BONIA CORPORATION BERHAD
(223934-T)

ANNUAL REPORT 2013


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The Savile Row Company London

Ladies' Wear
Men's Wear, Shoes & Accesssories


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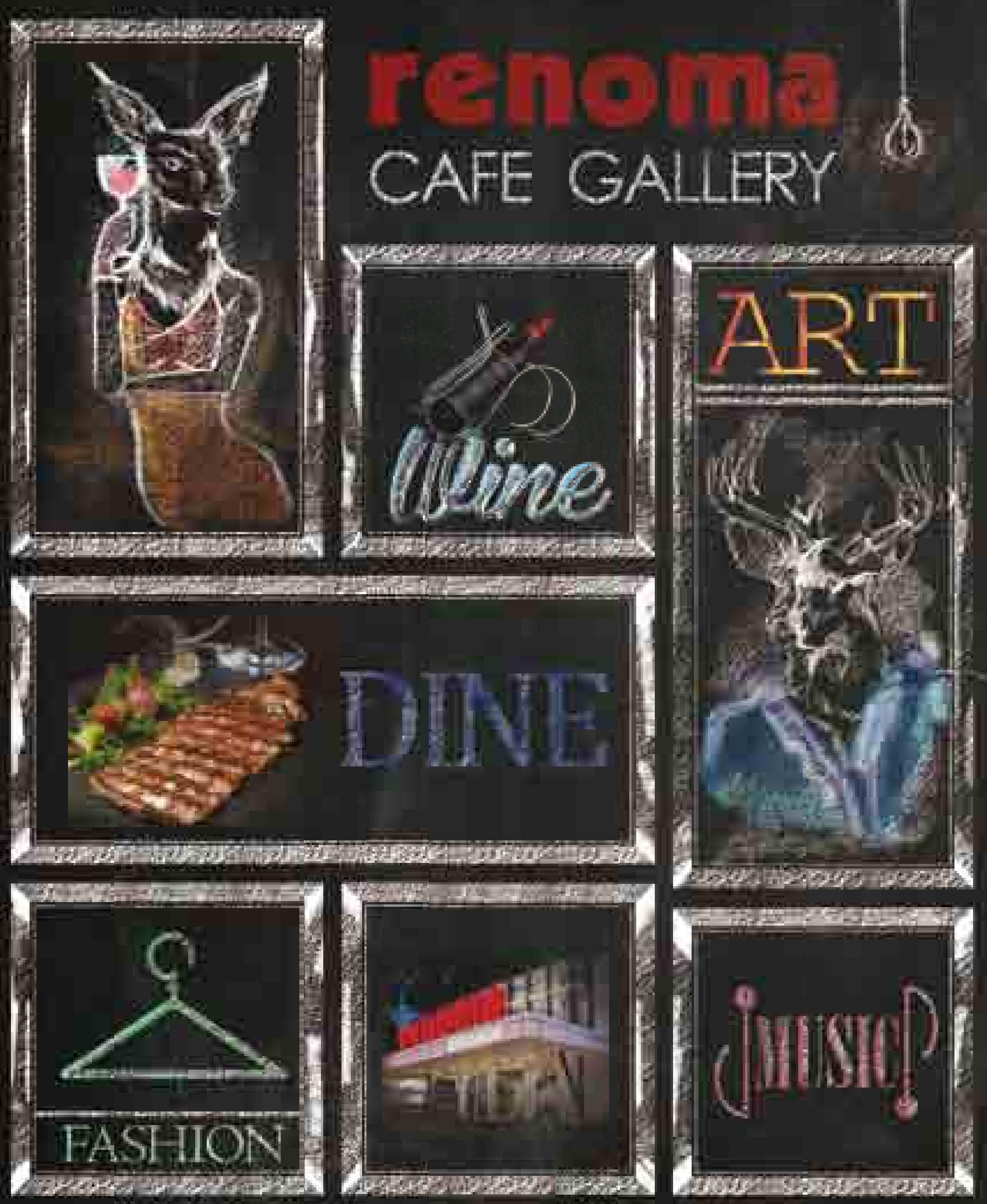
COVERI
ITALY • CHINA • KOREA • JAPAN • MALAYSIA


AR
Austin Reed
London


renoma
PARIS
LEATHERGOODS APPAREL UNDERWEAR FOOTWEAR


renoma
CAFE GALLERY
Wine
ART
DINE
FASHION
MUSIC

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chiang Sang Sem
(Group Executive Chairman cum Chief Executive Officer)

Chiang Fong Yee
(Alternate Director to Mr Chiang Sang Sem)

Chiang Heng Kieng
(Group Managing Director)

Chiang Sang Bon
(Group Executive Director)

Chong Chin Look
(Group Finance Director)

Chiang Fong Tat
(Group Executive Director)

Datuk Ng Peng Hong @ Ng Peng Hay
(Senior Independent Non-Executive Director)

Dato' Shahbudin Bin Imam Mohamad
(Non-Independent Non-Executive Director)

Lim Fong Boon
(Independent Non-Executive Director)

Chong Sai Sin
(Independent Non-Executive Director)

AUDIT COMMITTEE

Datuk Ng Peng Hong @ Ng Peng Hay
(Chairman)

Chong Sai Sin
(Member)

Lim Fong Boon
(Member)

NOMINATION COMMITTEE

Datuk Ng Peng Hong @ Ng Peng Hay
(Chairman)

Lim Fong Boon
(Member)

Chong Sai Sin
(Member)

REMUNERATION COMMITTEE

Dato' Shahbudin Bin Imam Mohamad
(Chairman)

Datuk Ng Peng Hong @ Ng Peng Hay
(Member)

Lim Fong Boon
(Member)

COMPANY SECRETARIES

Chong Chin Look (MIA 8043)
Chok Kwee Wah (MACS 00550)
Tan Kean Wai (MAICSA 7056310)

AUDITORS

BDO
Chartered Accountants

REGISTERED OFFICE

Lot 10 The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor Darul Ehsan
Tel : (6)03 7784 3922
Fax : (6)03 7784 1988

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
Lot 10 The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor Darul Ehsan
Tel : (6)03 7784 3922
Fax : (6)03 7784 1988

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE

www.bonia.com

FACEBOOK ADDRESS

www.facebook.com/BoniaFashion

INSTAGRAM ADDRESS

www.instagram.com/boniafashion#

CORPORATE STRUCTURE

RETAILING

100% **Armani Context Sdn Bhd**
Interior design, advertising and promotion

100% **Alpha Footwear Sdn Bhd**
Marketing, retailing and distribution of men's and ladies' footwear

100% **Banyan Sutera Sdn Bhd**
Marketing and distribution of fashionable goods

- 100% **PT Banyan Cemerlang**
  Wholesaling of fashionable goods and accessories

100% **CB Marketing Sdn Bhd**
Designing, promoting and marketing of fashionable leather goods

100% **CB Franchising Sdn Bhd**
Franchising of leather goods and apparels

100% **CRG Incorporated Sdn Bhd**
Investment holdings

- 100% **CR Boutique Sdn Bhd**
  Franchising of leather goods and apparels
- 100% **CRF Marketing Sdn Bhd**
  Designing, promoting and marketing of fashionable leather goods
- 100% **CRL Marketing Sdn Bhd**
  Designing, promoting and marketing of fashionable ladies' footwear
- 100% **CRV Sdn Bhd**
  Marketing and distribution of fashionable goods and accessories
- 100% **CRI Sdn Bhd**
  Marketing and distribution of fashionable goods and accessories

100% **Daily Frontier Sdn Bhd**
Marketing, distribution and export of fashionable goods and accessories

- 100% **Daily Frontier (Vietnam) Company Limited**
  Wholesaling, retailing, importing and exporting distribution of fashionable products, accessories and cosmetics

100% **De Marts Marketing Sdn Bhd**
Designing, promoting and marketing of fashionable ladies' footwear

100% **Dominion Directions Sdn Bhd**
Marketing and distribution of men's apparels and accessories

- 100% **Galaxy Hallmark Sdn Bhd**
  Marketing and distribution of men's apparels and accessories
- 100% **SB Directions Sdn Bhd**
  Marketing and distribution of fashionable accessories
- 75% **New Series Sdn Bhd**
  Marketing and distribution of men's apparels
- 75% **VR Directions Sdn Bhd**
  Marketing and distribution of men's apparels and accessories, and ladies' apparels

100% **Eclat World Sdn Bhd**
Designing, promoting and marketing of fashionable men's footwear

100% **FR Gallery Sdn Bhd**
Marketing and distribution of fashionable goods and accessories

100% **Future Classic Sdn Bhd**
Designing, promoting and marketing of fashionable leather goods

100% **LBJR Marketing Sdn Bhd**
Marketing and distribution of fashionable goods and accessories

100% **Mcolours & Design Sdn Bhd**
Product design, research and development

60% **Mcore Sdn Bhd**
Marketing and distribution of fashionable leather goods

58% **Paris RCG Sdn Bhd**
Managing food and beverage services

100% **SBG Holdings Sdn Bhd**
Investment holdings

- 100% **SB Boutique Sdn Bhd**
  Franchising of leather goods and apparels
- 100% **SB International Sdn Bhd**
  Marketing and distribution of fashionable goods and accessories
- 100% **SBL Marketing Sdn Bhd**
  Designing, promoting and marketing of fashionable leather goods
- 100% **SBFW Marketing Sdn Bhd**
  Designing, promoting and marketing of fashionable ladies' footwear
- 100% **SBA Marketing Sdn Bhd**
  Marketing and distribution of fashionable accessories
- 100% **SBM Marketing Sdn Bhd**
  Designing, promoting and marketing of fashionable men's footwear

100% **Scarpa Marketing Sdn Bhd**
Wholesaling, retailing and marketing of fashionable footwear

100% **Vista Assets Sdn Bhd**
Marketing and distribution of fashionable goods and accessories

100% **Active World Pte Ltd**
Wholesaling and retailing of fashionable leather goods and apparels

- 100% **Jetbest Enterprise Pte Ltd**
  Wholesaling, retailing, importing and exporting of leather goods and accessories
- 100% **SBLS Pte Ltd**
  Wholesaling, retailing and marketing of fashionable footwear, carrywear and accessories
- 100% **SCRL Pte Ltd**
  Wholesaling, retailing and marketing of fashionable footwear, carrywear and accessories
- 100% **Active Franchise Pte Ltd**
  General wholesale trade including general importers and exporters
- 100% **Active Footwear Pte Ltd**
  Marketing, retailing and distribution of fashionable footwear
- 100% **PT Active World**
  Investment holding
- 70% **Bruno Magli South East Asia Pte. Ltd.**
  Wholesaling, retailing and marketing of leather goods, footwear and accessories

100% **Kin Sheng Group Limited**
Investment holdings

- 100% **Guangzhou Jia Li Bao Leather Fashion Co Ltd**
  Wholesaling, retailing, importing and exporting of leather goods and accessories
  - 40% **Guangzhou Yong Yi Leather Fashion Co Ltd**
    Marketing and distribution of fashionable leather goods
- 100% **Guangzhou Bonia Fashions Co Limited**
  Manufacturing, marketing, retailing of fashionable leather goods, apparels and accessories
- 100% **Kin Sheng International Trading Co Ltd**
  General trading and marketing of fashionable goods

70% **Jeco (Pte) Limited**
Intellectual property management

- 100% **Lianbee-Jeco Pte Ltd**
  Retailing, importing and exporting leather goods and general merchandise
- 100% **Lianbee-Jeco (M) Sdn Bhd**
  Trading in leather goods and footwear
- 49% **Braun Verwaltungs-GmbH**
  Marketing and distribution of fashionable leather goods
- 49% **Braun GmbH & Co. KG**
  Marketing and distribution of fashionable leather goods

MANUFACTURING

100% **Long Bow Manufacturing Sdn Bhd**
Manufacturing and marketing of leather goods

PROPERTY DEVELOPMENT

100% **BCB Properties Sdn Bhd**
Property development

- 60% **Apex Marble Sdn Bhd**
  Marketing and distribution of fashionable goods
- 33% **Serene Glow Sdn Bhd**
  Property investment and development

40% **Makabumi Sdn Bhd**
Dormant

PROPERTY INVESTMENT

100% **CB Holdings (Malaysia) Sdn Bhd**
Property investment and management services

100% **Luxury Parade Sdn Bhd**
Property investment

100% **Ataly Industries Sdn Bhd**
Property investment

PROFILE OF DIRECTORS

MR CHIANG SANG SEM

aged 60, Malaysian

He is the founder of BONIA. He was appointed to the Board on 16 June 1994 as Executive Chairman of the Company and is now the Executive Chairman cum Chief Executive Officer of the Group. His involvement in the leather industry spans a period of over 30 years. He possesses in-depth knowledge, skills and expertise in all aspects of the leatherwear trade. He is responsible for the overall business development and formulating the Group's strategic plans and policies. To ensure that the Group is very much in line with the trend of the fashion and technological changes in the leatherwear and fashion accessories industry, he travels extensively to Italy, France, Germany, Japan, Hong Kong, Taiwan, China, Bangkok, Vietnam and Indonesia. He does not have any other directorships of public companies.

His brothers, Chiang Sang Bon, Chiang Heng Kieng and his sons, Chiang Fong Yee and Chiang Fong Tat, are also members of the Board.

MR CHIANG FONG YEE

aged 36, Malaysian

He was appointed to the Board on 18 February 2004 as Alternate Director to Mr Chiang Sang Sem.

He obtained his Bachelor Degree in Marketing and Statistic from Middlesex University in the United Kingdom in 1999. He joined the Group in February 2000 as Marketing Executive and subsequently he was promoted to the position of Assistant Business Development Manager of the leatherwear division in October 2002. He is responsible for product sourcing, research and development, planning, implementation of the marketing strategy and product distribution functions of the leatherwear division. He currently holds directorships in several subsidiaries of the Company. He does not have any other directorships of public companies.

His father, Chiang Sang Sem, his uncles, Chiang Sang Bon and Chiang Heng Kieng, and his brother, Chiang Fong Tat, are also members of the Board.

MR CHIANG HENG KIENG

aged 51, Malaysian

He was appointed to the Board on 16 June 1994 and is the Group Managing Director of the Company and of its several other subsidiary and related companies. He is extensively and directly involved in day-to-day management, decision-making and operations of the Group. He is responsible for the development and implementation of the marketing strategy and product distribution functions of the Group. He is the Honorary President of the Malaysian Retailer-Chains Association. He does not have any other directorships of public companies.

His brothers, Chiang Sang Sem, Chiang Sang Bon and his nephews, Chiang Fong Yee and Chiang Fong Tat, are also members of the Board.

MR CHIANG SANG BON

aged 58, Malaysian

He was appointed to the Board on 16 June 1994 and is the Group Executive Director of the Company. He started his career with a leather manufacturer in Singapore in 1974. Todate, he has gained over 36 years' vast experience in technical skills in manufacturing of leatherwear. In his current capacity, he is responsible for the overall factory and production operations. He is also in-charge of product quality control. He does not have any other directorships of public companies.

His brothers, Chiang Sang Sem, Chiang Heng Kieng and his nephews, Chiang Fong Yee and Chiang Fong Tat, are also members of the Board.

MR CHONG CHIN LOOK

aged 50, Malaysian

He was appointed to the Board on 20 June 1994. He is the Group Finance Director of the Company and holds a position of Financial Controller of the Group since 1992. He is responsible for the overall financial and corporate functions of the Group. He graduated with a Bachelor of Economics degree with a major in Business Administration from the University of Malaya in 1987. He is also a member of The Malaysian Institute of Certified Public Accountants (MICPA) and a Chartered Accountant with the Malaysian Institute of Accountants (MIA). Prior to his current position, he was attached to KPMG Peat Marwick, an international firm of Chartered Accountants, where he gained four and a half years experience in auditing, accounting, taxation and management consultancy. He currently holds directorships in several subsidiaries of the Company. He does not have any other directorships of public companies.

MR CHIANG FONG TAT

aged 35, Malaysian

He was appointed to the Board on 30 August 2004. He is the Group Executive Director of the Company. He graduated with a Bachelor (Hons) Degree in Marketing and Management from Middlesex University in the United Kingdom in 2000 and thereafter joined the Group in July 2000 as Marketing Executive. He was subsequently promoted to the position of Brand Manager in menswear and accessories division in October 2002. He is primarily responsible for the development of product sourcing, research and development, planning and implementation of the marketing strategy and product distribution functions of the leatherwear and footwear divisions.

He currently holds directorships in several subsidiaries of the Company. He does not have any other directorships of public companies.

His father, Chiang Sang Sem, his uncles, Chiang Sang Bon, Chiang Heng Kieng and his brother, Chiang Fong Yee, are also members of the Board.

DATUK NG PENG HONG @ NG PENG HAY

D.M.S.M., D.S.M., P.J.K., aged 61, Malaysian

He was appointed to the Board on 20 June 1994. He is a Senior Independent Non-Executive Director, the Chairman of the Audit Committee, Nomination Committee and a member of the Remuneration Committee of the Company.

He was the State Assemblyman for Tengkera Constituency of Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 to 1993. His first involvement in social activities was upon completing his secondary education. He has been appointed as the Investment Coordinator by the Malacca State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his teams of officials and his excellent public relations, he has helped in attracting numerous Taiwanese, Singaporean and Chinese investors into the State of Melaka. In recognition of his efforts and dedication, he was conferred the Darjah Mulia Seri Melaka by his Excellency, the Governor of Melaka in 1992. On 17 July 1999, the Taiwanese Government awarded him the Economics Medal. He is the Chairman of MCA, 7th Branch Melaka since 1982. He was appointed as Board Member of Malaysia Industrial Development Authority (MIDA), Board Member of Invest Melaka Berhad and Chairman of Koperasi Jayadiri Malaysia Berhad.

He also holds directorships in Farm's Best Berhad, Komarkcorp Berhad, iCapital.Biz Berhad and is the Chairman of Wellcall Holdings Berhad.

DATO' SHAHBUDIN BIN IMAM MOHAMAD

D.S.A.P., D.I.M.P., S.A.P., J.S.M., P.J.K., aged 71, Malaysian

He was appointed to the Board on 1 March 1998. He is a Non-Independent Non-Executive Director and the Chairman of the Remuneration Committee of the Company. He is the representative of Permodalan Nasional Berhad (PNB) on the Board of Directors of the Company. He has served in the government service in various capacities for some 31 years. His last post with the Government was from 1996 to 1997 as the Deputy Secretary General (Operation), Ministry of Finance prior to his retirement in 1997. He does not have any other directorships of public companies.

MR LIM FONG BOON

aged 64, Malaysian

He was appointed to the Board on 20 June 1994. He is an Independent Non-Executive Director and a member of the Audit Committee, Nomination Committee, and Remuneration Committee of the Company. He was a district councilor of Tanjung Malim since 1987, the Managing Partner of Hin Lee Goldsmith since 1978 and also the Director of Lysaght (Malaysia) Sdn Bhd and Lysaght Corrugated Pipe Sdn Bhd, a steel products technology company since 2011. He does not have any other directorships of public companies.

MR CHONG SAI SIN

aged 46, Malaysian

He was appointed to the Board on 30 January 2009. He is an Independent Non-Executive Director and a member of the Audit Committee and Nomination Committee of the Company.

He is a Chartered Accountant, an Approved Company Auditor, an Approved Tax Agent and a Partner in CHI-LLTC and H.S. Lee & Partners, firms of Chartered Accountants. He is also a member of the Malaysian Institute of Accountants (MIA), the Malaysian Institute of Certified Public Accountants (MICPA), Institute of Internal Auditors Malaysia (IIAM), and Chartered Tax Institute of Malaysia (CTIM).

He signed up as an article student in MICPA and started audit experience in Kassim Chan & Co. since 1987. He joined BDO Binder in 1993 after he completed the articleship. He accumulated more than 7 years' experience in 2 established audit firms before joining commercial organisations as an Accountant, Corporate Finance Manager and Financial Controller from 1995 to 2002. Thereafter in 2002, he joined CHI-LLTC as an audit principal and was admitted as a Partner in 2005. He also admitted into H.S. Lee & Partners as a Partner in 2012. He has more than 20 years' experience in commercial organisations and accounting practice and gained good exposure in Corporate Finance, Due Diligence Review, Listing Exercise, Auditing, Taxation and Accounting. He does not have any other directorships of public listed companies.

Notes:

1. *Save as disclosed above, none of the directors have:*
   (a) any family relationship with any Directors and/or substantial shareholders of the Company,
   (b) any conflict of interest with the Company,
   (c) any conviction for offences (other than traffic offences) within the past ten (10) years.
2. *The respective Directors' interests in the Company are detailed in pages 83 and 188 of this Annual Report.*
3. *The number of board meetings attended by the Directors in the financial year ended 30 June 2013 is disclosed in the Statement on Corporate Governance of this Annual Report.*

STATEMENT ON CORPORATE GOVERNANCE

The Board of Bonia Corporation Berhad, in recognizing the importance of corporate governance, is committed to ensure that the Group carries out its business operations with integrity, transparency and professionalism.

The Board is pleased to provide the following statement, which outlines the practices adopted by the Company in compliance with the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG") to protect and enhance all aspects of the shareholders' value.

THE BOARD OF DIRECTORS

Board Responsibilities

The Group acknowledges the pivotal role played by the Board of Directors to lead and control the Company with the ultimate objective of realising long-term shareholder value. To fulfill this role, the Board has established various processes and committees to assist the Board in discharging these responsibilities. Among others, the reviewing and adopting the overall strategic plans and programmes, overseeing and evaluating the conduct of businesses of the Company and Group, identifying principal risks and ensuring implementation of appropriate internal controls and mitigation measures, establishing a succession plan, developing and implementing a shareholder communication policy for the Company, reviewing the adequacy and the integrity of the management information and internal controls systems of the Company and Group, providing oversight and monitoring of environmental, social and governance aspects of business in the Group which underpin sustainability, are within the scope of the Board.

The Board is mindful of the importance of business sustainability and strives to maintain an equitable balance between increasing value for shareholders and being responsible to society and the environment. Apart from adopting environmental friendly, ecological and cost effective operation and supply-chain processes, the Board also sets up the Group's objectives and strategies with regard to its responsibilities to shareholders, employees, customers and other stakeholders within the business ecosystem to develop a sustainable future.

The Board Charter, sets out the roles, responsibilities, processes and functions of the Board was published in the corporate website and subject to periodic review and update to ensure compliance with regulatory requirements. The Board observes the "Code of Ethics for Company Directors" as prescribed by the Companies Commission of Malaysia which provides guidance on the standards of conduct and prudent business practices as well as standards of ethical behavior to the Directors. Any non-compliance, allegation or concern on the relevant issues can be reported confidentially to the designated persons to enable prompt corrective actions to be taken where appropriate.

Board Commitment

The Board meets at least four (4) times a year, with additional meetings convened as and when necessary. There were four (4) Board meetings held during the financial year ended 30 June 2013. The details of attendance of the Directors at the Board Meetings are as follows:-

Directors	No. of Meetings Attended
Chiang Sang Sem	3/4
Chiang Fong Yee (Alternate Director to Chiang Sang Sem)	4/4
Chiang Heng Kieng	4/4
Chiang Sang Bon	4/4
Chong Chin Look	4/4
Chiang Fong Tat	4/4
Datuk Ng Peng Hong @ Ng Peng Hay	4/4
Dato' Shahbudin Bin Imam Mohamad	4/4
Lim Fong Boon	4/4
Chong Sai Sin	4/4

Notes:

The meetings were held on 29 August 2012, 23 November 2012, 26 February 2013 and 21 May 2013.

All Board members shall notify the Chairman of the Board before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment. Acceptance of such new directorship shall not result in a conflict with the discharge of Directors' duties to the Company.

Board Balance

The current Board consists of nine (9) directors and one (1) alternate director, which includes five (5) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Company therefore complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires that at least two (2) directors or one-third (1/3) of the Board members whichever is the higher, are Independent Directors. A brief description of the background of each director is contained in the Profile of Directors section in this Annual Report.

The Company is led by an experienced Board under a Chairman who is a Group Executive Director cum Chief Executive Officer. The roles of the Group Executive Chairman cum Chief Executive Officer and the Group Managing Director are separated and each has a clearly accepted division of responsibilities to ensure balance of power and authority. The Board has within it, professionals drawn from varied backgrounds, bringing in-depth and diversity in experience, expertise and perspectives to the Group's business operations. The Board is ensured of a balance and independent view at all Board deliberations largely due to the presence of its Independent Non-Executive Directors whom are independent from the Management and major shareholders of the Company. The Independent Non-Executive Directors are also free from any business dealing and other relationships that could materially interfere with the exercise of their independent judgement. Together with the Executive Directors who have intimate knowledge of the Group's businesses, the Board is constituted of individuals who are committed to business integrity and professionalism in all their activities.

The Board regards independence as an important element for ensuring objectivity and fairness in board's decision making. In order to uphold independence, the Board undertakes annual assessment on independence of its Independent Directors judging from events that would affect the ability of Independent Directors to continue bringing independent and objective judgment to board deliberations, the criteria of Independent Directors under regulatory definition, as well as their duty not to act contrary to the interest of the Company.

The Board had identified Datuk Ng Peng Hong @ Ng Peng Hay to act as the Senior Independent Non-Executive Director to whom concerns regarding the Company may be conveyed.

The Board may implement an appropriate boardroom gender diversity policy or targets as recommended by MCCG with due consideration be given to each candidate's skills, competencies, experience, commitment and other qualities.

Board Committees

To assist the Board in discharging its duties, various Board Committees were established. The functions and terms of reference of the Board Committees are clearly defined and where applicable, comply with the Principles and Recommendations of the MCCG.

(i) Audit Committee

The objective of the Audit Committee is to assist the Board in examining the Group's matters pertaining to the financial reporting, risk management and control environment, internal and external audit processes, related party transactions and conflict of interests situation, and to submit to the Board its recommendations and/or reports on matters within its purview or other matters of the Group referred to it by the Board, for the Board's consideration.

The composition, terms of reference and summary of activities of the Audit Committee are set out in the Audit Committee Report of this Annual Report.

(ii) Nomination Committee

The Nomination Committee currently comprises the following members:-

	No. of Meetings Attended
Chairman: Datuk Ng Peng Hong @ Ng Peng Hay *Senior Independent Non-Executive Director*	1/1
Members: Lim Fong Boon *Independent Non-Executive Director*	1/1
Chong Sai Sin *Independent Non-Executive Director*	1/1

The responsibilities of the Nomination Committee are to assist the Board in assessing and recommending to the Board the candidature of directors and boardroom diversity, appointment of directors to board committees, review of the Board's succession plans and training programmes, and to carry out periodic review on the composition and size of the Board, including the performance of individual Directors so to assess the appropriateness and effectiveness of the Board as a whole.

(iii) Remuneration Committee

The Remuneration Committee currently comprises the following members:-

	No. of Meetings Attended
Chairman: Dato' Shahbudin Bin Imam Mohamad *Non-Independent Non-Executive Director*	1/1
Members: Datuk Ng Peng Hong @ Ng Peng Hay *Senior Independent Non-Executive Director*	1/1
Lim Fong Boon *Independent Non-Executive Director*	1/1

The Remuneration Committee is responsible for assisting the Board to carry out periodic review on the remuneration policies and procedures to attract, retain and motivate Directors. The remuneration package should be aligned with the business strategy and long-term objectives of the Company and Group as well as to reflect the Board's responsibilities, expertise and complexity of the Company's activities.

The remuneration packages of Directors shall be a matter to be decided by the Board as a whole with the Director concerned abstaining in deliberation and voting on decisions in respect of his individual remuneration.

Supply of Information

The Directors are provided with relevant agenda and timely information, such as quarterly financial results, progress report of the Group's businesses, corporate developments, regulatory and audit reports to enable them to discharge their duties and responsibilities effectively.

All Directors have full access to the information within the Group as well as the advice and services of the qualified and competent Company Secretaries, the internal and external auditors and other independent professionals in carrying out their duties.

Appointment to the Board

The Nomination Committee is responsible for making recommendation for appointment to the Board. The actual decision as to who shall be nominated shall be the responsibility of the Board after considering the recommendations of the Nomination Committee.

Upon appointment, the Director will undergo an orientation and familiarisation programme, including visits to the Group's businesses and meetings with senior management as appropriate, to facilitate their understanding of the Group's businesses.

Re-election of Directors

Any Director appointed during the year is required under the Company's Articles of Association, to retire and seek re-election by the shareholders at the next Annual General Meeting (AGM) to be held following their appointments. The Articles also require that one-third (1/3) of the Directors including the Managing Director, if any, to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election at least once in every three (3) years.

Directors over seventy (70) years of age are required to submit themselves for re-appointment by the shareholders annually in accordance with Section 129(6) of the Companies Act, 1965.

The MCCG recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, the independent director(s) who has served cumulative nine (9) years term limit may, upon recommendation of the Board, seek shareholders' approval on his re-appointment subject but not limited to:-

(i) he has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and

(ii) he does not have any conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies.

Directors' Training

All members of the Board have attended the Mandatory Accreditation Training Programme (MAP) conducted by Bursatra Sdn Bhd. In order to ensure that the Directors are competent in carrying out their expected roles and responsibilities, the Board members are encouraged and required to attend continuous training programmes to enhance their skills and knowledge, and to keep abreast with new developments in the market place.

The training programmes attended by the Directors during the financial year ended 30 June 2013 are as follows:-

Directors	Particulars of the training programmes
Chiang Sang Sem	• Lineapelle Fair • Asia Pacific Leather Fair (APLF), Hong Kong
Chiang Fong Yee	• Vietnam International Shop Franchise Show 2012
Chiang Heng Kieng	• Staying Connected With Your Customers Digitally • Malaysia Economic & Trade Cooperation Conference • Council Member Brainstorming Workshop • Creativity & Innovation – 2012 National Roadshow • Government Transformation Program 2.0 Closed Door Briefing & Dialogue • Retail Global Connexion Seminar 2012 • Get Malaysian Business Online • Malaysia Matchmaking Symposium 2013 • HK Filmart 2013 • 2013 Taipei International Chain & Franchise Exhibition Spring / International Franchise Summit Forum & Business Networking • Trade & Investment Policy of Indonesia • Limited Liability Partnership Briefing • Big Orange Business Opportunities & Success Stories 2013
Chiang Sang Bon	• Private Retirement Scheme (PRS) Exhibition
Chong Chin Look	• Governance Advocacy Session "Making the most of the Chief Financial Officer Role: Everyone's Responsibility" • Advocacy Sessions On Disclosure For CEOs & CFOs • Economic & Market Update • CFO Breakfast Talk Series : CFO & Beyond • Maybank Global Markets Economic Talk - Currency Wars : At Our Doorstep

Directors	Particulars of the training programmes
Chiang Fong Tat	• Shoes & Leather – Vietnam 2012 • MIPEL The bag Show • Lineapelle Fairs • Franchising & Licensing Asia 2012 • Retail Global Connexion Seminar 2012 • Pursuing Quality Service, Innovation & Creativity
Datuk Ng Peng Hong @ Ng Peng Hay	• The Malaysian Code on Corporate Governance 2012 – Key changes to the 2007 code & implications to PLC Directors
Dato' Shahbudin Bin Imam Mohamad	• Private Retirement Scheme (PRS) Exhibition
Lim Fong Boon	• Private Retirement Scheme (PRS) Exhibition
Chong Sai Sin	• Making The Most of The CFO Role • National Tax Conference 2012 • Merger & Affiliation Seminar 2012 • Advocacy Sessions On Disclosure For CEOs & CFOs • Monash 2013 Management Budget Seminar • 2013 Budget Seminar • Maybank Global Markets Economic Talk - Currency Wars : At Our Doorstep • RMB Summit Malaysia 2013 • Persidangan Cukai Malaysia 2013 • Forum on FRS for SMEs

There is a familiarization programme for all Board members including, where appropriate, visits to the Group's business and meetings with senior management to facilitate their understanding of the Group's businesses and operations.

