"Home's Harmony" retail outlets are generally targeted at the premium and mid-range markets and are strategically located at shopping centres (with the exception of a retail outlet in Leboh Pudu). "Home's Warehouse" has a different positioning and is mainly targeted at the mid-range market and located at hypermarkets. All of these are stand-alone retail outlets.

Our Group retails in-house designed and manufactured products and also retails externally sourced products to provide wider choice of homeware to maximise sales.

Our Group sources external finished products mainly for the following reasons:

- to supplement our in-house designed and manufactured products to offer wider choice of products to trade and retail customers;
- during the peak seasons, there is no capacity for further production as our Group's production resources have been fully maximised;
- when there are ad-hoc or urgent deliveries as required by customers; and
- as the range of home linen and other homeware is very diverse, it is not economical for us to manufacture all or most of these products in-house.

Our Group also sources the following homeware from third parties:

(i) rugs and carpets;
(ii) floor mats (such as cotton floor mats and PVC bubble bath mats);
(iii) fleece blankets;
(iv) bath accessories (such as toothbrush holder and soap holder);
(v) bedroom slippers;
(vi) chair pads;
(vii) curtain poles and accessories;
(viii) mattresses; and
(ix) others such as tableware including coffee cup sets and mugs, and table lamps.

A significant proportion of the products sold through our retail outlets are manufactured by us and marketed under our own brands.

6.2.3 Trading

The trading activities are undertaken by our wholly-owned subsidiaries, SYOSB, SFSB and ETHSB.

In addition to marketing and distribution of in-house manufactured home linen and bedding accessories, our Group's products also include home linen and homeware, which are sourced from third parties.

Some of the home linen and homeware traded by us include:

(i) bed linen;
(ii) bath linen;
(iii) rugs and carpets;
(iv) floor mats (such as cotton floor mats and PVC bubble bath mats);
(v) fleece blankets or thermal blankets;
(vi) bath accessories (such as toothbrush holder and soap holder);
(vii) bedroom slippers;

(viii) chair pads;
(ix) curtain, curtain poles and accessories;
(x) mattresses; and
(xi) others such as tableware including coffee cup sets and mugs and table lamps.

Our Group purchase external products for trading mainly to supplement our in-house manufactured products with the view of supplying a wide range of products to customers.

6.2.4 Retailing Activities of Our Group's Trade Customers

A significant proportion of our Group's own manufactured and externally sourced products are sold to trade customers. Some of these trade customers are retailers such as Parkson, Robinsons, Isetan, Tesco, The Store, Sogo and Metrojaya who retail our Group's products at their departmental stores.

Other trade customers include specialty retail store such as Living Quarters who also stock and retail our Group's products at their retail stores. Hypermarket such as Tesco and Giant (in Singapore) also sell our Group's products through their network of hypermarkets.

Particularly in departmental stores, they would normally allocate a space for our Group to stock and display our merchandise in the form of a concept counter. Our Group is also responsible for engaging promoters who are on our payroll to sell our products to retail customers.

Our Group's concept counter in a Departmental Store

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6.3 Products and Brand Names

The range of our products and the brand names are categorised into the following:

Brand name	Date of launch	Target market	Product range
Novelle home	1982	Premium market	Home linen and homeware
Diana	1982	Mid market	Bed linen
Jean Perry PARIS	1997	Premium market	Home linen and homeware
firenze	2002	Premium market	Home linen and homeware
GENOVA	2002	Premium market	Home linen and homeware
Louis Casa	2002	Premium market	Home linen and homeware
Bedtalk	2002	Mid market	Home linen and homeware
SEASON	2003	Mid market	Home linen and homeware
Sarah Miller	2004	Premium market	Home linen and homeware
AnnTaylor	2004	Mid market	Home linen and homeware
COTONSOFT	2004	Mid market	Home linen and homeware
OASIS	2005	Mid market	Home linen and homeware
NIKI CAINS LIVING CULTURE	2007	Mid market	Home linen and homeware
RedDanielle home	2007	Mid market	Home linen and homeware

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6.4 Production, Facilities, Capacity, Utilisation and Technologies Used

Our Group's manufacturing output, capacity and utilisation for the FYE 30 June 2009 is as follows:

Types of Products	Annual Production Capacity	Production Output FYE 30 June 2009	Utilisation Rate %
Bed sheets (sets)	1,200,000	969,000	81
Pillow and bolster covers (pieces)	950,000	650,000	68
	2,150,000	1,619,000	

Our Group's manufacturing facility currently operates on three (3) shifts of eight (8) hours per shift, on a six (6)-day week basis.

Our Group's utilisation rate for the annual production of bed sheets was approximately 81% whilst the utilisation rate for the production of pillow and bolsters covers was approximately 68%.

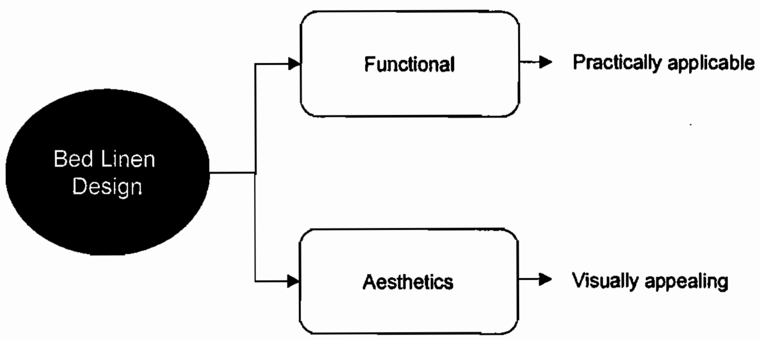
We do not foresee any major constraint to our Group's production capacity as our Group's current utilisation rate is still below our production capacity and any future intention to increase our production capacity will be followed by the corresponding planned expansion in our production capacity.

Our technology lies in our manufacturing capabilities. Our Group is an integrated manufacturer of home linen and bedding accessories, incorporating design, manufacturing, distribution and retailing. Relevant technologies employed in the operations of design and manufacturing of home linen includes the following:

- bed linen design;
- sewing or stitching techniques; and
- seam construction.

(i) Bed linen design

Bed linen design is primarily the application of surface design and decoration skills such that bed linen is usable and appealing to buyers and users. The overall bed linen design emphasises on functionality and its aesthetic aspect, which is depicted as follows:



Key Elements of Bed Linen Design

The function of bed linen refers to the creation of products that are practical in accordance with its intended purpose. The aesthetic aspect of the bed linen refers to designs and finishing that generate visual appeal.

The integration of the functionality and aesthetic aspect enable bed linen design to achieve the following consideration:

- create bed linen that is in line with current trends and specific customer requests in terms of styles, colours, textures, themes and additional features to appeal to target buyers and users;

- create specific shapes and sizes in accordance with the standard market sizes to ensure that the products are usable by majority of the target users and buyers or customised shapes and sizes as requested by customers. Some of the common bed linen sizes available in the local market are listed as follows:

	King Size (Inch)		Queen Size (Inch)		Single Size (Inch)	
Product	**Width**	**Length**	**Width**	**Length**	**Width**	**Length**
Fitted sheet	72-78	75-80	60	75-80	36-42	75-80
Pillow case	18-20	26-30	18-20	26-30	18-20	26-30
Bolster case	14-15	41-42	14-15	41-42	14-15	41-42
Duvet/ Quilt Cover	90-95	80-90	78-83	80-90	60-64	80-90

- create standardised full bed sheet sets to provide easy matching, unison theme and style. Some of the common combinations bed sheet sets available in the local market are listed as follows:

Product	Set 1 (Piece)	Set 2 (Piece)	Set 3 (Piece)	Set 4 (Piece)	Set 5 (Piece)
Fitted sheet	1	1	1	1	1
Pillow case	2	2	2	2	2
Bolster case	1	0	1	0	1
Duvet/ Quilt Cover	1	1	0	0	0
Comforter	0	0	1	1	0

- selection and combination of fabric materials such as cotton, polyester, silk and weave types such as sateen, jacquard in various thread counts; and

- product development to incorporate new features such as sweat-proof, anti-pilling bed linen and product improvement such as higher durability and more comfortable fabric textures using new combination of fabric materials.

(ii) Sewing or Stitching Techniques

Sewing has two major purposes:

(a) functional sewing mainly piercing thread through the layers of fabric material and semi-securely interlocks the threads, which are for holding pieces of fabric together; and

(b) decorative sewing involves pattern sewing and commonly undertaken to meet aesthetic purpose, which, among many others, include smocking, embroidery and quilting.

Some of the functional and decorative sewing / stitching techniques used by us for our manufacturing operations are:

- hemstitching or picot stitching is a decorative stitching along stitching lines of hems and borders to create an open weave pattern;
- lock stitching consisting of two threads that are interlocked at short intervals. This does not pull easily;
- binding and piping, where binding refers to way of neatening the raw edge using a separate length of fabric and piping is a means to emphasise a seam or edge and can also add strength to corners;
- bourdon stitching, which is a close and narrow row of decorative raised stitching such as monogram and finished edge;
- couching involves stitching the trimmings to the surface of the fabric and not through the fabric. This is good for embellishing with narrow trim, heavy threads, ribbon, cording and other materials by sewing over the yarn with zigzag or decorative stitch;
- smocking stitches is a type of decorative stitching where pleating or where the fabric is gathered tightly with stitches;
- marrow stitching creates a decorative band of tightly sewn thread across the hem line in sheets and pillowcases and along the sewing line of shams;
- shirring stitching where elastic threads are sewn from one end to other end. The elastic thread will gather the fabric together; and
- embroidery where stitches are done to form a pattern or monogram.

Our Group uses computerised and software driven machine for embroidery process. It has a computer program that catalogues a collection of digitised designs kept in the system which allows the user to access the design by stitch count, number of colours, icons or subjects.

Our Group currently has the capabilities to digitise the embroidery design by converting the artwork into a series of commands to be read by an embroidery machine's computer. Digitising is critical as it determines the quality of the finished embroidery. Each action of the embroidery machine is controlled by computer programs, which includes movement of the pantograph to form various stitches, thread changes, thread trims, and many other functions. The computer driven embroidery machine is used to move a pantograph with hooped items in various directions to form different stitches.

Our Group currently has two lines of embroidery machines with multiple heads enabling multiple needles per head for its embroidery production.

Some of the embroidery works and samples are as follows:

Embroidery Machine

Samples of Embroidery

(iii) Seam Construction

Seam construction is applied to production of home linen and bedding accessories. It is critical to ensure that the quality of home linen meets its functional objective. This usually focuses on two main areas, seam strength and seam durability in obtaining a good quality seam.

Some of the consideration factors for a quality seam are:

- thread size and stitch type;
- thread fibre type;
- thread construction;
- thread finish;
- fabric type and weight;
- seam construction;
- stitches per inch; and
- stitch balance.

Thread size and stitch type

Thread size can seriously affect the seam strength, therefore, using the right size of thread is the key to a quality seam. Choice of thread size is largely dependent on the type of stitches used to sew a seam. In general, the more thread a stitch consumes, the greater is the strength.

An interlocked stitch such as a lockstitch consumes less thread in a stitch if compared to an inter-looped stitch such as a chain stitch or an over edge stitch. With less thread consumes, bobbin thread size used for a lockstitch seam is normally the same as the needle thread size while bobbin thread size used for an inter-looped stitch seam can be downsized to 60% of the needle thread size. Downsizing of thread size can help to save cost without adversely affecting the seam strength.

Thread fibre type

Different types of fibres have different strengths. Fibres with greater loop strengths are able to provide greater seam strengths. For example, spun polyester and nylon threads would provide greater seam strength than cotton thread of the same size.

Synthetic fibres such as polyester and nylon are more resistant to abrasion and chemical degradation, for example through bleaching if compared to cellulosic fibre such as rayon. On the other hand, cellulosic fibre is more heat resistant. Fibres consisting of long molecular chains produced from poly-paraphenylene terephthalamide are resistant to cut, chemical and flame.

Thread construction

There are various methods used in constructing threads. Different thread constructions would affect the seam strength differently. Some of the common thread constructions include:

- Spun thread is made of cotton or polyester staple fibre that are spun into single yarns and then twisted together. Spun thread made of polyester staple fibre has better tensile strength over the ones made of cotton.

- Core thread is made of a continuous filament of polyester fibres wrapped around with spun cotton or polyester staple fibres. This construction method is able to provide better seam strength if compared to spun thread.

- Textured thread is made of polyester or nylon that has been mechanically textured by pin, disc or belt. Textured thread offers high seam elasticity but provides weaker seam strength if compared to core thread. However, textured thread does have great loop strength.

- Monofilament thread is commonly used in quilts and bedspreads due to its translucent characteristic, which blends well in many colours. However, because it is single filament, it may unravel easily if the thread is not locked in the seam adequately.

- Multifilament thread is made of continuous filaments of polyester or nylon that are twisted and bonded together. Multifilament thread is exceptionally strong for their size and highly durable. Moreover, it provides a high degree of resistance to abrasion and seam degradation.

- Monocord thread is made of continuous filaments of nylon that are bonded together. The flat appearance of monocord thread makes it highly resistant to abrasion. As with multifilament thread, monocord thread is exceptionally strong for their size and possess great loop strength.

- Air entangled thread is made of continuous filaments of polyester that are entangled as passing through a high pressure jet. It is then twisted, dyed, and wound on cones with lubricant. Air entangled thread provides great loop strength.

Thread finish

Thread finishes can include soft, mercerised, glace and bonded.

- Soft finished thread is the weakest. The most common finish is mercerised and it is stronger than soft cotton threads of the same fibre type and size, therefore it is more capable of producing a strong seam.

- Glace finish thread is a type of polished cotton thread that is normally used in manufacturing luggage and shoes. It provides better resistance to abrasion than soft finished thread.

- Majority of the polyester threads are bonded. These threads are treated with resin or wax to create a protective coating. This type of threads provides superior abrasion resistance to soft finished threads.

Fabric type and weight

Seam quality is also affected by the type and weight of fabric used, depending on the following:

- Fibre content of fabric, for example cotton, polyester, wool, nylon or mixture of more than one type of fibres.
- Construction of fabric, is further dependent on woven or knit, type of weave used (examples include plain, basket, twill and tricot), fill count, and yarn type and size.
- Pattern placement.
- Direction of seam.
- Propensity of the yarns in the seam.

Tensile tests can be run using a tensile tester to determine the strength of the fabric. The testing process involves placing a piece of sample fabric in an apparatus, which would slowly exert an axial pull to stretch the fabric until it breaks.

A tensile tester is able to provide information on the elastic limit, elongation, modulus of elasticity, proportional limit, reduction in area, tensile strength, yield point, yield strength and other tensile properties.

Seam construction

There are many types of seam constructions. Some are more resistant to stress and abrasions while others are weaker in comparison. The most common seam construction used for home linen is blindstitch hemming seam where stitches are hidden from the surface of the fabric.

Stitches per inch

In general, a higher number of stitches per inch would provide stronger seam strength. However, there are exceptions as high amount of stitches could also damage certain fabrics by over cutting the yarns. Stitches per inch must be adequate as excessive stitches per inch could also generate problems such as seam puckering and speed loss while processing through the machine, which could further lead to loss of production and increase in cost.

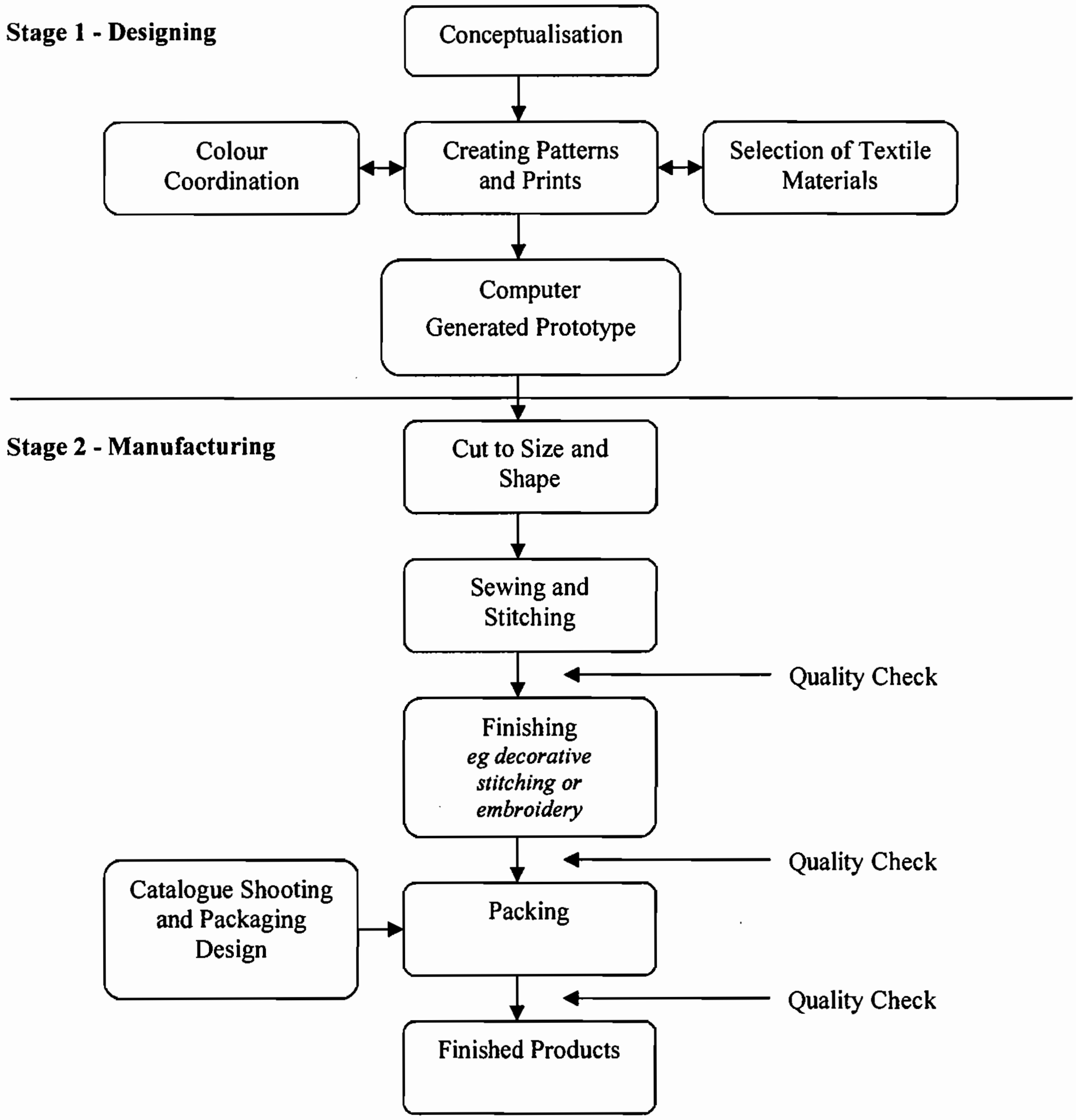
Stitch balance

Normally, more needle thread in a seam would provide greater seam strength. However, too many needle threads in a seam can generate seam grinning where the seam would open up too much when stress is applied. Optimum stitch balance can be achieved by adjusting sewing machine's thread tension, thread control guide, eyelets and others.

6.5 Production Process

Manufacture of bed linen

The diagrammatic illustration of the production process of our Group is depicted as follows:



Stage 1 - Designing

- The designing process for the manufacture of bed linen and fitted sheets starts with overall design conceptualisation to meet market and consumer trends. Through a process of R&D, a design theme is conceptualised.

- A team of designers starts with the creation of patterns and prints for the product. This includes colour coordination that will fit into the entire bedding product line as well as the selection of textiles and fabrics according to the materials plan to incorporate with the proposed designs.

- Once the initial designing stage is completed, a computer-generated prototype of the designs is produced with the use of design software to generate visual interests as well as to meet the aesthetic functions before the final approval for production.

- The final designs will be sent for production to external parties such as contracted textiles manufactures. The textile manufacturers will manufacture the product based on specifications provided by our Group.

Stage 2 - Manufacturing

- The process for the manufacture of bedding and fitted sheets begins with unrolling of textile fabrics from the roller and cutting to size and shape according to specifications.

  (i) Bed sheets

  - The large sheet of fabric cut according to specified sizes for bed sheets is sent for hemstitching. For fitted bed sheets, the four (4) corners of the large sheet is hemstitched and sewn with an elastic band around the hem on the four (4) sides of the sheet to hold the fitted sheet on the mattress.

  - Depending on the design, the bed sheets or fitted sheets may be sent through a finishing process. This includes embroidery to create patterns or incorporating other designs on the surface of the sheets.

  - We have the capabilities to undertake our own catalogue shooting and packaging design, all of which are done in-house.

  - The finished products are then sent for folding, packaging and packing. The packed products also go through a final quality check before delivery to customers.

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Packing Process for Bed Linen

Final Retail Packaging

(ii) Pillow covers

- For the manufacturing of pillow covers and cases, the fabric is initially cut in a rectangular shape according to specified sizes.

- The rectangular shaped fabric is then sent to the sewing division where it is folded in half and sewn. The semi finished pillow covers or cases are turned inside out with the sides hemmed and sewn leaving an opening with a four-inch flap for inserting the pillow.

- Depending on the design, some pillow covers are also sent through a finishing process for decorative purposes. The pillowcases are hemstitched to create an open weave pattern or marrow stitched to create a decorative band along the hemline.

- The finished pillow covers are then sent to the packing department to be individually packed or packed with bed sheets as a set.

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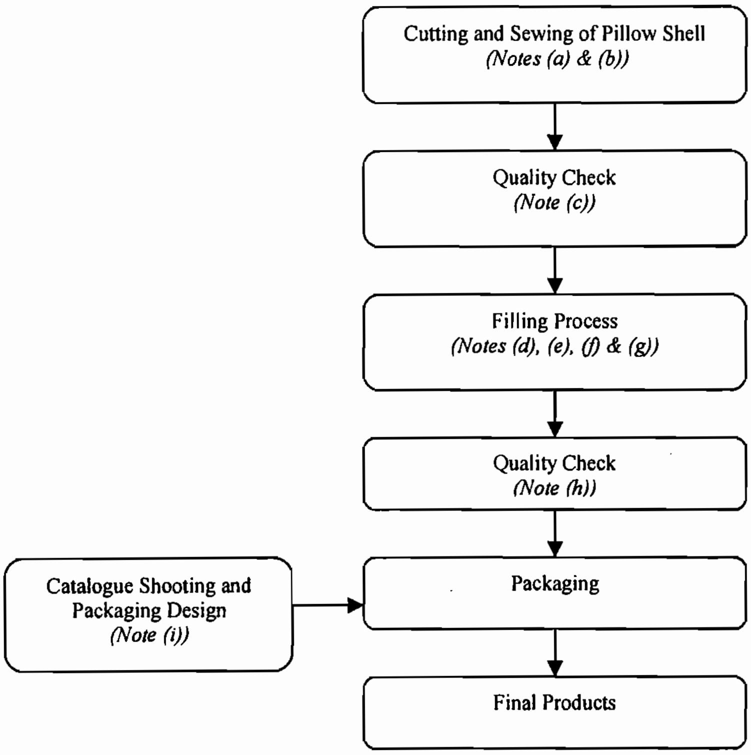
Manufacture of Pillows

The process flow for the manufacture of pillows is depicted as follows:



Notes:

(a) *The pillow manufacturing process begins with the cutting of fabric materials to the specified size and shape. A stack of the cut rectangular shaped fabric is taken to the sewing department for sewing.*

(b) *The pillow shell is then sewn on three (3) sides, leaving one (1) side open for filling or stuffing pillow content such as polyester fibre batting, filling, cotton or feathers.*

(c) *During the sewing process, a tag is attached listing the type of pillow content that is to be filled. Once the pillow shell is completed, it is turned inside out so that the seams are on the inside of the case. The finished pillow shell is then sent for quality checking and checked for evenly sewing.*

(d) *The pillow shells then proceeds to the filling process. The polyester batting or filling must be de-baled or unbundled and are examined to ensure that the quality is suitable for pillow insertion.*

(e) *The polyester fibre batting is prepared for insertion using a machine that blows and combs the polyester filling into the pillow shell.*

(f) *The opening in the pillow cover is slipped onto a tubular section of the machine where it is filled using a blower that pushes the polyester filling into the pillow shell.*

(g) *Once the pillow is filled, the opening in the pillow shell is closed and stitched using sewing machine.*

(h) *The stuffed pillows are then weighed to ensure that they contain the required amount of polyester filling or batting and put through a final check and inspection before it is sent for packing and delivery.*

(i) *We have the capabilities to undertake our own catalogue shooting and packaging design, all of which are done in-house.*

(j) *The process of stuffing and filling for other types of fillers such as cotton or feather is similar to the above.*

6.6 Location of Operations

As at the LPD, we have a total of thirteen (13) fully owned retail outlets in Malaysia. We also have seventy-six (76) third retail party locations in Malaysia. In addition, via our agents, we have a total of fourty-seven (47) third party retail locations retailing our products in Singapore, Taiwan and Vietnam.

Our head office for our Group is currently located at Lot PT 16690-16692, Jalan Permata 2, Arab-Malaysian Industrial Park, 71800 Nilai, Negeri Sembilan Darul Khusus.

Our operations and retail outlets in Malaysia are located in the following premises:

Subsidiary	Location	Main functions	Built-up area Sq. ft.	Address
ETHSB	Nilai, Negeri Sembilan Darul Khusus	Distribution and warehousing facilities	19,365	Lot PT 16690-16692, Jalan Permata 2 Arab Malaysian Industrial Park 71800 Nilai, Negeri Sembilan Darul Khusus
SFSB	Nilai, Negeri Sembilan Darul Khusus	Manufacturing and warehousing facilities	183,560	Lot PT 16690-16692, Jalan Permata 2 Arab Malaysian Industrial Park 71800 Nilai, Negeri Sembilan Darul Khusus
SYOSB	Cheras, Kuala Lumpur	Distribution and warehousing facilities	33,000	27-35, Jalan 11/118B Desa Tun Razak, Cheras 56000 Kuala Lumpur
MSB	Petaling Jaya, Selangor Darul Ehsan	Retailing outlet	13,586	Lot S319A, 2nd Floor 1 Utama Shopping Centre - Phase 2 Persiaran Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan
	Puchong, Selangor Darul Ehsan	Retailing outlet	3,747	Lot F53-56, 1st Floor IOI Mall, Bandar Puchong Jaya Batu 9, Jalan Puchong 47100 Puchong Selangor Darul Ehsan
	Petaling Jaya, Selangor Darul Ehsan	Retailing outlet	2,278	Unit LG2.23-2.25 Lower Ground Two 3 Jalan PJS 11/15 Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan
	Shah Alam, Selangor Darul Ehsan	Retailing outlet	2,162	Lot No. LG4 Lower Ground Plaza Shah Alam No. 2 Jalan Tengku Ampuan Zabedah E9/E Seksyen 9 40000 Shah Alam Selangor Darul Ehsan

Subsidiary	Location	Main Functions	Built-up area Sq. ft.	Address
MSB *(Cont'd)*	Seri Kembangan, Selangor Darul Ehsan	Retailing outlet	1,776	Lot L2-6, 1st Floor Mines Shopping Fair Jalan Dulang The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan
	Leboh Pudu, Kuala Lumpur	Retailing outlet	3,600	23 Leboh Pudu 50050 Kuala Lumpur
	Cheras, Kuala Lumpur	Retailing outlet	1,615	Lot L1-01-05 to L1-01-08 Cheras Leisure Mall Jalan Manis 6 Taman Segar, Cheras 56100 Kuala Lumpur
	Sri Hartamas, Kuala Lumpur	Retailing outlet	1,541	Lot F7 & F8, 1st Floor Hartamas Shopping Centre 60, Jalan Sri Hartamas 1 50480 Kuala Lumpur
	Sungai Nibong, Penang	Retailing outlet	4,553	Lot 2F-43, 2nd Floor Queensbay Mall Persiaran Bayan Indah Sungai Nibong 11900 Penang
	Persiaran Gurney, Penang	Retailing outlet	1,870	170-04-38/39, Plaza Gurney Persiaran Gurney 10250 Penang
	Johor Bahru, Johor Darul Takzim	Retailing outlet	1,742	Lot F01C, 1st Floor Jusco Tebrau City Shopping Centre 1 Jalan Desa Tebrau Taman Desa Tebrau 81100 Johor Bahru Johor Darul Takzim
	Johor Bahru, Johor Darul Takzim	Retailing outlet	1,633	Lot 3-28 Level 3 Plaza Pelangi, Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim
	Johor Bahru, Johor Darul Takzim	Retailing outlet	1,136	Lot F41, 1st Floor Tesco Desa Tebrau Taman Desa Tebrau 81100 Johor Bahru Johor Darul Takzim

6.7 Types, Sources and Availability of Raw Materials

The following are the major types of raw materials utilised by our Group for the FYE 30 June 2009:

Raw materials and services	Value of purchases RM'000	Percentage of total Group purchases %	Origin of the raw materials Local %	Imported %
Manufacturing operations	**47,522**	**64.4**	**7.1**	**92.9**
Materials	**47,019**	**63.7**	**6.1**	**93.9**
Textiles fabrics	36,061	48.8	0.6	99.4
Fibres (polyester fibres and cotton fibres)	5,974	8.1	11.5	88.5
Packing materials – PVC bags, carton box and die cut	3,838	5.2	41.0	59.0
Others [(1)]	1,146	1.6	35.6	64.4
Services				
Sub-contractor fees	503	0.7	100.0	-
Retailing and trading	**26,258**	**35.6**	**1.7**	**98.3**
Bed sheets, bath towels and accessories	26,258	35.6	1.7	98.3
Total	**73,780**	**100.0**	**5.2**	**94.8**

Notes:

The purchases of raw materials, semi-finished products, finished products, packaging products and services for the FYE 30 June 2009 amounted to RM73.8 million. The above purchases exclude electricity and other utilities.

(1) Includes semi-finished latex, health pillow inserts, plastic rope, elastic braid and thread.

As set out in the table above, the main raw materials and services for the production of home linen and bedding accessories are textile fabrics, fibres (polyester fibres and cotton fibres) and packing materials. Purchases of textile fabrics accounted for 48.8% of our Group's total purchases during the FYE 30 June 2009, while purchases of fibres and packing materials accounted for 8.1% and 5.2% of our Group's total purchases respectively.

Purchases of finished products for the retailing and trading operations accounted for 35.6% of our Group's total purchases of materials and services. The bulk of these finished products were sourced from overseas suppliers and manufacturers which accounted for 98.3% of purchases of finished products. The remaining 1.7% of these finished products were sourced from local suppliers and manufacturers.

The major materials used by our Group for our manufacturing of home linen and bedding accessories are textile fabrics and natural fibres (cotton fibres) and synthetic fibres (polyester fibres).

Our Group's textile fabric purchased for the manufacturing of home linen and bedding accessories are imported from overseas countries such as Pakistan and China. Other materials including packing materials are sourced directly from local and overseas manufacturers and suppliers.

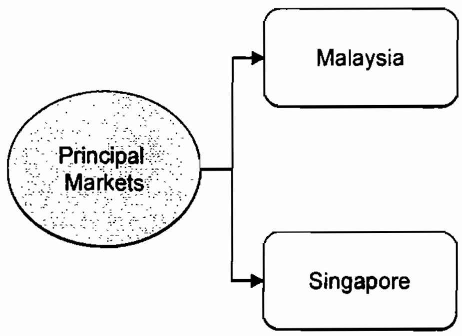
The bulk of our manufacturing materials were sourced from overseas which amounted for 93.9% of our Group total purchases of materials for manufacturing. The remaining 6.1% of these materials were sourced locally.

When dealing with raw materials from foreign suppliers, some of the purchase of textiles fabrics is contracted forward up to a period of six (6) months to hedge against foreign currency. All foreign purchases are transacted in USD.

As at the LPD, our Group did not face any difficulties in sourcing its major raw materials used as the prices of the major raw materials are not subject to significant volatility and are readily available in overseas markets.

6.8 Principal Markets

For the FYE 30 June 2009, the principal markets of our Group representing more than 10% of total revenue are as follows:



For the FYE 30 June 2009, revenue from Malaysia accounted for 78.7% of our Group's total revenue, while revenue derived from exports accounted for 21.3% of our Group's total revenue. We exported our products to Singapore, Taiwan, Turkey, Indonesia, Australia, Brunei, Mozambique, New Caledonia and Fiji during the last financial year.

Our Group's revenue contribution by countries of customers for the FYE 30 June 2009 can be segmented as follows:

	Revenue for the FYE 30 June 2009	
	RM'000	**%**
Local Customers	**102,363**	**78.7**
Overseas Customers		
Singapore	18,589	14.3
Taiwan	6,255	4.8
Turkey	1,721	1.3
New Caledonia	583	0.5
Brunei	272	0.2
Australia	162	0.1
Mozambique	105	0.1
Fiji	29	#
Indonesia	5	#
Total	**130,084**	**100.0**

Note:

\# *Insignificant*

For FYE 30 June 2009, revenue contribution in Malaysia accounted for 78.7% of our Group's total revenue, while the remaining 21.3% of our Group's total revenue was contributed by nine (9) overseas countries. Within local markets, Kuala Lumpur and Selangor Darul Ehsan represented our Group's top local state and territory by revenue, which had contributed 28.7% and 27.4% respectively to our Group's total revenue. The remaining 22.6% of our Group's total revenue was spread across twelve (12) other states within Malaysia.

We are one of the major companies involved in the manufacture and / or specialised retailing of home linen and homeware in Malaysia, and we also have a presence in Singapore, Taiwan, Turkey, New Caledonia, Brunei, Australia, Mozambique and Fiji. We have registered numerous brand names as disclosed in Section 6.14 of this Prospectus. Malaysia, being our principal market, contributes substantially to our Group's total revenue via our extensive distribution networks. In addition, sales of our products in the export markets are sold through our sales distributors who are well verse with the industry knowledge of the respective countries.

6.9 Marketing and Distribution Network

6.9.1 Marketing Strategies

Our Group's business activities are supported by our in-house sales and marketing team, which is responsible for pricing, marketing and promotions. Our Group's marketing strategies are focused on utilising the following strategies to sustain and expand the business:

(i) to position ourselves as an integrated manufacturer and distributor of our own brands of home linen and bedding accessories, incorporating design, manufacturing, distribution and retailing, providing a one-stop supply centre;

(ii) to maximise from our competitive advantage of having in-house design centre to create and develop original and proprietary home linen and bedding accessories through our in-house expertise and resources;

(iii) continually provide high quality products and services with high quality to establish our reliability as a credible supplier and thus creating customer loyalty and dependency;

(iv) to keep abreast of new and innovative designs to stay ahead of the competition as well as better meet the needs and requirements of customers; and

(v) to develop brand equities for our in-house brands.

