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**ANNUAL
REPORT
2011**



YEN GLOBAL BERHAD
570396-D

CONTENTS

- 02 | Corporate Information
- 03 | Corporate Structure
- 04 | Chairman's Statement
- 06 | Directors' Profile
- 08 | Corporate Events
- 09 | Statement on Corporate Governance
- 14 | Statement on Internal Control
- 15 | Audit Committee Report
- 18 | Other Information
- 20 | Directors' Report
- 24 | Directors' Statement
- 24 | Statutory Declaration
- 25 | Independent Auditors' Report to the Members
- 27 | Statements of Financial Position
- 29 | Statements of Comprehensive Income
- 30 | Consolidated Statement of Changes in Equity
- 31 | Statement of Changes in Equity
- 32 | Statements of Cash Flows
- 34 | Notes to the Financial Statements
- 79 | Analysis of Shareholdings
- 81 | List of Properties
- 82 | Notice of Annual General Meeting
- 85 | Proxy Form



CORPORATE INFORMATION

DIRECTORS

Goh Kok Beng (*Executive Chairman*)
Goh Kok Heng (*Managing Director*)
Yeoh Yeow Cheang (*Executive Director*)
Goh Kok Peng (*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 Ahmand 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

Ambank (M) Berhad
Hong Leong 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%

Quangcin Sdn. Bhd.
100%

Mustang Jeans (M) Sdn. Bhd.
100%

Yen Denim (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%

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 2011.

INDUSTRY TRENDS AND DEVELOPMENT

The recent Budget 2012 as announced by the Government has put forward various proposals which include incentives and bonuses to the lower income groups and civil servants. These are catalysts to inflate private consumption. We expect retailers of consumer goods and fashion wear to benefit from these measures as the propensity to spend by these groups will tend to increase in line with higher disposable income.

Retailing in Malaysia is becoming increasingly mature. Retailers with foreign retail brands continue to enter the country, offering wider varieties and choices to consumers in terms of both brands and styles. At the same time, the retailing landscape becomes increasingly sophisticated. New retailing formats, products and services have been introduced, catering to the demands of the more educated and discerning consumers.

The recession has peaked in 2009 and we expect the slow economic recovery to increase the purchasing power of both local and international consumers due to spending from pent-up demand and increasing tourist arrivals. However, the local economic environment remains challenging, with many uncertainties still shadowing the global economy. Retailers are cautious in implementing expansion plans in the hope of increased consumer spending.

With so many retailers and retail brands already established in Malaysia, retailing is moving towards saturation. Growth in terms of value sales is expected to come mainly from higher-priced products, not from organic growth. We expect industry growth to be slower this year. To overcome the competition, many retailers are looking into expansion into secondary states, especially East Malaysian states. However, the feasibility of expanding into these new locations will need to be assessed with extreme caution. Again, companies involved in retail in Malaysia will need to expand with creativity, innovation and discernment in choosing best locations in order to rise above the competition.

FINANCIAL RESULTS

The financial performance of the Group for the year ended 31 July 2011 was less than satisfactory. Group turnover dropped to RM43.2 million, down from RM48.8 million recorded in the previous year. The Group incurred a loss before tax of RM20.2 million as compared to a loss before tax of RM2.3 million incurred in the previous year. Due to uncertain market conditions and the bleak global economic outlook, the Board had deemed it prudent to make additional provisions for doubtful debts, write-down of slow moving inventories and impairment of intangibles amounting to about RM12.7 million during the year. This had resulted in the higher loss incurred by the Group.

REVIEW OF OPERATIONS

The local business continues to experience a consolidation phase with revenue dipping slightly to RM38.0 million compared to RM39.3 million the previous year. Our profit margin was squeezed due to strong competition in the market and heavy discounts given to shoppers to attract buyers. In a bid to reverse the trend, the Board has taken steps to improve the quality and designs of our products which will pave the way for higher pricing structures and improved margins.

The fallout from the global credit crisis in Europe continues to affect sales in United Kingdom. Sales achieved by our United Kingdom subsidiary dropped to RM5.2 million as compared to RM9.4 million in the previous year. It continues to incur a loss before tax of RM3.2 million. As there were no signs of significant improvement in the European economy, the Board had taken measures last year to downsize and restructure its operations in line with the lower level of sales. We expect to show better results next year.

CHAIRMAN'S STATEMENT (Cont'd)

FUTURE PROSPECTS

Domestic demand is expected to strengthen due to support by strong private consumption and driven by a positive consumer sentiment and improved business prospects. Malaysia's retail sector is expected to grow by 6 percent for 2011, a respectable growth rate as compared to previous years.

The Board expects business for the current financial year to be challenging in view of the uncertain economic outlook in the global markets. However, internally, the Board has taken proactive steps to remodel its marketing strategies in order to improve its gross margins and strengthen its business operations. In addition, steps have been taken to broaden our marketing base and to place the Edwin brand on a higher profile through the opening of additional concept stores. We are proactively seeking suitable locations in choice shopping malls and this will give additional contributions to the Group in the near future. Barring unforeseen circumstances, we are hopeful of producing a positive turnaround in our operating business in the current financial year.

DIVIDEND

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

APPRECIATION

In closing, on behalf of the Board, I wish to express our heartfelt thanks and appreciation to our bankers, suppliers and customers for their support. In addition, I would like to thank our shareholders, management and staff for their hard work and dedication to the Group during this difficult year.

Goh Kok Beng
Executive Chairman
1 December 2011

DIRECTORS' PROFILE

• GOH KOK BENG (*Executive Chairman*)

Mr Goh, aged 50, 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 continues 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 49, 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 and planning and coordination of the procurement process. He also sits on the Board of several private limited companies.

• YEOH YEOW CHEANG (*Executive Director*)

Mr Yeoh, aged 54, 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.

• GOH KOK PENG (*Executive Director*)

Mr Goh, aged 38, a Malaysian, was appointed as the Executive Director of the Company on 11 August 2011. After completing his secondary education in 1991, he was called upon to help in the family business which dealt in the wholesale and retail of fashion apparels and other related industries. He was actively involved and has made vast contributions to the business development and marketing of their family's apparel business, most notably under the global brand of Body Glove in Malaysia and Thailand. Body Glove is a popular brand from the United States well known for its surf and street wear. His many years of experience in fashion wear industries had given him considerable business experience and valuable exposure in this sector.

In January 2009, he joined Yen Global as its Group Marketing Manager. He is directly responsible for the Company's marketing and promotion activities and implements marketing plans and strategies for the Group.

He also sits on the Board of several private limited companies.

• LOH CHYE TEIK (*Independent Non-executive Director*)

Mr Loh, aged 52, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 2 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.

DIRECTORS' PROFILE (Cont'd)

- **SAFFIE BIN BAKAR, JMN, SMP, AMP, PJK**
(Independent Non-executive Director)

Encik Saffie, aged 58, 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), and a life member of Malaysian Drug Prevention Association. He is also a Committee Member of Malaysian Exporters Association and co-Chairman of Special Task Force to Facilitate Business for Perlis State.

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.

- **DATO' WONG KAM HOONG**
(Independent Non-executive Director)

Dato' Wong, aged 64, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 16 July 2010. He is a Chartered Accountant by profession and is currently of 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 Key West Global Telecommunications Berhad.

Notes:

1. 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, Mr Goh Kok Heng and Mr Goh Kok Peng are brothers.
2. 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

CORPORATE EVENTS

Yen Global Berhad 9th Annual General Meeting



Edwin Limited Jeans Launching with Singer/Actor, Tedd Chan



Edwin Latest Concept Store Opening - Edwin KL Berjaya Times Square

Edwin Latest Concept Store Opening - Edwin Sunway Carnival Mall, Prai.



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. Goh Kok Peng (appointed on 11 August 2011) | 0 |
| En. Saffie bin Bakar | 5 |
| Mr. Loh Chye Teik | 5 |
| Dato' Wong Kam Hoong | 5 |

BOARD BALANCE

The Board composition comprises of seven (7) members with Mr. Goh Kok Beng at the helm as Executive Chairman. Four 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.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

BOARD BALANCE (Cont'd)

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.

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.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

DIRECTORS' TRAINING (Cont'd)

| NAME OF DIRECTOR | PROGRAM ATTENDED | DATE ATTENDED |
|------------------|--|---|
| Goh Kok Beng | <ul style="list-style-type: none"> • 2011 Budget Updates | 7 November 2010 |
| Goh Kok Heng | <ul style="list-style-type: none"> • 2011 Budget Updates | 7 November 2010 |
| Yeoh Yeow Cheang | <ul style="list-style-type: none"> • PWC Seminar 2010 - Unlocking Potential • Risk Management for Accountants | 8 October 2010 1-2 December 2010 |
| Loh Chye Teik | <ul style="list-style-type: none"> • Risk-Based Auditing • 2011 Budget Updates • 18th World Congress of Accountants 2010 • Driving Business Transformation Dynamics Through Regulations and Enforcement • PKF International ISQC1 Training • Review of Recent and Forthcoming Changes in FRS • National Tax Conference 2011 | 3-4 August 2010 7 November 2010 8-11 November 2010 13-14 June 2011 20-21 June 2011 13 July 2011 19-20 July 2011 |
| Saffie bin Bakar | <ul style="list-style-type: none"> • MSWG Course on Corporate Valuation • IIAM Evening Talk on Financial Statement, Fraud & Role of Internal Auditor • MITI & DagangNet Workshop on Strategic Trade Act 2010 Registration System Training • FMM Seminar on Strategic Trade Act 2010: Implications to Malaysia Industries • SSM Seminar on Public Sector Governance Awareness: A closer look into Internal Control and Risk Management • MIDA National Domestic Investment Dialogue and Seminar • UniMAP Research Talk 2011: Essential Oils - Art, Agriculture, Science, Industry and Entrepreneurship • UniMAP International Academic Lecture- Engineering & Technology for Business | 18 August 2010 3 September 2010 5 October 2010 14 October 2010 2 March 2011 8 March 2011 24 March 2011 26 May 2011 |

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 2011 are as follows:

| PARTICULAR | EXECUTIVE DIRECTORS | NON-EXECUTIVE DIRECTORS | TOTAL RM |
|-----------------------|----------------------------|--------------------------------|-----------------|
| Fees | 75,000 | 85,000 | 160,000 |
| Salaries & Allowances | 764,443 | – | 764,443 |
| Benefits in kind | 64,800 | – | 64,800 |
| Total | 904,243 | 85,000 | 989,243 |

The remuneration of the Directors summarised in bands of RM50,000 for the financial year ended 31 July 2011 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 | 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.

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. In addition, the latest annual report available in PDF format can be downloaded and printed. Quarterly announcement are also available at the website of Bursa Malaysia at www.bursamalaysia.com after announcement to the public.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

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 14.

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 15 to 17. 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.

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 2011 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 of 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;

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.

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;

AUDIT COMMITTEE REPORT (Cont'd)

DUTIES (Cont'd)

- * 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.

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.

AUDIT COMMITTEE REPORT (Cont'd)

MEETINGS (Cont'd)

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 2011, five (5) meetings were held and the table of attendance of each committee member is as follows:

| NAME | NO. OF MEETINGS ATTENDED |
|----------------------|--------------------------|
| Mr. Loh Chye Teik | 5 |
| En. Saffie bin Bakar | 5 |
| Dato' Wong Kam Hoong | 5 |

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 2011, 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 21,000 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 |
|--------------|------------------|--------------------------|---------|---------|---------------------|
| | | LOWEST | HIGHEST | AVERAGE | |
| October 2010 | 11,000 | 0.35 | 0.40 | 0.38 | 4,382 |
| March 2011 | 10,000 | 0.31 | 0.31 | 0.31 | 3,145 |

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 partners 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 has adopted a regular revaluation policy on landed properties. Land and building are revalued at least once in every five years.

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 2011 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 during the financial year.

