM
Fees	-	44,000	44,000
Salaries and other emoluments	-	-	-
Bonus	-	-	-
Benefits-in-kind	-	-	-
Defined contribution plan	-	-	-
Compensation for loss of office	-	-	-
Total	**-**	**44,000**	**44,000**

1.2 Aggregate remuneration for previous Board

	Executive Directors RM	Non-Executive Directors RM	Total RM
Fees	96,000	144,000	240,000
Salaries and other emoluments	741,000	-	741,000
Bonus	168,000	-	168,000
Benefits-in-kind	38,507	-	38,507
Defined contribution plan	1,200,000	-	1,200,000
Compensation for loss of office	1,335,500	-	1,335,500
Total	**3,579,007**	**144,000**	**3,723,007**

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

2.1 Remuneration band for present Board

Amount	Number Executive Directors	 Non-Executive Directors
Below RM 50,000	-	3
RM951,000 to RM1,000,000		
RM1,051,000 to RM1,100,000	-	-
	-	-

2.2 Remuneration band for previous Board

Amount	Number Executive Directors	 Non-Executive Directors
Below RM 50,000	-	3
RM951,000 to RM1,000,000	1	-
RM1,051,000 to RM1,100,000	2	-

Shareholders

Dialogue between Companies and Investors

The Board recognises the importance of timely dissemination of information to shareholders and other interested parties to ensure that they are well informed of all major developments of the Group. Such information is communicated through various disclosures and announcements to the Bursa Securities, including the quarterly financial results, annual reports and where appropriate, circulars and press releases. This information may be assessed from the website of the Bursa Securities at "www.bursamalaysia.com.my". In addition, interviews conducted from time to time by local journalists with the management of the Group are reported in the local newspapers and information on the Group and its business activities is available at the company's website at www.hingyiap.com.my.

The Board views the annual general meeting as an ideal opportunity to communicate with shareholders. Whilst the Company endeavors to provide as much information as possible to its shareholders, it is also wary of the legal and regulatory framework governing the release of material and price-sensitive information.

The Annual General Meeting

The Annual Report, which contains the Notice of Annual General Meeting, is sent to the shareholders at least twenty-one (21) days prior to the date of the meeting. The Notice of Annual General Meeting, which sets-out the business to be transacted at the Annual General Meeting, is also published in a major local newspaper. Item of special business included in the Notice of Annual General Meeting will be accompanied by an explanation of the proposed resolution.

At each meeting, shareholders are able to participate in the question and answer session in respect of the matters listed in the Notice of Annual General Meeting. There is no time limitation for shareholders to raise questions and to solicit reply from the Board.

Accountability and Audit

Financial Reporting

The Board has taken reasonable steps to provide a fair and balance assessment of the Company's financial performance and prospects. In this respect, the Audit Committee assists the Board to oversee the Company's financial reporting process and the quality of the financial reporting.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Internal Control

The Directors acknowledge their responsibility to maintain a reasonable sound system of internal controls covering financial, operational and compliance and risk management. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board seeks regular assurance on the continuity and effectiveness of the internal control system through independent review by the internal and external auditors.

The Group's Statement on Internal Control is detailed in page 23.

Relationship with External Auditors

The Audit Committee and the Board have established formal and transparent arrangements to maintain an appropriate relationship with the auditors as stated in the Audit Committee Report in pages 19 to 22.

This Statement of Corporate Governance is made in accordance with a resolution of the Board dated 20 October 2011.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

Kong Sau Kian*	*Chairman, Independent Non-Executive Director*
Ng Chin Huat*	*Non-Independent Non-Executive Director*
Lim Kim Meng*	*Independent Non-Executive Director*

* *Appointed w.e.f. 1 March 2011*

Past Members

Prof. Emeritus Dato' Dr. Khairuddin Yusof**	*Chairman, Senior Independent Non-Executive Director*
Lee Chaing Huat**	*Independent Non-Executive Director*
Tan Sri Dato' Ahmad Bin Mohd Don**	*Independent Non-Executive Director*

** *Resigned w.e.f. 1 March 2011*

In compliance with the Main Market Listing Requirements of Bursa Securities in relation to the composition of the Audit Committee members to be non-executive directors, the Audit Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

MEETINGS

The number of Audit Committee meetings held during the financial year and the attendance of each audit committee member are as follows:

Audit Committee Member	No. of Meetings attended
Present Members	
Kong Sau Kian*	1/1
Ng Chin Huat*	1/1
Lim Kim Meng*	1/1
* *Appointed w.e.f. 1 March 2011*	
Past Members	
Prof. Emeritus Dato' Dr. Khairuddin Yusof**	3/4
Lee Chaing Huat**	4/4
Tan Sri Dato' Ahmad Bin Mohd Don**	4/4
** *Resigned w.e.f. 1 March 2011*	

ROLE OF THE AUDIT COMMITTEE

The roles of the Audit Committee are to oversee the Company's financial reporting process, corporate governance process and provide the Board with assurance of the quality and reliability of financial information used by the Board and of the financial information issued publicly by the Company. The Audit Committee assumes the following fundamental responsibilities in the Company:

- assessing the risks and control environment;
- overseeing financial reporting;
- evaluating the internal and external audit process; and
- reviewing conflict of interest situations and related party transactions.

TERMS OF REFERENCE

1. Membership

The Committee shall be appointed by the Board from amongst the non-executive Directors of the Company with a majority of them being independent directors and shall consist of not less than three (3) members. An Independent Non-Executive member shall not have any family relationship with an Executive Director of the Company or of any related company or any relationship, which in the opinion of the Board, would interfere with his/her independent judgement.

At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants, or if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967 or must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967.

No alternate director can be appointed as a member of the Committee.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE

1. Membership (cont'd)

The Chairman of the Committee shall be elected by the members of the Committee and shall be an independent non-executive member of the Committee.

Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary. In the event of any vacancy in the Committee, the vacancy should be filled within a period of three (3) months.

2. Attendance at Meetings

The majority of members present in order to form a quorum necessary for the transaction of business of the Audit Committee shall be the Independent Non-Executive Directors, and in any case shall not be less than two (2) Independent Non-Executive Directors.

The chief executive officer, head of finance, internal auditors, representatives of the external auditors and certain senior management of the Group shall attend the meetings, only at the invitation of the Committee.

The Company Secretary shall be the secretary of the Committee.

3. Notices of Meetings and Minutes of Proceedings

The Secretary shall circulate the notice of meeting to the members of the Committee prior to the meeting and shall be responsible for the recording, safekeeping and production of the minutes of proceedings of the Committee.

The Secretary shall produce for inspection such minutes of proceedings of meetings of the Committee upon receiving instructions from the Committee or the Board of Directors of the Company.

The Secretary shall circulate the minutes of the Committee to all members of the Committee.

The Chairman of the Committee shall report on each of the meeting to the Board.

4. Frequency of Meetings

The Committee shall meet at least four (4) times during each financial year and hold such additional meetings as the Chairman shall deem necessary in order to fulfill its duties.

5. Proceedings of Meetings

In the absence of the Chairman, the Committee shall appoint one (1) of the independent non-executive members to chair that meeting.

Questions arising at any meeting shall be decided by a majority of votes of the members present. Save where two (2) members form a quorum or where only two (2) members are competent to vote on the question in issue, the vote of the Independent Non-Executive Directors shall be the decision of the Committee.

6. Authority

The Committee is authorised by the Board to investigate any matter within its terms of reference, empowered with the authority to seek the necessary resources that it requires to perform its duties. It is authorised to seek and to have full, free and unrestricted access to the Group's records, properties, personnel and other resources, and to seek any information it requires from any employee of the Group or from any other sources pertaining to the affairs of the Company and Group. All employees are directed to cooperate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. Other Directors, who are not members of the Committee may attend the Committee's meeting only at the invitation of the Committee and specific to the relevant meeting.

It is also authorised to have direct communication channels with the external auditors and internal auditors of the Group, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

The Committee has no executive powers to implement its recommendations on behalf of the Board but to report its recommendations back to the Board for its consideration and implementation.

AUDIT COMMITTEE REPORT (CONT'D)

Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia, the Committee has the responsibility of promptly reporting such matter to Bursa Malaysia.

7. Duties and Functions

The duties and functions of the Committee shall be:

a) To perform the following and to report the same to the Board of Directors:

   i) Review the adequacy and integrity of the internal control system, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

   ii) To discuss with the external auditors on their audit plan before the commencement of the annual audit and ensure coordination where more than one audit firm is involved.

   iii) To discuss with the external auditors on their evaluation of the system of internal control and to keep under review the effectiveness of internal control systems, and in particular, review the external auditors' management letter and management's responses as well as to monitor the implementation of the recommendations of the external auditors.

   iv) To act as an intermediary between management or other employees, and the external auditors.

   v) To discuss with the external auditors, the problems and reservations arising from the annual audits, including the state of assistance given by employees of the Group to the external auditors, and any matter that the external auditors may wish to discuss (in the absence of management, where necessary).

   vi) To discuss with the external auditors on their audit report.

   vii) To review with the internal auditors, the adequacy of the scope, function, competency and resources of the internal audit function and the necessary authority for the internal auditors to carry out their work.

   viii) To review the internal audit programme and processes, consider major findings of internal audit work, processes or investigations undertaken and to consider management's responses and appropriate actions taken as well as to monitor the implementation of the recommendations of the internal auditors.

   ix) To review any appraisal or assessment of the performance of members of the internal audit function, including an evaluation of the independence of the internal audit function.

   x) To review the level of coordination between the internal and external auditors.

   xi) To review the quarterly financial reports and annual financial statements before submission to the Board. The review shall focus, inter alia, the changes in or implementation of major accounting policies, significant adjustments arising from the annual audit, significant and unusual events, litigation that could affect results materially, the going concern assumption and compliance with accounting standards and other legal requirements.

   xii) To review related party transactions and conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that may question management integrity, and any other major transactions outside the ordinary course of business of the Group.

   xiii) To review any letter of resignation from the external auditors and to consider whether there is reason (supported by grounds) to believe that the Group's external auditors is not suitable for re-appointment.

b) To recommend to the Board, the nomination and appointment of the external auditors, the audit fee, and any other terms of engagement.

c) To consider any other related matters, as defined by the Board from time to time.

d) To ensure compliance with the requirements of the Securities Commission, Companies Commission of Malaysia and Bursa Malaysia as well as the requirements of any other regulatory authorities.

AUDIT COMMITTEE REPORT (CONT'D)

REVIEW OF THE COMPOSITION OF THE AUDIT COMMITTEE

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board of Directors at least once in every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

During the financial year under review, there was a significant change in the composition of the Board, which also affected the Audit Committee. The whole Audit Committee was replaced by the present members effective 1 March 2011.

In discharging its functions and duties, the following activities were undertaken by the present Audit Committee during the fourth quarter of the financial year under review:

(a) Reviewed the unaudited quarterly results of the Company and Group for the financial period from 1 January 2011 to 31 March 2011 (third quarterly results).

(b) Reviewed the Audit Planning Memorandum of the external auditors in respect of the audit for the financial statements of the Company and the Group for the financial year ended 30 June 2011 including the audit fees.

(c) Reviewed the Internal Audit Report from the internal auditors on the stock count exercise.

(d) Reviewed the recurrent related party transactions of the Company and the Group.

(e) Reviewed the performance of the Company and the Group, and made recommendations for appropriate corrective measures to the Board of Directors.

INTERNAL AUDIT FUNCTION

The internal audit function of the Company is outsourced to BDO Governance Advisory Sdn. Bhd., an independent professional services firm providing assessments on the adequacy, efficiency and effectiveness of the Company's internal control systems in anticipating key business process exposure to risk.

During the fourth quarter of the financial year ended 30 June 2011, the internal audit function carried out audits in accordance with the internal audit plan approved by the present Audit Committee and also other areas of significance that were recommended by the present Management to the Audit Committee. The results of the internal audit reviews and the recommendations for enhancement of existing controls were presented to the Audit Committee at the meeting in May 2011.

The cost incurred by the Company in connection with the outsourced internal audit function in the financial year ended 30 June 2011 amounted to RM57,000.

This report is made in accordance with a resolution of the Board dated 20 October 2011.

STATEMENT ON INTERNAL CONTROL

The Board is pleased to provide the following Statement on Internal Control which outlines the systems of internal controls of Hing Yiap pursuant to paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements.

The Board of Directors and the senior management affirm their responsibilities to maintain a sound system of internal controls that covers financial, operational, compliance and risk management practices in the organisation. The Board recognises that the system of internal controls can only provide reasonable assurance of the Group achieving its business objectives. The system will not provide absolute assurance against any material loss occurrence.

The Board also ensures that the external auditors review the Statement on Internal Control and report the results thereof to the Board annually.

The following elements of the system of internal controls are present in the Group:

- **Strategic Business Direction**

  The Group's business objectives are communicated throughout the organisation through its Business Plan, management meetings and interaction between the Executive Directors and management and employees.

- **Risk Identification**

  The Board is fully aware of the principal risks faced by Hing Yiap and has put in place the appropriate controls to identify, evaluate and manage these risks through the involvement of the Executive Directors in the day-to-day operations of the Group. The performance of Hing Yiap is monitored through strategic, management and operational level meetings. Significant matters identified during these meetings are highlighted to the Board on a timely basis.

- **Audit Committees**

  The Audit Committee is tasked with responsibilities on accounting and reporting practices, review of internal and external audit reports, and ensuring the adequacy of administrative, operating and accounting controls.

  The Board reviews the minutes of meetings of the Audit Committee. The terms of reference of the Audit Committee are set-out in the Audit Committee Report on pages 19 to 22 of the Annual Report.