Over the years, our Group has concentrated our advertising and promotional strategies focusing on both *above and below the line* methods (i.e. *above the line* methods such as through television, radio, magazines, newspaper, leaflets and brochures and *below the line* methods such as promotional offers and loyalty card programmes). Branding advertisements intertwined with promotional advertisements are scheduled throughout the year with more advertising and promotional activities during festive seasons. Our advertising and promotional efforts include the following:

(a) advertisements and promotions through various mediums including free-to-air television and radio, pay television, magazines and newspapers;

(b) product advertisements and product launches in various newspaper and magazines;

(c) distribution of leaflets, brochures and promotional offers to attract new customers. These are often targeted at residential areas or potential target customers at high traffic shopping areas. In addition, we also provide leaflets and brochures featuring our products as well as information on new promotions at our retail outlets so that consumers can pick up a copy at our retail outlets at their convenience; and

(d) third party providers such as Loyalty Card Programmes ("LCP"), bank and credit card companies to access new database of customers.

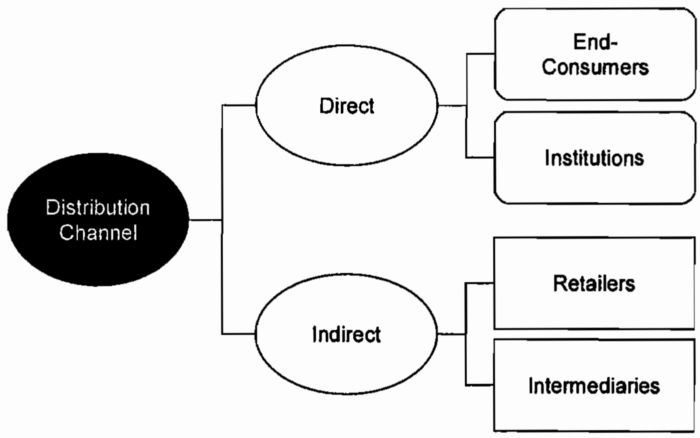
Our Group rewards our customers through our Group's LCP. Holders of the LCP are entitled to a 5% to 10% discount on normal priced items on every purchase of our Group's brands at our retail outlets.

To implement our marketing strategy as at the LPD, we have our own sales and marketing team (including promoters) of approximately two hundred and twenty (220) personnel to undertake all aspects of marketing and promotional activities including the following:

- brand image building;
- product launches;
- product promotions and events;
- design of advertising and promotional concepts and materials;
- working with advertising and event agencies for both *above and below the line* advertising and promotions using mediums like television, radio, internet, print, and outdoor;
- ensure product availability;
- in-store promotions; and
- channel management (marketing to retailers and intermediaries).

6.9.2 Distribution Channel Strategy

The distribution channel strategy of our Group is based on direct and indirect distribution as depicted in the diagram below:



Direct distribution channel

The direct distribution channel approach is executed through our own sales and marketing division which focuses on selling our products directly to end-consumers and institutions such as hotels and hospitals. In addition, our Group has a network of our thirteen (13) fully owned retail outlets and one (1) retail outlet that is fully owned and managed by an appointed dealer. These retailing outlets are dedicated to selling our Group's manufactured as well as third party manufactured products to end-consumers.

This strategy also has the advantage of enabling our Group to work closely with our customers to evaluate and attain a better understanding of their requirements.

Indirect distribution channel

Under this approach, we sell our products through intermediaries and third party retailers in Malaysia, Singapore, Taiwan and Vietnam. Currently, we have eight (8) distributors who help us to expand rapidly our Group's market coverage without the need for significant investment in sales, marketing and logistic infrastructure for our products in areas where we do not have our own retail outlets. The intermediaries would then rely on their own distribution network to reach the end customers.

6.10 Competitive Strengths and Advantages

We believe our key competitive strengths and advantages are as follows:

(i) Own Brands

Our Group has successfully commercialised our own brands of home linen, focusing on bed and bath linen. The brand names owned will enable us to maximise from our brand equity without the need to pay third party royalties and at the same time sell our products anywhere in the world without any constraints.

Our Group has consistently build equity for our own brands. Our Group's capability in creating our own brands differentiates us from other operators that rely on third party brands. Our Group's proven track record and experience in creating successful brands will provide the platform to create new brands to launch new products, where required.

(ii) In-house Design Centre

As an integrated manufacturer with in-house design capabilities, our Group is able to design and develop completely original and proprietary designs. Through our in-house design efforts, we have successfully developed and commercialised approximately 2,500 different designs, focusing on bed linen since the commencement of our in-house design activities in 1988. The ability to undertake in-house design activities is important as it enables us to react faster to changing market and consumer trends.

Furthermore, our Group's capabilities to create and develop original and proprietary designs enable us to address opportunities targeting various segments of the market.

(iii) Integrated Operations

As an integrated operator with in-house design, manufacturing, distribution and retailing, our Group has significant competitive advantages as it increases cost-effectiveness, faster turnaround, convenience to customers through a one-stop supply centre for home linen and bedding accessories, and end-to-end quality assurance by being an integrated manufacturer and distributor.

In addition, the integration of activities enables our Group to maximise on economies of scale and to maintain a high standard of quality in our products. It also allows our Group to meet high volume demand as well as fast turnaround time in meeting customer orders. All these are critical, particularly to meet the high demand during the festive seasons.

(iv) Extensive Distribution and Retail Network

As at the LPD, our Group's in-house manufactured home linen and bedding accessories are available in our thirteen (13) fully owned retail outlets, one (1) retail outlet that is fully owned and managed by an appointed dealer, and approximately another seventy-six (76) third party retail locations in Malaysia. Third party retail locations that carry our Group's products include departmental stores, specialty stores and hypermarkets. Some of these stores that carry our Group's products in Malaysia are Sogo, Isetan, Metrojaya, Parkson, The Store, Tesco and Robinsons. Our Group's products are also available overseas, approximately twenty-five (25) third party retail locations in Singapore, approximately twenty-one (21) third party retail locations in Taiwan and one (1) third party retail locations in Vietnam. This extensive distribution and retail network provides us with opportunities for growth.

(v) One-stop Supply Centre for Home Linen and Bedding Accessories

Our Group has the in-house design capabilities and manufacturing facilities to provide a wide range of home linen and bedding accessories to meet customer needs. In addition to mass production, our Group also has the capabilities to customise designs of home linen and bedding accessories according to customer's specifications and requirements and produce them under the customer's brand names. In this respect, we have undertaken customised bedding accessories under the *Dunlopillo*, *Orthorest* and *Giant (in Singapore)* brand names.

With a wide range of home linen and bedding accessories, our Group is able to serve as a one-stop supply centre for many of our customers, especially trade customers. In addition, this convenience will also create significant customer loyalty and attract new customers.

(vi) Economies of Scale

Our Group enjoys economies of scale achieved through high volume of production, which makes us cost competitive. This helps our Group to attract new customers and at the same time improve our profitability.

The high volume production also enables our Group to procure materials at lower costs due to bulk purchases. Furthermore, we enjoy economies of scale through optimal deployment of machinery and equipment to maximise asset utilisation and defraying of fixed costs over a large volume of orders.

6.11 Key Achievements / Milestones / Awards

Following are some of our key milestones:

Year	Milestones
1966	Establishment of Yoon On, a partnership entity, whose main business was in trading and retailing of textile and home linen.
1976	Commenced small scale manufacturing of home linen, focusing on bed linen, through Yoon On.
1982	Launched and commercialised own brands *Diana* and *Novelle* for our in-house manufactured bed linen.

Year	Milestones
1988	Incorporation of SYOSB, which took over all the business of Yoon On.
1992	Made our first export sales to Singapore for our in-house manufactured bed linen.
1994	Ventured into manufacturing of bath linen, curtains and cushion covers.
1997	Commencement of "Home's Harmony" retail outlets to focus on retailing of home linen and homeware. Launched of *Jean Perry* brand targeted at the premium market.
2000	Commenced manufacturing operations in Nilai manufacturing plant.
2002	Launched of *Louis Casa*, *Genova* and *Firenze* brands which are targeted at the premium market.
2004	Transfer of "Home's Harmony" retailing operations to MSB. Established "Home's Harmony" flagship retail outlet in 1 Utama Phase 2, Selangor Darul Ehsan. Started trading homeware in our retail outlets. Launch of *Ann Taylor* brand which is targeted at mid-range market. Started distributing to the East Malaysia market.
2006	Opened our 8th and 9th fully owned retail outlets in Queensbay Mall, Penang and Aeon Tebrau City, Johor Darul Takzim respectively. Both are fully owned retail outlets operating under the "Home's Harmony" brand name.
2007	Opened our 10th fully owned retail outlet in Sunway Pyramid, Bandar Sunway, Selangor Darul Ehsan under "Home's Harmony" brand name.
2008	Appointed a dealer in Kuching, Sarawak to cover the East Malaysia market. Opened our 11th fully owned retail outlet in Gurney Plaza, Pulau Pinang under "Home's Harmony" brand name. Opened our 12th fully owned retail outlet under "Home's Warehouse" brand name at Tesco Desa Tebrau, Johor Darul Takzim.
2009	Opened our 13th fully owned retail outlet in Plaza Shah Alam, under "Home's Harmony" brand name.

Following are some of our awards and recognitions:

Year	Type	Awarded by	Comments / Reasons for award
2005	Platinum Award	Sogo (K.L.) Department Store Sdn. Bhd.	Outstanding Achiever of Annual Sales for FYE 31 March 2005
2005 / 2006	Diamond Award	Sogo (K.L.) Department Store Sdn. Bhd.	Outstanding Annual Sales Year 2005 / 2006 for *Jean Perry, Novelle* and *Louis Casa* Bed Linen
2006	Aeon's Business Partner Alliances	AEON CO. (M) BHD	Major Suppliers
2006 / 2007	Diamond Award	Sogo (K.L.) Department Store Sdn. Bhd.	Outstanding Annual Sales Year 2006 / 2007 for Multiple Brands Bedding Products
2007 / 2008	Diamond Award	Sogo (K.L.) Department Store Sdn. Bhd.	Outstanding Annual Sales Year 2007 / 2008 for *Jean Perry, Novelle* and *Louis Casa* Bed Linen

Year	Type	Awarded by	Comments / Reasons for award
2008 / 2009	Diamond Award	Sogo (K.L.) Department Store Sdn. Bhd.	Outstanding Achiever of Annual Sales for FYE 31 March 2009

6.12 Quality Control

Our Group places a high degree of emphasis on the quality of the products produced. Stringent quality controls are implemented in every aspect of our Group's business operations.

Our Group essentially adopts the following approaches to ensure that quality standards are internally maintained:

(i) in-coming materials such as fabrics have to undergo inspection and checking for fabric density in terms of thread counts, colour and prints prior to mass production. This is to ensure that the final end-products meet the desired requirements;

(ii) each level of the manufacturing process including cutting, sewing and stitching, quilting, finishing and packing has to go through a checking process for quality assurance;

(iii) quality checks in the form of inspections are also carried out with a sample of final products before despatching to customers; and

(iv) obtain feedback from our trade and retail customers pertaining to quality of our products.

In line with our emphasis on product quality, our Group is in the process of preparing for ISO 9001-2000 quality management system which is expected to be finalised in the third quarter of 2010. This would provide customers with the assurance of quality of our products. We have an in-house quality assurance department that enables our Group to undertake in-house quality assurance testing. As at the LPD, our Group had fourteen (14) experienced quality assurance personnel in our quality assurance team to ensure that the standard of product quality consistently meets the internal and external specifications and requirements.

6.13 R&D

R&D plays an important role for our Group, particularly in creating and sustaining competitive advantages for the past three (3) financial years through the following:

(i) creating new designs and collections;

(ii) selecting best practices in contemporary design and trends;

(iii) utilising new and innovative materials; and

(iv) improving manufacturing processes and techniques.

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Through R&D, we aim to realise the following benefits:

(i) sustain and grow our Group's business through development of new and improved range of designs and products;

(ii) create competitive advantages by leveraging from our Group's strong brand equity and emphasising the key differentiation of being an integrated own brand manufacturer and distributor of home linen and bedding accessories; and

(iii) increase revenue and profitability by addressing new markets and market segments with enhanced and new products and services.

6.13.1 Achievement in R&D

The bed linen collection currently produced by our Group includes:

(i) home linen; and
(ii) bedding accessories.

Each of the above type of products is made of different fabric materials, sizes and colours depending on the design.

As at the LPD vide our R&D activities, we have successfully developed approximately 2,500 different designs for our home linen, primarily for our bed linen collections since the commencement of our in-house design activities in 1988. One collection of bed linen may consist of a few designs, and for some designs there is a choice of a range of four (4) to eight (8) colours.

We also use various types of textile materials for our range of home linen, including cotton, jacquard, sateen, silk, polyester, rayon, blends of Egyptian cotton, percale cotton, down proof cotton and various blends of cotton and polyester.

6.13.2 On-going and Future R&D

Our Group's R&D is focused on the following areas:

- development of new range of window blinds;
- development of enhanced bed linen collection; and
- improvements in manufacturing processes.

(i) Development of New Range of Window Blinds

Our Group currently has the in-house capabilities to manufacture Roman blinds under the umbrella of window blinds. As part of our Group's product expansion plans, we plan to undertake R&D in developing and manufacturing a new range of window blinds. The use of fabric treated materials in window blinds utilises the strengths of our Group as well as complements our home linen and bedding accessories range of products. Generally, window blinds can be used for residential or commercial applications for windows or skylights. It is generally used for protection from sunlight or for privacy.

Our Group intends to launch the new range of window blinds by early 2010.

(ii) Development of Enhanced Bed Linen Collection

R&D on bed linen is an on-going process for our Group. This is important to ensure that we continue to attain and preserve our competitive advantages of being an innovative home linen and bedding accessories designer, manufacturer and distributor.

R&D activities in bed linen enable us to provide our customers with innovative designs and increased functional and aesthetics appeal. Our Group plans to undertake R&D to develop new ranges of enhanced bed linen collection targeting the premium segment of the market. The focus is on creating contemporary designs using new materials such as blend of two fabric materials, jacquard and cotton.

Our Group intends to launch a new range of bed linen collection targeting the premium market by early 2010.

(iii) Improvements in Manufacturing Processes

Our Group continuously focuses on process improvement, particularly in enhancing our manufacturing processes. This is critical as it has a direct impact on manufacturing efficiency, effectiveness and productivity.

Through improvements in manufacturing processes, our Group aims to achieve the following key benefits:

- increased cost competitiveness for our products;
- improved product quality;
- increased production volume; and
- improved customer satisfaction.

As such, our Group undertakes the R&D through:

- selection of best practices locally and abroad;
- continuous evaluation and improvement of existing processes and procedures to optimise workflow; and
- application of innovative and new technologies.

R&D in optimising our manufacturing process is important to the success of our Group's operation and sustaining our competitive advantages.

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6.13.3 R&D Facilities and Personnel

Our Group has the in-house R&D facilities, which enables our Group to carry out in-house R&D. Our Group is equipped with in-house designing tools such as CAD system to facilitate design activities including conceptualisation, drafting and computer generated prototypes. With in-house design facilities, our Group is able to undertake the following activities:

(i) Display virtual layouts of bed linen to test various aesthetics and functional designs. For example, featuring a combination of different types of bed linen such as bed sheets, pillowcases and comforters in 3-D design format to access colour coordination of the entire bedroom ambient and aesthetic appeal.

(ii) Able to modify and improve certain details such as embroidery or decorative stitching on the surface and edges of the linen, placing of embroidery designs, change of colour and size, as well as selection of fabric materials.

(iii) Create a computer-generated prototype on the final design, as this is crucial in new design development.

Our Group has the in-house capabilities to create and develop designs that cater to different sizes, life styles, activities and climatic conditions for local and overseas markets.

Our R&D facilities are located in Nilai, Negeri Sembilan Darul Khusus. As at the LPD, we have five (5) personnel who are directly involved in R&D activities including facilitating the design process. The R&D team is headed by our Group Chief Executive Officer / Managing Director. He oversees the R&D functions for our Group which includes design, colour selection, fabric quality, product development and product innovations.

In line with our Group's emphasis on product quality, our Group's in-house production home linen team supports the R&D operations by undertaking the following activities:

(i) sample checking and inspection during the entire production process;

(ii) inspection of incoming materials; and

(iii) checking and visual inspection of in-process works to ensure they meet specifications such as size and shape.

6.13.4 R&D Expenses

Details on R&D expenditure for the past three (3) financial years are as follows:

	FYE 30 June		
	2007 RM	2008 RM	2009 RM
Total R&D expenses	322,264	275,832	384,265
Total R&D expenses as a proportion of our total revenue	0.4%	0.3%	0.3%

6.14 Brand Names and Trademarks

We regard our brand names as critical to our continued success and have taken steps to protect our rights by registering currently marketed brands and brands reserved for future expansion as trademarks. Our Group has applied for registration / registered the following trademarks in the following countries as at the LPD:

Registered trademarks

Trademark	Registered owner	Country	Class	Trademark no.	Date of application	Date of registration	Expiry date
Diana	SYOSB	Malaysia	24	96002821	21.03.1996	21.03.1996	21.03.2013
Genova Letto	SFSB	Singapore	24	T0813980J	07.10.2008	07.10.2008	06.10.2018
Louis Casa Italy	SFSB	Singapore	24	T0813979G	07.10.2008	07.10.2008	06.10.2018
Jean Perry Paris	SYOSB	Singapore	24	T02/06098F	16.05.2002	16.05.2002	16.05.2012
Novelle Home	SYOSB	Singapore	24	T0627366F	13.12.2006	13.12.2006	13.12.2016

Application has been submitted but pending approval for registration

Trademark	Registered owner	Country	Class	Application no.	Date of application	Date of registration	Expiry date
Jean Perry Paris	SYOSB	Indonesia	24	D.2009.031671@	29.09.2009	@	@
Novelle Home	SYOSB	Indonesia	24	D.2009.031670@	29.09.2009	@	@
Ann Taylor Home Beaute	ETHSB	Malaysia	24	07019708*	08.10.2007	*	*
Niki Cains Living Culture	ETHSB	Malaysia	24	08013630*	11.07.2008	*	*
Oasis Nature's Finest Feel	ETHSB	Malaysia	24	08013635*	11.07.2008	*	*
RedDanielle Home	ETHSB	Malaysia	24	08013634*	11.07.2008	*	*

6. BUSINESS OVERVIEW *(Cont'd)*

Trademark	Registered owner	Country	Class	Application no.	Date of application	Date of registration	Expiry date
Home's Harmony Bed & Bath	MSB	Malaysia	24	06005448*	05.04.2006	*	*
Genova Letto	SFSB	Malaysia	24	08013632*	11.07.2008	*	*
Firenze Collezioni	SYOSB	Malaysia	24	08013631*	11.07.2008	*	*
Jean Perry Paris	SYOSB	Malaysia	24	06020008*	03.11.2006	*	*
Louis Casa Italy	SYOSB	Malaysia	24	07019709*	08.10.2007	*	*
Novelle Home	SYOSB	Malaysia	24	06020009*	03.11.2006	*	*
Sarah Miller	SYOSB	Malaysia	24	08013633*	11.07.2008	*	*
Jean Perry Paris	SYOSB	Vietnam	24	^	18.08.2009	^	^
Novelle Home	SYOSB	Vietnam	24	#	18.08.2009	#	#

Notes:

@ *Application has been submitted to the Directorate General of Intellectual Property Rights, Department of Law & Human Rights in Indonesia and is currently pending registration.*

* *Application has been submitted to the Intellectual Property Corporation of Malaysia ("MYIPO") and is currently pending registration.*

^ *This trademark has been submitted to the National Office of Intellectual Property ("NOIP") in Vietnam (Filing No. 4-2009-17370) through the Vietnamese agent. However, this application is currently pending the trademark number and registration.*

This trademark has been submitted to the NOIP in Vietnam (Filing No. 4-2009-17375) through the Vietnamese agent. However, this application is currently pending the trademark number and registration.

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6.15 Dependency on Patents, Licences, Industrial, Commercial or Financial Contracts

(i) Dependency on Patents

Save as disclosed in Section 6.14 of this Prospectus, our Group is not dependent on any other patents for our business operation.

(ii) Dependency on Major Licences

Save as disclosed in Section 6.18 of this Prospectus, our Group is not dependent on any other major licences.

(iii) Dependency on Industrial, Commercial and Financial Contracts

Save as disclosed in Section 6 of this Prospectus, our Group currently does not depend on any other contracts or arrangements including industrial, commercial or financial contracts which are material to our business or profitability.

6.16 Major Customers

The customers that account for 10% or more of our Group's total revenue for the past three (3) financial years up to the FYE 30 June 2009 are provided below:

No.	Major customers	Approximate length of relationship	% of our Group's total sales FYE 30 June		
			2007	2008	2009
		Years	%	%	%
1)	AEON CO. (M) BHD	24	24.3	23.1	23.9
2)	T.C. Homeplus Pte Ltd	12	16.2	17.0	14.2
	Total		40.5	40.1	38.1

For the FYE 30 June 2009, our top customer, AEON CO. (M) BHD accounted for 23.9% of our Group's total revenue. AEON CO. (M) BHD is involved in retailing operations and property management services in Malaysia.

T.C. Homeplus Pte Ltd is the next largest customer, which accounted for 14.2% of our Group's total revenue for the FYE 30 June 2009. Through T.C. Homeplus Pte Ltd, our Group's products would reach retailers or end-consumers in Singapore.

Please refer to Section 4.2.5 for the mitigating factors on our dependency on them.

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6.17 Major Suppliers

The suppliers that account for 10% or more of our Group's total purchases for the past three (3) financial years up to the FYE 30 June 2009 are provided below:

No.	Major suppliers	Approximate length of relationship	% of our Group's total purchases		
			FYE 30 June		
			2007	2008	2009
		Years	%	%	%
1)	Midas Arena Enterprise	1	-	-	20.3
2)	Syarikat Perniagaan Oriental	5	21.9	18.8	-
	Total		21.9	18.8	20.3

Purchases from Midas Arena Enterprise accounted for 20.3% of our Group's total purchases for the FYE 30 June 2009. The significant increase in our Group's purchases from Midas Arena Enterprise for the FYE 30 June 2009 was due mainly to the better terms and services offered by Midas Arena Enterprise. Midas Arena Enterprise supplied bed linen, fabric, towel, pillow, rug, cushion covers, curtain and curtain accessories, and interior items to our Group.

We are not dependent on any single supplier as our purchases are easily sourced from various readily available suppliers, as the purchases of our Group are not made of highly specialised items. Hence, our Group has the liberty to engage other readily available suppliers who can provide our Group with better services and rates without compromising on our Group's required quality.

6.18 Approvals, Major Licences and Permits

As at the LPD, save as disclosed below, there are no other approvals, major licences or permits obtained by our Group.

(i) Licence agreement

Subsidiary	Licensor	Types of approval / major licence / permits	Validity period	Equity, employment and / or other major conditions imposed	Note
SYOSB	Warner Bros. Consumer Products Inc., USA	Licence to manufacture, distribute and sell products under the "Looney Tunes" copyrighted characters and names	01.12.2008 to 31.12.2009	None	Approximate ten (10) years of relationship and the licence agreement is renewed on a yearly basis upon expiration

Based on the above licence agreement, SYOSB are allowed to manufacture, distribute and sell products under the "Looney Tunes" copyrighted characters and names in department stores, home furnishing stores, hypermarkets and general merchandise outlets in Malaysia and Singapore only.

(ii) Business licences

Subsidiary	Issuing body / Approving authority	Types of approval / Major licence / Permits	Issuance date / Validity period	Equity, employment and / or other major conditions imposed	Account / Licence / Registration no.
MSB	Dewan Bandaraya Kuala Lumpur	Premise Licence - Cheras Leisure Mall outlet	01.01.2009 to 31.12.2009	None	1000147504
	Dewan Bandaraya Kuala Lumpur	Business Premise Licence - Hartamas Shopping Centre outlet	22.12.2008 to 21.12.2009	None	01200162008
	Dewan Bandaraya Kuala Lumpur	Premise Licence - Leboh Pudu outlet	01.01.2009 to 31.12.2009	None	1000147507
	Dewan Bandaraya Kuala Lumpur	Premise Licence - Leboh Pudu outlet	01.01.2009 to 31.12.2009	None	1000147505
	Dewan Bandaraya Kuala Lumpur	Premise Licence - Leboh Pudu outlet	01.01.2009 to 31.12.2009	None	1000147506
	Majlis Bandaraya Johor Bahru	Business Premise Licence - Plaza Pelangi outlet	01.01.2009 to 31.12.2009	None	02602912005
	Majlis Perbandaran Johor Bahru Tengah	Business Premise / Advertisement Licence - Aeon Tebrau City outlet*	01.01.2009 to 31.12.2009	Please refer to Note *(a)* below.	L0223900138
	Majlis Perbandaran Johor Bahru Tengah	Business Premise Licence - Tesco Tebrau outlet	05.02.2009 to 31.12.2009	None	L0223970005
	Majlis Bandaraya Petaling Jaya	Trade, Business and Industrial Licence - 1 Utama outlet	02.01.2009 to 31.12.2009	Please refer to Note *(b)* below.	L160000067658
	Majlis Perbandaran Subang Jaya	Business Licence - IOI Mall outlet	01.01.2009 to 31.12.2009	None	2119970800018
	Majlis Perbandaran Shah Alam	Business Licence - Plaza Shah Alam outlet	^	^	^
	Majlis Perbandaran Subang Jaya	Business Licence - The Mines Shopping Fair outlet	01.01.2009 to 31.12.2009	None	2120001100038

6. BUSINESS OVERVIEW *(Cont'd)*

Subsidiary	Issuing body / Approving authority	Types of approval / Major licence / Permits	Issuance date / Validity period	Equity, employment and / or other major conditions imposed	Account / Licence / Registration no.
MSB *(Cont'd)*	Majlis Perbandaran Subang Jaya	Business Licence - Sunway Pyramid outlet	01.01.2009 to 31.12.2009	None	2120071200044
	Majlis Perbandaran Pulau Pinang	Business Licence - Gurney Plaza outlet	27.03.2009 to 31.12.2009	None	201495562751
	Majlis Perbandaran Pulau Pinang	Business Licence - Queensbay Mall outlet	28.05.2007 to 31.12.2009	None	207210067054
SFSB	Majlis Perbandaran Nilai	Business Licence	01.01.2009 to 31.12.2009	None	L0003592-6

Notes:

* *This premise is rented by Senheng Electric (KL) Sdn. Bhd. which has subsequently sub-letted part of its retail space to MSB.*

^ *Majlis Bandaraya Shah Alam had vide its letter dated 29 October 2009 confirmed that MSB has made an application for the business licence for this premise and that it has no objection to MSB carrying out business activities at this premise. MSB is pending the issuance of the business licence.*

(a) *The hiring of any foreign workers is prohibited unless with the permission and confirmation from the Immigration Department.*

Any changes / additions to any of the buildings must be done with the approval of the Majlis Perbadanan Johor Bahru Tengah ("MPJBT").

Any setting up of advertisement boards or banners / buntings must be with the approval from MPJBT.

(b) *Not allowed to use illegal foreign workers.*

Prior planning approval from the Jabatan Pembangunan and Jabatan Kawalan Bangunan Majlis Bandaraya Petaling Jaya must be obtained if it is involved with the modification of the building, additional construction and change in status of the use of the building / land.

(iii) Other licences

Subsidiary	Issuing body / Approving authority	Types of approval / Major licence / Permits	Issuance date / Validity period	Equity, employment and / or other major conditions imposed	Account / Licence / Registration no.
ETHSB	Majlis Perbandaran Nilai	Store Licence	01.01.2009 to 31.12.2009	None	L0010873-5

Subsidiary	Issuing body / Approving authority	Types of approval / Major licence / Permits	Issuance date / Validity period	Equity, employment and / or other major conditions imposed	Account / Licence / Registration no.
SFSB	Malaysian Industrial Development Authority	Status of International Procurement Centre ("IPC")	08.05.2003	Please refer to Note *(a)* below.	MIDA Ref No. 200/9/2/8 (IPC)
	Ministry of International Trade and Industry	Manufacturing Licence	06.12.2000	Please refer to Note *(b)* below.	A012475
	Royal Malaysian Customs	Approval to conduct IPC activities	01.10.2009 to 30.09.2010	Please refer to Note *(c)* below.	KE.HE(83)264/ 06-57(2)
	Royal Malaysian Customs	Sale of finished goods in local market	01.10.2009 to 30.09.2010	None	KE.HE(83)264/ 3314(46)
	Royal Malaysian Customs	Warehouse Licence	01.10.2008 to 30.09.2010	Please refer to Note *(d)* below.	56914
	Royal Malaysian Customs	Manufacturing Warehouse Licence	01.10.2008 to 30.09.2010	Please refer to Note *(d)* below.	038601
SYOSB	Dewan Bandaraya Kuala Lumpur	Premise Licence: Warehouse Licence	16.02.2009 to 15.02.2010	None	1000063557
	Dewan Bandaraya Kuala Lumpur	Premise Licence: Warehouse Licence	16.02.2009 to 15.02.2010	None	1000063582

Notes:

(a) *The paid up capital of the company must be not less than RM0.5 million (Ringgit Malaysia Five Hundred Thousand).*

The company has to incur operating expenditure of not less than RM1.5 million (Ringgit Malaysia One Million Five Hundred Thousand) a year.

The company's gross sales must reach at least RM50 million in the third year of operation.

The company is only allowed to handle goods in accordance to the sales structure (local sales and import / export) as stated in Enclosure B of the license. Any changes to the composition of goods and / or sales structure must get prior approval from the Malaysian Industrial Development Authority ("MIDA").

The company is to apply for separate approval from the Ministry of Finance or the Royal Customs Malaysia, where applicable, in order to carry out IPC activities either in the Free Industrial Zone, Licensed Manufacturing Warehouse ("LMW") or "Public / Private Bonded Warehouse".

The company is to furnish yearly IPC financial reports to MIDA every year together with detailed information in relation to the goods handled and the sales structure (import, export, local sales and etc.) through the IPC Form / Annual Performance Report.

(b) *This company is exempted from equity conditions. In the event the company's shareholders' funds reach RM2.5 million, the company is to inform the MITI in writing.*

The company is to obtain the written approval from MITI prior to signing any agreement for the transfer of technology with any foreign party, for instance:

- *Joint venture agreement*
- *Technical assistance and "Know-how" agreement*
- *License agreement*
- *Trademark and patent agreement*
- *"Turnkey" agreement*
- *Management agreement*

The above conditions shall not be applicable for the purchase of machinery which requires technical assistance from the maker of the machines to supervise the installation and initial operation of the said machines.

The company shall as far as possible, appoint local Malaysian owned companies to distribute its goods in the local market and also to appoint Bumiputera distributors to distribute at least thirty percent (30%) of its sales in the local market. The selection and appointment of Bumiputera distributors is to be done after negotiations with MITI. The appointment of foreign companies as distributors must be first approved by MITI.

(c) *The licensee is to furnish to the control station, a monthly statement for the IPC activities on or before the 10th day of the following month. The statements are to be certified by the company's accountant which contains the details as stated on the license.*

This approval may be revoked / cancelled at any time without any reason in the event the licensee breaches any of the conditions which have been set out.

(d) *Any changes to the building structure and equipment on the premises which has been licensed is not allowed unless with the written approval from the State Director of Customs.*

The licensee is to furnish to the Customs Office, Customs and Industry Department a monthly statement in Bahasa Malaysia on or before the 28th day of the following month. The statements have to be certified by the company's accountant details of which are as stated on the license.

Not less than sixty percent (60%) of finished goods (according to value) is for export, and not more than forty percent (40%) of finished goods is for local market.

A general bond of RM64,000 is to be furnished to secure the duty / tax on raw materials / components, finished foods stored in the LMW and transfer of dutiable goods.

The licensee is to inform the Customs Officer who controls the factory in writing when one of the following events occur:

(i) *Changes to the company's Board of Directors*

(ii) *A resolution has been passed to wind up the company*

(iii) *A winding up order has been made against the company*

(iv) *A liquidator or receiver has been appointed*

(v) *The company is involved in any civil claims suit, bankruptcy, cessation, closure of industry and others*

This license can be revoked at any time in the event that any breach of conditions under the Customs Act 1967 or any regulation in force thereunder.

It should be noted that some of the above-mentioned licenses are nearing its expiry dates. However, in line with the industry norm and practice, all these licenses will be renewed with the relevant issuing body as it draws nearer to the expiry dates. Our Group has in the past, not experienced any difficulties in getting these licenses renewed.

6.19 Seasonality

Despite that the demand for home linen are continuously growing and applies throughout the year, generally, our Group's business experiences higher sales during the festive seasons such as Hari Raya Aidilfitri, Christmas, Chinese New Year and Deepavali as well as the nationwide sale carnivals.

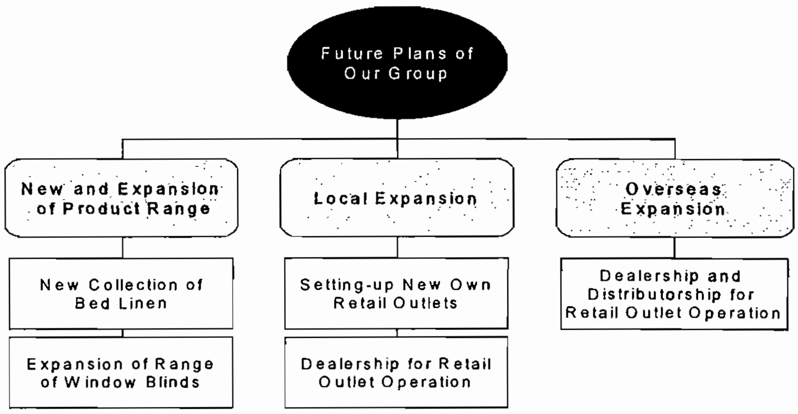
6.20 Interruptions in Business

Our Group has not experienced any material disruptions in our business activities which had a significant effect on our operations during the past twelve (12) months prior the LPD.

6.21 Future Plans, Strategies and Prospects

6.21.1 Overview of Future Plans and Strategies

Our future plans are focused in the following three (3) key areas as depicted in the figure below:



(i) New and Expansion of Product Range

In order to grow our business while maximising our core competencies in design and manufacturing of home linen and bedding accessories, we intend to expand our current range of products. Our Group's product expansion will cover the expansion of our existing range of bed linen and window blinds.

(a) Expansion of Bed Linen Collection

Part of our Group's plan is to create a new range of bed linen collection targeting the upper end of the premium segment of the market. The focus will be on creating contemporary designs with the use of new materials such as a blend of two (2) fabric materials, namely jacquard and cotton.

We will also create and promote a new brand for this premium line. This will ensure delineation among some of our existing own brands. We plan to commercialise this new range of bed linen collection in early 2010.

