



ANNUAL REPORT 2010

# YEN GLOBAL BERHAD

570396-D

(formerly known as Sequoia Holdings Bhd)

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# CORPORATE INFORMATION

## Directors

Goh Kok Beng  
*(Executive Chairman)*  
Goh Kok Heng  
*(Managing Director)*  
Yeoh Yeow Cheang  
*(Executive Director)*  
Saffie Bin Bakar  
*(Independent Non-Executive Director)*  
Loh Chye Teik  
*(Independent Non-Executive Director)*  
Dato' Wong Kam Hoong  
*(Independent Non-Executive Director)*

## Secretaries

Chee Wai Hong (MIA 17181)  
Foo Li Ling (MAICSA 7019557)

## Audit Committee

Loh Chye Teik  
*(Chairman, Independent Non-Executive Director)*  
Saffie Bin Bakar  
*(Independent Non-Executive Director)*  
Dato' Wong Kam Hoong  
*(Independent Non-Executive Director)*

## Registered Office

51-13-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

## Business Address

Lot 9233, Hala Kampung Jawa 1  
Kawasan Perindustrian Bayan Lepas (Fasa 3)  
11900 Bayan Lepas, Penang

## Share Registrar

Agriteum Share Registration Services Sdn Bhd  
2nd Floor, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah  
10050 Penang

## Auditors

Grant Thornton  
Chartered Accountants

## Solicitors

Zaid Ibrahim & Co.

## Principal Bankers

Alliance Bank Malaysia Berhad  
Ambank (M) Berhad  
Eon Bank Berhad

## Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad



# CORPORATE STRUCTURE

Yen  
Global  
Berhad

- G.A. Blue Corporation Sdn. Bhd.  
100%
- Twin Access Sdn. Bhd.  
100%
- Uni Jeans Care Sdn. Bhd.  
100%
- Yen Retailing (M) Sdn. Bhd.  
100%
- Evatech Sdn. Bhd.  
100%
- Mustang Jeans (M) Sdn. Bhd.  
100%
- Lensan Sdn. Bhd.  
100%
- Sebico Jaya Trading Co. Sdn. Bhd.  
100%
- Delison Sdn. Bhd.  
100%
- Cosmotion Sdn. Bhd.  
100%
- LKH Footwear Collection Sdn. Bhd.  
100%
- Starix Collection Sdn. Bhd.  
75%
- Quangcin Sdn. Bhd.  
100%
- Yen Denim (M) Sdn. Bhd.  
100%
- Twoagentsee International Ltd.  
64%



# CHAIRMAN'S STATEMENT

## Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and Accounts of the Company and Yen Global Group for the financial year ended 31 July 2010.

## INDUSTRY TRENDS AND DEVELOPMENT

The retail industry seems to have gone into a decline from year to year. As reported recently, under the AT Kearney's Global Retail Development Index, the Malaysian retail sector has been placed in 17th position among 30 emerging economies in 2010, down from 10th in 2009 and 8th in 2008. Given the importance of retail as a driver of domestic consumption, and the need to reverse the decline of the sector, the Economic Transformation Programme (ETP), which was launched by our Prime Minister recently, has designated it as a National Key Economic Area (NKEA) and target to more than double its GNI contribution by 2020.

The retail landscape in Malaysia has been transformed over the past decade, with modern retail formats such as department stores increasing in dominance over small family-owned shops. This is especially prominent in the apparel and fashion wear sector.

More recently, the opening of large shopping malls has introduced the element of lifestyle shopping to Malaysian shoppers, with retail concepts carefully chosen to appeal to specific consumer groups. Globalisation has also brought foreign retail players into the Malaysian apparel market that has brought branding concepts to a new level. Despite the transformation in outlook and concepts, there is much room for improvement to further drive retail spending. Our annual retail expenditure per capita is still far below that of other countries in the region and we will need to encourage higher levels of spending by meeting rising consumer expectations. To achieve this, companies involved in retail in Malaysia will need to modernise and innovate, applying international retail best practices.

## FINANCIAL RESULTS


The financial performance of the Group for the year ended 31 July 2010 was less than satisfactory. Group turnover dipped to RM48.8 million, down from RM69.4 million achieved in the previous year. The Group incurred a loss before tax of RM2.3 million as compared to a profit before tax of RM4.2 million achieved in the previous year.

## REVIEW OF OPERATIONS

The Group's local business continues to be profitable in the face of a competitive retail market which is testimony of the strength and resilience of the Group's range of brands. In line with the consolidation exercise to cut off unprofitable segments of the business, local sales dipped slightly from RM44.4 million to RM39.4 million.

The situation has not been rosy on the overseas division. The economic downturn and financial crisis in the United Kingdom has a negative impact on the performance of our UK subsidiary for the financial year.





The performance of the Group was significantly affected as overseas sales dropped to RM9.4 million as compared to RM24.9 million recorded for the previous year. The lower sales were the result of fewer orders received from a major customer in UK due to the weak retail market there. In addition, the weaker foreign exchange rate for the British Pound Sterling in which our overseas sales was denominated had also adversely affected performance. As a result, loss before tax attributable to the overseas business was RM6.0 million.

#### **FUTURE PROSPECTS**

The newly launched ETP expects the Retail NKEA to contribute an additional RM107 billion per annum to GNI by 2020. Part of this will be contributed by 13 entry point projects (EPP) to be implemented by the government. Key EPPs to the retail sector will be the increase in the number of large format stores eg. hypermarkets and superstores, the exemption of selected retail products including apparel items from import duty which has been proposed in the recent Budget 2011 and coordinating retailers in annual unified Malaysia sales events. The government will also oversee the development of very large, integrated retail outlets for various categories of retailers, concentrated within a single location referred to as a big box boulevard (BBB) as is common in Europe and USA. In addition, the Malaysia economy is projected to grow by 5 to 6% in 2011, spurred by domestic demand as the private sector takes over as the driver of growth. All in all, we expect the retail sector will stand to benefit for the medium term.

Steps have been taken to restructure and strengthen our UK operations. The organisation structure will be streamlined to reduce overheads and result in a leaner team with improved work ethics and efficiency. A new range of denim wear will be added to complement our existing business to create a new source of income for the company. The above steps will mitigate the loss and we hope for the Group to report better results for 2011.

#### **DIVIDEND**

In view of the less than satisfactory results, the Board does not recommend any dividend for the financial year.

#### **APPRECIATION**

It is my duty to once again thank all bankers, suppliers and customers for their continued support. My thanks also go to the management and staff for their dedication and commitment to the Group in the light of less than favourable trading conditions.

**Goh Kok Beng**  
Executive Chairman  
1 December 2010



# DIRECTORS' PROFILE

## **Goh Kok Beng** *(Executive Chairman)*

Mr Goh, aged 49, a Malaysian, was appointed as the Executive Chairman of the Company on 9 January 2009 with a vision to lead the Group to greater heights. He received his secondary education at Chung Ling High School in Penang and subsequently continued his studies in Singapore. He was a founding member of Body Glove (M) Sdn. Bhd. (BGM) and has more than 29 years of extensive and comprehensive experience and network in the apparel industry and markets both locally and internationally. He oversees the strategic business direction and overall operations of the Group including policy setting and corporate planning. He is also one of the major shareholders and Executive Director of BGT Corporation PCL, a public listed company on the Stock Exchange of Thailand and sits on the Board of several private limited companies. With his expertise and resources, he brings with him a wealth of synergies and benefits to the Yen Global Berhad Group.

## **Goh Kok Heng** *(Managing Director)*

Mr Goh, aged 48, a Malaysian, was appointed as the Managing Director of the Company on 9 January 2009. He received his Diploma in Quantity Surveying from Tunku Abdul Rahman College, Kuala Lumpur in 1982. His involvement in the fashion retailing industry spans a period of 28 years and he also co-founded Body Glove (M) Sdn. Bhd., a company involved in the marketing of surf and street wear. He is responsible for research and development, product sourcing, budgetary control, planning and implementation of marketing strategies for the Group. He also sits on the Board of several private limited companies.

## **Yeoh Yeow Cheang** *(Executive Director)*

Mr Yeoh, aged 53, a Malaysian, was appointed as the Executive Director of the Company on 2 December 2003. He obtained a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College, Kuala Lumpur in 1980. He is a Chartered Accountant with the Malaysian Institute of Accountants since 1985. He qualified as a member of the Association of Chartered Certified Accountants, UK in 1985 and subsequently became a Fellow in 1990. He gained audit experience with Kassim, Chan & Co, Penang from 1980 to 1984. He left to join Malaysia Aica Berhad in 1985 as Accounting/Finance Manager. Between 1998 and 2001, he was an Executive Director with Maica Laminates Sdn. Bhd. He joined the GA Blue Group in March 2002 as the Financial Controller and assumed the position of Executive Director of G.A. Blue Corporation Sdn. Bhd. in July 2002.

## **Loh Chye Teik** *(Independent Non-executive Director)*

Mr Loh, aged 51, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 2nd December 2003. He is also the Chairman of the Audit Committee. He graduated from University of Malaya, Kuala Lumpur with a Bachelor of Accounting (Honours) in 1984. He is a member of the Malaysian Institute of Accountants and the Chartered Tax Institute of Malaysia. He started his career as an auditor in a Chartered Accountants firm in 1985. In 1994, he set up his own auditing/accounting firm known as Tan & Loh Chartered Accountants and held the position of Managing Partner. He is the Managing Partner of Parker Randall Loh, Chartered Accountants, Partner of PKF Chartered Accountants and Managing Director of Interresources Tax Advisory Sdn Bhd. He also sits on the Board of Olympia Industries Berhad, JHM Consolidation Berhad and Ivory Properties Group Berhad.

## **Dato' Wong Kam Hoong** *(Independent Non-executive Director)*

Dato' Wong Kam Hoong, aged 63, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 16th July 2010. He is a Chartered Accountant by profession and is currently a Fellow of Chartered Certified Accountants (UK) (FCCA). He was a partner of Wong Liu & Partners, an accounting firm based in Penang from 1974 until 1999. He stood for and won the parliamentary seat of Bayan Baru, Penang since 1995 until 1999. He was appointed as the Parliamentary Secretary in the Ministry of Domestic Trade and Consumer Affairs in year 2000 and held the post until 2004. He was appointed as the Deputy Minister of Culture, Arts and Heritage of Malaysia in 2004 until 2008. Dato' Wong has announced his retirement in year 2008 and had not stood for re-election in the same year. He was appointed as the Chairman of National Film Development Corporation of Malaysia ("FINAS") in year 2009. He is also a Non-independent Non-Executive Director of Baswell Resources Berhad, a public listed company.

**Saffie Bin Bakar, JMN, SMP, AMP, PJK** (*Independent Non-executive Director*)

Encik Saffie, aged 57, a Malaysian, was appointed as a Non-Independent Non-Executive Director of the Company on 2 December 2003 and re-designated as Independent Non-Executive Director on 8 December 2006.

He graduated from University of Malaya with a B.A (Honours) majoring in Geography in 1977 and subsequently received a Postgraduate Diploma in Public Admin.(DPA) from the Faculty of Economics and Administration, University of Malaya in 1978. He received a MBA degree from United States International University, San Diego, California, USA in 1988.

He is also an Associate Member of Certified System Investigator (CSI), World Headquarters, Singapore,. A Member of Malaysian Institute of Corporate Governance (MICG), Transparency International - Malaysia (T.I-M), Malaysian Crime Prevention Foundation (MCPF) and a Chartered Audit Committee Director (CACD) of The Institute of Internal Auditors, Malaysia (IIAM).

He has more than 32 years of management expertise especially in the areas of projects planning & management, business development, property development, mining exploration, human resources management, corporate advisory transactions including Initial Public Offering (IPO) and Reverse Takeover (RTO). He was attached to the Perlis State Government from May 1978 to August 1983, during which he served as an Assistant State Secretary in Economics Planning. He joined the Perlis State Economic Development (SEDC) in September 1983 as a Business Development Manager until his optional retirement from Government Service in August 1994.

He is currently the Adviser to Shorubber (Malaysia) Sdn. Bhd., a Japanese manufacturer and exporter of industrial gloves. He is also an Independent Non-Executive Director for MESB Berhad and AE Multi Holdings Berhad. He is also a director cum corporate adviser of several private limited companies.

**Notes:**

- None of the Directors of the Company have any family relationship with any Director or substantial shareholder of the Company except that Mr Goh Kok Beng and Mr Goh Kok Heng are brothers.
- All the Directors of the Company have no conflict of interest with the Company and have not been convicted of any offence within the past ten (10) years.

## CHIEF EXECUTIVE OFFICER'S PROFILE

**Lim Say Leong**

Mr Lim, aged 41, a Malaysian, was appointed as the Chief Executive Officer of the Company on 1 June 2007. He holds a Master of Business Administration (MBA) Degree from Edinburgh Business School, Heriot Watt University, United Kingdom and is a member of the Malaysian Institute of Accountants (MIA), Malaysian Institute of Taxation (MIT) and Chartered Institute of Management Accountants (CIMA) United Kingdom. Mr. Lim started his career as an Accountant in Kheng Hwa Paper Products Sdn Bhd in 1992. He joined Denko HLB in 1993 as an Accountant and was promoted to the post of Finance and Administration Manager in 1997. In year 2000, he was promoted to the position of the Group Chief Executive Officer of Denko Industrial Corporation Berhad and its Group of Companies. Mr. Lim was subsequently appointed to the Board of Directors and Audit Committee of Denko Industrial Corporation Berhad and sat on the Board of its numerous subsidiaries. He left Denko Industrial Corporation Berhad in 2005 and was involved in the provision of business and advisory consulting services.

**Notes:**

- Mr. Lim does not have any family relationship with any Director or substantial shareholder of the Company.
- He has no conflict of interest with the Company and has not been convicted of any offence within the past ten (10) years.
- Mr. Lim does not have any interest in the securities of the Company or its subsidiaries.

# CORPORATE EVENTS



Launching of Our New Corporate Name and Logo



Dr Sun Yat Sen Outstanding Enterprise Award given to Yen Global Bhd at the Kwong Wah Yit Poh Centennial Award ceremony



## Statement on Corporate Governance

The Board of Directors acknowledges the importance of maintaining good corporate governance within the Group to safeguard the interest of its shareholders and is pleased to provide the following statement on how the Company has applied the Principles of Corporate Governance set out in Part 1 of the Malaysian Code on Corporate Governance as revised on 1 October 2007 ("the Code").