UTILISATION OF PROCEEDS

There were no corporate proposals implemented during the financial year ended 31 July 2011.

VARIATION IN RESULTS

There were no material variations between the audited results for the financial year ended 31 July 2011 and the unaudited results announced to Bursa on 29 September 2011.

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 2011 made pursuant to a shareholders' mandate.

DIRECTORS' REPORT

(for the financial year ended 31 July 2011)

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 2011**.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are disclosed in Note 5 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 | (20,515,356) | (3,733,112) |
| Attributable to: | | |
| Owners of the parent | (19,767,550) | (3,733,112) |
| Non-controlling interests | (747,806) | - |
| | (20,515,356) | (3,733,112) |

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 2011** 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, other than the following items which have been recognised in profit or loss for the financial year under review:

| | GROUP RM | COMPANY RM |
|---|---------------------|-----------------------|
| Impairment loss on intangible assets | 1,760,072 | - |
| Impairment loss on receivables | 7,433,685 | - |
| Impairment loss on investment in a subsidiary | - | 3,461,646 |

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

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

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

DIRECTORS' REPORT (Cont'd)

(for the financial year ended 31 July 2011)

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.

TREASURY SHARES

During the financial year, the Company repurchased **21,000** of its issued ordinary shares from the open market at an average price of **RM0.36** per share. The total consideration paid for the repurchase including transaction costs was **RM7,527**. 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.

As at 31 July 2011, the Company held **272,100** treasury shares out of the total **125,000,000** issued ordinary shares. Further relevant details are disclosed in Note 13 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
Goh Kok Peng (appointed on 11.8.2011)

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 in the Company and its related corporations during the financial year are as follows:

| | Number of ordinary shares of RM0.50 each | | | Balance at 31.7.11 |
|-------------------------|--|--------|------|--------------------------|
| | Balance at 1.8.10 | Bought | Sold | |
| The Company | | | | |
| Direct interest: | | | | |
| Yeoh Yeow Cheang | 605,900 | – | – | 605,900 |
| Saffie Bin Bakar | 250,000 | – | – | 250,000 |
| Loh Chye Teik | 106,500 | 85,000 | – | 191,500 |
| Deemed interest: | | | | |
| 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 financial year ended 31 July 2011)

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 financial 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, and
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and
- (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, and
- (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 (Cont'd)

(for the financial year ended 31 July 2011)

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: 22 November 2011

DIRECTORS' STATEMENT

We, **Goh Kok Heng** and **Yeoh Yeow Cheang**, being two of the directors of **Yen Global Berhad** state that in the opinion of the directors, the financial statements set out on pages 27 to 78 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 2011 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: 22 November 2011

STATUTORY DECLARATION

I, **Yeoh Yeow Cheang**, the director primarily responsible for the financial management of **Yen Global Berhad** do solemnly and sincerely declare that the financial statements set out on pages 27 to 78 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 **22nd**)
day of **November 2011**.)

.....
Yeoh Yeow Cheang

Before me,

.....
Goh Suan Bee
(No.: P125)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of Yen Global Berhad

Report on the Financial Statements

We have audited the financial statements of **Yen Global Berhad**, which comprise the statements of financial position as at **31 July 2011** of the Group and of the Company, and their statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 27 to 78.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements 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 2011** and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries 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 5 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.



INDEPENDENT AUDITORS' REPORT (Cont'd)

to the members of Yen Global Berhad

Other Reporting Responsibilities

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

Other Matters

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

Grant Thornton
No. AF: 0042
Chartered Accountants

Dato' N. K. Jasani
No. 708/03/12 (J/PH)
Chartered Accountant

Date: 22 November 2011

Penang

STATEMENTS OF FINANCIAL POSITION

(as at 31 July 2011)

| | NOTE | ----- GROUP ----- | | | ----- COMPANY ----- | |
|--|------|-------------------|-------------------------------|------------------------------|---------------------|-----------------|
| | | 31.7.2011 RM | (Restated) 31.7.2010 RM | (Restated) 1.8.2010 RM | 31.7.2011 RM | 31.7.2010 RM |
| ASSETS | | | | | | |
| Non-current assets | | | | | | |
| Property, plant and equipment | 3 | 25,724,237 | 16,153,666 | 14,520,412 | - | - |
| Investment property | 4 | 133,200 | 136,800 | - | - | - |
| Investment in subsidiaries | 5 | - | - | - | 57,948,463 | 61,410,109 |
| Investment in an associate | | - | - | 1 | - | - |
| Intangible assets | 6 | 2,837,323 | 4,635,079 | 4,878,316 | - | - |
| | | 28,694,760 | 20,925,545 | 19,398,729 | 57,948,463 | 61,410,109 |
| Current assets | | | | | | |
| Inventories | 7 | 44,102,673 | 46,881,305 | 39,025,913 | - | - |
| Trade receivables | 8 | 20,074,734 | 24,176,372 | 30,266,214 | - | - |
| Other receivables, deposits and prepayments | 9 | 4,632,345 | 9,097,242 | 6,634,422 | 12,670 | 1,000 |
| Amount due from subsidiaries | 10 | - | - | - | 37,403,281 | 36,486,683 |
| Tax recoverable | | 681,019 | 809,688 | 672,256 | - | - |
| Cash and bank balances | 11 | 1,694,267 | 2,350,507 | 3,293,743 | 3,125 | 3,190 |
| | | 71,185,038 | 83,315,114 | 79,892,548 | 37,419,076 | 36,490,873 |
| Non-current assets held for sale | | - | - | 147,600 | - | - |
| | | 71,185,038 | 83,315,114 | 80,040,148 | 37,419,076 | 36,490,873 |
| TOTAL ASSETS | | 99,879,798 | 104,240,659 | 99,438,877 | 95,367,539 | 97,900,982 |

The notes set out on pages 34 to 78 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION (Cont'd)

(as at 31 July 2011)

| | NOTE | GROUP | | | COMPANY | |
|--|------|-------------------|-----------------|----------------|-------------------|-----------------|
| | | 31.7.2011 RM | 31.7.2010 RM | 1.8.2010 RM | 31.7.2011 RM | 31.7.2010 RM |
| EQUITY AND LIABILITIES | | | | | | |
| Equity attributable to owners of the parent | | | | | | |
| Share capital | 12 | 62,500,000 | 62,500,000 | 62,500,000 | 62,500,000 | 62,500,000 |
| Share premium | | 21,145 | 21,145 | 21,145 | 21,145 | 21,145 |
| Treasury shares | 13 | (104,877) | (97,350) | (63,207) | (104,877) | (97,350) |
| Exchange translation reserve | 14 | (380,602) | (1,302,057) | 142,900 | – | – |
| Assets revaluation reserve | 15 | 8,573,941 | – | – | – | – |
| (Accumulated loss)/Retained profits | 16 | (7,536,858) | 12,230,692 | 15,827,045 | 13,977,444 | 17,710,556 |
| | | 63,072,749 | 73,352,430 | 78,427,883 | 76,393,712 | 80,134,351 |
| Non-controlling interests | | (1,428,612) | (1,014,266) | 1,263,507 | – | – |
| Total equity | | 61,644,137 | 72,338,164 | 79,691,390 | 76,393,712 | 80,134,351 |
| Non-current liabilities | | | | | | |
| Other payables and accruals | 17 | 2,610,046 | – | – | – | – |
| Borrowings | 18 | 546,384 | 1,340,735 | 1,199,454 | – | – |
| Deferred tax liabilities | 19 | 3,688,014 | 963,437 | 860,080 | – | – |
| | | 6,844,444 | 2,304,172 | 2,059,534 | – | – |
| Current liabilities | | | | | | |
| Trade payables | 20 | 10,348,818 | 10,008,429 | 8,015,048 | – | – |
| Other payables and accruals | 17 | 3,437,424 | 3,094,616 | 3,033,340 | 188,947 | 161,559 |
| Amount due to subsidiaries | 10 | – | – | – | 13,785,579 | 12,910,485 |
| Borrowings | 18 | 17,575,801 | 15,552,836 | 6,311,518 | 4,999,301 | 4,694,587 |
| Provision for taxation | | 29,174 | 942,442 | 328,047 | – | – |
| | | 31,391,217 | 29,598,323 | 17,687,953 | 18,973,827 | 17,766,631 |
| Total liabilities | | 38,235,661 | 31,902,495 | 19,747,487 | 18,973,827 | 17,766,631 |
| TOTAL EQUITY AND LIABILITIES | | 99,879,798 | 104,240,659 | 99,438,877 | 95,367,539 | 97,900,982 |

The notes set out on pages 34 to 78 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

(for the financial year ended 31 July 2011)

| | NOTE | GROUP | | COMPANY | |
|---|------|---------------------|--------------|--------------------|------------|
| | | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| Revenue | 21 | 43,252,852 | 48,801,759 | - | - |
| Cost of sales | | (32,621,082) | (25,212,935) | - | - |
| Gross profit | | 10,631,770 | 23,588,824 | - | - |
| Other income | 22 | 941,921 | 1,630,244 | - | - |
| Administrative expenses | | (13,297,643) | (17,645,528) | (271,466) | (264,857) |
| Impairment loss on intangible asset | | (1,760,072) | - | - | - |
| Impairment loss on investment in a subsidiary | | - | - | (3,461,646) | - |
| Impairment loss on receivables | | (7,433,685) | (604,126) | - | - |
| Selling and distribution expenses | | (8,052,049) | (8,424,107) | - | - |
| Operating loss | | (18,969,758) | (1,454,693) | (3,733,112) | (264,857) |
| Finance costs | | (1,189,672) | (808,693) | - | - |
| Loss before taxation | 23 | (20,159,430) | (2,263,386) | (3,733,112) | (264,857) |
| Taxation | 24 | (355,926) | (1,518,357) | - | - |
| Loss for the year | | (20,515,356) | (3,781,743) | (3,733,112) | (264,857) |
| Other comprehensive income/(loss), net of tax | | | | | |
| Foreign currency translation differences for foreign operation | | 1,254,915 | (2,133,354) | - | - |
| Revaluation of landed properties | | 8,573,941 | - | - | - |
| Other comprehensive income/(loss) for the year | | 9,828,856 | (2,133,354) | - | - |
| Total comprehensive loss for the year | | (10,686,500) | (5,915,097) | (3,733,112) | (264,857) |
| Loss attributable to: | | | | | |
| Owners of the parent | | (19,767,550) | (2,192,367) | (3,733,112) | (264,857) |
| Non-controlling interests | | (747,806) | (1,589,376) | - | - |
| | | (20,515,356) | (3,781,743) | (3,733,112) | (264,857) |
| Total comprehensive loss attributable to: | | | | | |
| Owners of the parent | | (10,272,154) | (3,637,324) | (3,733,112) | (264,857) |
| Non-controlling interests | | (414,346) | (2,277,773) | - | - |
| | | (10,686,500) | (5,915,097) | (3,733,112) | (264,857) |
| Basic loss per share (sen) | 25 | (15.85) | (1.75) | | |