- **Internal Audit Function**

  Hing Yiap has outsourced its internal audit function to an outsourced professional service provider, who reports to the Audit Committee. The Audit Committee is reviewing an internal audit plan, which was co-developed with the outsourced internal audit provider and management. Applying a risk-based approach, periodic internal audit visits have been carried out to review the adequacy and integrity of key internal controls of the Group's business to provide an independent assurance on the systems of internal control.

- **Policies and Procedures**

  The manufacturing function of Hing Yiap has been awarded with MS ISO 9001:2008 Quality Management Systems Certification. ISO procedure manuals have laid out the policies and procedures to govern various aspects of business operations incorporating necessary controls to mitigate risks. The policies and procedures are periodically reviewed to ensure they continue to be relevant as business evolves.

  Where appropriate, management would seek the assistance of external consultants to review existing procedures and controls, recommend improvement pursuant to this review and to assist in the implementation of certain key critical processes.

- **Organisation Structure and Corporate Culture**

  The current organisational structure enables a clear reporting line from lower management level up to the Board. Job functions and areas of responsibilities of certain employees are outlined in job descriptions and authority chart. Hing Yiap also practices an "open-door" policy that allows matters to be identified and resolved in a timely and efficiently manner.

Additional key features of Hing Yiap's system of internal controls include the following:

➢ Internal control procedures are set out in a series of standard operating policies and procedures. These procedures are the subject of regular reviews and improvements to reflect changing risks or to resolve operational deficiencies.
➢ ISO policies and procedures which define the expected standard of operations.
➢ Internal quality audits to ensure that ISO policies and procedures are being complied with.
➢ Meetings involving Executive Directors, senior management and heads of department are regularly held with significant matters escalated to the Board.

The Board together with the management will continuously assess the suitability, adequacy and effectiveness of the Group's system of internal controls and will take corrective measures to enhance the system, as and when necessary.

Conclusion

The Board is of the view that the system of internal controls that has been instituted throughout the Group is sound and adequate to safeguard shareholders' investment and the Group's assets. Notwithstanding this, on-going reviews are continuously carried out to ensure the effectiveness of the system. The Board is committed towards operating a sound system of internal controls and effective risk management throughout the Group. The Board is also cognisant of the fact that the system of internal controls and risk management practices must continuously evolve to support the type of business and size of operations. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal controls.

This Statement on Internal Control is made in accordance with a resolution of the Board dated 20 October 2011.

OTHER CORPORATE INFORMATION

(Pursuant to Paragraph 9.25 and Appendix 9C of the Listing Requirements of Bursa Malaysia)

1) Status of utilisation of proceeds raised from any corporate proposal

The Company did not undertake any fund raising corporate exercise during the financial year.

2) Share buybacks for the financial year

The Company is not authorised by the shareholders to undertake a share buyback programme and accordingly is not involved in any purchase of own shares during the financial year under review.

3) Amount of options, warrants or convertible securities exercised during the financial year

The Company does not have any outstanding warrants or convertible securities during the financial year under review.

4) Depository Receipt Programme

The Company has not sponsored any depository receipt programme during the financial year under review.

5) Particulars of sanctions and/or penalties imposed on the Company and subsidiary companies, Directors or management by the relevant regulatory bodies

To the best of the knowledge and belief of the Directors, the Company and its subsidiary companies, Directors and management have not been sanctioned nor penalised by any relevant authorities during the financial year under review.

6) Non-audit fees paid to external auditors for the financial year

Details of non-audit fees paid to the external auditors during the financial year under review are as follows:

	RM
Professional fees paid for the provision of tax services and other services	40,500
Professional fees paid for the review of Directors' Statement on Internal Control	5,000
	45,500

7) Deviation of actual results from profit forecast, estimate or projection or unaudited results previously made or released by the Company.

The Company did not issue any profit forecast, estimate or projection in conjunction with any corporate proposal. In addition, the audited results did not deviate more than 10% from the unaudited results announced to Bursa Malaysia for the financial year ended 30 June 2011 under review.

8) Deviation of profit achieved in the financial year as compared to the profit guarantee

The Company has not undertaken any corporate proposal or activity which involves a profit guarantee during the financial year under review.

9) Material contracts entered into by the Company and subsidiary companies with Directors and/or major shareholders

Save for the recurrent related party transactions of a revenue or trading nature, as disclosed in Note 33 to the financial statements, neither the Company nor its subsidiary companies has entered into any arrangement or agreement, loan or otherwise, with any Director and/or shareholder during the financial year under review.

10) Contracts relating to loan with Directors and/or major shareholders

There were no contracts relating to a loan by the Company and its subsidiary companies involving Directors and/or major shareholders during the financial year under review.

11) Revaluation policy on landed properties in respect of the financial year

Properties that are recognised as property, plant and equipment are stated at cost, adjusted for depreciation on buildings, amortisation of leases and any impairment losses. One of the properties was revalued at RM 3.9 million on 7 October 1995 by a firm of independent professional appraisers, for the purpose of reflecting the fair value of the property concerned as an integral part of the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of Bursa Malaysia. The valuation of the said property has not been updated nor has the Company commissioned any revaluation for other properties that are recognised as property, plant and equipment since their acquisition dates because the Company adopted the transitional provisions issued by the Malaysian Accounting Standards Board ("MASB") on adoption of Financial Reporting Standard 116 (formerly MASB 15), "Property, Plant and Equipment" whereby the value of the properties are allowed to be stated at its existing carrying amount, less depreciation and impairment losses.

This report is made in accordance with a resolution of the Board dated 20 October 2011.

> CONTENTS

PG26 Directors' Report
PG29 Statement by Directors
PG29 Statutory Declaration
PG30 Independent Auditors' Report
PG32 Statements of Comprehensive Income
PG34 Statements of Financial Position
PG36 Statements of Changes in Equity
PG37 Statements of Cash Flows
PG39 Notes to the Financial Statements
PG93 Supplementary Information

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2011.

Principal activities

The principal activities of the Company are those of property and investment holding, textile knitting and the manufacture of garments.

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

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

Results

	Group RM	Company RM
Profit/(loss), net of tax	13,453,023	(597,042)
Profit/(loss) attributable to:		
Owners of the parent	13,453,023	(597,042)

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amount of dividends paid by the Company since 30 June 2010 were as follows:

	RM
In respect of the financial year ended 30 June 2010 as reported in the directors' report of that year:	
Final dividend of 10% less 25% taxation on 41,787,199 ordinary shares, declared on 29 November 2010 and paid on 1 March 2011	3,134,040

At the forthcoming Annual General Meeting, a final dividend of 5% less 25% taxation in respect of the financial year ended 30 June 2011, on 41,787,199 ordinary shares, amounting to a dividend payable of RM1,567,020 (3.75 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2012.

Directors

The directors of the Company in office since the date of the last report and at the date of this report are:

Ng Chin Huat	(appointed on 1 March 2011)
Lim Kim Meng	(appointed on 1 March 2011)
Kong Sau Kian	(appointed on 1 March 2011)
Cheah Yong Hock	(appointed on 15 August 2011)
Chi Oi Meng	(resigned on 1 March 2011)
Khoo Henn Kuan	(resigned on 1 March 2011)
Khoo Henn Kiew	(resigned on 1 March 2011)
Professor Emeritus Dato' Paduka Dr. Khairuddin Bin Mohamed Yusof	(resigned on 1 March 2011)
Lee Chaing Huat	(resigned on 1 March 2011)
Y.Bhg. Tan Sri Dato' Ahmad Bin Mohd Don	(resigned on 1 March 2011)

DIRECTORS' REPORT (CONT'D)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 33 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
The Company	**Date of appointment**	**Acquired**	**Sold**	**At 30.6.2011**
Ng Chin Huat - indirect	21,489,520	-	(400,000)	21,089,520

Mr. Ng Chin Huat, by virtue of his interest in shares in the holding company are also deemed interested in shares of the Company and of all the Company's subsidiaries to the extent the holding company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

 (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts;

 (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

 (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in respect of these financial statements; and

 (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

 (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

 (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

Other statutory information (cont'd)

(f) In the opinion of the directors:

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, retire and are not seeking re-appointment.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 October 2011.

Ng Chin Huat

Cheah Yong Hock

STATEMENTS BY DIRECTORS

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

We, Ng Chin Huat and Cheah Yong Hock, being two of the directors of Hing Yiap Group Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 32 to 92 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2011 and their financial performance and cash flows for the year then ended.

The information set out in Note 39 on page 93 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 October 2011.

Ng Chin Huat

Cheah Yong Hock

STATUTORY DECLARATION

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

I, Kok Tai Meng, being the officer primarily responsible for the financial management of Hing Yiap Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 32 to 92 are in my opinion 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 Kok Tai Meng at Kuala Lumpur in
the Federal Territory on 20 October 2011

Kok Tai Meng

Before me,
R. Vasugi Ammal, PJK (No. W480)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of Hing Yiap Group Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Hing Yiap Group Berhad, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 92.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2011 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements and the auditors' reports of the subsidiary of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT (CONT'D)

to the members of Hing Yiap Group Berhad (Incorporated in Malaysia)

Other matters

The supplementary information set out in Note 39 on page 93 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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.

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

Ernst & Young
AF: 0039
Chartered Accountants

Kua Choo Kai
No. 2030/03/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
20 October 2011

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Continuing operations					
Revenue	4	132,358,431	129,563,990	77,989,115	81,979,404
Other operating income		900,176	1,001,595	1,298,295	1,280,218
Changes in inventories of finished goods and work-in-progress		16,872,920	18,947,404	(186,516)	1,162,281
Raw materials and consumables used		(8,460,495)	(11,040,906)	(4,487,951)	(7,452,979)
Purchases of finished goods		(66,033,412)	(64,734,595)	(57,391,346)	(55,017,683)
Staff costs	5	(32,972,432)	(29,491,334)	(8,973,983)	(7,268,139)
Depreciation and amortisation expenses		(2,607,683)	(2,676,562)	(551,439)	(519,711)
Reversal of/(allowance for) impairment on receivables		-	77,826	(4,612,623)	-
Reversal of/(allowance for) inventories written down		1,000,000	(1,881,960)	-	-
Inventories written off		(2,474)	(470,338)	-	-
Operating expenses		(20,311,992)	(20,329,243)	(1,750,530)	(3,189,499)
Operating profit		20,743,039	18,965,877	1,333,022	10,973,892
Finance costs	7	(322,836)	(320,624)	(161,496)	(151,124)
Profit before tax	8	20,420,203	18,645,253	1,171,526	10,822,768
Income tax expense	9	(4,667,217)	(4,576,633)	(1,768,568)	(2,546,362)
Profit/(loss) from continuing operations, net of tax		15,752,986	14,068,620	(597,042)	8,276,406
Discontinued operation					
Loss from discontinued operation, net of tax	10	(2,299,963)	(1,642,589)	-	-
Profit/(loss), net of tax		13,453,023	12,426,031	(597,042)	8,276,406
Other comprehensive income:					
Available-for-sale financial assets - Gain on fair value changes		98,400	-	98,400	-
Other comprehensive income for the year, net of tax		98,400	-	98,400	-
Total comprehensive income/(loss) for the year		**13,551,423**	**12,426,031**	**(498,642)**	**8,276,406**

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

For the financial year ended 30 June 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Profit/(loss) attributable to:					
Owners of the parent		13,453,023	12,426,031	(597,042)	8,276,406
Total comprehensive income/(loss) attributable to:					
Owners of the parent		13,551,423	12,426,031	(498,642)	8,276,406
Earnings per share attributable to equity holders of the Company (sen)					
- Basic	11				
- Continuing operation		37.70	33.67		
- Discontinued operation		(5.50)	(3.93)		
Net dividends per ordinary share in respect of the financial year (sen)	12	7.50	8.13	7.50	8.13

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2011

	Note	Group 2011 RM	Group 2010 RM
Assets			
Non-current assets			
Property, plant and equipment	13	18,726,062	20,349,871
Intangible assets	14	7,238,375	7,398,375
Investment in an associate	16	-	-
Investment held in trust	17	-	2,800,000
Investments in bonds	18	1,114,890	2,036,695
Deferred tax assets	19	825,526	1,888,950
		27,904,853	34,473,891
Current assets			
Inventories	20	78,300,294	59,714,744
Investments in bonds	18	1,003,700	-
Trade and other receivables	21	18,878,955	15,409,855
Tax recoverable		1,827,944	600,815
Cash and bank balances	22	651,272	15,967,436
		100,662,165	91,692,850
Assets of disposal group classified as held for sale	10	595,038	-
		101,257,203	91,692,850
Total assets		129,162,056	126,166,741
Equity and liabilities			
Current liabilities			
Loans and borrowings	24	7,440,548	4,982,685
Trade and payables	26	19,677,126	27,560,315
Tax payable		756,936	875,872
		27,874,610	33,418,872
Liabilities directly associated with disposal group classified as held for sale	10	1,260,341	-
		29,134,951	33,418,872
Net current assets		72,122,252	58,273,978
Non-current liabilities			
Loans and borrowings	24	84,383	444,850
Provision for directors' gratuity	27	-	2,800,000
Deferred tax liabilities	19	38,825	-
		123,208	3,244,850
Total liabilities		29,258,159	36,663,722
Net assets		99,903,897	89,503,019
Equity attributable to owners of the parent			
Share capital	28	41,787,199	41,787,199
Share premium		1,356,445	1,356,445
Other reserves	29	779,135	697,240
Retained earnings	30	55,981,118	45,662,135
Total equity		99,903,897	89,503,019
Total equity and liabilities		**129,162,056**	**126,166,741**

STATEMENTS OF FINANCIAL POSITION (CONT'D)