### SECTION 1: DIRECTORS

#### BOARD RESPONSIBILITIES

The Board is responsible to guide and monitor the affairs of the Group on behalf of the shareholders to retain full and effective control over the Group. This includes without limitation, the review of the strategic direction for the Group, overseeing the business operations of the Group, and evaluating whether these are being properly managed.

The Board assumes the following responsibilities to facilitate the discharge of their stewardship responsibilities:

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed and the statutory requirements are being complied;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- Ensuring the adequacy of the management information and internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines in the Group.

The combination of Executive Directors, who with their intimate knowledge of the business takes on primary responsibility for leadership of the company with the Non-Executive Directors, provide a broader view to the Company's activities and a balanced perspective.

The Board meets on a scheduled basis once in every quarter to primarily discuss the financial statements, corporate and strategic issues, performance of business units and factors relating to potential risk in the business of the Group. During the financial year under review, five (5) Board meetings were held and the record of attendance of the members is as follows:

NAME OF DIRECTORS	NO. OF MEETINGS ATTENDED
Mr. Goh Kok Beng	5
Mr. Goh Kok Heng	5
Mr. Yeoh Yeow Cheang	5
Mr. Kan Ah Chun (resigned on 1 July 2010)	3
En. Saffie bin Bakar	5
Mr. Loh Chye Teik	5
Dato' Wong Kam Hoong (appointed on 16 July 2010)	-

## Statement on Corporate Governance (cont'd)

### BOARD BALANCE

The Board composition comprises of six (6) members with Mr. Goh Kok Beng at the helm as Executive Chairman. Three of the Directors are Executive Directors, while the remaining three are Independent Non-Executive Directors.

The composition of the Board is deemed fairly balanced to complement the Board in providing industry-specific knowledge, technical, and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgment to various aspects of the Company's strategies and performance.

The structure of the Board fairly reflects the investment of the minority shareholders through Board representation.

Mr. Loh Chye Teik, Chairman of the Audit Committee has professional accounting and audit background to continuously provide inputs for check and balance. He also reviews the internal control system, risk management system and published financial reports. He has also been identified as the Independent Non-Executive Director, with the assistance of the Company's Corporate Division personnel, to whom concerns of shareholders, management or other matters concerning the Group may be conveyed.

### SUPPLY OF INFORMATION

All notices of meetings together with the agenda and discussion papers are served on the Directors in advance of meeting dates. Ample opportunities have been provided to the Directors to make enquiries and to obtain information and explanation on any issue at any time within the Group whether as a full Board or in their individual capacity in furtherance of their duties.

The availability of the Company Secretaries, financial and legal officers within the Group as well as the engagement of panel lawyers enables the Directors to have easy access to their advice and services. They may take independent advice, at the Company's expense, if so required.

### APPOINTMENTS TO THE BOARD

The Nomination Committee was established on 3 December 2003 and comprises of the following Directors:

- Mr. Loh Chye Teik, Independent Non-Executive Director (Chairman)
- En. Saffie bin Bakar, Independent Non-Executive Director (Member)

The Nomination Committee was established with defined terms of reference to assist them in discharging their duties. However, the Nomination Committee met once during the year to review the performance of the Directors seeking re-election at the forthcoming AGM.

### RE-ELECTION OF DIRECTORS

In accordance with the provisions of the Company's Articles of Association, an election of Directors shall take place each year and all Directors will retire from office at least once in every 3 years, but shall be eligible for re-election.

The particulars of the Directors seeking re-election at this coming AGM are disclosed in the Notice of Meeting.

## Statement on Corporate Governance (cont'd)

### DIRECTORS' TRAINING

The Directors are aware of the need for continuous update of their skills and knowledge to maximize their effectiveness as Directors and assist them in discharging their duties during their tenure of service.

During the financial year, members of the Board have attended various training programmes and seminars as follows:

NAME OF DIRECTOR	PROGRAM ATTENDED	DATE ATTENDED
Goh Kok Beng	<ul style="list-style-type: none"> <li>MIMB's 2010 Market Outlook Seminar</li> </ul>	6 February 2010
Goh Kok Heng	<ul style="list-style-type: none"> <li>MIMB's 2010 Market Outlook Seminar</li> </ul>	6 February 2010
Yeoh Yeow Cheang	<ul style="list-style-type: none"> <li>PWC's Tax Developments – Revitalise Growth, Emerge Stronger Tomorrow</li> <li>MIA's Preparing for Convergence : Understanding IFRS and IAS</li> <li>MIMB's 2010 Market Outlook Seminar</li> </ul>	2 November 2009 7-8 December 2009 6 February 2010
Loh Chye Teik	<ul style="list-style-type: none"> <li>National Tax Conference 2009</li> <li>MIA's Preparing for Convergence: Understanding IFRS &amp; IAS</li> <li>Corporate Governance Guide – Towards Boardroom Excellence</li> <li>CTIM's 2010 Budget Talk</li> <li>National Seminar on Taxation 2009</li> <li>Malaysian 2010 Budget &amp; Tax Planning Workshop</li> <li>Limited Liability Partnership: Its potential legal framework and impact to business</li> <li>Building Business Models for Decision Making</li> <li>Understand Technical Analysis, Trade Successfully</li> <li>National Tax Conference 2010</li> </ul>	4-5 August 2009 19-20 August 2009 20 August 2009 27 October 2009 5 November 2009 12 November 2009 4 November 2009 8-9 March 2010 11 April 2010 6-7 July 2010
Saffie bin Bakar	<ul style="list-style-type: none"> <li>USM 3 Months Online Course On Privatisation</li> <li>Bursa Malaysia: Evening Talks On Corporate Governance – A Turning Point for Corporate Governance</li> <li>Malaysia 2nd National Solar Photovoltaic (PV) Conference</li> <li>Bursa Malaysia: Evening Talk On Achieving New Heights In Corporate Enforcement: The SSM's Balanced Enforcement Approach</li> <li>Introduction to HACCP And Food Safety Awareness Seminar</li> <li>Bursa Malaysia - ACCA Evening Talks on Corporate Governance: Corporate Responsibility Practices In The Context of the Market Place</li> <li>MIDA National Domestic Investment Dialogue &amp; Seminar</li> <li>Bursa Malaysia – Mercer Evening Talk on Corporate Governance - Why ESOS Is Not The Only Option</li> <li>Agribusiness Marketing Conference 2010 - Food Security: Towards Market Driven Supply Chain Management</li> <li>PKNS Entrepreneur Workshop On Business Opportunities in Green Technology Sector</li> <li>Bursa Malaysia / MIDA / Nomura &amp; Maybank - Invest Malaysia 2010 – Powering Global Excellence</li> <li>KPMG's Audit Committee Roundtable discussion titled "Going Forward: Risk &amp; Reform – Implications for Audit Committee Oversight"</li> <li>MATRADE Workshop On Building Your Brand Through Power Positioning</li> <li>MATRADE Workshop On 12 Steps To Successful Exporting</li> </ul>	1 August - 31 October 2009 29 October 2009 17 November 2009 24 November 2009 26 November 2009 29 January 2010 23 February 2010 24 February 2010 23 March 2010 10 March 2010 30-31 March 2010 7 April 2010 15 April 2010 28 April 2010

## Statement on Corporate Governance (cont'd)

### SECTION 2: DIRECTORS' REMUNERATION

The Remuneration Committee ("RC") was established on 3 December 2003 and comprises of the following Directors:

- Mr. Loh Chye Teik, Independent Non-Executive Director (Chairman)
- En. Saffie bin Bakar, Independent Non-Executive Director (Member)
- Mr. Yeoh Yeow Cheang, Executive Director (Member)

The RC was established with defined terms of reference to assist them in performing their duties. They shall be responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors of the Board.

The Board as a whole determines the remuneration of Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration.

The details of Directors' remuneration for the financial year ended 31 July 2010 are as follows:

PARTICULAR	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS	TOTAL RM
Fees	75,000	55,000	130,000
Salaries & Allowances	821,660	-	821,660
Benefits in kind	64,800	-	64,800
Total	961,460	55,000	1,016,460

The remuneration of the Directors summarised in bands of RM50,000 for the financial year ended 31 July 2010 are as follows:

RANGE OF REMUNERATION	NUMBER OF DIRECTORS	
	EXECUTIVE	NON-EXECUTIVE
Below RM50,000	-	3
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	-	-
RM350,001 to RM400,000	2	-

*Notes:*

The above mentioned Directors' remuneration is the total sum of the remuneration received by the Company's Directors from the Company and/or its subsidiary and associate companies.

Individual remuneration of each Directors is not disclosed as the Directors are of the view that the disclosure by bands above provides sufficient information.

## Statement on Corporate Governance (cont'd)

### SECTION 3: SHAREHOLDERS

#### DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Company values dialogue with investors as a means of effective communication that enables the Board and management to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interest.

Information of the Group could be obtained from the Company's website at [www.yenglobal.com](http://www.yenglobal.com). In addition, the latest annual report available in PDF format can be downloaded and printed. Quarterly announcements are also available at the website of Bursa Malaysia at [www.bursamalaysia.com](http://www.bursamalaysia.com) after announcement to the public.

#### ANNUAL GENERAL MEETING ("AGM")

The AGM is the principal forum for dialogue with shareholders. Notice of AGM and annual reports are sent out to the shareholders at least 21 days before the date of meeting.

The Company provides ample opportunity for shareholders to raise questions pertaining to the business activities of the Group. All the directors are available to provide responses to questions from the shareholders during these meetings.

Special business items are included in the notice of the meeting with sufficient explanatory notes to facilitate full understanding and evaluation of the issues involved.

### SECTION 4: ACCOUNTABILITY AND AUDIT

#### FINANCIAL REPORTING

The Directors provide a balanced and meaningful assessment of the Group's position and prospects through the annual financial statements and quarterly announcements of results to the shareholders. The Audit Committee of the Board assists by scrutinising the information to be disclosed to ensure accuracy and adequacy.

#### INTERNAL CONTROL

In line with the requirement of Bursa Malaysia, a statement on the Group's Internal Control Statement is set out on page 15.

#### RELATIONSHIP WITH AUDITORS

The Group has, through the Audit Committee, established a transparent and appropriate relationship with the Group's external auditors. A report of the Audit Committee and their terms of reference is included on pages 16 to 19. In addition, the Chairman of the Audit Committee has met with the external auditors without the presence of other Executive Board members twice during the year.

## Statement on Corporate Governance (cont'd)

### SECTION 5: STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The financial statements of the Group as set out in this Report are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2010 and of their financial performance and cash flows for that year then ended.

The Directors consider that in preparing the financial statements:

- The Group has used appropriate accounting policies and are consistently applied;
- Reasonable and prudent judgements and estimates were made; and
- All applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible to ensure that the Company maintains accounting records that discloses with reasonable accuracy, the financial position of the Group and the Company, and that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

### SECTION 6: COMPLIANCE STATEMENT

Save as disclosed below, the Group has complied with the Best Practices set out in Part 2 of the Code throughout the financial year:

- The Code recommends that the Audit Committee should meet with the external auditors without the executive board members present at least twice a year. The Audit Committee will meet with the external auditors at least once or more as and when the need arises.

## Statement on Internal Control

The Board of Director acknowledged their responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objective. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organizational, operational and compliance control.

The Board fully supports the contents of the Standard Operating Procedures and has extended the responsibilities of the Audit Committee to include the work of monitoring internal controls on its behalf, which includes identifying risk areas faced by the Group to be communicated to the Board of Directors.

### INTERNAL AUDIT DIVISION

The Group has set up an independent audit function. During the financial year under review, the Group has conducted internal audit at the subsidiary level on the internal control system and certain identified process weaknesses with the objective of safeguarding the Group's assets and to prevent potential losses arising from these weaknesses. This was carried out using the Group's internal resources.

### OTHER RISK AND CONTROL PROCESS

Apart from the Audit Committee and the Internal Audit function, the Board has the following control processes in place:

The full Board meets on a quarterly basis to discuss matters brought to its attention, thus ensuring effective supervision over the operations of the Group are maintained. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis;

An organizational structure with defined lines of responsibility and delegation of authority is in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability;

Regular review of the risk management process by the Board, which includes on its agenda matters relating to significant risks that may impede business objectives; and

Formal quarterly reviews by the Board on the adequacy and integrity of the system of internal control will be conducted with the assistance of the Audit Committee.

There were no material losses incurred during the financial year as a result of weakness in internal control. The Board, together with Management, continues to take measures to strengthen the control environment.

## Audit Committee Report

### COMPOSITION

Mr. Loh Chye Teik, Chairman (*Independent, Non-Executive Director*)  
En. Saffie Bin Bakar, Member (*Independent, Non-Executive Director*)  
Dato' Wong Kam Hoong, Member (*Independent, Non-Executive Director*)

### TERMS OF REFERENCE

#### OBJECTIVES

The principal objective of the Audit Committee (the Committee) is to assist the Board of Directors in discharging its duties and responsibilities in the area of corporate governance and internal audit with particular reference to the public accountability of the Company and its subsidiaries.

### COMPOSITION

The Committee shall consist of at least three (3) members appointed by the Board from amongst the directors, comprising a majority of Independent Non-Executive Directors.

The Board shall ensure that at least one member of the Committee shall be:

- i) A member of the Malaysian Institute of Accountants; or
- ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
  - a) He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967;  
or
  - b) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant Act 1967.

An alternate director shall not be appointed as a member of the Committee. The members of the Committee shall select a chairman from amongst the Independent Non-Executive Directors.

### AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference.

The Committee is also authorised by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee has full and unrestricted access to any information pertaining to the Group and the resources, which are required to perform its duties.