(b) Expansion of Range of Window Blinds

Our Group currently manufactures Roman blinds. Our Group intends to undertake R&D on other types of window blinds using fabric treated materials. The new range of window blinds will serve to complement our Group's home linen and bedding accessories range of products. These blinds are targeted at the residential and commercial sectors.

The expansion of the range of window blinds leverages from our Group's core competencies in design and manufacturing of home linen to designing and manufacturing fabric-based window blinds.

This expansion in product range will provide our Group with business growth and diversification into new markets. Our Group plans to commence the design and manufacturing of the new range of window blinds by early 2010.

(ii) Local Expansion

(a) Setting-up Retail Outlets

Currently our Group has thirteen (13) fully owned retail outlets in Malaysia. Of this, twelve (12) fully owned retail outlets are operating under "Home's Harmony" brand name, and another one (1) fully owned retail outlet is operating under "Home's Warehouse". We plan to expand our network of retail outlets to cater for market expansion.

We intend to establish two (2) additional retail outlets by 31 December 2010.

The establishment of additional outlets will provide our Group with timely market feedback on our marketing efforts and products, particularly in terms of design and pricing, in meeting end customers needs. Moreover, with our Group's existing retail outlets, supporting infrastructure in terms of marketing, distribution, logistics, administration and management are already in place. As such, increasing the number of retail outlets would leverage from our existing infrastructure without proportionately increasing our overheads. Further, increasing the number of retail outlets would increase economies of scale for our retail operations.

(b) Setting-up Third Party Retail Locations

Currently our Group has seventy-six (76) third party retail locations in Malaysia, which include departmental stores, specialty stores and hypermarkets. We plan to expand our network of third party retail locations to cater for market expansion.

We intend to establish eight (8) additional third party retail locations by 31 December 2010.

(c) Dealership for Retail Outlet Operations

Our Group currently operates thirteen (13) fully owned retail outlets in Malaysia. In addition, our Group has appointed a dealer in Kuching, Sarawak to cover Sarawak market. The dealer owns and operates one (1) retail outlet under the "Home's Harmony" brand name. As part of our retail strategy, we plan to appoint additional dealers to further expand our retailing operations in Malaysia. This will enable us to extend our market coverage without the need for significant investment.

The appointed dealer will operate the retail outlets under the "Home's Harmony" brand and will exclusively carry all of our Group's products. The retail outlets will be owned and managed by the selected appointed dealers. Our Group plans to appoint new dealers in Malaysia by the end of 2010.

(iii) Overseas Expansion

(a) Dealership and Distributorship for Retail Outlet Operations Overseas

We intend to duplicate our dealership and distributorship strategy in Malaysia to a number of overseas countries.

Our Group plans to appoint dealers and distributorship in Vietnam, Indonesia and Philippines by 2010. For the FYE 30 June 2009, our Group has managed to secure sales to new customers from Mozambique, New Caledonia and Fiji. As our past dealings with these export markets have been largely favourable, our Group would continue in our overseas sales and distribution efforts to penetrate new countries such as Japan and Philippines in the next twelve (12) months.

6.21.2 Prospects of Our Group

The prospects of our Group's are favourable in light of the following factors:

- good business performance;
- competitive advantages;
- diverse export markets; and
- future plans to provide sustainable growth.

(i) Good Business Performance

Our Group's good business performance is supported by the following financial achievements for the FYE 30 June 2009:

- revenue grew by 27.3%;
- PBT margin grew by 6.7%; and
- PBT margin was 14.3% amounting to RM18.6 million.

Between FYE 30 June 2005 and 2009, the financial performance of our Group was as follows:

- average annual growth rate for our revenue was 17.1%;
- average annual growth rate for our PBT was 12.3%; and
- average annual growth rate for our PBT margin was 11.0%.

The continuing growth of our Group's financial performance over the last five (5) years will provide the platform for continuing business success and growth.

(ii) Competitive Advantages

Our Group's competitive advantages will provide a platform for continuing growth and success. Please refer to Section 6.10 of this Prospectus for further details of our Group's competitive advantages.

(iii) Diverse Export Markets

Export markets provide significant growth opportunities for us. Success in export markets will increase the prospects of our Group by providing a larger market base for our products and at the same time diversify any over-dependency on the local market.

Our advantage is that our export growth will be built on the existing platform of export activities. For FYE 30 June 2009, we have exported to nine (9) countries, including Singapore, Taiwan, Turkey, Vietnam, Australia, Brunei, Mozambique, New Caledonia and Fiji, generating revenue of RM27.7 million, representing 21.3% of our total Group's revenue for that year.

(iv) Future Plans to Provide Sustainable Growth

Our Group's future plans are synergistic to our existing business to provide growth and at the same time prudent to minimise business risk.

These future plans include:

- venture into premium home linen collections;
- expansion of range of window blinds;
- setting-up new retail outlets and appointing business partners in Malaysia; and
- appointing business partners overseas.

Though we will actively pursue growth in the future, we have in the past been conservative in our expansion efforts to mitigate any business risk and will continue to exercise caution whilst expanding our operations.

Our Group's commitment towards R&D and our marketing strategies will ensure sustained growth and continued acceptance of our products in the home linen industry. Premised on our future plans and strategies as highlighted above, our key competitive strengths and advantages as set out in Section 6.10, the outlook and prospects of the home linen industry as set out in Section 7.5, our Board is of the view that our Group is well positioned to enjoy positive growth and favourable prospects in the foreseeable future.

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7. INDUSTRY OVERVIEW

7.1 Overview and Outlook of the Global Economy

The global economy showed increasing signs of stabilisation in the second quarter following improvements in the international financial markets. In the major advanced economies, while overall economic conditions continued to remain weak, the pace of decline in economic activity has slowed. A similar trend has also been observed in most regional economies following stabilisation in exports and production. To a large extent, the gradual improvement in economic conditions in the global economy could be attributed to policy measures undertaken to stabilise the financial systems in the advanced countries as well as the cumulative effects of fiscal and monetary stimulus for most economies.

In the USA, real Gross Domestic Product ("GDP") contracted in the second quarter, but at a slower annualised rate of 1% (1Q 09: -6.4%), making it the fourth consecutive quarter of contraction and the longest economic contraction since 1947. While increased public sector spending and improvements in net exports provided support to growth, the decline in overall GDP was due to the continued contraction in private consumption expenditure and private fixed investment as well as inventory drawdown.

Going forward, with increasing signs of stabilisation in economic indicators for most economies in July and early August, global economic conditions are expected to improve further in the second half of the year. Nonetheless, the sustainability of growth prospects will depend crucially on the recovery in private sector demand in the advanced economies, which in turn is conditional on the resumption of lending activities by the financial institutions. This will, to some extent, influence the growth outlook for the Asian region.

(Source: Bank Negara Malaysia Quarterly Bulletin, Second Quarter 2009)

7.2 Overview and Outlook of the Malaysian Economy

The Malaysian economy contracted at a slower pace of 3.9% in the second quarter (First quarter 09: -6.2%), due mainly to higher public spending and positive growth in private consumption. Nonetheless, growth continued to be affected by the decline in external demand and weak private investment activity. The contraction in external demand reflected weak global demand and was exacerbated by the high base effect due to strong export performance in the second quarter of 2008. On the supply side, all economic sectors recorded improved performance.

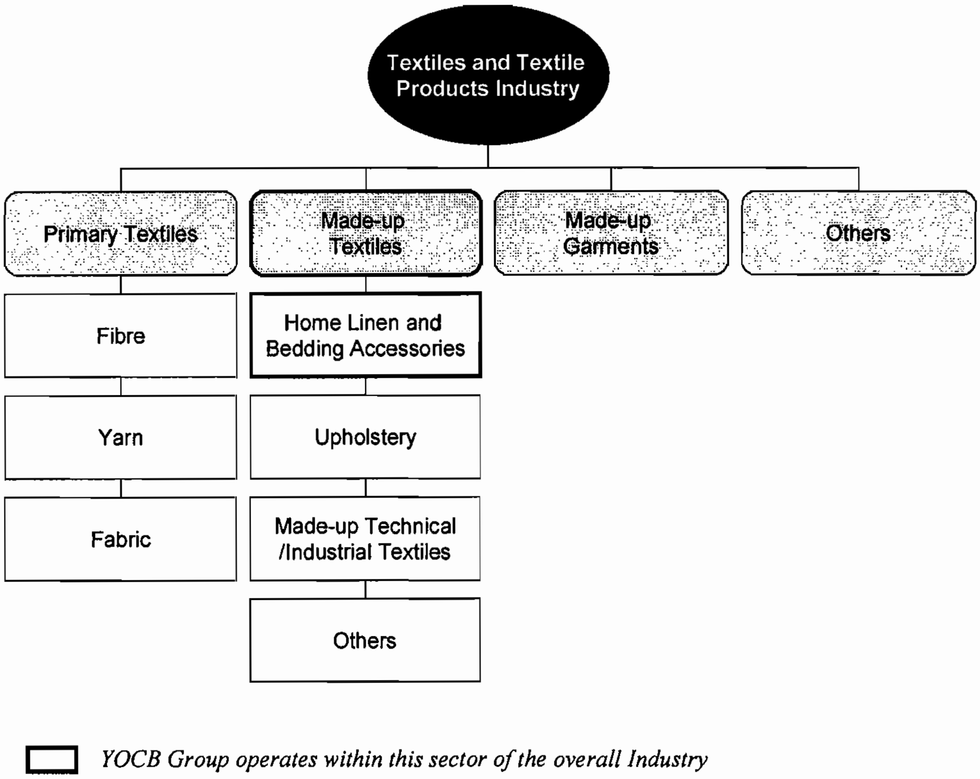
There are increasing signs that conditions in the global economy are stabilising. In the major advanced economies, the pace of the decline in economic activity is moderating, while conditions in the international financial markets have broadly improved. These improvements were the result of the cumulative effects of extensive policy measures undertaken to stabilise the financial markets and to support the economy. There is also evidence that economic activity in the regional economies is picking up. Economic recovery, however, is likely to be slow as most advanced economies are still undergoing adjustments amidst on-going deleveraging activity in the private sector.

The domestic economy continued to be affected by the weak global economic activity in the second quarter as reflected in the continued sharp decline in exports. However, recent indicators, including industrial production, export growth and conditions in the labour market, point towards stabilisation of the domestic economy. Going forward, the expectation remains that the domestic economy will improve in the second half of the year, to be supported by a recovery in domestic demand following improvements in labour market conditions, as well as business and consumer sentiments. The stabilisation of the global economy is also expected to contribute to the improvement in the domestic economy in the second half of the year.

(Source: Bank Negara Malaysia Quarterly Bulletin, Second Quarter 2009)

7.3 Overview of the Textiles and Textile Products Industry

The overall textiles and textile products industry can be broadly categorised as follows:



7.3.1 Made-up Textiles

Made-up textiles comprise home linen, bedding accessories, upholstery and made-up technical or industrial textiles.

(i) Home linens are generally textile-made cloths, sheets, cases and coverings for household use. Some of the common home linens are bed linens, bath linens, table and kitchen linens, curtains, floor covering and others are as follows:

- Bed linens refer to textile-made sheets, cases and coverings for bed and bedding products. It includes products such as bed sheet, bedspread, blanket, bed skirt, quilt cover, comforter or duvet cover, pillow and bolster cases.

- Bath linens refer to textile-made articles for bathroom use. Some of the common products are hand, face and body towels, bath mats and bathrobes.

- Table and kitchen linens are textile-made sheets, coverings and cloths for dining and kitchen uses. There are various types of table and kitchen linens including, among many others, tablecloth, napkin, dishcloth, place mat and apron.

- Curtains are used as decoration or for covering or shading.
- Floor covering refers to textile-made coverings for the floor which includes rugs or floor mat.
- Others refer to other types of textile-made articles for household use that are not listed above such as cushion cover and couch slipcover used to encase cushion and couch seats.

(ii) Bedding accessories refer primarily to other bedding products such as quilt, duvet or comforter, pillow, bolster, mattress and mattress protector.

(iii) Upholstery refers to materials such as fabric, padding, webbings and springs used to make a soft covering for furniture.

(iv) Made-up technical or industrial textiles refer to textile materials and products intended for end uses other than clothing, floor covering, and household furnishing, where the fabric or fibrous component is selected principally, but not exclusively, for its technical performance and functional properties as opposed to aesthetic or decorative characteristics, for example, insulation and roofing materials for construction works, car mat and lining, safety belt, airbag, fishing net, parachute, tarpaulin and many others.

(v) Others include household products made from textile materials such as kitchenware like potholder and oven mitts.

Our Group is a manufacturer and retailer of a wide variety of home linen including bed sheets, bedspreads, bed skirts, quilt covers, pillow cases, bath linen, curtain and cushion covers. Some of the bedding accessories that are manufactured and retailed by us include pillows, bolsters, quilts, comforters, mattress protectors and pillow protectors.

(Source: IMR Report)

7.4 Overview of the Home Linen Industry

7.4.1 Introduction

The home linen industry plays an important role in the growth and development of the Malaysian economy and this is substantiated by the following:

(i) In 2008, the export value of made-up articles, wholly or chiefly of textile materials, not elsewhere specified reached approximately RM263.4 million.

(ii) In 2008, the export value of bed linen, table linen, toilet linen and kitchen linen amounted to RM78.8 million.

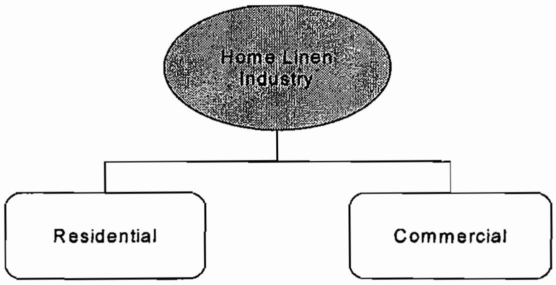
(iii) In 2008, the export value of mattress supports, articles of bedding and similar furnishing fitted with springs or stuffed or internally fitted with any material or of cellular rubber or plastics whether or not covered reached RM241.4 million.

In addition to its contribution to the nation's foreign exchange earnings, the home linen industry also contributes towards employment generation, value-added creation and income generation. The growth of the home linen industry has also contributed to the development of Original Brand Manufacturers ("OBM") with the creation of own in-house designs. This is in line with the Malaysian Government's emphasis on moving up the value chain by focusing on brand development and promotions, product planning and marketing.

(Source: IMR Report)

7.4.2 Market Segmentation

The market for home linen is segment as follows:



The home linen industry comprises two (2) main sectors namely residential or consumer and the commercial market:

Residential: A large majority of home linen caters to the residential market. There are many brands in this market, targeting various segments including low, medium and high end of the market. The residential market caters specifically to the end-consumers.

Home linen that is sold in retail channels such as hypermarkets are generally aimed at the lower and medium segments of the market. Brands that cater to the medium to high residential markets normally distribute their products in departmental stores.

Home linen and homeware can also be found in individual and specialty stores. As with departmental stores, individual and specialty stores serve the overall residential and consumer markets.

Commercial: Commercial sector is whereby home linen is specifically manufactured and sold to the hospitality, healthcare and food services industries. The home linen supplied to these industries is normally customised to suit the client's needs.

Currently, our Group's home linen products are targeted at both the residential and commercial markets.

(Source: IMR Report)

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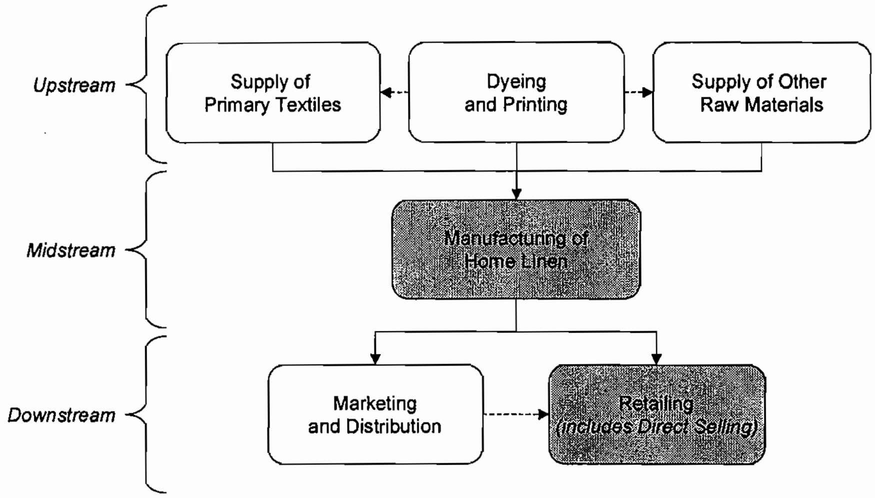
The home linen industry can be also vertically extended to include upstream, midstream and downstream activities as follows:



YOCB Group operates within these sectors of the industry

Upstream activities primarily involve manufacturing and processing of primary textiles and other raw materials such as threads, buttons and others. These raw materials are major inputs for the manufacturing of home linen. It also includes colour dyeing and printing of patterns on fabrics.

The midstream activities involve contract manufacturing, licensed manufacturing and manufacturing of own brands of home linen.

Downstream activities involve marketing, distribution and retailing of home linen. Marketing and distribution organisations include agents, importers, stockists, wholesalers as well as brand owners.

YOCB Group is principally involved in the design, manufacturing, distribution, retailing and trading of home linen, homeware and bedding accessories. YOCB Group currently manufactures and retails its own brands and third party's brands.

(Source: IMR Report)

7.4.3 Future Growth

(i) New Export Markets

There are significant opportunities for manufacturers of home linen to expand into export markets. This is supported by the fact that the export value of bed linen, table linen, toilet linen and kitchen linen registered an average annual growth rate of 13.1% between 2004 and 2008.

In 2008, Malaysia's major export markets for bed linen, table linen, toilet linen and kitchen linen include among others, Singapore, Japan, Taiwan, China, United Arab Emirates, Turkey, the United States, Hong Kong and Mexico.

The continuing growth in the export of home linen indicates a strong export market demand, which creates opportunities for local manufacturers of home linen.

(ii) Building Brand Equity

In the home linen industry, branding and development of brand equity is important for manufacturers who wish to command a premium for their products. Apart from product designs and quality, branding is important in enabling manufacturers to distinguish themselves from competitors and cultivate customer loyalty. There are opportunities for local operators to build strong brand equity by focusing on marketing, promotions and brand development.

(iii) Franchising

Within the home linen industry, there are opportunities for franchising of retail outlets. This system enables operators to expand the number of retail outlets without the need for capital investment or involvement in direct management and operations.

The range of home linen is mainly sourced and supplied by the main franchisors whereby, product quality, image and marketing will be centrally controlled. Franchising systems will provide franchisors with royalties and also increase brand recognition and development of a wide distribution network of resellers.

Franchising systems are also exportable, thereby providing incremental profits beyond the local market. Local home linen manufacturers that have developed a successful brand of retail outlets would be able to optimise from this franchising system.

(Source: IMR Report)

7.4.4 Demand Conditions

YOCB Group's business is principally involved in the design, manufacturing, distribution, and retailing of home linen and bedding accessories. As the demand for home linen is largely dependent on the consumer market, the following is an analysis of the factors that will impact on the consumption of home linen including:

(i) local market demand; and
(ii) overseas in terms of export market demand.

The following sub-sections assess the performance of the consumer market, which will impact on the demand for home linen.

(i) Population Growth

Between 2005 and 2009, the population of Malaysia is forecasted to grow at an average annual rate of 2.0%. In 2009, the population of Malaysia is expected to increase by 2.2% to reach 28.3 million.

The population of Malaysia is projected to grow at an average rate of 1.6% per annum between 2006 and 2010. It is forecasted that the population in Malaysia will reach approximately 29 million by 2010.

(ii) Household Income and Expenditure

Between 1999 and 2004, the mean monthly gross household income increased from RM2,472 to RM3,249, which represented an average annual growth rate of 5.6%.

Between 1998/99 and 2004/05, the average monthly expenditure per household increased at an average annual rate of 3.0%. The average monthly expenditure per household increased from RM1,631 for year 1998/99 to RM1,953 for year 2004/05.

Between 1998/99 and 2004/05, the average monthly expenditure per household on household textiles (a sub-sector of furnishings, household equipment and routine household maintenance) declined at an average annual rate of 1.1%. In 2004/05, the average monthly household expenditure on household textiles was RM5.01.

(iii) Retail Sales

Between 2003 and 2007, the sales value of the retail of textiles, linens, towels and blankets decreased at an average annual rate of 3.7%. However in 2007, the sales value of the retail of textiles, linens, towels and blankets increased by 19.9% to reach RM1.5 billion.

(iv) Exports

Between 2004 and 2008, the export value of made-up articles, wholly or chiefly of textile materials, not elsewhere specified registered an average annual growth rate of 14.1%. In 2008, the export of this category of products increased marginally by less than 1.0% to reach RM263.4 million.

Between 2004 and 2008, the export value of bed linen, table linen, toilet linen and kitchen linen registered an average annual growth rate of 13.1%. However, in 2008, the export value of this category of products decreased by 29.1% to RM78.8 million.

Between 2004 and 2008, the export value of mattress supports, articles of bedding and similar furnishing fitted with springs or stuffed or internally fitted with any material or of cellular rubber or plastics, whether or not covered (including pillows, eiderdowns, quilts and cushions) increased at an average annual rate of 13.2%. In 2008, the export value of this category of products grew by 13.4% to reach RM241.4 million.

(Source: IMR Report)

7.4.5 Supply Conditions

The major raw materials required for the manufacturing of home linen and homeware are natural and man-made fibres; and yarns and fabrics.

(i) Local Production

Between 2004 and 2008, the sales value of natural fibre spinning, weaving of textiles decreased at an average annual rate of 14.3%. In 2008, the sales value of these products declined by 21.8% to RM184.7 million.

Between 2004 and 2008, the sales value of man-made fibre spinning, weaving of textiles decreased at an average annual rate of 1.3%. However, in 2008, the sales value of these products increased by 12.7% to RM2.8 billion.

Between 2004 and 2008, the sales value of dyeing, bleaching, printing and finishing of yarns and fabrics (excluding batik) decreased at an average annual rate of 0.8%. In 2008, the sales value of these products declined by 1.8% to RM804.4 million.

Between 2004 and 2008, the production quantity of cotton cloth increased at an average annual rate of 3.4%. In 2008, the production quantity of cotton cloth increased by 27.7% to reach 200.7 million metres.

(ii) Imports

Between 2004 and 2008, the import value of cotton fabrics, woven (not including narrow or special fabrics) decreased at an average annual rate of 10.1%. In 2008, the import value of this type of materials declined by 38.3% to RM273.8 million.

Between 2004 and 2008, the import value of fabrics, woven, of man-made textile materials (not including narrow or special fabrics) decreased at an average annual rate of 3.4%. In 2008, the import value of this type of materials declined by 14.7% to RM616.9 million.

Between 2004 and 2008, the import value of woven textile fabrics increased at an average annual rate of 13.5%. In 2008, the import value of woven textile fabrics grew by 16.6% to reach RM146.3 million.

Between 2004 and 2008, the import value of woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170 gram per square metre, decreased at an average annual rate of 17.0%. In 2008, the import value of this category decreased by 48.9% to RM42.3 million.

Between 2004 and 2008, the import value of woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200 gram per square metre, declined at an average annual rate of 10.2%. In 2008, the import value of this category decreased by 27.4% to RM89.7 million.

Between 2004 and 2008, the import value of woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200 gram per square metre, decreased at an average annual rate of 9.5%. In 2008, the import value of this type of materials declined by 41.6% to RM151.1 million.

(Source: IMR Report)

7.4.6 Market Size, Market Share and Position

(i) Market Size

In 2008, the market size of the household textiles (including home linen) in Malaysia was estimated at **RM600 million** based on average household expenditure on household textiles.

(ii) Market Share

In 2008, our Group's market share of the household textiles (including home linen) in Malaysia was approximately **22%** based on our Group's revenue of RM130.1 million for the FYE 30 June 2009.

(iii) Market Position

Based on our Group's total revenue of RM130.1 million for the FYE 30 June 2009, our Group is one of the major companies involved in the manufacture and / or specialised retailing of home linen and homeware in Malaysia in 2009.

(Source: IMR Report)

7.4.7 Industry Players and Competition

7.4.7.1 Manufacture of Home Linen

In general, operators in the manufacturing of home linen products in Malaysia face normal competitive conditions which is similar to a free enterprise environment where there are no undue government regulations or licensing requirements, there are many operators, operators may enter and leave the industry with relative ease, and no one operator is large enough to dictate product pricing. In such an environment, the industry is also subjected to normal supply and demand conditions moderated by the price mechanism. Operators compete on product and service differentiations, and other factors of competition. As with most free enterprise environment, competition is based on a number of factors, including:

- product quality;
- distribution coverage;
- product design; and
- branding.

Competition among manufacturer and suppliers of the home linen products within Malaysia is based on the following observations:

- As at July 2009, there were an estimated twenty (20) manufacturers producing various types of made-up textile products such as bed linen, table linen and carpets.
- Capital requirements for setting up a medium size manufacturing facility costs about RM6 million including machinery and equipment and working capital.
- Technical skills and knowledge required also forms a barrier to entry, therefore reducing the competitive intensity.
- Branding could also help to reduce the competitive intensity in the consumer market. Manufacturers who develop their own brands and focus on promotions and advertisements to gain brand recognition will be in a better position to compete in this industry.
- Competition also comes from imports of home linen. Between 2004 and 2008, the import value of made-up articles, wholly or chiefly of textile materials, not elsewhere specified grew at an average annual rate of 16.4%. In 2008, the import value of made-up articles, wholly or chiefly of textile materials, not elsewhere specified increased by 7.3% to reach RM325.3 million.

(Source: IMR Report)

7.4.7.2 Retailing of Home Linen

Competition among retailers in the home linen industry within Malaysia is based on the following observations:

- Capital requirements for setting-up a simple retail operation selling home linen products costs about RM500,000.
- Home linen products can easily be found in supermarkets, departmental stores, specialty stores and through the internet and direct selling.
- Competition is further fuelled by a number of other factors, including among others:
  - product pricing;
  - product design;
  - product quality;
  - retailer's reputation;
  - product branding; and
  - location of retail outlets.
- As with the manufacturing industry, retailers also face competition from imports of home linen.

(Source: IMR Report)

7.4.7.3 Players in the Industry

As at July 2009, there were an estimated twenty (20) manufacturers in Malaysia producing various types of made-up textile products such as bed linen, table linen and carpets. Some of the players in the manufacture, marketing and distribution, and retail of Home Linen in Malaysia, among many others, include AHD Furnishing International Sdn Bhd, Aussino Malaysia Sdn Bhd, Benden Production Sdn Bhd, Century Furnishing Enterprise Sdn Bhd, Eastern Decorator Sdn Bhd, Eadeco Sdn Bhd, Fibreco Manufacturer (M) Sdn Bhd, First Linen Products Sdn Bhd, Friven (Malaysia) Sdn Bhd, Friven & Co Lifestyle Sdn Bhd, Heritage Moments Sdn Bhd, Laptex Sdn Bhd, Living Quarters Sdn Bhd, Macy Home Furnishings Sdn Bhd, Sutera Hebat Sdn Bhd, Q Industries & Enterprise (M) Sdn Bhd, Winitex Sdn Bhd and the YOCB Group.

(Source: IMR Report)

7.4.8 Substitute Product

Generally, there are no direct substitutes for the majority of the home linen products made from textiles such as bed linen or bath linen. The only viable alternative is not to use these products at all or alternatives may come from the use of different types of materials, like cotton, silk, polyester, rayon or others.

However, there are a few exceptions such as curtains that do have substitutes. Curtains can be substituted with blinds of various materials such as wood, plastics and aluminium. The choice between curtains and blinds may be due to individual preference, cost or decorative reasons.

(Source: IMR Report)

7.4.9 Relevant Laws & Regulations

7.4.9.1 Manufacturing Licence

Apart from the normal manufacturing licence, there are no material Government laws, regulations and policies that may impede on the performance and growth of operators within a free enterprise environment. The Industrial Coordination Act, 1975 required companies engaging in any manufacturing activity with shareholders' funds of RM2.5 million or above or employing seventy-five (75) or more full-time paid employees to obtain a manufacturing licence.

(Source: IMR Report)

SFSB has obtained a manufacturing licence for the production of home furnishing and made-up garments from MITI on 6 December 2000.

7.4.9.2 International Procurement Centre

An International Procurement Centre ("IPC") is a locally incorporated company whose purpose is to undertake procurement and sales of raw materials, components and finished products for their own group of companies locally and abroad. This would include procurement from and sales made to, local sources and third world countries.

(Source: IMR Report)

SFSB was granted International Procurement Centre status on 8 May 2003 by the Malaysian Industrial Development Authority and currently the status is valid from 1 October 2009 until 30 September 2010. This is renewable on a yearly basis.

7.4.9.3 Licensed Manufacturing Warehouse

The licence enable companies to enjoy Free Industrial Zone facilities in areas where it is neither practical nor desirable to establish Free Industrial Zones, companies can set up Licensed Manufacturing Warehouses ("LMW"). LMW are accorded facilities similar to factories operating in Free Industrial Zones. Companies normally approved for LMW are those whose entire production or not less than 80% are meant for export, and raw materials or components are mainly imported.

(Source: IMR Report)

SFSB has a Licensed Manufacturing Warehouse, which is valid from 1 October 2008 until 30 September 2010.

7.4.9.4 Trade Marks

According to the Trade Marks Act 1976 and Trade Marks Regulation 1997 (Amendment 2001), trademark registration provides trademark owners with the exclusive rights to use their marks in trading and the registration certificate issued by the Registrar Office serves as legal evidence. Registration of trademarks shall be valid for a period of ten (10) years and may be renewed from time to time.

(Source: IMR Report)

We have registered some of our trademarks in Malaysia and Singapore. Please refer to Section 6.14 of this Prospectus for further details of the said registered trademarks.

7.4.10 Vulnerability and Reliance on Imports

Generally, the home linen industry is somewhat reliant on the imports of certain types of fabrics and fibres as raw materials for the manufacturing of home linen and bedding accessories. As at July 2009, there were two (2) companies producing polyester staple fibres and nine (9) companies manufacturing yarn in Malaysia.

However, Malaysia continues to be an importer of the following types of fabrics and fibres and this is supported by the following import statistics:

- In 2008, Malaysia's import value of cotton fabrics, woven (not including narrow or special fabrics) amounted to RM273.8 million.
- In 2008, Malaysia's import value of fabrics, woven, of man-made textile materials (not including narrow or special fabrics) amounted to RM616.9 million.
- In 2008, Malaysia's import value of woven textile fabrics amounted to RM146.3 million.
- In 2008, Malaysia's import value of textile fibres (other than wool tops) and their waste*, (including cotton, synthetic fibres for spinning, raw or processed jute and other textile bast fibres not elsewhere specified but not spun) amounted to RM967.3 million. **Not manufactured into yarn or fabric*
- In 2008, Malaysia's import value of synthetic fibres for spinning (a sub-sector of textile fibres) amounted to RM194.3 million.

Although there is a certain dependency on imported fabrics and fibres, these are widely produced and can be easily sourced from various countries overseas.

(Source: IMR Report)

7.5 Outlook and Prospects of the Home Linen Industry

In light of the current global financial crisis that has impacted on the local economy, the outlook of the home linen industry in Malaysia may be challenging for the short to medium term. Real GDP growth slowed to 0.1% during the fourth quarter of 2008, compared to the real GDP growth of 4.7% during the third quarter of 2008. Overall, the Malaysian economy recorded a real GDP growth of 4.6% for the year 2008, compared to 6.3% in 2007.

The Malaysian economy contracted at a slower rate of 3.9% in the second quarter of 2009, due mainly to higher public spending and positive growth in private consumption. Nonetheless, growth continued to be affected by weak external demand and private investment activity. Reflecting continued sluggish global economy, real net exports of goods and services declined by 0.7%. On the supply side, all economic sectors registered improved performance. According to the Budget 2010 speech made by the Malaysian Prime Minister, YAB Dato' Sri Mohd. Najib Tun Abdul Razak, Malaysia's real GDP growth for 2009 has been revised to -3.0%. A slowdown in the Malaysian economy may lead to a reduction in consumer spending on household items such as home linen.

The Malaysian Government's additional stimulus packages may be able to mitigate some of the negative impact of the global financial crisis on the local economy. The Government's effort in stimulating the economy may also support consumer spending by boosting consumer confidence.

As there are no direct statistics available on the local production, import and export of home linen specifically, the following statistics will be used as a proxy for the performance of the home linen industry in Malaysia.

(i) Local Production and Retail Sales

(a) Between 2002 and 2006, the gross output value of the manufacture of made-up textile articles, except apparel increased at an average annual rate of 15.8%. In 2006, the gross output value of the manufacture of made-up textile articles, except apparel increased by 55.5% to RM340.8 million.

(b) Between 2003 and 2007, the sales value of the retail of textiles, linens, towels and blankets decreased at an average annual rate of 3.7%. However, in 2007, the sales value of the retail of textiles, linens, towels and blankets increased by 19.9% to reach RM1.5 billion.

(Source: IMR Report)

(ii) Import

(a) Between 2004 and 2008, the import value of made-up articles, wholly or chiefly of textile materials, not elsewhere specified grew at an average annual rate of 16.4%. In 2008, the import value of this type of products increased by 7.3% to reach RM325.3 million.

(b) Between 2004 and 2008, the import value of bed linen, table linen, toilet linen and kitchen linen (a sub-sector of made-up articles, wholly or chiefly of textile materials, not elsewhere specified) grew at an average annual rate of 20.8%. In 2008, the import value of this type of products increased by 0.3% to reach RM113.7 million.

(c) Between 2004 and 2008, the import value of curtains (including drapes) and interior blinds, curtain or bed valances (a sub-sector of made-up articles, wholly or chiefly of textile materials, not elsewhere specified) increased at an average annual rate of 14.5%. In 2008, the import value of this category of products decreased by 25.3% to RM28.3 million.

(d) Between 2004 and 2008, the import value of mattress supports, articles of bedding and similar furnishing fitted with springs or stuffed or internally fitted with any material or of cellular rubber or plastics, whether or not covered (including mattresses, pillows, eiderdowns, quilts and cushions) increased at an average annual rate of 18.9%. In 2008, the import value of these products registered a growth of 6.8% to reach RM76.6 million.

(Source: IMR Report)

(iii) Export

(a) Between 2004 and 2008, the export value of made-up articles, wholly or chiefly of textile materials, not elsewhere specified registered an average annual growth rate of 14.1%. In 2008, the export value of these products increased marginally by less than 1.0% to reach RM263.4 million.

(b) Between 2004 and 2008, the export value of bed linen, table linen, toilet linen and kitchen linen (a sub-sector of made-up articles, wholly or chiefly of textile materials, not elsewhere specified) registered an average annual growth rate of 13.1%. However in 2008, the export value of these type of products decreased by 29.1% to RM78.8 million.