The notes set out on pages 34 to 78 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(for the financial year ended 31 July 2011)

| NOTE | Attributable to Owners of the Parent | | Non-distributable | | Distributable (Accumulated Loss)/ Retained Profits | | Non-controlling interests | Total Equity |
|---------------------------------------|--------------------------------------|---------------|-------------------|------------------------------|--|--------------|---------------------------|--------------|
| | Share Capital | Share Premium | Treasury Shares | Exchange Translation Reserve | Asset Revaluation Reserve | RM | | |
| 2011 | | | | | | | | |
| Balance at beginning | 62,500,000 | 21,145 | (97,350) | (1,302,057) | - | 12,230,692 | 73,352,430 | 72,338,164 |
| Total comprehensive loss for the year | - | - | - | 921,455 | 8,573,941 | (19,767,550) | (10,272,154) | (10,686,500) |
| Purchase of treasury shares | - | - | (7,527) | - | - | - | (7,527) | (7,527) |
| Balance at end | 62,500,000 | 21,145 | (104,877) | (380,602) | 8,573,941 | (7,536,858) | 63,072,749 | 61,644,137 |
| 2010 | | | | | | | | |
| Balance at beginning | 62,500,000 | 21,145 | (63,207) | 142,900 | - | 15,827,045 | 78,427,883 | 79,691,390 |
| Total comprehensive loss for the year | - | - | - | (1,444,957) | - | (2,192,367) | (3,637,324) | (5,915,097) |
| Purchase of treasury shares | - | - | (34,143) | - | - | - | (34,143) | (34,143) |
| Dividends | - | - | - | - | - | (1,403,986) | (1,403,986) | (1,403,986) |
| Balance at end | 62,500,000 | 21,145 | (97,350) | (1,302,057) | - | 12,230,692 | 73,352,430 | 72,338,164 |

The notes set out on pages 34 to 78 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(for the financial year ended 31 July 2011)

| NOTE | ---- Non-distributable ---- | | | Distributable | Total Equity RM |
|--|-----------------------------|------------------------|--------------------------|---------------------------|-----------------------|
| | Share Capital RM | Share Premium RM | Treasury Shares RM | Retained Profits RM | |
| 2011 | | | | | |
| Balance at beginning | 62,500,000 | 21,145 | (97,350) | 17,710,556 | 80,134,351 |
| Total comprehensive loss for the year | - | - | - | (3,733,112) | (3,733,112) |
| Purchase of treasury shares | 13 | - | (7,527) | - | (7,527) |
| Balance at end | 62,500,000 | 21,145 | (104,877) | 13,977,444 | 76,393,712 |
| 2010 | | | | | |
| Balance at beginning | 62,500,000 | 21,145 | (63,207) | 19,379,399 | 81,837,337 |
| Total comprehensive loss for the year | - | - | - | (264,857) | (264,857) |
| Purchase of treasury shares | 13 | - | (34,143) | - | (34,143) |
| Dividends | 26 | - | - | (1,403,986) | (1,403,986) |
| Balance at end | 62,500,000 | 21,145 | (97,350) | 17,710,556 | 80,134,351 |

The notes set out on pages 34 to 78 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

(for the financial year ended 31 July 2011)

| | GROUP | | COMPANY | |
|---|---------------------|-------------|--------------------|------------|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Loss before taxation | (20,159,430) | (2,263,386) | (3,733,112) | (264,857) |
| Adjustments for: | | | | |
| Bad debts | 199,724 | 353,679 | - | - |
| Depreciation | 2,087,692 | 2,148,725 | - | - |
| Deposits forfeited | 4,579 | - | - | - |
| Gain on disposal of property, plant and equipment | - | (71,081) | - | - |
| Impairment loss on intangible asset | 1,760,072 | - | - | - |
| Impairment loss on investment in a subsidiary | - | - | 3,461,646 | - |
| Impairment loss on receivables | 7,433,685 | 604,126 | - | - |
| Interest expense | 1,189,672 | 808,693 | - | - |
| Interest income | (784) | (2,335) | - | - |
| Inventories written off | 878,584 | - | - | - |
| Property, plant and equipment written off | 382,243 | 263,652 | - | - |
| Reversal of impairment loss on receivables | (16,288) | (25,679) | - | - |
| Surplus arising from liquidation of an associate | - | (10,991) | - | - |
| Unrealised loss on foreign exchange | 286,923 | 949,081 | - | - |
| Operating (loss)/profit before working capital changes | 5,953,328 | 2,754,484 | (271,466) | (264,857) |
| Decrease/(Increase) in inventories | 1,900,048 | (7,855,392) | - | - |
| Decrease/(Increase) in receivables | 580,641 | 1,489,804 | (11,670) | - |
| Increase in payables | 3,370,514 | 2,310,668 | 27,388 | 24,727 |
| Cash used in operations | (102,125) | (1,300,436) | (255,748) | (240,130) |
| Income tax paid | (1,749,046) | (1,366,169) | - | - |
| Income tax refund | 475,116 | 450,458 | - | 72,618 |
| Interest paid | (1,189,672) | (808,693) | - | - |
| Net cash used in operating activities/ Balanced carried forward | (2,565,727) | (3,024,840) | (255,748) | (167,512) |

The notes set out on pages 34 to 78 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (Cont'd)

(for the financial year ended 31 July 2011)

| | GROUP | | COMPANY | |
|---|-------------|-------------|-------------|-------------|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| Balance brought forward | (2,565,727) | (3,024,840) | (255,748) | (167,512) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 784 | 2,335 | - | - |
| Proceeds from disposal of property, plant and equipment | - | 258,460 | - | - |
| Proceeds arising from liquidation of an associate | - | 10,992 | - | - |
| *Purchase of property, plant and equipment | (608,723) | (3,028,260) | - | - |
| Net cash used in investing activities | (607,939) | (2,756,473) | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Dividend paid | - | (1,403,986) | - | (1,403,986) |
| Drawdown of bankers acceptance | 888,000 | 5,385,000 | - | - |
| Net change in subsidiaries balances | - | - | (41,504) | (3,099,416) |
| Payment of factoring liabilities | (270,916) | (467,507) | - | - |
| Payment of finance lease | (232,351) | (172,774) | - | - |
| Purchase of treasury shares | (7,527) | (34,143) | (7,527) | (34,143) |
| Repayment of term loans | (647,397) | (1,287,100) | - | - |
| Net cash (used in)/from financing activities | (270,191) | 2,019,490 | (49,031) | (4,537,545) |
| Balance | (3,443,857) | (3,761,823) | (304,779) | (4,705,057) |
| Effects of changes in exchange rate | 1,296,829 | (1,860,709) | - | - |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (2,147,028) | (5,622,532) | (304,779) | (4,705,057) |
| Effects of changes in exchange rate on cash and cash equivalents | (490) | (15,291) | - | - |
| CASH AND CASH EQUIVALENTS AT BEGINNING | (2,344,080) | 3,293,743 | (4,691,397) | 13,660 |
| CASH AND CASH EQUIVALENTS AT END | (4,491,598) | (2,344,080) | (4,996,176) | (4,691,397) |
| Represented by: | | | | |
| Cash and bank balances | 1,694,267 | 2,350,507 | 3,125 | 3,190 |
| Bank overdrafts | (6,185,865) | (4,694,587) | (4,999,301) | (4,694,587) |
| | (4,491,598) | (2,344,080) | (4,996,176) | (4,691,397) |
| *Purchase of property, plant and equipment | | | | |
| Total acquisition cost | 608,723 | 4,258,653 | - | - |
| Acquired under finance lease | - | (1,230,393) | - | - |
| | 608,723 | 3,028,260 | - | - |

The notes set out on pages 34 to 78 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(31 July 2011)

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 22 November 2011.

Principal Activities

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

The principal activities of the subsidiaries are disclosed in Note 5 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 Group and 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 current financial year, the Group and the Company have adopted new and revised FRSs which are mandatory for the reporting period as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

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 any future periods affected.

2.2.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

2.2.2 Key sources of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Significant Accounting Estimates and Judgements (Cont'd)

2.2.2 Key sources of estimation uncertainty (Cont'd)

(i) Useful lives of depreciable assets

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the plant and equipment to be 5 to 10 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.

(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) 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) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

(v) Income taxes

The Group is subject to income taxes whereby significant judgement is required in determining the provision for taxation. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following new and revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int that are mandatory for the current financial year:

New FRSs

| | |
|---------|---|
| FRS 4 | Insurance Contracts |
| FRS 7 | Financial Instruments : Disclosures |
| FRS 139 | Financial Instruments : Recognition and Measurement |

Revised FRSs

| | |
|---------|--|
| FRS 1 | First-time adoption of Financial Reporting Standards |
| FRS 3 | Business Combinations |
| FRS 101 | Presentation of Financial Statements |
| FRS 123 | Borrowing Costs |
| FRS 127 | Consolidated and Separate Financial Statements |

Amendments/Improvements to FRSs

| | |
|---------|---|
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 2 | Share-based Payment - Vesting Conditions and Cancellations |
| FRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| FRS 7 | Financial Instruments: Disclosures |
| FRS 8 | Operating Segments |
| FRS 107 | Statement of Cash Flows |
| FRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| FRS 110 | Events After the Reporting Period |
| FRS 116 | Property, Plant and Equipment |
| FRS 117 | Leases |
| FRS 118 | Revenue |
| FRS 119 | Employee Benefits |
| FRS 120 | Accounting for Government Grants and Disclosures of Government Assistance |
| FRS 123 | Borrowing Costs |
| FRS 127 | Consolidated and Separate Financial Statements: Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate |
| FRS 128 | Investments in Associates |
| FRS 129 | Financial Reporting in Hyperinflationary Economies |
| FRS 131 | Interests in Joint Ventures |
| FRS 132 | Financial Instruments: Presentation |
| FRS 134 | Interim Financial Reporting |
| FRS 136 | Impairment of Assets |
| FRS 138 | Intangible Assets |
| FRS 140 | Investment Property |

IC Int

| | |
|-----------|--|
| IC Int 9 | Reassessment of Embedded Derivatives |
| IC Int 10 | Interim Financial Reporting and Impairment |
| IC Int 11 | FRS 2 - Group and Treasury Share Transactions |
| IC Int 12 | Services Concession Arrangements |
| IC Int 13 | Customer Loyalty Programmes |
| IC Int 14 | FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| IC Int 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Int 17 | Distributions of Non-cash Assets to Owners |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int (Cont'd)

Amendments to IC Int

IC Int 9 Reassessment of Embedded Derivatives

Initial application of the above standards, amendments and interpretations did not have any material impact on the financial statements of the Group and of the Company except for the following. The effects of adoption on the financial statements are shown in Note 34 to the financial statements.

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

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 August 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interests

FRS 7 Financial Instruments: Disclosures

Prior to 1 August 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments : Disclosure and Presentation. FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of qualitative and quantitative information about the significance of financial instruments for the Group's and for 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.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included in the Group's and the Company's financial statements for the financial year ended 31 July 2011.

FRS 101 Presentation of Financial Statements (Revised)

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

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int (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 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. The Group has adopted this as a prospective change in accounting policy.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 August 2010 in accordance with the transitional provisions. The details of the changes in accounting policies arising from the adoption of FRS 139 are discussed below:

- **Impairment of trade and other receivables**

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

- **Financial guarantee contracts**

During the current period and prior years, the Company provided financial guarantees to banks and a third party in connection with borrowings granted to its subsidiaries. Prior to 1 August 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 August 2010.

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 this amendment will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

The effect of adoption on the financial statements is shown in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards Issued But Not Yet Effective

(i) New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards

To converge with International Financial Reporting Standards ("IFRSs") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. However, the Group and the Company do not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for the financial period beginning on or after 1 January 2012.