## Audit Committee Report (cont'd)

### DUTIES

The duties of the Committee shall include the following:

- \* To consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal;
- \* To discuss with the external auditor their audit plan before the audit commences, the nature and scope of the audit and ensure coordination where more than one audit firm is involved;
- \* To discuss problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of management where necessary);
- \* To review the system of internal control, and in particular, review the external auditor's management letter and management's response;
- \* To ensure that adequate assistance is given by the employees of the Company to the external auditors;
- \* To ensure the adequacy of the scope and resources of the internal audit functions with the necessary authority for implementation;
- \* To review the internal audit programme and its findings, ensure that investigation is undertaken with the appropriate remedial action based on the recommendations of the internal audit function;
- \* To review any appraisal or assessment of the performance of members of the internal audit function;
- \* To approve any appointment or termination of senior staff members of the internal audit function;
- \* To be informed of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;
- \* To review the quarterly and year-end financial statements, prior to the approval by the board of directors, focusing particularly on:
  - i. Changes in or implementation of major accounting policies;
  - ii. Significant and unusual events;
  - iii. The going concern assumption; and
  - iv. Compliance with accounting standards and other legal requirements;
- \* To review management's monitoring of compliance with the Company's code of corporate conduct;
- \* To review with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements;
- \* To review the major findings of internal investigations and management's responses as well as any examinations by regulatory authorities;
- \* To review the allocation of options pursuant to share scheme for employees, transactions, procedure or course of conduct that raises questions of management integrity;
- \* To review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- \* Such other responsibilities as may be agreed to or by the Committee and the Board of Directors.

## Audit Committee Report (cont'd)

### RETIREMENT AND RESIGNATION

In the event of any vacancy in a Committee resulting in non compliance with the minimum requisite number of member, the said vacancy must be filled within 3 months.

### REVIEW OF THE AUDIT COMMITTEE

The Board of Directors of the Company must review the terms of office and performance of a Committee and each of its members at least once every 3 years to determine whether such Audit Committee and its members have carried out their duties in accordance with their terms of reference.

### MEETINGS

The Committee shall meet at least four (4) times per financial year. Additional meetings may be held at the discretion of the Committee or at the request of external auditors. The quorum of the meeting is two (2) and majority of members present must be independent directors.

A representative of the Company's department heads and the external auditors shall normally attend the meeting as and when required. However, at least twice a year the Committee shall meet with the external auditors without the Executive Board members present.

The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee.

The procedures of the meeting are as follows:

- \* The members may regulate their meetings as they think fit;
- \* Every notice convening meetings shall specify the place, the day, the hour and the agenda of the meeting and shall be given to all members at least one day before the meeting;
- \* Any question arising at any meeting of members shall be decided by a majority of votes and a determination by a majority of members. In the case of an equality of votes the Chairman shall not have a casting vote including but not limiting to the case where the quorum is made up of only two (2) members;
- \* The minutes of the meetings shall be kept at the registered office of the Company;
- \* The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee.

During the financial year ended 31 July 2010, six (6) meetings were held and the table of attendance of each committee member is as follows:

NAME	NO. OF MEETINGS ATTENDED
Mr. Loh Chye Teik	6
En. Saffie bin Bakar	6
Mr. Kan Ah Chun (resigned on 1 July 2010)	3
Dato' Wong Kam Hoong (appointed on 16 July 2010)	0

## Audit Committee Report (cont'd)

### SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

The activities of the Audit Committee for the financial year under review includes the following:

1. Reviewing and recommending for the Board's approval on the quarterly financial results and audited financial statements.
2. Reviewing with the external auditors' their management letter and management's response.

### INTERNAL AUDIT AND RISK MANAGEMENT

The staff of the Group assists the Committee in discharging its duties and responsibilities. Their role is to provide the Committee with independent and objective reports on the state of internal controls for high risk areas of the Group and the extent of compliance with established policies and procedures.

During the financial year ended 31 July 2010, the Group has carried out the following activities:

- \* Reviewed operational and financial risks of the Group.
- \* Recommended and implemented appropriate actions to be taken and being carried out to mitigate probable risk areas.

## Other Information

### SHARE BUY-BACKS

During the financial year, a total of 72,100 units of its own shares were purchased and retained as Treasury Shares pursuant to the Share Buy-Back Scheme. There was no resale or cancellation of Treasury Shares during the financial year.

Details of the shares bought back during the financial year were as follows:

	NUMBER OF SHARES	PRICE PER SHARE (RM)			TOTAL CONSIDERATION RM
		← LOWEST	HIGHEST →	AVERAGE	
August 2009	22,000	0.33	0.34	0.34	7,452
March 2010	50,100	0.51	0.56	0.53	26,691

### OPTIONS OR WARRANTS

During the financial year, the Company did not issue any options or warrants.

### AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT PROGRAMME ("GDR")

During the financial year, the Company did not sponsor any ADR or GDR programme.

### IMPOSITION OR SANCTION AND PENALTIES

There were no public imposition of sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

### NON-AUDIT FEES

During the financial year, there were no non-audit fees paid to the external auditors by the company or its subsidiaries incurred for services rendered. Taxation fees paid to a Company in which certain parties of Grant Thornton are substantial shareholders and directors for the financial year under review amounted to RM21,000.

### PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not issue or announce any profit estimate, forecast or projection to the public for the financial year.

### PROFIT GUARANTEE

During the financial year, the Company did not receive any profit guarantee from any parties.

### REVALUATION POLICY ON LANDED PROPERTIES

The Company does not adopt any revaluation policy on landed properties.

## Other Information (cont'd)

### **MATERIAL CONTRACTS**

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at 31 July 2010 or entered into since the end of the previous financial year.

### **CORPORATE SOCIAL RESPONSIBILITY**

There were no corporate social responsibility activities or practices undertaken by the Group for the financial year.

### **UTILISATION OF PROCEEDS**

There were no corporate proposals implemented during the financial year ended 31 July 2010.

### **VARIATION IN RESULTS**

There were no material variations between the audited results for the financial year ended 31 July 2010 over the unaudited results released for the financial quarter ended 31 July 2010.

### **RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Group does not have any recurrent related party transaction of a revenue or trading nature for the financial year ended 31 July 2010 made pursuant to a shareholders' mandate.

## Directors' Report for the year ended 31 July 2010

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2010.

### CHANGE OF NAME

The Company changed its name to Yen Global Berhad on 17 March 2010.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

### RESULTS

	GROUP RM	COMPANY RM
Loss after taxation for the year	<u>(3,781,743)</u>	<u>(264,857)</u>
Attributable to:		
Equity holders of the Company	(2,192,367)	(264,857)
Minority interests	<u>(1,589,376)</u>	<u>-</u>
	<u>(3,781,743)</u>	<u>(264,857)</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 31 July 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### DIVIDENDS

Since the end of the previous financial year, the Company has paid a first and final dividend of 3% less tax amounting to RM1,403,986 in respect of the financial year ended 31 July 2009 on 8 February 2010.

The directors do not recommend any dividend payment for this financial year.

### RESERVES AND PROVISIONS

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

### SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

## Directors' Report

for the year ended 31 July 2010 (cont'd)

### TREASURY SHARES

During the financial year, the Company repurchased **72,100** of its issued ordinary shares from the open market at an average price of **RM0.47** per share. The total consideration paid for the repurchase including transaction costs was **RM34,143**. The repurchase was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Treasury shares have no rights to voting, dividends and participation in other distribution.

Out of the total **125,000,000** issued and fully paid ordinary shares as at 31 July 2010, **251,100** are held as treasury shares by the Company. As at 31 July 2010, the number of outstanding ordinary shares in issue and fully paid is therefore **124,748,900** ordinary shares of RM0.50 each.

Further relevant details are disclosed in Note 16 to the financial statements.

### DIRECTORS

The directors who served since the date of the last report are as follows:

Goh Kok Beng  
Goh Kok Heng  
Yeoh Yeow Cheang  
Saffie Bin Bakar  
Loh Chye Teik  
Dato' Wong Kam Hoong (appointed on 16.7.2010)  
Kan Ah Chun (resigned on 1.7.2010)

### DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

	----- Number of ordinary shares of RM0.50 each -----			
	Balance at 1.8.09	Bought	Sold	Balance at 31.7.10
<b>The Company</b>				
<b>Direct interest:</b>				
Yeoh Yeow Cheang	605,900	-	-	605,900
Saffie Bin Bakar	250,000	-	-	250,000
Loh Chye Teik	106,500	-	-	106,500
<b>Deemed interest:</b>				
Goh Kok Beng	40,000,000	-	-	40,000,000
Goh Kok Heng	40,000,000	-	-	40,000,000

By virtue of their interests in the shares of the Company, **Mr. Goh Kok Beng** and **Mr. Goh Kok Heng** are also deemed interested in the shares of all the subsidiaries, to the extent that the Company has interests.



## Directors' Report for the year ended 31 July 2010 (cont'd)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### OTHER STATUTORY INFORMATION

Before the financial statements 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or
- (iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that 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 and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

## Directors' Report for the year ended 31 July 2010 (cont'd)

### AUDITORS

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors:

Goh Kok Heng

Yeoh Yeow Cheang

Penang,

Date: 16 November 2010



## Directors' Statement

We, **Goh Kok Heng** and **Yeoh Yeow Cheang**, being two of the directors of **Yen Global Berhad (formerly known as Sequoia Holdings Berhad)** state that in the opinion of the directors, the financial statements set out on pages 29 to 70 are 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 **31 July 2010** and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the directors:

**Goh Kok Heng**

**Yeoh Yeow Cheang**

Date: 16 November 2010

## Statutory Declaration

I, **Yeoh Yeow Cheang**, the director primarily responsible for the financial management of **Yen Global Berhad (formerly known as Sequoia Holdings Berhad)** do solemnly and sincerely declare that the financial statements set out on pages 29 to 70 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by     )  
the abovenamed at Penang, this **16th**     )  
day of **November 2010**.                     )

**Yeoh Yeow Cheang**

Before me,

**Goh Suan Bee**  
Commissioner for Oaths  
(P125)

## **Independent Auditors' Report**

**To The Members Of YEN GLOBAL BERHAD (formerly known as Sequoia Holdings Berhad)**  
**Company No. 570396-D (Incorporated In Malaysia)**

### **Report on the Financial Statements**

We have audited the financial statements of **Yen Global Berhad (formerly known as Sequoia Holdings Berhad)**, which comprise the balance sheets as at **31 July 2010** of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 70.

### **Directors' Responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **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 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 Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements 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 **31 July 2010** and of their financial performance and cash flows for the financial year then ended.

## Independent Auditors' Report

To The Members Of YEN GLOBAL BERHAD (formerly known as Sequoia Holdings Berhad)  
Company No. 570396-D (Incorporated In Malaysia) (cont'd)

### Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements,
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Matters

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

Grant Thornton  
No. AF : 0042  
Chartered Accountants

Date: 16 November 2010

Penang

John Lau Tiang Hua, DJN  
Partner  
No. 1107/03/12 (J)  
Chartered Accountant

## Consolidated Balance Sheet

at 31 July 2010

	NOTE	2010 RM	2009 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	13,243,044	11,543,539
Investment property	4	136,800	-
Prepaid land lease payments	5	2,910,622	2,976,873
Investment in an associate	7	-	1
Intangible assets	8	4,635,079	4,878,316
		<hr/>	<hr/>
		20,925,545	19,398,729
<b>Current assets</b>			
Inventories	9	46,881,305	39,025,913
Trade receivables	10	24,176,372	30,266,214
Other receivables, deposits and prepayments	11	9,097,242	6,634,422
Tax recoverable		809,688	672,256
Cash and bank balances	13	2,350,507	3,293,743
		<hr/>	<hr/>
		83,315,114	79,892,548
Non-current assets held for sale	14	-	147,600
		<hr/>	<hr/>
		83,315,114	80,040,148
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>104,240,659</b>	<b>99,438,877</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	15	62,500,000	62,500,000
Share premium		21,145	21,145
Treasury shares	16	(97,350)	(63,207)
Exchange translation reserve	17	(1,302,057)	142,900
Retained profits		12,230,692	15,827,045
		<hr/>	<hr/>
		73,352,430	78,427,883
Minority interests		(1,014,266)	1,263,507
		<hr/>	<hr/>
<b>Total equity</b>		<b>72,338,164</b>	<b>79,691,390</b>
<b>Non-current liabilities</b>			
Borrowings	19	1,340,735	1,199,454
Deferred tax liabilities	20	963,437	860,080
		<hr/>	<hr/>
		2,304,172	2,059,534
<b>Current liabilities</b>			
Trade payables	21	10,008,429	8,015,048
Other payables and accruals	22	3,092,621	3,033,320
Borrowings	19	15,552,836	6,311,518
Dividends payable		1,995	20
Provision for taxation		942,442	328,047
		<hr/>	<hr/>
		29,598,323	17,687,953
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>31,902,495</b>	<b>19,747,487</b>
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>104,240,659</b>	<b>99,438,877</b>

The notes set out on pages 38 to 70 form an integral part of these financial statements.

## Consolidated Income Statement for the year ended 31 July 2010

	NOTE	2010 RM	2009 RM
Revenue	23	48,801,759	69,434,435
Cost of sales		(25,212,935)	(39,539,483)
<b>Gross profit</b>		<b>23,588,824</b>	<b>29,894,952</b>
Other income	24	1,630,244	2,137,227
Administrative expenses		(18,249,654)	(18,733,369)
Selling and distribution expenses		(8,424,107)	(8,596,152)
<b>Operating (loss)/profit</b>		<b>(1,454,693)</b>	<b>4,702,658</b>
Finance costs		(808,693)	(496,566)
<b>(Loss)/Profit before taxation</b>	25	<b>(2,263,386)</b>	<b>4,206,092</b>
Taxation	26	(1,518,357)	(1,097,214)
<b>(Loss)/Profit for the year</b>		<b>(3,781,743)</b>	<b>3,108,878</b>
<b>Attributable to:</b>			
Equity holders of the Company		(2,192,367)	2,742,792
Minority interests		(1,589,376)	366,086
		<b>(3,781,743)</b>	<b>3,108,878</b>
<b>Basic (loss)/earnings per share (sen)</b>	27	<b>(1.75)</b>	<b>2.19</b>

The notes set out on pages 38 to 70 form an integral part of these financial statements.