(c) Between 2004 and 2008, the export value of curtains (including drapes) and interior blinds, curtain or bed valances grew at an average annual rate of 29.5%. However in 2008, the export value of these type of products declined by 39.4% to RM15.5 million.

(d) Between 2004 and 2008, the export value of mattress supports, articles of bedding and similar furnishing fitted with springs or stuffed or internally fitted with any material or of cellular rubber or plastics, whether or not covered (including pillows, eiderdowns, quilts and cushions) increased at an average annual rate of 13.2%. In 2008, the export value of these products grew by 13.4% to reach RM241.4 million.

(Source: IMR Report)

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8. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT

8.1 Substantial Shareholders and Promoters

8.1.1 Substantial Shareholders' and Promoters' Shareholdings in Our Group

The substantial shareholders and Promoters and their respective shareholdings in our issued and paid-up share capital before and after the IPO are as follows:

Name	Nationality / Country of incorporation	Designation	Before the IPO				After the IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders										
Chew Hon Foong	Malaysian	Managing Director and Group Chief Executive Officer	24,426,647	25.76	61,883,649[(a)]	65.26	-	-	63,000,000[(f)]	52.50
Chew Hon Keong	Malaysian	Executive Director and Group Chief Operating Officer	24,426,500	25.76	61,883,796[(b)]	65.26	-	-	63,000,000[(f)]	52.50
Substantial shareholders							-	-		
Chew Hon Yoong	Malaysian	Head of Production	15,049,616	15.87	71,260,680[(c)]	75.15	-	-	63,000,000[(f)]	52.50
Chew Hon Yoon	Malaysian	Head of Business Development	15,049,616	15.87	71,260,680[(d)]	75.15	-	-	63,000,000[(f)]	52.50
Chew Fui Ngee	Malaysian	-	7,357,917	7.76	78,952,379[(e)]	83.26	-	-	-[(g)]	-
CCSB	Malaysia	-	-	-	-	-	63,000,000*	52.50	-	-

Notes:

* *During the prescription period, certain shareholders of our Group, namely Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee, will transfer a total 63,000,000 Shares to CCSB via the Share Transfer. Please refer to Section 5.4.3 of this Prospectus for further details.*

(a) Deemed interested by virtue of the direct interest of his siblings, Chew Hon Keong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee in YOCB.

(b) Deemed interested by virtue of the direct interest of his siblings, Chew Hon Foong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee in YOCB.

(c) Deemed interested by virtue of the direct interest of his siblings, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoon and Chew Fui Ngee in YOCB.

(d) Deemed interested by virtue of the direct interest of his siblings, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong and Chew Fui Ngee in YOCB.

(e) Deemed interested by virtue of the direct interest of her siblings, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong and Chew Hon Yoon in YOCB.

(f) Deemed interested by virtue of his direct interest in CCSB, pursuant to Section 6A of the Act.

(g) After the IPO but prior to the Share Transfer, Chew Fui Ngee is a substantial shareholder by virtue of her shareholding in YOCB of 11.54% or 7,270,000 Shares held. However, pursuant to the Share Transfer, Chew Fui Ngee is not deemed as a substantial shareholder, pursuant to Section 6A of the Act as her shareholding in CCSB will be less than 15%.

8.1.2 Profile of Substantial Shareholders / Promoters

The substantial shareholders of our Group will consist of CCSB, Chew Hon Foong and Chew Hon Keong (the Promoters), Chew Hon Yoong and Chew Hon Yoon, pursuant to the Share Transfer. The profile of our substantial shareholders / Promoters has been detailed out in Sections 8.2.2 and 8.7.2 of this Prospectus.

CCSB is principally an investment holding company. During the prescription period, certain shareholders of our Group, namely Chew Hon Foong and Chew Hon Keong (the Promoters), Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee, will transfer a total of 63,000,000 Shares to CCSB.

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8. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

The shareholdings of the substantial shareholders of CCSB in the enlarged issued and paid-up share capital of Shares before and after the Share Transfer of YOCB are as follows:

	Before the Share Transfer		After the Share Transfer	
Shareholders	**No. of Shares held**	**No. of Shares to be transferred**	**No. of Shares held**	**% of the enlarged share capital**
Chew Hon Foong	16,693,000	16,693,000	-	-
Chew Hon Keong	16,693,000	16,693,000	-	-
Chew Hon Yoong	11,172,000	11,172,000	-	-
Chew Hon Yoon	11,172,000	11,172,000	-	-
Chew Fui Ngee	7,270,000	7,270,000	-	-
CCSB	-	-	63,000,000	52.50

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8.1.3 Changes in Substantial Shareholders' and Promoters' Shareholdings in Our Company since Incorporation

Save as disclosed below, there has been no change in substantial shareholders' and Promoters' shareholdings in our Company since the date of incorporation are as follows:

Promoters / Substantial shareholders	Date	Par value RM	No. of Shares held before acquisition	%	No. of Shares acquired / allotted	Direct shareholding in our Company after changes*	%
Chew Hon Foong	17.04.2008	1.00	-	50.00	1[(a)]	1	50.00
	21.08.2008	0.50	1	50.00	2[(b)]	2	50.00
	11.08.2009	0.50	2	50.00	24,426,645[(c)]	24,426,647	25.76
Chew Hon Keong	17.04.2008	1.00	-	50.00	1[(a)]	1	50.00
	21.08.2008	0.50	1	50.00	2[(b)]	2	50.00
	11.08.2009	0.50	2	50.00	24,426,498[(c)]	24,426,500	25.76
Chew Hon Yoong	11.08.2009	0.50	-	15.87	15,049,616[(c)]	15,049,616	15.87
Chew Hon Yoon	11.08.2009	0.50	-	15.87	15,049,616[(c)]	15,049,616	15.87
Chew Fui Ngee	11.08.2009	0.50	-	7.76	7,357,917[(c)]	7,357,917	7.76

Notes:

* *The direct shareholdings of the substantial shareholders and Promoters after Acquisitions but before IPO. Please refer to Section 8.1.1 of this Prospectus for further details on the substantial shareholders and Promoters shareholdings in our Group.*

(a) *The two subscribers' shares are ordinary shares of RM1.00 each in YOCB.*

(b) *Pursuant to the subdivision of par value of YOCB, where the par value of ordinary shares in YOCB has been reduced from RM1.00 to RM0.50.*

(c) *Shares issued pursuant to Acquisitions.*

8.2 Directors

8.2.1 Directors' Shareholdings in Our Group

Our Directors and their respective shareholdings in our issued and paid-up share capital before and after the IPO are as follows:

			Before the IPO				After the IPO			
			Direct		Indirect		Direct		Indirect	
Name	Nationality	Designation	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chew Hon Foong	Malaysian	Managing Director and Group Chief Executive Officer	24,426,647	25.76	61,883,649[(a)]	65.26	-	-	63,000,000[(c)]	52.50
Chew Hon Keong	Malaysian	Executive Director and Group Chief Operating Officer	24,426,500	25.76	61,883,796[(b)]	65.26	-	-	63,000,000[(c)]	52.50
Datuk Kamaludin Bin Yusoff	Malaysian	Independent Non-Executive Chairman	-	-	-	-	1,000,000	0.83	-	-
Datuk Hairuddin Bin Mohamed	Malaysian	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Yeoh Chong Keng	Malaysian	Independent Non-Executive Director	-	-	-	-	100,000	0.08	-	-
Lee Kim Seng	Malaysian	Independent Non-Executive Director	-	-	-	-	100,000	0.08	-	-

Notes:

(a) Deemed interested by virtue of the direct interest of his brother, Chew Hon Keong in YOCB.

(b) Deemed interested by virtue of the direct interest of his brother, Chew Hon Foong in YOCB.

(c) Deemed interested by virtue of his direct interest in CCSB, pursuant to Section 6A of the Act.

8.2.2 Profile of Our Directors

(i) Datuk Kamaludin Bin Yusoff

Datuk Kamaludin Bin Yusoff, aged sixty-one (61), is our Independent Non-Executive Chairman. He holds a Bachelor of Arts (Honours) Degree in History from University Malaya in 1974.

Datuk Kamaludin started his career in 1974 as an Administrative and Diplomatic Officer in the public sector and subsequently, he held various distinguished positions in the Ministry of Finance, Ministry of Defence, Road Transport Department and Ministry of Entrepreneur Development. In appreciation to his services, Datuk Kamaludin has been awarded with various accolades. In 2000, he was awarded the Bintang Panglima Gemilang Darjah Kinabalu (P.G.D.K) which carries the title "Datuk".

Datuk Kamaludin also sits on several boards in the corporate sector. From 2004 to 2007, he was the Chief Operation Officer of Fomema Sdn Bhd. He is currently the Director of Johore Tin Berhad, Director of Loh & Loh Constructions Sdn Bhd, Executive Director of Supremme System Sdn Bhd and also holds directorship in other private limited companies.

(ii) Chew Hon Foong

Chew Hon Foong, aged fifty (50), is our co-founder, Managing Director and Group Chief Executive Officer. He brings with him approximately thirty (30) years of experience in the home linen industry. He has been instrumental in the development, growth and success of the YOCB Group during his tenure with the Group.

He started his career in 1979 when he joined Yoon On, a partnership company, which is involved in trading and retailing of textiles and home linen. With his strong business acumen, he was involved in developing and creating our own brands of bed linen which was marketed under the names *Diana* and *Novelle* in 1982.

In 1988, together with Chew Hon Keong, he established SYOSB and took over the entire business of the partnership company, Yoon On. His main intention is to expand the business to include international trades. Besides overseeing the Group activities, he is actively involved in creating fabric designs for both the mass and niche markets. He has extensive experience in the development and creation of home linen designs and he is currently heading our Group's in-house design team. He is mainly responsible for the overall operations of our Group with emphasis on strategic business planning and promoting brand equity of our products.

(iii) Chew Hon Keong

Chew Hon Keong, aged fourty-nine (49), is our co-founder, Executive Director and Group Chief Operating Officer. He has approximately thirty (30) years of experience in the home linen industry. His career started in 1979 when he joined Yoon On, a partnership, which is involved in trading and retailing of textiles and home linen. He also assisted in establishing SYOSB in 1988.

As the other partner of Yoon On, he was also involved in many aspects of the business in textiles and home linen, which includes technical specification in fabrics. His capability has enabled our company to develop new range of product to cater for different markets and industries.

With an in-depth knowledge in the production processes, he together with Chew Hon Foong were involved in the establishment of SFSB in 1996 and the construction of our Nilai manufacturing plant for our Group's manufacturing operations. He is primarily responsible in overseeing the overall management and strategic business development of our Group with emphasis on product development and product research.

(iv) Datuk Hairuddin Bin Mohamed

Datuk Hairuddin Bin Mohamed, aged fifty-nine (59), is our Group's Independent Non-Executive Director. Datuk Hairuddin obtained his Bachelor in Social Science (Honours) degree from Universiti Sains Malaysia in 1980.

He joined the Royal Malaysian Police Force in 1970. He was since promoted to various senior positions. He was appointed the Director of Commercial Crime Department in Royal Malaysia Police in 2005, a position he held until his retirement in 2006. During his tenure as Head of Commercial Crime Department, he was appointed to be a member of the High Powered Corporate Governance Committee to oversee all government-linked companies in the country. He has wide experience in fraud detection and commercial crime investigation.

Datuk Hairuddin currently serves as an Independent Director on the board of BIMB Holdings Berhad, Formis Resources Berhad and Triumphal Associates Bhd.

(v) Yeoh Chong Keng

Yeoh Chong Keng, aged fifty-seven (57), is our Group's Independent Non-Executive Director. He obtained his Barrister-at-law from Lincoln's Inn, England in 1980. He is a lawyer by profession.

He was a senior police officer in the Royal Malaysian Police Force before proceeding to study law at Lincoln's Inn, England. He was called to the English Bar and Malaysian Bar in 1980 and 1981 respectively and is the Managing Partner of a legal firm in Kuala Lumpur. He has also acted as counsel for the Government of Hong Kong. He is an experienced lawyer specialising in corporate and banking law.

He has, in the past served as an Independent Director in several public listed companies. Since 14 February 2000, he is an Independent Director of The Store Corporation Berhad. He is also the Chairman of the Nomination Committee and serves as a member in the Audit Committee and Remuneration Committee of The Store Corporation Berhad.

He is also currently an Independent Director of TM Asia Life Malaysia Berhad. He has held this position since 2002 and is the Chairman of the Risk Management and Nomination Committee as well as member of the Audit Committee.

(vi) Lee Kim Seng

Lee Kim Seng, aged sixty-three (63), is our Group's Independent Non-Executive Director. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Taxation and The Institute of Internal Auditors, Malaysia. He was previously a member of the Institute of Chartered Accountants in England and Wales.

He has more than thirty (30) years of relevant working experience in the various services encompassing upstream and downstream industries. He joined Harrisons & Crosfield (Sabah) Sdn. Bhd. in 1976 as a Senior Accountant. He was subsequently transferred to Harrisons & Crosfield (Malaysia) Sdn. Bhd. in 1980 and after a year, he was promoted to Chief Accountant. Thereafter, he was promoted to Associate Director (Finance) in 1986.

In 1987, he joined SP Holdings Ltd. in Papua New Guinea. Thereafter, in 1990, he joined a plantation group Raja Garuda Mas ("RGM") based in Medan, Indonesia. In 1993, he was promoted to Group Financial Controller of the Forestry Division of the RGM group.

In 1996, he was transferred to a joint-venture oil palm plantation group, jointly owned by the RGM and the Salim group. In 1997 after completing his assignment, he was then transferred to a public listed subsidiary of RGM group as Senior Financial Controller.

In 2004, he joined Sinar Mas Group ("SMG") as Vice-President of Internal Audit of a forestry group operating in Riau, Sumatera. He was then transferred to the position of Vice-President Business Control in 2005. After a year, he was transferred to the head office of SMG, Jakarta, as an adviser to Managing Director-Finance, Forestry Division until his retirement in 2008.

Currently, he is the Non-Executive Director of Centamin Construction & Development Sdn Bhd, a company which is principally involved in construction.

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8.2.3 Principal Activities Performed Outside Our Group

None of our directors hold other principal directorships and / or business activities performed outside of our Group at present and in the past five (5) years from the date of this Prospectus, save for the following:

Director	Company	Principal activities	Date appointed/ (resigned)	Position
Datuk Kamaludin Bin Yusoff	Fomema Sdn Bhd	Provision of services in monitoring and supervision of medical examination for foreign workers.	1 July 2004 (30 June 2006)	Chief Operation Officer
	Johore Tin Berhad	An investment holding company. The company through its subsidiaries provides manufacturing of various tins, cans, tinplates and other containers.	11 August 2008	Non-Executive Director
	Loh & Loh Constructions Sdn Bhd	Building and civil construction and investment holding.	17 October 2007	Director
	Supremme System Sdn Bhd	Provision of health care related services.	1 July 2007	Executive Director
	Ladang Impian 1 Sdn Bhd	Cultivation and selling of agricultural produce and investment holding.	12 October 2007	Director
Datuk Hairuddin Bin Mohamed	BIMB Holdings Berhad	All aspects of Islamic banking services. Through its subsidiaries, the company underwrites family and general takaful (Islamic insurance) and provides stock broking and other related services. The company also has operation in unit trust management, provides training and consultancy services, and leases fixed assets to related companies.	9 October 2006	Independent Non-Executive Director
	Formis Resources Berhad	An investment holding company. Through its subsidiaries, the Company distributes and maintains computer equipment and software, develops application software and system integration, and provides hardware and software maintenance, network, information, and system integration services. The company also provides computer consultant and contractor services.	12 January 2007	Independent Non-Executive Director

8. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

Director	Company	Principal activities	Date appointed/ (resigned)	Position
Datuk Hairuddin Bin Mohamed *(Cont'd)*	Triumphal Associates Bhd	An investment holding company, which also trades and markets spare parts for heavy equipment. The company trades filters, seals, gaskets, joints, sintered metal friction materials, and various engine.	29 February 2008	Independent Non-Executive Director
Yeoh Chong Keng	The Store Corporation Berhad	An investment holding company. The company, through its subsidiaries, operates departmental stores, supermarkets and hypermarkets. The company also manufactures, wholesales, and trades garments and undergarments, wholesales household and general goods, and invests in properties.	14 February 2000	Independent Non-Executive Director
	TM Asia Life Malaysia Berhad	Underwriting of all classes of life insurance business.	10 March 2002	Independent Non-Executive Director
Lee Kim Seng	LCL – Kimara Management Services Sdn Bhd	Accountancy, secretarial and tax services.	10 July 1987	Non-Executive Director
	Centamin Construction & Development Sdn Bhd	Contractor.	11 August 1990	Non-Executive Director

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8. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

8.3 Changes in our Substantial Shareholders' and Promoters' Shareholdings

The changes in the registered substantial shareholders' shareholdings in our Company since incorporation are as follows:

Name	As at date of incorporation (17 April 2008)				Upon completion of the Acquisitions				Upon completion of the IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chew Hon Foong	2*	50.00	2[(a)]	50.00	24,426,647	25.76	61,883,649[(c)]	65.26	-	-	63,000,000[(h)]	52.50
Chew Hon Keong	2*	50.00	2[(b)]	50.00	24,426,500	25.76	61,883,796[(d)]	65.26	-	-	63,000,000[(h)]	52.50
Chew Hon Yoong	-	-	-	-	15,049,616	15.87	71,260,680[(e)]	75.15	-	-	63,000,000[(h)]	52.50
Chew Hon Yoon	-	-	-	-	15,049,616	15.87	71,260,680[(f)]	75.15	-	-	63,000,000[(h)]	52.50
Chew Fui Ngee	-	-	-	-	7,357,917	7.76	78,952,379[(g)]	83.26	-	-	-[(i)]	-

Notes:

* *On 21 August 2008, YOCB subdivided the par value of its ordinary shares from RM1.00 to RM0.50 per share.*

(a) *Deemed interested by virtue of the direct interest of his brother, Chew Hon Keong.*

(b) *Deemed interested by virtue of the direct interest of his brother, Chew Hon Foong.*

(c) *Deemed interested by virtue of the direct interest of his siblings, Chew Hon Keong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee in YOCB.*

(d) *Deemed interested by virtue of the direct interest of his siblings, Chew Hon Foong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee in YOCB.*

(e) *Deemed interested by virtue of the direct interest of his siblings, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoon and Chew Fui Ngee in YOCB.*

(f) *Deemed interested by virtue of the direct interest of his siblings, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong and Chew Fui Ngee in YOCB.*

(g) *Deemed interested by virtue of the direct interest of her siblings, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong and Chew Hon Yoon in YOCB.*

(h) *Deemed interested by virtue of his direct interest in CCSB, pursuant to Section 6A of the Act.*

(i) *After the IPO but prior to the Share Transfer, Chew Fui Ngeé is a substantial shareholder by virtue of her shareholding in YOCB of 11.54% or 7,270,000 Shares held. However, pursuant to the Share Transfer, Chew Fui Ngee is not deemed as a substantial shareholder, pursuant to Section 6A of the Act as her shareholding in CCSB will be less than 15%.*

8.4 Directors' Remuneration and Benefits

The remuneration and material benefits-in-kind paid and proposed to be paid to all our Directors for services rendered to us in all capacities to our Group was approximately RM833,000 for the FYE 30 June 2009 and RM1,028,000 for FYE 30 June 2010 respectively.

The remuneration and material benefits-in-kind for each of our Director (which covers contingent or deferred compensation accrued for the year) are as follows:

Directors	FYE 30 June 2009 (Actual) RM	FYE 30 June 2010 (Proposed) RM
Datuk Kamaludin Bin Yusoff	-	0 - 50,000
Chew Hon Foong	400,001 - 450,000	500,001 - 550,000
Chew Hon Keong	400,001 - 450,000	450,001 - 500,000
Datuk Hairuddin Bin Mohamed	-	0 - 50,000
Yeoh Chong Keng	-	0 - 50,000
Lee Kim Seng	-	0 - 50,000

8.5 Directors' Term in Office

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period for which the Director has served in that office are as follows:

Director	Designation	Date of appointment	Date of expiration of the current term of office	No. of years in office
Datuk Kamaludin Bin Yusoff	Independent Non-Executive Chairman	28 September 2009	Note (i)	< 1
Chew Hon Foong	Managing Director and Group Chief Executive Officer	17 April 2008	Note (ii)	> 1

Director	Designation	Date of appointment	Date of expiration of the current term of office	No. of years in office
Chew Hon Keong	Executive Director and Group Chief Operating Officer	17 April 2008	Note (iii)	> 1
Datuk Hairuddin Bin Mohamed	Independent Non-Executive Director	28 September 2009	Note (i)	< 1
Yeoh Chong Keng	Independent Non-Executive Director	28 September 2009	Note (i)	< 1
Lee Kim Seng	Independent Non-Executive Director	28 September 2009	Note (i)	< 1

Notes:

(i) *Shall retire at our 2010 annual general meeting in accordance with Article 134 of our Company's Articles of Association.*

(ii) *Shall retire at our 2011 annual general meeting in accordance with Article 129 of our Company's Articles of Association.*

(iii) *Shall retire at our 2010 annual general meeting in accordance with Article 129 of our Company's Articles of Association.*

In accordance with our Articles of Association, one third (1/3) of our Board will retire by rotation at every annual general meeting of our Company. Each Director shall retire at least once in every three (3) years and shall be eligible for re-election. Any Director appointed within the year shall hold office only until the next annual general meeting and shall then be eligible for re-election. None of the Directors has been appointed for a fixed term.

8.6 Audit, Remuneration and Nomination Committee

8.6.1 Audit Committee

Our Audit Committee was established on 28 September 2009 and the members of the Audit Committee consist of the following members:

Name	Designation	Directorship
Lee Kim Seng	Chairman	Independent Non-Executive Director
Yeoh Chong Keng	Member	Independent Non-Executive Director
Datuk Hairuddin Bin Mohamed	Member	Independent Non-Executive Director

The summary of the terms of reference of the Audit Committee are as follows:

(i) recommends to our Board regarding the selection of the external auditors;

(ii) reviews the findings and scope of the audit and other services provided by our Group's external auditors;

(iii) reviews and evaluates our Group's internal audit and control functions; and

(iv) assess the financial risk and matters relating to related party transactions and conflict of interests.

The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

8.6.2 Remuneration Committee

Our Remuneration Committee was established on 28 September 2009 and the members of the Remuneration Committee consist of the following members:

Name	Designation	Directorship
Yeoh Chong Keng	Chairman	Independent Non-Executive Director
Datuk Kamaludin Bin Yusoff	Member	Independent Non-Executive Chairman
Chew Hon Foong	Member	Managing Director and Group Chief Executive Officer

The summary of the terms of reference of the Remuneration Committee are as follows:

(i) recommend to our Board the remuneration of the Directors;

(ii) assist our Board in assessing the responsibility and commitment undertaken by our Board membership; and

(iii) assist our Board in ensuring the remuneration of our Directors commensurate with the responsibility and commitment of the Directors concerned.

8.6.3 Nomination Committee

Our Nomination Committee was established on 28 September 2009 and the members of the Nomination Committee consist of the following members:

Name	Designation	Directorship
Yeoh Chong Keng	Chairman	Independent Non-Executive Director
Datuk Hairuddin Bin Mohamed	Member	Independent Non-Executive Director
Lee Kim Seng	Member	Independent Non-Executive Director

8. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

The summary of the terms of reference of the Nomination Committee are as follows:

(i) review our Board structure, size and composition;

(ii) nominate candidates to the Board to fill Board vacancies when they arise;

(iii) recommend Directors who are retiring by rotation to be put forward for re-election; and

(iv) ensure that all Board appointees undergo an appropriate introduction and training programme.

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8.7 Key Management

8.7.1 Key Management's Shareholdings

The direct and indirect interests of our key management in our issued and paid-up share capital before and after the IPO are as follows:

		Before the IPO				After the IPO			
		Direct		Indirect		Direct		Indirect	
Name	Designation	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chew Hon Foong	Managing Director and Group Chief Executive Officer	24,426,647	25.76	61,883,649[(a)]	65.26	-	-	63,000,000[(e)]	52.50
Chew Hon Keong	Executive Director and Group Chief Operating Officer	24,426,500	25.76	61,883,796[(b)]	65.26	-	-	63,000,000[(e)]	52.50
Chew Hon Yoong	Head of Production	15,049,616	15.87	71,260,680[(c)]	75.15	-	-	63,000,000[(e)]	52.50
Chew Hon Yoon	Head of Business Development	15,049,616	15.87	71,260,680[(d)]	75.15	-	-	63,000,000[(e)]	52.50
Tan Peng	Chief Financial Officer	-	-	-	-	300,000	0.25	-	-
Sun Kien Keong	Head of Sales and Marketing	-	-	-	-	150,000	0.13	-	-
Oei Phek Ean	General Manager - Retail	-	-	-	-	50,000	0.04	-	-
Chew Lee Lan	Production Planner	-	-	-	-	10,000	0.01	-	-
Shahid Muhammad Siddique	Design Manager	-	-	-	-	-	-	-	-
Hah Tiap Fong	Sales Manager	-	-	-	-	-	-	-	-

Notes:

(a) *Deemed interested by virtue of the direct interest of his siblings, Chew Hon Keong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee in YOCB.*

(b) *Deemed interested by virtue of the direct interest of his siblings, Chew Hon Foong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee in YOCB.*

(c) *Deemed interested by virtue of the direct interest of his siblings, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoon and Chew Fui Ngee in YOCB.*

(d) *Deemed interested by virtue of the direct interest of his siblings, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong and Chew Fui Ngee in YOCB.*

(e) *Deemed interested by virtue of his direct interest in CCSB, pursuant to Section 6A of the Act.*

8.7.2 Profiles of Our Key Management

The profiles of Chew Hon Foong and Chew Hon Keong have been detailed out in Section 8.2.2 of this Prospectus while other key management of our Group are as follows:

(i) Chew Hon Yoong

Chew Hon Yoong, aged fifty-two (52), is our Head of Production. He graduated in 1981 with a Bachelor of Engineering Degree from the University of New South Wales, Australia.

His career started in 1982 when he joined Sepakat Setia Perunding Sdn Bhd as Design Consultancy Engineer. He left in 1990 and worked as a Project Manager for Airod Sdn. Bhd., a company involved in aircraft engineering and maintenance. He left the company in 1992 and worked in various other companies before joining SFSB and being involved in the construction of our Group's Nilai manufacturing plant as well as managing the manufacturing function of our Group.

He is currently responsible for managing the production of home linen and homeware products. He has contributed significantly in providing technical expertise in our Group's manufacturing operations, including our development of processes in manufacturing from cutting, sewing and stitching as well as packing and packaging of our end products.

(ii) Chew Hon Yoon

Chew Hon Yoon, aged fourty-three (43), is our Head of Business Development. His career started in 1983 when he joined Yoon On, a partnership involved in trading and retailing of textiles and home linen. He has approximately twenty-five (25) years of extensive experience in the home linen industry in Malaysia. He is mainly responsible for developing our Group's marketing plans focusing on sales and marketing activities and new business developments locally and abroad.

(iii) Tan Peng

Tan Peng, aged fourty-nine (49), is our Chief Financial Officer. He is a member of the Malaysia Institute of Certified Public Accountants ("MICPA"), the Chartered Institute of Management Accountants and the Malaysian Institute of Accountants.

His career started in 1986 with a consultancy company providing consultancy services to various public listed companies. In 1988, he joined KPMG Peat Marwick as Audit Senior where he worked for four (4) years until 1992 during which he qualified as a member of MICPA. Between 1993 and 2001, he worked in the stock broking companies where he assumed various managerial functions in Finance, Operations, Corporate Finance, Credit Control, Marketing and Business Development.

From 2002 to 2006, he held various senior positions in public listed companies such as Group Financial Controller, General Manager, Company Secretary, Chief Financial Officer, Senior General Manager (Operations) and director for subsidiary companies of public listed companies.

He has vast experiences in the corporate sector and has been involved in the restructuring of a financially distress (PN4) public-listed company, streamline operations, merger and acquisition, bonds issuance, project feasibility study, fund raising and other corporate exercises.

Subsequently in 2006, he joined our Group as Group Financial Controller. He is currently our Chief Financial Officer overseeing our Group's overall financial and corporate functions. He is also the owner of TanLee Management Services.

(iv) **Sun Kien Keong**

Sun Kien Keong, aged fourty-eight (48), is our Head of Sales and Marketing. In 1982, he obtained his Diploma in Fashion Design from Allan School of Design.

His career started in 1980 as a Fashion Designer. In 1982, he was awarded the Designer of Designer's Award 1982 from Affair's Associate. He joined Mode En Voque Marketing Sdn Bhd in 1990 as Sales Director. In 1997, he was appointed as Director of Ceremony for Sukan Komanwel 1998 (SUKOM '98). He left in 1999 and joined SYOSB as Marketing Manager and in 2005, he was posted to ETHSB as Marketing Director. He is currently responsible for sales and marketing and business expansion of our Group.

(v) **Oei Phek Ean**

Oei Phek Ean, aged fourty-seven (47), is our General Manager - Retail. She has accumulated approximately seventeen (17) years of retailing experiences.

Her career started in 1980 when she joined Supreme Finance (M) Sdn. Bhd. and worked in various capacities including Marketing Officer. She left in 1991 and was appointed Sales and Operation Manager of Texron Gold Sdn. Bhd., a company involved in the retail of denim wear. In 1992, she left and joined Garmaco Marketing (M) Sdn. Bhd. as Business Development Executive. In 1995, she joined BUM Marketing (M) Sdn. Bhd. where she held various positions, including Brand Manager and Assistant General Manager.

In 2005, she left and took up the position as General Manager in WOS World of Sports (M) Sdn. Bhd., a retail chain shop involved in the retail of general sports products and apparel, and subsequently promoted to Chief Operating Officer in WOS World of Sports (M) Sdn. Bhd. In 2008, she left and joined MSB where she is generally responsible for overall retailing operations including sales and marketing and other daily operations.

(vi) Chew Lee Lan

Chew Lee Lan, aged fourty-three (43), is our Production Planner. Her career started in 1989, when she joined Goodsmooth Industrial Sdn. Bhd. as Supervisor. In 1994, she was promoted to Head of Operations and overseeing a few departments in Goodsmooth Industrial Sdn. Bhd.

In 2000, she left and joined SFSB as Production Planner. She is currently responsible for production schedule planning and arrangement and overseeing daily operations to ensure our production meets the planned orders.

(vii) Shahid Muhammad Siddique

Shahid Muhammad Siddique, aged thirty-five (35), is our Design Manager. He obtained his Bachelor of Arts Degree in 1992 from Faisalabad College in Punjab, Pakistan. He has approximately sixteen (16) years of designing experience.

His career started in 1993 when he joined Al-Hamd Institute of Textile Designing in Pakistan as designer. He left the company in 1994 and joined Arzoo Textile Mills (Pvt) Ltd., Pakistan the same year as designer. In 1998, he joined Worldover Group, Pakistan, a manufacturer and exporter of textile products as designer.

In 2000, he left and joined MAS Textiles (Pvt) Ltd., Pakistan as designer. In 2005, he joined SFSB as designer and is mainly responsible for the designing works as well as assisting in our R&D of new product designs.

(viii) Hah Tiap Fong

Hah Tiap Fong, aged fourty-three (43), is our Sales Manager. She obtained her Bachelor of Business Administration Honours Degree from University Utara Malaysia in 1991.

Her career started in 1991 when she joined Parkson Corporation Sdn. Bhd. as Floor Executive and later in 1993, she joined Makro Cash & Carry Distribution (M) Sdn. Bhd. as Floor Manager. In 2006, she left and joined Xtra Supercenter as Buyer until year 2000. Between 2001 and 2002, she worked as Merchandising Manager of China Parkson Group in Shanghai.

In 2003, she returned to Malaysia and worked with various retail companies as Senior Buyer, Merchandising Manager and Assistant Sales Manager. In 2007, she joined SYOSB as Sales Manager where she is mainly responsible for overseeing our sales functions including third party retail sales, advertising and promotion and brand building activities of our Group.

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8.7.3 Involvement of Executive Directors and Key Management in other Business / Corporation

Save as disclosed below, as at the LPD, none of our Executive Directors and key management are involved in other businesses / corporations:

(i) **Chew Hon Foong**

Name of company	Principal activities	Designation	Date of appointment / (resignation)	As at the LPD			
				Direct		Indirect	
				No. of shares held	%	No. of shares held	%
YFR	Principally involved in investment holding and letting in properties.	Director	03.07.1982 to present	391,794	17.65	1,828,370[(a)]	82.35
CCSB	Principally involved in investment holding and provision of management services.	Director	15.09.2008 to present	1	50.00	1[(b)]	50.00

Notes:

(a) Deemed interested by virtue of the direct interest of his mother, Soon Chay Moy, his siblings, Chew Hon Keong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee in YFR.

(b) Deemed interested by virtue of the direct interest of his brother, Chew Hon Keong in YOCB.

The involvement of Chew Hon Foong in the above businesses does not affect his contributions to our Group and would not be expected to affect the operations of our Group. He has been and has ensured that he would be, able to fulfil and discharge his duties and responsibilities effectively as our Managing Director and Group Chief Executive Officer.

(ii) **Chew Hon Keong**

Name of company	Principal activities	Designation	Date of appointment / (resignation)	As at the LPD			
				Direct		Indirect	
				No. of shares held	%	No. of shares held	%
YFR	Principally involved in investment holding and letting in properties.	Director	03.07.1982 to present	391,794	17.65	1,828,370[(a)]	82.35
CCSB	Principally involved in investment holding and provision of management services.	Director	15.09.2008 to present	1	50.00	1[(b)]	50.00

Notes:

(a) Deemed interested by virtue of the direct interest of his mother, Soon Chay Moy, his siblings, Chew Hon Foong, Chew Hon Yoong, Chew Hon Yoon Chew Fui Ngee in YFR.

(b) Deemed interested by virtue of the direct interest of his brother, Chew Hon Foong in YOCB.

The involvement of Chew Hon Keong in the above businesses does not affect his contributions to our Group and would not be expected to affect the operations of our Group. He has been and has ensured that he would be able to fulfil and discharge his duties and responsibilities effectively as our Group Chief Operating Officer.

(iii) Chew Hon Yoong

				As at the LPD			
				Direct		Indirect	
Name of Company	**Principal activities**	**Designation**	**Date of appointment / (resignation)**	**No. of shares held**	**%**	**No. of shares held**	**%**
YFR	Principally involved in investment holding and letting in properties.	03.07.1982 to present	Director	391,794	17.65	1,828,370[(a)]	82.35

Note:

(a) Deemed interested by virtue of the direct interest of his mother, Soon Chay Moy, his siblings, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoon Chew Fui Ngee in YFR.