As at 30 June 2011

	Note	Company 2011 RM	Company 2010 RM
Assets			
Non-current assets			
Property, plant and equipment	13	13,316,765	13,334,727
Investment in subsidiaries	15	21,141,002	21,141,001
Investment in an associate	16	-	-
Investment held in trust	17	-	2,800,000
Investments in bonds	18	1,114,890	2,036,695
Deferred tax assets	19	-	995,000
		35,572,657	40,307,423
Current assets			
Inventories	20	11,176,996	10,468,935
Investments in bonds	18	1,003,700	-
Trade and receivables	21	33,200,668	32,710,500
Tax recoverable		1,751,160	-
Cash and bank balances	22	71,956	12,279,518
		47,204,480	55,458,953
Non-current asset classified as held for sale	23	1	-
		47,204,481	55,458,953
Total assets		82,777,138	95,766,376
Equity and liabilities			
Current liabilities			
Loans and borrowings	24	3,913,322	3,503,616
Trade and other payables	26	16,692,170	24,253,859
Tax payable		-	97,916
		20,605,492	27,855,391
Net current assets		26,598,989	27,603,562
Non-current liabilities			
Loans and borrowings	24	84,383	263,360
Provision for directors' gratuity	27	-	2,800,000
Deferred tax liabilities	19	888,825	-
		973,208	3,063,360
Total liabilities		21,578,700	30,918,751
Net assets		61,198,438	64,847,625
Equity attributable to equity holders of the Company			
Share capital	28	41,787,199	41,787,199
Share premium		1,356,445	1,356,445
Other reserves	29	779,135	697,240
Retained earnings	30	17,275,659	21,006,741
Total equity		61,198,438	64,847,625
Total equity and liabilities		82,777,138	95,766,376

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2011

	---- Attributable to equity holders of the Company -----					
	------------- Non-distributable -------------				Distributable	
	Share capital RM	Share premium RM	Fair value adjustment reserve RM	Revaluation reserve RM	Retained earnings RM	Total RM
Group						
At 1 July 2010	41,787,199	1,356,445	-	697,240	45,662,135	89,503,019
Effect of adopting FRS 139	-	-	(16,505)	-	-	(16,505)
	41,787,199	1,356,445	(16,505)	697,240	45,662,135	89,486,514
Total comprehensive income	-	-	98,400	-	13,453,023	13,551,423
Transaction with owners:						
Dividends (Note 12)	-	-	-	-	(3,134,040)	(3,134,040)
At 30 June 2011	41,787,199	1,356,445	81,895	697,240	55,981,118	99,903,897
At 1 July 2009	41,787,199	1,356,445	-	697,240	36,631,312	80,472,196
Total comprehensive income	-	-	-	-	12,426,031	12,426,031
Transaction with owners:						
Dividends (Note 12)	-	-	-	-	(3,395,208)	(3,395,208)
At 30 June 2010	41,787,199	1,356,445	-	697,240	45,662,135	89,503,019

	------------- Non-distributable -------------				Distributable	
	Share capital RM	Share premium RM	Fair value adjustment reserve RM	Revaluation reserve RM	Retained earnings RM	Total RM
Company						
At 1 July 2010	41,787,199	1,356,445	-	697,240	21,006,741	64,847,625
Effect of adopting FRS 139	-	-	(16,505)	-	-	(16,505)
	41,787,199	1,356,445	(16,505)	697,240	21,006,741	64,831,120
Total comprehensive income/(loss)	-	-	98,400	-	(597,042)	(498,642)
Transaction with owners:						
Dividends (Note 12)	-	-	-	-	(3,134,040)	(3,134,040)
At 30 June 2011	41,787,199	1,356,445	81,895	697,240	17,275,659	61,198,438
At 1 July 2009	41,787,199	1,356,445	-	697,240	16,125,543	59,966,427
Total comprehensive income	-	-	-	-	8,276,406	8,276,406
Transaction with owners:						
Dividends (Note 12)	-	-	-	-	(3,395,208)	(3,395,208)
At 30 June 2010	41,787,199	1,356,445	-	697,240	21,006,741	64,847,625

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2011

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Operating activities				
Profit before tax from continuing operations	20,420,203	18,645,253	1,171,526	10,822,768
Loss before tax from discontinued operation	(2,299,963)	(1,642,589)	-	-
	18,120,240	17,002,664	1,171,526	10,822,768
Adjustments for:				
Interest income	(275,441)	(367,871)	(329,204)	(403,058)
Dividend income	-	-	(3,400,000)	(6,425,000)
Finance costs				
- continuing operations	322,836	320,624	161,496	151,124
- discontinued operation	39,501	59,427	-	-
Property, plant and equipment				
Written off				
- continuing operations	43,794	347,701	-	9,942
- discontinued operation	1,541	4,272	-	-
Depreciation				
- continuing operations	2,607,683	2,676,562	551,440	519,711
- discontinued operation	448,465	422,674	-	-
Gain on disposals				
- continuing operations	(97,432)	(27,087)	(75,291)	(10,993)
Loss on disposals				
- continuing operations	44,700	-	-	-
Impairment losses				
- discontinued operation	970,759	125,565	-	-
Amortisation of intangible assets				
- discontinued operation	20,000	20,000	-	-
Impairment losses on intangible assets				
- discontinued operation	140,000	-	-	-
Provision for directors' gratuity	1,200,000	800,000		
(Reversal of)/allowance for inventories written down				
- continuing operations	(1,000,000)	1,881,960	-	-
- discontinued operation	(20,000)	-	-	-
Unrealised foreign exchange loss				
- continuing operations	80	-	-	-
- discontinued operation	1,144	-	-	-
Inventories written off				
- continuing operations	2,474	470,338	-	-
- discontinued operation	10,475	4,644	-	-
(Reversal of)/allowance for impairment on receivables				
- continuing operations	-	(77,826)	4,612,623	-
- discontinued operation	136,840	8,374	-	-
Operating profit before working capital changes	22,717,659	23,672,021	2,692,590	4,664,494
Working capital changes:				
Inventories	(17,732,055)	(19,622,352)	(708,061)	(1,710,897)
Receivables	(3,839,699)	(55,350)	(1,702,791)	(15,847,693)
Payables	(6,874,817)	14,971,233	(7,553,599)	16,694,399
Cash (used in)/generated from operations	(5,728,912)	18,965,552	(7,271,861)	3,800,303
Taxes paid	(4,911,033)	(3,643,407)	(1,733,819)	(571,670)
Net cash (used in)/generated from operating activities	(10,639,945)	15,322,145	(9,005,680)	3,228,633

STATEMENTS OF CASH FLOWS (CONT'D)

For the year ended 30 June 2011

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Investing activities				
Purchase of property, plant and equipment (Note a)				
- continuing operations	(3,075,172)	(2,352,379)	(973,687)	(692,732)
- discontinued operation	(132,458)	(588,279)	-	-
Proceeds from disposal of property, plant and equipment, net of incidental costs	633,051	29,000	515,500	11,000
Acquisition of subsidiary	-	-	(2)	-
Investment in Singular Value Fund	(1,200,000)	(800,000)	-	(800,000)
Investments in bonds	-	(2,036,695)	-	(2,036,695)
Interest received	275,441	367,871	329,204	403,058
Dividends received	-	-	-	4,818,750
Net cash (used in)/generated from investing activities	(3,499,138)	(5,380,482)	(128,985)	1,703,381
Financing activities				
Repayment of term loans	(171,662)	(3,043,870)	(109,162)	(356,370)
Repayment of hire purchase obligations	(635,810)	(605,802)	(176,871)	(173,249)
Proceeds from other short term borrowings	29,419,000	19,714,000	14,097,000	13,304,000
Repayment of other short term borrowings	(26,014,000)	(19,217,000)	(13,502,000)	(12,034,000)
Interest paid				
- continuing operations	(322,836)	(320,624)	(161,496)	(151,124)
- discontinued operation	(39,501)	(59,427)	-	-
Dividends paid	(3,142,130)	(3,386,657)	(3,142,130)	(3,386,657)
Net cash used in financing activities	(906,939)	(6,919,380)	(2,994,659)	(2,797,400)
Net (decrease)/increase in cash and cash equivalents	(15,046,022)	3,022,283	(12,129,324)	2,134,614
Cash and cash equivalents at beginning of year	15,312,223	12,289,940	12,021,935	9,887,321
Cash and cash equivalents at end of year (Note 22)	266,201	15,312,223	(107,389)	12,021,935

Note a

Additions of property, plant and equipment during the financial year were acquired by way of:-

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cash	3,207,630	2,940,658	973,687	692,732
Hire purchase	-	271,464	-	-
	3,207,630	3,212,122	973,687	692,732

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

1. Corporate information

Hing Yiap Group 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 Lot 10449, Batu 4 1/2, Kg. Jawa, 41000 Klang, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lots 59-60, Lorong Kuang Bulan, Taman Kepong, 52100 Kuala Lumpur.

The holding company is Everest Hectare Sdn. Bhd., which is incorporated in Malaysia.

The principal activities of the Company are those of property and investment holding, textile knitting and the manufacture of garments. The principal activities of the subsidiaries are disclosed in Note 15. There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (“FRSs”) and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 July 2010 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2010, the Group and the Company adopted the following applicable new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 8 Operating Segments
- Amendments to FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to FRS 117 Leases
- Amendments to FRS 119 Employee Benefits
- Amendments to FRS 123 Borrowing Costs
- Amendments to FRS 128 Investments in Associates
- Amendments to FRS 131 Interests in Joint Ventures
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 138 Intangible Assets
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Amendments to FRS 140 Investment Property
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 3 Business Combinations (Revised)
- Amendments to FRS 2 Share-based Payment
- Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127 Consolidated and Separate Financial Statements
- Amendments to FRS 138 Intangible Assets
- Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 Distributions of Non-cash Assets to Owners
- Amendments to FRS 132: Classification of Rights Issues

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions were also effective for annual periods beginning on or after 1 July 2010. These FRSs are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company except for those discussed below:

<u>FRS 7 Financial Instruments: Disclosures</u>

Prior to 1 July 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 30 June 2011.

<u>FRS 101 Presentation of Financial Statements (Revised)</u>

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 36).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

There is no material financial impact arising from the adoption of the above revised FRS 3 and Amendments to FRS 127 on the Group's consolidated financial statements.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 July 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 July 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

(i) Investments in bonds

Prior to 1 July 2010, investments in bonds were stated at amortised cost using the effective interest rate method. Upon the adoption of FRS 139, these investments are designated at 1 July 2010 as either available-for-sale financial assets or classified as held-to-maturity investments. The fair values of available-for-sale bonds and carrying values of held-to-maturity bonds as at 1 July 2010 amounted to RM1,016,490 and RM1,003,700 respectively. The adjustments to the previous carrying amounts of available-for-sale bonds are recognised as adjustments to the opening balance of retained earnings as at 1 July 2010.

(ii) Impairment of trade receivables

Prior to 1 July 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 July 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is immaterial.

The following are effects arising from the above changes in accounting policies:

	Increase/(decrease) 30.6.2011 RM	Increase/(decrease) 1.7.2010 RM
Statements of financial position		
Group/Company		
Investments in bonds (non-current)	(2,036,695)	(2,036,695)
Held-to-maturity investment	1,003,700	1,003,700
Available-for-sale financial asset	1,114,890	1,016,490
Other reserves - fair value adjustment reserve	81,895	(16,505)

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2011
Improvements to FRSs (2010) issued in November 2010	1 January 2011
Amendment to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
FRS 124 Related Party Disclosures	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

The directors expect that the adoption of the new FRSs, Amendments to FRSs and Interpretations will not have a material impact on the financial statements of the Group and of the Company in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (contd.)

2.6 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Certain land were subsequently revalued and stated at their revalued amounts. However, these properties have not been revalued since as the Group availed itself to the transitional provisions of FRS 116 (formerly MASB 15): Property, Plant and Equipment, by virtue of which these properties continue to be stated at their revalued amount less accumulated depreciation and impairment.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2%
Long term leasehold land	2%
Display counters, furniture and fixtures	5% - 25%
Electrical fittings	10%
Plant and machinery	10%
Store equipment	10% - 20%
Computer and office equipment	10% - 25%
Motor vehicles	20% - 25%

2. Summary of significant accounting policies (con'd)

2.7 Property, plant and equipment (cont'd)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

The cost of acquiring the rights, interest and benefits to the operations, brands and patents pertaining to the "Antioni", "Bontton" and "B.U.M." trademarks are capitalised as intangible assets. The sub-license fee paid to acquire the rights to manufacture, market and distribute the "Vanity Fair" brand of woman intimate apparel and related accessories in Malaysia, is also capitalised as an intangible asset. In addition, the cost of acquiring the rights to operate gourmet chocolate café and retail outlets known as "Theobroma Chocolate Lounge" is capitalised as intangible assets.

2. Summary of significant accounting policies (cont'd)

2.9 Intangible assets (cont'd)

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

2. Summary of significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

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

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

2. Summary of significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

(d) Available-for-sale financial assets (cont'd)

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

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.12 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 Inventories

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

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2. Summary of significant accounting policies (cont'd)

2.16 Financial liabilities (cont'd)

(b) Other financial liabilities (cont'd)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.18 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.19 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(e).

2. Summary of significant accounting policies (cont'd)

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue is recognised net of sales taxes and discounts upon transfer of significant risks and rewards of ownership to the buyer. In the case of consignment sales, revenue is recognised when the goods are sold by the consignee to a third party. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Food and beverage

Revenue from food and beverage is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method, unless collectibility is in doubt, in which case, it is recognised on receipts basis.

(d) Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(e) Rental income

Rental income is recognised on an accrual basis based on the agreed upon rental rates, unless collectibility is in doubt, in which case, it is recognised on receipts basis.

(f) Dividend income

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

2.21 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.21 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2. Summary of significant accounting policies (contd.)