## Consolidated Statement of Changes in Equity for the year ended 31 July 2010

NOTE	----- Attributable to Equity Holders of the Company -----						Minority Interests RM	Total Equity RM	
	----- Non-distributable -----			Distributable					
	Share Capital RM	Share Premium RM	Treasury Shares RM	Exchange Translation Reserve RM	Retained Profits RM	Total RM			
<b>2010</b>									
	Balance at beginning	62,500,000	21,145	(63,207)	142,900	15,827,045	78,427,883	1,263,507	79,691,390
17	Foreign currency translation	-	-	-	(1,444,957)	-	(1,444,957)	(688,397)	(2,133,354)
	Loss for the year	-	-	-	-	(2,192,367)	(2,192,367)	(1,589,376)	(3,781,743)
	Total recognised income and expense for the year	-	-	-	(1,444,957)	(2,192,367)	(3,637,324)	(2,277,773)	(5,915,097)
16	Purchase of treasury shares	-	-	(34,143)	-	-	(34,143)	-	(34,143)
28	Dividends	-	-	-	-	(1,403,986)	(1,403,986)	-	(1,403,986)
	Balance at end	<u>62,500,000</u>	<u>21,145</u>	<u>(97,350)</u>	<u>(1,302,057)</u>	<u>12,230,692</u>	<u>73,352,430</u>	<u>(1,014,266)</u>	<u>72,338,164</u>
<b>2009</b>									
	Balance at beginning	62,500,000	21,145	-	-	13,084,253	75,605,398	1,689,334	77,294,732
17	Foreign currency translation	-	-	-	142,900	-	142,900	47,633	190,533
	Profit for the year	-	-	-	-	2,742,792	2,742,792	366,086	3,108,878
	Total recognised income and expense for the year	-	-	-	142,900	2,742,792	2,885,692	413,719	3,299,411
16	Purchase of treasury shares	-	-	(63,207)	-	-	(63,207)	-	(63,207)
	Acquisition of additional equity interests of existing subsidiaries from minority interests	-	-	-	-	-	-	(839,546)	(839,546)
	Balance at end	<u>62,500,000</u>	<u>21,145</u>	<u>(63,207)</u>	<u>142,900</u>	<u>15,827,045</u>	<u>78,427,883</u>	<u>1,263,507</u>	<u>79,691,390</u>

The notes set out on pages 38 to 70 form an integral part of these financial statements.

## Consolidated Cash Flow Statement for the year ended 31 July 2010

	2010 RM	2009 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(2,263,386)	4,206,092
Adjustments for:		
Allowance for doubtful debts	604,126	278,203
Amortisation of prepaid land lease payments	66,251	66,123
Bad debts	353,679	184,501
Depreciation	2,082,474	1,679,423
Gain on bargain purchase from additional investment in a subsidiary	-	(688,851)
(Gain)/Loss on disposal of property, plant and equipment	(71,081)	23,375
Goodwill on consolidation written off	-	9,913
Impairment loss on goodwill	-	170,096
Interest expense	808,693	496,566
Interest income	(2,335)	(17,909)
Property, plant and equipment written off	263,652	18,428
Surplus arising from liquidation of an associate	(10,991)	-
Unrealised loss/(gain) on foreign exchange	949,081	(402,814)
	2,780,163	6,023,146
Operating profit before working capital changes	(7,855,392)	(5,411,526)
Increase in inventories	1,464,125	(9,725,901)
Decrease/(Increase) in receivables	2,308,693	5,288,265
Increase in payables	(1,302,411)	(3,826,016)
Cash used in operations	(1,366,169)	(1,453,645)
Income tax paid	450,458	1,380,559
Income tax refund	(808,693)	(496,566)
Interest paid	(3,026,815)	(4,395,668)
Net cash used in operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
** Cash flow on acquisition of additional equity interests in existing subsidiaries	-	(65,702)
Interest received	2,335	17,909
Proceeds from disposal of property, plant and equipment	258,460	516,130
Proceeds arising from liquidation of an associate	10,992	-
* Purchase of property, plant and equipment	(3,028,260)	(1,709,267)
Purchase of treasury shares	(34,143)	(63,207)
Net cash used in investing activities	(2,790,616)	(1,304,137)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bankers acceptance	5,385,000	3,410,000
Dividends paid	(1,402,011)	(2,817)
(Payment)/Drawdown of factoring liabilities	(467,507)	891,602
Payment of hire purchase loans	(172,774)	-
Repayment of term loans	(1,287,100)	(2,163,962)
Net cash from financing activities	2,055,608	2,134,823
Effects of changes in exchange rates	(1,860,709)	330,621
Net decrease in cash and cash equivalents carried forward	(5,622,532)	(3,234,361)

The notes set out on pages 38 to 70 form an integral part of these financial statements.

## Consolidated Cash Flow Statement

for the year ended 31 July 2010 (cont'd)

	2010 RM	2009 RM
Net decrease in cash and cash equivalents brought forward	(5,622,532)	(3,234,361)
Effects of changes in exchange rates on cash and cash equivalents	(15,291)	(19,548)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<b>3,293,743</b>	<b>6,547,652</b>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>(2,344,080)</b>	<b>3,293,743</b>
 <b>Represented by:</b>		
Cash and bank balances	2,350,507	3,293,743
Bank overdraft	(4,694,587)	-
	<b>(2,344,080)</b>	<b>3,293,743</b>
 <b>* Purchase of property, plant and equipment</b>		
Total acquisition cost	4,258,653	1,709,267
Acquired under hire purchase loans	(1,230,393)	-
	<b>3,028,260</b>	<b>1,709,267</b>
 <b>** Cash flow on acquisition of additional equity interests in existing subsidiaries</b>		
Property, plant and equipment	-	69,101
Goodwill	-	998,769
Inventories	-	1,247,306
Receivables	-	1,682,875
Tax recoverable	-	35,406
Bank balances	-	94,906
Payables	-	(3,288,817)
Net assets of acquired subsidiaries	-	839,546
Goodwill on consolidation written off	-	9,913
Gain on bargain purchase	-	(688,851)
Share of net assets acquired	-	160,608
Less : Cash and cash equivalents	-	(94,906)
Cash flow on acquisition of additional equity interests in existing subsidiaries	-	65,702

The notes set out on pages 38 to 70 form an integral part of these financial statements.

## Balance Sheet at 31 July 2010

	NOTE	2010 RM	2009 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	6	61,410,109	61,410,109
<b>Current assets</b>			
Sundry deposit	11	1,000	1,000
Amount due from subsidiaries	12	36,486,683	32,901,389
Tax recoverable		-	72,618
Bank balances	13	3,190	13,660
		<u>36,490,873</u>	<u>32,988,667</u>
<b>TOTAL ASSETS</b>		<u><b>97,900,982</b></u>	<u><b>94,398,776</b></u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	15	62,500,000	62,500,000
Share premium		21,145	21,145
Treasury shares	16	(97,350)	(63,207)
Retained profits	18	17,710,556	19,379,399
<b>Total equity</b>		<u><b>80,134,351</b></u>	<u><b>81,837,337</b></u>
<b>Current liabilities</b>			
Sundry payables and accruals	22	159,564	136,812
Amount due to subsidiaries	12	12,910,485	12,424,607
Dividends payable		1,995	20
Bank overdraft	19	4,694,587	-
<b>Total liabilities</b>		<u><b>17,766,631</b></u>	<u><b>12,561,439</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>97,900,982</b></u>	<u><b>94,398,776</b></u>

The notes set out on pages 38 to 70 form an integral part of these financial statements.

## Income Statement for the year ended 31 July 2010

	NOTE	2010 RM	2009 RM
Revenue		-	-
Other income	24	-	24,500
Administrative expenses		<b>(264,857)</b>	(233,786)
<b>Loss before taxation</b>	<b>25</b>	<b>(264,857)</b>	(209,286)
Taxation	26	-	(1,643)
<b>Loss for the year</b>		<b>(264,857)</b>	(210,929)

The notes set out on pages 38 to 70 form an integral part of these financial statements.

## Statement of Changes in Equity for the year ended 31 July 2010

	NOTE	Share Capital RM	--- Non-distributable --- Share Premium RM	Treasury Shares RM	Distributable Retained Profits RM	Total Equity RM
<b>2010</b>						
Balance at beginning		62,500,000	21,145	(63,207)	19,379,399	81,837,337
Loss for the year		-	-	-	(264,857)	(264,857)
Purchase of treasury shares	16	-	-	(34,143)	-	(34,143)
Dividends	28	-	-	-	(1,403,986)	(1,403,986)
Balance at end		<u>62,500,000</u>	<u>21,145</u>	<u>(97,350)</u>	<u>17,710,556</u>	<u>80,134,351</u>
<b>2009</b>						
Balance at beginning		62,500,000	21,145	-	19,590,328	82,111,473
Loss for the year		-	-	-	(210,929)	(210,929)
Purchase of treasury shares	16	-	-	(63,207)	-	(63,207)
Balance at end		<u>62,500,000</u>	<u>21,145</u>	<u>(63,207)</u>	<u>19,379,399</u>	<u>81,837,337</u>

The notes set out on pages 38 to 70 form an integral part of these financial statements.

## Cash Flow Statement for the year ended 31 July 2010

	2010 RM	2009 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(264,857)	(209,286)
Working capital changes: Increase in payables	22,752	61,300
Cash used in operations	(242,105)	(147,986)
Income tax refund	72,618	-
Net cash used in operating activities	(169,487)	(147,986)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in subsidiaries	-	(924,500)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(1,402,011)	(2,817)
Net change in subsidiaries balances	(3,099,416)	1,136,597
Purchase of treasury shares	(34,143)	(63,207)
Net cash (used in)/from financing activities	(4,535,570)	1,070,573
<b>NET DECREASE IN CASH AND CASH EQUIVALENT</b>	<b>(4,705,057)</b>	<b>(1,913)</b>
<b>CASH AND CASH EQUIVALENT AT BEGINNING</b>	<b>13,660</b>	<b>15,573</b>
<b>CASH AND CASH EQUIVALENT AT END</b>	<b>(4,691,397)</b>	<b>13,660</b>
<b>Represented by:</b>		
Bank balances	3,190	13,660
Bank overdraft	(4,694,587)	-
	<b>(4,691,397)</b>	<b>13,660</b>

The notes set out on pages 38 to 70 form an integral part of these financial statements.

## Notes to the Financial Statements – 31 July 2010

### 1. CORPORATE INFORMATION

#### General

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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 November 2010.

#### Change of name

The Company changed its name to Yen Global Berhad on 17 March 2010.

#### Principal Activities

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

#### 2.1 Basis of Preparation

The financial statements of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in accordance with applicable Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

At the beginning of the financial year, the Group and the Company had adopted new/revised FRSs for financial periods beginning on or after 1 July 2009 as described fully in Note 2.26 (i).

#### 2.2 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed as follows:

##### (i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment. Therefore future depreciation charges could be revised.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.2 Significant Accounting Estimates and Judgements (cont'd)

(ii) **Impairment of intangible assets**

The Group determines whether goodwill and trade mark are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which goodwill and trade mark are allocated. Estimating the value-in-use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) **Net realisable values of inventories**

The management reviews for slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

(iv) **Recoverability of receivables**

The management reviews for bad and doubtful debts based on an assessment of the recoverability of receivables. Bad debts are written off and allowance for doubtful debts are made to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) **Income taxes**

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax may result in a difference in the amounts initially recognised and such difference will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

(vi) **Deferred tax assets**

Deferred tax assets are recognised for unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses and other deductible temporary differences 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 tax planning strategies.

#### 2.3 Subsidiaries and Basis of Consolidation

##### Subsidiaries

Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating activities so as to obtain benefits therefrom.

Investment in subsidiaries which is eliminated on consolidation is stated at cost less accumulated impairment losses in the Company's separate financial statements.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Subsidiaries and Basis of Consolidation (cont'd)

##### Basis of Consolidation

The consolidated financial statements of the Group include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the results of the subsidiaries acquired or disposed of are included from the date of acquisition and up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities represents goodwill and is retained in the balance sheet. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Inter-company balances, transactions and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the acquisition fair values of the identifiable assets and liabilities of the acquiree company. Separate disclosure is made of minority interest.

#### 2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Buildings	2% - 20%
Machinery and factory equipment	10%
Renovation	2%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	20%

The residual value, useful life and depreciation method are reviewed at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between its net disposal proceeds and its carrying amount is charged or credited to the income statement.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.5 Hire Purchase

Property, plant and equipment acquired under hire purchase contracts are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 2.4. The corresponding outstanding obligations due under the hire purchase agreements after deducting finance costs are included as liabilities in the financial statements. Finance expenses are charged to the income statement over the period of the respective agreements using the sum-of-digits method.

#### 2.6 Investment Property

Investment property is property which is held to earn rental income, or for capital appreciation or for both. Such property is measured initially at cost. Initial cost comprises purchase price and any directly attributable expenditure for a purchased investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold shoplot is depreciated on the straight line method to write off the cost to its residual value over its estimated useful lives at 2% per annum.

#### 2.7 Operating Leases

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

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land elements and buildings elements of the lease at the inception of the lease. The upfront payment represents prepaid lease payments and are amortised on a straight line basis over the lease term.

Prepaid lease payments on leasehold land are amortised on a straight line basis over the lease term of the land of 46 years and 92 years.

#### 2.8 Investment in an Associate

An associate is defined as one in which the Company has significant influence, but not control, over the financial and operating policies.

Investment in associate is accounted for in the consolidated financial statements by the equity method of accounting based on audited or management financial statements of the associate. Under the equity method of accounting, the Group's share of profits/losses of the associate during the year is included in the consolidated income statement. The Group's interest in associate is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate.

Unrealised profits arising on transactions between the Group and its associate which are included in the carrying amount of the related assets and liabilities are eliminated to the extent of the Group's interests in the associate. Unrealised losses on such transactions are also eliminated unless cost cannot be recovered.

The equity method of accounting is discontinued when the Group's share of losses of the associate exceeds the carrying amount of investment, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.8 Investment in an Associate (cont'd)

In the Company's separate financial statements, investment in associates is stated at cost less accumulated impairment losses.

Upon the disposal of investment in an associate, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

#### 2.9 Intangible Assets

##### Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### Trade marks

Trade marks are measured initially at cost. Subsequent to initial recognition, trade marks with definite life are stated at cost less accumulated amortisation and impairment losses while trade marks with indefinite life are stated at cost less impairment losses. Trade marks with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of a trade mark with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

#### 2.10 Inventories

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

Cost is determined on the weighted average basis.

Cost of work-in-progress and finished goods includes materials, direct labour and attributable production overheads.

Net realisable value represents 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.