The involvement of Chew Hon Yoong in the above business does not affect his contributions to our Group and would not be expected to affect the operations of our Group. He has been and has ensured that he would be able to fulfil and discharge his duties and responsibilities effectively as our Head of Production.

(iv) Chew Hon Yoon

				As at the LPD			
				Direct		Indirect	
Name of Company	**Principal activities**	**Designation**	**Date of appointment / (resignation)**	**No. of shares held**	**%**	**No. of shares held**	**%**
YFR	Principally involved in investment holding and letting in properties.	Director	03.07.1982 to present	391,794	17.65	1,828,370[(a)]	82.35

Note:

(a) Deemed interested by virtue of the direct interest of his mother, Soon Chay Moy, his siblings, Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong Chew Fui Ngee in YFR.

The involvement of Chew Hon Yoon in the above business does not affect his contributions to our Group and would not be expected to affect the operations of our Group. He has been and has ensured that he would be able to fulfil and discharge his duties and responsibilities effectively as our Head of Business Development.

(v) **Tan Peng**

				As at the LPD			
				Direct		Indirect	
Name of Company	**Principal activities**	**Designation**	**Date of appointment / (resignation)**	**No. of shares held**	**%**	**No. of shares held**	**%**
TanLee Management Services*	Principally engaged in provision of management services	TanLee Management Services*	05.09.2006	N/A	N/A	N/A	N/A

Notes:

N/A *Not applicable*

* *TanLee Management Services is a sole proprietorship and is wholly owned by Tan Peng.*

The involvement of Tan Peng in the above business does not affect his contributions to our Group and would not be expected to affect the operations of our Group. He has been and has ensured that he would be able to fulfil and discharge his duties and responsibilities effectively as our Chief Financial Officer.

8.8 Declarations from Our Promoters, Directors and Key Management

None of our Promoters, Directors and key management is or has been involved in any of the following events (whether in or outside Malaysia):

(i) a petition under any bankruptcy or insolvency laws that was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;

(ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) charged and / or convicted in a criminal proceeding or is named subject of a pending criminal proceeding;

(iv) any judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

(v) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.9 Relationships

As at the LPD, there is no family relationship (as defined in Section 122A of the Act) or association between our substantial shareholders, Promoters, Directors and key management save for the following:

(a) Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee are siblings; and

(b) Chow Siew Sen is the uncle of Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong, Chew Hon Yoon and Chew Fui Ngee.

8.10 Service Agreements

There are no existing or proposed service agreements between our Group and Directors or key management, excluding contracts expiring or determinable by our Company without payments or compensation (other than statutory compensation), which are not terminable by notice without payment or compensation (other than statutory notice).

8.11 Employees

The total number of employees with the breakdown is classified into the following categories:

	FYE 30 June		
	2007	**2008**	**2009**
By Subsidiary Companies			
SFSB	306	333	349
SYOSB	183	203	235
MSB	45	62	66
ETHSB	30	40	44
Total	**564**	**638**	**694**
Nationality			
Local	325	373	412
Foreign	239	265	282
Total	**564**	**638**	**694**

As at FYE 30 June 2009, our Group has a total staff force of six hundred and ninety-four (694) permanent employees, of which two hundred and eighty-two (282) are foreign employees mainly from Bangladesh, Burma, Nepal and Vietnam under contractual employment for contract tenures of three (3) years. All of our foreign workers hold valid working permits and are not in breach of any immigration laws in Malaysia.

None of our employees belongs to any trade unions and they have good working relationships with the Management. There has not been any past industrial dispute between the Management and the employees.

Our Group employs temporary sales promoters from time to time to achieve optimal workforce requirement. The number of temporary sales promoters required fluctuates in tandem with seasonal demands.

The employees of our Group receive on-the-job training in areas of management skills and technical know-how. The table below lists the training and development programmes completed by some of our employees for the past three (3) years. The programmes encompass external and internal training and development programmes.

Date of training programme	Company	Programme	Organiser
09.10.2009	SYOSB	Simplifying Accounting for Financial Instruments	Horwath CPE Sdn Bhd
19.06.2009, 26.06.2009 and 27.06.2009	SYOSB	3D Max Design 2010 Training Fundamental	Progressive Computer System Sdn. Bhd.
30.05.2009	SFSB and SYOSB	Understanding the Costs and Risks Factors in Shipping & Incoterms	KFS Global Excel Resources
09.11.2008	SYOSB	Essential Technical Briefing for Public Listed Companies	Horwath CPE Sdn Bhd
03.09.2008	SYOSB	2009 Budget and Tax Planning	Horwath CPE Sdn Bhd
19.03.2008	SFSB	Malaysian Red Crescent Society Industrial First Aid	Persatuan Bulan Sabit Merah
15.12.2007-16.12.2007	SYOSB	Motivation Camp	Asia Entrepreneur Development Sdn Bhd
18.09.2007	SYOSB	Strategising for Growth: Tax & Business Developments & The 2008 Budget Highlights	Taxand Malaysia Sdn Bhd
27.04.2007	SFSB	How to Prepare an Excellent Human Resource Letters	Federal Malaysian Manufactures
25.04.2007	SFSB	Latest Amendments to the Factories and Machinery Act	Federal Malaysian Manufactures
09.04.2007	SFSB	ISO 9001 Documentation	Absolute Titans Sdn Bhd
05.04.2007	SFSB	ISO 9001 Quality Management System Awareness Training	Absolute Titans Sdn Bhd

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9. APPROVALS AND CONDITIONS

9.1 Conditions on Approvals for the Flotation Exercise

We have received the approvals from the SC pursuant to Section 212(5) of the CMSA and Equity Requirements for Public Listed Companies and MITI for the Flotation Exercise, as set out in Section 5.4 of this Prospectus, with the objective of listing our enlarged issued and paid-up share capital on the Main Market of Bursa Securities:

Authority	Date of approval
SC	25 June 2009 and 13 August 2009
MITI	24 February 2009 and 27 August 2009

The conditions imposed by the SC and MITI in their approvals for the Flotation Exercise on the Main Market of Bursa Securities and the status of compliance are set out as follows:

Authority	Conditions	Status of compliance
SC vide its letter dated 25 June 2009	(i) YOCB to disclose in the Prospectus the reason for the increase in its closing inventories from FYE 30 June 2006 until FYE 30 June 2008 and its future inventory policy plan;	Complied. Please refer to Section 13.4.7 of this Prospectus.
	(ii) The proceeds from the Offer For Sale should be put into a trust account until the Listing of YOCB on Bursa Malaysia;	To be complied.
	(iii) YOCB to comply with the National Development Policy ("NDP") requirement whereby Bumiputera investors holding at least thirty percent (30%) of the enlarged share capital of YOCB to be recognised and approved by MITI. In the event, YOCB or MITI is unable to allocate the shares to the potential Bumiputera investors from the Offer For Sale portion, the unsubscribed shares should be offered to the public Bumiputera investors as part of the IPO balloting process;	Please refer to the conditions imposed by the SC pursuant to the revision in the allocation of the Offer Shares and Public Issue Shares below.
	(iv) PIVB or YOCB to inform the SC the status of compliance with the NDP requirement upon completion of the Listing; and	Please refer to the conditions imposed by the SC pursuant to the revision in the allocation of the Offer Shares and Public Issue Shares below.
	(v) PIVB or YOCB to fully comply with the relevant requirements relating to the implementation of the proposal as stipulated in the SC Equity Guidelines.	To be complied.

9. APPROVALS AND CONDITIONS *(Cont'd)*

Authority	Conditions	Status of compliance
MITI vide its letter dated 24 February 2009	(i) The approval of the SC and compliance with the Foreign Investment Committee's Guidelines on the Acquisition of Interest, Mergers and Take-overs by Local and Foreign Interest;	Complied. The SC had approved the Flotation Exercise vide its letter dated 25 June 2009 and 13 August 2009 subject to certain conditions as set out herein.
	(ii) The allocation of 36,555,260 Shares, (comprising Public Issue Shares and Offer Shares) to the identified Bumiputera investors is subject to the approval of MITI and the allocation will be determined after the approval is obtained from the SC for the Flotation Exercise.	Please refer to the conditions imposed by MITI pursuant to the revision in the allocation of the Offer Shares and Public Issue Shares below.

On 30 June 2009, the Prime Minister of Malaysia, YAB Dato' Sri Mohd Najib bin Tun Abdul Razak had announced the revision on Bumiputera equity requirements for public listed companies at Invest Malaysia 2009. Pursuant thereto, the SC had on 1 July 2009, made a press release to further clarify on the revision on Bumiputera equity requirements for public listed companies.

In accordance with the revision, all companies seeking listing on the new Main Market of Bursa Securities are required to allocate 50% of the public shareholding spread requirement to MITI-recognised Bumiputera investors at the point of listing (this includes the portion made available for subscription via balloting, of which 50% are to be made available to retail Bumiputera investors or Bumiputera public).

As such, PIVB on behalf of the Company had on 29 July 2009 written to the relevant authorities to vary the allocation of the Offer Shares and Public Issue Shares of its Flotation Exercise.

Subsequently, the SC and MITI had approved the revision in the allocation of the Offer Shares and Public Issue Shares vide their letters stated below. The conditions imposed by the SC and MITI and the status of compliance are as follows:

Authority	Conditions	Status of compliance
SC vide its letter dated 13 August 2009	(i) YOCB to allocate 50% of the public spread requirement to the Bumiputera investors, including the shares offered under the balloted public offer portion, of which 50% are to be offered to the retail Bumiputera investors; and	To be complied.

Authority	Conditions	Status of compliance
	(ii) PIVB / YOCB to provide the SC with the status of compliance with the Bumiputera equity requirement upon completion of the Flotation Exercise.	To be complied. PIVB / YOCB will provide the SC with the status of compliance with Bumiputera equity requirement upon completion of the Flotation Exercise.
MITI vide its letter dated 27 August 2009	(i) The allocation of 15,000,000 Shares, (comprising Public Issue Shares and Offer Shares) to the identified Bumiputera investors is subject to the approval of MITI and the allocation will be determined after the approval is obtained from the SC from the Flotation Exercise.	Complied. The SC had approved the Flotation Exercise vide its letter dated 25 June 2009 and 13 August 2009 subject to certain conditions as set out herein. MITI had vide its letter dated 27 October 2009 approved the allocation of 11,780,000 Offer Shares to the identified Bumiputera investors. PIVB is required to notify MITI on the Bumiputera investors' shareholding at the end of six (6) months period after the date of the acceptance by the said Bumiputera investors. The remaining 220,000 Offer Shares will be made available for application by the Malaysian Public via balloting for Bumiputera investors.
	(ii) Our Company to inform MITI on the equity holding structure of our Company upon completion of the Flotation Exercise.	To be complied. We will inform MITI on our equity holding structure upon completion of the Flotation Exercise.

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The SC has taken note that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in YOCB would change arising from the implementation of the Flotation Exercise, as follows:

Category of shareholders	Before implementation of our Flotation Exercise[(1)] %	After implementation of our Flotation Exercise %
Bumiputera		
• To be nominated and approved by MITI	-	10.00
• Via public balloting	-	2.50
Total Bumiputera	-	**12.50**
Non-Bumiputera	100.00	87.50
Foreigners	-	-
Total	**100.00**	**100.00**

Note:

(1) As at incorporation

9.2 Moratorium on Our Shares

In accordance with the SC Equity Guidelines, the shareholders as listed in the table below will not be allowed to sell, transfer or assign its entire shareholdings in our Company within six (6) months from the date of Listing ("Moratorium Period").

Name	After the IPO			
	No. of Shares held	**% of enlarged share capital***	**No. of Shares to be held under moratorium**	**% of enlarged share capital***
CCSB	63,000,000	52.50	63,000,000	52.50

Note:

* *Based on our enlarged issued and paid-up share capital of 120,000,000 Shares.*

CCSB, has provided an undertaking letter to the SC that it will not sell, transfer or assign its respective shareholdings under moratorium during the Moratorium Period as stipulated above, including all Shares, if any, issued to our Promoters during the Moratorium Period, in accordance with the SC Equity Guidelines.

The shareholders of CCSB, namely Chew Hon Foong, Chew Hon Keong, Chew Hon Yoong and Chew Hon Yoon have also provided undertaking letters to the SC that they will not sell, transfer or assign their respective shareholdings in CCSB during the Moratorium Period.

The moratorium is specifically endorsed on the Shares certificates representing the shareholdings of CCSB to ensure that our registrars do not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our registrars' instructions in the prescribed forms, ensure that trading of these shares is not permitted in the Moratorium Period.

10. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

10.1 Existing and Proposed Related Party Transactions

Save as disclosed below, our Group has not entered into any non-recurrent transactions with our related parties for the past three (3) financial years up to FYE 30 June 2009. Related parties mean substantial shareholders, Directors and / or parties connected with such substantial shareholders or Directors as defined under Section 122A of the Act.

Company	Related party	Nature of interest	Nature of transaction	Transaction value for FYE 30 June		
				2007 RM'000	2008 RM'000	2009 RM'000
YFR	Chew Hon Foong Chew Hon Keong Chew Hon Yoong Chew Hon Yoon	Note[(a)]	Acquisition of an apartment from SYOSB	-	150	-
Not applicable	Chew Hon Foong	Note[(b)]	Disposal of a 4-year old vehicle to ETHSB	62	-	-

Notes:

(a) Deemed interested by virtue of being substantial shareholders and / or directors of YFR.

(b) Chew Hon Foong is the substantial shareholder and Director of ETHSB.

Save as disclosed below, our Group does not have any other existing and / or proposed recurrent related party transactions that are of revenue or trading in nature entered into between our Group and our related parties, which involve the interests, direct or indirect, of our substantial shareholders, Directors, key management personnel and / or persons connected to them (**"Recurrent Transactions"**) for the past three (3) financial years up to FYE 30 June 2009.

Company	Related party	Nature of interest	Nature of transaction	Transaction value for FYE 30 June		
				2007 RM'000	2008 RM'000	2009 RM'000
YFR	Chew Hon Foong Chew Hon Keong Chew Hon Yoong Chew Hon Yoon	Note[(a)]	Rental of property which is currently used as SYOSB's warehouse	106[(b)]	370[(c)]	370
YFR	Chew Hon Foong Chew Hon Keong Chew HonYoong Chew Hon Yoon	Note[(a)]	Rental of property which is currently used as MSB's retail outlet	96	96	96

Company	Related party	Nature of interest	Nature of transaction	Transaction value for FYE 30 June 2007 RM'000	2008 RM'000	2009 RM'000
TanLee Management Services	Tan Peng	Note[(d)]	Management services	57	95	96

Notes:

(a) *Deemed interested by virtue of being substantial shareholders and Directors of YFR.*

(b) *The rental rates are based on the tenancy agreement dated 1 July 2005 for a period of two (2) years.*

(c) *The rental rates are based on the tenancy agreement dated 1 July 2007 for a period of two (2) years.*

(d) *TanLee Management Services is a sole proprietorship and is wholly owned by Tan Peng. Tan Peng is our Chief Financial Officer.*

In our ordinary course of business, we would enter into Recurrent Transactions, including but not limited to the above, with persons which are considered as related party as defined in the Listing Requirements. Our Directors are of the opinion that the above non-recurrent transactions and Recurrent Transactions have been conducted on an arm's length basis and on terms which are not more favourable to the related parties than those available to the public and which will not be detrimental to our minority shareholders. The Audit Committee will supervise the terms of the related party transactions and our Directors will report any related party transaction, if any, annually in our Company's annual report.

10.2 Loans Made to Related Parties

There are no outstanding loans (including guarantees of any kind) made by our Group to or for the benefit of related parties in respect of the past three (3) financial years up to FYE 30 June 2009 and the subsequent financial period thereof, immediately preceding the date of this Prospectus.

10.3 Transactions that are Unusual in their Nature or Condition

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which we or our subsidiary was a party in respect of the past three (3) financial years up to 30 June 2009 and the subsequent financial period thereof, immediately preceding the date of this Prospectus.

10.4 Promotion of Material Assets

Save for the Acquisitions, of which details are set out in Section 5.4.1 of this Prospectus, none of our Directors and / or substantial shareholders have any interest, direct or indirect, in the promotion of or in any material assets which have, within the three (3) financial years up to FYE 30 June 2009 and the subsequent financial period thereof, immediately preceding the date of this Prospectus, been acquired or disposed of by or leased to our Group, or are proposed to be acquired or disposed of by or leased to our Group.

10.5 Interest in Similar Business

None of our Directors and / or substantial shareholders and / or key management has any interest, direct or indirect, in any other businesses and corporation carrying on a similar trade as that of our Group.

10.6 Interest in Customers or Suppliers

Save as disclosed below, none of our Directors and / or substantial shareholders and / or key management has any interest, direct or indirect, in any other businesses and corporation which are the customers or suppliers of our Group.

		As at the LPD	
		Direct	Indirect
Director	Customer*	No. of shares held	No. of shares held
Yeoh Chong Keng	The Store Corporation Berhad	-	-

Note:

* *Yeoh Chong Keng is the Independent Non-Executive Director of The Store Corporation Berhad.*

10.7 Declaration by Advisers

PIVB has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Adviser, Managing Underwriter, Underwriter and Sole Placement Agent in respect of the IPO.

Messrs. Horwath has given its confirmation that there is no existing or potential conflict of interest in their capacity as Auditors and Reporting Accountants in respect of the IPO.

Messrs. Iza Ng Yeoh & Kit has declared that Yeoh Chong Keng, being the Independent Non-Executive Director of YOCB is also a partner in Messrs. Iza Ng Yeoh & Kit. Notwithstanding the aforesaid, Messrs. Iza Ng Yeoh & Kit is of the opinion that there is no conflict of interest in their capacity to act as the Solicitors in respect of the IPO, as Mr Yeoh's directorship in YOCB is of non-executive capacity. Thus, he is not involved in the day-to-day management and operations of YOCB. Further, he will abstain from any board deliberation and voting on matters pertaining to the IPO.

Vital Factor Consulting Sdn Bhd has given its confirmation that there is no existing or potential conflict of interest in its capacity as Independent Market Researcher in respect of the IPO.

Henry Butcher (NS) Sdn Bhd has given its confirmation that there is no existing or potential conflict of interest in their capacity as Independent Valuer in respect of the IPO.

11. OTHER INFORMATION CONCERNING OUR GROUP

11.1 Land and Buildings

11.1.1 Landed Property Owned by Our Group

The summary of the information on landed property owned by our Group as at the LPD are set out below:

Registered owners	**Title / Location** ***(Postal address)***	**Description / Existing use**	**Land area / Gross floor area** **Square metres**	**Tenure** **Years**	**Age of buildings / Date of issuance of Certificate of Fitness**	**Net revaluation surplus*** **RM**	**Audited NBV as at 30 June 2009** **RM**	**Market value** **RM**	**Encumbrances / Restrictions in interest**
SYOSB	Built on three (3) parcels of freehold land under GRN 128807, GRN 128808, GRN 128809, Lot 10611, Lot 10612, Lot 10613, Mukim of Setul, District of Seremban, Negeri Sembilan Darul Khusus. *PT 16690-16692, Jalan Permata 2, Arab-Malaysian Industrial Park, 71800 Nilai, Negeri Sembilan Darul Khusus.*	Three (3) adjoining industrial lands erected with a factory complex which comprises the following buildings: (i) A single storey factory with; (ii) An annexed double storey office; (iii) A fibre plant; (iv) Two warehouses (warehouse A & B); (v) A canteen; (vi) A workshop; (vii) A guardhouse; (viii) Car / motorcycle sheds; and (ix) Pump room. The whole factory, save for warehouse B is currently rented to SFSB. Warehouse B is rented to ETHSB.	37,637 / 18,852.4	Term in perpetuity (freehold)	Please see Note 1 below	7,500,824	Please see Note 2 below	Please see Note 3 below	Charged to Hong Leong Bank Berhad / None

Notes:

* *The net revaluation surplus arising from the property revaluation amounted to RM7,500,824 (net of deferred tax of RM1,535,879) and has been reflected in the audited financial statements of our Group FYE 30 June 2009.*

1. *The buildings located at an industrial area, Lot Nos. 10611 to 10613, Mukim of Setul, District of Seremban, Negeri Sembilan Darul Khusus bearing address No. Pt. 16690 - 16692, Jalan Permata 2, Arab Malaysian Industrial Park, 71800 Nilai, Negari Sembilan Darul Khusus comprises the following:*

Item	*Building*	*Date of issuance of Certificate of Fitness for occupation*	*Approximate age of building Years*
1.	*Factory*	*16 October 2000*	*8*
2.	*Office building*	*16 October 2000*	*8*
3.	*Fibre plant*	*16 October 2000*	*8*
4.	*Guardhouse*	*16 October 2000*	*8*
5.	*Warehouse A*	*2 October 2002*	*4*
6.	*Canteen*	*2 October 2002*	*4*
7.	*Warehouse B*	*6 March 2007*	*2*
8.	*Workshop*	*6 March 2007*	*2*

2. *The audited NBV of the three (3) pieces of land measuring approximately 37,637 square metres as at 30 June 2009 is approximately RM6,662,000 whilst the NBV of the buildings erected on Lot Nos. 10611 to 10613, Mukim of Setul, District of Seremban, Negeri Sembilan Darul Khusus as at 30 June 2009 is approximately RM16,942,000.*

3. *The market value of the property is RM24,300,000 as at 16 September 2008. It was extracted from the valuation report prepared by the independent valuer, Messrs. Henry Butcher Malaysia (NS) Sdn Bhd.*

To the best of our Directors' knowledge and belief, there are no regulatory requirements and environmental issue which may materially affect our Group's operations and utilisation of assets.

11.1.2 Properties Rented by Our Group for Operation Purposes

As at the LPD, our rented properties used by our Group for operation purposes in Malaysia are as follows:

	No. of rented properties
Retail outlets	13
Warehouse	1
Storage facilities	1
Total	15

Our "Home's Harmony" flagship retail outlet in 1 Utama Shopping Centre, Selangor Darul Ehsan contributed approximately RM6.0 million for the FYE 30 June 2009 to our Group's operations.

11.2 Plant and Equipment

Our Group's material plant and equipment comprise the following:

Type of Machine	Description / Purpose	No. of Units	Audited NBV as at 30 June 2009 RM
3 thread overlock machine	Sewing machine with three (3) threads overlocking mechanism to stitch the edge of the fabric from fraying.	6	30,837
5 thread overlock machine	Sewing machine with five (5) threads overlocking mechanism to stitch the edge of the fabric from fraying.	31	324,664
8'' vertical knife cutting	Hand operated mechanised vertical sawing motion cuttings knife to cut thick piles of fabric.	3	321
Air-compressor	Air compressor and system to produce compressed air for pneumatic operated machines and cleaning purpose.	3	8,313
Air-dryer	Air dryer attached to the compressor to dry the air in the system.	2	2,331
Automated vacuum suction / blowing machine system	Automated machine with the function of suction and blowing of the fibres mainly in the production of pillows.	1	346,087
Automatic scalloping machine	Sewing machine with the function to form decorative scallops in the production of pillow cases and bed linen.	3	75,503
Ball fibre machine	Machine which consist of a carding knife and blower to form and shape cluster of fibres into tiny balls.	1	10,612
Bolster fibre insert machine	Machine with the function to roll up set piece of processed fibres into tube to be inserted into the bolster shell to form bolster.	1	10,295
Button hole machine	Automated machine to form button holes of various sizes.	2	480
Button stitching machine	Automated machine to stitch the different sizes of buttons onto the bed linen items.	2	5,376
Chain stitch piping machine	Machine to stitch and form pipings of various diameter with an attached folder around the side of the pillow shells and comforter edge for decorative purpose.	2	2
Comforter fibre filling machine	Automated machine which unroll and cut processed fibres and hence slide the cut fibres into the shell of the comforter or quilt cover before being sent to the quilting machine for quilting.	2	21,604

11. OTHER INFORMATION CONCERNING OUR GROUP *(Cont'd)*

Type of Machine	Description / Purpose	No. of Units	Audited NBV as at 30 June 2009 RM
Computerised embroidery machine	Automated computerised embroidery machine with twelve (12) numbers of sewing head with simultaneous sewing operation for sewing of embroidery motif and others for the bed linen items.	1	103,397
Computerised quilting machine	Single needle computerised machine which stitch up the quilt and comforter covers with the inserted fibres together with a designed pattern.	3	70,281
Cop winding machine	Automated bobbin thread rewinding machine.	2	2
Cotton opening machine	Machine to open up and card and loosen the cotton fibres for the processing of cotton pillows and bolsters.	1	34,818
Cotton pillow vacuum machine	Automated machine with vacuum features to produce cotton pillows and bolsters thus reducing and eliminating the cotton dust from contaminating the environment.	1	41,468
Cutting hydraulic press	Hydraulic operated press machine with the attached steel perform moulds for cutting thick piles of fabric to preformed shape.	1	10,859
Double needle chain stitch sewing machine	Sewing machine with double needle operation to form double stitching mainly in the production of pillow shells.	3	3
Double needle lockstitch sewing machine	Sewing machine with double needle and lock stitching mechanism in the forming of the edge of the bed linen items.	5	6,222
Double needle walking foot sewing machine	Sewing machine with double needle function and double stitching with attached walking foot mechanism for sewing extra thick fabric.	2	1,622
Electronic Platform Weighing scale machine	Electronic weighing platform machine for quality control where a specific weight is controlled in the weight of the finished products.	4	3,285
Fabric spreading machine	Automated machine to unfold and spread out the fabric to the required numbers of lay for cutting.	4	58,185
Fibre opening machine	Polyester fibers opening and carding machine to open up and loosen the fibres in production purposes.	5	7,119

Type of Machine	Description / Purpose	No. of Units	Audited NBV as at 30 June 2009 RM
Heat bonding dryer	Dryer to control the moisture content in the process of manufacturing of bonded fibres.	1	1
Insert cotton machine	Machine with blowers used in the process of filling up cotton fibers for production of cotton pillows.	1	12,303
Iron steam boiler	Automated electrically heated boiler to produce steam for ironing purpose.	2	1,708
Kansai special zig-zag sewing machine	Sewing machine with zig-zag sewing features for decorative sewing.	2	3,381
Multi needle quilting machine	Automated multi needle sewing machine for the production of quilting pads for mattress or pillow protectors.	2	15,528
Pattern quilting machine	Motorised operated quilting machine running on set pattern of rubber rails for quilting of comforter, quilts and foldable mattress.	3	25,849
Picot machine	Automated machine which form a chain line of stitched up decorative picot holes for bed linen items.	1	10,794
Piping cutting machine	Machine for the cutting of pipings usually 30mm to 50mm width from rolled up fabric in tube forms.	1	1
Piping rolling machine	Machine where the jointed fabric joined at 45 degree skew are rolled into tube for cutting by the piping cutting machine.	1	21,428
Plastic seal machine	Electrically operated sealing machine with heating element for sealing of polyethylene bags in packing.	4	1,374
Power press cutting hole eyelet machine	Mechanical press machine for the forming of eyelet holes for the production of eyelet type curtains.	1	1,503
Power press ring eyelet machine	Mechanical press machine for the production of eyelet ring type curtain where the circular ring, male and female are placed over the preformed hole and pressed together.	1	1,251
Programmable stitching machine	Automated stitching machine where the pattern is pre programme for the stitching of curtain especially Singapore pleats.	1	7,269

11. OTHER INFORMATION CONCERNING OUR GROUP *(Cont'd)*

Type of Machine	Description / Purpose	No. of Units	Audited NBV as at 30 June 2009 RM
Quilt auto cutting machine	Automated cutting machine for the cutting of multi quilted pads to the set size and length.	2	24,260
Rolling machine and fabric inspection machine	Automated fabric inspection and rolling machine for checking of fabric quality and also in determining the length of each roll or bale of fabric received from suppliers.	2	4,562
Round knife cloth cutting	Hand operated round blade cloth cutting machine.	6	2,299
Round knife cloth cutting with aluminium rill	Electrically hand operated round blade cutting machine on rails with extendable handle.	8	3,638
Single needle lockstitch sewing machine	Single needle motorised sewing machine for general sewing function.	89	27,811
Single needle lockstitch walking foot sewing machine	Single needle sewing machine with attached walking foot for sewing of thick fabric where the walking foot would pull the fabric under away from the needle.	11	2,489
Snap button machine	Fully automatic plastic snap button fixing machine.	1	11,100
Steam iron table	Steam ironing equipment with steam iron and attached to steam producing boiler for ironing purposes.	3	1,229
Turbo tunnel clear pack	Shrink packaging machine with heat tunnel for heating up the shrink wrapping.	3	2,400
Vacuum press and plastic seal	Automated mechanical press machine for vacuum packing of goods and with heating element for sealing the polyethylene bag.	1	407

Save as disclosed above, all other plant and equipment of our Group are individually immaterial to the operation of our Group to be disclosed separately. Our Directors are of the opinion that our Group has sufficient capacity to carry our operations, the details of which are set out in Section 6.4 of this Prospectus.

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Our proforma consolidated financial statements have been compiled based on the basis and accounting policies consistent with those currently adopted by our Group which are set out in the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 12.5 of this Prospectus. The financial statements used in the preparation of our proforma consolidated financial statements were prepared in accordance with approved accounting standards issued by Malaysian Accounting Standards Board. Any adjustments which were dealt with when preparing our proforma consolidated financial statements have been highlighted and disclosed in Section 12.5 of this Prospectus.

12.1 Proforma Consolidated Income Statements

The following is a summary of our proforma consolidated income statements for the past five (5) financial years up to the FYE 30 June 2009 which have been prepared based on the assumption that the current structure of our Group had been in existence throughout the financial years under review. The proforma consolidated income statements are prepared for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter on the Proforma Consolidated Financial Information set out in Section 12.5 of this Prospectus.

	<---Audited FYE 30 June--->				
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Revenue	68,418	86,808	85,185	102,200	130,084
Cost of sales	(48,868)	(63,778)	(58,054)	(66,143)	(83,683)
GP	19,550	23,030	27,131	36,057	46,401
Other income	111	846	75	776	711
Selling and distribution expenses	(1,588)	(1,640)	(2,303)	(2,867)	(5,286)
Administrative expenses	(8,394)	(10,549)	(11,705)	(15,137)	(19,611)
Other expenses	(1,346)	(2,884)	(2,187)	(3,888)	(2,469)
Finance costs	(161)	(335)	(577)	(1,237)	(1,101)
PBT	8,172	8,468	10,434	13,704	18,645
Income tax expense	(2,411)	(2,332)	(3,185)	(2,998)	(4,764)
PAT	5,761	6,136	7,249	10,706	13,881
EBITDA	9,640	10,225	12,518	17,749	22,042
PAT attributable to equity holders of YOCB	5,761	6,136	7,249	10,706	13,881
GP margin (%)	28.6	26.5	31.8	35.3	35.7
PBT margin (%)	11.9	9.8	12.2	13.4	14.3
Net profit margin (%)	8.4	7.1	8.5	10.5	10.7
Number of Shares assumed in issue* ('000)	94,829	94,829	94,829	94,829	94,829
Gross EPS^ (sen)	8.6	8.9	11.0	14.5	19.7
Net EPS^ (sen)	6.1	6.5	7.6	11.3	14.6

Notes:

* *Assumed number of ordinary shares in issue arrived at based on issued and paid-up capital after the Acquisitions but before the IPO.*

^ *The gross EPS and net EPS were computed by dividing the PBT and PAT respectively by the assumed number of shares in issue during the relevant financial years.*

There was no MI, share of profits / losses of associated companies or joint ventures, exceptional or extraordinary items in the financial years under review. The auditors' reports for our Group for the financial years under review were reported without any audit qualification.

12.2 Proforma Consolidated Balance Sheets

The following is the proforma consolidated balance sheets as at 30 June 2009 which is presented for illustrative purposes only on the basis that the current structure of our Group had been in existence throughout the financial under review and should be read in conjunction with the Reporting Accountant's Letter on the Proforma Consolidated Financial Information set out in Section 12.5 of this Prospectus.

	Audited as at 30 June 2009 RM'000	(I) After Acquisitions RM'000	(II) After (I) IPO RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	-	30,856	30,856
Goodwill	-	637	637
	-	31,493	31,493
Current Assets			
Inventories	-	30,441	30,441
Trade receivables	-	16,639	16,639
Other receivables, deposits and prepayments	917	3,216	2,299
Tax refundable	-	43	43
Deposits with a financial institution	-	6,029	6,029
Cash and bank balances	#	5,857	16,424
	917	62,225	71,875
TOTAL ASSETS	917	93,718	103,368

12. PROFORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

	Audited as at 30 June 2009 RM'000	(I) After Acquisitions RM'000	(II) After (I) and IPO RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	#	47,415	60,000
Share premium	-	-	7,750
Reserves	(6)	13,284	11,599
TOTAL EQUITY	(6)	60,699	79,349
Non-Current Liabilities			
Long-term borrowings	-	3,412	3,412
Deferred tax liabilities	-	1,703	1,703
	-	5,115	5,115
Current Liabilities			
Trade payables	-	5,136	5,136
Other payables and accruals	923	6,163	6,163
Short-term borrowings	-	15,291	6,291
Provision for taxation	-	1,314	1,314
	923	27,904	18,904
Total Liabilities	923	33,019	24,019
TOTAL EQUITY AND LIABILITIES	917	93,718	103,368
Number of ordinary shares assumed in issue at par value of RM0.50 each ('000)	^	94,829	120,000
(NTL) / NTA	(6)	60,062	78,712@
(NTL) / NTA per share (RM)	(1,647)	0.63	0.66
(NL) / NA	(6)	60,699	79,349@
(NL) / NA per share (RM)	(1,647)	0.64	0.66

Notes:

\# *RM2*

^ *4 ordinary shares of RM0.50 each*

@ *After deducting the estimated listing expenses of RM3,500,000*

12.3 Proforma Consolidated Cash Flow Statement

The following is our proforma consolidated cash flow statement for the FYE 30 June 2009 which have been prepared on the assumption that the current structure of our Group had been in existence throughout the financial year under review. The proforma consolidated cash flow statement are prepared for illustrative purposes only and should be read in conjunction with the Reporting Accountant's Letter on the Proforma Consolidated Financial Information set out in Section 12.5 of this Prospectus.