The Board will continue to assess their own training needs and undergo relevant training programmes to keep breast with new regulatory changes and relevant developments in business environment on a continuous basis.

Directors' Remuneration

The objective of the Company's policy on Directors' remuneration is to ensure the level of remuneration is sufficient to attract and retain high calibre Directors to run the Group successfully. For Non-Executive Directors, the level of remuneration reflects the levels of experience, expertise and responsibilities undertaken by the individual Director concerned.

Directors' fees are paid to Executive and Non-Executive Directors upon approval granted by the shareholders at the Annual General Meeting. Apart from it, Non-Executive Directors are paid attendance allowance for each Board and/or Audit Committee Meeting they attended. Executive Directors are not entitled to attendance allowance. Due to the sensitivity of the remuneration information, the detail disclosure of each Director's remuneration is not provided in this Annual Report.

The aggregate remuneration of the Directors is categorised into appropriate components :

Category	Fees RM'000	Salaries RM'000	Bonuses RM'000	Other Emoluments RM'000	Total RM'000
Executive Directors *	797	1,581	4,813	847	8,038
Non-Executive Directors	180	–	–	–	180

** inclusive of remuneration paid by the subsidiary companies.*

The Directors' remuneration is broadly categorised into the following bands:

Range of Remuneration	Executive Director	Non-Executive Director
Below RM50,000	–	4
RM200,001 to RM250,000	1	–
RM450,001 to RM500,000	1	–
RM1,000,001 to RM1,050,000	1	–
RM1,150,001 to RM1,200,000	1	–
RM5,100,001 to RM5,150,000	1	–

RELATIONSHIP WITH SHAREHOLDERS

Corporate Disclosure and Shareholders Communication

The Company recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated through press releases, press conferences, the Company's annual reports, circulars to shareholders, quarterly financial results and various announcements made from time to time, in accordance with the corporate disclosure framework under Bursa Malaysia Securities Main Market Listing Requirements and other regulatory bodies.

The Board leverages on its website www.bonia.com to communicate and provide pertinent and updated information of the Group to its shareholders and investing public. Alternatively the Group's latest announcements can be obtained through the Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

The Annual General Meeting (AGM) remains the principal forum for dialogue with shareholders. It is a crucial mechanism in shareholders communication for the Company. At the Company's AGM, the shareholders have direct access to the Board and are given the opportunity to ask questions during the open question and answer session prior to the motion moving for the Company's and the Group's Audited Financial Statements and Directors' Report for the financial year. The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general.

Shareholders are reminded of their right to demand a poll vote at general meetings and they may request for detailed results showing the number of votes cast for and against such resolutions being tabled there at.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects, primarily through the financial statements and the Chairman's Statement in the Annual Report and quarterly financial statements.

The Group's quarterly, half yearly and annual financial results announcements which are released to the shareholders within the stipulated time frame reinforce the Board's commitment to ensure accurate and timely dissemination of financial and corporate announcements for greater accountability and transparency.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards which recommended by the Audit Committee, and the Board considers to be applicable have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements.

The Directors' Responsibility Statement made pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to the Financial Statements is presented in the appropriate section of this Annual Report.

Internal Control

The Board acknowledges their responsibilities for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The Board takes necessary steps to identify, assess and monitor key business risks, and constantly review and enhance its internal control system to manage such risks with objective to safeguard the shareholders' investments and the Group's assets.

The Statement on Risk Management & Internal Control in this Annual Report provides an overview on the state of risk management and internal controls within the Group.

Relationship with the Auditors

The Board, via the Audit Committee, has established a transparent and appropriate relationship with the Group's auditors. In the course of audit of the Group's operations, the auditors highlighted to the Audit Committee and the Board, matters that require the Board's attention.

The Audit Committee also conducts annual assessment on the suitability and independence of the external auditors guided by a standard set of policies and procedures. Recommendation for appointment or re-appointment of the external auditors (as the case may be), will be made to the Board, and subsequently to the shareholders of the Company for their consideration at the Annual General Meeting.

The role of the Audit Committee in relation to the external auditors and internal auditors is described in the Audit Committee Report.

CONCLUSION

The Board is satisfied that the Company has substantially complied with the Principles and Recommendations set out in the MCCG throughout the financial year ended 30 June 2013.

AUDIT COMMITTEE REPORT

The Board of Directors of Bonia Corporation Berhad is pleased to present the Report of the Audit Committee for the financial year ended 30 June 2013.

MEMBERS AND MEETINGS

The Audit Committee comprises the following directors, all of whom are Independent Directors. During the financial year ended 30 June 2013, the Audit Committee met four (4) times, with the following record of attendance:

		No. of Meetings Attended
Chairman:	Datuk Ng Peng Hong @ Ng Peng Hay *Senior Independent Non-Executive Director*	4/4
Members:	Lim Fong Boon *Independent Non-Executive Director*	4/4
	Chong Sai Sin *Independent Non-Executive Director (A member of the Malaysian Institute of Accountants)*	4/4

Notes:

The meetings were held on 29 August 2012, 23 November 2012, 26 February 2013 and 21 May 2013.

The Group Executive Chairman cum Chief Executive Officer, the Group Managing Director, the Group Executive Directors, any other Board members, managers or any other senior executives may attend the meetings upon the invitation by the Committee. During the financial year ended 30 June 2013, the Audit Committee held a private discussion with the External Auditors without the presence of the Executive Directors and management.

AUDIT COMMITTEE CHARTER

Pursuant to a Board resolution approved, the Audit Committee has adopted a new Audit Committee Charter to replace its original Terms of Reference. The new Audit Committee Charter set out below, is subject to periodic review and update to ensure compliance with regulatory requirements.

1.0 Membership

1.1 The Audit Committee shall be appointed by the Board of Directors of Bonia Corporation Berhad from amongst the non-executive directors and shall consist of not less than three (3) members, with a majority of them being independent Directors and at least one (1) member of the Audit Committee:-

i. shall be a member of the Malaysian Institute of Accountants; or
ii. if he is not a member of the Malaysian Institute of Accountants, the member shall have at least three (3) years' working experience and:
   a. shall have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
   b. shall be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
iii. fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad from time to time.

1.2 No alternate Director shall be appointed as a member of the Audit Committee.

1.3 The members of the Audit Committee shall elect a Chairman from among their numbers, and who shall be an independent Director.

1.4 The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their Audit Committee Charter.

2.0 Meeting Guidelines

2.1 The Audit Committee shall meet at least four (4) times a year, and meetings may be convened with the external auditors, internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary. Both the internal and external auditors may also request a meeting if they consider that one is necessary.

2.2 A quorum consists of two members present and a majority of whom must be independent Directors.

2.3 The meeting and proceedings of the Audit Committee shall be governed by the provisions of the Articles of Association of the Company regulating the meetings and proceedings of the Board so far as the same are applicable.

2.4 The Chairman of the Audit Committee shall report on key issues discussed at each meeting to the Board, and the minutes of the Audit Committee meeting shall be available to all Board members.

2.5 Decision of the Audit Committee may be made by a Circular Resolution in Writing, provide it is signed by majority of the committee members.

3.0 Authority

1.1 The Audit Committee shall have the following authority as empowered by the Board:-

i. to investigate any matter within its Audit Committee Charter;
ii. have the resources which are required to perform its duties;
iii. have full and unrestricted access to any information pertaining to the Group;
iv. have direct communication channels with the external auditors, internal auditors, as well as all employees of the Group; and
v. to obtain independent professional or other advice as necessary.

4.0 Duties and Responsibilities

4.1 The Audit Committee shall examine the Group's matters pertaining to the financial reporting, risk management and control environment, internal and external audit process, related party transaction and conflict of interests situation, and to submit to the Board its recommendation and/or reports on matters within its purview or other matters of the Group referred to it by the Board, for the Board's consideration.

4.2 The Audit Committee shall, amongst others, discharge the following functions:-

4.2.1 to review the quarterly results to Bursa Malaysia Securities Berhad and year end financial statements of the Group before submission to the Board, focusing particularly on:

i. the going concern assumption;
ii. any changes in or implementation of accounting policies and practices;
iii. significant issues and unusual events;
iv. significant audit adjustments;
v. compliance with accounting standards, regulatory and other legal requirements for financial reporting; and
vi. major judgmental areas.

4.0 Duties and Responsibilities (Cont'd)

4.2.2 to review the following matters with the external auditors, and report the same to the Board:-

i. the audit plan;
ii. the audit reports;
iii. the external auditors' evaluation of system of internal control;
iv. the problems and reservations arising from the interim and final external audits, and any matters the external auditors and/or internal auditors may wish to discuss (in the absence of management, where necessary);
v. the external auditors' management letter and the management's response thereto; and
vi. the assistance given by the employees of the Group to the external auditors.

4.2.3 to review the external auditors' terms of engagement, independence, objectivity, remuneration and cost-effectiveness and to make recommendations to the Board for the appointment, re-appointment or termination of the external auditors, and to consider any questions of resignation or dismissal including whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment.

The Audit Committee shall assess the external auditors or potential external auditors (as the case may be) on a number of criteria including, but not limit to:-

i. the independence of the external audit firm from the Group and ability to maintain independence throughout the engagement;
ii. there being no conflict of interest situations that could affect the independence of the external auditors;
iii. the external audit firm's compliance with Malaysian regulations and ethical guidance relating to rotation of audit partner and succession planning;
iv. professional competency, experience and integrity of key personnel;
v. the thoroughness of audit approach and methodology;
vi. audit budget, and
vii. the provision of non-audit services by the external auditors (if any) shall not cause an impairment to the objectivity and independence of the audit firm.

The Audit Committee shall receive a written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Subject to satisfactory performance and the recommendation of the Audit Committee, the Board will recommend the re-appointment of the external auditors to shareholders at the annual general meeting. If the Audit Committee does not recommend the incumbent audit firm, a tender process will be carried out by the Audit Committee and executive management to select a new audit firm.

4.2.4 to review the followings in respect of internal audit:-

i. the adequacy of the audit scope and coverage, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its functions;
ii. the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action has been taken on the recommendations of the internal audit functions;
iii. the performance of the internal audit function; and
iv. the appointment, termination or resignation of the internal auditors and provide the resigning internal auditors an opportunity to submit his reason for resignation.

4.2.5 to review the Group's business risk management process, including the adequacy and integrity of the Group's overall internal control in selected areas representing significant business and financial risk.

4.2.6 to review any related party transactions and situations where a conflict of interest may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity, and to consider the appropriateness of such transactions before recommending them to the Board for approval.

4.2.7 to report promptly to Bursa Malaysia Securities Berhad on any matter reported by it to the Board, which has not been satisfactory resolved resulting in the breach of the Listing Requirements of Bursa Malaysia Securities Berhad.

4.2.8 to consider other matters as may be directed by the Board from time to time.

INTERNAL AUDIT FUNCTION

The Group outsources its internal audit function to an independent professional firm, which has adequate resources and appropriate standing to undertake its activities independently and objectively to provide reasonable assurance to the Audit Committee regarding the adequacy and effectiveness of risk management, internal control and governance systems. The internal auditors report directly to the Audit Committee.

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee has:-

(a) reviewed the unaudited quarterly and year-end financial statements before recommending to the Board for consideration and approval, and release to Bursa Malaysia Securities Berhad;

(b) reviewed the audit plan, audit strategy and scope of work presented by the external auditors prior to commencement of annual audit;

(c) reviewed with the external auditors the results of audit, their audit report and management letter and management's response;

(d) reviewed the external auditors' fees and services and made recommendation to the Board for their re-appointment. A written assurance confirming their independency throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements has been received from the external auditors.

(e) reviewed the internal audit plan, scope of works and reports presented by the internal auditors and evaluated the major findings of risk management and internal control deficiencies in the Group's operating subsidiaries and considered the management responses thereto so as to ensure significant findings are adequately addressed by the management;

(f) reviewed and approved the Audit Committee Report and Statement on Risk Management & Internal Control for the financial year ended 30 June 2013 to be presented in the Annual Report by the Board;

(g) reported to the Board on its activities and significant findings and results.

(h) reviewed the related party transactions and conflict of interest situation that might arise within the Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

ADDITIONAL COMPLIANCE INFORMATION

pursuant to Paragraph 9.25 of the
Main Market Listing Requirements
of Bursa Malaysia Securities Berhad

Utilisation of Proceeds

The were no fund raising exercises implemented during the financial year.

Share Buybacks

During the financial year, there were no share buybacks by the Company.

Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

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

Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any relevant regulatory bodies during the financial year.

Non-audit Fees

During the financial year, there were non-audit fees of RM37,823 paid to the external auditors in relation to review of the Company's disclosure on realised and unrealised profits, Statement on Risk Management & Internal Control and subsidiary's gross sales statements to landlords.

Variation in Results

During the financial year, there were no variance of results which differ by 10% or more from any profit estimate/forecast/projection/unaudited results announced.

Profit Guarantees

During the financial year, there were no profit guarantees given by the Company.

Material Contracts

During the financial year, there were no material contracts on the Company and its subsidiaries involving Directors' and major shareholders' interests.

Contract Relating to Loans

There were no contracts relating to loans by the Company.

Revaluation of Landed Properties

The Company does not have a revaluation policy on landed properties. However, fair value accounting is applied for certain properties classified under the Group's Investment Properties.

Recurrent Related Parties Transactions (RRPT) of Revenue or Trading Nature

The aggregate value of the recurrent related party transactions conducted between the Company's subsidiaries with the related parties during the financial year is as follows:-

No.	Transacting parties	Companies within the Group	Nature of transactions	Interested parties and nature of relationship	Amount transacted RM'000
1.	Cassardi International Co Ltd	New Series Sdn Bhd VR Directions Sdn Bhd Alpha Footwear Sdn Bhd	• Purchase of men's apparels • Payment of Valentino Rudy trademark royalty	Note 1	1,464

No.	Transacting parties	Companies within the Group	Nature of transactions	Interested parties and nature of relationship	Amount transacted RM'000
2.	Bonia International Pte Ltd	Active World Pte Ltd	Payment of Bonia, Carlo Rino and Sembonia trademarks royalties	Note 2	125
3.	BIH Franchising Ltd	Daily Frontier Sdn Bhd CB Marketing Sdn Bhd Banyan Sutera Sdn Bhd SBL Marketing Sdn Bhd SB Directions Sdn Bhd Vista Assets Sdn Bhd CRV Sdn Bhd De Marts Marketing Sdn Bhd Dominion Directions Sdn Bhd Galaxy Hallmark Sdn Bhd Eclat World Sdn Bhd SBFW Marketing Sdn Bhd SB International Sdn Bhd CRL Marketing Sdn Bhd CRF Marketing Sdn Bhd CR Boutique Sdn Bhd	Payment of Bonia, Carlo Rino and Sembonia trademarks royalties	Note 3	2,218
4.	Long Bow Manufacturing (S) Pte Ltd	Active World Pte Ltd Jetbest Enterprise Pte Ltd	Payment of office rental	Note 4	1,346

Notes:

1. Mr Boonnam Boonnamsap is a director of Cassardi International Co Ltd ("Cassardi") and a major shareholder of VR Directions Sdn Bhd and New Series Sdn Bhd holding 15% equity interest. Sirinee Chantranakarach and Petcharat Boonnamsap, being the sister in-law and daughter of Mr Boonnam Boonnamsap, are major shareholders of Cassardi, holding 17% and 15% equity interest respectively. Suchart Chantranakarach, Patcharawan Boonnamsap, Petcharat Boonnamsap, Yaowanuch Boonnamsap and Yaowaluck Boonnamsap, being the brother in-law and daughters of Mr Boonnam Boonnamsap, are directors of Cassardi.

2. Mr Chiang Sang Sem is a director and major shareholder of Bonia International Pte Ltd holding 60% equity interest. He is also the major shareholder and director of the Company.

3. Mr Chiang Sang Sem is the major shareholder of BIH Franchising Ltd. holding 100% equity interest. He is also the major shareholder and director of the Company.

4. Mr Chiang Sang Sem is a director and major shareholder of Long Bow Manufacturing (S) Pte. Ltd. holding 83.92% equity interest. His brother, Mr Chiang Boon Tian is also a director and shareholder of Long Bow Manufacturing (S) Pte. Ltd. holding 13.58% equity interest. Mr Chiang Sang Sem is also the major shareholder and director of the Company.

The above recurrent related parties transactions of revenue or trading nature do not require the mandate of shareholders by virtue of:-

a) The transacted parties for Item 1 fall within the interpretation of Paragraph 10.08(9);

b) the amount transacted for Item 2, 3 and 4 are within the interpretation of Paragraph 10.09 (1)(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Save as disclosed above, there were no recurrent related party transactions of revenue or trading nature during the financial year under review

Share option offered to and exercised by Non-Executive Directors

There were no share options offered to and exercised by Non-Executive Directors under the Company Executives' Share Option Scheme (ESOS) during the financial year under review.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The Board of Directors of Bonia Corporation Berhad is pleased to present its Statement on Risk Management & Internal Control for the financial year ended 30 June 2013

INTRODUCTION

The Board of Directors of Bonia Corporation Berhad is pleased to present its Statement on Risk Management & Internal Control for the financial year ended 30 June 2013, which has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

This statement outlines the nature and state of risk management and internal controls of the Group (comprising the Company and its subsidiaries) during the financial year. The associated companies of the Group have not been dealt with as part of the Group for the purposes of applying these guidelines.

BOARD RESPONSIBILITIES AND ASSURANCE

The Board of Directors acknowledges its overall responsibility for maintaining a sound system of risk management and internal control for the Group for identifying, evaluating and managing significant risks that may affect the Group's businesses, and for reviewing its adequacy and integrity to safeguard the shareholders' investment and the Group's assets.

In view of the limitations that are inherent in any systems of risk management and internal control, the Group's system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is assisted by Management in embedding risk management and control framework in all aspects of the Group's activities, implementing the board-approved policies and procedures on risk appetite and tolerance, designing and operating effective internal control system to manage and control these risks, and evaluating and monitoring the efficiency and effectiveness of the risk management and control activities to ensure that they provide reasonable assurance that the risks are managed within tolerable ranges.

For the financial year under review, the Board has received assurance from its Group Chief Executive Officer and Group Finance Director where, to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group.

The Board confirms that there is a continuous process in place to identify, evaluate and manage the significant risks that may affect the achievement of business objectives. The process which has been instituted throughout the Group is updated and reviewed from time to time to suit the changes in the business environment and this on-going process has been in place for the whole financial year under review and up to the date of adoption of this Annual Report.

INTERNAL CONTROL PROCESSES AND RISK MANAGEMENT

The key elements of the Group's internal control processes and risk management framework are described below:-

- There are proper documentations to define the responsibilities and functions of the Board and each of its committees.

- Internal policies and procedures are in place, which are updated as and when necessary.

- There is an organisation structure with clearly defined lines of responsibility, limits of authority and accountability aligned to business and operations requirements which support the maintenance of a strong control environment.

- There is a clearly defined delegation of responsibilities to the management of operating units who ensure that appropriate risk management and control procedures are in place. The Group identifies the key risks by line of business and key functional activities.

- There is a clearly defined framework for investment appraisal covering the acquisition or disposal of any business, application of capital expenditure and approval on borrowing. Post implementation reviews are conducted and reported to the Board.

- The annual plans and budgets are submitted to the Board for approval. The actual performances would be reviewed against the targeted results on a quarterly basis allowing timely response and corrective action to be taken to mitigate risks.

- Comprehensive management accounts and reports are prepared monthly for effective monitoring and decision-making.

- Regular scheduled management meetings are held and attended by all Executive Directors and management to discuss and report on operational performance, business strategy, key operating statistics, legal and regulatory matters of each business unit where plans and targets are established for business planning and budgeting process.

- Review of the quarterly and annual financial results by the Audit Committee and the Board.

- The Critical Success Factors (CSF) Committee is established as part of the stewardship team to conduct study on various business processes and functions to identify key elements that are vital to achieve company's mission and goals.

- Given the strategic and expansion plan of the Group, the risk profiles, risk appetite and tolerance level would be adjusted to add value to the control system and for mitigative actions.

THE REVIEW MECHANISM

The Board adopts a two-tier review mechanism to assess the adequacy and integrity of the risk management and internal control framework of the Group. The first aspect of the review is undertaken by the Management while the second aspect constitutes the independent review by the Audit Committee with the assistance of the internal auditors.

Periodical internal audit has been carried out by an independent professional firm to oversee compliance with operating procedures and corporate governances, to review the business process and effectiveness of Group's risk management and internal control; and to highlight significant risks and non-compliances impacting the Group.

The Audit Committee reviews and holds meetings on internal audit issues identified by the internal auditors, and devises action plan to rectify the weaknesses.

The Board solicits feedback on the effectiveness of risk management and internal control framework from the Audit Committee and seeks continuous improvement in its risk management and internal control model to mitigate internal control deficiencies.

THE INTERNAL AUDIT FUNCTION

Regular internal audits are carried out by an independent professional firm to review the adequacy and integrity of the risk management and internal control systems of the business units (operational and non-operational) within the Group. The internal audit function reports directly to the Audit Committee on improvement measures pertaining to risk management and internal controls, including subsequent follow-up to determine the extent of their recommendations that have been implemented by the Management. Internal audit reports are submitted to the Audit Committee, who reviews the findings with Management at its quarterly meetings.

In addition, the External Auditors' management letters and management's responsiveness to the control recommendations on deficiencies noted during financial audits provide added assurance that control procedures on matters of finance are in place, and are being followed. In assessing the adequacy and effectiveness of the system of risk management internal controls and accounting control procedures of the Group, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

During the financial year, an audit fee of RM139,090 was paid to the internal auditors to undertake the audit and risk assessment of the Group's operating units; reviewing the units' compliance to internal control procedures; highlighting weaknesses and making appropriate recommendations for improvement to ensure a sound system of internal controls.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management & Internal Control for the inclusion in the annual report for the financial year ended 30 June 2013. The external auditors conducted the review in accordance with the "Recommended Practice Guide 5: Guidance for Auditors on the Review of Directors' Statement on Internal Control" ("RPG 5") issued by the Malaysian Institute of Accountants. The review has been conducted to assess whether the Statement on Risk Management & Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls for the Group. RPG 5 does not require the external auditors to consider whether the Directors' Statement on Risk Management & Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the annual report will, in fact, mitigate the risks identified or remedy the potential problems.

Based on their review, the external auditors have reported to the Board that nothing had come to their attention that caused them to believe that the Statement on Risk Management & Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of risk management and internal control of the Group.

CONCLUSION

The Board is of the view that the Group's system of risk management and internal controls is generally satisfactory and has not resulted in any material loss, contingency or uncertainty. The Board and Management will continue to take necessary measures to strengthen the control environment and monitor the health of the risk management and internal controls framework of the Group.


SONIA SUI 隋棠
Super Model / Actress
International Brand Ambassador

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company and their results and cash flows for the financial year. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

In preparing the financial statements for the financial year ended 30 June 2013, the Directors have:-

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and fair;
- ensured that applicable accounting standard have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going-concern basis.

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

The Directors have a general responsibility for taking such steps that are reasonably available to them to maintain a sound risk management framework and internal control system to safeguard the shareholders' investment and the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statement of Bonia Corporation Berhad ("Bonia") and its Group of Companies for the financial year ended 30 June 2013.

FINANCIAL PERFORMANCE

For the financial year ended 30 June 2013, the Group's achieved revenue of RM632.3 million, a growth of 9.1% or RM52.5 million from RM579.8 million in previous financial year.

The growth was driven by better contribution from overseas sales mainly from Indonesia and Vietnam which contributed 14% and 16% of the total increase in revenue as well as improved performance from Carlo Rino and Sembonia brands which respectively contributed 20% and 27% of the increase in revenue of RM52.5 million.

The Group reported a profit before tax of RM71.8 million during the financial year 2013, which represents an increase of 7.3% as compared to the profit before tax of RM66.9 million reported in the previous year. The better results were attributable to higher sales generated in the retail segment. The profit before tax results for current and previous financial year have taken account of the following exceptional items:-

1. Impairment losses made on property, plant and equipment amounting to RM4.0 million as compared to RM1.1 million impairment losses on Investment Properties in previous year; and

2. Allowance for impairment loss on loan to an associate amounting to RM6.1 million as compared to RM9.1 million impairment losses on loan and investment in an associate in previous year.

Excluding the above exceptional items, the profit before tax of the Group for this financial and last financial year would have been RM81.9 million and RM77.1 million respectively, representing an increase of 6.2%.

The Group's bottom line also affected by high investment costs incurred for initial set up, renovation, rental and advertising and promotion expenses for the business expansion in Indonesia and Vietnam. Furthermore, revenues generated from new stores from these countries have been slower than expected, thus, further affected the profitability of the Group.

ECONOMIC REVIEW

The Malaysia's economy in the second quarter of 2013 grew slightly faster pace, but below market expectation, as prolonged weakness in the external environment remain a drag to the domestic economic activity. Gross domestic product (GDP) for the second quarter of 2013 grew 4.3% year-on-year (y-o-y), sustained by domestic demand, as compared with market expectation of a 4.7% y-o-y for the period in review, and a GDP growth of 4.1% y-o-y in the first quarter of 2013. While domestic demand in the Malaysian economy has remained strong, the overall growth performance has been affected by the weak external sector. This phenomenon was not unique to Malaysia, as growth in several economies in Asia, particularly those that were export-oriented, had also moderated in the second quarter.

Private consumption expanded by 7.2% in the second quarter supported by stable employment conditions and sustained wage growth in the domestic-oriented sectors. Services sector registered 4.8% growth in second quarter supported by the Wholesale & Retail Trade and Communication. The growth of 5.0% in Wholesale & Retail Trade was underpinned by Retail activities which expanded to 7.3% against 6.9% in the preceding quarter. Public consumption growth improved to 11.1% against 0.1% in the preceding quarter, reflecting mainly higher Government spending on supplies and services, and sustained spending on emoluments.

OPERATIONAL REVIEW

Retailing

During the year under review, the Group has added 15 boutiques in Malaysia and Singapore of various brands to make the total boutiques stand at 109 boutiques as at 30 June 2013. In addition, 10 new boutiques in Vietnam and 4 new boutiques in Indonesia were opened during the financial year. These bring the Group's regional retail boutique strength to 131 boutiques from 102 previously, an increase of approximately 28%. Elsewhere in the Far East and Europe, our counterpart in Saudi Arabia has managed to add another Bonia boutique in March 2013 to make the total to 12 boutiques and our 2 Braun Buffel iconic boutiques were opened in Hamburg and Munich, Germany respectively.

The Group will continue to invest for the future by adding new brands to its portfolio and increase its footprint primarily in luxury segment which has proven to be relatively resilient. During the financial year under review, the Group has secured rights to develop, distribute and marketing of Enrico Coveri, an Italian renowned brand founded by Mr Enrico Coveri based on the brightness of colour, prevalence of chromatism, exuberant fantasy of print, taste for eccentricity and enjoyment as some of the highlight for this interesting brand.

The Group has also secured the distribution rights for Bruno Magli, Italy pursuany to the Joint Venture agreement signed on 10 June 2013 between Active World Pte Ltd ("AWPL"), one of our Singapore subsidiary, and Bruno Magli S.P.A in respect of the establishment of a joint venture company in Singapore named Bruno Magli South East Asia Pte Ltd, which is 70% owned by AWPL, for the purpose of distributing and marketing of Bruno Magli products in Singapore, Malaysia, Indonesia, Philippine, Vietnam and Thailand. The Group is expecting to open one boutique each in Malaysia and Singapore for the coming financial year.

Food & Beverage

The operation of the only F&B outlet of the Group, Renoma Café Gallery along Jalan Bukit Bintang was still at its infancy since opening in September 2012. Its contribution is still insignificant as for now as compare to the Group's retail business of fashionable products and accessories. During the financial year under review, the F&B business suffered a loss before tax of RM7.6 million after taking in a one-time impairment loss on property, plant and equipment amounting to RM4.0 million.

CORPORATE DEVELOPMENTS

As part of the plan to rationalise its Sembonia brand businesses under a separate sub-business unit, the Company had on 26 November 2012 incorporated a wholly-owned subsidiary in Malaysia known as SBG Holdings Sdn Bhd ("SBG") to undertake this internal restructuring. On 19 December 2012, the Company transferred its entire shareholding in SBL Marketing Sdn Bhd ("SBL"), SB Boutique Sdn Bhd ("SBB"), SBFW Marketing Sdn Bhd ("SBF") and SB International Sdn Bhd ("SBI") to SBG for a total consideration of RM24,831,113, to be satisfied by SBG via an allotment and issuance of 24,831,113 new ordinary shares of RM1.00 each in SBG at an issue price of RM1.00 per new ordinary share credited as fully paid to the Company. Subsequently, on 20 December 2012, SBG incorporated two (2) wholly-owned subsidiaries in Malaysia known as SBA Marketing Sdn Bhd ("SBA") and SBM Marketing Sdn Bhd ("SBM"). The authorised and issued and paid-up capital of SBA and SBM are RM100,000 divided into 100,000 ordinary shares of RM1.00 each and RM2.00 divided into 2 ordinary shares of RM1.00 each respectively. SBA intended business activities is marketing and distribution of fashionable accessories, while SBM is in designing, promoting and marketing of fashionable men's footwear.

On 12 October 2012, the wholly owned subsidiary of the Company, Daily Frontier Sdn Bhd, had incorporated a wholly owned subsidiary in the Socialist Republic of Vietnam, namely, Daily Frontier (Vietnam) Company Limited ("DFV") and the Investment Certificate was received from People's Committee of Ho Chi Minh City on 1 November 2012. DFV is incorporated with a charter capital of VND10,500,000,000 (equivalent to USD500,000). The charter capital is payable in cash within two (2) years from the date of the Investment Certificate of 12 October 2012. The initial business activities of DFV are import, export, wholesale, retailing and distribution of fashionable products, accessories and cosmetics.

On 6 February 2013, the Company announced that its wholly owned subsidiary, BCB Properties Sdn Bhd ("BCBP") has completed it subscription of 3,300 ordinary shares of RM1.00

each at par in Serene Glow Sdn Bhd ("SGSB") and the share certificate issued by SGSB in respect of the 3,300 shares allotted to BCBP was received on the even date. Accordingly, BCBP holds 33% of the enlarged issued and paid-up share capital of SGSB and SGSB is an associate company of BCBP. SGSB was incorporated in Malaysia under the Companies Act, 1965 on 24 July 2012 as a private limited company. The authorised share capital of SGSB is RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each and its enlarged issued and paid up capital is RM10,000.00 comprising 10,000 ordinary shares of RM1.00 each. The principal activities of SGSB are property investment and development. On 10 Sept 2013, BCBP further subscribed 656,700 ordinary shares of RM 1.00 each in SGSB.

On 10 June 2013, the wholly-owned subsidiary of the Company, Active World Pte. Ltd ("AWPL") entered into a Joint Venture Agreement ("JVA") with Bruno Magli S.P.A. ("BM") in respect of :-

i) the establishment of a joint venture company limited by shares under the Singapore Companies Act named Bruno Magli South East Asia Pte.Ltd. ("BMSEA") for the purpose of the sale (wholesale and retail) and marketing of Bruno Magli S.P.A.'s products under the trade name *"Bruno Magli"* in Singapore, Malaysia, Indonesia, Philippines, Vietnam and Thailand ("JV business"); and

ii) the regulation of their respective responsibilities towards the management of the JV business and the affair of BMSEA.

BMSEA initial issued and paid-up capital is SGD10.00 divided into 10 ordinary shares of SGD1.00 each and any subsequent increase in paid-up capital shall be in the equity proportion of AWPL 70% and BM 30%.

FUTURE PROSPECTS

On the growth outlook for this year, Malaysia's GDP growth rate is projected to be between 4.5% to 5% on account of a weak global economy, overall tight fiscal and financial condition, unsolved euro zone crisis, the ongoing sovereign debt issues, slowdown in China's economy and enhanced downside risk.