#### 2.11 Receivables

Receivables are stated at their anticipated realisable values.

Known bad debts are written off and specific allowance is made for any debts considered to be doubtful of collection.

#### 2.12 Non-current Assets 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.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.12 Non-current Assets Held for Sale (cont'd)

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 are measured at the lower of carrying amount and fair value less costs to sell.

#### 2.13 Payables

Payables are stated at cost which is the fair value of the consideration to be paid in future for goods and services received.

#### 2.14 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

#### 2.15 Impairment of Assets

##### Goodwill

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

The Group reviews the carrying amount of its CGUs at each balance sheet date to determine whether there is any indication of impairment or more frequently when indicators of impairment are identified. If any such indication exists, impairment is measured by comparing the carrying amount of the CGUs with its recoverable amount.

CGU's recoverable amount is the higher of CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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 CGUs. Where the carrying amount of CGUs exceeds its recoverable amount, the CGUs is considered impaired and is written down to its recoverable amount. Impairment loss recognised in respect of a CGUs 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.

An impairment loss is recognised in the income statement in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period.

##### Other assets

At each balance sheet date, the Group reviews the carrying amounts of its assets other than prepaid land lease payments, inventories and financial assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.15 Impairment of Assets (cont'd)

##### Other assets (cont'd)

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

#### 2.16 Income Recognition

- (i) Revenue from sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.
- (ii) Revenue arising from the provision of services is recognised on the dates the services are rendered and completed.

#### 2.17 Employee Benefits

##### Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

#### 2.18 Interest-bearing borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs incurred.

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

#### 2.19 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted by the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.19 Income Tax (cont'd)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

#### 2.20 Foreign Currency Translations

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.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, foreign currency monetary items are translated into functional currency at the exchange rates ruling at that date. All exchange gains or losses are included in the income statement.

The financial statements of the foreign subsidiary are translated into Ringgit Malaysia at the approximate rate of exchange ruling on the balance sheet date for balance sheet items and at the approximate average rate of exchange ruling on transaction dates for income statement items. Exchange differences due to such currency translations are taken directly to foreign translation reserve.

#### 2.21 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

#### 2.22 Segment Reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

#### 2.23 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 events not wholly within the control of the Group.

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

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.24 Equity Instruments

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from equity, net of tax, from the proceeds.

When issued shares of the Company are repurchased, the consideration paid, including directly attributable costs is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, reissuance or cancellation of treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are reissued by resale, the difference between the sale consideration net of directly attributable costs and the carrying amount of the treasury shares is shown as a movement in equity.

#### 2.25 Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of the financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The particular recognition methods adopted are disclosed in the individual accounting policy associated with each item.

#### 2.26 New/Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations

##### (i) Adoption of new FRS by the Group and by the Company

On 1 August 2009, the Group and the Company adopted FRS 8 Operating Segments mandatory for financial periods beginning on or after 1 July 2009.

This FRS replaces FRS 114<sub>2004</sub> : Segment Reporting and requires a "management approach", under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or result of the Group.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.26 New/Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations (cont'd)

##### (ii) **New/revised FRSs, amendments/improvements to FRSs and IC Interpretations that are issued but not yet effective and have not been early adopted by the Group and by the Company**

###### (a) Effective for financial periods beginning on or after 1 January 2010

Amendment 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
Amendment to FRS 2	Share-based Payment. Amendments relating to vesting conditions and cancellations
FRS 4	Insurance Contracts
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations. Amendment relating to disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations
FRS 7	Financial Instruments: Disclosures
Amendment to FRS 7	Financial Instruments: Disclosures. Amendments relating to financial assets
Amendment to FRS 8	Operating Segments. Amendment relating to disclosure information about segment assets
FRS 101 (Revised 2010)	Presentation of Financial Statements
Amendment to FRS 107	Statement of Cash Flows. Amendment relating to classification of expenditures on unrecognised assets
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors. Amendment relating to selection and application of accounting policies
Amendment to FRS 110	Events After the Reporting Period. Amendment relating to reason for dividend not recognised as a liability at the end of the reporting period
Amendment to FRS 116	Property, Plant and Equipment. Amendment relating to derecognition of asset
Amendment to FRS 118	Revenue. Amendment relating to Appendix of this standard and recognition and measurement
Amendment to FRS 119	Employee Benefits. Amendment relating to definition, curtailment and settlements
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance. Amendment relating to definition and government loan with a below market rate of interest
FRS 123 (Revised 2010)	Borrowing Costs
Amendment to FRS 123	Borrowing Costs. Amendment relating to components of borrowing costs
Amendment to FRS 127	Consolidated and Separate Financial Statements. Amendment relating to cost of an investment in a subsidiary, jointly controlled entity or associate
Amendment to FRS 128	Investment in Associates. Amendment relating to impairment losses in application of the equity method and the scope of this standard
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies. Amendment relating to changing of terms used
Amendment to FRS 131	Interests in Joint Ventures. Amendment relating to additional disclosure required for joint venture that does not apply FRS 131

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.26 New/Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations (cont'd)

(ii) **New/revised FRSs, amendments/improvements to FRSs and IC Interpretations that are issued but not yet effective and have not been early adopted by the Group and by the Company**  
(cont'd)

(a) Effective for financial periods beginning on or after 1 January 2010 (cont'd)

Amendment to FRS 132	Financial Instruments: Presentation. Amendment relating to puttable financial instruments
Amendment to FRS 134	Interim Financial Reporting. Amendment relating to disclosure of earnings per share
Amendment to FRS 136	Impairment of Assets. Amendment relating to the disclosure of recoverable amount
Amendment to FRS 138	Intangible Assets. Amendment relating to recognition of an expense
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 139	Financial Instruments: Recognition and Measurements. Amendments relating to eligible hedged items, reclassification of financial assets and embedded derivatives
Amendment to FRS 140	Investment Property. Amendment relating to inability to determine fair value reliably
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

(b) Effective for financial periods beginning on or after 1 March 2010

Amendment to FRS 132	Financial Instruments: Presentation. Amendments relating to classification of rights issues
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(c) Effective for financial periods beginning on or after 1 July 2010

FRS 1 (Revised 2010)	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment. Amendments relating to the scope of the Standard
FRS 3 (Revised 2010)	Business Combinations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations. Amendment relating to the inclusion of non-current assets as held for distribution to owners in the standards
FRS127 (Revised 2010)	Consolidated and Separate Financial Statements
Amendments to FRS 138	Intangible Assets. Amendments relating to the revision to FRS 3
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives. Amendments relating to the scope of the IC and revision to FRS 3
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

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.26 New/Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations (cont'd)

(ii) **New/revised FRSs, amendments/improvements to FRSs and IC Interpretations that are issued but not yet effective and have not been early adopted by the Group and by the Company**  
(cont'd)

(d) Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendment to FRS 1	Additional Exemptions for First-time Adopters
Amendment to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendment to FRS 7	Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers

(e) Effective for financial periods beginning on or after 1 January 2012

IC Interpretation 15	Agreements for the Construction of Real Estate
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The existing FRS 1, FRS 3 and FRS 127 will be withdrawn upon the adoption of the revised Standards which will take effect on or after 1 July 2010. FRS 201<sub>2004</sub> Property Development Activities shall be withdrawn on application of IC Interpretation 15 which will take effect on or after 1 January 2012. The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

IC Interpretation 8 and IC Interpretation 11 shall be withdrawn on application of Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2).

The directors anticipate that the other FRSs, amendments to FRSs and IC Interpretations relevant to the Group and to the Company will be adopted in the financial year commencing 1 August 2010 and that the adoption of these new/revised FRSs, amendments to FRSs and IC Interpretations will have no material impact on the financial statements except for the following:

#### FRS 3 Business Combination

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

#### FRS 7 Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group and the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

#### Amendment to FRS 117 Leases

The amendment clarifies the classification of lease of land and requires entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.26 New/Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations (cont'd)

##### FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The Group and the Company shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

##### FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes the principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

### 3. PROPERTY, PLANT AND EQUIPMENT

#### GROUP 2010

	----- At cost -----					Balance at end RM
	Balance at beginning RM	Additions RM	Disposals RM	Written off RM	Foreign currency translation RM	
Buildings	8,744,628	55,172	-	-	(4,685)	8,795,115
Machinery and factory equipment	2,977,290	17,500	(7,065)	-	-	2,987,725
Renovation	246,930	12,555	-	-	-	259,485
Furniture, fittings and office equipment	7,410,194	1,768,049	(475,214)	(730,106)	(44,100)	7,928,823
Motor vehicles	1,088,835	2,405,377	(201,079)	-	-	3,293,133
	<u>20,467,877</u>	<u>4,258,653</u>	<u>(683,358)</u>	<u>(730,106)</u>	<u>(48,785)</u>	<u>23,264,281</u>
	----- Accumulated depreciation -----					Balance at end RM
	Balance at beginning RM	Current charge RM	Disposals RM	Written off RM	Foreign currency translation RM	
Buildings	1,161,899	182,157	-	-	(704)	1,343,352
Machinery and factory equipment	2,344,216	279,089	(6,046)	-	-	2,617,259
Renovation	76,192	20,050	-	-	-	96,242
Furniture, fittings and office equipment	4,400,432	1,111,980	(303,754)	(466,454)	(11,638)	4,730,566
Motor vehicles	941,599	478,398	(186,179)	-	-	1,233,818
	<u>8,924,338</u>	<u>2,071,674</u>	<u>(495,979)</u>	<u>(466,454)</u>	<u>(12,342)</u>	<u>10,021,237</u>
						Net carrying amount at end RM
Buildings						7,451,763
Machinery and factory equipment						370,466
Renovation						163,243
Furniture, fittings and office equipment						3,198,257
Motor vehicles						2,059,315
						<u>13,243,044</u>

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

2009

	----- At cost -----					Balance at end RM
	Balance at beginning RM	Additions RM	Disposals RM	Written off RM	Foreign currency translation RM	
Buildings	8,710,774	33,854	-	-	-	8,744,628
Machinery and factory equipment	2,977,290	-	-	-	-	2,977,290
Renovation	534,509	7,656	(295,235)	-	-	246,930
Furniture, fittings and office equipment	6,150,791	1,667,757	(342,641)	(43,277)	(22,436)	7,410,194
Motor vehicles	1,088,835	-	-	-	-	1,088,835
	<u>19,462,199</u>	<u>1,709,267</u>	<u>(637,876)</u>	<u>(43,277)</u>	<u>(22,436)</u>	<u>20,467,877</u>
	----- Accumulated depreciation -----					Balance at end RM
	Balance at beginning RM	Current charge RM	Disposals RM	Written off RM	Foreign currency translation RM	
Buildings	985,751	176,027	-	-	121	1,161,899
Machinery and factory equipment	2,062,470	281,746	-	-	-	2,344,216
Renovation	95,838	17,464	(37,110)	-	-	76,192
Furniture, fittings and office equipment	3,477,227	1,006,236	(61,261)	(24,849)	3,079	4,400,432
Motor vehicles	743,649	197,950	-	-	-	941,599
	<u>7,364,935</u>	<u>1,679,423</u>	<u>(98,371)</u>	<u>(24,849)</u>	<u>3,200</u>	<u>8,924,338</u>
						Net carrying amount at end RM
Buildings						7,582,729
Machinery and factory equipment						633,074
Renovation						170,738
Furniture, fittings and office equipment						3,009,762
Motor vehicles						147,236
						<u>11,543,539</u>

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 4. INVESTMENT PROPERTY

	Freehold shoplot	
	2010 RM	2009 RM
<b>At cost</b>		
Reclassified from non-current assets held for sale	180,000	-
<b>Less: Accumulated depreciation</b>		
Reclassified from non-current assets held for sale	32,400	-
Current charge - current year	3,600	-
- adjustment as a result of reclassification	7,200	-
Balance at end	(43,200)	-
<b>Net carrying amount</b>	<b>136,800</b>	<b>-</b>
<b>Fair value</b>	<b>200,000</b>	<b>-</b>

The fair value of investment property as at balance sheet date is derived based on directors' valuation by reference to the existing market condition.

The amounts recognised in the income statement are as follows:

	2010 RM	2009 RM
Rental income from investment property	43,050	-
Direct operating expenses arising from investment property that generated rental income during the year	11,105	-

### 5. PREPAID LAND LEASE PAYMENTS

	2010 RM	2009 RM
<b>At cost</b>		
Balance at beginning/end	3,241,365	3,241,365
<b>Accumulated amortisation</b>		
Balance at beginning	264,492	198,369
Current year	66,251	66,123
Balance at end	(330,743)	(264,492)
<b>Net carrying amount</b>	<b>2,910,622</b>	<b>2,976,873</b>

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 5. PREPAID LAND LEASE PAYMENTS (cont'd)

	2010 RM	2009 RM
Represented by:		
Long leasehold land	1,002,870	1,014,645
Short leasehold land	1,907,752	1,962,228
	<u>2,910,622</u>	<u>2,976,873</u>

Long leasehold land refers to land with remaining lease period in excess of 50 years whilst short leasehold land refers to land with remaining lease period of less than 50 years determined as at balance sheet date.

The short leasehold land is stated at directors' valuation based on the report dated 15 March 2001 prepared by Henry Butcher, Lim & Long (N) Sdn. Bhd., an independent qualified valuer on the open market basis.