Below are the lists of MFRSs and IC Int issued but not yet effective and have not been early adopted by the Group and by the Company :

MFRSs effective on 1 January 2012

| | |
|----------|--|
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards |
| MFRS 2 | Share-based Payment |
| MFRS 3 | Business Combinations |
| MFRS 4 | Insurance Contracts |
| MFRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| MFRS 6 | Exploration for and Evaluation of Mineral Resources |
| MFRS 7 | Financial Instruments: Disclosures |
| MFRS 8 | Operating Segments |
| MFRS 101 | Presentation of Financial Statements |
| MFRS 102 | Inventories |
| MFRS 107 | Statement of Cash Flows |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| MFRS 110 | Events after the Reporting Period |
| MFRS 111 | Construction Contracts |
| MFRS 112 | Income Taxes |
| MFRS 116 | Property, Plant and Equipment |
| MFRS 117 | Leases |
| MFRS 118 | Revenue |
| MFRS 119 | Employee Benefits |
| MFRS 120 | Accounting for Government Grants and Disclosure of Government Assistance |
| MFRS 121 | The Effects of Changes in Foreign Exchange Rates |
| MFRS 123 | Borrowing Costs |
| MFRS 124 | Related Party Disclosures |
| MFRS 126 | Accounting and Reporting by Retirement Benefit Plans |
| MFRS 127 | Consolidated and Separate Financial Statements |
| MFRS 128 | Investments in Associates |
| MFRS 129 | Financial Reporting in Hyperinflationary Economies |
| MFRS 131 | Interests in Joint Ventures |
| MFRS 132 | Financial Instruments: Presentation |
| MFRS 133 | Earnings per Share |
| MFRS 134 | Interim Financial Reporting |
| MFRS 136 | Impairment of Assets |
| MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets |
| MFRS 138 | Intangible Assets |
| MFRS 139 | Financial Instruments: Recognition and Measurement |
| MFRS 140 | Investment Property |
| MFRS 141 | Agriculture |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards Issued But Not Yet Effective (Cont'd)

(i) New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards (Cont'd)

MFRSs effective on 1 January 2012 (Cont'd)

| | |
|------------|---|
| IC Int 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| IC Int 2 | Members' Shares in Co-operative Entities and Similar Instruments |
| IC Int 4 | Determining whether an Arrangement contains a Lease |
| IC Int 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| IC Int 6 | Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment |
| IC Int 7 | Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies |
| IC Int 9 | Reassessment of Embedded Derivatives |
| IC Int 10 | Interim Financial Reporting and Impairment |
| IC Int 12 | Service Concession Arrangements |
| IC Int 13 | Customer Loyalty Programmes |
| IC Int 14 | MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| IC Int 15 | Agreements for the Construction of Real Estate |
| IC Int 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Int 17 | Distributions of Non-cash Assets to Owners |
| IC Int 18 | Transfers of Assets from Customers |
| IC Int 19 | Extinguishing Financial Liabilities with Equity Instruments |
| IC Int 107 | Introduction of the Euro |
| IC Int 110 | Government Assistance - No Specific Relation to Operating Activities |
| IC Int 112 | Consolidation - Special Purpose Entities |
| IC Int 113 | Jointly Controlled Entities - Non-Monetary Contributions by Venturers |
| IC Int 115 | Operating Leases - Incentives |
| IC Int 125 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |
| IC Int 127 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| IC Int 129 | Service Concession Arrangements: Disclosures |
| IC Int 131 | Revenue - Barter Transactions Involving Advertising Services |
| IC Int 132 | Intangible Assets - Web Site Costs |

MFRSs effective on 1 July 2012

| | |
|----------|--|
| MFRS 101 | Presentation of Financial Statement Amendments in relation to Presentation of Items of Other Comprehensive Income |
|----------|--|

MFRSs effective on 1 January 2013

| | |
|-----------|--|
| MFRS 9 | Financial Instruments (International Financial Reporting Standard ("IFRS") 9 issued by International Accounting Standards Board ("IASB") in November 2009) |
| MFRS 9 | Financial Instruments (IFRS 9 issued by IASB in October 2010) |
| MFRS 10 | Consolidated Financial Statements |
| MFRS 11 | Joint Arrangements |
| MFRS 12 | Disclosure of Interests in Other Entities |
| MFRS 13 | Fair Value Measurement |
| MFRS 119 | Employee Benefits (International Accounting Standard ("IAS") 19 as amended by IASB in June 2011) |
| MFRS 127 | Separate Financial Statements (IAS 27 as amended by IASB in May 2011) |
| MFRS 128 | Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011) |
| IC Int 20 | Stripping Costs in the Production Phase of a Surface Mine |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards Issued But Not Yet Effective (Cont'd)

(i) New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards (Cont'd)

The Company will be considering the implications of the new MFRSs on the financial statements of the Group and of the Company in due course.

(ii) New and revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int

The following are new/revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int which are not yet effective and have not been early adopted by the Group and by the Company:

| | | Effective for financial periods beginning on or after |
|--|---|--|
| <u>New FRS</u> | | |
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in November 2009) | 1 January 2013 |
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in October 2010) | 1 January 2013 |
| FRS 10 | Consolidated Financial Statements | 1 January 2013 |
| FRS 11 | Joint Arrangements | 1 January 2013 |
| FRS 12 | Disclosure of Interests in Other Entities | 1 January 2013 |
| FRS 13 | Fair Value Measurement | 1 January 2013 |
| <u>Revised FRSs</u> | | |
| FRS 119 | Employee Benefits (as amended in November 2011) | 1 January 2013 |
| FRS 124 | Related Party Disclosures | 1 January 2012 |
| FRS 127 | Separate Financial Statements (as amended in November 2011) | 1 January 2013 |
| FRS 128 | Investments in Associates and Joint Ventures (as amended in November 2011) | 1 January 2013 |
| <u>Amendments/Improvements to FRSs</u> | | |
| FRS 1 | Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters | 1 January 2011 |
| FRS 1 | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters | 1 January 2012 |
| FRS 2 | Group Cash-settled Share-based Payment Transactions | 1 January 2011 |
| FRS 3 | Business Combinations | 1 January 2011 |
| FRS 7 | Improving Disclosures about Financial Instruments | 1 January 2011 |
| FRS 7 | Disclosures - Transfer of Financial Assets | 1 January 2012 |
| FRS 101 | Presentation of Financial Statements | 1 January 2011 |
| FRS 101 | Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| FRS 112 | Deferred tax: Recovery of Underlying Assets | 1 January 2012 |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates | 1 January 2011 |
| FRS 128 | Investments in Associates | 1 January 2011 |
| FRS 131 | Interests in Joint Ventures | 1 January 2011 |
| FRS 132 | Financial Instruments: Presentation | 1 January 2011 |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards Issued But Not Yet Effective (Cont'd)

(ii) New and revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int (Cont'd)

| | | Effective for financial periods beginning on or after |
|---|---|--|
| <u>Amendments/Improvements to FRSs (cont'd)</u> | | |
| FRS 134 | Interim Financial Reporting | 1 January 2011 |
| FRS 139 | Financial Instruments: Recognition and Measurement | 1 January 2011 |
| <u>IC Int</u> | | |
| IC Int 4 | Determining Whether an Arrangement contains a Lease | 1 January 2011 |
| IC Int 18 | Transfers of Assets from Customers | 1 January 2011 |
| IC Int 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 July 2011 |
| IC Int 20 | Stripping Costs in the Production Phase of a Surface Mine | 1 January 2013 |
| <u>Amendments to IC Int</u> | | |
| IC Int 13 | Customer Loyalty Programmes | 1 January 2011 |
| IC Int 14 | Prepayments of a Minimum Funding Requirement | 1 July 2011 |

The directors anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Company in the period for initial application except for those standards effective for financial period beginning on or after 1 January 2013 which the Company will be considering the implications on the financial statements of the Company in due cause.

(iii) Withdrawal of FRSs and IC Int

The following FRSs and IC Int will be withdrawn upon the adoption of the new/revised standards as disclosed in Note 2.4 (ii).

| | |
|-------------|---|
| <u>FRSs</u> | |
| FRS 119 | Employee Benefits (2007) |
| FRS 127 | Consolidated and Separate Financial Statements (2010) |
| FRS 128 | Investments in Associates (2005) |
| FRS 131 | Interests in Joint Ventures (2005) |

| | |
|---------------|---|
| <u>IC Int</u> | |
| IC Int 9 | Reassessment of Embedded Derivatives (2008) |
| IC Int 112 | Consolidation - Special Purpose Entities (2005) |
| IC Int 113 | Jointly Controlled Entities - Non-Monetary Contributions by Ventures (2005) |
| IC Int 121 | Income Taxes - Recovery of Revalued Non-depreciable Assets (2005) |

2.5 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 or valuation 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 recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Subsidiaries and Basis of Consolidation (Cont'd)

Basis of Consolidation

The financial statements of the Group include the audited financial statements of the Company and its subsidiaries made up to the end of the financial year. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

Acquisition of subsidiaries is accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.6 Property, Plant and Equipment

Property, plant and equipment are stated at cost except for leasehold properties and certain buildings which are stated at valuation, less accumulated depreciation and accumulated impairment losses.

Leasehold properties and buildings shown at valuation are based on valuation reports by external independent valuer. Revaluations are performed at least once in every five years.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Property, Plant and Equipment (Cont'd)

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained profits on retirement or disposal of the asset.

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:

| | |
|--|---|
| Long leasehold land | Amortised over its lease period of 92 years |
| Short leasehold land | Amortised over its lease period of 46 years |
| Buildings | 2% - 20% |
| Machinery and factory equipment | 10% |
| Renovation | 2% |
| Furniture, fittings and office equipment | 10% - 20% |
| Motor vehicles | 20% |

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 the end of the reporting period.

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

Upon the disposal of an item of property, plant and equipment, the difference between its net disposal proceeds and its carrying amount is recognised in profit or loss and the attributable portion of the revaluation surplus is taken directly to retained profits.

2.7 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Finance lease

A finance lease which includes hire purchase arrangement, is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred.

Plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Leases (Cont'd)

Operating lease

An operating lease is a lease other than finance lease.

Operating lease income or operating lease rental are credited or charged to profit or loss on a straight line basis over the period of the lease.

2.8 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 property is 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 life at 2% per annum.

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 Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Impairment of Non-Financial Assets (Cont'd)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment of goodwill is not reversed in a subsequent period.

2.11 Financial Assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and categorise their financial assets as loans and receivables.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when the financial assets and all substantial risks and rewards are transferred.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and Company's cash and cash equivalents, trade and most other receivables, refundable deposits as well as intercompany balances fall into this category of financial instruments.

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

2.12 Impairment of Financial Assets

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of Financial Assets (Cont'd)

Trade and other receivables and other financial assets carried at amortised cost

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

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

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

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

2.13 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.

2.14 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.

2.15 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 the end of each reporting period 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Financial Liabilities

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classified their financial liabilities as other financial liabilities.

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

Other financial liabilities

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

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

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

2.17 Income Recognition

- (i) Revenue from sale of goods is recognised 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.

2.18 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 national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. The Group's foreign subsidiary also makes contributions to its country's statutory pension schemes.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Borrowings Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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.

2.20 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 tax payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted by the end of the reporting period.

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period 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.

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 end of the reporting period. Deferred tax is recognised in profit or loss, 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.

2.21 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 currency) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, foreign currency monetary items are translated into functional currency on the exchange rates ruling at that date. All exchange gains or losses are recognised in profit or loss.