Giving the uncertain economic outlook, the Group's prospects for the coming year are expected to be challenging. In view of this situation, it is imperative for the Group to strive for continuous improvement to further increase operational efficiency whilst positioning its businesses and brands for opportunistic growth and recognition. The Group will continue to explore new business opportunities prudently, locally and overseas, especially in the Middle East and South East Asia. In view of the Group's business expansion plans abroad as well as locally, the Group expects its business will continue to grow. However, the business expansion is expected to result in higher initial investment costs for renovation, rental and set up, as well as subject to certain risks in terms of political, legal economic, foreign exchange developments, thus, affecting the Group's profitability in the short term.

Barring any unforeseen circumstances, the Board of Directors is of the view that the Group's performance for the coming financial year will remain positive and will continue to grow, albeit at a slower pace, despite the challenges the Group has to face such as the implementation of minimum wage, rising cost of doing business, new government policies and manpower shortage.

DIVIDEND

The Board of Directors has recommended a final tax-exempt dividend of 10% or 5.0 sen per ordinary share of 50.0 sen each, amounting to RM10,078,593 in respect of the financial year ended 30 June 2013.

The final dividend will be proposed for shareholders' approval in the forthcoming Annual General Meeting. The entitlement date and payment date for the proposed final dividend will be determined and announced at a later date.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my utmost and sincere appreciation and gratitude to the management and staff for their conscientious efforts, commitment and dedication to delivering results. The successes we achieved in financial year 2013 could not have been possible without their efforts.

We are also grateful to our valued customers, partners, shareholders, business associates, government authorities and financiers for their continued support and confidence in the Group.

CHIANG SANG SEM
Group Executive Chairman

Date : 8 October 2013

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Bonia Corporation Berhad ("Syarikat") dan Kumpulan Syarikatnya bagi tahun kewangan berakhir 30 Jun 2013.

PRESTASI KEWANGAN

Bagi tahun kewangan berakhir 30 Jun 2013, Kumpulan mencatatkan pendapatan berjumlah RM632.3 juta, meningkat sebanyak 9.1% atau RM52.5 juta daripada RM579.8 juta yang dicatat dalam tahun kewangan sebelumnya.

Peningkatan ini disumbangkan oleh jualan luar negara yang lebih baik terutamanya Indonesia dan Vietnam yang masing-masing menyumbang 14% dan 16% daripada jumlah peningkatan pendapatan serta prestasi yang lebih baik daripada jenama Carlo Rino dan Sembonia yang masing-masing menyumbang 20% dan 27% daripada peningkatan pendapatan berjumlah RM52.5 juta.

Kumpulan mencatatkan keuntungan sebelum cukai berjumlah RM71.8 juta dalam tahun kewangan 2013, iaitu peningkatan sebanyak 7.3% berbanding dengan RM66.9 juta yang dilaporkan pada tahun sebelumnya. Prestasi yang lebih baik ini adalah hasil daripada jualan yang lebih tinggi dalam segmen peruncitan. Keputusan keuntungan sebelum cukai bagi tahun kewangan semasa dan sebelumnya telah mengambil kira perkara-perkara yang luar biasa seperti berikut:-

1. Kerugian rosot nilai yang dibuat ke atas hartanah, loji dan peralatan berjumlah RM4.0 juta berbanding RM1.1 juta kerugian rosot nilai ke atas pelaburan hartanah dalam tahun sebelumnya; dan

2. Elaun rosot nilai terhadap pinjaman kepada syarikat bersekutu berjumlah RM6.1 juta berbanding kerugian rosot nilai dalam pelaburan dan pinjaman terhadap syarikat bersekutu berjumlah RM9.1 juta pada tahun sebelumnya.

Tanpa mengambil kira perkara-perkara luar biasa di atas, Kumpulan mencatatkan keuntungan sebelum cukai bagi tahun kewangan dalam kajian dan tahun sebelumnya RM81.9 juta dan RM77.1 juta, masing-masing peningkatan sebanyak 6.2%.

Keuntungan Kumpulan juga terjejas oleh kos pelaburan yang tinggi yang ditanggung pada awal penubuhan, pengubahsuaian, sewa dan perbelanjaan pengiklanan dan promosi untuk mengembangkan perniagaan di Indonesia dan Vietnam. Tambahan pula, pendapatan yang dijana daripada kedai rangkaian baru di negara-negara ini lebih perlahan daripada jangkaan, maka, turut menjejaskan lagi keuntungan Kumpulan.

KAJIAN EKONOMI

Ekonomi Malaysia meningkat sedikit lebih cepat pada suku kedua 2013, tetapi masih di bawah jangkaan pasaran, memandangkan kelemahan yang berpanjangan dalam persekitaran luaran melembapkan aktiviti ekonomi domestik. Keluaran Dalam Negara Kasar (KDNK) bagi suku kedua 2013 meningkat 4.3% tahun ke tahun (TKT), disokong oleh permintaan domestik, berbanding dengan jangkaan pasaran tahun ke tahun 4.7% bagi tempoh dalam kajian, dan pertumbuhan KDNK sebanyak 4.1% tahun ke tahun dalam suku pertama tahun 2013. Walaupun permintaan domestik dalam ekonomi Malaysia kekal kukuh, prestasi pertumbuhan keseluruhan telah dipengaruhi oleh sektor luaran yang lemah. Fenomena ini tidak unik kepada Malaysia, memandangkan pertumbuhan di beberapa negara di Asia yang terutamanya berorientasikan eksport, juga menjadi sederhana pada suku kedua.

Penggunaan sektor swasta berkembang sebanyak 7.2% pada suku kedua disokong oleh situasi pekerjaan yang stabil dan pertumbuhan gaji yang berterusan dalam sektor berorientasikan domestik. Sektor perkhidmatan mencatat pertumbuhan 4.8% pada suku kedua disokong oleh Perdagangan Pemborongan & Peruncitan dan Komunikasi. Pertumbuhan sebanyak 5.0% dalam Pemborongan & Peruncitan disokong oleh aktiviti peruncitan yang berkembang kepada 7.3% berbanding 6.9% pada suku sebelumnya. Pertumbuhan penggunaan awam meningkat kepada 11.1% berbanding 0.1% pada suku sebelumnya, menunjukkan perbelanjaan Kerajaan yang lebih tinggi terutamanya ke atas bekalan dan perkhidmatan, dan perbelanjaan berterusan ke atas emolumen.

KAJIAN OPERASI

Peruncitan

Bagi tahun dalam kajian, Kumpulan telah menambah 15 buah butik untuk pelbagai jenama di Malaysia dan Singapura, menjadikan jumlah butik sebanyak 109 buah setakat 30 Jun 2013. Di samping itu, 10 buah butik baru di Vietnam dan 4 buah butik baru di Indonesia telah dibuka dalam tahun kewangan. Ini menjadikan bilangan butik runcit serantau Kumpulan kepada 131 daripada 102 sebelum ini, satu peningkatan lebih kurang 28%. Di Timur Tengah dan Eropah pula, rakan kongsi kami di Arab Saudi telah menambah sebuah lagi butik Bonia pada Mac 2013, menjadikan jumlah keseluruhan 12 buah butik, dan 2 buah butik ikonik Braun Buffel kami telah dibuka masing-masing di Hamburg dan Munich, Jerman.

Kumpulan akan terus melabur untuk masa hadapan dengan menambah jenama baru dalam portfolionya dan meningkatkan kehadirannya terutama dalam segmen barangan mewah yang telah terbukti agak berdaya tahan. Bagi tahun kewangan dalam kajian, Kumpulan telah memperolehi hak untuk membangun, mengedar dan memasar Enrico Coveri , satu jenama terkenal Itali yang diasaskan oleh Encik Enrico Coveri berinspirasikan kecerahan warna, sebaran kromatisma, corak fantasi riang, citarasa terhadap eksentrisiti dan keseronokan sebagai sebahagian daripada ciri kemuncak jenama menarik ini.

Kumpulan juga telah mendapat hak pengedaran untuk Bruno Magli, Itali lanjutan daripada perjanjian usahasama yang ditandatangani pada 10 Jun 2013 di antara Active World Pte Ltd (“AWPL”), salah satu subsidiari Singapura kami, dan Bruno Magli SPA untuk menubuhankan sebuah syarikat usahasama di Singapura yang dinamakan Bruno Magli South East Asia Pte Ltd, dimana APWL memiliki 70%, bagi tujuan pengedaran dan pemasaran produk Bruno Magli di Singapura, Malaysia, Indonesia, Filipina, Vietnam dan Thailand. Kumpulan menjangkakan untuk membuka satu buah butik di Malaysia dan Singapura dalam tahun kewangan akan datang.

Peniagaan Makanan & Minuman

Satu-satunya saluran F&B Kumpulan, iaitu Renoma Gallery Café yang berlokasi di Jalan Bukit Bintang, operasinya masih di peringkat awal sejak dibuka pada September 2012. Sumbangannya buat masa sekarang masih tidak ketara berbanding dengan perniagaan peruncitan produk fesyen dan aksesori. Bagi tahun kewangan dalam kajian, perniagaan F&B mengalami kerugian sebelum cukai berjumlah RM7.6 juta selepas mengambil kira kerugian rosot nilai sekali ke atas hartanah, loji dan peralatan berjumlah RM4.0 juta.

PERKEMBANGAN KORPORAT

Sebagai sebahagian daripada rancangan untuk merasionalkan perniagaan jenama Sembonia di bawah satu unit sub-perniagaan berasingan, pada 26 November 2012, Syarikat telah menubuhkan sebuah subsidiari milik penuh di Malaysia yang dikenali sebagai SBG Holdings Sdn Bhd (“SBG”) untuk menjalankan penyusunan semula dalaman. Pada 19 Disember 2012, Syarikat telah memindahkan semua pegangan saham dalam SBL Marketing Sdn Bhd (“SBL”), SB Boutique Sdn Bhd (“SBB”), SBFW Marketing Sdn Bhd (“SBF”) dan SB International Sdn

Bhd ("SBI") kepada SBG untuk jumlah pertimbangan sebanyak RM24,831.113, yang akan dibayar oleh SBG melalui perumpukan dan terbitan 24,831,113 saham biasa baru bernilai RM1.00 setiap satu dalam SBG pada harga terbitan RM1.00 bagi saham biasa baru yang dikreditkan sebagai telah dibayar sepenuhnya kepada Syarikat. Selepas itu, pada 20 Disember 2012, SBG menubuhkan dua (2) subsidiari milik penuh di Malaysia yang dikenali sebagai SBA Marketing Sdn Bhd ("SBA") dan SBM Marketing Sdn Bhd ("SBM"). Modal yang dibenarkan, diterbitkan dan dibayar SBA dan SBM adalah RM100,000 yang dibahagikan kepada 100,000 saham biasa bernilai RM1.00 setiap satu dan RM2.00 yang dibahagikan kepada 2 saham biasa masing-masing bernilai RM1.00 setiap satu. Aktiviti perniagaan SBA yang dirancang ialah pemasaran dan pengedaran aksesori bergaya, manakala SBM adalah perancangan, promosi dan pemasaran kasut lelaki bergaya.

Pada 12 Oktober 2012, subsidiari milik penuh Syarikat, Daily Frontier Sdn Bhd, telah menubuhkan sebuah subsidiari milik penuh di Republik Sosialis Vietnam, iaitu Daily Frontier (Vietnam) Company Limited ("DFV") dan Sijil Pelaburan telah diterima daripada Jawatankuasa Rakyat Ho Chi Minh City pada 1 November 2012. DFV diperbadankan dengan modal piagam sebanyak VND10,500,000,000 (bersamaan dengan USD500,000). Modal piagam perlu dibayar dalam bentuk wang tunai dalam tempoh dua (2) tahun dari tarikh Sijil Pelaburan bertarikh 12 Oktober 2012. Aktiviti-aktiviti perniagaan awal DFV adalah import, eksport, pemborongan, peruncitan dan pengedaran produk fesyen, aksesori dan kosmetik.

Pada 6 Februari 2013, Syarikat telah mengumumkan bahawa subsidiari milik penuhnya, BCB Properties Sdn Bhd ("BCBP") telah selesai melanggan 3,300 saham biasa bernilai RM1.00 setiap satu pada par dalam Serene Glow Sdn Bhd ("SGSB") dan sijil saham yang dikeluarkan oleh SGSB berkenaan dengan 3,300 saham yang diperuntukkan kepada BCBP telah diterima pada tarikh yang sama. Oleh yang demikian, BCBP memegang 33% daripada saham modal diterbitkan SGSB yang diperbesarkan dan dibayar dan SGSB adalah sebuah syarikat bersekutu BCBP. SGSB telah diperbadankan di Malaysia di bawah Akta Syarikat, 1965 pada 24 Julai 2012 sebagai sebuah syarikat sendirian berhad. Modal saham dibenarkan SGSB adalah RM100,000.00 yang terdiri daripada 100,000 saham biasa bernilai RM1.00 setiap satu dan modal diterbitkan yang diperbesarkan dan modal berbayar ialah RM10,000.00 yang terdiri daripada 10,000 saham biasa bernilai RM1.00 setiap satu. Aktiviti utama SGSB adalah pelaburan hartanah dan pembangunan. Pada 10 September 2013, BCBP menambah lagi pemilikan 656,700 saham biasa bernilai RM 1.00 setiap satu dalam SGSB.

Pada 10 Jun 2013, subsidiari milik penuh Syarikat, Active World Pte. Ltd ("AWPL") memeterai Perjanjian Usahasama ("JVA") dengan Bruno Magli SPA ("BM") berhubung dengan: -

i) penubuhan sebuah syarikat usahasama berhad dengan saham di bawah Akta Syarikat Singapura yang dinamakan Bruno Magli South East Asia Pte.Ltd. ("BMSEA") bagi tujuan jualan (borong dan runcit) dan pemasaran produk Bruno Magli SPA di bawah nama perdagangan "Bruno Magli" di Singapura, Malaysia, Indonesia, Filipina, Vietnam dan Thailand ("JV perniagaan") dan

ii) Peraturan tanggungjawab masing-masing ke atas pengurusan perniagaan JV dan urusan BMSEA.

Modal terbitan dan berbayar awal BMSEA ialah SGD10.00 dibahagikan kepada 10 saham biasa bernilai SGD1.00 setiap satu dan sebarang penambahan modal berbayar yang berikutnya hendaklah dalam nisbah ekuiti AWPL 70% dan BM 30%.

PROSPEK MASA DEPAN

Mengenai prospek pertumbuhan bagi tahun ini, kadar pertumbuhan KDNK Malaysia diramalkan di antara 4.5% hingga 5% berdasarkan ekonomi global yang lemah, keadaan kewangan dan fiskal yang ketat secara keseluruhan, krisis zon euro yang belum dapat diselesaikan, isu hutang Kerajaan yang berterusan, kelembapan ekonomi China dan peningkatan risiko kelembapan.

Memandangkan tinjauan ekonomi yang tidak menentu, prospek Kumpulan untuk tahun yang akan datang dijangka penuh dengan cabaran. Berdasarkan situasi ini, adalah penting bagi Kumpulan untuk berusaha ke arah penambahbaikan yang berterusan untuk meningkatkan lagi kecekapan operasi di samping meletakkan kedudukan perniagaan dan jenama untuk pertumbuhan oportunistik dan pengiktirafan. Kumpulan akan terus meneroka peluang perniagaan baru di dalam dan luar negara secara berhemat, terutamanya di Timur Tengah dan Asia Tenggara. Selaras dengan rancangan perkembangan perniagaan Kumpulan di luar dan dalam negara, Kumpulan menjangka perniagaannya akan terus berkembang. Walau bagaimanapun, perkembangan perniagaan dijangka mengakibatkan kos pelaburan permulaan yang lebih tinggi bagi pengubahsuaian, sewa dan penubuhan, serta tertakluk kepada risiko tertentu dari segi politik, undang-undang ekonomi, perkembangan pertukaran asing, yang akan memberi kesan kepada keuntungan Kumpulan dalam jangka pendek.

Tanpa mengambil kira keadaan yang luan biasa, Lembaga Pengarah berpandangan bahawa prestasi Kumpulan bagi tahun kewangan akan datang akan kekal positif dan terus berkembang, tetapi pada kadar yang lebih perlahan, walaupun Kumpulan perlu menghadapi cabaran seperti pelaksanaan gaji minimum, kenaikan kos menjalankan perniagaan, dasar-dasar kerajaan yang baru dan kekurangan tenaga pekerja.

DIVIDEN

Lembaga Pengarah telah mencadangkan dividen akhir dikecualikan cukai sebanyak 10% atau 5.0 sen bagi setiap saham biasa bernilai 50.0 sen setiap satu, berjumlah RM10,078,593 bagi tahun kewangan berakhir 30 Jun 2013.

Dividen akhir tersebut akan dicadangkan untuk mendapatkan kelulusan para pemegang saham dalam Mesyuarat Agung Tahunan yang akan datang. Tarikh kelayakan dan tarikh pembayaran dividen akhir yang dicadangkan akan ditentukan dan diumumkan pada satu tarikh kelak.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya dengan ikhlas ingin merakamkan setinggi-tinggi penghargaan kepada pihak pengurusan dan kakitangan di atas usaha, komitmen dan dedikasi mereka agar menghasilkan keputusan yang membanggakan. Kejayaan yang diraih dalam tahun kewangan 2013 tidak mungkin dicapaikan tanpa kegigihan mereka.

Kami juga ingin mengucapkan terima kasih kepada para pelanggan, rakan-rakan kongsi, pemegang saham, rakan perniagaan, pihak berkuasa kerajaan dan pembiaya di atas sokongan dan keyakinan berterusan mereka terhadap Kumpulan.

CHIANG SANG SEM
Pengerusi Eksekutif Kumpulan

Tarikh: 8 Oktober 2013

主席献词

本人谨此代表董事局，提呈宝利机构(“本公司”)及其集团公司截至2013年6月30日财政年的常年报告，以及已审查财务报表。

财务表现

截至2013年6月30日止的财政年裡，本集团的营收达6亿3230万令吉，比上一个财政年的5亿7980万令吉增长了9.1%或5250万令吉。

海外更好的销售促进了增长，主要是印尼及越南佔了所增营收总额的14%及16%，以及Carlo Rino及Sembonia品牌表现增强，分别贡献了5250万令吉所增营收的20%及27%。

本集团在2013财政年的税前盈利是7180万令吉，比前一个财政年的6690万令吉增加了7.3%。能取得如此佳绩要归功于零售业务的较高销售额。本财政年及上一财政年的税前盈利业绩已把下列特殊项目考虑在内:

1. 产业、厂房及设备的400万令吉减值亏损，对比去年的110万令吉的产业投资减值亏损；及

2. 贷款给一间联营公司的610万令吉减值亏损，对比去年的910万令吉投资和贷款的减值亏损。

若不包括上述特殊项目，本集团在本财政年及上个财政年的税前盈利分别为8190万令吉及7710万令吉，增长率为6.2%.

本集团的底线也因扩展在印尼及越南的业务，受初期设置、装修、租金及广告与宣传开支的高投资成本所影响。此外，从这些国家新店面取得的营收，比预期来得慢，因此进一步影响本集团的盈利。

经济回顾

虽然马来西亚在2013年第2季度的经济增长速度稍快，但仍低于市场预期，因为外在环境持续疲弱，继续拖慢国内的经济活动。2013年第2季度的国内生产总值 (GDP)，因持续受到国内需求扶持，而比去年同期增长4.3%，在回顾期内，市场预期的增长率是4.7%，国内生产总值增长在2013年第1季度比去年同期增长4.1%。虽然马来西亚经济的内需依然强劲，但整体增长表现已受到疲弱的外在因素影响。这种现象不仅限于马来西亚而已，亚洲几个经济体，尤其是那些以出口为导向的，在第2季度的增长也已放缓。

私人消费在第2季度，因稳定的就业条件及以国内市场为导向领域的持续工资增长，而增长7.2%。服务业在批发与零售贸易及通讯的支持下，在第2季度取得4.8%增长。批发与零售贸易的增长是5.0%，主要是因为零售活动，从上一季度的6.9%扩大至7.3%。公共消费增长达11.1%，对比上一季度的0.1%，反映著政府主要在供应和服务，以及持续酬金方面的较高开支。

营运回顾

零售

回顾年内，本集团截至2013年6月30日，在马来西亚及新加坡增加了15间各品牌的专卖店，使其专卖店总数达109间。此外，于本财政年内，在越南增设10间及在印尼4间新的专卖店。这使本集团在区域内的零售专卖店从原先的102间增至131间，增长率约28%。在远东和欧洲，我们的沙地阿拉伯伙伴，于2013年3月成功添加一间BONIA专卖店，使其总数达到12间，而2间标志性的Braun Buffel专卖店分别在德国的的汉堡及慕尼黑开张。

本集团将通过增添新的品牌到投资组合内，主要加强进军奢华品领域，继续为未来投资，这已被证明相对的有弹性。在回顾财政年内，本集团已取得由Enrico Coveri先生开创的意大利著名品牌Enrico Coveri的开发、分销与营销权，它亮丽流行的色彩、饶富幻想力的图案、独特品味，是这个有趣品牌的一些亮点。

本集团亦已取得意大利的Bruno Magli的代理权。我们在新加坡的子公司Active World Pte Ltd (“AWPL”) 于2013年6月10日，与Bruno Magli S.P.A签署联营合约，在新加坡成立一家称为Bruno Magli东南亚私人有限公司的联营公司，AWPL持有其中的70%股权，以在新加坡、马来西亚、印尼、菲律宾、越南及泰国分销及营销Bruno Magli 产品。本集团准备在下一个财政年在马来西亚及新加坡各开一间专卖店。

餐饮业

本集团唯一的餐饮店位于武吉免登路的Renoma Café Gallery自2012年9月开张营业以来，仍处在起步阶段。比起本集团的时尚产品及配件零售业务，它目前的贡献还不显着。在回顾财政年裡，这个餐饮业务在计入一次过的产业、厂房及设备的400万令吉总减值亏损後，蒙受760万令吉的税前亏损。

企业发展

为配合将Sembonia品牌业务合理化为一个个别附属业务单位的计划，本公司于2012年11月26日在马来西亚成立一家独资子公司，名称为SBG控股有限公司(“SBG”)，以进行内部重组。2012年12月19日，公司将其在SBL Marketing有限公司(“SBL”)、SB Boutique有限公司 (“SBB”)、SBFW Marketing有限公司(“SBF”)及SB International有限公司(“SBI”)的全部股权转让于SBG，总代价为2483万1113令吉，SBG通过配发及发行2483万1113股新普通股，每股面值1.00令吉，入账列为缴足给该公司。随后，SBG于2012年12月20日在马来西亚成立2家独资子公司，称为SBA Marketing有限公司(“SBA”)及SBM Marketing有限公司 (“SBM”)。SBA及SBM的法定与发行及缴足资本分别为10万令吉，分为每股面值1令吉的10万股普通股，以及2令吉分为2股每股面值1令吉的普通股。SBA有意进行的业务活动是营销及分销时尚配件，而SBM则是设计、促销及营销时尚男装鞋。

本公司独资拥有的子公司Daily Frontier有限公司于2012年10月12日在越南成立一家独资子公司，即Daily Frontier (越南)有限公司(“DFV”)，並于2012年11月1日收到胡志明市人民委员会发出的投资証书。DFV的注册资本为105亿越南盾（折合50万美元）。注册资本是在投资证书于2012年10月12日发出後的2年内以现金支付。DFV的初步业务活动是进口、出口、批发、零售及分销时尚产品、配件及化妆品。

本公司于2013年2月6日宣布，独资拥有子公司BCB Properties有限公司 (BCBP “) 按票面价格完成认购Serene Glow有限公司(“SGSB”)每股面值1令吉的3300股普通股，並在同一日期收到SGSB发3300股给BCBP的股票証书。因此，BCBP持有SGSB经扩大已发行及缴足资本的33%，而SGSB已是BCBP的一家联营公司。SGSB是根据1965年公司法令在马来西亚于2012年7月24日成立为一家私人有限公司。SGSB的法定资本为10万令吉，包括每股面值1令吉的10万股普通股，以及其扩大与缴足资本为1万令吉，包括每股面值1令吉的1万股普通股。SGSB的主要业务为产业投资及发展。BCBP在2013年9月10日进一步认购SGSB每股面值1令吉的65万6700股普通股。

本公司独资拥有的子公司Active World有限公司(“AWPL”)于2013年6月10日与Bruno Magli S.P.A. (“BM”)签署一项联营合约，以便

i) 成立一家在新加坡公司法令下註册的联营有限公司，即Bruno Magli东南亚有限公司 (“BMSEA”)，以在新加坡、马来西亚、印尼、菲律宾、越南和泰国销售（批发及零售）及营销 “Bruno Magli” 商标之Bruno Magli S.P.A.产品；及

ii) 规範各自对联营业务的管理职责及对BMSEA的事务。

BMSEA的初期已发行及缴足股本是10新元，分为每股1新元的10股普通股，以及任何其后在 AWPL 70%及BM 30%的股权比例下增加的缴足资本。

未来展望

今年的增长前景方面，在全球经济疲软、整体的的财政及金融状况紧束、欧元区危机未解决、持续的主权债务问题、中国经济放缓及负面风险增加下，马来西亚的国内生产总值预计会增长4.5%至5%之间。

由于经济前景不明朗化，本集团在来年预料将具挑战性。有鉴于此，本集团的当务之急是精益求精，进一步提高运作效率的同时，使业务及品牌定位获得机会增长与认可。本集团将继续审慎地在国、内外，特别是在中东及东南亚开拓新的商机。鉴于本集团在国、内外的业务拓展计划，本集团预期业务将继续增长。然而，随著业务的扩张，预计在装修、租金和设置的初始投资成本会较高，加上在政治、法律经济、外汇的发展面对一些风险，从而影响本集团在短期内的盈利。

如无任何不可预见的情况发生，董事局认为，本集团在下一个财政年将保持正面与持续的成长，尽管速度会较慢，以及本集团必须面对最低工资标准、营运成本上升、新政府政策及人手短缺的挑战。

股息

关于2013年6月30日届满的财政年度，董事局建议派发股息10%或每50.0仙普通股5.0仙的年终免税股息，总计为1007万8593令吉。

上述年终股息将在来临的年度大会上寻求股东们的核准通过。领取和支付日期将在较後决定及宣布。

致谢

我谨此代表董事局，向管理层和全体员工表达我最真诚的谢意，感谢他们以认真尽责的努力、承诺及献身精神，为公司带来成果。若是没有他们的努力，我们不可能在2013财政年取得这样的成就。

我们也感谢我们尊贵的顾客、合伙人、股东、商业伙伴、政府当局及银行对本集团的持续支持与信赖。

张送森
集团执行主席
日期：2013年10月8日

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to managing our business in a socially responsible manner which is aligned with our business strategy.

Our position as one of the leaders in designing, manufacturing, marketing and distribution of fashionable leather goods, apparel and accessories brings with it many responsibilities. We recognize that it is equally important to measure the impact of our activities on our customers, employees, shareholders, communities and the environment.

In particular, we are committed to ensuring that the Group engages with and makes a positive contribution to the local communities.

We believe that a firm commitment to Corporate Social Responsibility (CSR) activities forms the basis of good corporate citizenship and promotes good corporate governance. As part of our commitment to CSR, the Group has been involved in various activities during the financial year.

THE WORKPLACE

We believe that our people are our most important asset in helping us to attain our objectives. With a constantly growing workforce, it is imperative that we continue to invest in our staff to meet the demands of our rapid progress. Training programmes and specialized courses are conducted regularly to upgrade the skills and improve the competency levels of our employees. Apart from in-house training activities, our employees are encouraged to attend external courses sponsored by the Group. The Group also promotes staff appreciation and recognition efforts such as long service awards, appreciation dinners, birthday celebration, festive gatherings, family and sport events.

The Group's Mission, articulated as 3R Mission, identifies three main areas of focus:

- Recognition – to be recognized as an international luxury brand with excellent customer satisfaction
- Resources – to build, recognize and reward our valued human capital
- Responsibilities – to provide sound returns to stakeholders and fulfill community social responsibilities.

The Group's Vision 2015 is to be recognized in the region as the preferred employer and to create a workforce of passion and accountability.

THE COMMUNITY

During the year under review, the Group contributed a total of RM268,580 in monetary assistance to various community projects, charitable organizations and local communities. The main beneficiaries of the Group's contributions are the following organizations:

- Live to Love Charitable Foundation;

- Malaysian Aeon Foundation;
- The National Autism Society of Malaysia;
- The National Cancer Society Malaysia;
- Yayasan Nanyang Press;
- Nalanda Buddhist Society;
- Cleft Lip and Palate Association of Malaysia (CLAPAM);
- Persatuan Kebajikan Masyarakat Muhibah Kuala Lumpur;
- Kuala Lumpur Hawkers & Petty Traders Association;
- Olympic Council Malaysia;
- Majlis Sukan Negeri Pulau Pinang;
- Looi Badminton Academy;
- Chong Hwa Independent High School, Kuantan; and
- Tabung Pembangunan SJKC Kung Min.

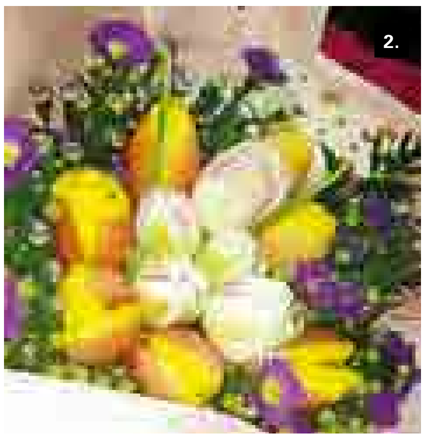
The Group had initiated a fund raising campaign by way of contributing customized BONIA handbags to donors. A total of RM100,000 was successfully collected from 15 well-wishers. The fund was donated to "Live To Love Charitable Foundation". The foundation supports initiatives in five broad areas: education, medical services, relief aid, environmental sustainability and heritage preservation.

The Group continues to place a special emphasis on the education sector in line with our belief that education plays a key role in realizing our Government's vision to create a knowledge-based society. As such, it has continued to make contributions to schools and other education-related initiatives. Contributions were also made to various health organizations and charities.

Below are some of the CSR activities carried out in the community and workplace during the period under review:

1. Autism Awareness & Fundraising Campaign (in partnership with Suria KLCC)

From 20 to 30 September 2012, BONIA was privileged to be a part of Suria KLCC's corporate social responsibility initiative, the "Purple Day" campaign. The event was dedicated to create awareness about childhood autism and to raise funds for the National Autism Society of Malaysia (NASOM), which devotes it's time to providing lifelong care and service to individuals with autism through assessment and diagnosis, early intervention and vocational training. BONIA is proud to have been involved in such a meaningful campaign which helps to make a significant difference in the lives of these people.



2. Holland Tulip Charity Sale in conjunction with Mothers' Day

From 17 to 22 April 2013, the Group organised a charity sale in aid of the Malaysian AEON Foundation (MAF). In just four days, the organizing's committee members managed to garner orders for over 450 stalks of Holland tulips from BONIA staff. Each tulip was then beautifully repackaged and decorated with customised wrapping, and distributed on 8 May 2013, just in time for Mothers' Day. Proceeds of the sale were then donated to Malaysian AEON Foundation ("MAF") to assist people in need.

3. "Give Blood Saves Lives" - Blood Donation Campaign @ BONIA Office

As part of its CSR commitment to the community, BONIA held a blood donation drive at its Head Office on 29 June 2013. The event not only aimed to raise awareness on the importance of blood donation in the act of saving lives, but also encouraged employees to reach out and do their part in helping communities.