2.25 Non-current assets (and disposal group) held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties and deferred tax assets) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2.26 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

(a) Impairment of brands

The Group determines whether brands are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill and brands are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of various brands held by the group as at 30 June 2011 was RM7,238,375 (2010: RM7,398,375). Further details are disclosed in Note 14.

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Total carrying value of recognised tax losses and capital allowances of the Group and of the Company was RM654,108 (2010: RMNil) and the unrecognised tax losses and capital allowances of the Group was RM12,965,090 (2010: RM13,867,290).

3. Significant accounting estimates and judgements (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 21.

4. Revenue

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Sale of goods less returns and discounts	130,594,300	127,924,690	74,589,115	75,554,404
Royalty income	1,764,131	1,639,300	-	-
Dividend income	-	-	3,400,000	6,425,000
	132,358,431	129,563,990	77,989,115	81,979,404

5. Staff costs

Included in staff costs of the Group and of the Company are:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Pension costs - EPF (excluding directors' EPF)	2,759,672	2,755,341	359,635	361,576
Total executive directors' remuneration excluding benefits-in-kind (Note 6)	3,540,500	1,986,802	3,540,500	1,986,802

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2011

6. Directors' remuneration

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors of the Company				
Executive:				
Fees	96,000	96,000	96,000	96,000
Salaries and other emoluments	780,000	948,512	780,000	948,512
Pension costs - EPF	129,000	142,290	129,000	142,290
Defined contribution plan	1,200,000	800,000	1,200,000	800,000
Compensation paid to directors for loss of office	1,335,500	-	1,335,500	-
Benefits-in-kind	38,507	62,698	35,176	62,698
	3,579,007	2,049,500	3,575,676	2,049,500
Non-executive:				
Fees	188,000	144,000	188,000	144,000
	3,767,007	2,193,500	3,763,676	2,193,500
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	3,540,500	1,986,802	3,540,500	1,986,802
Total non-executive directors' remuneration excluding benefits-in-kind	188,000	144,000	188,000	144,000
Total directors' remuneration excluding benefits-in-kind	3,728,500	2,130,802	3,728,500	2,130,802

7. Finance costs

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest expense on:				
Bank overdrafts	28,251	17,459	6,536	2,615
Bank guarantee	3,219	-	-	-
Bankers' acceptances	272,109	158,048	136,848	105,663
Hire purchase	17,540	26,659	16,794	23,952
Term loans	1,717	118,458	1,318	18,894
	322,836	320,624	161,496	151,124

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2011

8. Profit before tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Auditors' remuneration				
Auditor of the Company Current year	155,000	130,000	50,000	39,000
- Continuing	147,000	123,000	50,000	39,000
- Discontinuing	8,000	7,000	-	-
Under/(over)provision in prior year	-	15,000	-	(1,000)
- Continuing	-	12,750	-	(1,000)
- Discontinuing	-	2,250	-	-
Other firm of auditor Current year				
- Continuing	1,200	-	-	-
Amortisation of intangible assets (Note 14)				
- Discontinuing	20,000	20,000	-	-
Allowance/(reversal) for impairment on receivables	136,840	(69,452)	4,612,623	-
- Continuing	-	(77,826)	4,612,623	-
- Discontinuing	136,840	8,374	-	-
Property, plant and equipment:				
Depreciation (Note 13)	3,056,148	3,099,236	551,440	519,711
- Continuing	2,607,683	2,676,562	551,440	519,711
- Discontinuing	448,465	422,674	-	-
Gain on disposals				
- Continuing	(97,432)	(27,087)	(75,291)	(10,993)
Loss on disposal				
- Continuing	44,700	-	-	-
Written off	45,335	351,973	-	9,942
- Continuing	43,794	347,701	-	9,942
- Discontinuing	1,541	4,272	-	-
Impairment losses				
- Discontinuing	970,759	125,565	-	-
Impairment on intangible asset (Note 14)				
- Discontinuing	140,000	-	-	-
Non-executive directors' remuneration (Note 6)	188,000	144,000	188,000	144,000
Rental expenses:				
Equipment	41,160	140,520	5,480	6,600
- Continuing	41,160	140,032	5,480	6,600
- Discontinuing	-	488	-	-
Land and buildings	6,659,968	6,716,403	272,600	252,978
- Continuing	4,548,653	4,698,141	272,600	252,978
- Discontinuing	2,111,315	2,018,262	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2011

8. Profit before tax (cont'd)

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Foreign exchange loss/(gain):				
Realised	3,315	(853)	-	-
- Continuing	(3,305)	(1,108)	-	-
- Discontinuing	6,620	255	-	-
Unrealised	1,224	-	-	-
- Continuing	80	-	-	-
- Discontinuing	1,144	-	-	-
Royalty expenses	491,568	430,210	-	-
- Continuing	177,567	151,936	-	-
- Discontinuing	314,001	278,274	-	-
Rental income from land and buildings and store equipment	(185,950)	(168,258)	(892,200)	(859,100)
Interest income from deposits with other financial institutions	(275,441)	(367,871)	(275,441)	(367,871)
Interest income from advances to subsidiaries	-	-	(53,763)	(35,187)

9. Income tax expense

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Continuing:				
Malaysian income tax:				
Current year	3,917,371	4,981,750	-	2,687,000
(Over)/underprovision in prior years	(352,403)	76,833	(115,257)	(2,638)
	3,564,968	5,058,583	(115,257)	2,684,362
Deferred tax (Note 19):				
Relating to the origination and reversal of temporary differences	1,162,295	(568,404)	1,549,355	(141,663)
(Over)/underprovision in prior year	(60,046)	86,454	334,470	3,663
	1,102,249	(481,950)	1,883,825	(138,000)
Total income tax expense	4,667,217	4,576,633	1,768,568	2,546,362

9. Income tax expense (cont'd)

Income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit before tax from continuing operations	20,420,203	18,645,253	1,171,526	10,822,768
Loss before tax from discontinued operation	(2,299,963)	(1,642,589)	-	-
	18,120,240	17,002,664	1,171,526	10,822,768
Taxation at statutory tax rate of 25% (2010: 25%)	4,530,060	4,250,666	292,882	2,705,692
Income not subject to tax	(33,767)	(90,005)	(33,767)	(90,005)
Expenses not deductible for tax purposes	328,757	261,819	1,345,592	126,969
Utilisation of previously unrecognised deferred tax assets	(280,902)	(107,184)	-	-
Deferred tax assets not recognised during the current financial year	535,518	98,050	-	-
Group relief	-	-	(55,352)	(197,319)
(Over)/underprovision of income tax in prior years	(352,403)	76,833	(115,257)	(2,638)
(Over)/underprovision of deferred tax in prior year	(60,046)	86,454	334,470	3,663
Income tax expense for the year	4,667,217	4,576,633	1,768,568	2,546,362

10. Discontinued operation and disposal group classified as held for sale

On 26 May 2011, the Board of Directors of the Company decided to dispose off one of its wholly-owned subsidiary, Cocomax Sdn. Bhd. ("Cocomax") which was carrying out the operation of the Group's chain of gourmet chocolate cafes and retail outlets knows as "Theobroma Chocolate Lounge" that was previously reported in the food and beverage segment. The decision is consistent with the Group's strategy to focus on its core manufacturing, retailing and distribution of garments businesses and to divest its food and beverage business which has been under performing for the past years.

As at the reporting date, the assets and liabilities related to Cocomax have been presented in the statement of financial position as "Asset of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale" respectively, and its results are presented separately on the statement of comprehensive income as "Loss from discontinued operation, net of tax".

Statement of financial position disclosures

The major classes of assets and liabilities of Cocomax classified as held for sale as at 30 June 2011 are as follows:

	Group RM
Assets:	
Plant and equipment	178,878
Intangible assets	-
Inventories	153,556
Trade and other receivables	233,759
Cash and bank balances (Note 22)	28,845
Assets of disposal group classified as held for sale	595,038
Liabilities:	
Loans and borrowings	258,835
Trade and other payables	1,001,506
Liabilities directly associated with disposal group classified as held for sale	1,260,341
Net liabilities directly associated with disposal group classified as held for sale	(665,303)

10. Discontinued operation and disposal group classified as held for sale (cont'd)

Statement of financial position disclosures (cont'd)

The non-current asset classified as held for sale on the Company's statement of financial position as at 30 June 2011 is as follow:

	Company RM
Investment in a subsidiary	1

Statement of comprehensive income disclosures

The results of Cocomax for the years ended 30 June are as follows:

	Group 2011 RM	Group 2010 RM
Revenue	6,260,552	5,263,412
Other income	227,408	311,887
Expenses	(8,748,422)	(7,158,461)
Loss from operations	(2,260,462)	(1,583,162)
Finance costs	(39,501)	(59,427)
Loss before tax	(2,299,963)	(1,642,589)
Income tax expense	-	-
Loss from discontinued operation, net of tax	(2,299,963)	(1,642,589)

Statement of cash flows disclosures

	Group 2011 RM	Group 2010 RM
Operating activities	595,129	619,695
Investing activities	(132,457)	(236,868)
Financing activities	(425,306)	(504,727)
Net cash inflows/(outflows)	37,366	(121,900)

11. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group			
	Continuing operations		Discontinued operations	
	2011	2010	2011	2010
Profit/(loss), net of tax, attributable to owners of the parent (RM)	15,752,986	14,068,620	(2,299,963)	(1,642,589)
Weighted average number of ordinary shares in issue	41,787,199	41,787,199	41,787,199	41,787,199
Basic earnings per share (sen)	37.70	33.67	(5.50)	(3.93)

There were no dilutive effects of all potential ordinary shares to be adjusted for the current and prior financial years.

12. Dividends

	Group/Company Net dividend per share		Group/Company Amount	
	2011 Sen	2010 Sen	2011 RM	2010 RM
In respect of financial year ended 30 June 2010 - Final dividend of 10% less 25% taxation per share	7.50	-	3,134,040	-
In respect of financial year ended 30 June 2009 - Final dividend of 7.5% less 25% taxation and a special tax exempt dividend of 2.5% per share	-	8.13	-	3,395,208
	7.50	8.13	3,134,040	3,395,208

At the forthcoming Annual General Meeting, a final dividend of 5% less 25% taxation in respect of the financial year ended 30 June 2011, on 41,787,199 ordinary shares, amounting to a dividend payable of RM1,567,020 (3.75 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2012.

13. Property, plant and equipment

	Freehold land RM	Buildings RM	Long term leasehold land and buildings RM	Display counters, furniture and fixtures RM	Electrical fittings RM	Plant, machinery and tools RM	Store equipment RM	Computer and office equipment RM	Motor vehicles RM	Total RM
Group										
At 30 June 2011										
Cost or valuation										
At 1 July 2010										
At cost	2,790,000	5,683,175	697,511	15,065,605	1,297,739	6,016,810	590,813	4,356,610	3,278,958	39,777,221
At valuation	1,864,343	2,035,657	-	-	-	-	-	-	-	3,900,000
	4,654,343	7,718,832	697,511	15,065,605	1,297,739	6,016,810	590,813	4,356,610	3,278,958	43,677,221
Additions	-	15,500	-	1,036,242	38,462	71,950	28,500	337,233	1,679,743	3,207,630
Disposals	-	-	-	(121,182)	-	(87,305)	-	-	(1,397,366)	(1,605,853)
Write-offs	-	-	-	(251,036)	(50,087)	-	-	-	-	(301,123)
Attributable to discontinued operation and disposal group classified as held for sale	-	-	-	(1,571,421)	(103,939)	-	(159,245)	(218,759)	(159,943)	(2,213,307)
At 30 June 2011	4,654,343	7,734,332	697,511	14,158,208	1,182,175	6,001,455	460,068	4,475,084	3,401,392	42,764,568
Representing:										
At cost	2,790,000	5,698,675	697,511	14,158,208	1,182,175	6,001,455	460,068	4,475,084	3,401,392	38,864,568
At valuation	1,864,343	2,035,657	-	-	-	-	-	-	-	3,900,000
At 30 June 2011	4,654,343	7,734,332	697,511	14,158,208	1,182,175	6,001,455	460,068	4,475,084	3,401,392	42,764,568

13. Property, plant and equipment (cont'd)

	Freehold land RM	Buildings RM	Long term leasehold land and buildings RM	Display counters, furniture and fixtures RM	Electrical fittings RM	Plant, machinery and tools RM	Store equipment RM	Computer and office equipment RM	Motor vehicles RM	Total RM
Group (cont'd)										
Accumulated depreciation and impairment losses										
At 1 July 2010	-	1,585,435	200,557	9,867,116	833,731	4,755,446	441,331	3,334,641	2,309,093	23,327,350
Depreciation charge for the year (Note 8)	-	154,687	11,215	1,946,139	98,761	177,612	73,986	284,003	309,745	3,056,148
Disposals	-	-	-	(66,650)	-	(87,268)	-	-	(871,616)	(1,025,534)
Write-offs	-	-	-	(224,076)	(31,712)	-	-	-	-	(255,788)
Impairment losses recognised in profit or loss (Note 8)	-	-	-	844,456	60,809	-	20,042	45,452	-	970,759
Attributable to discontinued operation and disposal group classified as held for sale	-	-	-	(1,570,335)	(103,939)	-	(159,245)	(155,130)	(45,780)	(2,034,429)
At 30 June 2011	-	1,740,122	211,772	10,796,650	857,650	4,845,790	376,114	3,508,966	1,701,442	24,038,506
Net carrying amount										
At cost	2,790,000	4,607,500	485,739	3,361,558	324,525	1,155,665	83,954	966,118	1,699,950	15,475,009
At valuation	1,864,343	1,386,710	-	-	-	-	-	-	-	3,251,053
At 30 June 2011	4,654,343	5,994,210	485,739	3,361,558	324,525	1,155,665	83,954	966,118	1,699,950	18,726,062