The financial statements of the foreign subsidiary are translated into RM at the approximate rate of exchange ruling at the end of the reporting period for assets and liabilities and at the approximate average rate of exchange ruling on transaction dates for income and expenses. Exchange differences due to such currency translations are taken directly to exchange translation reserve.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Share Capital and Share Issuance Expenses

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

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

2.23 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.24 Contingencies

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

3. PROPERTY, PLANT AND EQUIPMENT

| | Long leasehold land RM | | Short leasehold land RM | | Buildings RM | | Machinery and factory equipment RM | | Buildings RM | | Furniture, fittings, and office equipment RM | | Motor vehicles RM | | Total RM |
|---------------------------------|------------------------|------------------|-------------------------|-------------|--------------|------------------|------------------------------------|------------------|------------------|-------------------|--|-----------|-------------------|-----------|------------|
| | At valuation | At cost | At valuation | At cost | At valuation | At cost | At valuation | At cost | At valuation | At cost | At valuation | At cost | At valuation | At cost | |
| 2011 | | | | | | | | | | | | | | | |
| At cost/Valuation | | | | | | | | | | | | | | | |
| Balance at beginning | - | 1,083,333 | - | 2,252,084 | - | 8,795,115 | - | 2,987,725 | - | 8,795,115 | - | 7,928,823 | - | 3,293,133 | 26,599,698 |
| Additions | - | - | - | - | - | 13,150 | 10,068 | - | - | 13,150 | 10,599 | 574,906 | - | - | 608,723 |
| Written off | - | - | - | - | - | (28,443) | - | - | - | (28,443) | - | (642,034) | - | - | (670,477) |
| Revaluation | 1,876,000 | 5,441,084 | 14,235,000 | (1,083,333) | (2,252,084) | (8,765,946) | - | - | - | (8,765,946) | - | - | - | - | 9,450,721 |
| Foreign currency translation | - | - | - | - | - | (726) | - | - | - | (726) | - | (4,748) | - | - | (5,474) |
| Balance at end | 1,876,000 | 5,441,084 | 14,235,000 | - | - | 13,150 | 2,997,793 | 270,084 | 7,856,947 | 3,293,133 | 35,983,191 | | | | |
| Accumulated depreciation | | | | | | | | | | | | | | | |
| Balance at beginning | - | - | - | 80,463 | - | 1,343,352 | 2,617,259 | - | 96,242 | 1,233,818 | 10,446,032 | - | - | - | - |
| Current charge | - | - | - | 10,794 | - | 167,313 | 251,347 | - | 15,071 | 530,373 | 2,084,092 | - | - | - | - |
| Written off | - | - | - | - | - | (13,749) | - | - | - | (274,485) | (288,234) | - | - | - | - |
| Revaluation | - | - | - | (91,257) | - | (1,495,795) | - | - | - | (1,981,202) | (1,981,202) | - | - | - | - |
| Foreign currency translation | - | - | - | - | - | (244) | - | - | - | (1,490) | (1,734) | - | - | - | - |
| Balance at end | - | - | - | 877 | 877 | 2,868,606 | 111,313 | 5,513,967 | 1,764,191 | 10,258,954 | | | | | |
| Carrying amount | 1,876,000 | 5,441,084 | 14,235,000 | - | - | 12,273 | 129,187 | 158,771 | 2,342,980 | 1,528,942 | 25,724,237 | | | | |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Long leasehold land | | Short leasehold land | | Buildings | | Long leasehold land | | Short leasehold land | | Buildings | | Machinery and factory equipment | | Renovation | | Furniture, fittings, and office equipment | | Motor vehicles | | Total | |
|---|--|----|----------------------|----|-----------|----|---------------------|----|----------------------|----|-----------|----|---------------------------------|----|------------|----|---|----|----------------|----|-------|--|
| | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | | |
| | ----- At valuation ----- ----- At cost ----- | | | | | | | | | | | | | | | | | | | | | |
| 2010 | | | | | | | | | | | | | | | | | | | | | | |
| At cost | | | | | | | | | | | | | | | | | | | | | | |
| Balance at beginning | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| As previously stated | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Effect of adopting the amendment to FRS 117 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| As restated | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Additions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Written off | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Foreign currency translation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Balance at end | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Accumulated depreciation | | | | | | | | | | | | | | | | | | | | | | |
| Balance at beginning | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| As previously stated | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Effect of adopting the amendment to FRS 117 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| As restated | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Current charge | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Written off | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Foreign currency translation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Balance at end | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Carrying amount | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP

- (i) The leasehold land and certain buildings are stated based on a valuation carried out towards the financial year end, by Knight Frank Ooi & Zaharin Sdn. Bhd., an independent professional valuer, using the open market value basis.

If the revalued properties were measured using the cost model, the carrying amounts would be as follows:

| | Long leasehold land RM | Short leasehold land RM | Buildings RM |
|--------------------------|---------------------------------------|--|-------------------------|
| 2011 | | | |
| Cost | 1,083,333 | 2,252,084 | 8,765,946 |
| Accumulated depreciation | (91,257) | (394,150) | (1,495,795) |
| Carrying amount | 992,076 | 1,857,934 | 7,270,151 |

- (ii) Motor vehicles with carrying amount of **RM1,401,450** (2010: RM1,842,525) are acquired under finance lease and are pledged as security for the related finance lease liabilities (Note 18).

4. INVESTMENT PROPERTY

GROUP

| | Freehold shoplot | |
|--|-------------------------|-------------|
| | 2011 | 2010 |
| | RM | RM |
| At cost | | |
| Balance at beginning | 180,000 | – |
| Reclassified from non-current assets held for sale | – | 180,000 |
| Balance at end | 180,000 | 180,000 |
| Accumulated depreciation | | |
| Balance at beginning | 43,200 | – |
| Reclassified from non-current assets held for sale | – | 32,400 |
| Current charge - current year | 3,600 | 3,600 |
| - adjustment as a result of reclassification | – | 7,200 |
| Balance at end | (46,800) | (43,200) |
| Carrying amount | 133,200 | 136,800 |
| Fair value | 200,000 | 200,000 |

The fair value of investment property as at the end of the reporting period is derived based on directors' valuation by reference to the existing market condition.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

4. INVESTMENT PROPERTY (CONT'D)

The amounts recognised in profit or loss are as follows:

| | 2011 | 2010 |
|--|---------------|-------------|
| | RM | RM |
| Rental income from investment property | 10,800 | 10,800 |
| Direct operating expenses arising from rental generating investment property | 3,905 | 11,105 |

5. INVESTMENT IN SUBSIDIARIES

| | COMPANY | |
|--------------------------|--------------------|-------------|
| | 2011 | 2010 |
| | RM | RM |
| Unquoted shares, at cost | 61,410,109 | 61,410,109 |
| Less: Impairment loss | (3,461,646) | – |
| | 57,948,463 | 61,410,109 |

Details of the subsidiaries are as follows:

| Name of Company | Place of Incorporation | Effective Equity Interest | | Principal Activities |
|---------------------------------|-------------------------------|----------------------------------|-------------|---|
| | | 2011 | 2010 | |
| Direct: | | | | |
| 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. |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

| Name of Company | Place of Incorporation | Effective Equity Interest | | Principal Activities |
|--|------------------------|---------------------------|------|--|
| | | 2011 | 2010 | |
| Direct: | | | | |
| Mustang Jeans (M) Sdn. Bhd. | Malaysia | 100% | 100% | Marketing of jeanswear and its related products. |
| Delison Sdn. Bhd. | Malaysia | 100% | 100% | Distributing of accessories. |
| LKH Footwear Collection Sdn Bhd # | Malaysia | 100% | 100% | Marketing and distributing of footwear and related. |
| 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. |
| Indirect-held through Evatech Sdn. Bhd. | | | | |
| 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. |
| Indirect-held through Starix Collection Sdn. Bhd. | | | | |
| Twoagentsee International Ltd.* | United Kingdom | 48% | 48% | Marketing and distribution of fashion wear. |

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

* Not audited by Grant Thornton.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

6. INTANGIBLE ASSETS

| | GROUP | |
|-----------------------------------|------------------|------------|
| | 2011 RM | 2010 RM |
| Trade mark | | |
| Balance at beginning | 2,235,149 | 2,235,149 |
| Less: Impairment loss | (1,760,072) | - |
| Balance at end | 475,077 | 2,235,149 |
| Goodwill | | |
| Balance at beginning | 2,570,026 | 2,813,263 |
| Foreign currency translation | (37,684) | (243,237) |
| Balance at end | 2,532,342 | 2,570,026 |
| Less: Accumulated impairment loss | (170,096) | (170,096) |
| | 2,362,246 | 2,399,930 |
| | 2,837,323 | 4,635,079 |

The goodwill can be analysed as:

Arising from

| | | |
|---|------------------|-----------|
| - acquisition of a subsidiary | 885,662 | 885,662 |
| - acquisition of business operation by a subsidiary | 1,476,584 | 1,514,268 |
| | 2,362,246 | 2,399,930 |

The goodwill 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.

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 **6.60%** (2010: 6.30%) is applied to the cash flow projections.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

6. INTANGIBLE ASSETS (CONT'D)

During the financial year, the Group has reassessed one of the trade marks' recoverability and determined that there is no longer any foreseeable growth in the market and that the particular trade mark's carrying amount is in excess of its recoverable amount. Hence, impairment is fully provided for that trade mark.

Save as disclosed above, no impairment loss is required during the financial year for the remaining trade mark and goodwill as their recoverable amount is in excess of their carrying amount.

7. INVENTORIES

| | GROUP | |
|------------------|-------------------|-------------|
| | 2011 | 2010 |
| | RM | RM |
| At cost: | | |
| Raw materials | 1,974,022 | 1,369,954 |
| Work-in-progress | 97,463 | 356,604 |
| Finished goods | 17,121,412 | 15,987,308 |
| Trading goods | 24,909,776 | 29,167,439 |
| | 44,102,673 | 46,881,305 |

8. TRADE RECEIVABLES

| | GROUP | |
|--------------------------------|--------------------|-------------|
| | 2011 | 2010 |
| | RM | RM |
| Total amount | 27,340,475 | 25,918,182 |
| Less: Allowance for impairment | | |
| Balance at beginning | (1,741,810) | (5,034,026) |
| Current year | (5,726,232) | (478,214) |
| Reversal of impairment losses | 16,288 | 25,679 |
| Written off | 186,013 | 3,744,751 |
| | (7,265,741) | (1,741,810) |
| Balance at end | 20,074,734 | 24,176,372 |
| Analysis by currencies: | | |
| Ringgit Malaysia | 19,222,325 | 16,774,811 |
| Sterling Pound | 7,765,421 | 8,920,793 |
| US Dollar | - | 56,075 |
| Euro | 352,729 | 166,503 |
| | 27,340,475 | 25,918,182 |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

8. TRADE RECEIVABLES (CONT'D)

Included herein is an amount of **RM3,430,023** (2010: RM5,142,538) due from a related party, Twoagentsee Limited, in which certain directors of the foreign subsidiary have interests. This is in respect of a debt assigned to the said related party pursuant to the business acquisition by the subsidiary in prior years.

The trade receivables are non-interest bearing and are generally on **30 to 180 days** (2010: 30 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | GROUP | | COMPANY | |
|--------------------------------|--------------------|------------|---------------|------------|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| Other receivables | 2,278,958 | 5,018,057 | - | - |
| Less: Allowance for impairment | | | | |
| Balance at beginning | (174,645) | (48,733) | - | - |
| Current year | (1,707,453) | (125,912) | - | - |
| Balance at end | (1,882,098) | (174,645) | - | - |
| | 396,860 | 4,843,412 | - | - |
| Refundable deposits | 4,130,743 | 4,062,980 | 1,000 | 1,000 |
| Prepayments | 104,742 | 190,850 | 11,670 | - |
| | 4,632,345 | 9,097,242 | 12,670 | 1,000 |
| Analysis by currencies: | | | | |
| Ringgit Malaysia | 6,227,309 | 5,980,602 | 12,670 | 1,000 |
| Sterling Pound | 287,134 | 3,286,706 | - | - |
| Chinese Renminbi | - | 4,579 | - | - |
| | 6,514,443 | 9,271,887 | 12,670 | 1,000 |

Included in previous year's other receivables was an amount of RM2,921,455 due from a related party, Twoagentsee Limited, in which certain directors of the foreign subsidiary have interests. It was unsecured, interest free and was repayable on demand.