### 6. INVESTMENT IN SUBSIDIARIES

	2010 RM	2009 RM
Unquoted shares, at cost	<u>61,410,109</u>	<u>61,410,109</u>

Details of the subsidiaries are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2010	2009	
<b>Direct:</b>				
G.A. Blue Corporation Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of jeanswear and its related products.
Uni Jeans Care Sdn. Bhd.	Malaysia	100%	100%	Provision of services relating to specialised treatment and finishing process of jeanswear.
Twin Access Sdn. Bhd.	Malaysia	100%	100%	Marketing, distributing and retailing of jeanswear and other fashion apparels.
Evatech Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and export of garments and apparels.
Yen Retailing (M) Sdn. Bhd.	Malaysia	100%	100%	Distributing and retailing of jeanswear, footwear and other accessories.
Mustang Jeans (M) Sdn. Bhd.	Malaysia	100%	100%	Marketing of jeanswear and its related products.
Delison Sdn. Bhd.	Malaysia	100%	100%	Distributing of accessories.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 6. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2010	2009	
LKH Footwear Collection Sdn. Bhd. #	Malaysia	100%	100%	Marketing and distributing of footwear and related products.
Lensan Sdn. Bhd. #	Malaysia	100%	100%	Marketing and distributing of fashion watches and eyewear.
Starix Collection Sdn. Bhd.	Malaysia	75%	75%	Marketing and distributing of high fashion wear and manufacturing of apparels.
Sebico Jaya Trading Co. Sdn. Bhd.*	Malaysia	100%	100%	Retailing of ready-made clothing, handbags and personal effects.
Cosmotion Sdn. Bhd.	Malaysia	100%	100%	Trading and wholesaling in all kinds of fashion garments.
<b>Indirect-held through Evatech Sdn. Bhd.</b>				
Yen Denim (M) Sdn. Bhd.	Malaysia	100%	100%	Marketing, distributing and retailing of jeanswear and other fashion apparels.
Quangcin Sdn. Bhd.	Malaysia	100%	100%	Marketing, distributing and retailing of jeanswear and other fashion apparels.
<b>Indirect-held through Starix Collection Sdn. Bhd.</b>				
Twoagentsee International Ltd. *	United Kingdom	48%	48%	Marketing and distribution of fashion wear.

# Did not carry out any business activities during the year.

\* Not audited by Grant Thornton.

2009

- (i) On 11 August 2008, the Company acquired an additional 24% equity interest comprising 724,500 ordinary shares of RM1 each in its subsidiary Starix Collection Sdn. Bhd. for a total cash consideration of RM724,500. Consequent to the acquisition, the Company's equity interest increased from 51% to 75%.
- (ii) On 31 July 2009, the Company acquired the remaining 40% equity interest comprising 200,000 ordinary shares of RM1 each in its subsidiary LKH Footwear Sdn. Bhd. for a total cash consideration of RM200,000.

The above acquisitions did not have a material effect on the financial results and financial position of the Group for the year ended 31 July 2009.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 7. INVESTMENT IN AN ASSOCIATE

	2010 RM	2009 RM
Unquoted shares, at cost	-	282,845
Less : Impairment loss	-	(192,845)
	<hr/>	<hr/>
Share of post-acquisition reserve	-	90,000
	-	(89,999)
	<hr/>	<hr/>
	-	1
	<hr/>	<hr/>
Represented by:		
Share of net assets	-	1
	<hr/>	<hr/>

Details of the associate are as follow:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2010	2009	
Vansen Pte. Ltd.	Singapore	-	40%	Dormant.

#### 2010

During the financial year, Vansen Pte. Ltd. has liquidated its assets and has applied to the Accounting and Corporate Regulatory of Singapore to strike its name off from the register.

#### 2009

The Group has discontinued the recognition of its share of losses of the associate as the share of losses of this associate has exceeded the Group's interest in the associate. The Group's unrecognised share of losses of this associate for the current year and cumulatively were RM93,028 and RM186,780 respectively.

The summarised financial information of the associate is as follow:

	2010 RM	2009 RM
<b>Assets and liabilities</b>		
Current assets	-	241,376
	<hr/>	<hr/>
Current liabilities	-	236,878
	<hr/>	<hr/>
<b>Results</b>		
Loss for the year	-	(232,569)
	<hr/>	<hr/>

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 8. INTANGIBLE ASSETS

	2010 RM	2009 RM
<b>Trade mark</b>		
Balance at beginning/end	2,235,149	2,235,149
<b>Goodwill</b>		
Balance at beginning	2,813,263	3,002,170
Foreign currency translation arising from acquisition of business operation	(243,237)	(188,907)
Balance at end	2,570,026	2,813,263
Less : Accumulated impairment loss	(170,096)	(170,096)
	<b>2,399,930</b>	2,643,167
	<b>4,635,079</b>	4,878,316

The goodwill arising from the acquisition of Twoagentsee International Ltd. and trade mark have been allocated to their respective business segment as the cash-generating units ("CGU").

For annual impairment testing purposes, the recoverable amounts of the CGU are determined based on their value in use, which apply a discounted cash flow model using cash flow projections based on financial budget and projections approved by management.

No impairment loss was required during the year for the trademark and goodwill as their recoverable amount is in excess of their carrying amount.

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

(i) Cash flow projections and growth rate

The five-year cash flow projections are based on the most recent budget approved by the management and extrapolated using a steady growth rate for the subsequent years.

(ii) Discount rate

The discount rate of **6.30%** (2009 : 5.55%) is applied to the cash flow projections.

### 9. INVENTORIES

	2010 RM	2009 RM
At cost:		
Raw materials	1,369,954	1,501,324
Work-in-progress	356,604	113,328
Finished goods	15,987,308	17,134,091
Trading goods	29,167,439	20,277,170
	<b>46,881,305</b>	39,025,913

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 10. TRADE RECEIVABLES

	2010 RM	2009 RM
Total amount	25,918,182	35,300,240
Less : Allowance for doubtful debts		
Balance at beginning	(5,034,026)	(5,995,316)
Current year	(478,214)	(229,470)
Doubtful debts recovered	25,679	64,530
Written off	3,744,751	1,126,230
Balance at end	(1,741,810)	(5,034,026)
	<b>24,176,372</b>	<b>30,266,214</b>
Analysis by currencies:		
Ringgit Malaysia	16,774,811	17,197,403
Sterling Pound	8,920,793	15,626,655
US Dollar	56,075	1,225,740
Euro	166,503	1,250,442
	<b>25,918,182</b>	<b>35,300,240</b>

Included herein is an amount of **RM5,142,538** (2009 : RM5,968,586) due from a related party, Twoagentsee Limited in which certain directors of a subsidiary have interests. This is in respect of a debt assigned to the said related party during the business acquisition by the subsidiary in prior years.

The normal credit terms granted to trade receivables range from 30 to 180 days. Other credit terms are assessed and approved on a case-by-case basis.

### 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Other receivables	5,018,057	5,598,636	-	-
Less : Allowance for doubtful debts				
Balance at beginning	(48,733)	-	-	-
Current year	(125,912)	(48,733)	-	-
Balance at end	(174,645)	(48,733)	-	-
	<b>4,843,412</b>	5,549,903	-	-
Deposits	4,062,980	552,178	1,000	1,000
Prepayments	190,850	532,341	-	-
	<b>9,097,242</b>	6,634,422	<b>1,000</b>	1,000

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Analysis by currencies:				
Ringgit Malaysia	5,805,957	2,708,014	1,000	1,000
Hong Kong Dollar	-	244,713	-	-
Sterling Pound	3,286,706	3,677,116	-	-
Chinese Renminbi	4,579	4,579	-	-
	<b>9,097,242</b>	<b>6,634,422</b>	<b>1,000</b>	<b>1,000</b>

Included herein is an amount of **RM2,921,455** (2009 : RM2,964,980) due to a foreign subsidiary from a related party, Twoagentsee Limited, in which certain directors of the said foreign subsidiary have interest. It is unsecured, interest free and is repayable on demand.

### 12. AMOUNT DUE FROM/TO SUBSIDIARIES

The amount due from/to subsidiaries is unsecured, interest free and is repayable on demand.

### 13. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Short term funds with a licensed financial institution	-	56,347	-	-
Cash and bank balances	2,350,507	3,237,396	3,190	13,660
	<b>2,350,507</b>	<b>3,293,743</b>	<b>3,190</b>	<b>13,660</b>

Short term funds represented investments with maturity period of less than 7 days and the effective interest rate at balance sheet date was 2.46% per annum.

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Analysis by currencies:				
Ringgit Malaysia	2,330,803	3,183,258	3,190	13,660
Sterling Pound	19,659	110,485	-	-
US Dollar	45	-	-	-
	<b>2,350,507</b>	<b>3,293,743</b>	<b>3,190</b>	<b>13,660</b>

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 14. NON-CURRENT ASSETS HELD FOR SALE

	2010 RM	2009 RM
Freehold shoplot	147,600	147,600
Less : Reclassified to investment property	(147,600)	-
	-	147,600

#### 2010

During the financial year, the Management of the Group have abandoned their decision to dispose of the freehold shoplot as they have secured a tenant for the said property and are of the opinion that it is more financially beneficial for the subsidiary to receive monthly determinable income from the rental rather than through sale. Accordingly, the freehold shoplot has been reclassified to investment property in accordance with the provisions of FRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

### 15. SHARE CAPITAL

	Number of ordinary shares of RM0.50 each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised:				
Balance at beginning/end	200,000,000	200,000,000	100,000,000	100,000,000
Issued and fully paid:				
Balance at beginning/end	125,000,000	125,000,000	62,500,000	62,500,000

### 16. TREASURY SHARES

This amount represents the acquisition cost of treasury shares.

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 15 January 2010, approved the Company's plan and mandate to authorise the directors of the Company to buy back its own shares up to 10% of the existing total issued and paid up share capital.

The details of the shares repurchased during the year are as follows:

Month	----- Price per share -----			Number of shares	Total consideration RM
	Lowest	Highest	Average		
August 2009	0.33	0.34	0.34	22,000	7,452
March 2010	0.51	0.56	0.53	50,100	26,691
				72,100	34,143

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 16. TREASURY SHARES (cont'd)

During the financial year, the Company repurchased **72,100** of its issued ordinary shares from the open market at an average price of **RM0.47** per share. The total consideration paid for the repurchase including transaction costs was **RM34,143**. The repurchase was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Treasury shares have no rights to voting, dividends and participation in other distribution.

Out of the total **125,000,000** issued and fully paid ordinary shares as at 31 July 2010, **251,100** are held as treasury shares by the Company. As at 31 July 2010, the number of outstanding ordinary shares in issue and fully paid is therefore **124,748,900** ordinary shares of RM0.50 each.

### 17. EXCHANGE TRANSLATION RESERVE

This is in respect of foreign exchange differences on translation of the financial statements of a foreign subsidiary.

### 18. RETAINED PROFITS

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 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 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 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act, 2007.

As at balance sheet date, the Company has sufficient credits in the 108 balance and tax exempt income account to frank all of its retained profits if paid out as dividends.

### 19. BORROWINGS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
<b>Non-current liabilities</b>				
Hire purchase payables	796,309	-	-	-
Term loans	544,426	1,199,454	-	-
	<b>1,340,735</b>	<b>1,199,454</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Bank overdraft	4,694,587	-	4,694,587	-
Bankers acceptance	9,525,000	4,140,000	-	-
Factoring liabilities	424,095	891,602	-	-
Hire purchase payables	261,310	-	-	-
Term loans	647,844	1,279,916	-	-
	<b>15,552,836</b>	<b>6,311,518</b>	<b>4,694,587</b>	<b>-</b>

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 19. BORROWINGS (cont'd)

Term loan I of RM720,000 is repayable over 20 equal quarterly instalments of RM45,000 each commencing 1 October 2005. This loan was fully settled during the year ended 31 July 2010.

Term loan II of RM1,467,224 is repayable over 12 equal monthly instalments of RM33,558 each for the first year, 12 equal monthly instalments of RM34,561 each for the second year and 36 equal monthly instalments of RM35,208 each for the following years commencing 17 September 2005.

Term loan III of RM2,966,674 is repayable over 12 equal monthly instalments of RM55,930 each for the first year, 12 equal monthly instalments of RM56,483 each for the second year and 36 equal monthly instalments of RM59,057 for the following year commencing July 2007.

Term loan IV of RM2,000,000 is repayable over 24 equal monthly instalments of RM88,245 each commencing 5 September 2007. This loan was fully settled during the year ended 31 July 2010.

The borrowings (other than hire purchase payables) are secured by way of:

- (i) Debenture incorporating a fixed and floating charge over all the assets of the Company, both present and future,
- (ii) Debenture incorporating a fixed and floating charge over all the assets of certain subsidiaries, both present and future,
- (iii) Corporate guarantee of certain subsidiaries, and
- (iv) Fixed charged on non-vesting debts and floating charge of a subsidiary.

A summary of the effective interest rates and the maturities of the borrowings are as follows:

	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than five years RM
<b>GROUP</b>				
<b>2010</b>				
Bank overdraft	7.80	4,694,587	4,694,587	-
Bankers acceptance	1.25 - 3.25	9,525,000	9,525,000	-
Factoring liabilities	3.06	424,095	424,095	-
Hire purchase payables	2.32 - 3.42	1,057,619	261,310	796,309
Term loans	7.05 - 7.55	1,192,270	647,844	544,426
<b>2009</b>				
Bankers acceptance	1.25 - 2.70	4,140,000	4,140,000	-
Factoring liabilities	3.06	891,602	891,602	-
Term loans	5.56 - 6.80	2,479,370	1,279,916	1,199,454
<b>COMPANY</b>				
<b>2010</b>				
Bank overdraft	7.80	4,694,587	4,694,587	-

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 20. DEFERRED TAX LIABILITIES

	2010 RM	2009 RM
Balance at beginning	860,080	808,488
Foreign currency translation	(1,939)	903
Transfer from income statement	110,900	49,789
	<u>969,041</u>	<u>859,180</u>
(Over)/Under provision in prior year	(5,604)	900
Balance at end	<u>963,437</u>	<u>860,080</u>

The deferred tax liabilities/(assets) are represented by temporary differences arising from:

	2010 RM	2009 RM
Capital allowance in excess of depreciation on property, plant and equipment	1,012,737	1,027,320
Unabsorbed capital allowances	(36,000)	-
Unabsorbed tax losses	(13,300)	-
Inventories - tax effect on unrealised profit	-	(167,240)
	<u>963,437</u>	<u>860,080</u>

### 21. TRADE PAYABLES

	2010 RM	2009 RM
Analysis by currencies:		
Ringgit Malaysia	4,563,358	1,534,352
Sterling pound	2,525,565	4,055,906
Hong Kong Dollar	2,620,345	2,360,150
US Dollar	299,161	64,640
	<u>10,008,429</u>	<u>8,015,048</u>

The normal credit terms granted by trade payables range from 30 to 120 days.