	FYE 30 June 2009 RM'000
CASH FLOWS FROM / (FOR) OPERATING ACTIVITIES	
PBT	18,645
Adjustments for:	
Allowance for doubtful debts	69
Allowance for slow-moving inventories	462
Depreciation of property, plant and equipment	2,437
Interest expense	1,005
Plant and equipment written off	202
Loss on disposal of equipment	3
Interest income	(45)
Writeback of allowance for doubtful debts	(10)
Operating profit before working capital changes	22,768
Increase in inventories	(3,625)
Decrease in trade and other receivables	3,837
Increase in trade and other payables	3,882
CASH FROM OPERATIONS	26,862
Interest paid	(1,005)
Income tax paid	(5,327)
NET CASH FROM OPERATING ACTIVITIES	20,530
CASH FLOWS (FOR) / FROM INVESTING ACTIVITIES	
Purchases of plant and equipment	(1,793)
Proceeds from disposal of plant and equipment	5
Interest received	45
NET CASH FOR INVESTING ACTIVITIES	(1,743)
CASH FLOWS FOR FINANCING ACTIVITIES	
Repayment to a director	(5)
Net repayments of bankers' acceptances	(9,368)
Repayment of term loans	(2,604)
Repayment of hire purchase payables	(187)
NET CASH FOR FINANCING ACTIVITIES	(12,164)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,623
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	5,264
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**11,887**

12.4 Capitalisation and Indebtedness

The following table shows the cash and bank balances, capitalisation and indebtedness of our Group:

(i) as at 30 June 2009 based on our proforma consolidated financial information; and

(ii) as adjusted to show the effects of the Flotation Exercise, the net proceeds arising from the issuance of 25,170,740 IPO Shares pursuant to our IPO and the utilisation of proceeds as set out in Section 3.9 of this Prospectus:

		(I)	(II)
	As at 30 June 2009 RM'000	**After Acquisitions RM'000**	**After (I) and IPO RM'000**
Cash and bank balances	#	5,857	16,424
Indebtedness			
Current			
- secured and guaranteed	-	15,291	6,291
Non-current			
- secured and guaranteed	-	3,412	3,412
Total indebtedness	**-**	**18,703**	**9,703**
Total shareholders' equity	**(6)**	**60,699**	**79,349**
Total capitalisation and indebtedness	**(6)**	**79,402**	**89,052**

Note:

\# *RM2*

The contingent liabilities of our Group are as set out in Section 13.5(ii) of this Prospectus.

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12.5 **Reporting Accountants' Letter on the Proforma Consolidated Financial Information**

(Prepared for inclusion in this Prospectus)

Horwath

Horwath AF No 1018
Kuala Lumpur Office
Chartered Accountants

Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

+6 03 2166 0000 Main
+6 03 2166 1000 Fax

info@horwathkl.com
www.horwath.com.my

Date: 10 November 2009

The Board of Directors
Yoong Onn Corporation Berhad
Suite 13A.01 (A), Level 13A
Wisma Goldhill
67 Jalan Raja Chulan
50200 Kuala Lumpur

Dear Sirs/Madam

YOONG ONN CORPORATION BERHAD ("YOCB")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We have reviewed the proforma consolidated financial information of Yoong Onn Corporation Berhad and its subsidiaries ("YOCB Group" or "the Group") for the financial years ended 30 June 2005 to 2009, together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the accompanying statements (initialled by us for the purpose of identification only) prepared for illustration purposes for the inclusion in the Prospectus of Yoong Onn Corporation Berhad to be dated 3 December 2009.

It is our responsibility to form an opinion on the proforma consolidated financial information as required by the Prospectus Guidelines issued by the Securities Commission and to report our opinion to you.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the audited financial statements, considering the evidence supporting the adjustments, and discussing the proforma consolidated financial information with the Directors of the YOCB Group.

As the proforma consolidated financial information has been prepared for illustrative purposes only, such information may not, because of its nature, reflect the actual financial position, results and cash flows of the YOCB Group. Further, such information does not purport to predict the future financial position, results and cash flows of the YOCB Group.

In our opinion,

(a) the proforma consolidated financial information has been properly prepared on the bases set out in the accompanying notes to the proforma consolidated financial information and such bases are consistent with the accounting policies of YOCB and its subsidiaries unless otherwise stated;

(b) the financial statements used in the preparation of the proforma consolidated financial information were prepared in accordance with Financial Reporting Standards in Malaysia; and

Horwath

(c) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing such proforma consolidated financial information.

We understand that this letter will be used solely for the purpose stated above, in connection with the aforementioned transactions. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

Horwath
Firm No : AF 1018
Chartered Accountants

Onn Kien Hoe
Approval No : 1772/11/10(J)
Partner

YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1. PROFORMA GROUP AND BASIS OF PREPARATION

1.1 Proforma Group

The proforma consolidated financial information of Yoong Onn Corporation Berhad ("YOCB") and its subsidiaries ("YOCB Group" or "the Group"), comprising the financial information of YOCB, Syarikat Yoong Onn Sdn. Bhd. ("SYOSB"), Sleep Focus Sdn. Bhd. ("SFSB"), Elegant Total Home Sdn. Bhd. ("ETHSB") and Monsieur (M) Sdn. Bhd. ("MSB") are presented for the purpose of illustration only.

The relevant financial years of the YOCB Group for the purpose of this report covers financial years ended 30 June 2005 to 2009.

The proforma consolidated financial information of the YOCB Group is prepared on the assumption that the YOCB Group had been in existence throughout the financial years ended 30 June 2005 to 2009. The proforma consolidated financial information comprises the following:-

Section 2 - Proforma Consolidated Income Statements for the relevant financial years;

Section 3 - Proforma Consolidated Balance Sheets as at 30 June 2009; and

Section 4 - Proforma Consolidated Cash Flow Statement for the financial year ended 30 June 2009.

YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1.2 Basis of Preparation

The proforma consolidated financial information is prepared using the audited financial statements of YOCB, SYOSB, SFSB, ETHSB and MSB for the relevant financial years.

The proforma consolidated financial information has been prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.

The financial statements of YOCB, SYOSB, SFSB, ETHSB and MSB for the relevant financial years under review were not subject to any audit qualification.

The audited financial statements of YOCB, SYOSB, SFSB, ETHSB and MSB for the financial years ended 30 June 2005 to 2007 have been prepared in accordance with the applicable approved accounting standards. During FY 2008, the YOCB Group had adopted the FRSs issued by the Malaysian Accounting Standards Board. However, the adoption of the new FRSs did not have any material effect on the financial statements of the Group.

The proforma consolidated financial statements have been prepared using the merger method. Under the merger method,

(i) If the cost of merger is lower than the nominal value of the share capital of the subsidiaries acquired, a credit balance will arise and be treated as merger reserve.

(ii) If the cost of merger exceeds the nominal value of the share capital of the subsidiaries acquired, a debit balance will arise and treated as merger deficit under the proforma consolidated balance sheet.

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YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1.2 Basis of Preparation (Cont'd)

The proforma consolidated balance sheets together with the accompanying notes thereto, have been prepared solely for illustrative purposes, to show the effects of the listing scheme had the scheme been implemented and completed on 30 June 2009.

Listing Scheme

YOCB seeks a listing on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The listing scheme comprises the following:-

1. Acquisitions of Subsidiaries

   Acquisition by YOCB of the following:-

   (a) the entire equity interest in SYOSB comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM36,528,771 satisfied by the issuance of 73,057,542 new ordinary shares of RM0.50 each in YOCB ("YOCB Shares") at par. The purchase consideration was arrived at based on a willing buyer willing seller basis after taking into consideration the audited net assets of SYOSB as at 30 June 2008 of RM29,037,356 and the unaudited net revaluation surplus of its land and buildings of RM7,491,415;

   (b) the entire equity interest in SFSB comprising 500,000 ordinary shares of RM1.00 each for a total purchase consideration of RM7,249,379 satisfied by the issuance of 14,498,758 new YOCB Shares at par. The purchase consideration was arrived at based on a willing buyer willing seller basis after taking into consideration the audited net assets of SFSB as at 30 June 2008;

YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1.2 Basis of Preparation (Cont'd)

Listing Scheme (Cont'd)

1. Acquisitions of Subsidiaries (Cont'd)

   (c) the entire equity interest in ETHSB comprising 200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM2,891,643 satisfied by the issuance of 5,783,286 new YOCB Shares at par. The purchase consideration was arrived at based on a willing buyer willing seller basis after taking into consideration the audited net assets of ETHSB as at 30 June 2008; and

   (d) the entire equity interest in MSB comprising 350,000 ordinary shares of RM1.00 each for a total purchase consideration of RM744,835 satisfied by the issuance of 1,489,670 new YOCB Shares at par. The purchase consideration was arrived at based on a willing buyer willing seller basis after taking into consideration the audited net assets of MSB as at 30 June 2008.

   (hereinafter referred to as the "Acquisitions")

2. Public Issue

   Public issue of 25,170,740 new YOCB Shares at an issue price of RM0.88 per YOCB Share, representing 20.98% of the enlarged issued and paid-up share capital of YOCB comprising:-

   (a) 6,000,000 YOCB Shares will be made available for application by the Malaysian public;

   (b) 6,500,000 YOCB Shares will be made available for application by eligible Directors and employees of the YOCB Group and other persons who have contributed to the success of the YOCB Group; and

   (c) 12,670,740 YOCB Shares will be made available for application by way of private placement to selected investors.

   (Hereinafter referred to as the "Public Issue")

YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1.2 Basis of Preparation (Cont'd)

Listing Scheme (Cont'd)

3. Offer for Sale

Offer for sale of 25,229,260 existing YOCB Shares by the existing shareholders of YOCB at an offer price of RM0.88 per share ("Offer Shares"), representing 21.02% of the enlarged issued and paid-up share capital of YOCB of which 12,000,000 Offer Shares will be made available to Bumiputera investors approved by MITI by way of placement and 13,229,260 Offer Shares will be made available to selected investors by way of placement.

4. Listing

Listing of and quotation for the entire issued and paid-up share capital of YOCB of RM60,000,000 comprising 120,000,000 YOCB Shares on the Main Market of Bursa Securities.

The above-mentioned are hereinafter collectively referred to as "Flotation Exercise".

YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF THE YOCB GROUP

	Financial Year Ended 30 June ("FY")				
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Revenue	68,418	86,808	85,185	102,200	130,084
Cost of sales	(48,868)	(63,778)	(58,054)	(66,143)	(83,683)
Gross profit ("GP")	19,550	23,030	27,131	36,057	46,401
Other income	111	846	75	776	711
	19,661	23,876	27,206	36,833	47,112
Selling and distribution expenses	(1,588)	(1,640)	(2,303)	(2,867)	(5,286)
Administrative expenses	(8,394)	(10,549)	(11,705)	(15,137)	(19,611)
Other expenses	(1,346)	(2,884)	(2,187)	(3,888)	(2,469)
Profit from operations	8,333	8,803	11,011	14,941	19,746
Finance costs	(161)	(335)	(577)	(1,237)	(1,101)
Profit before taxation ("PBT")	8,172	8,468	10,434	13,704	18,645
Amortisation	93	93	93	-	-
Depreciation	1,301	1,469	1,532	3,010	2,437
Interest expense	75	216	479	1,096	1,005
Interest income	(1)	(21)	(20)	(61)	(45)
Earning before interest, amortisation, depreciation and taxation	9,640	10,225	12,518	17,749	22,042
Amortisation	(93)	(93)	(93)	-	-
Depreciation	(1,301)	(1,469)	(1,532)	(3,010)	(2,437)
Interest expense	(75)	(216)	(479)	(1,096)	(1,005)
Interest income	1	21	20	61	45
PBT	8,172	8,468	10,434	13,704	18,645
Income tax expense	(2,411)	(2,332)	(3,185)	(2,998)	(4,764)
Profit after taxation ("PAT")	5,761	6,136	7,249	10,706	13,881

	Financial Year Ended 30 June ("FY")				
	2005	2006	2007	2008	2009
GP margin (%)	28.6	26.5	31.8	35.3	35.7
PBT margin (%)	11.9	9.8	12.2	13.4	14.3
PAT margin (%)	8.4	7.1	8.5	10.5	10.7
Effective tax rate (%)	29.5	27.5	30.5	21.9	25.6
Interest coverage (times)	110.0	40.2	22.8	13.5	19.6
Trade receivables turnover period (months)	2	1	2	2	2
Trade payables turnover period (months)	5	2	4	1	1
Inventory turnover period (months)	3	2	4	5	4
Gearing ratio (times)	0.2	0.3	0.3	0.8	0.3
Assumed number of ordinary shares in issue of RM0.50 each * ('000)	94,829	94,829	94,829	94,829	94,829
Gross earnings per share ("EPS") based on assumed number of shares in issue ^ (sen)	8.6	8.9	11.0	14.5	19.7
Net EPS based on assumed number of shares in issue ^ (sen)	6.1	6.5	7.6	11.3	14.6

YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF YOCB GROUP

Notes:-

* - *Assumed number of ordinary shares in issue arrived at based on issued and paid-up capital after the Acquisitions but before the Public Issue.*

^ - *The Gross EPS and Net EPS were computed by dividing the PBT and PAT respectively by the assumed number of shares in issue during the relevant financial years.*

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YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE YOCB GROUP AS AT 30 JUNE 2009

	Note	Audited as at 30.6.2009 RM'000	Proforma I After Acquisitions RM'000	Proforma II After Proforma I and Public Issue RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	3.3	-	30,856	30,856
Goodwill	3.4	-	637	637
		-	31,493	31,493
CURRENT ASSETS				
Inventories	3.5	-	30,441	30,441
Trade receivables	3.6	-	16,639	16,639
Other receivables, deposits and prepayments	3.7	917	3,216	2,299
Deposits with a financial institution	3.8	-	6,029	6,029
Tax refundable		-	43	43
Cash and bank balances	3.9	#	5,857	16,424
		917	62,225	71,875
TOTAL ASSETS		917	93,718	103,368
EQUITY AND LIABILITIES				
EQUITY				
Share capital	3.10	#	47,415	60,000
Share premium	3.11	-	-	7,750
Reserves	3.12	(6)	13,284	11,599
TOTAL EQUITY		(6)	60,699	79,349
NON-CURRENT LIABILITIES				
Long term borrowings	3.13	-	3,412	3,412
Deferred tax liabilities	3.16	-	1,703	1,703
		-	5,115	5,115
CURRENT LIABILITIES				
Trade payables	3.17	-	5,136	5,136
Other payables and accruals	3.18	923	6,163	6,163
Short-term borrowings	3.19	-	15,291	6,291
Provision for taxation		-	1,314	1,314
		923	27,904	18,904
TOTAL LIABILITIES		923	33,019	24,019
TOTAL EQUITY AND LIABILITIES		917	93,718	103,368

YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE YOCB GROUP AS AT 30 JUNE 2009 (CONT'D)

	Audited as at 30.6.2009	Proforma I After Acquisitions	Proforma II After Proforma I and Public Issue
Number of ordinary shares in issue ('000)	^	94,829	120,000
Net Tangible (Liabilities)/Assets "(NTL)/NTA" (RM'000)	(6)	60,062	78,712
(NTL)/NTA per ordinary share (RM)	(1,647)	0.63	0.66
Net (Liabilities)/Assets "(NL)/NA" (RM'000)	(6)	60,699	79,349
(NL)/NA per ordinary share (RM)	(1,647)	0.64	0.66

Notes:-

\# - *RM2*

^ - *4 ordinary shares of RM0.50 each*

3.1 Proforma I

Proforma I incorporates the Acquisitions by YOCB of the:-

(a) entire equity interest in SYOSB for a total purchase consideration of RM36,528,771 satisfied by the issuance of 73,057,542 new YOCB Shares at par;

(b) entire equity interest in SFSB for a total purchase consideration of RM7,249,379 satisfied by the issuance of 14,498,758 new YOCB Shares at par;

(c) entire equity interest in ETHSB for a total purchase consideration of RM2,891,643 satisfied by the issuance of 5,783,286 new YOCB Shares at par; and

(d) entire equity interest in MSB for a total purchase consideration of RM744,835 satisfied by the issuance of 1,489,670 new YOCB Shares at par.

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YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE YOCB GROUP AS AT 30 JUNE 2009 (CONT'D)

3.2 Proforma II

Proforma II incorporates the effects of Proforma I and the Public Issue. The proceeds will be utilised as follows:-

	RM'000
Repayment of bank borrowings	9,000
Local and overseas expansion *	6,000
Estimated listing expenses **	3,500
Working capital *	3,650
	22,150

* - *subsumed within cash and bank balances*

** - *The estimated listing expenses for issue of new shares of RM1.815 million is to be written off against the share premium account under Section 60 of the Companies Act, 1965. The remaining estimated listing expenses of RM1.685 million will be expensed off to the Income Statement and this represents a one-off expenditure pursuant to the Initial Public Offerings.*

3.3 Property, Plant and Equipment

	At Cost RM'000	At Valuation RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Freehold land and buildings	-	24,300	(697)	23,603
Plant and Machinery	5,267	-	(3,560)	1,707
Motor vehicles	3,526	-	(1,345)	2,181
Equipment	503	-	(219)	284
Air-conditioners	36	-	(15)	21
Office equipment	1,319	-	(333)	986
Furniture and fittings	1,979	-	(1,026)	953
Computers	91	-	(53)	38
Warehouse equipment	58	-	(26)	32
Signboard	60	-	(45)	15
Renovation	3,680	-	(2,861)	819
Electrical appliances	463	-	(247)	216
Fire extinguishers	3	-	(2)	1
	16,985	24,300	(10,429)	30,856

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YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE YOCB GROUP AS AT 30 JUNE 2009 (CONT'D)

3.3 Property, Plant and Equipment (Cont'd)

At 30 June 2009, the freehold land and buildings with a total net book value of RM23,603,527 were charged to financial institutions as security for banking facilities granted to the YOCB Group.

At 30 June 2009, the motor vehicles with a total net book value of RM1,289,734 were acquired under hire purchase terms.

3.4 Goodwill

The YOCB Group assessed the recoverable amount of the purchased goodwill of MSB, and determined that the goodwill is not impaired.

The recoverable amount of the cash-generating unit is determined based on the value-in-used calculation using cash flow projections based on financial budgets approved by the management of the YOCB Group. The YOCB Group has projected cash flow for a period of one (1) year. The key assumptions used for value-in-used calculations are:-

(i)	Budgeted revenue	Sales growth rate of 20% was used based on the demand of home furnishing products to be derived from both existing and future boutiques in budgeted period.
(ii)	Budgeted gross margin	Budget gross profit margin of 45% was determined based on the historical track records and after considering domestic economic environment conditions.
(iii)	Discount rate	The discount rate used is pre-tax and reflects specific risks relating to the industry.

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YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE YOCB GROUP AS AT 30 JUNE 2009 (CONT'D)

3.5 Inventories

The details of the inventories are as follows:-

	RM'000
At Cost:	
- Raw materials	7,625
- Work-in-progress	2,483
- Finished goods	19,887
	29,995
At Net Realisable Value:	
- Raw materials	664
- Finished goods	877
	1,541
	31,536
Less: Unrealised profit on inter-company inventories	(1,095)
	30,441

3.6 Trade Receivables

	RM'000
Trade receivables	16,744
Allowance for doubtful debts:-	
At 1 July 2008	(1,623)
Addition for the financial year	(69)
Writeoff during the financial year	1,577
Writeback during the financial year	10
At 30 June 2009	(105)
	16,639

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YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE YOCB GROUP AS AT 30 JUNE 2009 (CONT'D)

3.6 Trade Receivables (Cont'd)

The YOCB Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of the trade receivables is as follows:-

	RM'000
United States Dollar	1,504
Singapore Dollar	1,556

3.7 Other Receivables, Deposits and Prepayments

	RM'000
Other receivables, deposits and prepayments	3,695
Allowance for doubtful debts:-	
At 1 July 2008	(571)
Writeoff during the financial year	92
At 30 June 2009	(479)
As per Proforma I	3,216
Less: Listing expenses incurred	(917)
As per Proforma II	2,299

3.8 Deposits with a Financial Institution

At 30 June 2009, the deposits amounting to RM1,327,952 are pledged to financial institutions for banking facilities granted to the YOCB Group.

The effective interest rates of the deposits ranged from 1% to 2%. The deposits have a maturity period ranging from 3 days to 1 month.

YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE YOCB GROUP AS AT 30 JUNE 2009 (CONT'D)

3.9 Cash And Bank Balances

	RM'000
As at 30 June 2009	#
Arising from the Acquisitions	5,857
As per Proforma I	5,857
Proceeds from Public Issue	22,150
Utilisation of proceeds:	
- repayment of bank borrowings	(9,000)
- balance of estimated listing expenses to be incurred	(2,583)
As per Proforma II	16,424

Note:

\# - *RM2*

3.10 Share Capital

The issued and paid-up share capital of YOCB as at 30 June 2009 was RM2 comprising 4 ordinary shares of RM0.50 each.

The movements in the issued and paid-up share capital of YOCB since its incorporation are as follows:-

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YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3 PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE YOCB GROUP AS AT 30 JUNE 2009 (CONT'D)

3.10 Share Capital (Cont'd)

	Par value RM	Number of Ordinary Shares ('000)	Amount of Share Capital RM'000
As at 17 April 2008 (Date of incorporation)	1.00	*	#
Share split on 21 August 2008	-	*	-
As at 30 June 2009	0.50	**	#
Acquisitions	-	94,829	47,415
As per Proforma I	0.50	94,829	47,415
Public Issue	0.50	25,171	12,585
As per Proforma II	0.50	120,000	60,000

Notes:

* - *2 ordinary shares*
** - *4 ordinary shares*
# - *RM2*

3.11 Share Premium

The movements in the share premium account are as follows:-

	RM'000
As per Proforma I	-
Public Issue	9,565
Less: Estimated listing expenses *	(1,815)
As per Proforma II	7,750

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YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE YOCB GROUP AS AT 30 JUNE 2009 (CONT'D)

3.11 Share Premium (Cont'd)

Note:

* - *The estimated listing expenses for issue of new shares of RM1.815 million is to be written off against the share premium account under Section 60 of the Companies Act, 1965. The remaining estimated listing expenses of RM1.685 million will be expensed off to the Income Statement and this represents an one-off expenditure pursuant to the Initial Public Offerings.*

The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

3.12 Reserves

	RM'000
Revaluation Reserve	7,501
Merger Deficit	(44,365)
Retained Profits	50,148
As per Proforma I	13,284
Estimated listing expenses	(1,685)
As per Proforma II	11,599

The details of the revaluation reserve are as follows:-

	RM'000
Surplus arising from revaluation of properties	9,037
Less: Related deferred tax liability	(1,536)
Net revaluation reserve	7,501

The revaluation reserve is not distributable by way of dividends.

Merger deficit represents the excess arising from the nominal value of the shares issued over the nominal value of shares acquired.

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YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE YOCB GROUP AS AT 30 JUNE 2009 (CONT'D)

3.13 Long-Term Borrowings

	RM'000
Term loans (Note 3.14)	2,637
Hire purchases payables (Note 3.15)	775
	3,412

3.14 Term Loans

	RM'000
Current portion:	
- not later than one year (Note 3.19)	2,717
Non-current portion:	
- later than one year and not later than five years (Note 3.13)	2,637
	5,354

Details of the repayment terms are as follows

	Number of Monthly Instalment	Monthly Instalment RM'000	Date of Commencement of Repayment
Term loan 1	36	148	August 2007
Term loan 2	60	92	November 2007

The term loans bore an effective interest rate of 4.10% per annum and are secured by way of fixed deposits belonging to a related party.

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YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE YOCB GROUP AS AT 30 JUNE 2009 (CONT'D)

3.15 Hire Purchase Payables

	RM'000
Minimum hire purchase payables:	
- not later than one year	280
- later than one year and not later than five years	838
	1,118
Less: Future finance charges	(106)
Present value of hire purchase payables	1,012

The hire purchase payables are repayable as follows:

	RM'000
Current:	
- not later than one year (Note 3.19)	237
Non-current:	
- later than one year and not later than five years (Note 3.13)	775
	1,012

The hire purchase payables at 30 June 2009 bore effective interest rates ranging from 3.78% to 5.60% per annum.

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YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE YOCB GROUP AS AT 30 JUNE 2009 (CONT'D)

3.16 Deferred Tax Liabilities

The component of deferred tax assets and liabilities as at 30 June 2009 are as follows:-

	RM'000
Deferred tax liabilities:	
- Accelerated capital allowances	1,060
- Revaluation surplus on properties	1,378
	2,438
Deferred tax assets:	
- Other deductible temporary differences	(735)
	1,703

The potential deferred tax benefits, arising from temporary differences, that have not been accounted for are as follows:-

	RM'000
Deferred tax asset:	
- Other deductible temporary differences	146

3.17 Trade Payables

The normal trade credit terms granted to the YOCB Group range from 30 to 120 days.

The foreign currency exposure profile of trade payables is as follows:-

	RM'000
Euro	32
United States Dollar	3,339

YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF THE YOCB GROUP AS AT 30 JUNE 2009 (CONT'D)

3.18 Other Payables And Accruals

Included in YOCB's other payables as at 30 June 2009 was an amount of RM776,505 due to SYOSB which is non-trade in nature, unsecured, interest-free and repayable on demand.

3.19 Short-Term Borrowings

	RM'000
Bankers' acceptances	12,337
Term loans (Note 3.14)	2,717
Hire purchase payables (Note 3.15)	237
As per Proforma I	15,291
Utilisation of proceeds from the Public Issue	(9,000)
As per Proforma II	6,291

The bankers' acceptances as at 30 June 2009 bore interest at rates ranging from 2.88% to 5.05% per annum and are secured by way of:-

(i) a pledge of fixed deposits of the YOCB Group;
(ii) a pledge of fixed deposits of a related party;
(iii) a legal charge of properties of the YOCB Group;
(iv) a legal charge of properties belonging to a related party;
(v) a joint and several guarantee by the directors of certain subsidiaries under the YOCB Group;
(vi) a corporate guarantee issued by a related party; and
(vii) negative pledge over the assets of a subsidiary under the YOCB Group.

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YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4. PROFORMA CONSOLIDATED CASH FLOW STATEMENT OF THE YOCB GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	FY 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	18,645
Adjustments for:-	
Allowance for doubtful debts	69
Allowance for slow-moving inventories	462
Depreciation of property, plant and equipment	2,437
Interest expense	1,005
Plant and equipment written off	202
Loss on disposal of equipment	3
Interest income	(45)
Writeback of allowance for doubtful debts	(10)
Operating profit before working capital changes	22,768
Increase in inventories	(3,625)
Decrease in trade and other receivables	3,837
Increase in trade and other payables	3,882
CASH FROM OPERATIONS	26,862
Interest paid	(1,005)
Income tax paid	(5,327)
NET CASH FROM OPERATING ACTIVITIES	20,530
CASH FLOWS FOR INVESTING ACTIVITIES	
Purchase of plant and equipment	(1,793)
Proceeds from disposal of plant and equipment	5
Interest received	45
NET CASH FOR INVESTING ACTIVITIES	(1,743)
CASH FLOWS FOR FINANCING ACTIVITIES	
Repayment to a director	(5)
Net repayment of bankers' acceptances	(9,368)
Repayment of term loans	(2,604)
Repayment of hire purchase payables	(187)
NET CASH FOR FINANCING ACTIVITIES	(12,164)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,623
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	5,264
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	11,887

YOONG ONN CORPORATION BERHAD ("YOCB") AND ITS SUBSIDIARIES ("YOCB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4. PROFORMA CONSOLIDATED CASH FLOW STATEMENT OF THE YOCB GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009 (CONT'D)

Note:

The Proforma Consolidated Cash Flow Statements of the YOCB Group has been prepared after taken into consideration of the Acquisitions but before account for the effect of the proceeds from the Public Issue and Utilisation of Proceeds.

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 9 November 2009.

On behalf of the Board of Directors,

CHEW HON FOONG

CHEW HON KEONG

13. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following discussion and analysis of our Group's past operating results and financial position should be read in conjunction with our proforma consolidated financial information included in Section 12.5 of this Prospectus and the related notes included in the Accountants' Report as set out in Section 14 of this Prospectus respectively.

13.1 Overview of Our Group's Historical Financial Performance

The financial analysis and commentaries in respect of our Group's financial performance are presented for illustration purposes only and on the assumption that our Group had been in existence throughout the financial years under review. YOCB was only incorporated on 17 April 2008 and accordingly, the first audited financial statements cover the period from 17 April 2008 to 30 June 2008. As such, the commentary on past financial performance refers to the past performance of our subsidiary companies.

Review of the FYE 30 June 2005

Our Group has recorded a growth in revenue of 13.3% or RM8.0 million for the FYE 30 June 2005 due mainly to the improved sales in the retailing activities operated by MSB. Retailing sales posted an increase in revenue of approximately RM9.8 million over the period.

Our GP margin for the FYE 30 June 2005 of 28.6% has increased by 7.3% as compared to the GP margin for the FYE 30 June 2004 of 21.3%. The higher GP margin was due mainly to lower raw material cost and production cost as compared to the FYE 30 June 2004.

In the FYE 30 June 2005, our Group recorded an increase in PBT of RM2.7 million, from RM5.5 million in the FYE 30 June 2004 to RM8.2 million in the FYE 30 June 2005 as a result of higher sales from third party retail locations as well as lower raw material costs and production costs. The effective tax rate of 29.5% was 1.5% higher than the statutory tax rate of 28.0% due mainly to certain expenses being disallowed for tax purposes and under provision of current tax of approximately RM114,000 in previous year.

Our Group has recorded a growth in PAT of approximately RM2.0 million or 52.7% compared to the previous year.

Review of the FYE 30 June 2006

Our Group has recorded a growth in revenue of 26.9% or RM18.4 million for the FYE 30 June 2006 due mainly to the hike in SFSB's trading sales to two (2) non-recurring overseas customers of approximately RM9.8 million (sales to these two (2) overseas customers had ceased in the following year as the profit margins generated from them were lower as compared to other customers at approximately 5% to 10%, coupled with lower volumes) as well as the increase in ETHSB's revenue (especially on interiors products) of approximately RM3.1 million.

Our GP margin for the FYE 30 June 2006 of 26.5% has decreased marginally by 2.1% as compared to the GP margin for the FYE 30 June 2005 of 28.6%. The lower GP margin was due mainly to the increase in SFSB's trading sales which carried lower profit margins. Despite the decrease in GP margin, our Group recorded an increase in GP of approximately RM3.5 million.

In the FYE 30 June 2006, our Group recorded a marginal increase in PBT of RM0.3 million, from RM8.2 million in the FYE 30 June 2005 to RM8.5 million in the FYE 30 June 2006. This marginal increase was due mainly to the allowance for doubtful debts of approximately RM1.5 million made by SYOSB for certain trade receivables. The effective tax rate of our Group for the FYE 30 June 2006 was 27.5%, which approximates the statutory tax rate of 28.0%.

Our Group has recorded a growth in PAT of approximately RM0.4 million or 6.5% compared to the previous year.

Review of the FYE 30 June 2007

Our Group recorded a slight decline in revenue of RM1.6 million in the FYE 30 June 2007, from RM86.8 million in the FYE 30 June 2006 to RM85.2 million in the FYE 30 June 2007. The decline was attributed mainly to the one-off non-recurring export sales order obtained in the FYE 30 June 2006 to two (2) overseas customers.

Our GP margin for the FYE 30 June 2007 has increased approximately 5.3%, from 26.5% in the FYE 30 June 2006 to 31.8% in the FYE 30 June 2007. The increase in GP margin was attributed mainly to the increase in sales of higher profit margin of premium brand products such as *Jean Perry* and *Novelle* coupled with cheaper cost of purchases as a result of lower material costs for fabric, fibre and packaging materials. Despite the marginal decline in revenue for the FYE 30 June 2007, our Group managed to record an increase in GP of approximately RM4.1 million or 17.8%. As a result of the increase in GP, our Group recorded an increase of approximately 23.2% or RM2.0 million in PBT.

The effective tax rate of 30.5% was 3.5% higher than the statutory tax rate of 27.0% due primarily to certain expenses being disallowed for tax purposes and the under provision of deferred tax of approximately RM0.4 million in the previous financial year.

Our Group has recorded a growth in PAT of approximately RM1.1 million or 18.1% compared to the previous year.

Review of the FYE 30 June 2008

Our Group achieved an improvement in revenue of approximately RM17.0 million in the FYE 30 June 2008, from RM85.2 million in the FYE 30 June 2007 to RM102.2 million in the FYE 30 June 2008. The improvement was a result of the increase in sales orders from both Malaysia and the overseas markets by approximately RM11.5 million and RM5.5 million respectively.

The increase in domestic sales was attributed primarily to the improved sales performance from third party retail customers as well as our own twelve (12) retails outlets, which in aggregate generated sales of approximately RM60.3 million as compared to RM48.4 million in the FYE 30 June 2007.

The increase in export sales for the FYE 30 June 2008 was mainly derived from our major exporting country, Singapore which reported revenue of approximately RM17.6 million as compared to RM13.9 million in the previous year.

Our GP margin for the FYE 30 June 2008 further increased to 35.3% as compared to 31.8% in the FYE 30 June 2007. The 3.5% increase in GP margin was attributed to the increase in sales of premium products such as *Jean Perry* and *Novelle*, which carries higher profit margins. Further, our Group also recorded an improvement in GP of approximately RM8.9 million as a result of the increase in revenue coupled with the lower purchasing costs as a result of the depreciation of USD against RM, of which majority of our purchases were denominated in USD, coupled with a wider range of overseas suppliers providing more competitive pricing and lower material costs for fabric, fibre and packaging materials.

As a result of the increase in the GP for the FYE 30 June 2008, our Group recorded an increase of RM3.3 million in PBT despite the increase in finance costs due mainly to the increase in bankers' acceptances and new term loan obtained during the year. The effective tax rate of 21.9% was 4.1% lower than the statutory tax rate of 26.0% due mainly to over provisions of current and deferred tax expenses of approximately RM1.0 million.

Review of the FYE 30 June 2009

Our Group achieved an improvement in revenue of approximately 27.3% or RM27.9 million in the FYE 30 June 2009, from RM102.2 million in the FYE 30 June 2008 to RM130.1 million in the FYE 30 June 2009. The improvement was a result of the increase in domestic sales. The increase in domestic sales was attributed primarily to the improved sales performance from third party retail customers as well as our own twelve (12) retail outlets which in aggregate generated sales of approximately RM85.9 million as compared to RM60.3 million in the FYE 30 June 2008.

Our GP margin for the FYE 30 June 2009 further increased to 35.7% as compared to 35.3% in the FYE 30 June 2008. The 0.4% increase in GP margin was attributed to the increase in sales of premium products such as *Jean Perry* and *Novelle*, which carries higher profit margins. Further, our Group also recorded an improvement in GP of approximately RM10.3 million as a result of the increase in revenue mainly from third party retail locations and retail sales.

As a result of the increase in the GP for the FYE 30 June 2009, our Group recorded an increase of RM4.9 million in PBT. The effective tax rate of our Group for the FYE 30 June 2009 was 25.6% which approximates the statutory tax rate of 25.0%.

Our Group recorded an increase in PAT of approximately 29.7% or RM3.2 million for the FYE 30 June 2009 as compared to the previous year.