10. AMOUNT DUE FROM/TO SUBSIDIARIES

COMPANY

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

11. CASH AND BANK BALANCES

| | GROUP | | COMPANY | |
|-------------------------|------------------|------------------|--------------|--------------|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| Analysis by currencies: | | | | |
| Ringgit Malaysia | 1,596,713 | 2,330,803 | 3,125 | 3,190 |
| Euro | 90,857 | – | – | – |
| Sterling Pound | 6,697 | 19,659 | – | – |
| US Dollar | – | 45 | – | – |
| | 1,694,267 | 2,350,507 | 3,125 | 3,190 |

12. SHARE CAPITAL

| | Number of ordinary shares of RM0.50 each | | Amount | |
|-----------------------|---|-------------|-------------|-------------|
| | 2011 | 2010 | 2011 RM | 2010 RM |
| Authorised | 200,000,000 | 200,000,000 | 100,000,000 | 100,000,000 |
| Issued and fully paid | 125,000,000 | 125,000,000 | 62,500,000 | 62,500,000 |

13. 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 21 January 2011, 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 financial year are as follows:

| Month | ----- Price per share ----- | | | Number of shares | Total consideration RM |
|--------------|-----------------------------|---------|---------|---------------------|------------------------------|
| | Lowest | Highest | Average | | |
| October 2010 | 0.35 | 0.40 | 0.38 | 11,000 | 4,382 |
| April 2011 | 0.31 | 0.31 | 0.31 | 10,000 | 3,145 |
| | | | | 21,000 | 7,527 |

During the financial year, the Company repurchased **21,000** of its issued ordinary shares from the open market at an average price of **RM0.36** per share. The total consideration paid for the repurchase including transaction costs was **RM7,527**. The repurchase transactions were 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

13. TREASURY SHARES (CONT'D)

Out of the total **125,000,000** issued and fully paid ordinary shares as at the end of reporting period, **272,100** (2010: 251,100) are held as treasury shares by the Company. As at 31 July 2011, the number of outstanding ordinary shares in issue and fully paid is therefore **124,727,900** ordinary shares of RM0.50 each.

14. EXCHANGE TRANSLATION RESERVE

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

15. ASSET REVALUATION RESERVE

This is in respect of the surplus on revaluation of leasehold land and certain buildings net of deferred tax, which is non-distributable by way of dividend payout.

16. RETAINED PROFITS

COMPANY

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 the end of reporting period, the Company has sufficient credit under the 108 balance and tax exempt income account to frank all of its retained profits if paid out as dividends.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

17. OTHER PAYABLES AND ACCRUALS

| | GROUP | | COMPANY | |
|---|------------------|------------|----------------|------------|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| Non-current liabilities | | | | |
| Other payable | | | | |
| - Later than 1 year but not later than 2 years | 822,977 | - | - | - |
| - Later than 2 years but not later than 5 years | 1,787,069 | - | - | - |
| | 2,610,046 | - | - | - |
| Current liabilities | | | | |
| Other payables | 2,444,220 | 1,614,942 | 25,947 | 14,559 |
| Deposits | 60,000 | 65,054 | - | - |
| Accruals | 933,204 | 1,414,620 | 163,000 | 147,000 |
| | 3,437,424 | 3,094,616 | 188,947 | 161,559 |
| Total | 6,047,470 | 3,094,616 | 188,947 | 161,559 |
| Analysis by currencies: | | | | |
| Ringgit Malaysia | 5,560,843 | 2,258,800 | 188,947 | 161,559 |
| Sterling Pound | 188,176 | 511,557 | - | - |
| Hong Kong Dollar | 298,451 | 324,259 | - | - |
| | 6,047,470 | 3,094,616 | 188,947 | 161,559 |

GROUP

During the financial year, a subsidiary of the Company, namely Starix Collection Sdn. Bhd. has entered into a settlement agreement with its trade creditor, whereby the debts of RM4,020,000 is to be converted to a loan with an interest rate of 7% per annum. The loan is repayable by 60 equal monthly instalments of RM67,000 each commencing 30 October 2010 and is secured by corporate guarantee of the Company.

As at the end of the reporting period, the outstanding balance of the said loan is RM3,567,023.

Included in short term other payables is an amount of **RM697,000** (2010 : RM697,000) due to a director of a subsidiary and it is unsecured, interest free and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

18. BORROWINGS

| | GROUP | | COMPANY | |
|--|-------------------|------------|------------------|------------|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| Non-current liabilities | | | | |
| <u>Finance lease liabilities</u> | | | | |
| Minimum payments: | | | | |
| Within 1 year | 318,682 | 308,807 | - | - |
| Later than 1 year but not later than 2 years | 318,682 | 318,682 | - | - |
| Later than 2 years but not later than 5 years | 258,884 | 577,531 | - | - |
| | 896,248 | 1,205,020 | - | - |
| Future finance charges | (70,980) | (147,401) | - | - |
| Carrying amount at end | 825,268 | 1,057,619 | - | - |
| Amount due within 1 year under current liabilities | (278,884) | (261,310) | - | - |
| | 546,384 | 796,309 | - | - |
| <u>Term loans</u> | | | | |
| Total amount repayable | 544,873 | 1,192,270 | - | - |
| Amount due within 1 year under current liabilities | (544,873) | (647,844) | - | - |
| | - | 544,426 | - | - |
| | 546,384 | 1,340,735 | - | - |
| Current liabilities | | | | |
| Bank overdrafts | 6,185,865 | 4,694,587 | 4,999,301 | 4,694,587 |
| Bankers acceptance | 10,413,000 | 9,525,000 | - | - |
| *Factoring liabilities | 153,179 | 424,095 | - | - |
| Finance lease liabilities | 278,884 | 261,310 | - | - |
| Term loans | 544,873 | 647,844 | - | - |
| | 17,575,801 | 15,552,836 | 4,999,301 | 4,694,587 |

* Denominated in Sterling Pound.

Term loan I 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. This loan was fully settled during the financial year under review.

Term loan II 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 each for the following years commencing July 2007.

The finance lease liabilities are secured over the leased assets (Note 3(ii)).

The borrowings (other than finance lease liabilities) are secured by way of:

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

18. BORROWINGS (CONT'D)

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

| GROUP | Average effective interest rate per annum (%) | Total | Within 1 year | More than 1 year and less than 2 years | More than 2 years and less than 5 years |
|---------------------------|---|------------|---------------|--|---|
| | | RM | RM | RM | RM |
| 2011 | | | | | |
| Bank overdrafts | 7.85 - 8.10 | 6,185,865 | 6,185,865 | - | - |
| Bankers acceptance | 3.08 - 3.65 | 10,413,000 | 10,413,000 | - | - |
| Factoring liabilities | 3.06 | 153,179 | 153,179 | - | - |
| Finance lease liabilities | 2.32 - 3.42 | 825,268 | 278,884 | 296,458 | 249,926 |
| Term loan | 7.85 | 544,873 | 544,873 | - | - |
| 2010 | | | | | |
| 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 | - | - |
| Finance lease liabilities | 2.32 - 3.42 | 1,057,619 | 261,310 | 278,884 | 517,425 |
| Term loans | 7.05 - 7.55 | 1,192,270 | 647,844 | 544,426 | - |
| COMPANY | | | | | |
| 2011 | | | | | |
| Bank overdraft | 8.10 | 4,999,301 | 4,999,301 | - | - |
| 2010 | | | | | |
| Bank overdraft | 7.80 | 4,694,587 | 4,694,587 | - | - |

19. DEFERRED TAX LIABILITIES

| | GROUP | |
|-------------------------------------|------------------|------------|
| | 2011 RM | 2010 RM |
| Balance at beginning | 963,437 | 860,080 |
| Revaluation surplus | 2,857,982 | - |
| Transfer (to)/from profit or loss | (238,605) | 110,900 |
| Foreign currency translation | - | (1,939) |
| | 3,582,814 | 969,041 |
| Under/(Over)provision in prior year | 105,200 | (5,604) |
| Balance at end | 3,688,014 | 963,437 |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

19. DEFERRED TAX LIABILITIES (CONT'D)

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

| | GROUP | |
|---|-----------|-----------|
| | 2011 | 2010 |
| | RM | RM |
| Property, plant and equipment | 1,047,339 | 1,012,737 |
| Revaluation surplus | 2,857,982 | – |
| Unabsorbed capital allowances | (106,000) | (36,000) |
| Unabsorbed tax losses | (69,000) | (13,300) |
| Inventories - tax effect on unrealised profit | (42,307) | – |
| | 3,688,014 | 963,437 |

20. TRADE PAYABLES

| | GROUP | |
|-------------------------|------------|------------|
| | 2011 | 2010 |
| | RM | RM |
| Analysis by currencies: | | |
| Ringgit Malaysia | 9,338,766 | 4,563,358 |
| US Dollar | 750,728 | 299,161 |
| Sterling pound | 252,934 | 2,525,565 |
| Hong Kong Dollar | 6,390 | 2,620,345 |
| | 10,348,818 | 10,008,429 |

Included herein is an amount of **RM30,383** (2010 : RM Nil) due to a company in which persons connected to certain directors of the Company have substantial interests.

The trade payables are non-interest bearing and are normally settled within **30 to 120 days** (2010 : 20 to 120 days) credit terms.

21. REVENUE

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

22. OTHER INCOME

| | GROUP | |
|---|----------------|------------------|
| | 2011 RM | 2010 RM |
| Gain on disposal of property, plant and equipment | - | 71,081 |
| Interest | 784 | 2,335 |
| Realised gain on foreign exchange, gross | 21,444 | 535,598 |
| Reversal of impairment loss on receivables | 16,288 | 25,679 |
| Royalty | 691,343 | 669,075 |
| Surplus arising from liquidation of an associate | - | 10,991 |
| Others | 212,062 | 315,485 |
| | 941,921 | 1,630,244 |

23. LOSS BEFORE TAXATION

This is arrived at:

| | GROUP | | COMPANY | |
|---|------------|------------|------------|------------|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| After charging: | | | | |
| Audit fee | | | | |
| - statutory audit | | | | |
| - holding company auditors | 82,000 | 70,000 | 18,000 | 15,000 |
| - other auditors | 51,092 | 66,628 | - | - |
| Bad debts | 199,724 | 353,679 | - | - |
| Deposits forfeited | 4,579 | - | - | - |
| Depreciation | 2,087,692 | 2,148,725 | - | - |
| Directors' fee | | | | |
| - non-executive directors | 55,000 | 55,000 | 55,000 | 55,000 |
| Interest expense on | | | | |
| - bank overdrafts | 456,152 | 261,599 | - | - |
| - bankers acceptance | 362,498 | 370,781 | - | - |
| - term loans | 68,126 | 119,887 | - | - |
| - finance lease | 76,613 | 32,161 | - | - |
| - others | 226,283 | 24,265 | - | - |
| Inventories written off | 878,584 | - | - | - |
| Property, plant and equipment written off | 382,243 | 263,652 | - | - |
| Realised loss on foreign exchange, net | 1,130,395 | - | - | - |
| Rental of equipment | 765 | 800 | - | - |
| Rental of premises | 1,580,273 | 2,403,927 | - | - |
| Staff costs | 12,261,901 | 14,545,942 | 75,000 | 75,000 |
| Unrealised loss on foreign exchange | 286,923 | 949,081 | - | - |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

23. LOSS BEFORE TAXATION (CONT'D)

| | GROUP | | COMPANY | |
|--|-------------------|------------|---------------|------------|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| And crediting: | | | | |
| Bad debts recovered | - | 10,000 | - | - |
| Realised gain on foreign exchange, net | - | 535,102 | - | - |
| Rental income | 151,300 | 283,050 | - | - |
| *Staff costs | | | | |
| - Salaries, allowances and bonus | 11,178,302 | 13,260,408 | 75,000 | 75,000 |
| - EPF | 779,769 | 812,642 | - | - |
| - SOCSO | 303,830 | 472,892 | - | - |
| | 12,261,901 | 14,545,942 | 75,000 | 75,000 |

Directors' remuneration

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

| | GROUP | | COMPANY | |
|---|------------------|------------|---------------|------------|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| Executive directors of the Company: | | | | |
| Directors' emoluments | | | | |
| - Salaries, allowances and bonus | 683,323 | 734,000 | - | - |
| - EPF | 81,120 | 87,660 | - | - |
| | 764,443 | 821,660 | - | - |
| Directors' fee | 75,000 | 75,000 | 75,000 | 75,000 |
| | 839,443 | 896,660 | 75,000 | 75,000 |
| Benefits-in-kind | 64,800 | 64,800 | - | - |
| | 904,243 | 961,460 | 75,000 | 75,000 |
| Executive directors of a subsidiary: | | | | |
| - Salaries and bonus | 949,512 | 1,028,551 | - | - |
| - Fee | 44,092 | - | - | - |
| | 993,604 | 1,028,551 | - | - |
| Total executive directors' remuneration | 1,897,847 | 1,990,011 | 75,000 | 75,000 |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