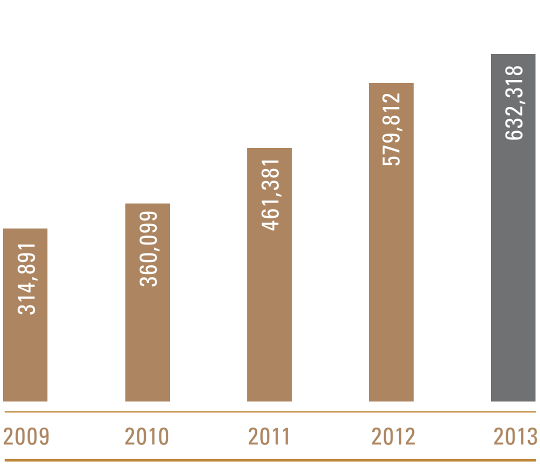
4. Visit to the Paediatric Ward at Serdang Hospital

On 4 July 2013, the Group collaborated with the Malaysian AEON Foundation ("MAF") to organise a special visit to the paediatric ward at Serdang Hospital and spread joy and happiness to the sick children there. During the event, the children were not only given the opportunity to meet guest-of-honour Y.A.Bhg Puan Sri Datin Hajjah Noorainee Abdul Rahman, the Deputy Prime Minister's wife, but were also presented with exclusive goodie bags containing toiletries and healthy food and beverage by the organizing's committee members.

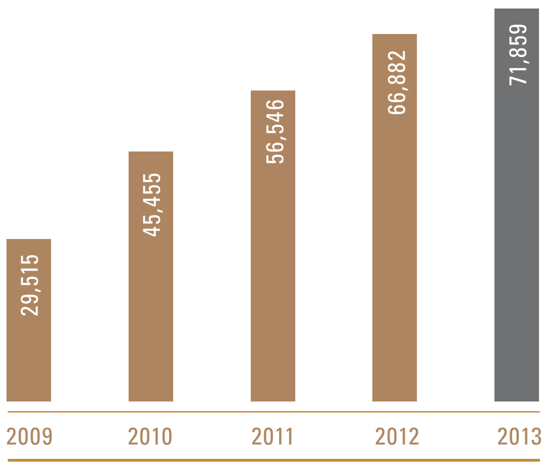
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	30 June 2009	30 June 2010	30 June 2011	30 June 2012	30 June 2013
Revenue (RM'000)	314,891	360,099	461,381	579,812	**632,318**
Profit before tax (RM'000)	29,515	45,455	56,546	66,882	**71,859**
Profit after tax (RM'000)	21,062	33,203	42,604	45,557	**47,568**
Profit / (loss) attributable to:					
- Shareholders of the parent (RM'000)	20,607	33,547	39,152	40,885	**41,348**
- Non-controlling interests (RM'000)	455	(344)	3,452	4,672	**6,220**
Profit before tax margin (%)	9.37	12.62	12.26	11.54	**11.36**
Profit after tax margin (%)	6.69	9.22	9.23	7.86	**7.52**
Total assets (RM'000)	244,762	266,580	373,250	423,339	**492,996**
Cash and cash equivalents (RM'000)	44,138	70,017	56,037	71,170	**75,846**
Total borrowings (RM'000)	38,951	29,335	51,243	53,248	**80,845**
Shareholders' equity (RM'000)	177,477	203,804	232,062	269,398	**302,383**
No. of ordinary shares in issue ('000)	201,571	201,571	201,571	201,571	**201,571**
Share price at financial year end (RM)	1.04	1.05	1.81	2.18	**2.40**
Net assets per share (RM)	0.88	1.01	1.15	1.34	**1.50**
Net basic EPS (sen)	10.2	16.6	19.4	20.3	**20.5**
PE ratio (times)	10.2	6.3	9.3	10.7	**11.7**
Gross dividend (%)	8.0	10.0	10.0	10.0	**10.0**

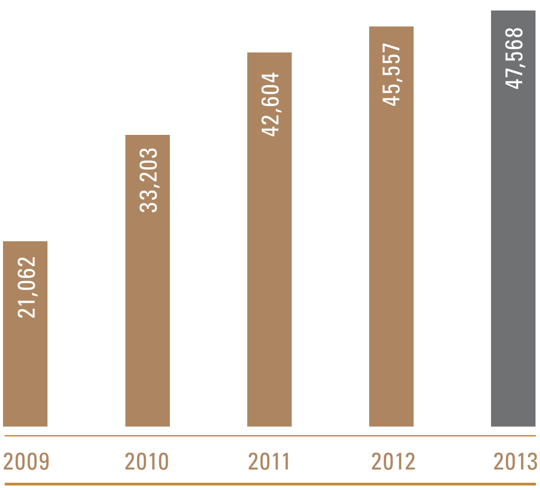
REVENUE RM'000



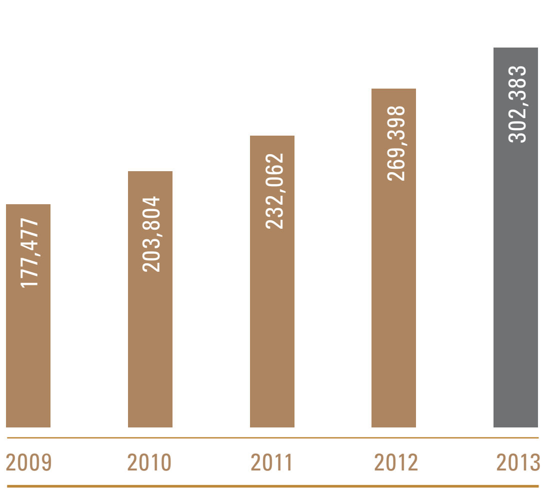
PROFIT BEFORE TAX RM'000



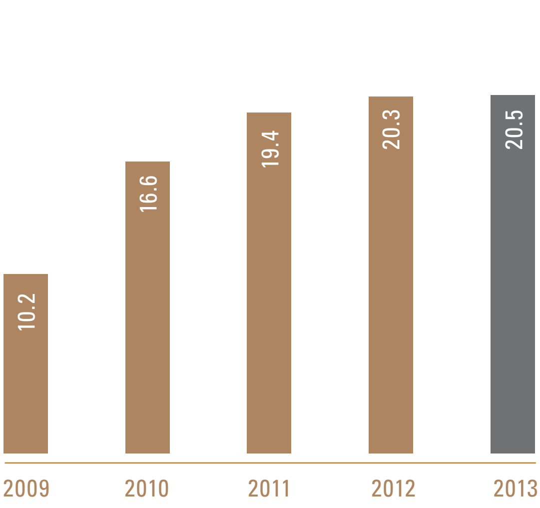
PROFIT AFTER TAX RM'000



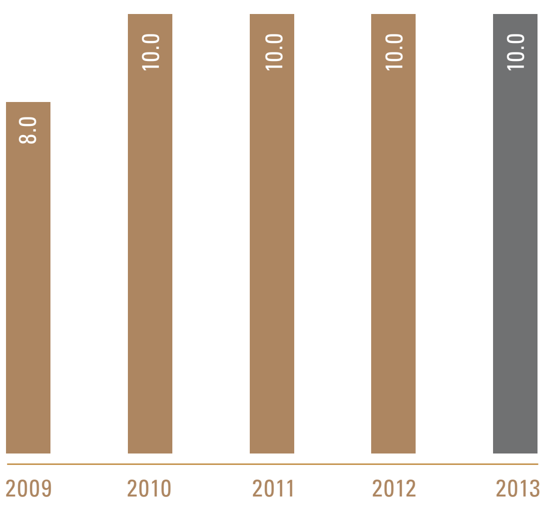
SHAREHOLDERS' EQUITY RM'000



NET BASIC EPS SEN



GROSS DIVIDEND %




SONIA SUI 隋棠
Super Model / Actress
International Brand Ambassador

EVENT HIGHLIGHTS 2012/2013

We celebrate the support of our customers, employees and associates with glamorous and fun-filled activities and events throughout the year.

1. MALAYSIA'S MOST VALUABLE BRANDS AWARD
17 October 2012

BONIA was awarded as one of the country's top 30 most valuable brands in the "Malaysia's Most Valuable Brands 2012" (MMVB) on 17 October, which was organised by The Association of Accredited Advertising Agents Malaysia (4As) with Media Prima as the joint presenter. A study was undertaken by Interbrand, one of the world's leading brand consultancies, to evaluate candidates' financial performance, role of brand and brand strength. BONIA posted 33.6% growth with a brand value of RM129 million in 2012, and was the only company awarded under the Apparel/Leatherwear category.

2. GRAND LAUNCH OF RENOMA CAFÉ GALLERY
24 October 2012

RENOMA Café Gallery held its Grand Launch on 24 October 2012. Five hundred guests were present at the launch, including the media and special VIP guests comprising Tan Sris & Puan Sris, Dato's & Datins and celebrities. A ribbon-cutting ceremony by Maurice Renoma, Her Excellency Madame Martine Dorance (French Ambassador to Malaysia), Y.B. Dato' Hou Kok Chung (Deputy Minister for Higher Education), Y.B. Dato' Lee Chee Leong (Deputy Minister for Home Affairs) and S.S. Chiang (BONIA Group Executive Chairman) commemorated the Grand Launch. The evening was also graced by Malaysia's No. 1 beat boxer Shawn Lee and violinist/songwriter Dennis Lau, who entertained the guests with their collaborative performance. Other events held during the launch included a RENOMA fashion show, sand art performance and video montage showing the origins of the café.

3. BONIA 12TH ANNUAL GOLF TOURNAMENT
27 November 2012

BONIA hosted its 12TH Annual Golf Tournament on 27 November 2012, inviting its business associates and corporate clients to the event. All participants were welcomed with exclusive goodie bags, followed by a scrumptious luncheon in the company of good friends. Everybody had a great time, and winners of the tournament were presented with attractive prizes.

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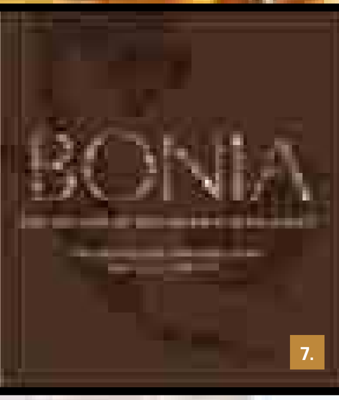

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4. GRAND LAUNCH OF BONIA FLAGSHIP BOUTIQUE AT PAVILION
30 November 2012

BONIA celebrated the Grand Launch of its first flagship boutique at Pavilion's Fashion Avenue, Kuala Lumpur with grace and generosity. Guest-of-honour Dato' Seri Michelle Yeoh was on hand during the launching of an exclusive customisation programme, personalising a range of custom-made bags with her autograph. In addition, a total of RM100,000 was raised for the "Live To Love" Charity Foundation's humanitarian and environmental initiatives, of which Dato' Seri Michelle Yeoh is the global ambassador.

5. 2012 - 2013 LAUNCH OF BONIA FLAGSHIP BOUTIQUES ACROSS ASIA

BONIA further enhanced its presence in Asia with the launch of three and two additional boutiques in Indonesia and Vietnam respectively. With modern contemporary art design as their main décor theme, the boutiques are set to wow BONIA's premium customers. The three boutiques in Indonesia are located at Kemang Village, Jakarta with a luxurious built-up area of 145 sqm; Kota Kasablanka, Jakarta with an elegant 138 sqm space; and Ciputra World Mall, Surabaya, measuring 84.10 sqm. In Vietnam, the boutique at Trang Tien Plaza, Hanoi is a palatial 211 sqm; while the boutique at Vincom Center A, Ho Chi Minh measures a spacious 185.69 sqm.

6. SANTA BARBARA POLO & RACQUET CLUB MID VALLEY MEGAMALL GRAND OPENING
23 January 2013

Santa Barbara Polo & Racquet Club opened its second flagship boutique at Mid Valley Megamall on 23 January 2013. To celebrate the boutique's grand launch, a fashion show was held to showcase its new collection as well as the launch of their new range of women's wear. Guests included the who's who of the polo arena as well as some local celebrities.

The brand continued its expansion exercise over the next few months with new boutiques and counters opening in the Klang Valley area, two boutiques in the East Coast region and one up north in Penang.

7. BONIA'S FACEBOOK HITS 100,000 LIKES
30 January - 28 February 2013

A "Count and Win" contest was held from 30 January - 28 February 2013 to reward BONIA's loyal fans as well as to celebrate its receiving 100,000 likes on its Facebook fan page. The contest, which involved guessing the total number of BONIA logos in a photo posted on its fan page, attracted over 500 contestants from Indonesia, Vietnam, Malaysia and Singapore. Prizes worth up to RM10,000 encompassing BONIA ladies' bags, BONIA perfumes and cash vouchers for the RENOMA Café Gallery were given away to the winners, while the top successful friend referral fan was also rewarded with a set of diamond-encrusted stainless steel watches.

8. SEMBONIA FASHION SHOWCASE IN SINGAPORE
February 2013

SEMBONIA wooed fans over at the OG Orchard Point with an exclusive media event showcasing its Fall/Winter 2012/2013 collection on 1 February 2013. Host Liv Lo, the beautiful TV personality cum model, engaged the audience with her lively demeanour, while popular artiste Irene Ang also made an appearance at the event. Aside from the fashion show, guests were treated to light refreshments as well.

9. THE MERCEDES-BENZ STYLO FASHION AWARDS 2013
21 March 2013

BONIA was honoured as one of the best in the Malaysian fashion scene in the category of "Industry Award 2013" at the Mercedes-Benz STYLO Fashion Awards Gala on 21 March 2013. Themed "The Voodoo Ball", the event was held on the fifth night of the week-long Mercedes-Benz STYLO Fashion Grand Prix 2013. The Group Managing Director of BONIA, Albert Chiang, was on hand to receive the award during the gala night.

10. 13TH VALENTINO RUDY INTERNATIONAL MEETING IN KUALA LUMPUR
18 - 20 April 2013

For the very first time, Valentino Rudy Malaysia hosted the 13th Valentino Rudy International Meeting in Kuala Lumpur from 18 - 20 April 2013 that was attended by Valentino Rudy worldwide licensees. In conjunction with the meeting, the Valentino Rudy Spring/Summer 2013 Fashion Show was launched in Mid Valley Megamall. Special guests-of-honour at the event included Mrs Itoko Matsuda from Japan (principal of Valantino Rudy HQ), Mr Alberto Cattoni from Italy (Marketing Advisor of Valention Rudy Italy) and Dr Boonnam Boonnamsap from Thailand (Master License Holder of ASEAN countries).

11. THE PUTRA BRAND AWARDS 2013: A PRESTIGIOUS PEOPLE'S CHOICE AWARD
26 April 2013

For the fourth consecutive year, BONIA was recognised as one of the leading brands in Malaysia's fashion industry at the Putra Brand Awards. The Group added another feather to its cap by garnering the "Putra Most Enterprising Brand of the Year" title, on top of a Silver Award in the Apparel and Accessories category, during the event on 26 April 2013. The award was presented by Star Publications (M) Sdn Bhd Executive Director Datuk Seri Wong Chun Wai, and received by BONIA Group Managing Director Albert Chiang.

12. RENOMA PARIS'S BOUTIQUE IN ASIA
7 May 2013

More than a mere tag or label, RENOMA is a mark of timeless collectibles in fashion and a trendsetter. The brand recently opened an 837 sqft boutique at Mid Valley Megamall, Kuala Lumpur. The RENOMA boutique marries a casual but neat street flair with hip stylistic fashion to create a raw and edgy ambience expressed through monochromatic tones and industrial décor. The boutique is also filled with eccentric bric-a-brac, inspired by founder Maurice Renoma, who explores the idea of breaking conventions and conceiving fashion as an art form.

13. BONIA'S FIRST POP-UP STORE & CHAPTER 39: BONIA INSPIRES
10 - 31 May 2013

As part of Samsung Fashion Steps Out 2013, organised by the Orchard Road Business Association (ORBA), BONIA unveiled its first ever pop-up store at Orchard Green on Orchard Road, Singapore from 10 - 31 May 2013. Themed "Chapter 39: BONIA Inspires", the pop-up store measuring 4,305 sqft was a tribute to BONIA's 39 years of operations. For the event, BONIA collaborated with Raffles Design Institute (RDI) to create five different rooms depicting Art Deco, Pop Art, Surrealism, Cubism and Fauvism to showcase BONIA's artistic identity and rich heritage. The event kicked off with an extravagant launch party and a fashion showcase of its SS2013 collection as well as a preview of its AW2013/14 collection. Another highlight of the event was the unveiling of BONIA's Brand Ambassador, Sonia Sui – one of the Asia's most top models and actresses. Sonia Sui will represent BONIA in campaigns for Singapore and Malaysia in the year 2013/14.

14. CARLO RINO THE OFFICIAL LEATHERWEAR SPONSOR FOR MISS TOURISM MALAYSIA 2013
July 2013

Carlo Rino was the Official Leatherwear sponsor for the globally recognised premier international beauty pageant – Ms Tourism Malaysia and International 2013 that aims to promote the nation's tourism industry to the world. The National Final was held on 7 July 2013 at the Grand Ballroom of Dorsett Grand Subang, while the International Final is scheduled for New Year's Eve at Sunway Resort Hotel. Delegates had a fruitful agenda during their stay in Malaysia and were given the opportunity to get a better understanding of Carlo Rino at Fahrenheit 88.

15. CARLO RINO THE JOINT PRESENTER FOR OPUS JAY WORLD TOUR 2013
2 - 4 August 2013

Carlo Rino was the joint presenter for the OPUS JAY WORLD TOUR 2013, featuring Taiwanese singer-songwriter Jay Chou. The event was held at the Indoor Stadium Bukit Jalil on 2 - 4 August 2013. Prior to that, several contests and promotions were held at Carlo Rino boutiques as well as on its social networking platforms to create hype and awareness of the sponsorship collaboration. Ten lucky Carlo Rino shoppers got the chance to participate in a group photography session with Jay Chou at the concert venue – creating unforgettable memories for fashion lovers across the country.

12.


13.

14.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding and management company. The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Owners of the parent	41,348	39,022
Non-controlling interests	6,220	–
	47,568	39,022

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	RM'000
In respect of financial year ended 30 June 2012:	
A final dividend of 8% or 4.0 sen per ordinary share, less tax of 25%, paid on 28 December 2012	6,047
A final tax exempt dividend of 2% or 1.0 sen per ordinary share, paid on 28 December 2012	2,016
	8,063

The Directors recommend a final single tier dividend of 10% or 5.0 sen per ordinary share of 50.0 sen each, amounting to RM10,078,593 in respect of the financial year ended 30 June 2013, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

DIRECTORS

The Directors who have held for office since the date of the last report are:

Chiang Sang Sem	(Group Executive Chairman cum Chief Executive Officer)
Chiang Fong Yee	(Alternate Director to Mr. Chiang Sang Sem)
Chiang Heng Kieng	(Group Managing Director)
Chiang Sang Bon	(Group Executive Director)
Chiang Fong Tat	(Group Executive Director)
Chong Chin Look	(Group Finance Director)
Datuk Ng Peng Hong @ Ng Peng Hay	(Independent Non-Executive Director)
Dato' Shahbudin Bin Imam Mohamad	(Non-Independent Non-Executive Director)
Lim Fong Boon	(Independent Non-Executive Director)
Chong Sai Sin	(Independent Non-Executive Director)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2013, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, were as follows:

	Number of ordinary shares of RM0.50 each			
	Balance as at 1.7.2012	Bought	Sold	Balance as at 30.6.2013
Shares in the Company				
Direct interests				
Chiang Sang Sem	2,367,000	536,600	–	**2,903,600**
Chiang Fong Yee	856,300	316,100	–	**1,172,400**
Chiang Sang Bon	305,000	50,000	–	**355,000**
Chiang Fong Tat	599,000	–	–	**599,000**
Chong Chin Look	400,000	–	–	**400,000**
Indirect interests				
Chiang Sang Sem	62,109,226	35,857,100	–	**97,966,326**
Chiang Fong Yee	10,000	35,060,300	–	**35,070,300**
Chiang Heng Kieng	69,000	–	–	**69,000**
Chiang Sang Bon	59,000	–	–	**59,000**
Chiang Fong Tat	25,000	–	–	**25,000**

By virtue of their interests in the ordinary shares of the Company, Chiang Sang Sem and Chiang Fong Yee are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have derived by virtue of the remuneration received and receivable by certain Directors from the related corporations in their capacity as directors of those related corporations and those transactions entered into in the ordinary course of business with companies in which certain Directors of the Company and subsidiaries have substantial interests as disclosed in Note 34 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

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

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event during the financial year are disclosed in Note 39 to the financial statements.

AUDITORS

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

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

....

Chiang Sang Sem
Group Executive Chairman
cum Chief Executive Officer

....

Chiang Heng Kieng
Group Managing Director

Kuala Lumpur
8 October 2013

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 89 to 186 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2013 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 41 to the financial statements on page 186 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

....	....
Chiang Sang Sem	**Chiang Heng Kieng**
Group Executive Chairman	Group Managing Director
cum Chief Executive Officer	

Kuala Lumpur
8 October 2013

STATUTORY DECLARATION

I, Chong Chin Look, being the Group Finance Director primarily responsible for the financial management of Bonia Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 89 to 186 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur this)
8 October 2013)

Chong Chin Look

Before me:
S.IDERAJU (No. W451)

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
To the members of Bonia Corporation Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Bonia Corporation Berhad, which comprise statements of financial position as at 30 June 2013 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 89 to 185.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 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.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 41 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

As stated in Note 3 to the financial statements, Bonia Corporation Berhad adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These Standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2012 and 1 July 2011, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended 30 June 2012 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as of 30 June 2013 and financial performance and cash flows for the financial year then ended.

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

BDO
AF : 0206
Chartered Accountants

Law Kian Huat
2855/06/14 (J)
Chartered Accountant

Kuala Lumpur
8 October 2013

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2013

		Group		
	Note	30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	**84,352**	72,088	71,130
Investment properties	8	**47,132**	29,452	12,753
Intangible assets	9	**66,467**	67,771	68,848
Interests in associates	11	**2**	–	426
Other investments	12	**1,168**	1,180	950
Deferred tax assets	13	**1,630**	1,438	735
Other receivables	15	**–**	4,332	–
		200,751	176,261	154,842
Current assets				
Inventories	14	**110,280**	83,958	81,464
Trade and other receivables	15	**105,384**	89,546	76,680
Current tax assets		**735**	2,404	4,227
Cash and cash equivalents	16	**75,846**	71,170	56,037
		292,245	247,078	218,408
TOTAL ASSETS		**492,996**	423,339	373,250

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2013 (cont'd)

	Note	Group 30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	17	**100,786**	100,786	100,786
Reserves	18	**201,597**	168,612	131,276
		302,383	269,398	232,062
Non-controlling interests		**13,120**	14,861	14,925
TOTAL EQUITY		**315,503**	284,259	246,987
LIABILITIES				
Non-current liabilities				
Borrowings	19	**51,564**	34,818	32,926
Trade and other payables	23	**5,533**	5,755	6,151
Provision for restoration costs	22	**222**	–	–
Deferred tax liabilities	13	**7,284**	7,428	7,411
		64,603	48,001	46,488
Current liabilities				
Trade and other payables	23	**75,482**	65,070	53,138
Borrowings	19	**29,281**	18,430	18,317
Current tax liabilities		**8,127**	7,579	8,320
		112,890	91,079	79,775
TOTAL LIABILITIES		**177,493**	139,080	126,263
TOTAL EQUITY AND LIABILITIES		**492,996**	423,339	373,250

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2013 (cont'd)

			Company	
	Note	30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	**15,421**	15,980	16,403
Investments in subsidiaries	10	**145,890**	149,021	143,870
		161,311	165,001	160,273
Current assets				
Trade and other receivables	15	**44,919**	36,704	24,693
Current tax assets		**–**	1,615	3,418
Cash and cash equivalents	16	**11,434**	2,213	491
		56,353	40,532	28,602
TOTAL ASSETS		**217,664**	205,533	188,875
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	17	**100,786**	100,786	100,786
Reserves	18	**65,839**	34,880	31,721
TOTAL EQUITY		**166,625**	135,666	132,507
LIABILITIES				
Non-current liabilities				
Borrowings	19	**14,890**	17,351	18,431
Trade and other payables	23	**5,533**	5,755	6,151
Deferred tax liabilities	13	**6**	20	36
		20,429	23,126	24,618
Current liabilities				
Trade and other payables	23	**28,012**	44,602	29,765
Borrowings	19	**2,565**	2,139	1,985
Current tax liabilities		**33**	–	–
		30,610	46,741	31,750
TOTAL LIABILITIES		**51,039**	69,867	56,368
TOTAL EQUITY AND LIABILITIES		**217,664**	205,533	188,875

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	26	**632,318**	579,812	**61,118**	18,143
Cost of sales	27	**(246,702)**	(238,330)	**–**	–
Gross profit		**385,616**	341,482	**61,118**	18,143
Other operating income		**6,773**	5,507	**320**	2,207
Selling and distribution expenses		**(191,177)**	(151,142)	**–**	–
General and administrative expenses		**(121,853)**	(122,444)	**(20,077)**	(10,889)
Finance costs	28	**(7,499)**	(6,312)	**(2,071)**	(2,360)
Share of loss of associates, net of tax		**(1)**	(209)	**–**	–
Profit before tax	29	**71,859**	66,882	**39,290**	7,101
Tax expense	30	**(24,291)**	(21,325)	**(268)**	(163)
Profit for the financial year		**47,568**	45,557	**39,022**	6,938
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Fair value loss on available-for-sale financial assets		**(12)**	–	**–**	–
Foreign currency translations		**(394)**	278	**–**	–
Total comprehensive income		**47,162**	45,835	**39,022**	6,938
Profit attributable to:					
Owners of the parent		**41,348**	40,885	**39,022**	6,938
Non-controlling interests		**6,220**	4,672	**–**	–
		47,568	45,557	**39,022**	6,938
Total comprehensive income attributable to:					
Owners of the parent		**41,048**	41,012	**39,022**	6,938
Non-controlling interests		**6,114**	4,823	**–**	–
		47,162	45,835	**39,022**	6,938
Earnings per ordinary share attributable to equity holders of the Company (sen)					
Basic and diluted:	31	**20.51**	20.28		

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

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 30 June 2013

GROUP	Note	Share capital RM'000	Share premium RM'000	Available-for-sale reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
		← Non-distributable			→	Distributable			
Balance as at 1 July 2011		100,786	476	–	3,345	127,455	232,062	14,925	246,987
Effect arising from adoption of MFRS 1	40	–	–	–	(3,345)	3,345	–	–	–
Restated balance as at 1 July 2011		100,786	476	–	–	130,800	232,062	14,925	246,987
Profit for the financial year		–	–	–	–	40,885	40,885	4,672	45,557
Foreign currency translations		–	–	–	127	–	127	151	278
Total comprehensive income		–	–	–	127	40,885	41,012	4,823	45,835
Transactions with owners									
Dividends paid	32	–	–	–	–	(3,779)	(3,779)	–	(3,779)
Change of ownership interest in a subsidiary		–	–	–	–	103	103	(103)	–
Dividend paid to non-controlling interests of subsidiaries		–	–	–	–	–	–	(5,834)	(5,834)
Ordinary shares capital contributed by non-controlling interest of a subsidiary		–	–	–	–	–	–	1,050	1,050
Total transactions with owners		–	–	–	–	(3,676)	(3,676)	(4,887)	(8,563)
Balance as at 30 June 2012		100,786	476	–	127	168,009	269,398	14,861	284,259

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 30 June 2013 (cont'd)

		← Non-distributable			→	Distributable			
GROUP	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Available-for-sale reserve RM'000**	**Exchange translation reserve RM'000**	**Retained earnings RM'000**	**Total attributable to owners of the parent RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Balance as at 1 July 2012		100,786	476	–	127	168,009	269,398	14,861	284,259
Profit for the financial year		–	–	–	–	41,348	41,348	6,220	47,568
Fair value of available-for-sale financial assets		–	–	(12)	–	–	(12)	–	(12)
Foreign currency translations		–	–	–	(288)	–	(288)	(106)	(394)
Total comprehensive income		–	–	(12)	(288)	41,348	41,048	6,114	47,162
Transactions with owners									
Dividends paid	32	–	–	–	–	(8,063)	(8,063)	–	(8,063)
Dividend paid to non-controlling interests of subsidiaries		–	–	–	–	–	–	(7,855)	(7,855)
Total transactions with owners		–	–	–	–	(8,063)	(8,063)	(7,855)	(15,918)
Balance as at 30 June 2013		**100,786**	**476**	**(12)**	**(161)**	**201,294**	**302,383**	**13,120**	**315,503**

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

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 30 June 2013 (cont'd)

		← Non-distributable	→	Distributable	
		Share	Share	Retained	Total
		capital	premium	earnings	equity
COMPANY	Note	RM'000	RM'000	RM'000	RM'000
Balance as at 1 July 2011		100,786	476	31,245	132,507
Effect arising from adoption of MFRS 1	40	–	–	–	–
Restated balance as at 1 July 2011		100,786	476	31,245	132,507
Profit for the financial year		–	–	6,938	6,938
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income		–	–	6,938	6,938
Transactions with owners					
Dividends paid	32	–	–	(3,779)	(3,779)
Total transactions with owners		–	–	(3,779)	(3,779)
Balance as at 30 June 2012		100,786	476	34,404	135,666
Profit for the financial year		–	–	39,022	39,022
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income		–	–	39,022	39,022
Transactions with owners					
Dividends paid	32	–	–	(8,063)	(8,063)
Total transactions with owners		–	–	(8,063)	(8,063)
Balance as at 30 June 2013		**100,786**	**476**	**65,363**	**166,625**

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit before tax		**71,859**	66,882	**39,290**	7,101
Adjustments for:					
Amortisation of trademarks	9	**1,303**	1,301	**–**	–
Bad debts written off		**–**	238	**–**	–
Depreciation of property, plant and equipment	7	**18,358**	14,939	**892**	875
Dividend income	26	**–**	–	**(58,983)**	(16,022)
Fair value adjustments on investment properties	8	**(471)**	1,033	**–**	–
Gain on disposals of property, plant and equipment		**(100)**	(159)	**–**	(106)
Impairment losses on:					
- investments in subsidiaries	10	**–**	–	**3,950**	799
- interests in associates	11	**–**	9,063	**–**	–
- trade and other receivables		**134**	18	**7,365**	1,552
- amounts owing by associates		**6,130**	2	**2**	2
- property, plant and equipment	7	**3,990**	–	**–**	–
Impairment losses on other receivables no longer required		**–**	–	**–**	(1,785)
Interest expense	28	**3,535**	3,343	**1,061**	1,144
Accretion of non-current other payable	28	**989**	1,199	**989**	1,199
Interest income		**(557)**	(516)	**(319)**	(280)
Inventories written off	14	**51**	–	**–**	–
Profit received from short term funds		**(103)**	(179)	**–**	–
Property, plant and equipment written off	7	**410**	631	**–**	–
Share of loss of associates		**1**	209	**–**	–
Unrealised loss/(gain) on foreign currency translations, net		**27**	34	**27**	(37)
Operating profit/(loss) before changes in working capital		**105,556**	98,038	**(5,726)**	(5,558)
Changes in working capital:					
Inventories		**(26,352)**	(2,130)	**–**	–
Trade and other receivables		**(16,425)**	(12,299)	**1**	–
Trade and other payables		**9,202**	9,847	**(1,102)**	(888)
Cash generated from/(used in) operations		**71,981**	93,456	**(6,827)**	(6,446)
Tax paid		**(25,415)**	(23,033)	**(330)**	–
Tax refunded		**2,978**	1,984	**1,695**	1,624
Net cash from/(used in) operating activities		**49,544**	72,407	**(5,462)**	(4,822)

STATEMENTS OF CASH FLOWS
For the financial year ended 30 June 2013 (cont'd)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES					
Interest received		**557**	516	**319**	280
Dividend received	26	**–**	–	**58,983**	16,022
Decrease/(Increase) in fixed deposits pledged to licensed banks		**827**	(53)	**–**	–
Acquisitions of additional shares in subsidiaries	10	**–**	–	**(819)**	(5,950)
Acquisitions of associates	11	**(3)**	(4,121)	**–**	–
Acquisitions of other investments		**–**	(222)	**–**	–
Profit received from trust fund accounts		**103**	179	**–**	–
Purchase of property, plant and equipment	7(a)	**(28,934)**	(16,328)	**(333)**	(27)
Purchase of trademarks	9	**–**	(95)	**–**	–
Purchase of investment properties	8(c)	**(3,923)**	(11,321)	**–**	–
Proceeds from disposals of property, plant and equipment		**138**	182	**–**	106
Advances to subsidiaries		**–**	–	**(15,581)**	(11,780)
(Repayments to)/Advances from subsidiaries		**–**	–	**(16,725)**	14,167
Loan/advances to an associate		**(1,390)**	(9,250)	**(2)**	–
Net cash (used in)/from investing activities		**(32,625)**	(40,513)	**25,842**	12,818
CASH FLOWS USED IN FINANCING ACTIVITIES					
Interest paid		**(3,535)**	(3,343)	**(1,061)**	(1,144)
Dividends paid to owners of the parent	32	**(8,063)**	(3,779)	**(8,063)**	(3,779)
Dividends paid to non-controlling interests		**(7,855)**	(5,834)	**–**	–
Repayments of term loans		**(4,592)**	(2,196)	**(1,875)**	(938)
Drawdowns of term loans		**7,509**	–	**–**	–
Repayments of hire-purchase and lease creditors		**(1,317)**	(1,229)	**(160)**	(237)
Net (repayments)/financings of trust receipts		**(1,096)**	3,041	**–**	–
Net drawdowns/(repayments) of bankers' acceptances		**6,622**	(4,027)	**–**	–
Ordinary share capital contributed by non-controlling interest of a subsidiary		**–**	1,050	**–**	–
Net cash used in financing activities		**(12,327)**	(16,317)	**(11,159)**	(6,098)
Net increase in cash and cash equivalents		**4,592**	15,577	**9,221**	1,898
Effect of exchange rate changes on cash and cash equivalents		**(256)**	(231)	**–**	–
Cash and cash equivalents at beginning of the financial year		**67,277**	51,931	**2,213**	315
Cash and cash equivalents at end of the financial year	16(e)	**71,613**	67,277	**11,434**	2,213

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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

1. CORPORATE INFORMATION

Bonia Corporation Berhad (the 'Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Lot 10, The Highway Centre, Jalan 51/205, 46050, Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 62, Jalan Kilang Midah, Taman Midah, Cheras, 56000 Kuala Lumpur.