13. Property, plant and equipment (cont'd)

	Freehold land RM	Buildings RM	Long term leasehold land and buildings RM	Display counters, furniture and fixtures RM	Electrical fittings RM	Plant, machinery and tools RM	Store equipment RM	Computer and office equipment RM	Motor vehicles RM	Total RM
Group (cont'd)										
At 30 June 2010										
Cost or valuation										
At 1 July 2009										
At cost	2,790,000	5,442,508	560,745	15,151,104	1,765,434	5,814,561	581,386	4,001,623	3,198,210	39,305,571
At valuation	1,864,343	2,035,657	-	-	-	-	-	-	-	3,900,000
	4,654,343	7,478,165	560,745	15,151,104	1,765,434	5,814,561	581,386	4,001,623	3,198,210	43,205,571
Additions	-	240,667	-	1,674,250	95,384	417,611	9,427	694,035	80,748	3,212,122
Disposals	-	-	-	(163,978)	(9,437)	(114,086)	-	(2,980)	-	(290,481)
Write-offs	-	-	-	(1,595,771)	(557,442)	(97,476)	-	(336,068)	-	(2,586,757)
Reclassification	-	-	-	-	3,800	(3,800)	-	-	-	-
Reclassify from assets held for sale	-	-	136,766	-	-	-	-	-	-	136,766
At 30 June 2010	4,654,343	7,718,832	697,511	15,065,605	1,297,739	6,016,810	590,813	4,356,610	3,278,958	43,677,221
Representing:										
At cost	2,790,000	5,683,175	697,511	15,065,605	1,297,739	6,016,810	590,813	4,356,610	3,278,958	39,777,221
At valuation	1,864,343	2,035,657	-	-	-	-	-	-	-	3,900,000
At 30 June 2010	4,654,343	7,718,832	697,511	15,065,605	1,297,739	6,016,810	590,813	4,356,610	3,278,958	43,677,221

13. Property, plant and equipment (cont'd)

	Freehold land RM	Buildings RM	Long term leasehold land and buildings RM	Display counters, furniture and fixtures RM	Electrical fittings RM	Plant, machinery and tools RM	Store equipment RM	Computer and office equipment RM	Motor vehicles RM	Total RM
Group (cont'd)										
Accumulated depreciation and impairment losses										
At 1 July 2009	-	1,435,471	159,238	9,211,820	1,120,131	4,766,859	370,869	3,447,464	2,083,945	22,595,797
Depreciation charge for the year (Note 8)	-	149,964	11,215	2,100,322	126,268	200,231	70,462	215,626	225,148	3,099,236
Disposals	-	-	-	(162,355)	(9,154)	(114,079)	-	(2,980)	-	(288,568)
Write-offs	-	-	-	(1,391,966)	(419,911)	(97,438)	-	(325,469)	-	(2,234,784)
Impairment losses recognised in profit or loss (Note 8)	-	-	-	109,295	16,270	-	-	-	-	125,565
Reclassification	-	-	-	-	127	(127)	-	-	-	-
Reclassify from assets held for sale	-	-	30,104	-	-	-	-	-	-	30,104
At 30 June 2010	-	1,585,435	200,557	9,867,116	833,731	4,755,446	441,331	3,334,641	2,309,093	23,327,350
Net carrying amount										
At cost	2,790,000	4,705,974	496,954	5,198,489	464,008	1,261,364	149,482	1,021,969	969,865	17,058,105
At valuation	1,864,343	1,427,423	-	-	-	-	-	-	-	3,291,766
At 30 June 2010	4,654,343	6,133,397	496,954	5,198,489	464,008	1,261,364	149,482	1,021,969	969,865	20,349,871

13. **Property, plant and equipment (cont'd)**

	Freehold land RM	Buildings RM	Long term leasehold land and buildings RM	Display counters, furniture and fixtures RM	Electrical fittings RM	Plant, machinery and tools RM	Store equipment RM	Computer and office equipment RM	Motor vehicles RM	Total RM
Company										
At 30 June 2011										
Cost or valuation										
At 1 July 2010										
At cost	2,790,000	5,683,175	697,511	189,976	364,414	6,016,810	7,500	343,563	1,648,964	17,741,913
At valuation	1,864,343	2,035,657	-	-	-	-	-	-	-	3,900,000
	4,654,343	7,718,832	697,511	189,976	364,414	6,016,810	7,500	343,563	1,648,964	21,641,913
Additions	-	15,500	-	-	8,890	71,950	-	65,627	811,720	973,687
Disposals	-	-	-	-	-	(87,305)	-	-	(930,860)	(1,018,165)
At 30 June 2011	4,654,343	7,734,332	697,511	189,976	373,304	6,001,455	7,500	409,190	1,529,824	21,597,435
Representing:										
At cost	2,790,000	5,698,675	697,511	189,976	373,304	6,001,455	7,500	409,190	1,529,824	17,697,435
At valuation	1,864,343	2,035,657	-	-	-	-	-	-	-	3,900,000
At 30 June 2011	4,654,343	7,734,332	697,511	189,976	373,304	6,001,455	7,500	409,190	1,529,824	21,597,435
Accumulated depreciation										
At 1 July 2010	-	1,585,435	200,557	126,810	306,787	4,755,447	1,625	211,515	1,119,010	8,307,186
Depreciation charge for the year (Note 8)	-	154,687	11,215	8,415	14,710	177,612	750	31,394	152,657	551,440
Disposals	-	-	-	-	-	(87,268)	-	-	(490,688)	(577,956)
At 30 June 2011	-	1,740,122	211,772	135,225	321,497	4,845,791	2,375	242,909	780,979	8,280,670
Net carrying amount										
At cost	2,790,000	4,607,500	485,739	54,751	51,807	1,155,664	5,125	166,281	748,845	10,065,712
At valuation	1,864,343	1,386,710	-	-	-	-	-	-	-	3,251,053
At 30 June 2011	4,654,343	5,994,210	485,739	54,751	51,807	1,155,664	5,125	166,281	748,845	13,316,765

13. Property, plant and equipment (cont'd)

	Freehold land RM	Buildings RM	Long term leasehold land and buildings RM	Display counters, furniture and fixtures RM	Electrical fittings RM	Plant, machinery and tools RM	Store equipment RM	Computer and office equipment RM	Motor vehicles RM	Total RM
Company (cont'd)										
At 30 June 2010										
Cost or valuation										
At 1 July 2009										
At cost	2,790,000	5,442,508	560,745	189,976	530,644	5,814,561	7,500	547,767	1,648,964	17,532,665
At valuation	1,864,343	2,035,657	-	-	-	-	-	-	-	3,900,000
	4,654,343	7,478,165	560,745	189,976	530,644	5,814,561	7,500	547,767	1,648,964	21,432,665
Additions	-	240,667	-	-	23,100	417,611	-	11,354	-	692,732
Disposals	-	-	-	-	-	(114,086)	-	-	-	(114,086)
Write-offs	-	-	-	-	(193,130)	(97,476)	-	(215,558)	-	(506,164)
Reclassification	-	-	-	-	3,800	(3,800)	-	-	-	-
Reclassify from assets held for sale	-	-	136,766	-	-	-	-	-	-	136,766
At 30 June 2010	4,654,343	7,718,832	697,511	189,976	364,414	6,016,810	7,500	343,563	1,648,964	21,641,913
Representing:										
At cost	2,790,000	5,683,175	697,511	189,976	364,414	6,016,810	7,500	343,563	1,648,964	17,741,913
At valuation	1,864,343	2,035,657	-	-	-	-	-	-	-	3,900,000
At 30 June 2010	4,654,343	7,718,832	697,511	189,976	364,414	6,016,810	7,500	343,563	1,648,964	21,641,913

13. Property, plant and equipment (cont'd)

	Freehold land RM	Buildings RM	Long term leasehold land and buildings RM	Display counters, furniture and fixtures RM	Electrical fittings RM	Plant, machinery and tools RM	Store equipment RM	Computer and office equipment RM	Motor vehicles RM	Total RM
Company (cont'd)										
Accumulated depreciation										
At 1 July 2009	-	1,435,471	159,238	118,395	484,191	4,766,860	875	392,718	1,009,924	8,367,672
Depreciation charge for the year (Note 8)	-	149,964	11,215	8,415	13,618	200,231	750	26,432	109,086	519,711
Disposals	-	-	-	-	-	(114,079)	-	-	-	(114,079)
Write-offs	-	-	-	-	(191,149)	(97,438)	-	(207,635)	-	(496,222)
Reclassification	-	-	-	-	127	(127)	-	-	-	-
Reclassify from assets held for sale	-	-	30,104	-	-	-	-	-	-	30,104
At 30 June 2010	-	1,585,435	200,557	126,810	306,787	4,755,447	1,625	211,515	1,119,010	8,307,186
Net carrying amount										
At cost	2,790,000	4,705,974	496,954	63,166	57,627	1,261,363	5,875	132,048	529,954	10,042,961
At valuation	1,864,343	1,427,423	-	-	-	-	-	-	-	3,291,766
At 30 June 2010	4,654,343	6,133,397	496,954	63,166	57,627	1,261,363	5,875	132,048	529,954	13,334,727

13. Property, plant and equipment (cont'd)

The freehold land and buildings of the Group and of the Company stated at valuation of RM3,900,000 were revalued on 7 October 1995 on a fair value basis by a firm of independent professional appraisers.

It is the Group's and the Company's policy to state their property, plant and equipment at cost less accumulated depreciation and impairment losses. The above revaluation was carried out primarily for the purpose of reflecting the fair value of the assets concerned as an integral part of the listing of and quotation for the entire issued and fully paid share capital of the Company on the Second Board of the Bursa Malaysia Securities Berhad in 1997. The accounting treatment of this revaluation, which has not been updated since 7 October 1995, is in accordance with the transitional provisions of FRS 116 (formerly MASB 15): Property, Plant and Equipment.

The carrying value of these revalued assets at the reporting date, had the assets been accounted for by the Group and the Company in accordance with the benchmark treatment as set out in FRS 116 would be:

	2011 RM	2010 RM
Freehold land	30,153	30,153
Buildings	225,474	237,584
	255,627	267,737

At the reporting date:

(a) the net carrying amount of property, plant and equipment on hire purchase in respect of instalments which are outstanding are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Display counters, furnitures and fixtures	472,061	662,184	-	-
Electrical fittings	33,096	45,254	-	-
Computer and office equipment	32,731	142,081	-	40,238
Motor vehicles	265,443	355,185	151,279	188,813
Plant, machinery and tools	596,661	686,160	596,661	686,160
Store equipment	6,580	7,520	-	-
	1,406,572	1,898,384	747,940	915,211

(b) the cost of property, plant and equipment which are fully depreciated but are still in use is as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Display counters, furnitures and fixtures	6,774,986	4,870,239	21,679	21,679
Electrical fittings	220,869	394,167	220,868	220,868
Computer and office equipment	3,113,224	2,795,029	85,909	85,909
Plant and machinery	3,960,487	4,015,692	3,960,487	4,015,692
Store equipment	190,077	190,077	-	-
Motor vehicles	926,223	1,379,028	311,838	786,088
	15,185,866	13,644,232	4,600,781	5,130,236

(c) the net carrying amount of the Group's and the Company's land and buildings which have been charged to secure the term loans referred to in Note 24 is as follows:

	2011 RM	2010 RM
Freehold land and buildings	2,352,272	2,386,578

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 June 2011

14. Intangible assets

	Trademarks RM	Sub-license fee RM	Franchise fee RM	Total RM
Group				
At 30 June 2011				
Deemed cost/Cost				
At 1 July 2010	7,238,375	180,000	200,000	7,618,375
Reclassified to:				
Attributable to discontinued operation and disposal group classified as held for sale	-	-	(200,000)	(200,000)
At 30 June 2011	7,238,375	180,000	-	7,418,375
Accumulated amortisation and impairment losses				
At 1 July 2010	-	180,000	40,000	220,000
Amortisation for the year (Note 8)	-	-	20,000	20,000
Impairment losses (Note 8)	-	-	140,000	140,000
Attributable to discontinued operation and disposal group classified as held for sale	-	-	(200,000)	(200,000)
At 30 June 2011	-	180,000	-	180,000
Net carrying amount	7,238,375	-	-	7,238,375
At 30 June 2010				
Deemed cost/Cost				
At 1 July 2009/30 June 2010	7,238,375	180,000	200,000	7,618,375
Accumulated amortisation and impairment losses				
At 1 July 2009	-	180,000	20,000	200,000
Amortisation for the year (Note 8)	-	-	20,000	20,000
At 30 June 2010	-	180,000	40,000	220,000
Net carrying amount	7,238,375	-	160,000	7,398,375

14. Intangible assets (cont'd)

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rates as stated below. The key assumptions used for the value-in-use calculations are:

	Gross margin		Average growth rate		Discount rate	
	2011	2010	2011	2010	2011	2010
Trademarks	47.0%	42.0%	5.0%	3.0%	10.0%	10.0%

The following describes each key assumptions on which management has based its cash flow projections to undertake impairment testing of brands:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the recent months immediately before the budgeted year increased by the effects of merchandising improvement and new marketing strategies.

(ii) Growth rate

The basis used to determine the average growth rate is the revenue achieved in the recent years based on growth rate for increase in consumers' spending increased by the effects of merchandising improvement and new marketing strategies.

(iii) Discount rate

The discount rates used are pre-tax and reflect the borrowing costs.

Sensitivity to changes in assumptions

Cost of goods sold price inflation

Management has considered the possibility of greater than budgeted cost of goods sold. The Group believes that it will be able to pass on the effect of increase in cost of goods sold to its customers through increase in selling prices which will be supported by product improvements.