### 22. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Other payables	1,612,947	1,858,283	12,564	1,812
Deposits	65,054	25,000	-	-
Accruals	1,414,620	1,150,037	147,000	135,000
	<u>3,092,621</u>	<u>3,033,320</u>	<u>159,564</u>	<u>136,812</u>

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 22. OTHER PAYABLES AND ACCRUALS (cont'd)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Analysis by currencies:				
Ringgit Malaysia	2,256,805	2,354,584	159,564	136,812
Sterling Pound	511,557	678,736	-	-
Hong Kong Dollar	324,259	-	-	-
	<b>3,092,621</b>	<b>3,033,320</b>	<b>159,564</b>	<b>136,812</b>

#### GROUP

Included herein is an amount of **RM697,000** (2009 : RM697,000) due to a director of a subsidiary and is unsecured, interest free and is repayable on demand.

### 23. REVENUE

Revenue represents invoiced value of goods sold less returns and discounts, and services rendered.

### 24. OTHER INCOME

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Gain on bargain purchase from additional investment in a subsidiary	-	688,851	-	-
Gain on disposal of property, plant and equipments	71,081	-	-	-
Interest	2,335	17,909	-	-
Realised gain on foreign exchange, gross	535,598	148,516	-	-
Royalty	669,075	624,216	-	-
Surplus from investment in an associate arising from liquidation	10,991	-	-	-
Others	341,164	254,921	-	24,500
Unrealised gain on foreign exchange	-	402,814	-	-
	<b>1,630,244</b>	<b>2,137,227</b>	<b>-</b>	<b>24,500</b>

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 25. (LOSS)/PROFIT BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
After charging:				
Allowance for doubtful debts	604,126	278,203	-	-
Amortisation of prepaid land lease payments	66,251	66,123	-	-
Audit fee				
- statutory audit				
- holding company auditors	70,000	79,500	15,000	15,000
- other auditors	66,628	47,036	-	-
- over provision in prior year	-	(7,000)	-	(2,000)
Bad debts	353,679	184,501	-	-
Depreciation	2,082,474	1,679,423	-	-
Directors' fee				
- non-executive directors	55,000	60,000	55,000	60,000
Goodwill on consolidation written off	-	9,913	-	-
Impairment loss on goodwill	-	170,096	-	-
Interest expense	808,693	496,566	-	-
Loss on disposal of property, plant and equipment	-	23,375	-	-
Property, plant and equipment written off	263,652	18,428	-	-
Rental of equipment	800	(504)	-	-
Rental of premises	2,403,927	2,834,969	-	-
* Staff costs	14,545,942	14,402,570	55,000	60,000
Unrealised loss on foreign exchange	949,081	-	-	-
And crediting:				
Bad debts recovered	10,000	49,769	-	-
Doubtful debts recovered	25,679	64,530	-	-
Gain on bargain purchase from additional investment in a subsidiary	-	688,851	-	-
Gain on disposal of property, plant and equipment	71,081	-	-	-
Surplus arising from liquidation of an associate	10,991	-	-	-
Interest income	2,335	17,909	-	-
Realised gain on foreign exchange, net	535,102	108,769	-	-
Rental income	283,050	40,800	-	-
Unrealised gain on foreign exchange	-	402,814	-	-
<b>* Staff costs</b>				
- Salaries, allowances and bonus	13,260,408	13,092,893	55,000	60,000
- EPF	812,642	802,311	-	-
- SOCSO	472,892	507,366	-	-
	<b>14,545,942</b>	<b>14,402,570</b>	<b>55,000</b>	<b>60,000</b>

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 25. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

#### Directors' remunerations

Included in the staff costs of the Group and of the Company is directors' remunerations as shown below:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
<b>Executive directors of the Company:</b>				
Directors' emoluments				
- Salaries, allowances and bonus	734,000	652,355	-	-
- EPF	87,660	78,703	-	-
	<b>821,660</b>	<b>731,058</b>	<b>-</b>	<b>-</b>
Directors' fee	75,000	60,000	75,000	60,000
	<b>896,660</b>	<b>791,058</b>	<b>75,000</b>	<b>60,000</b>
Benefits-in-kind	64,800	6,500	-	-
	<b>961,460</b>	<b>797,558</b>	<b>75,000</b>	<b>60,000</b>
<b>Executive directors of a subsidiary:</b>				
Directors' emoluments				
- Salaries and bonus	1,028,551	822,064	-	-
	<b>1,028,551</b>	<b>822,064</b>	<b>-</b>	<b>-</b>
Total executive directors' remuneration	<b>1,990,011</b>	<b>1,619,622</b>	<b>75,000</b>	<b>60,000</b>

### 26. TAXATION

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysian income tax:				
Based on results for the year				
Current tax				
- Malaysia	(1,686,957)	(1,047,614)	-	-
Deferred tax relating to the origination and reversal of temporary differences				
- Malaysia	(110,900)	(29,649)	-	-
- Foreign	-	(20,140)	-	-
	<b>(110,900)</b>	<b>(49,789)</b>	<b>-</b>	<b>-</b>
Balance carried forward	<b>(1,797,857)</b>	<b>(1,097,403)</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 26. TAXATION (cont'd)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Balance brought forward	(1,797,857)	(1,097,403)	-	-
Over/(Under) provision in prior year				
- Current tax	273,896	1,089	-	(1,643)
- Deferred tax	5,604	(900)	-	-
	279,500	189	-	(1,643)
	<b>(1,518,357)</b>	<b>(1,097,214)</b>	<b>-</b>	<b>(1,643)</b>

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
(Loss)/Profit before taxation	(2,263,386)	4,206,092	(264,857)	(209,286)
Income tax at Malaysian statutory tax rate of 25%	565,847	(1,051,523)	66,214	52,322
Effect of different tax rate in other country	4,652	(22,902)	-	-
Income not subject to tax	27,137	209,287	-	(18,231)
Intangible asset deductible for tax purposes	23,754	23,754	-	-
Expenses not deductible for tax purposes	(614,649)	(100,481)	(21,714)	-
Utilisation of previously unabsorbed tax losses and capital allowances	431,211	197,514	-	-
Net deferred tax assets not recognised	(2,235,809)	(353,052)	(44,500)	(34,091)
	(1,797,857)	(1,097,403)	-	-
Over/(Under) provision in prior year	279,500	189	-	(1,643)
	<b>(1,518,357)</b>	<b>(1,097,214)</b>	<b>-</b>	<b>(1,643)</b>

The amount and future availability of unabsorbed tax losses and capital allowances for which the related tax effects have not been accounted for at balance sheet date are as follows:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Unabsorbed tax losses	10,521,500	4,034,000	312,000	135,000
Unabsorbed capital allowances	563,000	299,000	-	-

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 26. TAXATION (cont'd)

The following deferred tax liabilities/(assets) have not been recognised in the financial statements:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Excess of capital allowances over depreciation on property, plant and equipment	112,000	128,000	-	-
Unabsorbed tax losses	(2,735,500)	(1,008,000)	(78,500)	(34,000)
Unabsorbed capital allowances	(141,000)	(75,000)	-	-
	<u>(2,764,500)</u>	<u>(955,000)</u>	<u>(78,500)</u>	<u>(34,000)</u>

### 27. EARNINGS PER SHARE

#### GROUP

Basic (loss)/earnings per share of the Group is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year calculated as follows:

	2010	2009
(Loss)/Profit attributable to equity holders of the Company (RM)	<u>(2,192,367)</u>	<u>2,742,792</u>
Weighted average number of ordinary shares of RM0.50 each	<u>124,895,441</u>	<u>124,997,242</u>
Basic (loss)/earnings per share (sen)	<u>(1.75)</u>	<u>2.19</u>

Diluted earnings per share has not been computed as the effect of the share options under ESOS is anti-dilutive in nature.

### 28. DIVIDENDS

	2010 RM	2009 RM
First and final dividend of 3% less tax in respect of the financial year ended 31 July 2009 paid on 8 February 2010	<u>1,403,986</u>	<u>-</u>

### 29. CONTINGENT LIABILITY (UNSECURED)

The Company had issued corporate guarantee to financial institutions for banking facilities granted to subsidiaries up to a limit of **RM Nil** (2009 : RM14,900,000) of which **RM Nil** (2009 : RM5,098,369) of the said banking facilities have been utilised as at balance sheet date.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 30. SEGMENTAL INFORMATION

#### Business Segments

Management determines the operating segments based on the reports reviewed and used by the directors for strategic decisions making and resources allocation.

The Group's reportable operating segment comprised mainly of the manufacturing, marketing, distribution and retailing of jeanswear, other fashion apparels and accessories. The management views this as one operating segment since all activities are confined to the Group's own products. As such, no operating segment information is prepared.

#### Geographical Segments

The business segment of the Group is managed principally in Malaysia and its products are distributed in Malaysia, the United Kingdom and the United States of America.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas non-current assets are based on the geographical location of assets.

	----- 2010 -----		
	Revenue RM	Non-current assets RM	Capital expenditure RM
Malaysia	39,350,007	18,368,192	4,223,036
United Kingdom	9,451,752	2,557,353	35,617
	<b>48,801,759</b>	<b>20,925,545</b>	<b>4,258,653</b>
	----- 2009 -----		
	Revenue RM	Non-current assets RM	Capital expenditure RM
Malaysia	44,479,116	16,477,583	1,596,312
United Kingdom	24,622,035	2,921,145	112,955
United States of America	333,284	-	-
	<b>69,434,435</b>	<b>19,398,728</b>	<b>1,709,267</b>

### 31. LEASE COMMITMENTS

	GROUP	
	2010 RM	2009 RM
Future minimum rentals payable :		
Not later than one year	14,400	126,216
Later than one year and not later than five years	270,156	1,021,771
	<b>284,556</b>	<b>1,147,987</b>

Operating lease commitments represent rentals payable for use of buildings. Leases are negotiated for terms ranging from one to three years.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 32. RELATED PARTY DISCLOSURES

#### (i) Related party transactions

	GROUP	
	2010 RM	2009 RM
Rental income from a company in which persons connected to certain directors of the Company have substantial interests		
- Body Glove (M) Sdn. Bhd.	168,000	-
	168,000	-

#### (ii) Compensation of key management personnel

The compensation of key management personnel are shown below:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Salaries and other short-term employee benefits				
- Directors	2,045,011	1,679,622	120,000	120,000
- Other key management personnel	200,000	376,020	-	-
	2,245,011	2,055,642	120,000	120,000

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

### 33. FINANCIAL INSTRUMENTS

#### Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate resources are available for the development of the Group's business whilst managing its credit, interest rate, foreign currency and liquidity risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

#### Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associates to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

As at balance sheet date, the Group has significant exposure of credit risk on five customers which represent 49% of the total amount of trade receivables.

#### Interest rate risk

The Group is exposed to interest rate risk whenever there is a revision to the base lending rates of the banks. This risk is managed through the use of fixed and floating rate financial instruments.

The information on repricing, maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

## Notes to the Financial Statements

– 31 July 2010 (cont'd)

### 33. FINANCIAL INSTRUMENTS (cont'd)

#### Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this are primarily Sterling Pound, Hong Kong Dollar, Euro and US Dollar. The Group does not hedge its foreign currency exposure.

#### Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

#### Fair values

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at balance sheet date approximate their fair values.

## Analysis of Shareholdings as at 30 November 2010

A. Authorised Share Capital	:	RM100,000,000.00
Issued and fully paid-up Share Capital	:	RM62,237,900.00 (excluding 262,100 treasury shares)
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	On show of hands - One vote for one person On a poll - One vote for one ordinary share

### B. ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	% of total shareholders	No. of shares	% of total issued capital
Less than 100 shares	168	10.620	7,897	0.006
100 to 1,000 shares	72	4.551	28,458	0.023
1,001 to 10,000 shares	915	57.838	3,722,430	2.984
10,001 to 100,000 shares	353	22.314	10,784,215	8.645
100,001 to less than 5% of issued shares	72	4.551	50,194,900	40.240
5% and above of issued shares	2	0.126	60,000,000	48.101
<b>Total</b>	<b>1,582</b>	<b>100.000</b>	<b>124,737,900</b>	<b>100.0000</b>

### C. SUBSTANTIAL SHAREHOLDERS

Name	Number of Shares Held					
	Direct	%	Deemed	%	Total	%
Goh Kok Beng	-	-	40,000,000 <sup>①</sup>	32.07	40,000,000	32.07
Goh Kok Heng	-	-	40,000,000 <sup>①</sup>	32.07	40,000,000	32.07
Extreme Lifestyle (M) Sdn. Bhd.	40,000,000	32.07	-	-	40,000,000	32.07
Kwan Siu Cheung	20,000,000	16.03	-	-	20,000,000	16.03

### D. DIRECTORS' SHAREHOLDINGS

Name	Number of Shares Held					
	Direct	%	Deemed	%	Total	%
Goh Kok Beng	-	-	40,000,000 <sup>①</sup>	32.07	40,000,000	32.07
Goh Kok Heng	-	-	40,000,000 <sup>①</sup>	32.07	40,000,000	32.07
Kan Ah Chun (resigned on 1.07.2010)	-	-	278,250 <sup>②</sup>	0.22	278,250	0.22
Yeoh Yeow Cheang	605,900	0.49	-	-	605,900	0.49
Dato' Wong Kam Hoong (appointed on 16.07.2010)	-	-	-	-	-	-
Saffie Bin Bakar	250,000	0.20	-	-	250,000	0.20
Loh Chye Teik	191,500	0.15	-	-	191,500	0.15

Notes:-

- ① Deemed interested by virtue of his shareholdings of more than 15% equity interest in Extreme Lifestyle (M) Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965.
- ② Deemed interested by virtue of his shareholdings of more than 15% equity interest in Beach Capital Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965.