The consolidated financial statements for the financial year ended 30 June 2013 comprise the Company and its subsidiaries and the Group's interest in associates. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 8 October 2013.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding and management company. The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 89 to 185 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia.

These are the Group and the Company's first financial statements prepared in accordance with MFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ('FRSs') in Malaysia.

The Group and Company have consistently applied the same accounting policies in its opening MFRS statements of financial position as at 1 July 2011 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures for the financial year ended 30 June 2012 in these financial statements have been restated to give effect to these changes, and Note 40 to the financial statements discloses the impact of the transition to MFRS on the Group and Company's reported financial position, financial performance and cash flows for the financial year then ended.

However, Note 41 to the financial statements set out on page 186 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.1 Basis of accounting (cont'd)

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

The Group also assesses the existence of control where it does not have more than half of the voting power of an investee but is able to govern the financial and operating policies by virtue of de facto control. De facto control arises in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders provides the Group with the power to govern the financial and operating policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4.3 Business combinations

<u>Business combinations from 1 July 2011 onwards</u>

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacements by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree 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. The accounting policy for goodwill is set out in Note 4.8(a) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Business combinations (cont'd)

Business combinations before 1 July 2011

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 July 2011. Goodwill represents the amount recognised under the previous FRS Framework in respect of acquisitions prior to 1 July 2011.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold land and properties under construction, are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Freehold land has unlimited useful life and is not depreciated. Properties under construction are not depreciated until such time when the asset is available for use. Leasehold land is depreciated over the leasehold period of ninety-six (96) years.

Depreciation is calculated to write off the cost of the assets to their estimated residual value on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Buildings	2%
Plant and machinery	15% - 20%
Furniture, fittings and counter fixtures	10% - 33⅓%
Office equipment	10% - 50%
Renovation	10% - 33⅓%
Electrical installations	10% - 15%
Motor vehicles	20%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire-purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.6 Investment properties (cont'd)

The fair value of investment properties are the prices at which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment properties reflect market conditions at the end of each reporting period, without any deduction for transaction costs that may be incurred on sale or other disposal.

Fair values of investment properties are arrived at by reference to market evidence of transaction prices for similar properties. It is performed by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.7 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

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

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investments.

The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the Group's net interest in the associate.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 Investments (cont'd)

(b) Associates (cont'd)

The Group's share of the profit or loss of the associate during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate to the extent that there is no impairment.

When the Group's share of losses in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

Upon disposal of investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.8 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 Intangible assets (cont'd)

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors; there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that are initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

(c) Trademarks

Acquired trademarks have finite useful lives and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of seven (7) to twenty-five (25) years. Cost of renewing trademarks is recognised in profit or loss as incurred.

4.9 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries and associates), inventories, deferred tax assets and investment properties measured at fair value, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss in the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

4.10 Inventories

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

Cost is determined using the weighted average method. The cost of consumables and raw materials comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(iii) Loans and receivables

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

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

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, fixed deposits pledged to financial institutions, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

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

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

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

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(c) Equity (cont'd)

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.12 Impairment of financial assets

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

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

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

The carrying amount of loans and receivables are reduced through the use of an allowance account.

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

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit to loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Impairment of financial assets (cont'd)

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

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

4.14 Income taxes

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

Taxes in the income statement comprise current tax and deferred tax.

(a) Current tax

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

(b) Deferred tax

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates by the Government in the annual budgets which have the substantive effect of actual enactment by the end of the reporting period.

4.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group or the Company expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

<u>Provision for restoration costs</u>

Provision for restoration costs is included in the carrying amounts of property, plant and equipment. This provision is recognised in respect of the Group's obligation to restore leased outlets to its original state upon the expiry of tenancy agreements.

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.16 Contingent liabilities and contingent assets (cont'd)

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4.18 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 Foreign currencies (cont'd)

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Dividend income

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

(c) Interest income

Interest income is recognised as it accrues, using the effective interest method unless collectibility is in doubt.

(d) Rental income

Rental income is recognised on an accrual basis unless collectibility is in doubt.

(e) Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the trademark license agreement.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.20 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative threshold would result in a restatement of prior period segment data for comparative purposes.

4.21 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the current financial year

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

Title		Effective date
MFRS 1	*First-time Adoption of Malaysia Financial Reporting Standards*	1 January 2012
MFRS 2	*Share-based Payment*	1 January 2012
MFRS 3	*Business Combinations*	1 January 2012
MFRS 4	*Insurance Contracts*	1 January 2012
MFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6	*Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7	*Financial Instruments: Disclosures*	1 January 2012
MFRS 8	*Operating Segments*	1 January 2012
MFRS 101	*Presentation of Financial Statements*	1 January 2012
MFRS 102	*Inventories*	1 January 2012
MFRS 107	*Statement of Cash Flows*	1 January 2012
MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110	*Events After the Reporting Period*	1 January 2012
MFRS 111	*Construction Contracts*	1 January 2012
MFRS 112	*Income Taxes*	1 January 2012
MFRS 116	*Property, Plant and Equipment*	1 January 2012
MFRS 117	*Leases*	1 January 2012
MFRS 118	*Revenue*	1 January 2012
MFRS 119	*Employee Benefits*	1 January 2012
MFRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123	*Borrowing Costs*	1 January 2012
MFRS 124	*Related Party Disclosures*	1 January 2012
MFRS 126	*Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127	*Consolidated and Separate Financial Statements*	1 January 2012
MFRS 128	*Investments in Associates*	1 January 2012
MFRS 129	*Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131	*Interests in Joint Ventures*	1 January 2012
MFRS 132	*Financial Instruments: Presentation*	1 January 2012
MFRS 133	*Earnings Per Share*	1 January 2012
MFRS 134	*Interim Financial Reporting*	1 January 2012
MFRS 136	*Impairment of Assets*	1 January 2012
MFRS 137	*Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138	*Intangible Assets*	1 January 2012
MFRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140	*Investment Property*	1 January 2012
MFRS 141	*Agriculture*	1 January 2012
Improvements to MFRSs (2008)		1 January 2012
Improvements to MFRSs (2009)		1 January 2012
Improvements to MFRSs (2010)		1 January 2012

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (cont'd)

5.1 New MFRSs adopted during the current financial year (cont'd)

Title		Effective date
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2012
IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10	*Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12	*Service Concession Arrangements*	1 January 2012
IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14	*MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15	*Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 107	*Introduction of the Euro*	1 January 2012
IC Interpretation 110	*Government Assistance – No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112	*Consolidation – Special Purpose Entities*	1 January 2012
IC Interpretation 113	*Jointly Controlled Entities – Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115	*Operating Leases – Incentives*	1 January 2012
IC Interpretation 125	*Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 127	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 129	*Service Concession Arrangements: Disclosures*	1 January 2012
IC Interpretation 131	*Revenue – Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132	*Intangible Assets – Web Site Costs*	1 January 2012
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*	1 July 2012

(a) Amendments to MFRS 1 *Government Loans* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 1 *Government Loan* in conjunction with the application of MFRS 1. Following the adoption of these Amendments, the Group has applied the requirements in MFRS 120 prospectively to Government loans existing as at the date of transition to MFRSs.

(b) Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* in conjunction with the application of MFRS 101. These Amendments clarify that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, these Amendments clarify that the related notes to the opening statement of financial position need not be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 July 2011.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (cont'd)

5.1 New MFRSs adopted during the current financial year (cont'd)

(c) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in conjunction with the application of MFRS 1. These Amendments clarify that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title		Effective date
MFRS 10	*Consolidated Financial Statements*	1 January 2013
MFRS 11	*Joint Arrangements*	1 January 2013
MFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13	*Fair Value Measurement*	1 January 2013
MFRS 119	*Employee Benefits (revised)*	1 January 2013
MFRS 127	*Separate Financial Statements*	1 January 2013
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
Amendments to MFRS 7	*Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRSs	*Annual Improvements 2009 - 2011 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to MFRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136	*Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139	*Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21	*Levies*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures		1 January 2015
MFRS 9	*Financial Instruments*	1 January 2015

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

6.1 Critical judgements made in applying accounting policies

The followings are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Contingent rental

The Group has entered into tenancy agreements for the lease of boutiques, which contain contingent rental features based on predetermined revenue thresholds. The Group has determined that these contingent rental features are not embedded derivatives to be separately accounted for due to the economic characteristics and risks of these contingent rental features are closely related to the economic characteristics and risks of the underlying tenancy agreements. There are no leverage features contained within these contingent rental features.

(c) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of business.

(d) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(e) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

6.2 Key sources of estimation uncertainty

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

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated useful lives. Management estimates the useful lives of these property, plant and equipment as disclosed in Note 4.4 to the financial statements. These are common life expectancies applied in the industry which the Group operates. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

6.2 Key sources of estimation uncertainty (cont'd)

(b) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 9(a) to the financial statements.

(c) Impairment of trademarks

The Group determines whether trademarks are impaired at least on an annual basis. This requires an estimation of the value-in-use of the trademarks. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from royalty income and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 9(b) to the financial statements.

(d) Taxation

(i) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits will be available against which the tax losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and extent of future taxable profits together with future tax planning strategies.

(ii) Income taxes

Significant judgement is required in determining the capital allowances, deductibility of certain expenses and taxability of certain income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome 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.

(e) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on an assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses fashion pattern, current economic trends and changes in customer preference when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(f) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

6.2 Key sources of estimation uncertainty (cont'd)

(g) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 37 to the financial statements.

(h) Provision for restoration costs

The Group estimates provision for restoration costs based on historical costs incurred per square feet of sales area. The estimated provision for restoration costs are reviewed periodically and are updated if expectations differ from previous estimates due to changes in cost factors. Where expectations differ from the original estimates, the differences would impact the carrying amount of provision for restoration costs.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2012 RM'000	Additions RM'000	Transfer from investment properties (Note 8) RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the year RM'000	Impairment RM'000	Translation adjustments RM'000	Balance as at 30.6.2013 RM'000
Carrying amount									
Freehold land	3,002	–	–	–	–	–	–	–	**3,002**
Leasehold land	929	–	–	–	–	(13)	–	–	**916**
Buildings on freehold land	31,940	3,121	2,199	–	–	(842)	–	(98)	**36,320**
Buildings on long term leasehold land	8,369	3,393	–	–	–	(841)	(2,757)	–	**8,164**
Plant and machinery	595	504	–	(15)	–	(211)	(10)	(2)	**861**
Furniture, fittings and counter fixtures	13,807	17,135	–	–	(43)	(10,616)	(985)	(5)	**19,293**
Office equipment	4,442	2,948	–	(19)	(55)	(1,985)	(67)	(5)	**5,259**
Renovation	3,503	2,374	–	–	(267)	(1,869)	(106)	(2)	**3,633**
Electrical installations	618	250	–	–	(45)	(222)	(65)	2	**538**
Motor vehicles	1,007	1,848	–	(4)	–	(1,027)	–	(4)	**1,820**
Motor vehicles under hire-purchase and lease	3,004	80	–	–	–	(732)	–	–	**2,352**
Properties under construction	872	1,322	–	–	–	–	–	–	**2,194**
	72,088	32,975	2,199	(38)	(410)	(18,358)	(3,990)	(114)	**84,352**

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

Group	At 30.6.2013			
	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment RM'000	Carrying amount RM'000
Freehold land	3,002	–	–	3,002
Leasehold land	1,006	(90)	–	916
Buildings on freehold land	44,252	(7,656)	(276)	36,320
Buildings on long term leasehold land	16,073	(2,696)	(5,213)	8,164
Plant and machinery	3,521	(2,650)	(10)	861
Plant and machinery under hire-purchase and lease	98	(98)	–	–
Furniture, fittings and counter fixtures	65,469	(45,190)	(986)	19,293
Office equipment	17,943	(12,616)	(68)	5,259
Renovation	12,219	(8,480)	(106)	3,633
Electrical installations	1,581	(978)	(65)	538
Motor vehicles	5,000	(3,180)	–	1,820
Motor vehicles under hire-purchase and lease	8,972	(6,620)	–	2,352
Properties under construction	2,194	–	–	2,194
	181,330	(90,254)	(6,724)	84,352

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

Group	Balance as at 1.7.2011 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the year RM'000	Transfer from/(to) investment properties (Note 8) RM'000	Translation adjustments RM'000	Balance as at 30.6.2012 RM'000
Carrying amount								
Freehold land	3,002	–	–	–	–	–	–	3,002
Leasehold land	213	729	–	–	(13)	–	–	929
Buildings on freehold land	31,193	–	–	–	(878)	1,639	(14)	31,940
Buildings on long term leasehold land	8,674	–	–	(96)	(209)	–	–	8,369
Plant and machinery	2,250	302	–	–	(254)	(1,708)	5	595
Furniture, fittings and counter fixtures	12,920	9,228	(10)	(110)	(8,196)	–	(25)	13,807
Office equipment	3,946	2,474	(3)	(227)	(1,746)	–	(2)	4,442
Renovation	2,887	2,551	–	(112)	(1,808)	–	(15)	3,503
Electrical installations	731	102	–	(16)	(210)	–	11	618
Motor vehicles	1,830	70	–	(70)	(820)	–	(3)	1,007
Motor vehicles under hire-purchase and lease	2,499	1,285	(10)	–	(805)	–	35	3,004
Properties under construction	985	872	–	–	–	(985)	–	872
	71,130	17,613	(23)	(631)	(14,939)	(1,054)	(8)	72,088

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

Group	At 30.6.2012 Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment RM'000	Carrying amount RM'000
Freehold land	3,002	–	–	3,002
Leasehold land	1,006	(77)	–	929
Buildings on freehold land	39,281	(7,065)	(276)	31,940
Buildings on long term leasehold land	12,681	(1,856)	(2,456)	8,369
Plant and machinery	3,047	(2,452)	–	595
Plant and machinery under hire-purchase and lease	98	(98)	–	–
Furniture, fittings and counter fixtures	53,915	(40,108)	–	13,807
Office equipment	15,675	(11,233)	–	4,442
Renovation	12,077	(8,574)	–	3,503
Electrical installations	1,539	(921)	–	618
Motor vehicles	3,444	(2,437)	–	1,007
Motor vehicles under hire-purchase and lease	8,892	(5,888)	–	3,004
Properties under construction	872	–	–	872
	155,529	(80,709)	(2,732)	72,088

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

Company	Balance as at 1.7.2012 RM'000	Additions RM'000	Depreciation charge for the year RM'000	Balance as at 30.6.2013 RM'000
Carrying amount				
Freehold land	2,530	–	–	**2,530**
Buildings on freehold land	12,500	–	(342)	**12,158**
Furniture, fixtures and fittings	3	–	(3)	**–**
Office equipment	117	28	(46)	**99**
Renovation	35	305	(82)	**258**
Electrical installations	5	–	(5)	**–**
Motor vehicles	287	–	(230)	**57**
Motor vehicles under hire-purchase	503	–	(184)	**319**
	15,980	333	(892)	**15,421**

	---------------- At 30.6.2013 ----------------		
	Cost RM'000	Accumulated depreciation RM'000	Carrying Amount RM'000
Freehold land	**2,530**	**–**	**2,530**
Buildings on freehold land	**17,080**	**(4,922)**	**12,158**
Furniture, fixtures and fittings	**351**	**(351)**	**–**
Office equipment	**406**	**(307)**	**99**
Renovation	**1,085**	**(827)**	**258**
Electrical installations	**75**	**(75)**	**–**
Motor vehicles	**1,823**	**(1,766)**	**57**
Motor vehicles under hire-purchase	**1,281**	**(962)**	**319**
	24,631	**(9,210)**	**15,421**

Company	Balance as at 1.7.2011 RM'000	Additions RM'000	Depreciation charge for the year RM'000	Balance as at 30.6.2012 RM'000
Carrying amount				
Freehold land	2,530	–	–	2,530
Buildings on freehold land	12,842	–	(342)	12,500
Furniture, fixtures and fittings	16	–	(13)	3
Office equipment	140	27	(50)	117
Renovation	77	–	(42)	35
Electrical installations	11	–	(6)	5
Motor vehicles	517	–	(230)	287
Motor vehicles under hire-purchase	270	425	(192)	503
	16,403	452	(875)	15,980

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

Company	At 30.6.2012		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	2,530	–	2,530
Buildings on freehold land	17,080	(4,580)	12,500
Furniture, fixtures and fittings	351	(348)	3
Office equipment	378	(261)	117
Renovation	780	(745)	35
Electrical installations	75	(70)	5
Motor vehicles	1,823	(1,536)	287
Motor vehicles under hire-purchase	1,281	(778)	503
	24,298	(8,318)	15,980

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Purchase of property, plant and equipment	**32,975**	17,613	**333**	452
Financed by hire-purchase and lease arrangements	**(1,436)**	(1,285)	**–**	(425)
Provision for restoration costs capitalised (Note 22)	**(222)**	–	**–**	–
Financed by term loans	**(2,383)**	–	**–**	–
Cash payments on purchase of property, plant and equipment	**28,934**	16,328	**333**	27

(b) As at the end of reporting period, the carrying amount of property, plant and equipment under hire-purchase and lease arrangements of the Group and of the Company are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Motor vehicles	**2,352**	3,004	**319**	503

Details of the terms and conditions of the hire-purchase and lease arrangements are disclosed in Notes 20 and 37 to the financial statements.

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

(c) Carrying amount of property, plant and equipment pledged as securities for banking facilities granted to the Group and to the Company are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Freehold land	**3,002**	3,002	**2,530**	2,530
Leasehold land	**208**	210	**–**	–
Buildings on freehold land	**29,712**	30,229	**12,158**	12,500
Buildings on long term leasehold land	**6,399**	6,869	**–**	–
Furniture, fixtures and fittings	**1,100**	–	**–**	–
Others	**98**	–	**–**	–
	40,519	40,310	**14,688**	15,030

(d) During the financial year, impairment losses of RM3,990,000 on property, plant and equipment of its subsidiaries were recognised in the financial statements of the Group as management is of the view that the carrying amount of property, plant and equipment is no longer recoverable due to the subsidiaries' loss making position.

8. INVESTMENT PROPERTIES

Group	Balance as at 1.7.2012 RM'000	Additions RM'000	Transfer to property, plant and equipment (Note 7) RM'000	Fair value adjustment RM'000	Balance as at 30.6.2013 RM'000
Carrying amount					
Freehold land, shoplots and clubhouse	9,081	1,162	(2,199)	471	**8,515**
Long term leasehold land and shoplots	6,168	–	–	–	**6,168**
Properties under construction	14,203	18,246	–	–	**32,449**
	29,452	19,408	(2,199)	471	**47,132**

Group	Balance as at 1.7.2011 RM'000	Additions RM'000	Transfer from property, plant and equipment (Note 7) RM'000	Fair value adjustment RM'000	Balance as at 30.6.2012 RM'000
Carrying amount					
Freehold land, shoplots and clubhouse	6,585	3,456	69	(1,029)	9,081
Long term leasehold land and shoplots	6,168	4	–	(4)	6,168
Properties under construction	–	13,218	985	–	14,203
	12,753	16,678	1,054	(1,033)	29,452

8. INVESTMENT PROPERTIES (cont'd)

(a) The fair value of the investment properties of the Group was recommended by the Directors as at end of reporting period based on an indicative market value from the valuation exercise carried out on an open market value basis by an independent professional valuer, Akram Real Estate Professional and Co. Sdn. Bhd., who is a member of The Institution of Surveyors Malaysia.

(b) Rental income of the Group derived from the investment properties amounted to RM728,000 (2012: RM798,000).

(c) During the financial year, the Group made the following cash payments to purchase investment properties:

	Group	
	2013 RM'000	2012 RM'000
Purchase of investment properties	**19,408**	16,678
Financed by term loans	**(15,485)**	(5,357)
Cash payments on purchase of investment properties	**3,923**	11,321

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

	Group	
	2013 RM'000	2012 RM'000
Repairs and maintenance	**26**	25
Quit rent and assessment	**39**	41

(e) As at the end of reporting period, the carrying amount of RM32,449,000 (2012: RM14,203,000) included in investment properties has been pledged as securities for banking facilities granted (Note 21) to the Group.

9. INTANGIBLE ASSETS

Group	Balance as at 1.7.2012 RM'000	Amortisation charge for the year RM'000	Translation adjustment RM'000	Balance as at 30.6.2013 RM'000
Carrying amount				
Goodwill	38,359	–	–	**38,359**
Trademarks	29,412	(1,303)	(1)	**28,108**
	67,771	(1,303)	(1)	**66,467**

	At 30.6.2013			
	Cost RM'000	Accumulated amortisation RM'000	Accumulated impairment RM'000	Carrying amount RM'000
Goodwill	**44,100**	**–**	**(5,741)**	**38,359**
Trademarks	**35,817**	**(7,709)**	**–**	**28,108**
	79,917	**(7,709)**	**(5,741)**	**66,467**

9. INTANGIBLE ASSETS (cont'd)

Group	Balance as at 1.7.2011 RM'000	Additions RM'000	Amortisation charge for the year RM'000	Translation adjustment RM'000	Balance as at 30.6.2012 RM'000
Carrying amount					
Goodwill	38,359	–	–	–	38,359
Trademarks	30,489	95	(1,301)	129	29,412
	68,848	95	(1,301)	129	67,771

	At 30.6.2012			
	Cost RM'000	Accumulated amortisation RM'000	Accumulated impairment RM'000	Carrying amount RM'000
Goodwill	44,100	–	(5,741)	38,359
Trademarks	35,817	(6,405)	–	29,412
	79,917	(6,405)	(5,741)	67,771

(a) Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ('CGU') that is expected to benefit from the business combination. The carrying amount of goodwill of RM38,359,000 had been allocated mainly to the retailing division as an independent CGU.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the Directors are of the opinion that all the cash generating units are held on a long-term basis, the value-in-use would best reflect its recoverable amount. The value-in-use is determined by discounting future cash flows over a three-year period. The future cash flows are based on management's business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each CGU.

There remains a risk that the ability to achieve management's business plan will be adversely affected due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions. Hence, in computing the value-in-use for each CGU, the management has applied a discount rate of 9.1% (2012: 10.9%) and growth rates of 5.0% to 20.0% per annum depending on the products, markets and business plan of the subsidiaries.

The following describes each key assumption on which the management has based its cash flow projections for the purposes of the impairment test for goodwill:

(i) The discount rate was estimated based on the Group's weighted average cost of capital.

(ii) Growth rates used are based on historical trends of each segment taking into account industry outlook for that segment.

(iii) The profit margin applied to the projections are based on the historical profit margin trend for the individual CGU.

With regard to the assessment of value-in-use of the goodwill, the management believes that no reasonably possible change in any of the above key assumption would cause the carrying values of the CGU to materially exceed their recoverable amounts.

9. INTANGIBLE ASSETS (cont'd)

(b) Trademarks

Trademarks of RM28,108,000 (2012: RM29,412,000) relating to the acquisition of subsidiaries in the previous financial years represent the rights of using "Braun Buffel" trademark in various countries.

The management has prepared a 25-year cash flows forecast and projections to support the carrying amounts of the trademark. The said cash flows forecast and projections is based on 25 years of projected royalty income from year 2010 to year 2034 as the Group owns the rights for use of the "Braun Buffel" trademark until 30 June 2034. Trademark of "Braun Buffel" is also amortised over 25 years until 30 June 2034.

The following describes each key assumption on which the management has based on its cash flows projections for the purpose of impairment test for "Braun Buffel" trademark.

(i) The discount rate was estimated based on the Group's weighted average cost of capital.

(ii) Growth rate used has been based on historical trend of royalty income received.

As at 30 June 2013, the management assessed that the recoverable amounts of trademark, based on value in use calculations, exceeded their carrying amounts and thus, no impairment is required.

With regard to the assessment of value-in-use of the trademark, the management believes that no reasonably possible change in any of the above key assumption would cause the carrying values to materially exceed its recoverable amount.

Other trademarks represent the registration cost of Bonia, Sembonia and Carlo Rino brands.

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	2012
		RM'000
Unquoted shares - at cost	**151,163**	150,344
Less: Impairment losses	**(5,273)**	(1,323)
	145,890	149,021

Impairment losses on investments in subsidiaries amounting RM3,950,000 (2012: RM799,000) has been recognised during the financial year due to declining business operations and the net tangible assets of these subsidiaries were lower than the cost of investments. The impairment amount was determined based on a value-in-use calculation using cash flow projections derived from financial budgets approved by the management covering a three (3)-year period. The discount rate applied to the cash flow projections is 9.1% per annum based on weighted average cost of capital of the Company.

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held 2013 %	Interest in equity held 2012 %	Principal activities
Subsidiaries of Bonia Corporation Berhad				
CB Marketing Sdn. Bhd.	Malaysia	**100**	100	Designing, promoting and marketing of fashionable leather goods
CB Holdings (Malaysia) Sdn. Bhd.	Malaysia	**100**	100	Property investment and management services
Ataly Industries Sdn. Bhd.	Malaysia	**100**	100	Property investment
Luxury Parade Sdn. Bhd.	Malaysia	**100**	100	Property investment
Eclat World Sdn. Bhd.	Malaysia	**100**	100	Designing, promoting and marketing of fashionable men's footwear
CB Franchising Sdn. Bhd.	Malaysia	**100**	100	Franchising of leather goods and apparels
BCB Properties Sdn. Bhd.	Malaysia	**100**	100	Property development
Long Bow Manufacturing Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and marketing of leather goods
De Marts Marketing Sdn. Bhd.	Malaysia	**100**	100	Designing, promoting and marketing of fashionable ladies' footwear
Mcore Sdn. Bhd.	Malaysia	**60**	60	Marketing and distribution of fashionable leather goods
Future Classic Sdn. Bhd.	Malaysia	**100**	100	Designing, promoting and marketing of fashionable leather goods
Daily Frontier Sdn. Bhd.	Malaysia	**100**	100	Marketing, distribution and export of fashionable goods and accessories
Armani Context Sdn. Bhd.	Malaysia	**100**	100	Interior design, advertising and promotion
Banyan Sutera Sdn. Bhd.	Malaysia	**100**	100	Marketing and distribution of fashionable goods
* Active World Pte. Ltd.	Singapore	**100**	100	Wholesaling and retailing of fashionable leather goods and apparels
# Kin Sheng Group Limited	Hong Kong	**100**	100	Investment holding

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows: (cont'd)

Name of company	Country of incorporation	Interest in equity held 2013 %	Interest in equity held 2012 %	Principal activities
Subsidiaries of Bonia Corporation Berhad (cont'd)				
Dominion Directions Sdn. Bhd.	Malaysia	**100**	100	Marketing and distribution of men's apparel and accessories
CRG Incorporated Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Mcolours & Design Sdn. Bhd.	Malaysia	**100**	100	Product design, research and development
Scarpa Marketing Sdn. Bhd.	Malaysia	**100**	100	Wholesaling, retailing and marketing of fashionable footwear
Alpha Footwear Sdn. Bhd.	Malaysia	**100**	100	Marketing, retailing and distribution of men's and ladies' footwear
* Jeco (Pte) Limited	Singapore	**70**	70	Intellectual property management
Paris RCG Sdn. Bhd.	Malaysia	**58**	58	Managing food and beverage services
Vista Assets Sdn. Bhd.	Malaysia	**100**	100	Marketing and distribution of fashionable goods and accessories
FR Gallery Sdn. Bhd.	Malaysia	**100**	100	Marketing and distribution of fashionable goods and accessories
LBJR Marketing Sdn. Bhd.	Malaysia	**100**	100	Marketing and distribution of fashionable goods and accessories
SBG Holdings Sdn. Bhd.	Malaysia	**100**	–	Investment holding
Subsidiaries of Dominion Directions Sdn. Bhd.				
VR Directions Sdn. Bhd.	Malaysia	**75**	75	Marketing and distribution of men's apparel and accessories, and ladies' apparel
SB Directions Sdn. Bhd.	Malaysia	**100**	100	Marketing and distribution of fashionable accessories
Galaxy Hallmark Sdn. Bhd.	Malaysia	**100**	100	Marketing and distribution of men's apparels and accessories

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows: (cont'd)

Name of company	Country of incorporation	Interest in equity held 2013 %	2012 %	Principal activities
Subsidiaries of Dominion Directions Sdn. Bhd. (cont'd)				
New Series Sdn. Bhd.	Malaysia	**75**	75	Marketing and distribution of men's apparels
Subsidiary of Banyan Sutera Sdn. Bhd.				
* PT Banyan Cemerlang	Indonesia	**100**	100	Wholesaling of fashionable goods and accessories
Subsidiaries of CRG Incorporated Sdn. Bhd.				
CR Boutique Sdn. Bhd.	Malaysia	**100**	100	Franchising of leather goods and apparels
CRF Marketing Sdn. Bhd.	Malaysia	**100**	100	Designing, promoting and marketing of fashionable ladies' footwear
CRL Marketing Sdn. Bhd.	Malaysia	**100**	100	Designing, promoting and marketing of fashionable leather goods
CRI Sdn. Bhd.	Malaysia	**100**	100	Marketing and distribution of fashionable goods and accessories
CRV Sdn. Bhd.	Malaysia	**100**	100	Marketing and distribution of fashionable goods and accessories
Subsidiaries of SBG Holdings Sdn. Bhd.				
SBL Marketing Sdn. Bhd.	Malaysia	**100**	100	Designing, promoting and marketing of fashionable leather goods
SBFW Marketing Sdn. Bhd.	Malaysia	**100**	100	Designing, promoting and marketing of fashionable ladies' footwear
SB Boutique Sdn. Bhd.	Malaysia	**100**	100	Franchising of leather goods and apparels
SB International Sdn. Bhd.	Malaysia	**100**	–	Marketing and distribution of fashionable goods and accessories
SBA Marketing Sdn. Bhd.	Malaysia	**100**	–	Marketing and distribution of fashionable accessories
SBM Marketing Sdn. Bhd.	Malaysia	**100**	–	Designing, promoting and marketing of fashionable men's footwear

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows: (cont'd)

Name of company	Country of incorporation	Interest in equity held 2013 %	2012 %	Principal activities
Subsidiary of BCB Properties Sdn. Bhd.				
Apex Marble Sdn. Bhd.	Malaysia	**60**	60	Marketing and distribution of fashionable goods
Subsidiary of Daily Frontier Sdn. Bhd.				
# Daily Frontier (Vietnam) Company Limited	Vietnam	**100**	–	Wholesaling, retailing, importing and exporting of fashionable products, accessories and cosmetics
Subsidiaries of Active World Pte. Ltd.				
* Jetbest Enterprise Pte. Ltd.	Singapore	**100**	100	Wholesaling, retailing, importing and exporting of leather goods and accessories
* SCRL Pte. Ltd.	Singapore	**100**	100	Wholesaling, retailing and marketing of fashionable footwear, carrywear and accessories
* SBLS Pte. Ltd.	Singapore	**100**	100	Wholesaling, retailing and marketing of fashionable footwear, carrywear and accessories
* Active Franchise Pte. Ltd.	Singapore	**100**	100	General wholesale trade including general importers and exporters
* Active Footwear Pte. Ltd.	Singapore	**100**	100	Marketing, retailing and distribution of fashionable footwear
** Bruno Magli South East Asia Pte. Ltd.	Singapore	**70**	–	Wholesaling, retailing and marketing of leather goods, footwear, and accessories
* PT Active World	Indonesia	**100**	100	Investment holding
Subsidiaries of Kin Sheng Group Limited				
^ Guangzhou Jia Li Bao Leather Fashion Co. Ltd.	China	**100**	100	Wholesaling, retailing, importing and exporting of leather goods and accessories

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows: (cont'd)

Name of company	Country of incorporation	Interest in equity held 2013 %	2012 %	Principal activities
Subsidiaries of Kin Sheng Group Limited (cont'd)				
^ Guangzhou Bonia Fashions China Co. Ltd.	China	**100**	100	Manufacturing, marketing, retailing of fashionable leather goods, apparels and accessories
# Kin Sheng International Trading Co. Limited	Hong Kong	**100**	100	General trading and marketing of fashionable goods
Subsidiary of Jeco (Pte) Limited				
* Lianbee-Jeco Pte. Ltd.	Singapore	**100**	100	Retailing, importing and exporting leather goods and general merchandise
Lianbee-Jeco (M) Sdn. Bhd.	Malaysia	**100**	100	Trading in leather goods and footwear

* Subsidiaries not audited by BDO.
# Subsidiaries audited by BDO Member Firms.
** Audited financial statements of the subsidiary was not issued as it was newly incorporated during the financial year.
^ Audited financial statements of these subsidiaries are not available as they are in the process of members' voluntary winding up.