15. Investments in subsidiaries

	Company 2011 RM	Company 2010 RM
Unquoted shares:		
Cost	25,698,100	28,248,098
Less: Accumulated impairment losses	(4,557,098)	(7,107,097)
	21,141,002	21,141,001

Details of the subsidiaries which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Equity interest held (%) 2011	Equity interest held (%) 2010	Principal activities
Antioni Sdn. Bhd.	100	100	Retailing and distribution of the "Antioni" brand of ready-made sports and casual wear and related accessories
B.U.M. Marketing (Malaysia) Sdn. Bhd.	100	100	Retailing and distribution of the "B.U.M. Equipment" brand of ready-made casual wear and related accessories
Bontton Sdn. Bhd.	100	100	Retailing and distribution of the "Bontton" brand of ready-made casual wear and related accessories
Bumcity Sdn. Bhd.	100	100	Operator of speciality stores known as "Bumcity"
Diesel Marketing Sdn. Bhd.	100	100	Retailing and distribution of the "Diesel" brand of ready-made casual wear and related accessories
Hing Yiap Trading Sdn. Bhd.	100	100	Wholesaling of ready-made garments and fabrics
Ubay Marketing Sdn. Bhd.	100	100	Retailing and distribution of the "Union Bay" brand of ready-made casual wear and related accessories
Cocomax Sdn. Bhd. (Note a)	100	100	Retailing and distribution of the "Vanity fair" brand of women intimate apparel and related accessories and rights to operate gourmet chocolate café and retail outlets known as "Theobroma Chocolate Lounge"
B.U.M. Holdings (M) Sdn. Bhd.	100	100	Dormant
Hing Yiap Properties Sdn. Bhd.* (Note b)	100	-	Dormant

* Audited by firm of auditors other than Ernst & Young

Note a:
Classified as non-current asset held for sale as disclosed in Note 10 and Note 23.

Note b:
"On 17 January 2011, the Company acquired the entire issued and paid up share capital of Hing Yiap Properties Sdn. Bhd. comprising of 2 ordinary shares for a cash consideration of RM2.

The above acquisition did not have any material effect on the financial results and financial position of the Group."

16. Investment in an associate

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Unquoted shares at cost	-	750,490	-	750,490
Share of post-acquisition loss	-	(300,515)	-	-
	-	449,975	-	750,490
Less: Accumulated impairment losses	-	(449,975)	-	(750,490)
	-	-	-	-

The Group's interest in the associate represents its share of net assets.

Details of the associate are as follows:

Name of company	Country of incorporation	Effective equity interest 2011	Effective equity interest 2010	Principal activities
CSI Elite Sports Merchandise Pty. Ltd. (Beijing)	People's Republic of China	27.5%	27.5%	Event merchandising and retailing

The associate had ceased operation in the previous financial year and accordingly, the Group and the Company have fully impaired their investment in the associate in the previous financial year.

The above investment has been fully written off during the current financial year.

17. Investment held in trust

	Group/Company 2011 RM	Group/Company 2010 RM
Investment in Singular Value Fund	-	2,800,000

The above investment relates to contributions paid for directors' gratuity to a scheme of the directors' choice with the Company holding in trust for the directors pursuant to the renewed Directors' service contracts dated 15 October 2007. The directors' gratuity scheme was effective from 1 January 2007.

As stipulated in the service contracts, the Group shall not have any legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all benefits relating to the directors' services rendered in the current and preceding financial years. Correspondingly, the Group will not be entitled to any gains arising from the returns of the investment.

In the previous financial year, the fair value of the investment of the Group and of the Company was RM3,588,888.

The above investment has been transferred to the directors during the current financial year in accordance to the service contract upon their resignation on 1 March 2011.

18. Investments in bonds

	Group/Company			
	2011		2010	
	Carrying amount RM	Fair value of quoted investments RM	Carrying amount RM	Fair value of quoted investments RM
Current:				
Held-to-maturity investment				
Unquoted bonds	1,003,700	1,011,745	-	-
Non-current:				
Held-to-maturity investment				
Unquoted bonds	-	-	1,003,700	1,001,118
Available-for-sale investment				
Unquoted bond	1,114,890	1,114,890	1,032,995	1,016,490
	1,114,890		2,036,695	
Total investments in bonds	2,118,590		2,036,695	

The maturity dates of the unquoted bonds in Malaysia are 16 December 2039 and 26 June 2012 respectively.

The annual coupon rate for the investments in bonds are as follows:

	Group/Company	
	2011 %	2010 %
Unquoted bonds	6.75 to 6.80	6.75 to 6.80

19. Deferred taxation

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
At beginning of financial year	(1,888,950)	(1,407,000)	(995,000)	(857,000)
Recognised in profit or loss (Note 9)	1,102,249	(481,950)	1,883,825	(138,000)
At end of financial year	(786,701)	(1,888,950)	888,825	(995,000)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(825,526)	(1,888,950)	-	(995,000)
Deferred tax liabilities	38,825	-	888,825	-
	(786,701)	(1,888,950)	888,825	(995,000)

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

Deferred tax liabilities of the Group:

	Revaluation of property RM	Property, plant and equipment RM	Total RM
At 1 July 2010	257,000	554,753	811,753
Recognised in profit or loss	(6,900)	518,465	511,565
At 30 June 2011	250,100	1,073,218	1,323,318
At 1 July 2009	265,000	557,834	822,834
Recognised in profit or loss	(8,000)	(3,081)	(11,081)
At 30 June 2010	257,000	554,753	811,753

19. Deferred taxation (cont'd)

Deferred tax assets of the Group:

	Other payables RM	Property, plant and equipment RM	Unabsorbed capital allowances RM	Unrealised profit on inventories RM	Unutilised tax losses RM	Inventories write-down RM	Total RM
At 1 July 2010	(785,101)	(52,951)	-	(935,000)	-	(927,651)	(2,700,703)
Recognised in profit or loss	734,188	(204,849)	(163,527)	(10,000)	-	234,872	590,684
At 30 June 2011	(50,913)	(257,800)	(163,527)	(945,000)	-	(692,779)	(2,110,019)
At 1 July 2009	(662,043)	(64,787)	-	(645,000)	(57,303)	(800,701)	(2,229,834)
Recognised in profit or loss	(123,058)	11,836	-	(290,000)	57,303	(126,950)	(470,869)
At 30 June 2010	(785,101)	(52,951)	-	(935,000)	-	(927,651)	(2,700,703)

19. Deferred taxation (cont'd)

Deferred tax liabilities of the Company:

	Revaluation of property RM	Property, plant and equipment RM	Dividend receivable RM	Total RM
At 1 July 2010	257,000	496,000	-	753,000
Recognised in profit or loss	(6,900)	499,299	850,000	1,342,399
At 30 June 2011	250,100	995,299	850,000	2,095,399
At 1 July 2009	265,000	459,000	-	724,000
Recognised in profit or loss	(8,000)	37,000	-	29,000
At 30 June 2010	257,000	496,000	-	753,000

Deferred tax assets of the Company:

	Unabsorbed capital allowances RM	Other payables RM	Allowance for doubtful debts RM	Total RM
At 1 July 2010	-	(715,000)	(1,033,000)	(1,748,000)
Recognised in profit or loss	(163,527)	704,577	376	541,426
At 30 June 2011	(163,527)	(10,423)	(1,032,624)	(1,206,574)
At 1 July 2009	-	(548,000)	(1,033,000)	(1,581,000)
Recognised in profit or loss	-	(167,000)	-	(167,000)
At 30 June 2010	-	(715,000)	(1,033,000)	(1,748,000)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2011 RM	2010 RM
Unutilised tax losses	11,056,545	11,104,060
Unabsorbed capital allowances	1,687,137	2,763,230
Other deductible temporary differences	2,993,245	851,174
	15,736,927	14,718,464

Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

Section 44(5A) and Paragraph 75A of Schedule 3 of the MITA which became effective in Year of Assessment ("YA") 2006 restricts the utilisation of unabsorbed business losses and capital allowance where there is a substantial change in the ordinary shareholder of a company. The test for determining whether there is a substantial change in shareholders is carried out by comparing the shareholders on the last day of the basis period in which the unabsorbed losses/capital allowances were ascertained with those on the first day of the basis period in which the unabsorbed losses/capital allowances are to be utilised.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses.

20. Inventories

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cost				
Raw materials	2,763,596	1,869,019	2,763,596	1,869,019
Work-in-progress	5,885,126	7,795,766	5,885,126	7,795,766
Finished goods	66,421,186	45,927,917	2,528,274	804,150
	75,069,908	55,592,702	11,176,996	10,468,935
Net realisable value				
Finished goods	3,230,386	4,122,042	-	-
	78,300,294	59,714,744	11,176,996	10,468,935

21. Trade and other receivables

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Trade receivables				
Third parties	17,644,610	13,466,374	16,224	28,823
Subsidiaries	-	-	25,689,646	27,477,222
	17,644,610	13,466,374	25,705,870	27,506,045
Less: Allowance for impairment				
Third parties	(247,823)	(283,027)	-	-
Subsidiaries	-	-	(4,130,496)	(4,130,496)
Trade receivables, net	17,396,787	13,183,347	21,575,374	23,375,549
Other receivables				
Deposits	872,560	1,406,392	25,610	25,110
Prepayments	137,642	234,876	33,604	27,966
Third parties	448,502	585,240	3,290	10,621
Related parties	23,464	-	-	-
Dividend receivables	-	-	2,550,000	-
Subsidiaries	-	-	15,044,061	10,689,902
	1,482,168	2,226,508	17,656,565	10,753,599
Less: Allowance for impairment				
Subsidiaries	-	-	(6,031,271)	(1,418,648)
	1,482,168	2,226,508	11,625,294	9,334,951
	18,878,955	15,409,855	33,200,668	32,710,500
Total trade and other receivables	18,878,955	15,409,855	33,200,668	32,710,500
Add: Cash and bank balances (Note 22)	651,272	15,967,436	71,956	12,279,518
Less: Prepayments	(137,642)	(234,876)	(33,604)	(27,966)
Total loans and receivables	19,392,585	31,142,415	33,239,020	44,962,052

21. Trade and other receivables (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing. The Group's and the Company's normal credit terms range from 14 to 120 days (2010: 14 to 120 days) and 90 to 120 days (2010: 90 to 120 days) respectively. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The relationship with the related parties is as disclosed in Note 33.

As at 30 June 2011, the Group has a significant concentration of credit risk in the form of outstanding debts due from certain customers representing 71% (2010: 63%) of the total trade receivables.

The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	Group 2011 RM	Company 2010 RM
Neither past due nor impaired	10,406,885	18,066,758
1 to 30 days past due not impaired	5,255,305	381,553
31 to 60 days past due not impaired	1,438,906	302,355
61 to 90 days past due not impaired	162,185	608,662
91 to 120 days past due not impaired	34,153	432,174
More than 120 days past due not impaired	99,353	1,783,872
	6,989,902	3,508,616
Impaired	247,823	4,130,496
	17,644,610	25,705,870

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

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

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM6,989,902 and RM3,508,616 respectively that are past due at the reporting date but not impaired. Receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired Group RM	Company RM
At 30 June 2011		
Trade receivables		
- nominal amounts	247,823	4,130,496
Less: Allowance for impairment	(247,823)	(4,130,496)
	-	-

21. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Movement in allowance for impairment accounts:

	Group 2011 RM	Company 2010 RM
At beginning of financial year	283,027	4,130,496
Less: Attributable to discontinued operation and disposal group classified as held for sale	(35,204)	-
At end of financial year	247,823	4,130,496

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amounts due from subsidiaries - non-trade

Amounts due from subsidiaries represents cash advances to the subsidiaries. The cash advances to subsidiaries are unsecured and the term of repayment is on demand. These advances bore interest at rates which varied in accordance with the Company's prevailing applicable borrowing rates during the financial year.

(c) Amounts due from related parties

Amounts due from related parties are unsecured, non-interest bearing and the term of repayment is on demand. Related parties refer to Asia Brands Corporation Berhad group of companies ("Asia Brands Group"). Asia Brands Group is deemed related to the Group and the Company by virtue of Mr. Ng Chin Huat being the director of both Hing Yiap Group Berhad and Asia Brands Group as well as his direct interest in Asia Brands Group.

22. Cash and bank balances

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash on hand and at banks	593,787	3,973,459	14,471	285,541
Deposits with other financial institutions	57,485	11,993,977	57,485	11,993,977
Cash and bank balances (Note 21)	651,272	15,967,436	71,956	12,279,518

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between 1 to 3 days (2010: 1 to 3 days) depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The average effective interest rates as at reporting date for the Group and for the Company was 1.58% to 2.64% (2010: 1.58% to 2.64%).

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Continuing operations:				
Cash and bank balances	651,272	15,967,436	71,956	12,279,518
Bank overdraft (Note 24)	(336,571)	(655,213)	(179,345)	(257,583)
	314,701	15,312,223	(107,389)	12,021,935
Discontinued operation:				
Cash and bank balances (Note 10)	28,845	-	-	-
Bank overdraft	(77,345)	-	-	-
	(48,500)	-	-	-
	266,201	15,312,223	(107,389)	12,021,935

23. Non-current asset classified as held for sale

	Company	
	2011 RM	2010 RM
At beginning of financial year	-	106,662
Reclassified from/(to):		
Investment in subsidiary	1	-
Property, plant and equipment	-	(106,662)
At end of financial year	1	-

Non-current asset classified as held for sale of the Company during the current financial year represents cost of investment in Cocomax, net of impairment losses of RM2,549,999. The details are as disclosed in Note 10.

The non-current asset classified as held for sale in the previous financial year represents 2 units of industrial lots where the management had previously committed to a plan to sell the said properties.

However, such assets were subsequently reclassified back to property, plant and equipment as the management were not able to foresee the completion of the above transactions due to certain regulatory matters.