## Analysis of Shareholdings as at 30 November 2010 (cont'd)

### E. THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	% of total issued capital
1. HDM NOMINEES (TEMPATAN) SDN BHD HDM CAPITAL SDN BHD FOR EXTREME LIFESTYLE (M) SDN BHD	40,000,000	32.067
2. HDM NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWAN SIU CHEUNG (M01)	20,000,000	16.034
3. LEOW CHENG CHENG	6,000,000	4.810
4. CHONG WANN KUEN	5,306,600	4.254
5. HDM NOMINEES (TEMPATAN) SDN BHD HDM CAPITAL SDN BHD FOR TAN KOO CHING	5,000,000	4.008
6. KANG CHIU YEE	3,150,000	2.525
7. NG CHOO HAI	2,650,000	2.124
8. GOH SIEW LAN	2,031,700	1.629
9. KAN KY-SHEN	2,017,575	1.617
10. LEOW BEE NA	2,000,000	1.603
11. TAN KHEOK CHUAN	1,392,675	1.116
12. YEONG AI VEE	1,299,450	1.042
13. HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH TEIK TOE (M01)	1,131,675	0.907
14. AMELIA TAN GIM YOONG	1,103,700	0.885
15. TEH SUAT HOON	1,019,500	0.817
16. JOLENE YEOH WEI LING	1,000,000	0.802
17. LIM TIAM ENG	870,600	0.698
18. TAN LENG GUAN	832,000	0.667
19. LEOW BEE NA	625,000	0.501
20. YEOH YEOH CHEANG	490,000	0.393
21. MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW YING CHOON (REM 197-MARGIN)	490,000	0.393
22. GAN LAM SEONG	479,000	0.384
23. KAN ZI YAO	436,500	0.366
24. TAN BENG LAY	415,400	0.333
25. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE GIN ANG (E-KTN)	409,500	0.328
26. KANG CHIN CHIAT	402,175	0.322
27. MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE GIN ANG	382,400	0.307
28. HO SIEW POH	380,275	0.305
29. HDM NOMINEES (TEMPATAN) SDN BHD LIM LAY CHIN	348,800	0.280
30. NG CHOO HAI	328,750	0.264

## List of Properties as at 31 July 2010

ACQUISITION DATE	BENEFICIAL OWNER LOCATION	DESCRIPTION/ EXISTING USAGE	TENURE/AGE OF BUILDING (YEARS)	AREA (SQ. FEET)	NBV @ 31.07.10 (RM)
<b>EVATECH SDN. BHD.</b>					
21.03.2001	PT 1608 (Plot 108) held under H.S(D) 4173, Mukim 12 South-west District Penang	Industrial Land	60 years leasehold expire 13.08.2050	21,780	1,907,752
21.03.2001	PT 1626 (Plot 106b) held under H.S(D) 14179 Mukim 12 South-west District Penang	Industrial Land	60 years leasehold expire 10.12.2050	26,136	
21.03.2001	PT 1625 (Plot 106a) held under H.S(D) 14259 Mukim 12 Wouth-west District Penang	Industrial Land	60 years leasehold expire 10.12.2050	47,045	
01.08.2001	Lot 9233 Hala Kampung Jawa 1 Kawasan Perindustrian Bayan Lepas (Fasa 3) 11900 Bayan Lepas Pulau Pinang	Factory Building	9 years	82,590	5,572,771
<b>UNI JEANS CARE SDN. BHD.</b>					
01.08.2001	Lot 9233, Hala Kampung Jawa 1 Kawasan Perindustrian Bayan Lepas (Fasa 3), 11900 Bayan Lepas Pulau Pinang	Factory Building	9 years	9,840	1,345,068
<b>TWIN ACCESS DN. BHD.</b>					
28.08.2003	No. 23, Jalan PJS11/8 Bandar Sunway Petaling Jaya Selangor Darul Ehsan	Land and Commercial Building	99 years leasehold expire 28.12.2096/ 16 years	8,160	1,515,891
<b>G.A. BLUE CORPORATION SDN. BHD.</b>					
11.06.1996	Unit No. 1236-1-5 Taman Indah Paya Terubong 11060 Pulau Pinang	Residential Flat	Freehold/ 17 years	1,400	136,800

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at Angsana Room, Eastin Hotel Penang, 1 Solok Bayan Indah, Queensbay, 11900 Bayan Lepas, Penang on Friday, 21 January 2011 at 2.30 p.m. for the following purposes:-

### AGENDA

#### AS ORDINARY BUSINESS:

- |   |                     |
|---|---------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 July 2010 together with the Reports of the Directors and Auditors thereon. | <b>Resolution 1</b> |
| 2. To approve the payment of Directors' fees of RM130,000 in respect of the financial year ended 31 July 2010.  | <b>Resolution 2</b> |
| 3. To re-elect Mr Yeoh Yeow Cheang who is retiring pursuant to Article 129 of the Company's Articles of Association.                                      | <b>Resolution 3</b> |
| 4. To re-elect Dato' Wong Kam Hoong who is retiring pursuant to Article 134 of the Company's Articles of Association.                                     | <b>Resolution 4</b> |
| 5. To re-appoint Messrs Grant Thornton as the Company's Auditors and to authorise the Directors to fix their remuneration.                                | <b>Resolution 5</b> |

#### AS SPECIAL BUSINESS

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

(i) **Ordinary Resolution No. 1**

**Authority to issue shares**

"That pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

**Resolution 6**

(ii) **Ordinary Resolution No. 2**

**Proposed Renewal of Shareholders' Approval for Share Buy-Back**

"THAT subject 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 ("Articles") and the requirements of Bursa Securities, the passing of this resolution and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital, such purchases to be made through Bursa Securities subject further to the following:

- (i) the aggregate number of ordinary shares of RM0.50 each in YEN GLOBAL ("YEN GLOBAL Shares") which may be purchased or held by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company, subject to a restriction that the issued and paid-up ordinary share capital of YEN GLOBAL does not fall below the minimum share capital requirements of the Listing Requirements of Bursa Securities ("Listing Requirements") applicable to a company listed on the Main Board of Bursa Securities and that the listed issuer continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;

## Notice of Annual General Meeting (cont'd)

6. (ii) **Ordinary Resolution No. 2**

**Proposed Renewal of Shareholders' Approval for Share Buy-Back** (cont'd)

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the YEN GLOBAL Shares under the Proposed Share Buy-Back shall not exceed the share premium account and/or retained profits of the Company which stood at RM21,145 and RM12,230,692 respectively as at 31 July 2010 based on the latest audited financial statements of YEN GLOBAL for the financial year ended 31 July 2010;

(iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of our next annual general meeting ("AGM") following the General Meeting at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

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

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the YEN GLOBAL Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of the purchase(s) of the YEN GLOBAL Shares by the Company, the Directors of the Company be and are hereby authorised to cancel up to all the YEN GLOBAL Shares so purchased or to retain the YEN GLOBAL Shares so purchased as treasury shares, of which may be distributed as dividends to shareholders, and/or resold on Bursa Securities, and/or subsequently cancelled or to be retained part of the YEN GLOBAL Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the YEN GLOBAL Shares."

**Resolution 7**

(iii) **Special Resolution No. 1**

**Proposed Amendments to the Articles of Association of the Company**

"That the amendments to the Articles of Association of the Company contained in Appendix I be and are hereby approved."

**Resolution 8**

7. To transact any other business of which due notices shall have been given.

BY ORDER OF THE BOARD,

**ALLEN CHEE WAI HONG** (MIA 17181)

**FOO LI LING** (MAICSA 7019557)

Company Secretaries

Penang

Date: 30 December 2010

## Notice of Annual General Meeting (cont'd)

### Notes:

1. A proxy may but need not be a member of the Company and the proxy need not be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

### Explanatory Notes on Special Business:

#### Resolution 6 - Authority to directors to issue Shares

The Ordinary Resolution 6, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. 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.

The Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general authority which was approved at the Eighth Annual General Meeting held on 15 January 2010 and which will lapse at the conclusion of the Ninth Annual General Meeting to be held on 21 January 2011. A renewal of this authority is being sought at the Ninth Annual General Meeting under proposed Ordinary Resolution 6.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

#### Resolution 7 - Proposed Renewal of Share Buy-back authority

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the retained profits and/or share premium of the Company. Please refer to the Share Buy Back Circular dated 30 December 2010, which is dispatched together with the Company's Annual Report 2010.

#### Resolution 8 - Proposed Amendment to the Articles of Association of the Company

The Resolution 8 above, if passed, will give authority for the Company to amend its Article 168 of the Company's Articles of Association in order to align with the amendments of the Listing Requirements pursuant to the directive from Bursa Securities on the implementation of payment of electronic cash dividend, for clarification and enhancements.

### STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

**SPECIAL RESOLUTION NO. 1  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

"That the following existing Article 168 of the Articles of Association of the Company be hereby deleted in its entirety:-

- 168 (1) Any dividend, interest or other moneys payable in cash in respect of a share may be paid by direct debit, bank transfer, cheque or dividend warrant and (in the case of a cheque or dividend warrant for such payment) sent:
- (a) by post, by courier or by hand to the registered address of the person entitled as appearing in the Record of Depositors; or
  - (b) by post, by courier or by hand to the registered address of the person becoming entitled to the share by reason of the death, bankruptcy or mental disorder of the holder or by operation of law or if such address has not been supplied, to such address to which such cheque or warrant might have been posted if the death, bankruptcy, mental disorder or operation of law had not occurred; or
  - (c) by post, by courier or by hand to such address as the person entitled may direct in writing but the Company shall be entitled to send such cheque or dividend warrant to such other address or by such other means stated in Articles 168 (1) (a) to 168 (1) (c) notwithstanding such direction.
- (2) Every cheque or warrant may be made payable:
- (a) to the order of the person entitled; or
  - (b) to the order of the person entitled by reason of the death, bankruptcy or mental disorder of the holder or by operation of law; or
  - (c) to the order of such other person as the person entitled may in writing direct or direct to be sent to,

but nothing in Article 168(2) shall prevent such cheque or warrant from being made payable in such other manner as the Company would be entitled to in respect of such cheque or warrant including (without limitation), in the case of the death of the holder of the share in respect of which the dividend or other moneys to be paid by the cheque or warrant are payable making such cheque or warrant payable to the estate of such holder if the Company thinks appropriate. Such cheque or warrant shall be a good discharge to the Company. The Company shall not be responsible for any loss of any such cheque or warrant (whether in the post, while being delivered by courier or by hand, after delivery to the relevant address or person or otherwise).

and be replaced with a new Article 168 which reads as follows:-

- 168 (1) Any dividend, interest or other moneys payable in cash in respect of a share may be paid by **way of telegraphic transfer or electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment ("eDividend")**, direct debit, bank transfer, cheque or dividend warrant or **via any other mode or manner as may be prescribed by the Act, Listing Requirements of Bursa Securities and any other relevant authority for the time being in force.**
- (2) In the event that a member has not provided his bank account details to the Depository, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque, bank draft, dividend warrant or postal order (in the case of a cheque, bank draft, dividend warrant or postal order for such payment) sent:
- (a) by post, by courier or by hand to the registered address of the person entitled as appearing in the Record of Depositors; or
  - (b) by post, by courier or by hand to the registered address of the person becoming entitled to the share by reason of the death, bankruptcy or mental disorder of the holder or by operation of law or if such address has not been supplied, to such address to which such cheque or warrant might have been posted if the death, bankruptcy, mental disorder or operation of law had not occurred; or
  - (c) by post, by courier or by hand to such address as the person entitled may direct in writing but the Company shall be entitled to send such cheque or dividend warrant to such other address or by such other means stated in Articles **168(2)(a) to 168(2)(c)** notwithstanding such direction.
- (3) Every cheque or warrant or **telegraphic transfer or electronics transfer or remittance** may be made payable:
- (a) to the order of the person entitled; or
  - (b) to the order of the person entitled by reason of the death, bankruptcy or mental disorder of the holder or by operation of law; or
  - (c) to the order of such other person as the person entitled may in writing direct or direct to be sent to,

but nothing in Article **168(3)** shall prevent such cheque or warrant or **telegraphic transfer or electronics transfer or remittance** from being made payable in such other manner as the Company would be entitled to in respect of such cheque or warrant or **telegraphic transfer or electronics transfer or remittance** including (without limitation), in the case of the death of the holder of the share in respect of which the dividend or other moneys to be paid by the cheque or warrant or **telegraphic transfer or electronics transfer or remittance** are payable making such cheque or warrant or **telegraphic transfer or electronics transfer or remittance** payable to the estate of such holder if the Company thinks appropriate. Such cheque or warrant or **telegraphic transfer or electronics transfer or remittance** shall be a good discharge to the Company. The Company shall not be responsible for any loss of any such cheque or warrant or **telegraphic transfer or electronics transfer or remittance** (whether in the post, while being delivered by courier or by hand, after delivery to the relevant address or person or otherwise). **The Company shall not be responsible for any inaccurate details supplied by the members or any errors, delay or power or electronic failure encountered during or in the course of transmission of data or payment or for any loss of any such eDividend, cheque, bank draft, dividend warrant or postal order (whether in the bank account transfer, post, while being delivered by courier or by hand, after bank account transferring and/or delivering to the relevant address or person or otherwise). No unpaid or unclaimed dividend or interest shall bear interest as against the Company."**



## PROXY FORM

\* I/We \_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Address and Contact No.)

being a \* member/members of the abovenamed Company, hereby appoint \_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Address and Contact No.)

or failing him, \_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Address)

as \* my/our proxy to vote for \* me/us on \* my/our behalf at the Ninth Annual General Meeting of the Company to be held at Angsana Room, Eastin Hotel Penang, 1 Solok Bayan Indah, Queensbay, 11900 Bayan Lepas, Penang on Friday, 21 January 2011 at 2.30 p.m. and any adjournment thereof.

### Agenda

1.	To receive the Audited Financial Statements for the year ended 31 July 2010 together with the Reports of the Directors and Auditors thereon			
<b>Resolutions</b>			<b>For</b>	<b>Against</b>
<b>Ordinary Business:</b>				
2.	To approve the payment of Directors' fees			
3.	Re-election of Mr Yeoh Yeow Cheang as Director			
4.	Re-election of Dato' Wong Kam Hoong as Director			
5.	To re-appoint Messrs Grant Thornton as auditors of the Company			
<b>Special Business:</b>				
6.	(i)	To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
	(ii)	To authorise the Company to purchase up to 10% of its issued and paid-up capital		
	(iii)	Proposed Amendments to the Articles of Association of the Company		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction for voting is given, the proxy may vote as he thinks fit.

No. of shares held

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2010/2011.

\_\_\_\_\_  
Signature of Member (s)

#### Notes:

1. A proxy may but need not be a member of the Company and the proxy need not be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the registered office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.



Please fold across the line and close

Stamp

**The Company Secretary**  
51-13-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

Please fold across the line and close



EDWIN. MUSTANG G. PMA. GURU LEO LABEL. Wrangler. UGP

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Tel : +60 3 5633 6488 Fax : +60 3 5634 8488

MUSTANG  
JEAN

THE TRAIL  
GERMAN  
DENIM