During the financial year:

(i) the Company had incorporated a wholly owned subsidiary, SBG Holdings Sdn. Bhd. in Malaysia, with an authorised share capital of RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and fully paid up.

(ii) the Company had incorporated a wholly owned subsidiary, SB International Sdn. Bhd. in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and fully paid up.

(iii) SBG Holdings Sdn. Bhd., a wholly owned subsidiary of the Company had incorporated a wholly owned subsidiary, SBA Marketing Sdn. Bhd. in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 ordinary share of RM1.00 each, of which 2 ordinary share have been issued and fully paid up.

(iv) SBG Holdings Sdn. Bhd., a wholly owned subsidiary of the Company had incorporated a wholly owned subsidiary, SBM Marketing Sdn. Bhd. in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 ordinary share of RM1.00 each, of which 2 ordinary share have been issued and fully paid up.

(v) Daily Frontier Sdn. Bhd., a wholly owned subsidiary of the Company had incorporated a wholly owned subsidiary, Daily Frontier (Vietnam) Company Limited in Vietnam, with a charter capital of VND10,500,000,000 (equivalent to USD500,000). The charter capital is payable in cash within two (2) years from the date of Investment Certificate of 12 October 2012.

(vi) Active World Pte. Ltd., a wholly owned subsidiary of the Company had incorporated a 70% owned subsidiary, Bruno Magli South East Asia Pte. Ltd. in Singapore with an issued and paid-up-capital of SGD10.00 divided into 10 ordinary shares of SGD1.00 each.

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

During the financial year: (cont'd)

(vii) As a result of internal group reorganisation:

(a) SBG Holdings Sdn. Bhd., a wholly owned subsidiary of the Company had acquired 500,000 ordinary shares of RM1.00 each representing 100% equity interest in SBL Marketing Sdn. Bhd. from the Company, for a total consideration of RM12,852,462 by way of issuance of 12,852,462 new ordinary shares of RM1.00 each at RM1.00 per ordinary share of SBG Holdings Sdn. Bhd..

(b) SBG Holdings Sdn. Bhd., a wholly owned subsidiary of the Company had acquired 500,000 ordinary shares of RM1.00 each representing 100% equity interest in SBFW Marketing Sdn. Bhd. from the Company, for a total consideration of RM8,624,539 by way of issuance of 8,624,539 new ordinary shares of RM1.00 each at RM1.00 per ordinary share of SBG Holdings Sdn. Bhd..

(c) SBG Holdings Sdn. Bhd., a wholly owned subsidiary of the Company had acquired 1,000,000 ordinary shares of RM1.00 each representing 100% equity interest in SB Boutique Sdn. Bhd. from the Company, for a total consideration of RM3,354,110 by way of issuance of 3,354,110 new ordinary shares of RM1.00 each at RM1.00 per ordinary share of SBG Holdings Sdn. Bhd..

(d) SBG Holdings Sdn. Bhd., a wholly owned subsidiary of the Company had acquired 2 ordinary shares of RM1.00 each representing 100% equity interest in SB International Sdn. Bhd. from the Company, for a total consideration of RM2 by way of issuance of 2 new ordinary shares of RM1.00 each at RM1.00 per ordinary share of SBG Holdings Sdn. Bhd..

(viii) SBG Holdings Sdn. Bhd. further subscribed 1,999,998 new ordinary shares of RM1.00 each at par in SB International Sdn. Bhd..

(ix) SBG Holdings Sdn. Bhd. further subscribed 99,998 new ordinary shares of RM1.00 each at par in SBA Marketing Sdn. Bhd..

(x) SBG Holdings Sdn. Bhd. further subscribed 399,998 new ordinary shares of RM1.00 each at par in SBM Marketing Sdn. Bhd..

(xi) CRG Incorporated Sdn. Bhd. further subscribed 499,998 new ordinary shares of RM1.00 each at par in CRI Sdn. Bhd..

(xii) the Company further subscribed 150,000 new ordinary shares of RM1.00 each at par in Daily Frontier Sdn. Bhd..

(xiii) the Company further subscribed 500,000 new ordinary shares of RM1.00 each at par in Scarpa Marketing Sdn. Bhd..

(xiv) the Company further subscribed 168,885 new ordinary shares of RM1.00 each at par in SBG Holdings Sdn. Bhd..

(xv) the Company disposed 10 ordinary shares of RM1.00 each at par in Mcore Sdn. Bhd. to BCB Properties Sdn. Bhd..

(xiv) Jeco (Pte) Limited further subscribed 500,000 new ordinary shares of RM1.00 each at par in Lianbee-Jeco (M) Sdn. Bhd..

There are no material financial effects to the Group and the Company arising from the incorporation and acquisitions of these subsidiaries.

In the previous financial year:

(i) CRG Incorporated Sdn. Bhd., a wholly owned subsidiary of the Company had incorporated a wholly owned subsidiary, CRI Sdn. Bhd. in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 ordinary share of RM1.00 each, of which 2 share have been issued and fully paid up.

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

In the previous financial year: (cont'd)

(ii) CRG Incorporated Sdn. Bhd., a wholly owned subsidiary of the Company had incorporated a wholly owned subsidiary, CRV Sdn. Bhd. in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 ordinary share of RM1.00 each, of which 2 share has been issued and fully paid up. CRG Incorporated Sdn.Bhd. further subscribed 2,500,000 newly authorised and issued shares of RM1.00 each at par in CRV Sdn. Bhd..

(iii) CRG Incorporated Sdn. Bhd. further subscribed 1,500,002 new ordinary shares of RM1.00 each at par in CR Boutique Sdn. Bhd..

(iv) the Company had incorporated a wholly owned subsidiary, LBJR Marketing Sdn. Bhd. in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 ordinary share of RM1.00 each, of which 2 share have been issued and fully paid up. The Company further subscribed 499,998 newly authorised and issued shares of RM1.00 each at par in LBJR Marketing Sdn. Bhd..

(v) Banyan Sutera Sdn. Bhd., a wholly owned subsidiary of the Company had incorporated a wholly owned subsidiary, PT Banyan Cermerlang in Indonesia, with an authorised share capital of Rp8,487,000 comprising 1,000 ordinary share of Rp8,487 each, of which 250 shares have been issued and fully paid up.

(vi) the Company had incorporated a wholly owned subsidiary, FR Gallery Sdn. Bhd. in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 2 shares have been issued and fully paid up.

(vii) the Company had incorporated a subsidiary, Paris RCG Sdn. Bhd. in Malaysia, with an authorised share capital of RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 2 shares have been issued and fully paid up. Subsequently, Paris RCG Sdn. Bhd. increased its issued and paid up capital by creation of RM2,500,000 of which RM1,450,000 has been paid up by the Company. Thus, the equity interest held by the Company in Paris RCG Sdn. Bhd. had decreased from 100% to 58%.

(viii) the Company had acquired 2 ordinary shares of RM1.00 each, for a total cash consideration of RM2, representing 100% equity interest in Vista Assets Sdn. Bhd.. The Company further subscribed 2,500,000 new ordinary shares of RM1.00 each at par in Vista Assets Sdn. Bhd..

(ix) the Company further subscribed 1,000,002 new ordinary shares of RM1.00 each at par in De Marts Marketing Sdn. Bhd..

(x) the Company further subscribed 499,900 new ordinary shares of RM1.00 each at par in Scarpa Marketing Sdn. Bhd..

There were no material financial effects to the Group arising from the incorporation and acquisitions of these subsidiaries.

11. INTERESTS IN ASSOCIATES

	Group 2013 RM'000	2012 RM'000
Unquoted equity shares, at cost	**4,680**	4,677
Share of post acquisition losses, net of dividends received	**(340)**	(339)
Loan to an associate^	**4,725**	4,725
	9,065	9,063
Less: Impairment losses	**(9,063)**	(9,063)
	2	–

^ In the previous financial year, the Group provided a loan to an associate (refer to Note 15(a) to the financial statements) of which the fair value at initial recognition based on prevailing market interest rate was lower than its transaction price. The difference between the transaction price and the fair value of the loan to an associate was recognised as part of the Group's interests in the associate.

The details of the associates are as follows:

Name of company	Country of incorporation	Interest in equity held by the Group 2013 %	2012 %	Financial year end	Principal activities
Makabumi Sdn. Bhd.	Malaysia	**40**	40	30 June 2013	Dormant
Serene Glow Sdn. Bhd.	Malaysia	**33**	–	30 September 2013	Property investment and development
Guangzhou Yong Yi Leather Fashions Co. Ltd.	China	**40**	40	31 December 2012	Marketing and distribution of fashionable leather goods
Braun Verwaltungs-GmbH	Germany	**34**	34	31 December 2012	Marketing and distribution of fashionable leather goods
Braun GmbH & Co. KG	Germany	**34**	34	31 December 2012	Marketing and distribution of fashionable leather goods

The financial statements of the above associates are not coterminous with those of the Group, except for Makabumi Sdn. Bhd.. In applying the equity method of accounting, the management accounts of the associates for the financial year ended 30 June 2013 have been used as the financial results of the associates do not have material financial effects to the Group.

(a) During the current financial year, BCB Properties Sdn. Bhd., a wholly owned subsidiary of the Company had acquired 33% equity interest in Serene Glow Sdn. Bhd. ('SGSB') for a total cash consideration of RM3,300. The authorised share capital of SGSB is RM100,000 comprising of 100,000 ordinary shares of RM1.00 each and its enlarged issued and paid-up capital is RM10,000 comprising of 10,000 ordinary shares of RM1.00 each.

There is no material financial effect to the Group arising from the acquisition of the associate.

11. INTERESTS IN ASSOCIATES (cont'd)

(b) In the previous financial year, Jeco (Pte) Limited, a 70% owned subsidiary of the Company had acquired 49% shares in Braun Verwaltungs-GmbH and Braun GmbH & Co. KG, for a total cash consideration of EUR980,000 (approximately RM4,121,000). As a result of the acquisition, the Company had indirectly owned 34% equity interest in Braun Verwaltungs-GmbH and Braun GmbH & Co. KG respectively.

(c) In the previous financial year, full impairment loss on interests in associates amounting to RM9,063,000 had been recognised due to the associates' deficit in total equity position. The impairment amount was determined based on a value-in-use calculation using cash flow projections derived from financial budgets approved by the management covering a five (5)-year period. The discount rate applied to the cash flow projections was 10.9% per annum based on weighted average cost of capital of the Company.

(d) The summarised financial information of the associates are as follows:

	2013 RM'000	2012 RM'000
Assets and liabilities		
Current assets	**21,545**	19,741
Non-current assets	**203**	151
Total assets	**21,748**	19,892
Liabilities		
Current liabilities	**29,336**	25,482
Total liabilities	**29,336**	25,482
Results		
Revenue	**13,147**	12,537
Loss for the financial year	**(1,674)**	(730)

12. OTHER INVESTMENTS

	Group	
	2013 RM'000	2012 RM'000
Fair value		
Unquoted		
Non-current assets		
Available-for-sale financial assets		
- Club memberships	**1,180**	1,180
Less: Fair value adjustment	**(12)**	–
	1,168	1,180

13. DEFERRED TAX

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Balance as at 1 July 2012/2011	**5,990**	6,676	**20**	36
Currency translation differences	**–**	11	**–**	–
Recognised in profit or loss (Note 30)	**(336)**	(697)	**(14)**	(16)
Balance as at 30 June 2013/2012	**5,654**	5,990	**6**	20

Presented after appropriate offsetting as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets, net	**(1,630)**	(1,438)	**–**	–
Deferred tax liabilities, net	**7,284**	7,428	**6**	20
	5,654	5,990	**6**	20

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Other taxable temporary differences RM'000	Offsetting RM'000	Total RM'000
At 1 July 2012	1,610	5,979	(161)	7,428
Currency translation differences				
Recognised in profit or loss	137	(608)	327	(144)
At 30 June 2013	**1,747**	**5,371**	**166**	**7,284**
At 1 July 2011	1,471	5,979	(39)	7,411
Currency translation differences	11	–	–	11
Recognised in profit or loss	128	–	(122)	6
At 30 June 2012	1,610	5,979	(161)	7,428

13. DEFERRED TAX (cont'd)

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

Deferred tax assets of the Group

	Unused tax losses and unabsorbed capital allowances RM'000	Other deductible temporary differences RM'000	Offsetting RM'000	Total RM'000
At 1 July 2012	568	1,031	(161)	1,438
Recognised in profit or loss	(186)	51	327	192
At 30 June 2013	**382**	**1,082**	**166**	**1,630**
At 1 July 2011	250	524	(39)	735
Recognised in profit or loss	318	507	(122)	703
At 30 June 2012	568	1,031	(161)	1,438

Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Offsetting RM'000	Total RM'000
At 1 July 2012	37	(17)	20
Recognised in profit or loss	(24)	10	(14)
At 30 June 2013	**13**	**(7)**	**6**
At 1 July 2011	37	(1)	36
Recognised in profit or loss	–	(16)	(16)
At 30 June 2012	37	(17)	20

Deferred tax assets of the Company

	Unabsorbed capital allowances RM'000	Offsetting RM'000	Total RM'000
At 1 July 2012	17	(17)	–
Recognised in profit or loss	(10)	10	–
At 30 June 2013	**7**	**(7)**	**–**
At 1 July 2011	1	(1)	–
Recognised in profit or loss	16	(16)	–
At 30 June 2012	17	(17)	–

13. DEFERRED TAX (cont'd)

(c) The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2013 RM'000	**2012 RM'000**
Unused tax losses	**23,825**	9,520
Unabsorbed capital allowances	**6,346**	5,021
Other deductible/(taxable) temporary differences	**787**	(37)
	30,958	14,504

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

14. INVENTORIES

	Group	
	2013 RM'000	**2012 RM'000**
At cost		
Raw materials	**6,767**	7,197
Work-in-progress	**1,185**	1,846
Finished goods	**102,064**	74,791
Consumables	**264**	124
	110,280	83,958

During the financial year, inventories of the Group recognised as cost of sales amounted to RM246,702,000 (2012: RM238,330,000).

The inventories of the Group is net of inventories written off of RM51,000 (2012: Nil) in the current financial year.

15. TRADE AND OTHER RECEIVABLES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Non-current asset				
Loan to an associate	**4,522**	4,332	**–**	–
Less: Impairment losses	**(4,522)**	–	**–**	–
	–	4,332	**–**	–
Current assets				
Trade receivables				
Third parties	**68,343**	63,344	**–**	–
Associate	**215**	–	**–**	–
	68,558	63,344	**–**	–
Less: Impairment losses	**(3,247)**	(3,213)	**–**	–
	65,311	60,131	**–**	–
Other receivables				
Amounts owing by subsidiaries	**–**	–	**62,685**	47,104
Amounts owing by associates	**614**	197	**199**	197
Loan to an associate	**1,389**	191	**–**	–
Other receivables	**9,429**	4,104	**–**	–
	11,432	4,492	**62,884**	47,301
Less: Impairment losses				
- subsidiaries	**–**	–	**(17,774)**	(10,409)
- associates	**(1,805)**	(197)	**(199)**	(197)
	9,627	4,295	**44,911**	36,695
Loans and receivables	**74,938**	64,426	**44,911**	36,695
Deposits	**15,644**	11,318	**8**	9
Prepayments	**14,902**	13,802	**–**	–
	30,546	25,120	**8**	9
Less: Impairment losses				
- deposits	**(100)**	–	**–**	–
	30,446	25,120	**8**	9
	105,384	89,546	**44,919**	36,704

15. TRADE AND OTHER RECEIVABLES (cont'd)

(a) The loan to an associate, Braun GmbH & Co. KG, is unsecured and has a fixed term of 20 years. The loan is repayable over 20 annual instalments commencing from 2012 with a lump sum repayment upon expiry of the loan. Interest rate is fixed at 3% per annum.

The fair value of the loan to an associate is computed based on cash flows discounted at a market borrowing rate at 7.5% per annum. The difference between the transaction price and the fair value has been treated as part of the Group's interest in the associate.

Full impairment loss on loan to an associate amounting to RM4,522,000 has been recognised during the financial year due to the associate's deficit in total equity position.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2012: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(c) In the previous financial year, the impairment losses for trade receivables of the Group was net of bad debts written off of RM43,000.

(d) Amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and receivable on demand in cash and cash equivalents.

(e) Amounts owing by associates represent advances and payments made on behalf, which are unsecured, interest-free and receivable on demand in cash and cash equivalents.

(f) Information on the financial risk of trade and other receivables is disclosed in Note 37 to the financial statements.

(g) The currency exposure profile of trade and other receivables are as follows:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Ringgit Malaysia	**63,468**	58,299	**44,919**	36,704
Brunei Dollar	**68**	60	**–**	–
Chinese Renminbi	**1,355**	869	**–**	–
Euro	**505**	5,773	**–**	–
Hong Kong Dollar	**4,325**	4,367	**–**	–
Singapore Dollar	**27,049**	21,584	**–**	–
U.S. Dollar	**4,504**	2,514	**–**	–
Vietnamese Dong	**2,078**	–	**–**	–
Others	**2,032**	412	**–**	–
	105,384	93,878	**44,919**	36,704

15. TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group	
	2013 RM'000	2012 RM'000
Neither past due nor impaired	**64,425**	55,739
Past due, not impaired		
121 to 150 days	**228**	1,833
151 to 180 days	**211**	326
181 to 210 days	**18**	305
More than 211 days	**429**	1,928
	886	4,392
Past due and impaired	**3,247**	3,213
	68,558	63,344

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from customers where the Group has healthy business relationship with, whereby the management is of the opinion that the amount are recoverable based on past payments history.

The trade receivables of the Group that are past due but not impaired are unsecured in nature.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired	
	2013 RM'000	2012 RM'000
Trade receivables, gross	**3,247**	3,213
Less: Impairment losses	**(3,247)**	(3,213)
	–	–

15. TRADE AND OTHER RECEIVABLES (cont'd)

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

The reconciliation of movements in the impairment loss on trade receivables are as follows:

	Group	
	2013 RM'000	2012 RM'000
At 1 July 2012/2011	**3,213**	3,238
Charge for the financial year (Note 29)	**34**	18
Write off	**–**	(43)
At 30 June 2013/2012	**3,247**	3,213

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

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	**51,006**	41,683	**2,434**	2,213
Deposits with licensed banks	**24,840**	17,051	**9,000**	–
Short term funds	**–**	12,436	**–**	–
	75,846	71,170	**11,434**	2,213

(a) Included in the deposits with licensed banks of the Group is an amount of RM1,217,000 (2012: RM2,044,000) pledged to licensed banks as securities for banking facilities granted to certain subsidiaries.

(b) In the previous financial year, the short term funds represented investment in fixed income trust funds in Malaysia, which was a highly liquid money market, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

(c) Information on financial risks of cash and cash equivalents is disclosed in Note 37 to the financial statements.

(d) The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	**49,909**	50,381	**11,412**	2,213
Chinese Renminbi	**1,241**	1,129	**–**	–
Hong Kong Dollar	**7,970**	1,752	**–**	–
Singapore Dollar	**15,060**	16,003	**–**	–
U.S. Dollar	**893**	1,337	**22**	–
Others	**773**	568	**–**	–
	75,846	71,170	**11,434**	2,213

16. CASH AND CASH EQUIVALENTS (cont'd)

(e) For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of reporting period:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	**51,006**	41,683	**2,434**	2,213
Deposits with licensed banks	**24,840**	17,051	**9,000**	–
Short term funds	**–**	12,436	**–**	–
	75,846	71,170	**11,434**	2,213
Less: Bank overdrafts included in bank borrowings (Note 19)	**(3,016)**	(1,849)	**–**	–
Less: Deposits pledged to licensed banks	**(1,217)**	(2,044)	**–**	–
	71,613	67,277	**11,434**	2,213

17. SHARE CAPITAL

	Group and Company			
	2013		2012	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.50 each:				
Authorised	**500,000**	**250,000**	500,000	250,000
Issued and fully paid				
Balance as at beginning and end of financial year	**201,571**	**100,786**	201,571	100,786

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

18. RESERVES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-distributable				
Share premium	**476**	476	**476**	476
Available-for-sale reserve	**(12)**	–	**–**	–
Exchange translation reserve	**(161)**	127	**–**	–
	303	603	**476**	476
Distributable				
Retained earnings	**201,294**	168,009	**65,363**	34,404
	201,597	168,612	**65,839**	34,880

18. RESERVES (cont'd)

(a) Available-for-sale reserve

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

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Retained earnings

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

The Company has elected for the irrecoverable option to disregard the Section 108 tax credits to switch to the single tier system effective on 30 August 2013.

The Company also has tax exempt accounts amounting to approximately RM44,271,000 (2012: RM27,154,000) available for distribution of tax exempt dividends. Certain subsidiaries have tax exempt accounts amounting to approximately RM7,526,000 (2012: RM4,485,000) available for distribution of tax exempt dividends out of their respective retained profits.

19. BORROWINGS

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Current liabilities					
Secured					
Bank overdrafts		**1,207**	126	**–**	–
Bankers' acceptances		**711**	200	**–**	–
Hire-purchase and lease creditors	20	**773**	755	**65**	160
Term loans	21	**6,515**	4,252	**2,500**	1,979
		9,206	5,333	**2,565**	2,139
Unsecured					
Bank overdrafts		**1,809**	1,723	**–**	–
Bankers' acceptances		**14,405**	8,294	**–**	–
Trust receipts		**1,984**	3,080	**–**	–
Term loans	21	**1,877**	–	**–**	–
		20,075	13,097	**–**	–
Total		**29,281**	18,430	**2,565**	2,139

19. BORROWINGS (cont'd)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Non-current liabilities					
Secured					
Hire-purchase and lease creditors	20	**1,507**	1,406	**203**	268
Term loans	21	**45,833**	33,412	**14,687**	17,083
		47,340	34,818	**14,890**	17,351
Unsecured					
Term loan	21	**4,224**	–	**–**	–
Total		**51,564**	34,818	**14,890**	17,351
Total borrowings					
Bank overdrafts	16(e)	**3,016**	1,849	**–**	–
Bankers' acceptances		**15,116**	8,494	**–**	–
Hire-purchase and lease creditors	20	**2,280**	2,161	**268**	428
Term loans	21	**58,449**	37,664	**17,187**	19,062
Trust receipts		**1,984**	3,080	**–**	–
		80,845	53,248	**17,455**	19,490

(a) Certain bank overdrafts and bankers' acceptances of the Group are secured by first fixed charges over certain freehold and long term leasehold land and buildings of the Company and its subsidiaries as disclosed in Note 7 to the financial statements.

(b) The currency exposure profile of borrowings are as follows:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Ringgit Malaysia	**70,327**	48,265	**17,455**	19,490
Singapore Dollar	**10,518**	4,833	**–**	–
U.S. Dollar	**–**	150	**–**	–
	80,845	53,248	**17,455**	19,490

(c) Information on financial risks of borrowings is disclosed in Note 37 to the financial statements.

20. HIRE-PURCHASE AND LEASE CREDITORS

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Minimum hire-purchase and lease payments:				
- not later than one year	**868**	846	**76**	176
- later than one year and not later than five years	**1,582**	1,507	**216**	291
	2,450	2,353	**292**	467
Less: Future interest charges	**(170)**	(192)	**(24)**	(39)
Present value of hire-purchase and lease payments	**2,280**	2,161	**268**	428
Repayable as follows:				
Current liabilities				
- not later than one year	**773**	755	**65**	160
Non-current liabilities				
- later than one year and not later than five years	**1,507**	1,406	**203**	268
	2,280	2,161	**268**	428

21. TERM LOANS

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Secured				
Term loan I is repayable as follows: - 12 equal monthly instalments of RM48,652 each commencing January 2006 - 12 equal monthly instalments of RM50,216 each commencing January 2007 - 12 equal monthly instalments of RM52,585 each commencing January 2008 - 108 equal monthly instalments of RM54,461 each commencing January 2009	**2,444**	2,980	**–**	–
Term loan II is repayable by 300 equal monthly instalments of SGD3,286 (RM7,885) each commencing January 2006	**1,445**	1,503	**–**	–
Term loan III is repayable by 180 equal monthly instalments of RM26,307 each commencing October 2009	**2,910**	3,070	**–**	–
Term loan IV is repayable as follows: - 24 equal monthly instalments of RM70,000 each commencing November 2010 - 36 equal monthly instalments of RM80,000 each commencing November 2012 - 36 equal monthly instalments of RM111,710 each commencing November 2015	**5,286**	5,803	**–**	–

21. TERM LOANS (cont'd)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Secured				
Term loan V is repayable by 95 equal monthly instalments of RM208,334 each and a final instalment of RM208,270 commencing November 2011	**17,187**	19,062	**17,187**	19,062
Term loan VI is repayable as follows: - 24 monthly instalments of principal of RM80,000 plus interest - 24 monthly instalments of principal of RM107,000 plus interest - 11 monthly instalments of principal of RM134,000 plus interest - Last instalment of RM1,918,000	**4,942**	2,469	**–**	–
Term loan VII is repayable by 240 equal monthly instalments of RM17,554 each commencing September 2011	**2,690**	2,777	**–**	–
Term loan VIII is repayable by 240 equal monthly instalments of RM64,878 each commencing July 2013	**2,216**	–	**–**	–
Term loan IX is repayable as follows: - 24 equal monthly instalments of RM70,000 each commencing July 2013 - 24 equal monthly instalments of RM93,000 each commencing July 2015 - 11 equal monthly instalments of RM116,000 each commencing July 2017 - Last instalment of RM1,683,536	**3,449**	–	**–**	–
Term loan X is repayable as follows: - 77 equal monthly instalments of RM180,000 commencing February 2016 - Last instalment of RM15,400,000	**7,396**	–	**–**	–
Term loan XI is repayable as follows: - 5 equal monthly instalments of RM1,093 commencing January 2014 - 91 equal monthly instalments of RM4,126 commencing June 2014	**383**	–	**–**	–
Term loan XII is repayable as follows: - 94 equal monthly instalments of RM20,850 commencing January 2014 - Last instalment of RM878,820	**2,000**	–	**–**	–
	52,348	37,664	**17,187**	19,062

21. TERM LOANS (cont'd)

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Unsecured				
Term loan XIII is repayable over 48 monthly instalments of RM156,438 commencing from November 2012	**6,101**	–	**–**	–
	58,449	37,664	**17,187**	19,062

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Secured				
Repayable as follows:				
Current liabilities				
- within one year	**6,515**	4,252	**2,500**	1,979
Non-current liabilities				
- more than one year and less than five years	**29,310**	18,502	**10,000**	10,000
- more than five years	**16,523**	14,910	**4,687**	7,083
	45,833	33,412	**14,687**	17,083
	52,348	37,664	**17,187**	19,062
Unsecured				
Repayable as follows:				
Current liabilities				
- within one year	**1,877**	–	**–**	–
Non-current liabilities				
- more than one year and less than five years	**4,224**	–	**–**	–
	6,101	–	**–**	–

Term loans I, II, III, IV and VII are secured by means of legal charges over freehold land, leasehold land and buildings of subsidiaries (Note 7) and are guaranteed by the Company.

Term loans XI and XII are secured by specific debentures over the furniture, fixtures and fittings and other assets of subsidiaries (Note 7) and are guaranteed by the Company.

Term loans VI, VIII, IX and X are secured by means of legal charges over property under construction of a subsidiary (Note 8) and are guaranteed by the Company.

Term loan V is secured by means of legal charge over the freehold land and buildings (Note 7) of the Company.

As at the end of the reporting period, a total of RM25,377,000 has been drawndown in regards to term loan VI, VIII, IX, X, XI, XII and XIII.

22. PROVISION FOR RESTORATION COSTS

	Group	
	2013 RM'000	2012 RM'000
Balance as at 1 July 2012/2011	–	–
Recognised for the financial year	222	–
Balance as at 30 June 2013/2012	222	–

Provision for restoration costs comprises mainly initial estimates of reinstatement costs for stores upon termination of tenancy.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current liabilities				
Other payables	5,533	5,755	5,533	5,755
Current liabilities				
Trade payables				
Third parties	18,898	15,075	–	–
Other payables, deposits and accruals				
Amounts owing to subsidiaries	–	–	20,730	37,429
Other payables	13,767	10,187	2,219	2,189
Deposits	1,389	1,249	–	–
Accruals	41,428	38,559	5,063	4,984
	56,584	49,995	28,012	44,602
	75,482	65,070	28,012	44,602

(a) Non-current other payables of the Group and of the Company represent deferred consideration for the acquisition of a subsidiary, Jeco (Pte) Limited in the previous financial years. The amount is unsecured and interest-free. This amount is initially recognised at fair value based on method disclosed in Note 36(d)(v) to the financial statements.

(b) Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 days (2012: 30 to 90 days).