24. Loans and borrowings

		Group		Company	
	Maturity	2011 RM	2010 RM	2011 RM	2010 RM
Current					
Secured:					
Term loans	2011	-	171,662	-	109,162
Finance lease obligations (Note 25)	2012/2011	178,977	635,810	178,977	176,871
		178,977	807,472	178,977	286,033
Unsecured:					
Bank overdrafts (Note 22)	On demand	336,571	655,213	179,345	257,583
Bankers' acceptances	2012/2011	6,925,000	3,520,000	3,555,000	2,960,000
		7,261,571	4,175,213	3,734,345	3,217,583
		7,440,548	4,982,685	3,913,322	3,503,616
Non-current					
Secured:					
Finance lease obligations (Note 25)	2013	84,383	444,850	84,383	263,360
Total borrowings					
Bank overdrafts		336,571	655,213	179,345	257,583
Finance lease obligations		263,360	1,080,660	263,360	440,231
Bankers' acceptances		6,925,000	3,520,000	3,555,000	2,960,000
Term loans		-	171,662	-	109,162
		7,524,931	5,427,535	3,997,705	3,766,976

24. Loans and borrowings (cont'd)

The remaining maturities of the loans and borrowings as at reporting date are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
On demand or within one year	7,440,548	4,982,685	3,913,322	3,503,616
More than 1 year and less than 2 years	84,383	360,467	84,383	178,977
More than 2 year and less than 5 years	-	84,383	-	84,383
	7,524,931	5,427,535	3,997,705	3,766,976

The borrowings bore interest rates per annum at balance sheet date as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Bank overdrafts	7.85 to 8.60	7.30 to 7.55	7.85 to 8.10	7.30 to 7.55
Bankers' acceptances	4.25 to 5.36	3.41 to 4.61	5.17 to 5.33	3.41 to 3.94
Term loans	-	6.20 to 7.55	-	6.20

The term loans in prior year were secured by way of fixed and legal charges and deeds of assignment cum loan agreements over certain freehold land and buildings as disclosed in Note 13(c).

In the previous financial year, the fair value of a fixed interest rate term loan of the Group and of the Company, with an outstanding balance of RM109,162 was RM107,109. The floating rate loans with the carrying amounts of RM62,500 approximate their fair values due to the effective interest rate of the term loan approximates the prevailing market rate.

25. Finance lease obligations

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Obligations under finance leases				
- Current (Note 24)	178,977	635,810	178,977	176,871
- Non-current (Note 24)	84,383	444,850	84,383	263,360
	263,360	1,080,660	263,360	440,231

The hire purchase payables of the Group and of the Company bore interest at the reporting date at rates between 3.54% to 4.00% (2010: 2.35% to 5.01%) and 3.54% to 4.00% (2010: 2.35% to 4.12%) per annum respectively.

The fair values of the above hire purchase payables of the Group and of the Company are RM276,219 (2010: RM1,104,153) and RM276,219 (2010: RM447,181) respectively.

25. Finance lease obligations (cont'd)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Future minimum lease payments:				
Not later than 1 year	188,461	682,312	188,461	193,664
Later than 1 year and not later than 2 years	87,758	379,138	87,758	188,462
Later than 2 years and not later than 5 years	-	87,758	-	87,758
	276,219	1,149,208	276,219	469,884
Less: Future finance charges	(12,859)	(68,548)	(12,859)	(29,653)
Present value of finance lease liabilities	263,360	1,080,660	263,360	440,231
Analysis of present value of finance lease liabilities:				
Not later than 1 year	178,977	635,810	178,977	176,871
Later than 1 year and not later than 2 years	84,383	360,467	84,383	178,977
Later than 2 years and not later than 5 years	-	84,383	-	84,383
	263,360	1,080,660	263,360	440,231
Less: Amount due within12 months	(178,977)	(635,810)	(178,977)	(176,871)
Amount due after 12 months	84,383	444,850	84,383	263,360

26. Trade and other payables

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade payables				
Third parties	16,613,425	23,414,506	15,216,600	21,628,731
Other payables				
Accruals	1,684,397	2,224,238	414,643	557,941
Provision for compensated benefits	212,599	249,571	41,691	58,298
Provision for bonus	-	861,140	-	265,131
Dividend payable	29,997	38,087	29,997	38,087
Third parties	899,488	772,773	380,021	261,012
Related parties	237,220	-	-	-
Subsidiaries	-	-	609,218	1,444,659
	3,063,701	4,145,809	1,475,570	2,625,128
	19,677,126	27,560,315	16,692,170	24,253,859
Total trade and other payables	19,677,126	27,560,315	16,692,170	24,253,859
Add: Loans and borrowings (Note 24)	7,524,931	5,427,535	3,997,705	3,766,976
Total financial liabilities carried at amortised cost	27,202,057	32,987,850	20,689,875	28,020,835

26. Trade and other payables (cont'd)

(a) Trade payables

The Group's and the Company's normal credit terms range from 14 to 150 days (2010: 14 to 150 days) and 30 to 150 days (2010: 30 to 150 days) respectively.

(b) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, non-interest bearing and the term of repayment is on demand.

(c) Amounts due to related parties

Amounts due to related parties are unsecured, non-interest bearing and the term of repayment is on demand. The relationship with the related parties is as disclosed in Note 21(c).

27. Provision for directors' gratuity

Provision for directors' gratuity relates to amounts accrued pursuant to the directors' service contract. Further details are disclosed in Note 17.

28. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2011	2010	2011 RM	2010 RM
Authorised share capital				
At beginning/end of financial year	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
At beginning/end of financial year	41,787,199	41,787,199	41,787,199	41,787,199

The holders of ordinary shares are entitled to receive dividends declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

29. Other reserves

a) Revaluation reserve

The revaluation reserves represent the cumulative net change, net of deferred tax, arising from the revaluation of freehold land and buildings above their respective cost.

b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

30. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balances of the Malaysian Income Tax Act, 1967 ("Section 108") and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 30 June 2011, the Company has tax exempt profits available for distribution of approximately RM171,280 (2010: RM171,280), subject to the agreement of Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained earnings as at 30 June 2011.

31. Commitments

(a) Capital commitments

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Capital expenditure approved and contracted for:				
Property, plant and equipment	-	82,820	-	-

(b) Operating lease commitments - lessee

Future minimum rentals payable under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Not later than 1 year	2,556,596	5,355,062	-	5,500
Later than 1 year but not later than 2 years	509,622	1,904,652	-	-
Later than 2 years but not later than 3 years	-	211,940	-	-
	3,066,218	7,471,654	-	5,500

Operating lease payments represent rentals payable by the Group for use of premises and office equipment whilst rentals are payable by the Company for the use of office equipment. Leases are negotiated and rentals are fixed for an average term of 3 years.

32. Contingent liabilities

Group

Ongoing legal proceeding

On 11 January 2002, the subsidiaries, Bontton Sdn. Bhd. (proprietor of the "Diesel" trademark in relation to articles of clothing in Malaysia) and Diesel Marketing Sdn. Bhd. (the authorised licensee of Bontton Sdn. Bhd. for the said "Diesel" trademark) (collectively referred to as "the Plaintiffs"), filed a suit against Apcott PP (M) Sdn. Bhd. (1st Defendant), based on passing-off and claiming an injunction to restrain the 1st Defendant from using the "Diesel" name in relation to bags and other fashion goods in Malaysia and to claim for general damages. Subsequently, Diesel S.P.A, a corporation incorporated in Italy, successfully applied to be a joint party to the above suit as the 2nd Defendant.

Pursuant thereto, the Plaintiffs filed an Amended Writ and Statement of Claim which included a claim for Rectification of the Register of Trade Marks to expunge and to vary the 2nd Defendant's registrations for the mark "Diesel".

On 15 November 2002, an interim injunction was entered against the 1st Defendant restraining the 1st Defendant, until the disposal of the main suit, from carrying on the business of manufacturing, distributing, selling or otherwise dealing by way of trade in certain fashion goods using the trademark "Diesel". On the same date, the 1st Defendant has also given an undertaking to the Court that they had never carried-on the business of importing, distributing, selling or otherwise dealing in the course of trade with wearing apparel using the trademark "Diesel" and will not do so until the final disposal of the said suit.

Both defendants have filed their respective Defence and Counter-Claim, which include a claim for injunction and damages arising from alleged infringement and passing-off of the 2nd Defendant's "Diesel" mark by the Plaintiffs.

The Plaintiffs filed their Reply and Defence to Counter-Claim of both defendants on 10 February 2004. The matter is now pending the filing of the Reply to Defence to Counter-Claim by both defendants. Thereafter, pleadings will be deemed closed and all parties will then proceed to discovery.

The Group has not made any allowance for possible losses arising therefrom as the maximum exposure of liabilities of the Group, if any, will depend on the outcome of the suit.

Others

	Company	
	2011 RM	2010 RM
Corporate guarantees given to financial institutions in respect of credit facilities extended to subsidiaries	27,547,933	27,952,405

33. Significant related parties and other intragroup transactions

(a) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the Group's and the Company's other significant related parties and other intragroup transactions:

	Company	
	2011 RM	2010 RM
Sales of goods to subsidiaries	(74,307,001)	(51,165,822)
Income from rental of land and buildings and store equipment to subsidiaries	(856,200)	(834,000)
Interest income from advances to subsidiaries	(53,763)	(35,187)
Income from subsidiaries' share of holding company's corporate management expenses	(4,902,613)	(3,497,249)

Information regarding outstanding balances arising from related party and other intragroup transactions as at 30 June 2011 are disclosed in Note 21 and Note 26.

33. Significant related parties and other intragroup transactions (cont'd)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Short term employee benefits	4,682,591	2,127,677	3,743,009	1,365,262
Post-employment benefits:				
Defined contribution plan	270,672	1,072,280	178,518	980,780
	4,953,263	3,199,957	3,921,527	2,346,042
Included in total remuneration for key management personnel are:				
Executive directors' remuneration excluding benefits-in-kind (Note 6)	3,540,500	1,986,802	3,540,500	1,986,802

Key management personnel are those persons having authority and responsibility in planning, directing and controlling the activities of the entity, directly or indirectly, including the directors of that entity.

34. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group 2011		Company 2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities:				
Loans and borrowings (non-current)				
- Obligations under finance leases (Note 25)	263,360	276,219	263,360	276,219

B. Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Financial assets:	
Loans and receivables	
Trade and other receivables	21
Cash and bank balances	22
Financial liabilities:	
At amortised cost	
Trade and other payables	26
Loans and borrowings (current)	24
Loans and borrowings (non-current)	24

34. Fair value of financial instruments (contd.)

B. Determination of fair value (contd.)

(i) Cash and bank balances, short term receivables and payables

The carrying amounts of these financial assets and liabilities approximate fair values due to the relatively short term nature of the instruments.

(ii) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The fair values of these financial liabilities are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, and interest rate risk and foreign currency risk.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Credit Control. During the financial year, the Group has adopted a new policy to enter into trade credit insurance for first-time customers who wish to trade on credit terms in order to mitigate heightened credit risks arising from revenue growth strategies.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amounts of each class of financial assets recognised in the statements of financial position.
- a nominal amount of RM27,547,933 (2010: RM27,952,405) relating to corporate guarantee provided by the Company as disclosed in Note 32.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 21(a).

35. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group 2011 RM	Group 2011 % of total
By segment:		
Manufacturing	16,224	0.1%
Trading	17,415,355	99.9%
	17,431,579	100.0%

As at reporting date, the Group has a significant concentration of credit risk in the form of outstanding debts due from certain customers representing 71% (2010: 63%) of the total trade receivables.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions, investment in bonds that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

35. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with banks.

Analysis of financial instruments by remaining contractual maturities

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

	2011		
	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial liabilities:			
Trade and other payables	19,677,126	-	19,677,126
Loans and borrowings	7,440,548	84,383	7,524,931
Total undiscounted financial liabilities	27,117,674	84,383	27,202,057
Company			
Financial liabilities:			
Trade and other payables	16,692,170	-	16,692,170
Loans and borrowings	3,913,322	84,383	3,997,705
Total undiscounted financial liabilities	20,605,492	84,383	20,689,875

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings, and investments in bonds classified as available-for-sale. The Group does not hedge its investment in fixed rate debt securities as they have active secondary or resale markets to ensure liquidity. The Company's loans at floating rate given to related parties form a natural hedge for its non-current floating rate bank loan.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

35. Financial risk management objectives and policies (contd.)

(c) Interest rate risk (contd.)

Sensitivity analysis for variable rate instruments

A change of 25 basis points in interest rates at the reporting date would result in the profit or loss before tax to be (lower)/ higher by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group 2011 RM	Company 2011 RM
25 basis points increase		
Variable rate instruments	(18,154)	(9,336)
25 basis points decrease		
Variable rate instruments	18,154	9,336

(d) Foreign currency risk

The Group is exposed to mainly United States Dollars. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional currency of Group Companies

	Net financial liabilities held in non-functional currencies Group	
	2011 RM	2010 RM
United States Dollars	52,349	31,130

Sensitivity analysis for foreign currency risk

A sensitivity analysis had been performed to determine the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign exchange rates against the respective functional currencies of the Group's entities. This analysis assumes that all other variables, in particular interest rates, remain constant. Based on the analysis, there is no material impact on the Group's profit net of tax.

36. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2011 and 30 June 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Capital includes equity attributable to the owners of the parent less fair value adjustment.