24. TAXATION

| | GROUP | | COMPANY | |
|--|------------------|-------------|------------|------------|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| Malaysian income tax: | | | | |
| Based on results for the year | | | | |
| Current tax | | | | |
| - Malaysia | (173,558) | (1,686,957) | - | - |
| Deferred tax relating to the origination and reversal of temporary differences | | | | |
| - Malaysia | 238,605 | (110,900) | - | - |
| | 65,047 | (1,797,857) | - | - |
| (Under)/Over provision in prior year | | | | |
| - Current tax | (315,773) | 273,896 | - | - |
| - Deferred tax | (105,200) | 5,604 | - | - |
| | (420,973) | 279,500 | - | - |
| | (355,926) | (1,518,357) | - | - |

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

| | GROUP | | COMPANY | |
|---|---------------------|-------------|--------------------|------------|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| Loss before taxation | (20,159,430) | (2,263,386) | (3,733,112) | (264,857) |
| Income tax at Malaysian statutory tax rate of 25% | 5,039,858 | 565,847 | 933,278 | 66,214 |
| Effect of different tax rate in other country | 94,799 | 4,652 | - | - |
| Income not subject to tax | 498,624 | 27,137 | - | - |
| Intangible asset deductible for tax purposes | 23,754 | 23,754 | - | - |
| Expenses not deductible for tax purposes | (1,598,665) | (614,649) | (933,278) | (21,714) |
| Utilisation of previously unabsorbed tax losses and capital allowances | 20,066 | 431,211 | - | - |
| Net deferred tax assets not recognised | (4,013,389) | (2,235,809) | - | (44,500) |
| Balance carried forward | 65,047 | (1,797,857) | - | - |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

24. TAXATION (CONT'D)

| | GROUP | | COMPANY | |
|--------------------------------------|------------------|-------------|------------|------------|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| Balance brought forward | 65,047 | (1,797,857) | - | - |
| (Under)/Over provision in prior year | (420,973) | 279,500 | - | - |
| | (355,926) | (1,518,357) | - | - |

The following (deductible)/taxable temporary differences have not been recognised in the financial statements:

| | GROUP | |
|-------------------------------|---------------------|-------------|
| | 2011 RM | 2010 RM |
| Property, plant and equipment | 901,720 | 641,608 |
| Unabsorbed tax losses | (25,320,640) | (9,938,000) |
| Unabsorbed capital allowances | (1,213,000) | (618,000) |
| | (25,631,900) | (9,914,392) |

These unabsorbed tax losses and capital allowances are available for set off against future taxable income of the respective subsidiaries. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

25. EARNINGS PER SHARE

GROUP

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year calculated as follows:

| | 2011 | 2010 |
|---|---------------------|-------------|
| Loss attributable to owners of the parent (RM) | (19,767,550) | (2,192,367) |
| Weighted average number of ordinary shares of RM0.50 each | 124,740,191 | 124,895,441 |
| Basic loss per share (sen) | (15.85) | (1.75) |

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

26. DIVIDENDS

| | 2011 | 2010 |
|---|------|-----------|
| | RM | RM |
| First and final dividend of 3% less tax in respect of the financial year ended 31 July 2009 paid on 8 February 2010 | - | 1,403,986 |

27. CONTINGENT LIABILITY (UNSECURED)

COMPANY

| | 2011 | 2010 |
|--|-----------|------|
| | RM | RM |
| (i) Corporate guarantee given to a bank for bank facility granted to a subsidiary | | |
| - Amount utilised | 999,799 | - |
| - Limit | 1,000,000 | - |
| (ii) Corporate guarantee given to a third party for loan granted to a subsidiary (Note 17) | | |
| - Amount utilised | 3,567,023 | - |

The corporate guarantee does not have a determinable effect on the terms of the credit facilities due to the bank and the third party requiring parent guarantee as a pre-condition for approving the credit facilities granted to the subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

28. 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 and the United Kingdom.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

28. SEGMENTAL INFORMATION (CONT'D)

Geographical Segments (Cont'd)

| | 2011 | |
|----------------|-------------------|-----------------------------|
| | Revenue RM | Non-current assets RM |
| Malaysia | 38,022,771 | 27,075,488 |
| United Kingdom | 5,230,081 | 1,619,272 |
| | 43,252,852 | 28,694,760 |

| | 2010 | |
|----------------|-------------------|-----------------------------|
| | Revenue RM | Non-current assets RM |
| Malaysia | 39,350,007 | 18,368,192 |
| United Kingdom | 9,451,752 | 2,557,353 |
| | 48,801,759 | 20,925,545 |

Major customer

During the financial year, there was no single customer that contributed to more than 10% of the Group's revenue.

29. LEASE COMMITMENTS

| | GROUP | |
|---|------------------|----------------|
| | 2011 RM | 2010 RM |
| Cancellable operating lease payable | | |
| Future minimum rentals payable: | | |
| Within 1 year | 662,395 | 284,556 |
| Later than 1 year but not later than 2 years | 478,686 | – |
| Later than 2 years but not later than 5 years | 140,160 | – |
| | 1,281,241 | 284,556 |

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 (Cont'd)

(31 July 2011)

30. RELATED PARTY DISCLOSURES

(i) Related party transactions

| | GROUP | |
|--|------------|------------|
| | 2011 RM | 2010 RM |
| Rental income from a company in which persons connected to certain directors of the Company have substantial interests - Body Glove (M) Sdn. Bhd. | 108,000 | 168,000 |
| Purchases from a company in which persons connected to certain directors of the Company have substantial interests - Body Glove (M) Sdn. Bhd. | 111,205 | - |
| Rental paid to a company in which certain directors of a subsidiary have interests - 2's A Company Limited | 84,833 | - |
| | 84,833 | - |

(ii) Compensation of key management personnel

The compensation of key management personnel are shown below:

| | GROUP | | COMPANY | |
|---|------------|------------|------------|------------|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| Salaries and other short-term employee benefits | | | | |
| - Directors | 1,952,847 | 2,045,011 | 130,000 | 120,000 |
| - Other key management personnel | 134,400 | 200,000 | - | - |
| | 1,952,847 | 2,045,011 | 130,000 | 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.

31. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R") and financial liabilities measured at amortised cost ("AC").

| | Carrying amount RM | L&R RM | AC RM |
|--|--------------------------|------------|------------|
| 2011 | | | |
| GROUP | | | |
| Financial assets | | | |
| Trade receivables (Note 8) | 20,074,734 | 20,074,734 | - |
| Other receivables and refundable deposits (Note 9) | 4,527,603 | 4,527,603 | - |
| Cash and bank balances (Note 11) | 1,694,267 | 1,694,267 | - |
| | 26,296,604 | 26,296,604 | - |
| Financial liabilities | | | |
| Trade payables (Note 20) | 10,348,818 | - | 10,348,818 |
| Other payables and accruals (Note 17) | 6,047,470 | - | 6,047,470 |
| Borrowings (Note 18) | 18,122,185 | - | 18,122,185 |
| | 34,518,473 | - | 34,518,473 |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

31. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

| COMPANY | Carrying amount RM | L&R RM | AC RM |
|--|-----------------------------------|-----------------------|-------------------|
| Financial assets | | | |
| Refundable deposit (Note 9) | 1,000 | 1,000 | - |
| Amount due from a subsidiaries (Note 10) | 37,403,281 | 37,403,281 | - |
| Cash and bank balances (Note 11) | 3,125 | 3,125 | - |
| | 37,407,406 | 37,407,406 | - |
| Financial liabilities | | | |
| Other payables and accruals (Note 17) | 188,947 | - | 188,947 |
| Amount due to subsidiaries (Note 10) | 13,787,579 | - | 13,785,579 |
| Borrowings (Note 18) | 4,999,301 | - | 4,999,301 |
| | 18,973,827 | - | 18,973,827 |

Comparative figures have not been presented for 31 July 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

32. 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 risk, liquidity risk, interest rate risk and foreign currency risk. 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.

32.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade and other receivables. The Company's exposure to credit risk arises principally from advances to its subsidiaries and financial guarantees given.

32.1.1 Trade receivables

The Group typically gives the existing customers credit terms of 180 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the Group's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.1 Credit risk (Cont'd)

32.1.1 Trade receivables (Cont'd)

The ageing of trade receivables and accumulated impairment losses of the Group is as follows:

| | Gross RM | Impairment RM | Net RM |
|-----------------------------|-------------------|--------------------|-------------------|
| Not past due | 11,605,163 | (9,078) | 11,596,085 |
| 1 to 60 days past due | 573,125 | - | 573,125 |
| 61 to 120 days past due | 105,963 | (23,972) | 81,991 |
| Past due more than 120 days | 15,056,224 | (7,232,691) | 7,823,533 |
| | 15,735,312 | (7,256,663) | 8,478,649 |
| | 27,340,475 | (7,265,741) | 20,074,734 |

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Total impairment loss relates to customers that have financial difficulties and have defaulted in repayment.

The Group has trade receivables amounting to RM8,478,649 that are past due as at the end of the reporting period but not impaired as the management is of the view that these debts are recoverable in due course.

As at 31 July 2011, the Group has no significant concentration of credit risks.

32.1.2 Financial guarantees

The Company provides unsecured financial guarantees to a bank and a third party in respect of borrowing facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

32.1.3 Intercompany balances

The Company provides advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by its carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to those subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their 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 and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

| | Carrying amount RM | Contractual cash flows RM | Within 1 year RM | More than 1 year and less than 2 years RM | More than 2 years and less than 5 years RM |
|-----------------------------|-----------------------|------------------------------|---------------------|--|---|
| GROUP 2011 | | | | | |
| Interest bearing borrowings | 18,122,185 | 18,212,185 | 17,634,619 | 318,682 | 258,884 |
| Trade and other payables | 16,396,288 | 16,903,432 | 13,998,808 | 977,853 | 1,926,771 |
| | 34,518,473 | 35,115,617 | 31,633,427 | 1,296,535 | 2,185,655 |
| COMPANY 2011 | | | | | |
| Other payables and accruals | 188,947 | 188,947 | 188,947 | - | - |
| Intercompany balances | 13,785,579 | 13,785,579 | 13,785,579 | - | - |
| Interest bearing borrowing | 4,999,301 | 4,999,301 | 4,999,301 | - | - |
| | 18,973,827 | 18,973,827 | 18,973,827 | - | - |

32.3 Interest rate risk

The Group's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.3 Interest rate risk (Cont'd)

The interest rate profile of the Group's and of the Company's interest bearing financial instruments based on the carrying amounts as at the end of the reporting period is as follows:

| | GROUP RM | COMPANY RM |
|----------------------------------|-------------|---------------|
| Fixed rate instruments | | |
| Financial liabilities | 4,545,470 | - |
| Floating rate instruments | | |
| Financial liabilities | 17,143,738 | 4,999,301 |

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have increased loss before taxation of the Group and of the Company by RM43,352 and RM11,943 respectively and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

32.4 Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the functional currency of the Group. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily Sterling Pound ("GBP"), US Dollar ("USD"), Euro ("EUR") and Hong Kong Dollar ("HKD").