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13.2 Results of Operations

13.2.1 Revenue

Segmental analysis of our proforma revenue is as follows:

13.2.1.1 Business Activities

Our revenue by business activities for the past five (5) financial years up to the FYE 30 June 2009 are as follows:

	FYE 30 June 2005		FYE 30 June 2006		FYE 30 June 2007		FYE 30 June 2008		FYE 30 June 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Design, manufacturing and distribution	44,651	65.3	48,289	55.6	54,233	63.7	67,134	65.7	91,697	70.5
Trading	12,803	18.7	26,206	30.2	18,296	21.4	19,220	18.8	20,737	15.9
Retailing	10,964	16.0	12,313	14.2	12,656	14.9	15,846	15.5	17,650	13.6
Total	**68,418**	**100.0**	**86,808**	**100.0**	**85,185**	**100.0**	**102,200**	**100.0**	**130,084**	**100.0**

Design, manufacturing and distribution activities are our main source of revenue, contributing approximately between 55.6% and 70.5% of our revenue for the past five (5) financial years. The growth for the past two (2) financial years was due mainly to the increase in domestic sales orders which was attributed primarily to the improved sales performance of our major third party retail customers namely AEON CO. (M) BHD, Sogo (K.L.) Department Store Sdn. Bhd., Parkson and Isetan. In addition, this growth was also due mainly to the increase in third party retail locations from fifty (50) in the FYE 30 June 2007 to seventy-four (74) in the FYE 30 June 2009. The growth in design and manufacturing activities corresponds with the increase in distribution activities.

The higher trading sales recorded in the FYE 30 June 2006 as compared to the trading sales of the other financial years under review was a result of the non-recurring export sales from two (2) one-off overseas customers in that year.

Nonetheless, our retailing activities achieved improvement in revenue from FYE 30 June 2005 of RM11.0 million to the FYE 30 June 2009 of RM17.7 million. This growth was due mainly to the increase in wholly-owned retail outlets from seven (7) in the FYE 30 June 2005 to twelve (12) in the FYE 30 June 2009.

Moving forward, our Group's design, manufacturing and distribution activities are expected to remain the main contributor to our revenue.

13.2.1.2 Products

Our revenue by products for the past five (5) financial years up to the FYE 30 June 2009 are as follows:

	FYE 30 June 2005		FYE 30 June 2006		FYE 30 June 2007		FYE 30 June 2008		FYE 30 June 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bedding	50,271	73.5	65,707	75.7	64,304	75.5	76,222	74.6	101,132	77.7
Interiors	8,048	11.8	11,325	13.1	14,170	16.6	14,948	14.6	17,932	13.8
Bath	4,604	6.7	5,228	6.0	4,024	4.7	5,532	5.4	5,536	4.3
Others	5,495	8.0	4,548	5.2	2,687	3.2	5,498	5.4	5,484	4.2
Total	**68,418**	**100.0**	**86,808**	**100.0**	**85,185**	**100.0**	**102,200**	**100.0**	**130,084**	**100.0**

Notes:

Bedding - *Comprised of bed sheets, comforter sets, quilt cover sets, pillow, pillow case, bolster, bolster case, bed spread, mattress protector, foldable mattress and all bed linen products.*

Bath - *Comprised of bath mats, bath towels, face towel, hand towel, bath robe and all bath linen products.*

Interior - *Comprised of curtains, floor mat, rug, carpet, napkin, table cloth and other home accessories.*

Others - *Comprised of photo frames, cups artificial flowers, mugs, vase and other home decorative items.*

Our main product categories are bedding and interiors. Collectively, they contributed approximately between 85.3% and 92.1% of our revenue for the past five (5) financial years up to the FYE 30 June 2009. The percentage contribution of each of our product category to our revenue has remained fairly consistent throughout the past five (5) financial years.

Part of our Group's plan is to create a new range of bed linen collection targeting the upper end of the premium segment of the market. The focus will be on creating contemporary designs with the use of new materials such as a blend of two (2) fabric materials, namely jacquard and cotton.

Our Group also intends to undertake R&D on other types of window blinds using fabric treated materials. The new range of window blinds will serve to complement our Group's home linen and bedding accessories range of products. These blinds are targeted at the residential and commercial sectors.

Moving forward, our Group's bedding and interior products are expected to remain the main contributor to our revenue.

13.2.1.3 Own Brands and Third Party Brands

Our revenue by our brands and third party brands for the past five (5) financial years up to the FYE 30 June 2009 are as follows:

	FYE 30 June 2005		FYE 30 June 2006		FYE 30 June 2007		FYE 30 June 2008		FYE 30 June 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Own Brands										
Novelle	10,285	15.0	11,777	13.6	17,771	20.9	24,290	23.8	42,250	32.5
Jean Perry	21,156	30.9	22,212	25.6	25,103	29.5	27,624	27.0	38,330	29.5
Others	18,897	27.7	25,878	29.8	28,835	33.8	35,969	35.2	31,428	24.1
	50,338	73.6	59,867	69.0	71,709	84.2	87,883	86.0	112,008	86.1
Third party brands	18,080	26.4	26,941	31.0	13,476	15.8	14,317	14.0	18,076	13.9
Total	**68,418**	**100.0**	**86,808**	**100.0**	**85,185**	**100.0**	**102,200**	**100.0**	**130,084**	**100.0**

Our core product brands are *Jean Perry* and *Novelle,* which were launched in 1997 and 1982 respectively to target the premium market. Other product brands comprised of *Diana*, *Firenze*, *Louis Casa*, *RedDanielle*, *BedTalk*, *Cotonsoft*, *Genova*, *Niki Cains*, *Oasis*, *Ann Taylor*, *Sarah Miller* and *Season*. Collectively, *Jean Perry* and *Novelle* contributed approximately 39.2% to 62.0% of our revenue for the past five (5) financial years. The increasing sales contributed by *Jean Perry* and *Novelle* from the FYE 30 June 2007 to FYE 30 June 2009 was due mainly to the good market response towards the promotional and marketing efforts on these products in the premium market segment.

Third party brands consist of the following:

a) items supplied under project sales where the ultimate end-users are the operators of business such as hotels, hospitals, clubs and restaurants;

b) products registered under third party brand names such as *Dunlopillo, Orthorest* and *Giant – Singapore*;

c) brand names registered under other companies, of which our Group was granted the right to sell those brand products such as *Looney Tunes*.

The revenue from third party brands recorded a major contribution to the total revenue in the FYE 30 June 2006 of approximately RM26.9 million due mainly to the non-recurring export sales secured from two (2) one-off overseas customers.

Based on the above, our Group's revenue was mainly derived from selling our products under our owned brand names which showed an upward trend from 69.0% in the FYE 30 June 2006 to 86.1% in the FYE 30 June 2009. In addition, our owned in-house brands generate better margins as compared to the margins from third party brands.

Our Group will also create and promote a new brand for the upper end of the premium segment of the market. Moving forward, our Group's own brands are expected to remain the main contributor to our revenue.

13.2.1.4 Companies

Our revenue by companies for the past five (5) financial years up to the FYE 30 June 2009 are as follows:

	FYE 30 June 2005		FYE 30 June 2006		FYE 30 June 2007		FYE 30 June 2008		FYE 30 June 2009	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
YOCB	-	-	-	-	-	-	-	-	-	-
SYOSB	39,301	57.4	40,929	47.1	27,487	32.3	33,291	32.6	46,860	36.0
ETHSB	3,547	5.2	7,685	8.9	25,074	29.4	28,196	27.6	39,494	30.4
SFSB	14,606	21.4	25,881	29.8	19,968	23.4	24,867	24.3	25,143	19.3
MSB	10,964	16.0	12,313	14.2	12,656	14.9	15,846	15.5	18,587	14.3
Total	**68,418**	**100.0**	**86,808**	**100.0**	**85,185**	**100.0**	**102,200**	**100.0**	**130,084**	**100.0**

SYOSB is the major contributor to our Group's revenue. The distribution and trading of home linen and homeware are undertaken by both SYOSB and ETHSB.

SYOSB is the main distribution and trading arm of our Group and focuses mainly on home linen. SYOSB distribute our Group's products to most of the departmental stores and handles all institutional sales such as those to hotels and hospitals. SYOSB also undertakes some trading activities for third party brands such as *Looney Tunes*. In addition, SYOSB also exports our Group's trading products to our primary overseas markets such as Singapore and Taiwan.

The revenue contribution from SYOSB to our Group declined significantly for FYE 30 June 2007 due mainly to the assignment of responsibility from SYOSB to ETHSB to handle the portfolio of a major customer. SYOSB contributed between 32.3% and 57.4% of our total revenue for the past five (5) financial years.

ETHSB distributes our Group's products predominantly to one of our major customer and the third party retail locations in Sarawak and focuses mainly on homeware and interior products such as floor coverings (i.e. rugs, carpets and mats) and ready-made curtains. The revenue contribution from ETHSB to our Group increased significantly from FYE 30 June 2007 onwards due mainly to the new portfolio of a major customer assigned from SYOSB. ETHSB contributed between 5.2% and 30.4% of our total revenue for the past five (5) financial years.

SFSB is our Group's design and manufacturing arm and contributes approximately between 19.3% and 29.8% of our revenue for the past five (5) financial years.

MSB is our Group's retailing arm and contributes approximately between 14.2% and 16.0% of our revenue for the past five (5) financial years. MSB operates twelve (12) fully owned retail outlets as at FYE 30 June 2009.

Our Group intends to establish additional retail outlets and dealership for retail outlet operations both locally and overseas. Moving forward, the business activities undertaken by these companies are not expected to change significantly.

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13.2.1.5 Geographical Locations

Our revenue by geographical locations for the past five (5) financial years up to the FYE 30 June 2009 are as follows:

	FYE 30 June 2005		FYE 30 June 2006		FYE 30 June 2007		FYE 30 June 2008		FYE 30 June 2009	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Local	50,917	74.4	58,886	67.8	62,716	73.6	74,237	72.6	102,363	78.7
Overseas	17,501	25.6	27,922	32.2	22,469	26.4	27,963	27.4	27,721	21.3
Total	**68,418**	**100.0**	**86,808**	**100.0**	**85,185**	**100.0**	**102,200**	**100.0**	**130,084**	**100.0**

The local market, being our primary source of revenue, contributed at least 67.8% of our revenue for the past five (5) financial years up to the FYE 30 June 2009. Sales to premier departmental stores like Sogo (K.L.) Departmental Store Sdn Bhd, Metrojaya, The Store, Isetan, Parkson and Robinsons and as well as our twelve (12) fully owned retail outlets have form a substantial portion of our domestic sales.

Nonetheless, our Group's revenue source is also derived from our primary export markets such as Singapore and Taiwan. Other countries such as Australia, Brunei, Fiji, Indonesia, Mozambique, New Caledonia and Turkey forms the remaining portion of our export sales for the FYE 30 June 2009. The higher overseas sales for the FYE 30 June 2006 was a result of a one-off non-recurring sales orders obtained from overseas customers during that financial year.

Our Group would continue in our overseas sales and distribution efforts to penetrate new countries such as Japan and Philippines in the next twelve (12) months.

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13.2.2 GP / GP margin

Our GP or GP margin analysis by companies for the past five (5) financial years up to the FYE 30 June 2009 are as follows:

	FYE 30 June 2005			FYE 30 June 2006			FYE 30 June 2007			FYE 30 June 2008			FYE 30 June 2009		
	GP		GP margin	GP		GP margin	GP		GP margin	GP		GP margin	GP		GP margin
	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%
YOCB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SYOSB	10,624	54.4	21.6	12,564	54.5	23.0	15,102	55.7	26.2	20,423	56.7	30.4	26,921	58.0	29.2
MSB	4,087	20.9	36.1	4,645	20.2	37.5	5,035	18.6	39.8	6,107	16.9	38.5	7,413	16.0	39.9
SFSB	3,272	16.7	13.3	3,547	15.4	9.3	3,715	13.7	12.4	5,316	14.8	13.0	6,673	14.4	12.3
ETHSB	857	4.4	23.8	1,498	6.5	19.4	2,575	9.5	10.2	3,656	10.1	13.0	5,089	11.0	12.9
	18,840	96.4	N/A	22,254	96.6	N/A	26,427	97.5	N/A	35,502	98.5	N/A	46,096	99.4	N/A
Unrealised profit on inventories	(90)	(0.5)	N/A	(24)	(0.1)	N/A	(96)	(0.4)	N/A	(245)	(0.7)	N/A	(495)	(1.1)	N/A
Reclassification on rental expenses	800	4.1	N/A	800	3.5	N/A	800	2.9	N/A	800	2.2	N/A	800	1.7	N/A
Total	**19,550**	**100.0**	**28.6**	**23,030**	**100.0**	**26.5**	**27,131**	**100.0**	**31.8**	**36,057**	**100.0**	**35.3**	**46,401**	**100.0**	**35.7**

Note:

N/A *Not applicable*

13. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

SYOSB, being our Group's main revenue contributor, contributed between 54.4% and 58.0% of our Group's GP for the past five (5) financial years.

GP margin decreased from 28.6% in FYE 30 June 2005 to 26.5% in FYE 30 June 2006. The lower GP margin in FYE 30 June 2006 was due mainly to the increase in SFSB's export sales which carried lower profit margins. Subsequently, our GP margin increased from 26.5% in FYE 30 June 2006 to 31.8% in FYE 30 June 2007. The increase in GP margin in FYE 30 June 2007 was attributed mainly to the increase in sales of products with higher profit margin coupled with cheaper cost of purchases. Our GP margin for the FYE 30 June 2008 and FYE 30 June 2009 further increased to 35.3% and 35.7% respectively as compared to 31.8% in the FYE 30 June 2007.

The higher GP margin for the past two (2) financial years was attributed to the increase in sales of premium products such as *Jean Perry* and *Novelle*, which carries higher profit margin coupled with lower purchasing costs (including cash and bulk purchase discounts; and lower material costs for fabric, fibre and packaging materials) incurred for the FYE 30 June 2009.

The GP analysis by business activities, products, brands and geographical locations for the past five (5) financial years up to the FYE 30 June 2009 were not presented as we do not maintain such information.

Our Group is currently implementing a new accounting system namely CG Soft Business Solution, and with this new accounting system fully implemented, our Group will be able to maintain and generate analysis or information in relation to GP margin by products and brand in the future.

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13.2.3 PBT / PBT Margin

Our PBT or PBT margin analysis by companies for the past five (5) financial years up to the FYE 30 June 2009 are as follows:

	FYE 30 June 2005			FYE 30 June 2006			FYE 30 June 2007			FYE 30 June 2008			FYE 30 June 2009		
	PBT		PBT margin	PBT		PBT margin	PBT		PBT margin	PBT		PBT margin	PBT		PBT margin
	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%
YOCB	-	-	-	-	-	-	-	-	-	(4)	-	-	(2)	-	-
SYOSB	5,828	71.3	11.8	5,738	67.8	10.5	7,676	73.6	13.3	8,691	63.4	13.0	12,714	68.2	24.4
SFSB	2,034	24.9	8.3	1,901	22.4	5.0	1,297	12.4	4.3	3,007	22.0	7.4	3,213	17.2	5.9
ETHSB	138	1.7	3.8	600	7.1	7.8	1,395	13.4	5.5	1,923	14.0	6.8	2,719	14.6	6.9
MSB	262	3.2	2.3	253	3.0	2.0	162	1.5	1.3	332	2.4	2.1	496	2.7	2.7
	8,262	101.1	N/A	8,492	100.3	N/A	10,530	100.9	N/A	13,949	101.8	N/A	19,140	102.7	N/A
Unrealised profit on inventories	(90)	(1.1)	N/A	(24)	(0.3)	N/A	(96)	(0.9)	N/A	(245)	(1.8)	N/A	(495)	(2.7)	N/A
Total	**8,172**	**100.0**	**11.9**	**8,468**	**100.0**	**9.8**	**10,434**	**100.0**	**12.2**	**13,704**	**100.0**	**13.4**	**18,645**	**100.0**	**14.3**

Note:

N/A *Not applicable*

SYOSB has contributed at least 63.4% to our Group's PBT for the past five (5) financial years up to 30 June 2009. The Group's PBT for the financial years under review has been on an increasing trend from RM8.2 million in FYE 30 June 2005 to RM18.6 million in the FYE 30 June 2009 in line with the increase in GP.

However, PBT margin decreased from 11.9% in FYE 30 June 2005 to 9.8% in FYE 30 June 2006 due mainly to the allowance for doubtful debts of approximately RM1.5 million made by SYOSB for certain trade receivables. Subsequently, our PBT margin has been on an increasing trend from 9.8% in FYE 30 June 2006 to 14.3% in the FYE 30 June 2009 as a result of the increase in the GP for the past four (4) financial years.

The PBT analysis by business activities, products, brands and geographical locations for the past five (5) financial years up to the FYE 30 June 2009 are not presented as we do not maintain such information.

13.2.4 PAT / PAT Margin

Our PAT or PAT margin analysis by companies for the past five (5) financial years up to the FYE 30 June 2009 are as follows:

	FYE 30 June 2005			FYE 30 June 2006			FYE 30 June 2007			FYE 30 June 2008			FYE 30 June 2009		
	PAT		PAT margin	PAT		PAT margin	PAT		PAT margin	PAT		PAT margin	PAT		PAT margin
	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%
YOCB	-	-	-	-	-	-	-	-	-	(4)	-	-	(2)	-	-
SYOSB	4,207	73.0	8.5	4,127	67.3	7.6	5,293	73.0	9.2	7,097	66.3	10.6	9,580	69.0	20.8
SFSB	1,405	24.4	5.7	1,400	22.8	3.7	989	13.6	3.3	2,239	20.9	5.5	2,417	17.4	4.5
ETHSB	120	2.1	3.3	484	7.9	6.3	1,028	14.2	4.1	1,421	13.3	5.0	2,076	15.0	5.3
MSB	119	2.1	1.0	149	2.4	1.2	35	0.5	0.3	198	1.8	1.2	305	2.2	1.6
	5,851	101.6	N/A	6,160	100.4	N/A	7,345	101.3	N/A	10,951	102.3	N/A	14,376	103.6	N/A
Unrealised profit on inventories	(90)	(1.6)	N/A	(24)	(0.4)	N/A	(96)	(1.3)	N/A	(245)	(2.3)	N/A	(495)	(3.6)	N/A
Total	**5,761**	**100.0**	**8.4**	**6,136**	**100.0**	**7.1**	**7,249**	**100.0**	**8.5**	**10,706**	**100.0**	**10.5**	**13,881**	**100.0**	**10.7**

Note:

N/A *Not applicable*

Based on the table above, our Group's PAT was on an increasing trend from the FYE 30 June 2005 to the FYE 30 June 2009. The healthy growth in PAT of our Group was due predominantly to the increase in PBT for the past five (5) financial years.

Our PAT margin decreased from 8.4% in FYE 30 June 2005 to 7.1% in FYE 30 June 2006. Subsequently, our PAT margin increased from 7.1% in FYE 30 June 2006 to 10.7% in FYE 30 June 2009. Our Group PAT margins have been on an increasing trend for the financial years under review and are consistent with the increase in GP and PBT.

Please refer to Section 13.2.5 (iii) of this Prospectus for further analysis on the income tax expense.

The PAT analysis by business activities, products, brands and geographical locations for the past five (5) financial years up to the FYE 30 June 2009 are not presented as we do not maintain such information.

13.2.5 Significant Factors Affecting Our Profits

The main factors that have affected and are expected to continue to affect our profits include but are not limited to the following:

(i) Growth

Our profits are dependent on the growth of both the domestic and overseas market for the home linen industry.

For the FYE 30 June 2009, domestic sales contributed RM102.4 million of our revenue. As for export markets, Singapore represented our largest export market, having contributed RM18.6 million or 14.3% of our revenue for the FYE 30 June 2009.

Some of the drivers of growth for the home linen industry in Malaysia are as follows:

- **population growth and increasing consumer affluence** would stimulate demand for necessity items such as home linen which includes bed linen, bath linen and other linen for household use. This is supported by the fact that in 2009, the population in Malaysia is expected to grow by 2.2% to reach 28.3 million. In addition, the continuing growth in Malaysia's mean monthly gross household income would increase affordability and spending on household items.

- **export market demand** would continue to provide significant growth opportunities for local manufacturers. Manufacturers that produce their own brand of home linen are in a stronger position to capitalise on export market opportunities. In 2008, the export value of bed linen, table linen, toilet linen and kitchen linen (a sub-sector of made-up articles, wholly or chiefly of textile materials, not elsewhere specified) amounted to RM78.8 million.

- **growth in the residential housing sector** would provide the impetus for growth in the home linen industry. The growth in new residential developments will also create demand for home linen products such as bed linen and bath linen.

(Source: IMR Report)

(ii) Demand and supply conditions

Our Group's revenue and profits is dependent on the demand and supply conditions for home linen industry as set out in Sections 7.4.4 and 7.4.5 of this Prospectus.

(iii) **Tax Consideration**

The following table sets out the comparison between the effective and statutory tax rate for the past five (5) financial years up to the FYE 30 June 2009:

	FYE 30 June				
	2005 %	2006 %	2007 %	2008 %	2009 %
Effective tax rate	29.5	27.5	30.5	21.9	25.6
Statutory tax rate	28.0	28.0	27.0	26.0	25.0

The effective tax rate for the FYE 30 June 2005 was higher than the statutory tax rate, due mainly to certain expenses being disallowed for tax purposes and the under provision of deferred tax of approximately RM114,000.

The effective tax rate for the FYE 30 June 2006 and 2009 approximated the statutory tax rate of the financial year respectively.

The effective tax rate for the FYE 30 June 2007 was higher than the statutory tax rate, due mainly to certain expenses being disallowed for tax purposes and the under provision of deferred tax of approximately RM358,000.

The effective tax rate for the FYE 30 June 2008 was lower than the statutory tax rate, attributed mainly to overprovision of current and deferred tax expenses of approximately RM513,000 and RM471,000 respectively in SYOSB.

(iv) **Analysis of Trade Receivables**

The ageing analysis of our trade receivables as at FYE 30 June 2009 is as follows:

								Subsequent collection	
Credit period	**0–30 days RM'000**	**31–60 days RM'000**	**61–90 days RM'000**	**91-120 days RM'000**	**> 120 days RM'000**	**Net trade receivables RM'000**	**Exceeded credit period RM'000**	**Within credit period RM'000**	**Exceeded credit period RM'000**
Trade receivables	9,112	5,844	1,315	252	116	16,639	131	15,721	36
% of total trade receivables	54.8	35.1	7.9	1.5	0.7	100.0	0.8	94.5	0.2

It is our Group's policy to make full provision for all trade receivables that are in dispute, under legal action or where recoveries are considered to be doubtful. The normal credit period given to our trade receivables ranges from 30 days to 90 days.

The specific credit terms for each customer may differ after taken into consideration, inter-alia, the background and credit worthiness of the customer, payment history of the customer, relationship with the customer and sales volume.

Based on the above, the allowance for doubtful debts as at 30 June 2009 was RM0.1 million. No further allowance for doubtful debts have been made for the balance of trade receivables of approximately RM16.6 million as approximately 94.7% of the balance of trade receivables was subsequently collected as at the LPD. Our Directors are of the view that the remaining 5.3% of the trade receivables can be recovered given the strong relationship with these customers, coupled with the various credit control measures being implemented by our Group to minimise default by our customers.

(v) Analysis of Trade Payables

The ageing analysis of our trade payables as at FYE 30 June 2009 is as follows:

								Subsequent payment	
Credit period	**0–30 days RM'000**	**31–60 days RM'000**	**61–90 days RM'000**	**91-120 days RM'000**	**> 120 days RM'000**	**Net trade payables RM'000**	**Exceeded credit period RM'000**	**Within credit period RM'000**	**Exceeded credit period RM'000**
Trade payables	570	965	2,469	1,001	131	5,136	27	5,109	11
% of total trade payables	11.1	18.8	48.1	19.5	2.5	100.0	0.5	99.5	0.2

The normal credit period granted by our Group's suppliers ranges from 30 days to 120 days.

Based on the above, approximately RM5.1 million or 99.7% of the balance of trade payables was subsequently paid as at the LPD. Our Directors are not aware of any actions, legal or otherwise, that have been taken against us by the trade suppliers for the recovery of debts due to them or due to any defaults in payment.

13.2.6 Liquidity and Capital Resources

A discussion on the liquidity and capital resources of our Group for the FYE 30 June 2009 is set out in Section 13.4 of this Prospectus.

13.2.7 Material Changes in Sales / Revenue

A discussion on the reasons on material changes in our revenue for the past five (5) financial years up to the FYE 30 June 2009 are as set out in Section 13.1 of this Prospectus.

13.2.8 Ability to Retain Our Existing Customers and Gain New Customers

Our revenue growth is dependent on our ability to retain our existing customers and gain new customers. Should any of our major customers cease to order products from us and should our Group fail to replace them with new customers, our business and results of operations will be adversely affected.

13.2.9 Global Economic Outlook

Our business is, to a large extent, subject to the general economic conditions in Malaysia and other countries where we operate in and market our products to or source our supplies from. Factors such as the demand of the consumers in Malaysia and other countries where we operate in and market our products to or source our supplies for home linen, bedding accessories and homeware, and market expectations on future demand can affect our business operations. A recession in the global economy, such as that being brought about or threatened by the global financial crisis, could have an adverse impact on the overall demand for our products, which can in turn adversely affect our performance and profitability.

Notwithstanding the above, we have established our presence beyond the Malaysian market. Our primary export markets such as Singapore and Taiwan have contributed approximately 19.1% of our total revenue for the FYE 30 June 2009.

There is no assurance that the factors which have contributed to the success of our Group in the past will continue to occur in the future. Our business performance, future plans and operations will inevitably be affected should there be any major changes in the global economic conditions. Our profitability may be affected in the event such changes directly or indirectly affect the countries where we operate in and market our products to or source our supplies from.

13.2.10 Production Capacity

The ability to grow our sales volume, and therefore revenue, is limited by our existing production capacity. As our business grows, our Group will need to increase our production capacity in order to fulfil the expected increased sales orders from our customers. If we are unable to increase our production capacity, our revenue growth may be adversely affected. Please refer to Section 6.4 of this Prospectus for more details on our production capacity.

13.2.11 Ability to Continuously Expand Our Product Range

Our revenue will be affected by our ability to continuously expand our product range to adapt to our customers' expectations. Our Group believes that our R&D capabilities and technical expertise are key to our ability to meet our customers' expectations and respond to market changes. Please refer to Section 6.13 of this Prospectus for a detailed discussion on our R&D plans.

13.2.12 Impact of Inflation

There is no material impact of inflation on our historical profits for the past five (5) financial years up to the FYE 30 June 2009.

13.2.13 Government / Economic / Fiscal / Monetary Policies

Save as disclosed above, risks relating to the government, economic, fiscal or monetary policies or factors which may materially affect our operations, are set out in Sections 4.2.1, 4.2.21 and 4.3.1 of this Prospectus.

There is no government, economic, fiscal or monetary policies or factors that have materially affected our historical profits for the past five (5) financial years up to the FYE 30 June 2009.

13.3 Trend Information

13.3.1 Business and Financial Prospect

As at the LPD, to the best of our Directors' knowledge and belief, our operations have not been and are not expected to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material impact on our Group's financial performance, position and operations other than those discuss in this section and Sections 4, 5, 6 and 7 of this Prospectus;

(ii) material commitments for capital expenditure, as set out in Section 13.5 (iii) of this Prospectus;

(iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed in this section and in Section 4 of this Prospectus;

(iv) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Group's revenue and / or profits, save for those that had been disclosed in this section and Sections 4, 6 and 7 of this Prospectus;

(v) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this section and Sections 4, 5, 6 and 7 of this Prospectus; and

(vi) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and Section 4 of this Prospectus;

Information on our Group's business and financial prospects, significant trends in sales, production, costs and selling prices is set out in this section and Section 6 of this Prospectus. Discussion on the overview of the home linen industry, its prospects and outlook are further elaborated in Section 7 of this Prospectus.

Based on the outlook of the home linen industry which is dependent on local production, export, consumer and end-user industry performance as set out in Section 7.4 of this Prospectus, our Group's competitive strengths and advantages as set out in Section 6.10 of this Prospectus and our future plans for our Group as set out in Section 6.21 of this Prospectus, our Board is optimistic about the future prospects of our Group.

13.3.2 Order Book

In general, our customers do not place long-term orders with us, save for our institutional customers. As at the LPD, we have received confirmed orders from our institutional customers based on project basis, amounting to approximately RM1.21 million. Most of these orders are fulfilled within ninety (90) days. These orders are however subject to cancellation, deferral or rescheduling by our customers. Accordingly, our order book as at any particular date may not be indicative of our revenue for any succeeding period.

13.4 Liquidity and Capital Resources

13.4.1 Working capital

Our Group has various credit facilities granted from financial institutions which we have utilised some of the credit facilities to finance our operations. The utilised credit facilities comprised mainly of bankers' acceptances and term loans. As at FYE 30 June 2009, our Group has cash and bank balances and deposits with a financial institution of approximately RM5.9 million and RM6.0 million respectively. In addition, we have approximately RM24.3 million banking facilities which have yet to be utilised to maintain a sufficient level of working capital.

As at FYE 30 June 2009, our Group has total current assets of RM62.2 million and current liabilities of RM27.9 million. The current assets comprised mainly of inventories, trade receivables and cash and bank balances.

Our average inventory holding period for the FYE 30 June 2005 to 2009 ranged from two (2) months to five (5) months. The fluctuation in inventories turnover period for the past five (5) financial years was due mainly to the increase in our own retail outlets and third party retail locations.

Trade receivables turnover period for the FYE 30 June 2005 to 2009 has ranged from one (1) month to two (2) months. Our trade receivables turnover period for the past five (5) financial years up to the FYE 30 June 2009 has been relatively consistent despite the growth in revenue. It should be noted that the core of our business is involved with the retail industry, hence the receivable of the debts are more often than not, not in question as our products are finally sold to retail end customers. Our current ratio of 2.2 times as at 30 June 2009 reflects well on our Group's ability to meet our short-term obligations.

Our Directors are of the opinion that after taking into consideration the banking facilities available to our Group and the proceeds from the Public Issue, we will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

13.4.2 Proforma Cash flow Summary

The following is a summary of our Group proforma cash flow for the FYE 30 June 2009 and should be read in conjunction with the Reporting Accountant's Letter on the Proforma Consolidated Financial Information as set out in Section 12.5 of this Prospectus.

	FYE 30 June 2009 RM'000
Net cash from operating activities	20,530
Net cash for investing activities	(1,743)
Net cash for financing activities	(12,164)
Net increase in cash and cash equivalents	6,623
Cash and cash equivalents at beginning of year	5,264
Cash and cash equivalents at end of year	11,887

Brief commentaries on our consolidated cash flow statement for the FYE 30 June 2009 are set out below.

Net cash from operating activities

The net cash from operating activities of RM20.5 million were attributable mainly to PBT of RM18.6 million adjusted for the following:

- non-cash items of approximately RM4.1 million arising mainly from depreciation of property, plant and equipment;
- working capital cash inflow of approximately RM4.1 million;
- interest paid of approximately RM1.0 million; and
- tax paid of approximately RM5.3 million.

Net cash for investing activities

Net cash for investing activities amounted to approximately RM1.7 million was attributable mainly to the purchase of plant and equipment of approximately RM1.8 million.

Net cash for financing activities

Net cash for financing activities of approximately RM12.2 million was due mainly to the net repayments of bankers' acceptances of approximately RM9.4 million and repayment of term loans of approximately RM2.6 million.

Save as disclosed in Section 13.7 of this Prospectus, there is no legal, financial or economic restriction on the ability of our subsidiary to transfer funds to our Company in the form of cash dividends. Some of our bankers, do require us to seek their prior consent for dividend payments in accordance with the terms of the relevant facility agreements. However, we do not foresee our bankers to unreasonably withhold such consent and thus we are confident we can meet our cash obligations, should the need arise.

13.4.3 Borrowings

As at FYE 30 June 2009, the total outstanding borrowings of our Group amounted to approximately RM18.7 million, all of which are interest bearing.

Details of the outstanding bank borrowings as at FYE 30 June 2009 are as follows:

Type of borrowings	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Hire purchase payables	237	775	1,012
Term loans	2,717	2,637	5,354
Bankers' acceptances	12,337	-	12,337
	15,291	3,412	18,703

Our gearing ratio is 0.31 times, which is computed based on our outstanding borrowings of RM18.7 million as at 30 June 2009 divided by our proforma shareholders' equity as at FYE 30 June 2009 after the Acquisitions.

Our bank borrowings comprised mainly of bankers' acceptances. As at FYE 30 June 2009, bankers' acceptances constitute approximately 66.0% of our total bank borrowings. The bankers' acceptances are necessary for our day-to-day operations, which involve purchases of trading goods and import purchases of raw materials for our trading and manufacturing activities.

We do not have any borrowings in foreign currency.

We have not defaulted in any of our payments of either interest charges and / or principal sums in respect of any of our borrowings throughout our business history and the subsequent financial period up to the LPD.

13.4.4 Breach of Terms and Conditions / Covenants Associated with Credit Arrangement / Bank Loan

To the best of our Directors' knowledge, as at the LPD, neither us nor any of our subsidiaries are in breach of any terms and conditions or covenants associated with credit arrangement or bank loan, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

13.4.5 Type of Financial Instruments Used

As at the LPD, save as disclosed in Section 13.4.6 of this Prospectus, our Company and our subsidiary companies do not have nor are we using any other financial instruments.

13.4.6 Treasury Policies and Objectives

We have been financing our operations through internally generated funds as well as external source of funds. Our external source of funds consists of credit terms provided by our bank borrowings. Details of our bank borrowings are provided in Section 13.4.3 of this Prospectus.

We have short term and long term bank borrowings facilities available to our Group. Our short term bank borrowings comprise predominantly of bankers' acceptances, which are utilised to finance our purchases of trading goods and import purchases of raw materials. The interest rates for bankers' acceptances are based on the market rates prevailing at the dates of the respective transactions.

Our long term bank borrowings comprise primarily of term loans obtained for working capital purposes. The interest rates for our term loans are based on the fixed rate agreed upon by our bankers when the respective term loans were granted.

We transact in RM, as well as foreign currencies such as USD and SGD. Our import purchases are denominated in USD whilst our export sales are mainly denominated in SGD and USD. Therefore, we maintain foreign currency accounts in USD and SGD for trade related transactions to minimise foreign exchange exposure risks.

The following is the breakdown of our Group's revenue and purchases transacted in local and foreign currencies for the FYE 30 June 2009:

	Revenue		Purchases	
Currency	Amount RM'000	Proportion of Group's Revenue %	Amount RM'000	Proportion of Group's Purchases %
RM	102,640	78.9	33,860	45.9
USD	8,827	6.8	39,973	54.1
SGD	18,617	14.3	-	-
Total	**130,084**	**100.0**	**73,833**	**100.0**

Our Group's sales are mainly local transactions and denominated in RM, therefore the impact of fluctuation in foreign exchange is approximately 21.1% for sales. We manage our foreign currency exposure through short term forward contracts to partially lock in RM-USD and RM-SGD exchange rates for our export sales.