36. Capital management (cont'd)

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Loans and borrowings	24	7,524,931	5,427,535	3,997,705	3,766,976
Trade and other payables	26	19,677,126	27,560,315	16,692,170	24,253,859
Less: Cash and bank balances	22	(651,272)	(15,967,436)	(71,956)	(12,279,518)
Net debt		26,550,785	17,020,414	20,617,919	15,741,317
Equity attributable to the owners of the parent		99,903,897	89,503,019	61,198,438	64,847,625
Less: Fair value adjustment reserve		(81,895)	-	(81,895)	-
Total capital		99,822,002	89,503,019	61,116,543	64,847,625
Capital and net debt		126,372,787	106,523,433	81,734,462	80,588,942
Gearing ratio		21%	16%	25%	20%

37. Segment information

(a) Business segments

For management purposes, the Group is organised into business unit based on their product and services, and has three reportable operating segments as follows:

(i) Manufacturing - Textile knitting and the manufacture of garments
(ii) Trading - Wholesale, retail and distribution of ready-made sports and casual wear, women intimate apparel and related accessories.
(iii) Food and beverage - Rights to operate gourmet chocolate café and retail outlets known as "Theobroma Chocolate Lounge".

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

37. Segment information (cont'd)

(a) Business segments (cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Manufacturing		Trading		Food and beverage (discontinued)		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM		2011 RM	2010 RM
Revenue											
External sales	282,114	195,923	132,076,317	129,368,067	6,260,552	5,263,412	-	-		138,618,983	134,827,402
Inter-segment sales	74,307,001	75,358,481	5,978,968	4,139,120	-	-	(80,285,969)	(79,497,601)	A	-	-
Total revenue	74,589,115	75,554,404	138,055,285	133,507,187	6,260,552	5,263,412	(80,285,969)	(79,497,601)		138,618,983	134,827,402
Results											
Interest income	329,204	403,058	-	-	-	-	(53,763)	(35,187)		275,441	367,871
Finance costs	(161,496)	(151,124)	(196,223)	(196,083)	(58,381)	(68,031)	53,763	35,187		(362,337)	(380,051)
Profit/(loss) before tax	1,171,526	10,822,768	17,530,679	15,442,851	(2,494,685)	(1,788,156)	1,912,720	(7,474,799)		18,120,240	17,002,664
Income tax expense										(4,667,217)	(4,576,633)
Profit for the year										13,453,023	12,426,031
Assets											
Segment assets	78,907,387	70,830,375	103,668,472	86,093,555	643,660	3,269,354	(66,068,201)	(46,714,683)		117,151,318	113,478,601
Unallocated assets										12,010,738	12,688,140
Total assets										129,162,056	126,166,741
Liabilities											
Segment liabilities	16,692,170	24,253,859	46,625,982	42,990,658	10,818,551	10,248,858	(50,908,072)	(49,933,060)		23,228,631	27,560,315
Unallocated liabilities										6,029,528	9,103,407
Total liabilities										29,258,159	36,663,722
Other information											
Capital expenditure	973,687	692,732	2,101,485	1,931,111	132,458	588,279	-	-	B	3,207,630	3,212,122
Depreciation and amortisation	551,440	519,711	2,056,242	2,156,852	468,466	442,673	-	-		3,076,148	3,119,236
Non-cash expenses other than depreciation and amortisation	4,537,332	(1,051)	915,673	243,838	1,247,996	138,212	(5,462,023)	-	C	1,238,978	380,999

37. Segment information (cont'd)

(a) Business segments (cont'd)

Nature of eliminations to arrive at amounts reported in the consolidated financial statements are as disclosed below:

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consist of:

	2011 RM	2010 RM
Buildings	15,500	240,667
Display counters, furniture and fixtures	1,036,242	1,674,250
Electrical fittings	38,462	95,384
Plant, machinery and tools	71,950	417,611
Store equipment	28,500	9,427
Computer and office equipment	337,233	694,035
Motor vehicles	1,679,743	80,748
	3,207,630	3,212,122

C Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	2011 RM	2010 RM
Property, plant and equipment:		
Gain on disposals	(97,432)	(27,087)
Loss on disposals	44,700	-
Written off	45,335	351,973
Impairment loss	970,759	125,565
Intangible asset:		
Impairment loss	140,000	-
Unrealised foreign exchange gain	(1,224)	-
Reversal of allowance for impairment on receivables	-	(77,826)
Allowance for impairment on receivables	5,598,863	8,374
	6,701,001	380,999
Eliminations	(5,462,023)	-
	1,238,978	380,999

(b) Geographical segments

No information is prepared on the geographical segment as the Group principally operates within Malaysia.

38. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 20 October 2011.

39. Supplementary information

The determination of realised and unrealised profits is based on the Guidance of 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, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

	Group 2011 RM	Company 2011 RM
Total retained earnings		
- realised	40,114,243	17,914,384
- unrealised	315,001	(638,725)
	40,429,244	17,275,659
Add: Consolidation adjustments	15,551,874	-
Total retained earnings	55,981,118	17,275,659

PROPERTIES
AS AT 30 JUNE 2011

Location	Tenure	Area Land sq ft	Area Built-up sq ft	Approximate age of building years	Book value as at 30.6.2011 RM	Last valuation date	Description and current use
Property, Plant and Equipment							
Lots 59-60, Lorong Kuang Bulan, Taman Kepong, 52100 Kuala Lumpur	Freehold	30,000	39,078	37 (single and 2-storey building), 25 (3-storey building)	3,251,053	7.10.1995	Land and single and a 2-storey factory building annexed to a 3-storey warehouse and office building, for own industrial use and corporate office
Lot 58, Lorong Kuang Bulan, Taman Kepong, 52100 Kuala Lumpur	Freehold	15,000	9,530	31	2,123,377	15.10.1999*	Land and single-storey detached factory building annexed to a 2 1/2-storey office building, for own industrial use
Lot 46, Lorong Kuang Bulan, Taman Kepong, 52100 Kuala Lumpur	Freehold	16,500	30,192	23	2,921,852	8.1.1999*	Land and 4-storey detached industrial building, for own industrial use and office
Lot 48, Lorong Kuang Bulan, Taman Kepong, 52100 Kuala Lumpur	Freehold	16,619	13,806	31	2,352,272	21.8.2003*	Land and 2-storey detached industrial building, for own industrial use
Nos. 50-2, 52-2, 54-2, 56-1, 56-2, 58-2 and 60-2, Jalan 12/34A, Kepong Entrepreneurs Park, 52100 Kuala Lumpur	99-year lease, expiring on 10.1.2087	-	9,820	16	315,655	9.6.2007	3-storey terrace factories, for own industrial use
Nos. 39-2A, 39-3A and 37-3A, Jalan 3/34A, Kepong Entrepreneurs Park, 52100 Kuala Lumpur	99-year lease, expiring on 10.1.2087	-	3,981	16	170,088	30.12.1992*	Apartments, used as workers' hostel
					11,134,297		

* Acquisition date, based on sale and purchase agreement. No revaluation carried-out since acquisition.

SHAREHOLDINGS STATISTICS

As At 18 October 2011

Authorised Share Capital	:	RM100,000,000/-
Issued and Paid-Up Share Capital	:	RM41,787,199/-
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED CAPITAL
1 - 99	381	23.65	13,552	0.03
100 – 1,000	129	8.01	86,047	0.21
1,001 - 10,000	904	56.11	3,548,460	8.49
10,001 – 100,000	173	10.74	5,140,740	12.30
100,001 – 2,089,359*	23	1.43	11,908,880	28.50
2,089,360 and above**	1	0.06	21,089,520	50.47
TOTAL	**1,611**	**100.00**	**41,787,199**	**100.00**

* Less than 5% of Issued Holdings
** 5% and above of Issued Holdings

DIRECTORS' SHAREHOLDINGS

The Directors' shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:-

Name of Directors	Nationality/ Incorporated in	No. of shares held Direct	%	Indirect	%
Ng Chin Huat	Malaysian	-	-	*21,089,520	50.47
Kong Sau Kian	Malaysian	-	-	-	-
Lim Kim Meng	Malaysian	-	-	-	-
Cheah Yong Hock	Malaysian	-	-	-	-
Total Shareholdings		-	-	*21,089,520	50.47

* Deemed interested by virtue of his direct interest in Everest Hectare Sdn. Bhd. via Section 6A of the Companies Act, 1965.

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows:-

Name of Shareholders	Nationality/ Incorporated in	No. of shares held Direct	%	Indirect	%
Everest Hectare Sdn. Bhd.	Malaysia	21,089,520	50.47	-	-
Ng Chin Huat	Malaysian	-	-	*21,089,520	50.47
Yap Su P'ing	Malaysian	-	-	*21,089,520	50.47

* Deemed interested by virtue of his/ his spouse direct interest in Everest Hectare Sdn. Bhd. via Section 6A of the Companies Act, 1965

SHAREHOLDINGS STATISTICS (CONT'D)

30 Largest Securities Accounts holders as at 18 October 2011

No.	Name of Shareholders	No. of Ordinary Shares of RM1 each	% of Issued and Paid-up Share Capital
1.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR EVEREST HECTARE SDN. BHD.	21,089,520	50.47
2.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR AZIZI BIN YOM AHMAD (49316 KLMN)	2,039,520	4.88
3.	CHOI CHOONG HIN	1,881,900	4.50
4.	NG TIONG SENG CORPORATION SDN. BHD.	1,540,000	3.69
5.	DREAMBOND RESOURCES SDN. BHD.	814,500	1.95
6.	CHING CHOOI KUAN	765,000	1.83
7.	CHING CHOOI SIM	556,000	1.33
8.	LIEW TEOW WOON	492,900	1.18
9.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KOAY TEIK CHUAN (M1)	451,600	1.08
10.	RHB PRIVATE EQUITY FUND LTD	400,000	0.96
11.	OSK NOMINEES (TEMPATAN) SDN. BERHAD PLEDGED SECURITIES ACCOUNT FOR NG TIONG SENG CORPORATION SDN. BHD.	374,900	0.90
12.	LIM PENG JIN	324,100	0.78
13.	KOAY TEIK CHUAN	300,000	0.72
14.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ANG MOO JIN (SEC 17 PJ-CL)	285,800	0.68
15.	CHANG SIEW SIAN	256,300	0.61
16.	LBR INDUSTRIES SDN. BHD.	251,800	0.60
17.	HDM NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHUA YEOW HUAT (M10)	200,000	0.48
18.	TAY TECK HO	173,000	0.41
19.	CHOI YU LOONG	168,960	0.40
20.	CHANG SIEW YEN	155,000	0.37
21.	SURIAKANT A/L BABU VALLABH PATEL	142,100	0.34
22.	BONG NAM KIONG	113,000	0.27
23.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FRANCIS CHIA MONG TET (CEB)	112,420	0.27
24.	TEH KIM SENG	110,080	0.26
25.	HDM NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM YEN NEE (D01)	100,000	0.24
26.	TAN CHIN LIN	100,000	0.24
27.	YAP HONG CHOO	100,000	0.24
28.	GAN TEE KIAN	99,840	0.24
29.	YAP SWEE LIAN	99,000	0.24
30.	HLB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PARADOX CORPORATION SDN. BHD.	96,400	0.23

HING YIAP GROUP BERHAD
(NO:22414-V)

Number of shares held

PROXY FORM

(Please refer to the notes below before completing this form)

I/We……………………………………………………………………………………I.C.No…………………………………………
(FULL NAME IN BLOCK LETTERS)

of………
(FULL ADDRESS)

being a member of **Hing Yiap Group Berhad** hereby appoints……………………………………………………………

……………………………………………………………………………I.C.No……………………………………………………
(FULL NAME IN BLOCK LETTERS)

of………
(FULL ADDRESS)

as my/our proxy to attend and vote for me/us on my/our behalf at the 36th Annual General Meeting of the Company to be held at the Conference Room of the Company at Lot 10449, Jalan Nenas, Batu 4 ½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan on Friday, 16 December 2011 at 10.00 a.m. or any adjournment thereof.

	Resolution	For	Against
Ordinary Resolution 1	To declare a Final Dividend of 5% less income tax for the financial year ended 30 June 2011		
Ordinary Resolution 2	To approve the payment of Directors' Fees for the financial year ended 30 June 2011.		
Ordinary Resolution 3	To re-elect Mr. Ng Chin Huat as a Director of the Company.		
Ordinary Resolution 4	To re-elect Mr. Kong Sau Kian as a Director of the Company.		
Ordinary Resolution 5	To re-elect Mr. Lim Kim Meng as a Director of the Company.		
Ordinary Resolution 6	To re-elect Mr. Cheah Yong Hock as a Director of the Company.		
Ordinary Resolution 7	To appoint Messrs. Crowe Horwath as the Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 8	As Special Business Ordinary Resolution - Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 9	As Special Business Ordinary Resolution - Proposed New Shareholders' Mandate in respect of Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 10	As Special Business Ordinary Resolution - Proposed Share Buy Back of up to Ten Percent (10%) of the Issued and Paid-up Share Capital of the Company		

(Please indicate with an "X" in the appropriate boxes above how you wish your vote to be cast. If you do not do so, your proxy shall vote as he thinks fit, or at his/their discretion.)

Dated this ………. day of …………………. 2011

……………………………………………………..
Signature of Shareholder

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 December 2011 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.*
2. *The proxy appointed to attend and vote at a general meeting may but need not be a member of the Company. A proxy who is not a member of the Company need not be any of the person described in Section 149(1)(b) of the Companies Act, 1965;*
   A member shall not be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
   Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint only one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if such appointor be a corporation, under its common seal or under the hand of an officer or attorney of the corporation duly authorized and shall be deposited with the power of attorney or other authority (if any) at the Registered Office of the Company at Lot 10449, Jalan Nenas, Batu 4 ½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such proxy proposes to vote and in default the proxy shall not be treated as valid. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointor.*

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Affix
Stamp
Here

HING YIAP GROUP BERHAD
(Company No. 22414-V)

Lot 10449, Jalan Nenas
Batu 4 ½, Kampung Jawa
41000 Klang, Selangor Darul Ehsan

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