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

32.4 Foreign currency risk (Cont'd)

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period is as follows:

| | Denominated in | | | |
|---|------------------|------------------|----------------|------------------|
| | GBP RM | USD RM | EUR RM | HKD RM |
| 2011 | | | | |
| GROUP | | | | |
| Trade receivables | 7,765,421 | - | 352,729 | - |
| Other receivables and refundable deposits | 287,134 | - | - | - |
| Cash and bank balances | 6,697 | - | 90,857 | - |
| Trade payables | (252,934) | (750,728) | - | (6,390) |
| Other payables and accruals | (188,176) | - | - | (298,451) |
| Borrowings | (153,179) | - | - | - |
| Net exposure | 7,464,963 | (750,728) | 443,586 | (304,841) |

Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's loss before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have (increased)/decreased loss before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect.

| | RM |
|----------------------------------|------------------|
| GBP | (746,496) |
| USD | 75,073 |
| EUR | (44,359) |
| HKD | 30,484 |
| Increase in loss before taxation | (685,298) |

32.5 Capital management

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

GROUP AND COMPANY

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. The long term portion of a loan from third party to a subsidiary (Note 17) is not amortised and is stated at cost as the effect of the discounting is negligible.

34. EFFECT OF ADOPTING NEW OR REVISED FRSs

Amendment to FRS 117 Leases

The amendment requires the Group to reassess the classification of leasehold properties as finance lease or operating lease based on the extent of risks and rewards associated with the land and building. The Group has reassessed the risks and rewards of the leasehold properties and concluded that they are finance leases. Consequently, leasehold properties have been reclassified from prepaid land lease payments to property, plant and equipment.

The reclassification has been made retrospectively and the comparatives have been restated as below:

| | As previously reported RM | Reclassification RM | Restated RM |
|--|--|--------------------------------|------------------------|
| Statement of Financial Position | | | |
| Group | | | |
| 31 July 2010 | | | |
| Property, plant and equipment | 13,243,044 | 2,910,622 | 16,153,666 |
| Prepaid land lease payments | 2,910,622 | (2,910,622) | – |
| 1 August 2009 | | | |
| Property, plant and equipment | 11,543,539 | 2,976,873 | 14,520,412 |
| Prepaid land lease payments | 2,976,873 | (2,976,873) | – |

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(31 July 2011)

35. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis in the annual audited financial statements.

The breakdown of (accumulated loss)/retained profits as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows:

| | GROUP | COMPANY |
|---|---------------------|-------------------|
| | RM | RM |
| 2011 | | |
| Total (accumulated loss)/retained profits of the Company and its subsidiaries: | | |
| - Realised | 39,973,736 | 13,977,444 |
| - Unrealised | (428,147) | - |
| | 39,545,589 | 13,977,444 |
| Less: Consolidation adjustments | (47,082,447) | - |
| Total (accumulated loss)/retained profits as per statements of financial position | (7,536,858) | 13,977,444 |

ANALYSIS OF SHAREHOLDINGS

(As at 30 November 2011)

| | | | |
|-----------|--|---|---|
| A. | Authorised Share Capital | : | RM100,000,000.00 |
| | Issued and fully paid-up Share Capital | : | RM62,358,950.00 (excluding 282,100 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 | % | NO. OF SHARES | % |
|-----------------------|---------------------|------------|--------------------|------------|
| Less Than 100 | 177 | 12.024 | 8,347 | 0.007 |
| 100 - 1,000 | 71 | 4.823 | 27,349 | 0.022 |
| 1,001 - 10,000 | 838 | 56.929 | 3,293,204 | 2.641 |
| 10,001 - 100,000 | 316 | 21.467 | 9,828,825 | 7.881 |
| 100,001 - 6,236,894 | 68 | 4.620 | 51,560,175 | 41.341 |
| 6,236,895 And Above | 2 | 0.136 | 60,000,000 | 48.109 |
| Total | 1,472 | 100 | 124,717,900 | 100 |

C. SUBSTANTIAL SHAREHOLDERS

| Name | Number of Shares Held | | | | | |
|---------------------------------|-----------------------|-------|-------------------------|-------|------------|-------|
| | Direct | % | Deemed | % | Total | % |
| Goh Kok Beng | - | - | 40,000,000 ¹ | 32.07 | 40,000,000 | 32.07 |
| Goh Kok Heng | - | - | 40,000,000 ¹ | 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 ¹ | 32.07 | 40,000,000 | 32.07 |
| Goh Kok Heng | - | - | 40,000,000 ¹ | 32.07 | 40,000,000 | 32.07 |
| Goh Kok Peng (appointed on 11.8.2011) | 78,600 | 0.06 | - | - | 78,600 | 0.06 |
| Yeoh Yeow Cheang | 605,900 | 0.49 | - | - | 605,900 | 0.49 |
| Dato' Wong Kam Hoong | - | - | - | - | - | - |
| 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.

ANALYSIS OF SHAREHOLDINGS (Cont'd)

(As at 30 November 2011)

E. 30 LARGEST SHAREHOLDERS

| | Name | Number of Shares | % of Shares |
|----|---|-------------------------|--------------------|
| 1 | HDM NOMINEES (TEMPATAN) SDN BHD HDM CAPITAL SDN BHD FOR EXTREME LIFESTYLE (M) SDN BHD | 40,000,000 | 32.072 |
| 2 | HDM NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWAN SIU CHEUNG (M01) | 20,000,000 | 16.036 |
| 3 | LEOW CHENG CHENG | 6,000,000 | 4.811 |
| 4 | CHONG LEE YING | 5,306,600 | 4.255 |
| 5 | HDM NOMINEES (TEMPATAN) SDN BHD HDM CAPITAL SDN BHD FOR TAN KOO CHING | 5,000,000 | 4.009 |
| 6 | LEOW BEE NA | 4,105,100 | 3.292 |
| 7 | MAY ONG CHIN HOON | 3,000,000 | 2.405 |
| 8 | PAMELA SONG JUN-MEI | 2,978,750 | 2.388 |
| 9 | GOH SIEW LAN | 2,031,700 | 1.629 |
| 10 | KAN KY-SHEN | 2,017,575 | 1.618 |
| 11 | LEOW BEE NA | 2,000,000 | 1.604 |
| 12 | KHAW SENG WEI | 1,477,600 | 1.185 |
| 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 | YEOH YEOW CHEANG | 490,000 | 0.393 |
| 20 | MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW YING CHOON (REM 197-MARGIN) | 490,000 | 0.393 |
| 21 | GAN LAM SEONG | 479,000 | 0.384 |
| 22 | KAN ZI YAO | 436,500 | 0.35 |
| 23 | MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE GIN ANG | 423,400 | 0.339 |
| 24 | TAN BENG LAY | 415,400 | 0.333 |
| 25 | PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE GIN ANG (E-KTN) | 405,500 | 0.325 |
| 26 | KANG CHIN CHIAT | 402,175 | 0.322 |
| 27 | HO SIEW POH | 380,275 | 0.305 |
| 28 | HDM NOMINEES (TEMPATAN) SDN BHD LIM LAY CHIN | 348,800 | 0.28 |
| 29 | LOO EAN CHOO | 299,000 | 0.24 |
| 30 | HDM NOMINEES (TEMPATAN) SDN BHD WONG KWAI FAR | 288,400 | 0.231 |
| | TOTAL | 104,733,250 | 83.975 |

LIST OF PROPERTIES

as at 31 July 2011

| ACQUISITION DATE/ REVALUATION DATE | BENEFICIAL OWNER/ LOCATION | DESCRIPTION/ EXISTING USAGE | TENURE/AGE OF BUILDING (YEARS) | AREA (SQ FT) | NBV AT 31.07.2011 (RM) |
|--|--|------------------------------------|--|-----------------|------------------------------|
| EVATECH SDN. BHD. | | | | | |
| 21.03.2001/ 16.05.2011 | PT 1608 (Plot 108) held under H.S(D) 14173, Mukim 12 South-west District Penang | Industrial Land | 60 years leasehold expire 13.08.2050 | 21,780 | 5,689,000 |
| 21.03.2001/ 16.05.2011 | 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/ 16.05.2011 | PT 1625 (Plot 106a) held under H.S(D) 14259 Mukim 12 South-west District Penang | Industrial Land | 60 years leasehold expire 10.12.2050 | 47,045 | |
| 01.08.2001/ 16.05.2011 | Lot 9233 & 9234 Hala Kampung Jawa 1 Kawasan Perindustrian Bayan Lepas (Fasa 3), 11900 Bayan Lepas Pulau Pinang | Factory Building | 10 years | 82,590 | 10,645,000 |
| UNI JEANS CARE SDN. BHD. | | | | | |
| 01.08.2001/ 16.05.2011 | Lot 9233 & 9234 Hala Kampung Jawa 1 Kawasan Perindustrian Bayan Lepas (Fasa 3) 11900 Bayan Lepas Pulau Pinang | Factory Building | 10 years | 9,840 | 2,666,000 |
| TWIN ACCESS SDN. BHD. | | | | | |
| 28.08.2003/ 23.06.2011 | No. 23, Jalan PJS11/8 Bandar Sunway Petaling Jaya Selangor Darul Ehsan | Land and Commercial Building | 99 years leasehold expire 28.12.2096/ 17 years | 8,160 | 2,800,000 |
| G.A. BLUE CORPORATION SDN. BHD. | | | | | |
| 11.06.1996 | Unit No. 1236-1-5 Taman Indah Paya Terubong 11060 Pulau Pinang | Residential Flat | Freehold/18 years | 1,400 | 133,200 |

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth 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 Thursday, 12 January 2012 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 2011 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees of RM160,000 in respect of the financial year ended 31 July 2011. **Resolution 1**
3. To re-elect Mr Goh Kok Beng who is retiring pursuant to Article 129 of the Company's Articles of Association. **Resolution 2**
4. To re-elect Encik Saffie Bin Bakar who is retiring pursuant to Article 129 of the Company's Articles of Association. **Resolution 3**
5. To re-elect Mr Goh Kok Peng who is retiring pursuant to Article 134 of the Company's Articles of Association. **Resolution 4**
6. To re-appoint Messrs Grant Thornton as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

7. 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:

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

- (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 Market 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;
- (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 total retained earnings and share premium of the Company at the time of the said purchase(s);
- (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; orwhichever 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

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

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

By Order of the Board,

ALLEN CHEE WAI HONG (MIA 17181)
FOO LI LING (MAICSA 7019557)
Company Secretaries

Penang

Date: 21 December 2011

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 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 Ninth Annual General Meeting held on 21 January 2011 and which will lapse at the conclusion of the Tenth Annual General Meeting to be held on 12 January 2012. A renewal of this authority is being sought at the Tenth Annual General Meeting under proposed 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 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 21 December 2011, which is dispatched together with the Company's Annual Report 2011.

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.

PROXY FORM

YEN GLOBAL BERHAD

(Company No.: 570396-D)

(Incorporated in Malaysia)

* 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 Tenth 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 Thursday, 12 January 2012 at 2.30 p.m. and any adjournment thereof.

Agenda

| | | | | |
|---------------------------|---|--|------------|----------------|
| 1. | To receive the Audited Financial Statements for the year ended 31 July 2011 together with the Reports of the Directors and Auditors thereon | | | |
| Resolutions | | | For | Against |
| Ordinary Business: | | | | |
| 2. | To approve the payment of Directors' fees | | | |
| 3. | Re-election of Mr Goh Kok Beng as Director | | | |
| 4. | Re-election of Encik Saffie Bin Bakar as Director | | | |
| 5. | Re-election of Goh Kok Peng as Director | | | |
| 6. | To re-appoint Messrs Grant Thornton as auditors of the Company | | | |
| Special Business: | | | | |
| 7. | (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 | | |

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

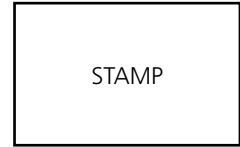
Signed this day of, 2011/2012.

.....
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.

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The Company Secretary
YEN GLOBAL BERHAD
(Company No. 570396-D)

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

fold here

YEN GLOBAL BERHAD (570396-D)

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Bandar Sunway
46150 Petaling Jaya
SELANGOR, MALAYSIA
T: 603-5633 6488

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