(c) Amounts owing to subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable on demand in cash and cash equivalents.

(d) Information on the financial risks of trade and other payables is disclosed in Note 37 to the financial statements.

23. TRADE AND OTHER PAYABLES (cont'd)

(e) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	**35,539**	35,993	**25,857**	42,464
Chinese Renminbi	**13,802**	4,934	**–**	–
Hong Kong Dollar	**351**	947	**–**	–
Singapore Dollar	**25,892**	27,272	**7,688**	7,893
U.S. Dollar	**3,355**	1,224	**–**	–
Others	**2,076**	455	**–**	–
	81,015	70,825	**33,545**	50,357

24. COMMITMENTS

(a) Operating lease commitments

The Group had entered into non-cancellable lease arrangements for boutiques, offices and staff housing, resulting in future rental commitments. The Group has aggregate future minimum lease commitments as at the end of the reporting period as follows:

	Group	
	2013 RM'000	2012 RM'000
Not later than one (1) year	**33,835**	25,668
Later than one (1) year and not later than five (5) years	**38,160**	18,743
	71,995	44,411

Certain lease rentals are subject to contingent rental, which are determined based on a percentage of sales generated from boutiques.

(b) Capital commitments

	Group	
	2013 RM'000	2012 RM'000
Approved and contracted for:		
Property, plant and equipment:		
- leasehold land	**3,655**	–
- properties under construction	**19,232**	3,229
- others	**874**	1,553
Investment properties under construction	**30,750**	49,566
	54,511	54,348

25. CONTINGENT LIABILITIES

Company - Unsecured

As at 30 June 2013, the Company has given corporate guarantees amounting to RM226,992,000 (2012: RM131,294,000) to financial institutions for banking facilities granted to and utilised by certain subsidiaries.

	2013 RM'000	2012 RM'000
The amount of banking facilities utilised by the subsidiaries as at the end of reporting period:		
- secured borrowings	**38,542**	21,145
- unsecured borrowings	**28,305**	15,290
	66,847	36,435

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the Directors are of the view that the fair values of the above corporate guarantees for banking facilities of subsidiaries are negligible.

26. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of goods	**624,340**	572,842	**–**	–
Rental income	**728**	798	**2,135**	2,121
Royalties income	**7,250**	6,172	**–**	–
Dividend income from unquoted investments in subsidiaries (gross)	**–**	–	**58,983**	16,022
	632,318	579,812	**61,118**	18,143

27. COST OF SALES

	Group	
	2013 RM'000	2012 RM'000
Inventories sold	**246,702**	238,330

28. FINANCE COSTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense on:				
- bank guarantees	**39**	15	**1**	1
- bank overdrafts	**147**	167	**–**	–
- bankers' acceptances	**599**	582	**–**	–
- hire-purchase and lease creditors	**110**	129	**15**	10
- term loans	**2,173**	2,075	**1,045**	1,133
- trust receipts	**150**	59	**–**	–
- others	**317**	316	**–**	–
	3,535	3,343	**1,061**	1,144
Accretion of non-current other payable	**989**	1,199	**989**	1,199
Bank charges	**1,001**	836	**21**	17
Credit card charges	**1,949**	907	**–**	–
Others	**25**	27	**–**	–
	7,499	6,312	**2,071**	2,360

29. PROFIT BEFORE TAX

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax is arrived at after charging:					
Amortisation of trademarks	9	**1,303**	1,301	**–**	–
Auditors' remuneration:					
- Statutory					
- Auditors of the Company:					
- current year		**357**	291	**45**	38
- Other auditors:					
- current year		**293**	334	**–**	–
- under/(over) provision in prior years		**11**	(10)	**–**	–
- Non statutory					
- current year		**37**	35	**25**	25
- under provision in prior year		**3**	–	**–**	–
Bad debts written off		**–**	238	**–**	–
Depreciation of property, plant and equipment	7	**18,358**	14,939	**892**	875
Directors' remuneration:					
- Fees					
- payable by the Company		**419**	374	**419**	374
- payable by subsidiaries		**556**	535	**–**	–
- Emoluments other than fees					
- payable by the Company		**4,812**	5,214	**4,812**	5,214
- payable by subsidiaries		**2,431**	1,694	**–**	–

29. PROFIT BEFORE TAX (cont'd)

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging: (cont'd)					
Fair value adjustment on investment properties	8	–	1,033	–	–
Impairment losses on:					
- investments in subsidiaries	10	–	–	**3,950**	799
- interests in associates	11	–	9,063	–	–
- trade receivables	15(h)	**34**	18	–	–
- other receivables		**100**	–	**7,365**	1,552
- amounts owing by associates		**6,130**	2	**2**	2
- property, plant and equipment	7	**3,990**	–	–	–
Inventories written off	14	**51**	–	–	–
Lease of office equipment		**92**	44	–	–
Property, plant and equipment written off	7	**410**	631	–	–
Realised loss on foreign currency transactions		**229**	246	**17**	50
Rental of premises		**47,311**	33,501	–	–
Unrealised loss on foreign currency translations		**150**	68	**27**	–
And crediting:					
Dividend income from unquoted investments in subsidiaries (gross)	26	–	–	**58,983**	16,022
Fair value adjustment on investment properties	8	**471**	–	–	–
Gain on disposals of property, plant and equipment		**100**	159	–	106
Impairment losses on other receivables no longer required		–	–	–	1,785
Interest income from:					
- fixed deposits with licensed banks		**60**	71	–	–
- deposits with licensed banks		**185**	165	**8**	–
- others		**312**	280	**311**	280
Profit received from short term funds		**103**	179	–	–
Realised gain on foreign currency transactions		**1,500**	1,702	–	–
Rental income		**773**	840	**2,135**	2,121
Unrealised gain on foreign currency translations		**123**	34	–	37

30. TAX EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current tax expense based on profit for the financial year:				
Malaysian income tax	**17,600**	15,228	**283**	178
Foreign income tax	**7,518**	6,722	**–**	–
	25,118	21,950	**283**	178
(Over)/Under provision in prior years:				
Malaysian income tax	**(590)**	99	**(1)**	1
Foreign income tax	**99**	(27)	**–**	–
	(491)	72	**(1)**	1
	24,627	22,022	**282**	179
Deferred tax (Note 13)				
Relating to origination and reversal of temporary differences	(383)	(677)	(27)	(20)
Under/(Over) provision in prior years	47	(20)	13	4
	(336)	(697)	(14)	(16)
Total tax expense	24,291	21,325	268	163

The Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profits for the fiscal year.

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax	**71,859**	66,882	**39,290**	7,101
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	**17,965**	16,721	**9,823**	1,775
Tax effect in respect of:				
Non-allowable expenses	**6,576**	7,107	**5,179**	2,865
Lower tax rates in foreign jurisdiction	**(1,480)**	(1,235)	**–**	–
Movements in deferred tax assets not recognised	**4,114**	1,238	**–**	–
Non-taxable income	**(387)**	(989)	**(14,746)**	(4,482)
Tax incentive and allowances	**(2,053)**	(1,569)	**–**	–
	24,735	21,273	**256**	158
(Over)/Under provision of tax expense in prior years	**(491)**	72	**(1)**	1
Under/(Over) provision of deferred tax in prior years	**47**	(20)	**13**	4
	24,291	21,325	**268**	163

30. TAX EXPENSE (cont'd)

Tax savings of the Group are as follows:

	Group	
	2013 RM'000	2012 RM'000
Arising from utilisation of previously unrecognised tax losses	–	436

31. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	2013	2012
Profit attributable to equity holders of the parent (RM'000)	**41,348**	40,885
Weighted average number of ordinary shares in issue ('000)	**201,571**	201,571
Basic earnings per ordinary share for profit for the financial year (sen)	**20.51**	20.28

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there is no dilutive potential ordinary shares outstanding during the financial year.

32. DIVIDENDS

	Group and Company			
	2013		2012	
	Gross dividend per share Sen	Amount of dividend RM'000	Gross dividend per share Sen	Amount of dividend RM'000
Dividends paid:				
Final dividend less tax of 25% paid in respect of the financial year ended 30 June 2012	**4.0**	**6,047**	–	–
Final tax exempt dividend paid in respect of the financial year ended 30 June 2012	**1.0**	**2,016**	–	–
Final dividend less tax of 25% paid in respect of the financial year ended 30 June 2011	–	–	2.5	3,779
	5.0	**8,063**	2.5	3,779

32. DIVIDENDS (cont'd)

The Board of Directors has recommended a final single tier dividend of 10% or 5.0 sen per ordinary share of 50.0 sen each, amounting to RM10,078,593 in respect of the financial year ended 30 June 2013. The aforesaid final dividend will be proposed for shareholders' approval in the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect these proposed dividends. These dividends, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2014.

33. EMPLOYEE BENEFITS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Wages, salaries and bonuses	**94,937**	86,139	**4,716**	5,029
Contributions to defined contribution plans	**9,851**	10,203	**540**	584
Social security contributions	**794**	643	**–**	–
Other benefits	**16,152**	12,119	**–**	–
	121,734	109,104	**5,256**	5,613

34. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

Related parties other than those disclosed elsewhere in the financial statements and their relationship with the Group are as follows:

Related party	Relationship
Cassardi International Co. Ltd.	A company in which a major shareholder of VR Directions Sdn. Bhd., a subsidiary, Boonnam Boonnamsap has substantial financial interests.
Long Bow Manufacturing (S) Pte. Ltd.	A company in which a Director, who is also a major shareholder of the Company has substantial financial interests.
Bonia International Holdings Pte. Ltd.	A company in which a Director, who is also a major shareholder of the Company has substantial financial interests.
BIH Franchising Limited	A company in which a Director, who is also a major shareholder of the Company has substantial financial interests.

34. RELATED PARTY DISCLOSURES (cont'd)

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Rental income received/receivable from subsidiaries	**–**	–	**2,135**	2,121
Gross dividends received from subsidiaries	**–**	–	**58,983**	16,022
Management fees paid/payable to a subsidiary	**–**	–	**40**	1
Agency fees paid/payable to a subsidiary	**–**	–	**4**	5
Purchases from Cassardi International Co. Ltd.	**408**	988	**–**	–
Royalties paid/payable to:				
- Cassardi International Co. Ltd.	**1,056**	640	**–**	–
- Bonia International Holdings Pte. Ltd.	**125**	205	**–**	–
- BIH Franchising Limited	**2,218**	1,525	**–**	–
Rental expense paid/payable to Long Bow Manufacturing (S) Pte. Ltd.	**1,346**	1,324	**–**	–

The related party transactions described above were carried out in the normal course of business and have been established under negotiated and mutually agreed terms.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short term employee benefits	**18,237**	19,044	**4,716**	5,029
Contributions to defined contribution plans	**1,613**	1,650	**540**	584
	19,850	20,694	**5,256**	5,613

35. OPERATING SEGMENTS

Bonia Corporation Berhad and its subsidiaries are principally engaged in designing, manufacturing, marketing, retailing, wholesaling and franchising of fashionable leather goods, accessories and apparel for the local and overseas markets, property development and investment holding.

35. OPERATING SEGMENTS (cont'd)

The Group has arrived at three (3) reportable operating segments that are organised and managed separately according to the nature of products and services and specific expertise, which requires different business and marketing strategies. The reportable segments are summarised as follows:

Retailing	Designing, promoting and marketing of fashionable apparels, footwear, accessories and leather goods.
Manufacturing	Manufacturing and marketing of fashionable leather goods.
Investment and property development	Investment holding and rental and development of commercial properties.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as goodwill written off.

Inter-segment revenue is priced along the similar lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirement). Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

2013	Retailing RM'000	Manufacturing RM'000	Investment and property development RM'000	Total RM'000
Revenue				
Total revenue	630,735	30,252	112,298	773,285
Inter-segment revenue	–	(29,397)	(111,570)	(140,967)
Revenue from external customers	630,735	855	728	632,318
Interest income	216	5	336	557
Finance costs	(4,099)	(483)	(2,917)	(7,499)
Net finance expense	(3,883)	(478)	(2,581)	(6,942)
Depreciation	(15,415)	(533)	(2,410)	(18,358)
Amortisation	(1,303)	–	–	(1,303)

35. OPERATING SEGMENTS (cont'd)

2013 (cont'd)	Retailing RM'000	Manufacturing RM'000	Investment and property development RM'000	Total RM'000
Segment profit before tax	**81,037**	**1,798**	**61,208**	**144,043**
Share of loss of associates	**–**	**–**	**(1)**	**(1)**
Income tax expense	**(23,281)**	**44**	**(1,054)**	**(24,291)**
Other material non-cash items:				
- impairment losses on property, plant and equipment	**(3,954)**	**(26)**	**(10)**	**(3,990)**
- impairment losses on trade and other receivables	**(134)**	**–**	**–**	**(134)**
- impairment losses on amounts owing by associates	**(6,128)**	**–**	**(2)**	**(6,130)**
- property, plant and equipment written off	**(410)**	**–**	**–**	**(410)**
Additions to non-current assets other than financial instruments and deferred tax assets	**26,375**	**576**	**25,432**	**52,383**
Segment assets	**327,118**	**23,610**	**139,901**	**490,629**
Segment liabilities	**91,629**	**8,873**	**61,580**	**162,082**

2012	Retailing RM'000	Manufacturing RM'000	Investment and property development RM'000	Total RM'000
Revenue				
Total revenue	578,793	26,364	37,237	642,394
Inter-segment revenue	–	(26,144)	(36,438)	(62,582)
Revenue from external customers	578,793	220	799	579,812
Interest income	220	2	294	516
Finance costs	(2,789)	(517)	(3,006)	(6,312)
Net finance expense	(2,569)	(515)	(2,712)	(5,796)
Depreciation	(12,054)	(587)	(2,298)	(14,939)
Amortisation	(1,301)	–	–	(1,301)

35. OPERATING SEGMENTS (cont'd)

2012 (cont'd)	Retailing RM'000	Manufacturing RM'000	Investment and property development RM'000	Total RM'000
Segment profit before tax	74,106	3,357	6,968	84,431
Share of loss of associates	(209)	–	–	(209)
Income tax expense	(20,488)	(249)	(588)	(21,325)
Other material non-cash items:				
- impairment losses on trade and other receivables	–	–	(18)	(18)
- impairment losses on interests in associates	(9,063)	–	–	(9,063)
- bad debts written off	(238)	–	–	(238)
- property, plant and equipment written off	(534)	(97)	–	(631)
Additions to non-current assets other than financial instruments and deferred tax assets	14,845	1,467	18,074	34,386
Segment assets	289,496	26,040	103,961	419,497
Segment liabilities	65,732	11,376	46,965	124,073

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

	2013 RM'000	2012 RM'000
Revenue		
Total revenue for reportable segments	**773,285**	642,394
Elimination of inter-segment revenues	**(140,967)**	(62,582)
Group's revenue per consolidated statement of comprehensive income	**632,318**	579,812
Profit for the financial year		
Total profit or loss for reportable segments	**144,043**	84,431
Elimination of inter-segment profits	**(72,184)**	(17,549)
Profit before tax	**71,859**	66,882
Income tax expense	**(24,291)**	(21,325)
Profit for the financial year	**47,568**	45,557

35. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows: (cont'd)

	2013 RM'000	2012 RM'000
Assets		
Total assets for reportable segments	**490,629**	419,497
Interests in associates	**2**	–
Tax assets	**2,365**	3,842
	492,996	423,339
Liabilities		
Total liabilities for reportable segments	**162,082**	124,073
Tax liabilities	**15,411**	15,007
	177,493	139,080

Geographical information

The Group operates mainly in Malaysia and Singapore.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

The composition of each geographical segment is as follows:

(i) Malaysia : Manufacturing, designing, promoting and marketing of fashionable apparel, footwear, accessories and leather goods, and development of commercial properties.

(ii) Singapore : Designing, promoting and marketing of fashionable apparels, footwear, accessories and leather goods.

(iii) Others* : Marketing and distribution of fashionable goods and accessories.

** Others represent operations in Vietnam, Indonesia, Hong Kong and China.*

Segment assets are based on geographical location of the Group's assets. The non-current assets do not include financial instruments and deferred tax assets.

Revenue from external customers

	2013 RM'000	2012 RM'000
Malaysia	**420,486**	345,457
Singapore	**163,014**	204,974
Others	**48,818**	29,381
	632,318	579,812

35. OPERATING SEGMENTS (cont'd)

Segment assets are based on geographical location of the Group's assets. The non-current assets do not include financial instruments and deferred tax assets. (cont'd)

Non-current assets

	2013 RM'000	2012 RM'000
Malaysia	**156,678**	145,420
Singapore	**37,214**	26,218
Others	**5,227**	3,185
	199,119	174,823

Major customers

There are no major customers with revenue equal or more than ten (10) percent of the Group's revenue. As such, information on major customers is not presented.

36. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in financial year ended 30 June 2012.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013 and 30 June 2012.

The Group monitors capital using gearing ratios, i.e. gearing ratio and net gearing ratio. Gearing ratio represents borrowing divided by total capital whereas net gearing ratio represents borrowing less cash and cash equivalent divided by total capital. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Borrowings	**80,845**	53,248	**17,455**	19,490
Less: Cash and cash equivalents	**(75,846)**	(71,170)	**(11,434)**	(2,213)
	4,999	(17,922)	**6,021**	17,277
Total capital	**302,383**	269,398	**166,625**	135,666
Gearing ratio*	**27%**	20%	**10%**	14%
Net gearing ratio#	**2%**	–	**4%**	13%

* without taking cash and cash equivalents into consideration
# taking cash and cash equivalents into consideration

36. FINANCIAL INSTRUMENTS (cont'd)

(a) Capital management (cont'd)

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement for the financial year ended 30 June 2013.

The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

(b) Categories of financial instruments

Group 2013	Loans and receivables RM'000	Available for sale RM'000	Total RM'000
Financial assets			
Other investments	–	1,168	1,168
Trade and other receivables, net of prepayments	90,482	–	90,482
Cash and cash equivalents	75,846	–	75,846
	166,328	1,168	167,496

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	80,845	80,845
Trade and other payables	81,015	81,015
	161,860	161,860

Company 2013	Loans and receivables RM'000	Total RM'000
Financial assets		
Other receivables	44,919	44,919
Cash and cash equivalents	11,434	11,434
	56,353	56,353

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	17,455	17,455
Other payables	33,545	33,545
	51,000	51,000

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Categories of financial instruments (cont'd)

Group 2012	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available for sale RM'000	Total RM'000
Financial assets				
Other investments	–	–	1,180	1,180
Trade and other receivables, net of prepayments	75,744	–	–	75,744
Cash and cash equivalents				
- Cash and bank balances	41,683	–	–	41,683
- Deposits with licensed banks	17,051	–	–	17,051
- Short term funds	–	12,436	–	12,436
	134,478	12,436	1,180	148,094

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	53,248	53,248
Trade and other payables	70,825	70,825
	124,073	124,073

Company 2012	Loans and receivables RM'000	Total RM'000
Financial assets		
Other receivables	36,704	36,704
Cash and cash equivalents	2,213	2,213
	38,917	38,917

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	19,490	19,490
Other payables	50,357	50,357
	69,847	69,847

36. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair values of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows:

	Note	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
2013					
Recognised					
Financial liabilities					
Hire purchase and lease creditors	**20**	**2,280**	**2,229**	**268**	**240**
2012					
Recognised					
Financial liabilities					
Hire purchase and lease creditors	20	2,161	2,139	428	385

(d) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

i. Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

ii. Hire purchase and lease creditors

The fair values of these borrowings are estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instrument and of the same remaining maturities.

iii. Other investments

The fair values for club memberships are estimated based on references to current available counters party quotation of the same investment.

iv. Short term funds

The fair value of short term funds are determined by reference to the market value at the end of the reporting period, which is a Level 1 fair value measurement.

v. Non-current other payable

The fair value of non-current other payable is estimated by discounting expected future cash flows. The discount rate has been estimated based on the weighted average cost of capital of the Group.

36. FINANCIAL INSTRUMENTS (cont'd)

(e) Fair value hierarchy

The following information provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2013, the Group held the following financial instruments carried at fair values on the statements of financial position:

Assets measured at fair value

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Available-for-sale investments				
- Club memberships	1,168	–	–	1,168

As at 30 June 2012, the Group held the following financial instruments carried at fair value on the statements of financial position:

Assets measured at fair value

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Available-for-sale investments				
- Club memberships	1,180	–	–	1,180
Financial assets at fair value through profit or loss				
- Short term funds	12,436	12,436	–	–

There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 30 June 2013 and 30 June 2012.

The following table shows a reconciliation of balances of financial instruments whose fair values have been classified in Level 3 of the fair value hierarchy:

	Group	
	2013 RM'000	2012 RM'000
Available-for-sale financial assets		
Balance as at 1 July 2012/2011	–	–
Total losses recognised in other comprehensive income	(12)	–
Balance as at 30 June 2013/2012	(12)	–

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity and cash flow risk, interest rate risk and credit risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

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

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for boutique sales, where the transactions are done in cash term. The credit period is generally for a period of 30 days, extending up to 120 days for major customers. Each customer has a maximum credit limit and the Group seek to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit exposure for trade and other receivables is disclosed in Note 15 to the financial statements.

Credit risk concentration profile

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

	Group			
	2013		2012	
		% of		% of
	RM'000	Total	RM'000	Total
By country				
Malaysia	**39,291**	**60**	34,206	57
Singapore	**20,660**	**32**	22,540	37
Others	**5,360**	**8**	3,385	6
	65,311	**100**	60,131	100
By industry sectors				
Retailing	**64,947**	**99**	59,755	99
Manufacturing	**347**	**1**	362	1
Investment and property development	**17**	**#**	14	#
	65,311	**100**	60,131	100

Amount is less than 1%

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(i) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

At the end of the reporting period, there was no significant concentration of credit risk for the Company other than amounts owing by subsidiaries to the Company of RM44,911,000 (2012: RM36,695,000).

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 15 to the financial statements. Deposits with licensed banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 to the financial statements.

(ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the future. To mitigate this risk, the management measures and forecasts its cash commitments, monitors and maintain a level of cash and cash equivalents deemed adequate to finance the Group's operations and developments activities.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 30 June 2013				
Group				
Financial liabilities				
Trade and other payables	**74,998**	**7,876**	**–**	**82,874**
Borrowings	**30,375**	**42,570**	**17,758**	**90,703**
Total undiscounted financial liabilities	**105,373**	**50,446**	**17,758**	**173,577**

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(ii) Liquidity and cash flow risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. (cont'd)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 30 June 2013				
Company				
Financial liabilities				
Other payables	**27,528**	**7,876**	**–**	**35,404**
Borrowings	**2,576**	**10,216**	**4,687**	**17,479**
Total undiscounted financial liabilities	**30,104**	**18,092**	**4,687**	**52,883**
As at 30 June 2012				
Group				
Financial liabilities				
Trade and other payables	62,874	7,160	2,387	72,421
Borrowings	21,015	26,639	17,295	64,949
Total undiscounted financial liabilities	83,889	33,799	19,682	137,370
As at 30 June 2012				
Company				
Financial liabilities				
Other payables	43,657	7,160	2,387	53,204
Borrowings	3,718	14,461	7,968	26,147
Total undiscounted financial liabilities	47,375	21,621	10,355	79,351

(iii) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk relates primarily to their interest-bearing borrowings on floating rates. The Group does not use derivative financial instruments to hedge this risk.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and Company if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit after tax				
- increase by 0.5% (2012: 0.5%)	**(215)**	(101)	**31**	(71)
- decrease by 0.5% (2012: 0.5%)	**215**	101	**(31)**	71

The sensitivity is higher in 2013 than in 2012 because of an increase in borrowings during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk (cont'd)

The following table set out the carrying amounts, the weighted average effective interest rate as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group									
At 30 June 2013									
Fixed rate									
Deposits with licensed banks	16	0.59	3,490	–	–	–	–	–	3,490
Hire-purchase and lease creditors	20	4.76	(773)	(762)	(528)	(204)	(13)	–	(2,280)
Floating rate									
Deposits with licensed banks	16	2.87	21,350	–	–	–	–	–	21,350
Bank overdrafts	19	7.65	(3,016)	–	–	–	–	–	(3,016)
Bankers' acceptances	19	4.05	(15,116)	–	–	–	–	–	(15,116)
Trust receipts	19	5.14	(1,984)	–	–	–	–	–	(1,984)
Term loans	21	5.32	(8,392)	(8,937)	(9,577)	(8,182)	(6,838)	(16,523)	(58,449)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk (cont'd)

The following table set out the carrying amounts, the weighted average effective interest rate as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk: (cont'd)

	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group									
At 30 June 2012									
Fixed rate									
Deposits with licensed banks	16	0.90	5,351	–	–	–	–	–	5,351
Hire-purchase and lease creditors	20	4.44	(755)	(536)	(501)	(270)	(99)	–	(2,161)
Floating rate									
Deposits with licensed banks	16	2.48	11,700	–	–	–	–	–	11,700
Short term funds	16	3.03	12,436	–	–	–	–	–	12,436
Bank overdrafts	19	6.38	(1,849)	–	–	–	–	–	(1,849)
Bankers' acceptances	19	3.86	(8,494)	–	–	–	–	–	(8,494)
Trust receipts	19	2.10	(3,080)	–	–	–	–	–	(3,080)
Term loans	21	5.29	(4,252)	(4,908)	(4,587)	(4,361)	(4,646)	(14,910)	(37,664)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk (cont'd)

The following table set out the carrying amounts, the weighted average effective interest rate as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk: (cont'd)

	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Company									
At 30 June 2013									
Fixed rate									
Hire-purchase and lease creditors	20	4.48	(65)	(68)	(72)	(63)	–	–	(268)
Floating rate									
Deposits with licensed banks	16	2.90	9,000	–	–	–	–	–	9,000
Term loan	21	5.76	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(4,687)	(17,187)
At 30 June 2012									
Fixed rate									
Hire-purchase and lease creditors	20	4.42	(160)	(65)	(68)	(72)	(63)	–	(428)
Floating rate									
Term loan	21	5.78	(1,979)	(2,500)	(2,500)	(2,500)	(2,500)	(7,083)	(19,062)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Subsidiaries operating in Singapore, Hong Kong and China have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group also holds cash and cash equivalents denominated in foreign currency for working capital purposes. At the end of the reporting period, such foreign currency balances (in Singapore Dollar and other currencies) amounted to RM25,937,000 (2012: RM20,789,000) (see Note 16(d) to the financial statements) for the Group.

The Group did not enter into any material forward foreign exchange contract in the current financial year.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in the SGD, HKD, RMB and USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		2013		2012	
		Group RM'000 Profit net of tax	Company RM'000 Profit net of tax	Group RM'000 Profit net of tax	Company RM'000 Profit net of tax
SGD/RM	- strengthen by 3% (2012: 3%)	**+171**	**-231**	+164	-237
	- weaken by 3% (2012: 3%)	**-171**	**+231**	-164	+237
HKD/RM	- strengthen by 3% (2012: 3%)	**+358**	**–**	+155	–
	- weaken by 3% (2012: 3%)	**-358**	**–**	-155	–
RMB/RM	- strengthen by 3% (2012: 3%)	**-336**	**–**	-88	–
	- weaken by 3% (2012: 3%)	**+336**	**–**	+88	–
USD/RM	- strengthen by 3% (2012: 3%)	**+61**	**+1**	+74	–
	- weaken by 3% (2012: 3%)	**-61**	**-1**	-74	–

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Investments in subsidiaries and associates during the financial year are disclosed in Notes 10 and 11 to the financial statements respectively.

Material litigation

The Company's 60% owned subsidiaries, Apex Sdn. Bhd. ('Apex') and Mcore Sdn. Bhd. ('Mcore') had filed a civil suit on 3 August 2011 against Leong Tat Yan. Apex and Mcore claimed against Leong Tat Yan for a sum of RM946,000 and RM2,250,000 respectively, being the proceeds of sale from the joint venture business owed by Leong Tat Yan.

Leong Tat Yan owns 40% of Apex and he is also a controlling shareholder of 388 Venture Corporation Sdn. Bhd. which owns 40% of Mcore.

There are losses of RM5,389,000 arising from the dispute of which management had made the necessary impairment in the previous financial year. The losses includes impairment loss of trade receivables amounted to RM3,196,000 and inventories written off of RM2,193,000 (before non-controlling interest's share of loss).

On the hearing date of 8 July 2013, the Court of Appeal allowed the Defendant's appeal with costs of RM10,000 and the Plaintiffs' appeal was accordingly be struck out with no order as to costs.

After discussing with their legal advisers, the Plaintiffs (also referred to as 'Applicants') had on 7 August 2013, filed a Notice of Motion in the Federal Court for the following orders:

(i) the Applicants be granted leave to appeal to the Federal Court against the whole of the decision of the Court of Appeal given on the 8 July 2013 in Civil Appeal No. W-02(IM)(NCVC)-797-04/2013 pursuant to Sections 96 and 97 of the Courts of Judicature Act, 1964 read with Rules 55, 107 and/or 108 of the Federal Court Rules, 1995 and/or the inherent jurisdiction of the Federal Court.

(ii) in the event that leave to appeal is granted by the Federal Court, the Applicants be granted leave to file and serve a Notice of Appeal to the Federal Court within 7 days from the date of the order pursuant to Rule 108 of the Federal Court Rules, 1995.

(iii) the costs of the application filed by the Applicants be costs in the cause.

(iv) such further or other relief of the Federal Court may deem fit.

The Applicants' application for leave to appeal to the Federal Court is fixed for hearing on 13 November 2013.

As the application for leave hearing has yet to be heard, the legal advisors are unable to express their opinion as to the quantum of damanges receivable.

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

On 13 September 2013, BCB Properties Sdn. Bhd. ('BCBP'), a wholly owned subsidiary of the Company further subscribed 656,700 new ordinary shares of RM1.00 each in Serene Glow Sdn. Bhd. ('SGSB') and BCBP's stake-holding in SGSB remains at 33% (equivalent to 660,000 shares) of the enlarged issued and paid-up share capital of SGSB.

There is no material financial effect to the Group arising from the further subscription of ordinary shares in the associate.

40. EXPLANATION OF TRANSITION TO MFRSs

The Group and the Company are non-transitioning entities as defined by the MASB, and has adopted the MFRS Framework during the financial year ended 30 June 2013. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 4 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2013, as well as comparative information presented in these financial statements for the financial year ended 30 June 2012 and in the preparation of the opening MFRS statements of financial position at 1 July 2011 (the date of transition of the Group to MFRSs).

The Group has adjusted amounts previously reported in financial statements that were prepared in accordance with the previous FRS Framework. In preparing the opening statements of financial position at 1 July 2011, an explanation on the impact arising from the transition from FRSs to MFRSs on the Group's financial position is set out as follows:

(a) Reconciliation of financial position as at 1 July 2011

	Group		
	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	71,130	–	71,130
Investment properties	12,753	–	12,753
Intangible assets	68,848	–	68,848
Interests in associates	426	–	426
Other investments	950	–	950
Deferred tax assets	735	–	735
	154,842	–	154,842
Current assets			
Inventories	81,464	–	81,464
Trade and other receivables	76,680	–	76,680
Current tax assets	4,227	–	4,227
Cash and cash equivalents	56,037	–	56,037
	218,408	–	218,408
TOTAL ASSETS	373,250	–	373,250

40. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

(a) Reconciliation of financial position as at 1 July 2011 (cont'd)

	Group		
	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	100,786	–	100,786
Share premium	476	–	476
Exchange translation reserve	3,345	(3,345)	–
Retained earnings	127,455	3,345	130,800
	232,062	–	232,062
Non-controlling interests	14,925	–	14,925
TOTAL EQUITY	246,987	–	246,987
LIABILITIES			
Non-current liabilities			
Borrowings	32,926	–	32,926
Trade and other payables	6,151	–	6,151
Deferred tax liabilities	7,411	–	7,411
	46,488	–	46,488
Current liabilities			
Trade and other payables	53,138	–	53,138
Borrowings	18,317	–	18,317
Current tax liabilities	8,320	–	8,320
	79,775	–	79,775
TOTAL LIABILITIES	126,263	–	126,263
TOTAL EQUITY AND LIABILITIES	373,250	–	373,250

40. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

(b) Reconciliation of financial position as at 30 June 2012

	Group		
	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	72,088	–	72,088
Investment properties	29,452	–	29,452
Intangible assets	67,771	–	67,771
Other investments	1,180	–	1,180
Deferred tax assets	1,438	–	1,438
Other receivables	4,332	–	4,332
	176,261	–	176,261
Current assets			
Inventories	83,958	–	83,958
Trade and other receivables	89,546	–	89,546
Current tax assets	2,404	–	2,404
Cash and cash equivalents	71,170	–	71,170
	247,078	–	247,078
TOTAL ASSETS	423,339	–	423,339

40. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

(b) Reconciliation of financial position as at 30 June 2012 (cont'd)

	Group		
	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	100,786	–	100,786
Share premium	476	–	476
Exchange translation reserve	3,472	(3,345)	127
Retained earnings	164,664	3,345	168,009
	269,398	–	269,398
Non-controlling interests	14,861	–	14,861
TOTAL EQUITY	284,259	–	284,259
LIABILITIES			
Non-current liabilities			
Borrowings	34,818	–	34,818
Trade and other payables	5,755	–	5,755
Deferred tax liabilities	7,428	–	7,428
	48,001	–	48,001
Current liabilities			
Trade and other payables	65,070	–	65,070
Borrowings	18,430	–	18,430
Current tax liabilities	7,579	–	7,579
	91,079	–	91,079
TOTAL LIABILITIES	139,080	–	139,080
TOTAL EQUITY AND LIABILITIES	423,339	–	423,339

40. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

(c) Reconciliation of profit and loss and other comprehensive income as at 30 June 2012

	Group		
	Previously reported under FRSs RM'000	Effects on adoption of MFRSs RM'000	As restated under MFRSs RM'000
Revenue	579,812	–	579,812
Cost of sales	(238,330)	–	(238,330)
Gross profit	341,482	–	341,482
Other operating income	5,507	–	5,507
Selling and distribution expenses	(140,643)	(10,499)	(151,142)
General and administrative expenses	(132,943)	10,499	(122,444)
Finance costs	(6,312)	–	(6,312)
Share of loss of associates, net of tax	(209)	–	(209)
Profit before tax	66,882	–	66,882
Tax expense	(21,325)	–	(21,325)
Profit for the financial year	45,557	–	45,557
Other comprehensive income, net of tax			
Foreign currency translations	278	–	278
Total comprehensive income	45,835	–	45,835

(d) Notes to reconciliation

(i) Presentation of selling and distribution expenses and general and administrative expenses

Upon transition to MFRS, the Group re-presented the selling and distribution expenses and general and administrative expenses, which would provide a better presentation of the expenses in accordance with their nature.

(ii) Exchange translation reserve

Under FRSs, the Group recognised foreign currency translation differences in other comprehensive income and accumulated the amount in the foreign currency translation reserve in equity.

Upon transition to MFRSs, the Group has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

There is no material impact arising from the transition from FRSs to MFRSs on the Company's financial position, financial performance and cash flows. There is also no material impact to the Group's cash flows.

41. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Total retained earnings of the Company and its subsidiaries				
- Realised	**239,612**	220,872	**65,396**	34,387
- Unrealised	**(36)**	(1,237)	**(33)**	17
Total share of retained losses from associated companies:				
- Realised	**(340)**	(339)	**–**	–
	239,236	219,296	**65,363**	34,404
Less: Consolidation adjustments	**(37,942)**	(51,287)	**–**	–
Total retained earnings	**201,294**	168,009	**65,363**	34,404

ANALYSIS OF SHAREHOLDINGS
As at 30 September 2013

Authorised Share Capital:	RM250,000,000
Issued and Fully Paid-Up Capital:	RM100,785,925
Class of Shares:	Ordinary Shares of RM0.50 each
Voting Rights:	One vote per shareholder on a show of hands One vote per ordinary share on a poll
No. of Shareholders:	1,113

DISTRIBUTION OF SHAREHOLDINGS

	No. of Holders		%		Total Holdings		%	
Size of Holdings	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
Less than 100	45	1	0.00	0.00	1,648	18	0.00	0.00
100 to 1,000	176	1	0.06	0.00	113,986	1,000	0.06	0.00
1,001 to 10,000	615	12	1.34	0.04	2,702,976	73,700	1.34	0.04
10,001 to 100,000	162	13	2.42	0.22	4,883,400	447,600	2.42	0.22
100,001 to less than 5% of issued shares	65	19	32.45	16.14	65,412,670	32,527,560	32.45	16.14
5% of issued shares and above	3	1	41.60	5.73	83,857,292	11,550,000	41.60	5.73
Total	1,066	47	77.87	22.13	156,971,972	44,599,878	77.87	22.13
Grand Total		1,113		100.00		201,571,850		100.00

Note: The above information is based on records as provided by Bursa Malaysia Depository Sdn Bhd and number of holders reflected is in reference to CDS account numbers

SUBSTANTIAL SHAREHOLDERS

	Shareholdings			
Name	**Direct**	**%**	**Indirect**	**%**
Bonia Holdings Sdn Bhd	49,996,992	24.80	–	–
Freeway Team Sdn Bhd	33,860,300	16.80	–	–
Milingtonia Limited	14,814,060	7.35	–	–
Albizia ASEAN Opportunities Fund	11,550,000	5.73	–	–
Chiang Sang Sem	2,853,600	1.42	95,304,426 [(1)]	47.28

Notes:

[(1)] *Deemed interests through Freeway Team Sdn Bhd, Bonia Holdings Sdn Bhd, Kontrak Kosmomaz Sdn Bhd, SGP Investment Pte Ltd, Golden Shine Finance Limited, and shares held in trust by Able Wealth Assets Ltd (The shareholder of Able Wealth Assets Ltd is HSBC International Trustee Ltd, the trustee of a trust, the beneficiaries of which are Chiang Sang Sem and family members)*

DIRECTORS' SHAREHOLDINGS

	Shareholdings			
Name	**Direct**	**%**	**Indirect**	**%**
Chiang Sang Sem	2,853,600	1.42	97,853,326 [(1)]	48.55
Chiang Fong Yee (Alternate Director to Chiang Sang Sem)	1,172,400	0.58	33,870,300 [(2)]	16.80
Chiang Heng Kieng	–	–	47,000 [(3)]	0.02
Chiang Sang Bon	355,000	0.18	28,000 [(4)]	0.01
Chong Chin Look	250,000	0.12	–	–
Chiang Fong Tat	599,000	0.30	25,000 [(3)]	0.01
Datuk Ng Peng Hong @ Ng Peng Hay	–	–	–	–
Dato' Shahbudin Bin Imam Mohamad	–	–	–	–
Lim Fong Boon	–	–	–	–
Chong Sai Sin	–	–	–	–

Notes:

[(1)] *Deemed interests through Freeway Team Sdn Bhd, Bonia Holdings Sdn Bhd, Kontrak Kosmomaz Sdn Bhd, SGP Investment Pte Ltd, Golden Shine Finance Limited, shares held in trust by Able Wealth Assets Ltd (The shareholder of Able Wealth Assets Ltd is HSBC International Trustee Ltd, the trustee of a trust, the beneficiaries of which are Chiang Sang Sem and family members), and his spouse and children*

[(2)] *Deemed interests through Freeway Team Sdn Bhd and his spouse*

[(3)] *Deemed interests through his spouse*

[(4)] *Deemed interests through his spouse and child*

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

No.	Name of Shareholders	No. of Holdings	%
1.	Freeway Team Sdn Bhd	33,860,300	16.80
2.	Bonia Holdings Sdn Bhd	31,351,992	15.55
3.	Amsec Nominees (Tempatan) Sdn Bhd *Beneficiary: Pledged Securities Account - Ambank (M) Berhad for Bonia Holdings Sdn Bhd*	18,645,000	9.25
4.	Maybank Nominees (Asing) Sdn Bhd *Beneficiary: DBS Bank for Albizia Asean Opportunities Fund*	11,550,000	5.73
5.	HSBC Nominees (Asing) Sdn Bhd *Beneficiary: Exempt An for Credit Suisse*	8,814,060	4.37
6.	Permodalan Nasional Berhad	8,428,198	4.18
7.	Maybank Nominees (Tempatan) Sdn Bhd *Beneficiary: Pledged Securities Account for Poh Yang Hong*	8,425,740	4.18
8.	HSBC Nominees (Asing) Sdn Bhd *Beneficiary: TNTC for HNC Opportunities Master Fund, SPC*	7,206,400	3.58

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person) (cont'd)

No.	Name of Shareholders	No. of Holdings	%
9.	Maybank Nominees (Asing) Sdn Bhd *Beneficiary: Pledged Securities Account for Milingtonia Limited*	6,000,000	2.98
10.	Kontrak Kosmomaz Sdn Bhd	5,583,434	2.77
11.	Amanahraya Trustees Berhad *Beneficiary: Skim Amanah Saham Bumiputera*	4,000,000	1.98
12.	Citigroup Nominees (Tempatan) Sdn Bhd *Beneficiary: Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund*	3,410,800	1.69
13.	HLB Nominees (Asing) Sdn Bhd *Beneficiary: Pledged Securities Account for SGP Investment Pte Ltd*	3,096,000	1.54
14.	Amanahraya Trustees Berhad *Beneficiary: Public Dividend Select Fund*	2,772,700	1.38
15.	Chiang Sang Sem	2,367,000	1.17
16.	Maybank Nominees (Tempatan) Sdn Bhd *Beneficiary: Maybank Trustees Berhad for CIMB-Principal Small Cap Fund*	2,324,100	1.15
17.	Citigroup Nominees (Tempatan) Sdn Bhd *Beneficiary: Universal Trustee (Malaysia) Berhad for CIMB-Principal Equity Fund 2*	2,203,400	1.09
18.	Citigroup Nominees (Tempatan) Sdn Bhd *Beneficiary: Exempt An for AIA Bhd*	1,998,800	0.99
19.	HSBC Nominees (Asing) Sdn Bhd *Beneficiary: Exempt An for HSBC Private Bank (Suisse) S.A.*	1,639,700	0.81
20.	Amanahraya Trustees Berhad *Beneficiary: Public Islamic Opportunities Fund*	1,598,900	0.79
21.	Denver Corporation Sdn Bhd	1,446,800	0.72
22.	Maybank Nominees (Tempatan) Sdn Bhd *Beneficiary: Maybank Trustees Berhad for MAAKL-CM Shariah Flexi Fund*	1,411,400	0.70
23.	Citigroup Nominees (Tempatan) Sdn Bhd *Beneficiary: Universal Trustee (Malaysia) Berhad for CIMB-Principal Balan Ced Income Fund*	1,345,300	0.67
24.	SBB Nominees (Tempatan) Sdn Bhd *Beneficiary: Manulife Insurance (Malaysia) Berhad*	1,154,600	0.57

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person) (cont'd)

No.	Name of Shareholders	No. of Holdings	%
25.	HLB Nominees (Asing) Sdn Bhd *Beneficiary: Pledged Securities Account for Golden Shine Finance Limited*	1,128,000	0.56
26.	SBB Nominees (Tempatan) Sdn Bhd *Beneficiary: Manulife Insurance (Malaysia) Berhad*	1,051,100	0.52
27.	Maybank Nominees (Tempatan) Sdn Bhd *Beneficiary: Maybank Trustees Berhad for CIMB Islamic Balanced Growth Fund*	959,500	0.48
28.	Chiang Fong Yee	856,300	0.42
29.	Chong See Moi	777,500	0.39
30.	RHB Nominees (Asing) Sdn Bhd *Beneficiary: Maybank Kim Eng Securities Pte Ltd for Exquisite Holdings Limited*	728,100	0.36
	Total	**176,135,124**	**87.37**

LIST OF PROPERTIES
held by the Group as at 30 June 2013

Location of Property	Description	Tenure	Existing Use	Age of Building (Year)	Area (Sq Ft)	Net Book Value RM'000	Date of Acquisition
ATALY INDUSTRIES SDN BHD							
HS(D) 85704 PT No. 20501 No. 29, Jalan Budiman Taman Midah, Cheras 56000 Kuala Lumpur	2-storey Terrace House	Freehold	Hostel	31	1,540	95	21/05/1992
BONIA CORPORATION BERHAD							
GRN 50053 Lot No. 50644 No. 62, Jalan Kilang Midah Taman Midah, Cheras 56000 Kuala Lumpur	6-storey Office cum Warehouse	Freehold	Office cum Warehouse	15	24,374	14,688	01/12/1998
CB HOLDINGS (MALAYSIA) SDN BHD							
QT No. 85228 Lot No. 2794 UG-51, Upper Ground Floor Plaza Phoenix Batu 6, Jalan Cheras 56000 Kuala Lumpur	Shopping Complex Lot	Freehold	Vacant	19	432	–	17/05/1993
PN No. 1339 Lot No. 385 Unit 2B, 3.04 & 3.05 KOMTAR Shopping Complex 10000 Pulau Pinang	Shopping Complex Lot	Leasehold (Expiring in 2084)	Office	27	1,806	1,376	29/08/1994
PN No. 1339 Lot No. 385 Unit C2, 4.03B KOMTAR Shopping Complex 10000 Pulau Pinang	Office Lot	Leasehold (Expiring in 2092)	Store	27	1,134	246	31/12/1994
CRG INCORPORATED SDN BHD							
HS(D) No. 131905 PT No. 49975 Block C, Aras 1 Rendah Atas Aras 1 & Aras 1 Atas, Aras 2, Aras 3, Aras 4, Aras 5 and Aras 6 Mukim Cheras, Daerah Ulu Langat, Negeri Selangor	6-storey Office Building	Freehold	Under Construction	N.A.	41,873	2,094	14/05/2013

Location of Property	Description	Tenure	Existing Use	Age of Building (Year)	Area (Sq Ft)	Net Book Value RM'000	Date of Acquisition
LONG BOW MANUFACTURING SDN BHD							
Lot No. PT 428 HS(M) 387 Lot 18, Merlimau Industrial Estate Phase II 77300 Merlimau Melaka	Industrial Land and Building	Leasehold (Expiring in 2085)	Office cum Factory	27	135,100	2,660	07/02/1989
Lot No. PT 683 HS(D) 1499 No. 1483, Jalan Jasin Tmn Bunga Muhibbah 77300 Merlimau, Melaka	Single-Storey Semi-detached House	Freehold	Hostel	21	3,199	158	12/06/1992
GRN No. 57103 Lot No. 21085 No. 60, Jalan Kilang Midah Taman Midah, Cheras 56000 Kuala Lumpur	6-storey Industrial Buidling	Freehold	R&D Centre cum Warehouse	5	13,713	9,900	31/01/2008
PM 454 Lot 3226 Mukim Sempang, Daerah Jasin Negeri Malaka	Industrial Land	Leasehold (Expiring in 2081)	Vacant	N.A	85,917	808	08/02/2011
LUXURY PARADE SDN BHD							
HS(D) No. 72947 PT No. 3865 No. 3, Jalan 8/146, The Metro Centre Bandar Tasik Selatan 57000 Sungai Besi Kuala Lumpur	6-storey Shop-lot	Leasehold (Expiring in 2087)	Rented Out (Partially)	15	1,920	1,500	10/01/1995
HS(D) No. 72948 PT No. 3866 No. 5, Jalan 8/146, The Metro Centre Bandar Tasik Selatan 57000 Sungai Besi Kuala Lumpur	6-storey Shop-lot	Leasehold (Expiring in 2087)	Rented Out (Partially)	15	1,920	1,500	10/01/1995
Strata Geran 43528/M1/1/142 Unit No. G61 The Summit Persiaran Kewajipan USJ 1, UEP-Subang Jaya 46700 Subang Jaya Selangor Darul Eshan	Shopping Complex Lot	Freehold	Rented Out	15	1,020	1,708	16/01/1995

Location of Property	Description	Tenure	Existing Use	Age of Building (Year)	Area (Sq Ft)	Net Book Value RM'000	Date of Acquisition
HS(D) No. 182 PT SEK 4 Unit No. G0.07, Plaza Bukit Mertajam 566, Jalan Arumugam Pillai 14000 Bukit Mertajam	Shopping Complex Lot	Freehold	Rented Out	15	1,038	830	19/03/1995
PN48698, Lot 539, Seksyen 91A Bandar Kuala Lumpur Unit No. 1.48, Level 3 Viva Home Shopping Mall 85, Jalan Loke Yew 55200 Kuala Lumpur	Shopping Complex Lot	Leasehold (Expiring in 2110)	Rented Out	16	1,098	988	26/05/1995
Strata Geran 61152/M1/1/2 Strata Geran 61152/M1/B1/1 The Club House Angkasa Condominium No. 5, Jalan Puncak Gading Taman Connaught, Cheras 56000 Kuala Lumpur	Club House	Freehold	Rented Out (Partially)	7	7,599	3,000	03/02/2005
Strata Geran 61152/M1/1/2 154 Units of Parking Bay Angkasa Condominium Mukim of Petaling District of Wilayah Persekutuan Wilayah Persekutuan	Condominium Covered & Uncovered Car Parks	Freehold	Rented Out (Partially)	N.A	–	121	20/06/2008
HS(D) No. 102556 PT8200 3rd, 4th, 5th & 6th Floor, Asmah Tower Mukim of Petaling District of Wilayah Persekutuan Wilayah Persekutuan	Office Lot	Freehold	Office	8	28,540	6,222	06/01/2005
HS(D) No. 102556 PT8200 8th Floor & 9th Floor (Penthouse) Asmah Tower Mukim of Petaling District of Wilayah Persekutuan Wilayah Persekutuan	Office Lot	Freehold	Office	8	14,270	3,520	11/04/2011
HS(D) No 76874-76878 PT 92 - 96 Unit No L1-046 Plaza Rakyat Pudu, Kuala Lumpur	Shopping Complex Lot	Leasehold (Expiring in 2081)	Under Construction	N.A.	524	-	23/05/1996

Location of Property	Description	Tenure	Existing Use	Age of Building (Year)	Area (Sq Ft)	Net Book Value RM'000	Date of Acquisition
PN(WP) 10228, Lot No. 31627 No. 5, Jln Orkid Desa Desa Tun Razak, Cheras 56000 Kuala Lumpur.	3-storey Detached Factory	Leasehold (Expiring in 2085)	Warehouse	3	13,595	4,090	15/01/2008
Strata Geran 61148/ M2/1/235, 236, 237, 238 Strata Geran 61148/M1/1/2, 3, 4, 5 A-0-1, A-0-2, A-0-7, A-0-8, B-0-5, B-0-6, B-0-7 & B-0-8 Puncak Banyan Condo Jalan 3/118B, Taman Sri Cendekia 56000 Kuala Lumpur	8 unit Shop Lots	Freehold	Rented Out (Partially)	6	6,566	2,180	13/03/2009
Geran 61154 Lot 39891 Parcel No. L7-01, L7-02, L7-03, L7-03A, L7-05, L7-06, L7-07, L7-08, L7-09, L7-10, L7-11, L7-12, L7-13, L7-13A, L7-15, L7-16, L7-17, Ikon Connaught Mukim of Petaling Daerah Kuala Lumpur Negeri Wilayah Persekutuan	17 unit Office Suites	Freehold	Under Construction	N.A.	18,747	7,102	11/05/2011
Geran 61154 Lot 39891 Parcel No. L8-01, L8-02, L8-03, L8-03A, L8-05, L8-06, L8-07, L8-08, Ikon Connaught Mukim of Petaling Daerah Kuala Lumpur Negeri Wilayah Persekutuan	8 unit Office Suites	Freehold	Under Construction	N.A.	15,347	5,224	13/06/2012
HS(D) No. 131905 PT No. 49975 Block A, Aras 2 Rendah & 2 Rendah Atas Aras 1 Rendah & 1 Rendah Atas Aras 1, Aras 2, Aras 3, Aras 4, Aras 5 and Aras 6 Mukim Cheras, Daerah Ulu Langat, Negeri Selangor	6-storey Office Building	Freehold	Under Construction	N.A.	65,574	13,408	19/10/2011

Location of Property	Description	Tenure	Existing Use	Age of Building (Year)	Area (Sq Ft)	Net Book Value RM'000	Date of Acquisition
HS(D) No. 131905 PT No. 49975 Block B, Aras 1 Rendah & 1 Rendah Atas Aras 1, Aras 2, Aras 3, Aras 4, Aras 5 and Aras 6 Mukim Cheras, Daerah Ulu Langat, Negeri Selangor	6-storey Office Building	Freehold	Under Construction	N.A.	32,838	6,715	19/10/2011
Geran 75761 Lot No. 1357 Seksyen 67 B-6-4, Menara Bintang Goldhill 239, Jalan Tun Razak 50400 Kuala Lumpur	Service Apartment	Freehold	Hostel	3	1,492	980	08/11/2012
ACTIVE WORLD PTE LTD							
Mukim 25 Lot No.U18781L 158, Haig Road #16-01, Haig Court Singapore 438794	Condominium	Freehold	Hostel	9	1,463	1,919	05/09/2005
PT ACTIVE WORLD							
D23 & D25, Jln Marina Raya Rukan Cordoba Pantai Indah Kapuk Jakarta Utara, Indonesia	3-storey Shop-office	Leasehold (Expiring in 2032)	Rented Out	9	1,356	1,575	27/06/2011
Unit no. 19-09, Pakuwon Center Tunjungan Plaza (City) Jalan Embong Malang, Surabaya Indonesia	Office Suite	Leasehold (Individual title not yet issued)	Under Construction	N/A	2,777	2,529	25/09/2012
Unit B-02, Waterplace Residence Pakuwon Indah, Surabaya Indonesia	3 1/2 -storey Shop-office	Leasehold (Individual title not yet issued)	Vacant	4	2,260	592	24/10/2012

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of the Company will be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, 57000 Bukit Jalil, Kuala Lumpur, Wilayah Persekutuan on Thursday, 21 November 2013 at 11.30 a.m. for the transaction of the following businesses:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 30 June 2013 together with the reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**

2. To declare a Final Dividend of 10% under single tier system for the financial year ended 30 June 2013. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees for the financial year ended 30 June 2013. **Ordinary Resolution 2**

4. To re-elect the following Directors who retire pursuant to Article 96 of the Articles of Association of the Company:
   (i) Chiang Sang Bon **Ordinary Resolution 3**
   (ii) Chiang Fong Tat **Ordinary Resolution 4**

5. To re-appoint Messrs BOD as Auditors of the Company for the financial year ending 30 June 2014 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications thereto:

6. **Re-appointment of Director pursuant to Section 129(6) of the Companies Act, 1965**

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Shahbudin Bin Imam Mohamad be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 6**

7. **Continuing in office of Independent Non-Executive Directors**

   (i) "THAT authority be and is hereby given to Datuk Ng Peng Hong @ Ng Peng Hay who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Ordinary Resolution 7**

   (ii) "THAT authority be and is hereby given to Lim Fong Boon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Ordinary Resolution 8**

8. **Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

"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 any time and upon such terms and conditions, for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued in any one financial year of the Company does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company". **Ordinary Resolution 9**

9. **Proposed Share Buy-Back by Bonia Corporation Berhad of Up To 10% of Its Own Issued and Paid-up Share Capital**

"THAT subject to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any other relevant authorities, the Directors of the Company be and are hereby unconditionally and generally authorised, to the extent permitted by law, to purchase such number of ordinary shares of RM0.50 each in the Company as may be determined by the Directors from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that the maximum aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of its issued and paid-up share capital; and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the retained profits and/or share premium account of the Company for the time being.

THAT upon completion of the purchase(s) by the Company of its own shares, the Directors are authorised to decide at their discretion to cancel all the shares so purchased and/or to retain the shares so purchased as treasury shares of which may be distributed as dividends to shareholders and/or to resell on the market of Bursa Malaysia Securities Berhad and/or to retain part thereof as treasury shares and cancel the remainder.

THAT the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps as necessary [including opening and maintaining of a central depositories account under the Securities Industry (Central Depository) Act, 1991]; and to enter into and execute all relevant documents with any party or parties to implement, finalise and give full effect to the aforesaid purchase(s) with full powers to assent to any conditions, modifications, variations and/or amendments, as may be required or imposed by any relevant authority or authorities.

AND THAT the authority conferred by this resolution shall continue to be in force until the conclusion of the next annual general meeting of the Company, following the general meeting at which this resolution was passed at which time it will lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date." **Ordinary Resolution 10**

10. **Proposed Adoption of A New Set of Articles of Association of the Company**

"THAT the entire set of Articles of Association as set out in the Appendix I of the Circular to Shareholders of the Company dated 29 October 2013 be adopted in substitution for and to the exclusion of the Articles of Association of the Company now subsisting AND THAT the Directors be and are hereby authorised to do all acts and things and take all steps as may be necessary to give effect to this resolution." **Special Resolution**

11. To transact any other ordinary business of the Company for which due notice shall have been given.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders of the Company at the Twenty-Second Annual General Meeting, a Final Dividend of 10% under single tier system for the financial year ended 30 June 2013 will be paid on 6 December 2013 to the Depositors whose names appear in the Record of Depositors at the close of business on 26 November 2013.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 26 November 2013 in respect of ordinary transfers; and

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

By Order of the Board

CHONG CHIN LOOK (MIA 8043)
CHOK KWEE WAH (MACS 00550)
TAN KEAN WAI (MAICSA 7056310)
Company Secretaries

29 October 2013
Petaling Jaya

Notes:

1. Only members registered in the Record of Depositors as at 15 November 2013 shall be eligible to attend, speak and vote at this meeting or appoint proxy to attend and vote for his/her behalf.

2. A member entitled to attend and vote at the Meeting is entitled to appoint more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. Where a member appoints two or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities amount ("omnibus account") to appoint multiple proxies in respect of each omnibus account it holds.

5. The instrument appointing a proxy, or the power of attorney or a certified copy thereof shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, in the case of a corporation, executed under its common seal or the hand of its officer or attorney duly authorised in that behalf.

6. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy of that power of attorney, must be deposited at the Company's Registered Office situated at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Explanatory Notes:

1. Item 1 of the Agenda

   This item is meant for discussion only as pursuant to Section 169(1) of the Companies Act, 1965, it does not require shareholders' approval for the Audited Financial Statements. Henceforth, this item is not put forward for voting.

2. Item 6 of the Agenda

   The Board of Directors of the Company, having assessed the performance of Dato' Shahbudin Bin Imam Mohamad (who is over the age of 70 years), is satisfied with the skills, contribution and objectivity that Dato' Shahbudin Bin Imam Mohamad brings to the Board and recommends that Dato' Shahbudin Bin Imam Mohamad be re-appointed as Director of the Company.

3. Item 7 of the Agenda

   The Board of Directors of the Company, having assessed the independence of Datuk Ng Peng Hong @ Ng Peng Hay and Lim Fong Boon, regarded both Datuk Ng Peng Hong @ Ng Peng Hay and Lim Fong Boon to be independent based amongst others, the following justifications and recommends that both Datuk Ng Peng Hong @ Ng Peng Hay and Lim Fong Boon be retained as Independent Non-Executive Directors of the Company:-

   (i) Both Datuk Ng Peng Hong @ Ng Peng Hay and Lim Fong Boon fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, they would be able to function as check and balance, bring an element of objectivity to the Board;

   (ii) Both Datuk Ng Peng Hong @ Ng Peng Hay and Lim Fong Boon do not have any conflict of interest with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies.

   (iii) Both Datuk Ng Peng Hong @ Ng Peng Hay and Lim Fong Boon has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and

   (iv) Both Datuk Ng Peng Hong @ Ng Peng Hay and Lim Fong Boon had exercised their due care and diligence during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the best interest of the Company and shareholders.

4. Item 8 of the Agenda

The proposed Ordinary Resolution 9 is for the purpose of granting a general mandate for renewal ("General Mandate") and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965 to issue new shares in the Company from time to time provided that aggregate number of shares issued pursuant to the General Mandate does not exceed ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last annual general meeting held on 12 December 2012 which will lapse at the conclusion of the forthcoming annual general meeting.

5. Item 9 of the Agenda

The Proposed Ordinary Resolution 10, 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 Bonia Corporation Berhad by utilising the funds allocated which shall not exceed the total retained profits and share premium account of the Company.

Based on the audited financial statements of the Company for the financial year ended 30 June 2013, the audited retained profits and share premium account stood at approximately RM65,363,000 and RM 476,000, respectively.

6. Item 10 of the Agenda

The Proposed Adoption of A New Set of Articles of Association is to streamline the Company's Articles of Association to be aligned with the new and/or amended provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other prevailing statutory and regulatory requirements and/or other applicable rules and guidelines which have been revised.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

- Details of individuals who are standing for election as Directors

  No individual is seeking election as a Director at the forthcoming Twenty-Second Annual General Meeting of the Company.

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FORM OF PROXY

I/We ____

NRIC/Passport/Company No.: ___________________________________ Tel No. ________________________________

CDS Account No.: ___________________________________ Number of Share Held: ______________________________

Address: ____

____

being a member of BONIA CORPORATION BERHAD (2239374-T) hereby appoint:

1. Name of Proxy: ____ NRIC/Passport No.: ____________________________

Address: ____

____ Number of Shares Represented: ______________________

2. Name of Proxy: ____ NRIC/Passport No.: ____________________________

Address: ____

____ Number of Shares Represented: ______________________

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf, at the Twenty-Second Annual General Meeting of the Company to be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, 57000 Bukit Jalil, Kuala Lumpur, Wilayah Persekutuan on Thursday, 21 November 2013 at 11.30 a.m. or at any adjournment thereof, as indicated below:-

No.	Resolutions		For	Against
1.	Declaration of Final Dividend	Ordinary Resolution 1		
2.	Approval for the payment of Directors' fees	Ordinary Resolution 2		
3.	Re-election of Chiang Sang Bon as Director	Ordinary Resolution 3		
4.	Re-election of Chiang Fong Tat as Director	Ordinary Resolution 4		
5.	Re-appointment of Messrs BDO as Auditors and to authorise the Directors to fix their remuneration	Ordinary Resolution 5		
6.	Re-appointment of Dato' Shahbudin Bin Imam Mohamad as Director	Ordinary Resolution 6		
7.	Continuing in office for Datuk Ng Peng Hong @ Ng Peng Hay as an Independent Non-Executive Director	Ordinary Resolution 7		
8.	Continuing in office for Lim Fong Boon as an Independent Non-Executive Director	Ordinary Resolution 8		
9.	Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965	Ordinary Resolution 9		
10.	Proposed Share Buy-Back by Bonia Corporation Berhad of Up To 10% of Its Own Issued and Paid-up Share Capital	Ordinary Resolution 10		
11.	Proposed Adoption of A New Set of Articles of Association of the Company	Special Resolution		

Please indicate with an "X" in the space provided above how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Signature/Seal of the Shareholder: ____________________________ Date: ___________________________

Notes:

1. Only members registered in the Record of Depositors as at 15 November 2013 shall be eligible to attend, speak and vote at this meeting or appoint proxy to attend and vote for his/her behalf.
2. A member entitled to attend and vote at the Meeting is entitled to appoint more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. Where a member appoints two or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities amount ("omnibus account") to appoint multiple proxies in respect of each omnibus account it holds.
5. The instrument appointing a proxy, or the power of attorney or a certified copy thereof shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, in the case of a corporation, executed under its common seal or the hand of its officer or attorney duly authorised in that behalf.
6. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy of that power of attorney, must be deposited at the Company's Registered Office situated at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the meeting or any adjournment thereof.

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AFFIX STAMP

THE COMPANY SECRETARIES
BONIA CORPORATION BERHAD (223934-T)
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan

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(223934-T)