A large proportion of our purchases are denominated in USD. In this respect, we would either hedge the transaction forward with financial institutions, by booking a future fixed exchange rate to pay our suppliers or by natural hedging, using export proceeds in USD to pay suppliers for import purchases in USD to mitigate our foreign exchange exposure risk. In addition, we also undertake forward contracts which serve as a hedging instrument up to a period of six (6) months for some of our import purchases to mitigate the risk of price volatility of our purchases.

Our Group has recorded realised gain on foreign exchange of approximately RM0.6 million for the FYE 30 June 2009.

There is no material impact of foreign exchange fluctuations on our historical profits for the past five (5) financial years up to the FYE 30 June 2009.

13.4.7 Analysis of Inventory

13.4.7.1 Inventory Level

Our inventory levels for the past five (5) financial years up to the FYE 30 June 2009 are as follows:

	FYE 30 June				
	2005	**2006**	**2007**	**2008**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Inventory	10,511	13,046	17,831	27,277	30,441
Inventory turnover period (months)	3	2	4	5	4

Based on the above, our Group recorded inventory levels of approximately RM10.5 million in the FYE 30 June 2005 to RM30.4 million in the FYE 30 June 2009. The high inventory levels maintained by our Group was to cater for our Group's higher sales as a result of our business expansion plans, nation wide sales promotion periods as well as other promotional activities.

	FYE 30 June				
	2005	**2006**	**2007**	**2008**	**2009**
	No. of outlets	**No. of outlets**	**No. of outlets**	**No. of outlets**	**No. of outlets**
Own retail outlets					
Home's Harmony and Home's Warehouse	7	9	11	11	12
Third party retail outlets					
Home's Harmony	-	-	-	1	1
Other third party retail locations	40	46	50	64	74
Total	**47**	**55**	**61**	**76**	**87**

In addition, the increased in inventory levels is in the ordinary course of our business in view of the growing number of our own retail outlets and third party retail locations.

The inventories turnover period for the FYE 30 June 2006 of two (2) months was slightly lower than the inventories turnover period for the FYE 30 June 2005 of three (3) months despite the increase of our two (2) own retail outlets and six (6) third party retail locations due mainly to a one-off non-recurring sales in the FYE 30 June 2006. Should the one-off non-recurring sales be excluded from the computation of the inventories turnover period for the FYE 30 June 2006, it would have approximated three (3) months.

The higher turnover period of four (4) months for the FYE 30 June 2007 was due to the increase in third party retail locations from forty-six (46) in the FYE 30 June 2006 to fifty (50) third party retail locations in the FYE 30 June 2008.

The higher turnover period of five (5) months for the FYE 30 June 2008 was due to the increase in third party retail locations from fifty (50) in the FYE 30 June 2007 to sixty-four (64) third party retail locations in the FYE 30 June 2008.

The inventories turnover period for the FYE 30 June 2009 was at four (4) months, which is slightly lower than FYE 30 June 2008, as our Group had subsequently sold a large amount of our inventory balance from prior year (i.e. finished goods of bed linen and curtain products).

As illustrated above, despite the growth in inventories from RM17.8 million in FYE 30 June 2007 to RM30.4 million in FYE 30 June 2009, the inventory turnover period has remained fairly constant at four (4) to five (5) months despite the fact that during this period, the number of our own retail outlets and third party retail locations has increased from sixty-one (61) to eighty-seven (87).

13.4.7.2 Inventory Ageing

The ageing analysis of our inventory as at FYE 30 June 2009 are as follows:

By Category	< 1 year RM'000	1 – 2 years RM'000	> 2 years RM'000	Total RM'000	% of total inventory RM'000
Raw materials	6,305	1,320	664	8,289	27.2
Work in progress	2,483	-	-	2,483	8.2
Finished goods – linen	17,980	742	562	19,284	63.3
Curtain fabric	662	503	315	1,480	4.9
	27,430	2,565	1,541	31,536	103.6
Unrealised profit on inventories	-	-	-	(1,095)	(3.6)
	27,430	2,565	1,541	30,441	100.0
Inventory ageing analysis (%)	87.0	8.1	4.9	100.0	-

Based on the above, approximately 87.0% of inventory is less than one (1) year old, 8.1% of inventory is between one (1) to two (2) years old and 4.9% of inventory is more than two (2) years old.

The inventories of more than two (2) years old comprises of raw materials, finished goods – linen and curtain fabric. The nature of these inventories is as follows:

(i) The slow moving raw materials are primarily polyester staple fibres, jacquard woven fabric and decorative buttons. Polyester staple fibres are normally used for white items such as anti-dust mite pillows and quilts. The quantity of this fibres used is small in composition compared with other types of fibres.

Our Group enjoys the economies of scale and these fibres could be kept for long period as they do not have shelf life. As such, our Group will bulk purchase to procure this material at lower costs. The jacquard woven fabric is mainly used for high end bed linen products whilst decorative buttons are used specifically for custom made curtains and cushion accessories. The slow moving of these materials was due mainly to the fact that these materials are usually for custom made orders, which is on an ad-hoc basis.

(ii) The slow moving of finished goods - linen was due mainly to the high end bed linen products of embroidery and jacquard woven fabric. These products have higher perceived value, as such they are slower moving compared with other bed linen products.

In addition, our Group's products are non-perishable and are not necessarily subjected to ever changing fashion trends. This is a common practice for our Group to ensure sufficient inventories are in place to meet our consumer demands.

(iii) Curtains are by nature of the industry, slower moving compared with the linen (bedding) products. This is due mainly to the practice of having sufficient stock and choices of fabric to cater to our customers' needs. As each sales is customised to the specific requirements of the customer, each set of custom made curtains sold would consume only a small portion of the fabric chosen (which is bulk purchased).

Curtains range is mainly to complement the bedding products to provide a more comprehensive range of linens to enhance the customer experience and is not meant to be a core product of our Group.

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13.4.7.3 Current and Future Inventory Provisioning

For the FYE 30 June 2009 and moving forward, our Group has implemented an internal inventory policy plan in respect of the specific provision for slow-moving inventories.

The provisioning rates applied are as follows:

Inventories	Age	Provision rate
Finished goods - Linen	More than two (2) years	50%
Finished goods - Curtain	More than two (2) years	25%
Raw materials	More than two (2) years	25%

The specific provisions as shown on the table above are derived based on the following factors:

(i) Provision in value for inventories more than two (2) years

Notwithstanding that our Directors and Management are of the opinion that our inventories are those of non-perishable nature, our Group implemented an internal policy with regards to our inventories by establishing a specific provision for our finished products and raw material inventories which are aged more than two (2) years as follows:

(a) <u>Provision in value of 50% for finished product (non-curtain) inventories</u>

In the absence of an infinite lifecycle, our Management is of the view that our finished products shall also be subjected to provision in value for prudent accounting purposes. After taken into consideration the seasonality, cyclical nature and the availability of substitute products, our Management views that a prudent provision in value of 50% for our finished products (non-curtain) inventories exceeding two (2) years is appropriate.

(b) <u>Provision in value of 25% for finished product (curtain) inventories</u>

Our Management is of the view that curtains are by nature of the industry, slow moving as compared to bed linen products, which was explained in the overview of the ageing analysis in Section 13.4.7.2 of this Prospectus.

This category of inventory also includes high-end fabrics which could be sold at a premium which further justifies its slow moving trend.

Premised on the above, our Management views that a prudent provision in value of 25% for finished products (curtain) inventories exceeding two (2) years is appropriate.

(c) Provision in value of 25% for raw materials inventories

Generally, raw materials of our Group are continuously consumed for our manufacturing processes. As such, the incidence of raw materials inventories exceeding two (2) years is due mainly to the bulk purchase of such materials in order for our Group to derive the bulk discount for our suppliers.

Notwithstanding the above, our Management views that a prudent provision in value of 25% for raw materials inventories exceeding two (2) years is appropriate.

(ii) Non-provision in value for inventories less than two (2) years

Our Directors and Management are of the opinion that no provision for slow-moving is required for inventories which aged less than two (2) years due to the following factors:

(a) Our inventories are those of non-perishable nature;

(b) Our products are not necessarily subject to any rapid changing fashion trends;

(c) Historically, our Group has not encountered any difficulties in selling our products or clearing our inventories as our Management is always in a position to vary our promotional strategy or product mix by offering seasonal discounts or warehouse sales, without severely compromising on our Group's required margins; and

(d) Our inventories are generally kept in safe and good physical condition whilst our finished products are properly packed and stored.

13.5 Material Litigation / Arbitration, Contingent Liabilities and Material Commitments for Capital Expenditure

(i) Material Litigation / Arbitration

As at the LPD, save as disclosed below, our Company and our subsidiary companies are not engaged in any litigation or arbitration, either as plaintiff or defendant, which have a material effect on our Company or subsidiary companies' financial position and our Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect our Company or subsidiary companies' financial position or business:

On 13 August 1998, SYOSB and YFR, filed a suit at the High Court of Malaya in Kuala Lumpur against Agenda Istimewa Sdn Bhd ("Agenda") for the refund of the deposit in the sum of RM520,150 together with the interest at the rate of 12% per annum, general damages and a declaration that the sale and purchase agreements entered into between SYOSB and Agenda and between YFR and Agenda for the purchase of four (4) industrial lots by SYOSB and one (1) industrial lot by YFR from Agenda were lawfully terminated and / or rescinded.

The trial of the suit was completed on 4 August 2009 and the Court delivered its decision on 27 October 2009. The Court dismissed the suit by SYOSB and YFR with costs and allowed Agenda's counter-claim for a declaration that the sale and purchase agreements were lawfully terminated and / or rescinded by Agenda and awarded in favour of Agenda special damages of RM520,150, general damages for breach of contract, and 8% interest per annum on the sum due and payable to Agenda and costs.

On 28 October 2009, SYOSB and YFR had given instructions to their solicitors to file an appeal and stay of proceedings against the High Court Judge's decision dated 27 October 2009.

(ii) Contingent Liabilities

As at the LPD, save as disclosed in Section 13.5(i) above, our Directors are not aware of any material contingent liabilities, which upon becoming enforceable, may have a substantial impact on the financial position of our Group.

(iii) Material Commitments for Capital Expenditure

As at the LPD, there are no material commitments for capital expenditure contracted or known to be contracted by our Company or our subsidiaries, which may have a substantial impact on our financial position.

13.6 Key Financial Ratios

Our key financial ratios for the past five (5) financial years up to the FYE 30 June 2009 are as follows:

	FYE				
	2005	2006	2007	2008	2009
	No. of months	No. of months	No. of months	No. of months	No. of months
Trade receivables turnover[(1)]	2	1	2	2	2
Trade payables turnover[(2)]	5	2	4	1	1
Inventories turnover	3	2	4	5	4

Notes:

(1) Our normal credit period granted to our customers ranges from 30 to 90 days.

(2) The credit period granted by our suppliers to us ranges from 30 to 120 days.

Trade receivables turnover

Our Group's trade receivables turnover period for the past five (5) financial years up to the FYE 30 June 2009 are adequately managed given that our trade receivables turnover period remained constant over the past five (5) financial years and is consistent with our Group's policy for credit control purposes.

Trade payables turnover

Our Group's trade payables turnover period for the FYE 30 June 2005 of five (5) months was higher than the trade payables turnover period for the FYE 30 June 2006 of two (2) months was due mainly to the special credit arrangement made between SYOSB's agent and its overseas suppliers to supply fabric and to manufacture SYOSB's products under original equipment manufacturer.

The increase in our Group's trade payables turnover period for FYE 30 June 2007 to four (4) months was due mainly to the extended credit terms granted by two (2) suppliers which in aggregate recorded an outstanding amount of approximately RM9.1 million of the total trade payables in FYE 30 June 2007.

The trade payables turnover period for the FYE 30 June 2008 and FYE 30 June 2009 were one (1) month. For the past two (2) financial years, our Group makes early payments to its suppliers with the intention of maintaining our track record and reputation as a good paymaster. With such proven track record and reputation, our Group is able to secure better and / or favourable terms with our respective suppliers.

Please refer to Section 13.4.7.1 of this Prospectus for an analysis of our inventories turnover period.

13.7 Dividend Forecast and Policy

Our Directors have considered the general principles that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends. The actual dividend that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed fit and relevant by our Directors. We may, by ordinary resolution of the shareholders, declare dividends at a general meeting, but no dividend shall exceed the amount recommended by our Board of Directors.

In considering the level of dividend payments, if any, upon recommendation by our Directors, we intend to take into account various factors including:

(i) our expected results of operations;

(ii) required and expected interest expense and taxation, cash flows, our profits and return on equity and retained earnings;

(iii) our projected levels of capital expenditure and other investment plans;

(iv) the prevailing interest rates and yields of the financial market; and

(v) the level of our cash, marketable financial assets and level of indebtedness.

It will be the policy of our Directors in recommending dividends to allow shareholders to participate in the profits of our Group as well as maintaining adequate reserves for the future growth of our Group.

You should note that future dividends proposed and declared, may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

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(Prepared for inclusion in this Prospectus)

Horwath

Horwath AF No 1018
Kuala Lumpur Office
Chartered Accountants

Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

+6 03 2166 0000 Main
+6 03 2166 1000 Fax

info@horwathkl.com
www.horwath.com.my

Date: 10 November 2009

The Board of Directors
Yoong Onn Corporation Berhad
Suite 13A.01 (A), Level 13A,
Wisma Goldhill,
67 Jalan Raja Chulan
50200 Kuala Lumpur.

Dear Sirs/Madam

YOONG ONN CORPORATION BERHAD ("YOCB" OR "THE COMPANY")
ACCOUNTANTS' REPORT

1. PURPOSE OF REPORT

This report has been prepared by Horwath, an approved company auditor, for inclusion in this Prospectus of Yoong Onn Corporation Berhad to be dated 3 Dec 2009 in connection with the listing of and quotation for the enlarged issued and paid-up share capital of YOCB on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The details of the listing scheme are disclosed in Section 2.2 of this report.

2. DETAILS OF THE LISTING SCHEME

2.1 THE COMPANY

YOCB was incorporated as a public company limited by shares and was incorporated under the Companies Act 1965 in Malaysia on 17 April 2008. YOCB is principally engaged in the businesses of investment holding and provision of management services. However, YOCB did not trade during the financial period/year under review.

2.2 LISTING SCHEME

In conjunction with, and as an integral part of the listing of YOCB on the Main Market of Bursa Securities, the Company is undertaking the following transactions:-

(1) Acquisitions of Subsidiaries

(a) the entire equity interest in Syarikat Yoong Onn Sdn. Bhd. ("SYOSB") comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM36,528,771 satisfied by the issuance of 73,057,542 new ordinary shares of RM0.50 each in YOCB ("YOCB Shares") at par. The purchase consideration was arrived at based on a willing buyer willing seller basis after taking into consideration the audited net assets of SYOSB as at 30 June 2008 and the unaudited net revaluation surplus of its land and buildings of RM7,491,415;

2.2 LISTING SCHEME (CONT'D)

(1) Acquisitions of Subsidiaries (Cont'd)

(b) the entire equity interest in Sleep Focus Sdn. Bhd. ("SFSB") comprising 500,000 ordinary shares of RM1.00 each for a total purchase consideration of RM7,249,379 satisfied by the issuance of 14,498,758 new YOCB Shares at par. The purchase consideration was arrived at based on a willing buyer willing seller basis after taking into consideration the audited net assets of SFSB as at 30 June 2008;

(c) the entire equity interest in Elegant Total Home Sdn. Bhd. ("ETHSB") comprising 200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM2,891,643 satisfied by the issuance of 5,783,286 new YOCB Shares at par. The purchase consideration was arrived at based on a willing buyer willing seller basis after taking into consideration the audited net assets of ETHSB as at 30 June 2008; and

(d) the entire equity interest in Monsieur (M) Sdn. Bhd. ("MSB") comprising 350,000 ordinary shares of RM1.00 each for a total purchase consideration of RM744,835 satisfied by the issuance of 1,489,670 new YOCB Shares at par. The purchase consideration was arrived at based on a willing buyer willing seller basis after taking into consideration the audited net assets of MSB as at 30 June 2008.

(hereinafter referred to as the "Acquisitions")

2.2 LISTING SCHEME (CONT'D)

(2) Public Issue

Public issue of 25,170,740 new YOCB Shares at an issue price of RM0.88 per YOCB Share, representing 20.98% of the enlarged issued and paid-up share capital of YOCB comprising:-

(a) 6,000,000 YOCB Shares will be made available for application by the Malaysian public;

(b) 6,500,000 YOCB Shares will be made available for application by eligible Directors and employees of the YOCB Group ("the Company and its subsidiaries") and other persons who have contributed to the success of the YOCB Group; and

(c) 12,670,740 YOCB Shares will be made available for application by way of private placement to selected investors.

(hereinafter referred to as the "Public Issue")

(3) Offer for Sale

Offer for sale of 25,229,260 existing YOCB Shares by the existing shareholders of YOCB at an offer price of RM0.88 per share ("Offer Shares"), representing 21.02% of the enlarged issued and paid-up share capital of YOCB, of which 12,000,000 Offer Shares will be made available to Bumiputera investors approved by MITI by way of placement and 13,229,260 Offer Shares will be made available to selected investors by way of placement.

(4) Listing

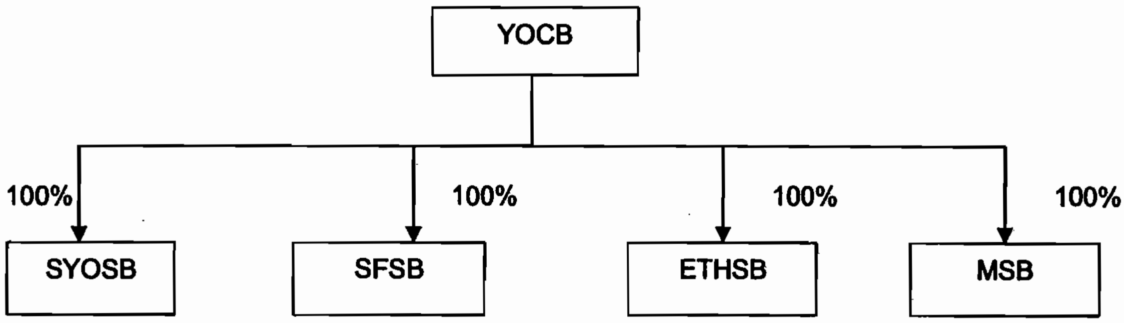
Listing of and quotation for the entire issued and paid-up share capital of YOCB of RM60,000,000 comprising 120,000,000 YOCB Shares on the Main Market of Bursa Securities.

The above-mentioned are hereinafter collectively referred to as the "Flotation Exercise".

Horwath

3. THE STRUCTURE OF THE COMPANY AND ITS SUBSIDIARIES

The structure of the Company and its subsidiaries are as follows:-



Details of the subsidiaries are as follows:-

Name of Company	Date of Incorporation	Country of Incorporation	Issued Paid-up Capital	Effective Equity Interest 2009	Principal Activities
Monsieur (M) Sdn. Bhd. ("MSB")	18 June 1984	Malaysia	350,000	100%	Retailing of home linen and homeware.
Syarikat Yoong Onn Sdn. Bhd. ("SYOSB")	13 July 1988	Malaysia	2,000,000	100%	Distribution and trading of home linen and homeware.
Elegant Total Home Sdn. Bhd. ("ETHSB")	30 June 1993	Malaysia	200,000	100%	Distribution and trading of home linen and homeware.
Sleep Focus Sdn. Bhd. ("SFSB")	7 September 1996	Malaysia	500,000	100%	Design and manufacturing of home linen and bedding accessories and trading of home linen.

Horwath

4. RELEVANT FINANCIAL PERIODS AND AUDITORS

The relevant financial periods of the audited financial statements provided in this report ("Relevant Financial Periods") and the auditors of the respective companies for the Relevant Financial Periods are as follows:-

Company	Relevant Financial Period	Auditors	Auditors' Report
MSB	Financial year ended ("FY") 2005 to 2007	Messrs. YT Associates	Appendix I
	FY 2008 and 2009	Messrs. Horwath	Appendix II
SYOSB	FY 2005 to 2007	Messrs. YT Associates	Appendix III
	FY 2008 and 2009	Messrs. Horwath	Appendix IV
ETHSB	FY 2005 to 2007	Messrs. YT Associates	Appendix V
	FY 2008 and 2009	Messrs. Horwath	Appendix VI
SFSB	FY 2005 to 2007	Messrs. YT Associates	Appendix VII
	FY 2008 and 2009	Messrs. Horwath	Appendix VIII
YOCB	Financial period ended ("FP") 2008 and FY 2009	Messrs. Horwath	Appendix IX

YOCB was incorporated during the financial period ended 30 June 2008, and hence, no audited financial statements have been prepared for the FY 30 June 2005 to 2007.

No consolidated financial statements were presented as the YOCB Group was established subsequent to FY 2009.

The audited financial statements of YOCB, MSB, SYOSB, ETHSB and SFSB for the Relevant Financial Periods under review were not subject to any audit qualification.

5. ACCOUNTING STANDARDS AND POLICIES

5.1 BASIS OF PREPARATION

The financial statements of the YOCB and its subsidiaries are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia.

Prior to FY 2007, the Company and its subsidiaries prepared its financial statements using the applicable approved accounting standards. This change does not have any material financial effects on the financial statements of the Company.

From FY 2008 onwards, the Company and its subsidiaries have adopted the following new and revised FRSs issued by Malaysian Accounting Standards Board ("MASB"):

(a) FRSs issued and effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

(b) FRSs issued and effective for financial periods beginning on or after 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119_{2004}	Amendment to FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

(c) FRSs issued and effective for financial periods beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

(d) Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates *Net Investment in a Foreign Operation.*

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.1 BASIS OF PREPARATION (CONT'D)

The above FRSs align the MASB's FRSs with the equivalent International Accounting Standards ("IASs"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. FRS 6, FRS 111, FRS 119_{2004}, FRS 120 and FRS 134 and amendment to FRS 121 are not relevant to the Company and its subsidiaries' operations.

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts of the preparation and presentation of financial statements for external users. It is not a MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Company and its subsidiaries have applied this Framework from the FY 2008 onwards.

The following IC Interpretations have been issued and are effective for financial periods beginning on or after 1 July 2007 but are not relevant to the Company and its subsidiaries' operations:

IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under IAS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The Company and its subsidiaries have not adopted the following FRSs and IC Interpretations that have been issued as at the date of authorisation of the FY 2009 financial statements but are not yet effective for the Company and its subsidiaries:-

(i) FRS issued and effective for financial periods beginning on or after 1 July 2009:-

FRS 8 Operating Segments

FRS 8 is not relevant to the Company and its subsidiaries' operations.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.1 BASIS OF PREPARATION (CONT'D)

(ii) FRS issued and effective for financial periods beginning on or after 1 January 2010:-

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement

The Company considers financial guarantee contracts entered to be insurance arrangements and accounts for them under FRS 4. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Company.

The possible impacts of FRS 7 and FRS 139 on the financial statements upon their initial application are not disclosed by virtue of the exemptions given in these standards.

The adoption of FRS 123 did not have material financial impact on the financial statements of the Company and its subsidiaries.

(iii) Amendments issued and effective for financial periods beginning on or after 1 January 2010:-

Amendments to FRS 1 and FRS 127	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 2	Vesting Conditions and Cancellations

The above amendments are not relevant to the Company and its subsidiaries' operations.

(iv) IC Interpretations issued and effective for financial periods beginning on or after 1 January 2010:-

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2: The Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The above IC Interpretations are not relevant to the Company and its subsidiaries' operations.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 CONSISTENCY OF APPLICATION OF ACCOUNTING POLICIES

This report is prepared on a basis consistent with the accounting policies adopted by the Company and its subsidiaries' as disclosed in section 5.3 below. There were no changes in the significant accounting policies adopted by the Company and its subsidiaries during the Relevant Financial Periods other than the adoption of all new and revised FRSs issued by the Malaysian Accounting Standards Board, as detailed in Section 5.1 above.

5.3 SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are evaluated by the management on an on-going basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Depreciation of Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial factors which could change significantly as a result of technological developments and the expected level of usage.

The Company and its subsidiaries anticipate that the residual values of its plant and equipment will be significant and has been taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company and its subsidiaries recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(iii) Impairment of Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the Company and its subsidiaries are required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Classification between Investment Properties and Owner-Occupied Properties

The Company and its subsidiaries determine whether a property qualifies as an investment property, and has developed criteria in making that judgement. 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 Company and its subsidiaries accounts 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.

(v) Allowance for Doubtful Debts of Receivables

The Company and its subsidiaries makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(vi) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company and its subsidiaries has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company and its subsidiaries has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currency

(i) Functional and Presentation Currency

The functional currency of the Company and its subsidiaries is measured using the currency of the primary economic environment in which the Company and its subsidiaries operates.

The financial statements of the Company and its subsidiaries are presented in Ringgit Malaysia ("RM") which is the functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

(d) Goodwill

Goodwill represents the excess of the fair value of the purchase consideration over the fair value of the identifiable net assets of a business at the date of acquisition.

Prior to FY 2008, goodwill was stated at cost less accumulated amortisation and impairment losses, if any. Goodwill was amortised on a straight-line basis over its estimated useful life of ten (10) years.

With the adoption of FRS 3 - Business combinations during FY 2008, the Company and its subsidiaries changed its accounting policy for purchased goodwill whereby goodwill is no longer amortised and is measured at cost less accumulated impairment loss, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment loss of goodwill is recognised immediately in the income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

The change in this accounting policy has no material effect to the profit before taxation of the Group.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Plant and machinery	10%
Motor vehicles	20%
Air conditioners	10%
Office equipment	10% - 20%
Furniture and fittings	10%
Signboard	10% - 20%
Renovation	20%
Electrical fittings or appliances	20%
Freehold apartment	3%
Equipment	10%
Fire extinguishers	10%
Computers	25%
Warehouse equipment	15%

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

During the FY 2008, SFSB, ETHSB and MSB changed the depreciation rates for the following assets:-

<u>SFSB</u>

Plant and machinery	From 20% to 10% per annum
Electrical fittings	From 10% to 20% per annum

<u>ETHSB</u>

Office equipment	From 15% to 10% per annum
Computers	From 30% to 25% per annum

<u>MSB</u>

Furniture and fittings	From 20% to 10% per annum
Motor vehicles	From 10% to 20% per annum

The change in the depreciation rates does not have material effects to the profit before taxation and net assets of SFSB, ETHSB and MSB for FY 2008.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment (Cont'd)

During the FY 2008, SYOSB changed its depreciation method from the reducing balance method to the straight-line method to write off the depreciable amount of the assets over their estimated useful lives and changed the depreciable rates for the following assets:-

Furniture and fittings	From 5% to 10% per annum
Signboard	From 10% to 20% per annum
Renovation	From 10% to 20% per annum

The change in the depreciation method and rates arose from a review of the useful lives of the assets concerned. The effects of these changes in the depreciation estimates are as follows:-

	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	Later RM'000
Increase/(Decrease) in depreciation expense	1,622	331	281	(7)	(94)	(2,133)

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

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

(f) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of Assets (Cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(g) Assets under Hire Purchase

Equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Section 5.3(e) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the periods of the respective hire purchase arrangements.

(h) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are classified separately and are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Prior to FY 2008, all investment properties were classified as property, plant and equipment and were stated at cost less accumulated depreciation and impairment losses, if any. Upon the adoption of FRS 140 - Investment Properties in FY 2008, the freehold investment properties are classified separately and are stated at cost less accumulated depreciation and impairment losses, if any, consistent with the accounting policy for plant and equipment.

The adoption of FRS 140 only impacts the form and content of disclosures presented in the financial statements.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Investment Properties (Cont'd)

In FY 2009, the Company and its subsidiaries had changed the accounting treatment from the cost model to the fair value model. The impact of the change in the accounting treatment from the cost model to the fair value model is restricted to the change in fair value and no depreciation has been charged on the investment properties.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Upon derecognition the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, allowance is made for obsolete, slow-moving and defective inventories.

(j) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(k) Payables

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

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Provisions

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

(m) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Income Taxes (Cont'd)

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(n) Interest-bearing Borrowings

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

All borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(o) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company and its subsidiaries.

(ii) Defined Contribution Plans

The Company and its subsidiaries' contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Company and its subsidiaries has no further liability in respect of the defined contribution plans.

(r) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
  - (a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - (b) has an interest in the entity that gives it significant influence over the entity; or
  - (c) has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue Recognition

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales tax, returns and trade discounts.

(ii) Rental Income

Rental income is recognised on an accrual basis.

6. FINANCIAL INFORMATION

The financial information of the YOCB, SYOSB, SFSB, ETHSB and MSB as presented in Section 6.1 to Section 6.5 are based on the audited financial statements, modified as appropriate, for the purpose of this report. The details of the restatement to the audited financial statements of SYOSB, SFSB, ETHSB and MSB are disclosed in Section 6.2.33, Section 6.3.27, Section 6.4.22 and Section 6.5.21 respectively.

The scope of work involved in the preparation of this report does not constitute an audit in accordance with approved standards on auditing in Malaysia.

All information are extracted from the audited financial statements except those in *italics* which are prepared based on calculation, representation and/or explanation provided by the management and those as otherwise indicated.

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 YOCB

6.1.1 INCOME STATEMENTS

	Section	FP 2008 RM'000	FY 2009 RM'000
Revenue		-	-
Administrative expenses		(4)	(2)
Loss for the financial period/year	6.1.5	(4)	(2)
Number of ordinary shares in issue		^	^^
Gross loss per share ("LPS") based on number of shares in issue (RM'000) *		(2)	(1)
Net LPS based on number of number of shares in issue (RM'000) *		(2)	(1)

Note:-

^ - *2 ordinary shares of RM1.00 each*

^^ - *4 ordinary shares of RM0.50 each*

* - *The Gross LPS and Net LPS were computed by dividing the loss for the financial period by the number of ordinary shares in Issue during the period. The Gross LPS and Net LPS computed were not annualised.*

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 YOCB (CONT'D)

6.1.2 BALANCE SHEETS

	Section	FP 2008 RM'000	FY 2009 RM'000
ASSET			
CURRENT ASSETS			
Prepayments		128	917
Cash in hand		#	#
TOTAL ASSET		128	917
EQUITY AND LIABILITY			
EQUITY			
Share capital	6.1.7	#	#
Accumulated losses		(4)	(6)
TOTAL EQUITY		(4)	(6)
CURRENT LIABILITIES			
Other payables and accruals		1	147
Amount owing to a related party	6.1.8	131	776
		132	923
TOTAL EQUITY AND LIABILITY		128	917

Note:-

 # - RM2

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 YOCB (CONT'D)

6.1.3 CASH FLOW STATEMENTS

	FP 2008 RM'000	FY 2009 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss for the financial period/year	(4)	(2)
Adjustments for:-		
Increase in prepayments	(128)	(789)
Increase in other payables and accruals	1	146
NET CASH FOR OPERATING ACTIVITIES	(131)	(645)
NET CASH FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	#	-
Advances from a related party	131	645
NET CASH FROM FINANCING ACTIVITIES	131	645
NET INCREASE IN CASH IN HAND	#	-
CASH IN HAND AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	-	#
CASH IN HAND AT END OF THE FINANCIAL PERIOD/YEAR	#	#

Note:-

- *RM2*

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 YOCB (CONT'D)

6.1.4 STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000
At 17.4.2008 (date of incorporation)	#	-	#
Loss for the financial period	-	(4)	(4)
Balance at 30.6.2008/1.7.2008	#	(4)	(4)
Loss for the financial year	-	(2)	(2)
Balance at 30.6.2009	#	(6)	(6)

Note:-

 # - RM2

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 YOCB (CONT'D)

6.1.5 LOSS FOR THE FINANCIAL PERIOD/YEAR

	FP 2008 RM'000	FY 2009 RM'000
Loss for the financial period/year is arrived at after charging:-		
Audit fee	1	1

6.1.6 INCOME TAX EXPENSE

The statutory tax rate for FP 2008 and FY 2009 was reduced from 27% to 26% and 25% respectively, as announced in the Malaysian Budget 2007 and 2008 respectively.

The corporate tax rate on the first RM500,000 of chargeable income is 20%. The tax rate applicable to the balance of the chargeable income for FP 2008 and FY 2009 is 26% and 25% respectively.

A reconciliation of income tax expense applicable to the loss for the financial period/year at the statutory tax rate to income tax expense at the effective tax rate of the Company is as follows:-

	FP 2008 RM'000	FY 2009 RM'000
Loss for the financial period/year	(4)	(2)
Tax at the applicable statutory tax rate	(1)	(1)
Tax effect:-		
Non-deductible expenses	1	1
Income tax expense for the financial period/year	-	-

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 YOCB (CONT'D)

6.1.7 SHARE CAPITAL

	FP 2008	FY 2009	FP 2008	FY 2009
	Number of shares			
	'000	'000	RM'000	RM'000
ORDINARY SHARES				
AUTHORISED				
At 17.4.2008 (date of incorporation)/At 30.6.2008	100	100	100	100
Sub-division of the par value of the ordinary shares of RM1 each into RM0.50 each	-	100	-	-
At 30.6.2008/2009	100	200	100	100
ISSUED AND FULLY PAID-UP				
At 17.4.2008 (date of incorporation)/At 30.6.2008/2009	^	^^	#	#

Notes:-

^ - *2 ordinary shares of RM1.00 each*

^^ - *4 ordinary shares of RM0.50 each*

- *RM2*

During FY 2009, the Company sub-divided its existing shares with par value of RM1 each to RM0.50 each and altered the authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1 each into 200,000 ordinary shares of RM0.50 each.

6.1.8 AMOUNT OWING TO A RELATED PARTY

The amount owing is non-trade in nature and is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

6.1.9 FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial statements reported in the financial statements approximated their fair values.

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 SYOSB

6.2.1 INCOME STATEMENTS

	Section	FY 2005 RM'000	FY 2006 RM'000	FY 2007 RM'000	FY 2008 RM'000	FY 2009 RM'000
Revenue	6.2.5	49,207	54,523	57,612	67,086	92,172
Cost of sales		(38,583)	(41,959)	(42,510)	(46,663)	(65,251)
Gross profit ("GP")		10,624	12,564	15,102	20,423	26,921
Other income		876	807	818	1,172	10,137
		11,500	13,371	15,920	21,595	37,058
Selling and distribution expenses		(968)	(1,035)	(1,642)	(2,104)	(3,970)
Administrative expenses		(3,820)	(4,163)	(4,754)	(7,036)	(9,087)
Other expenses		(846)	(2,338)	(1,535)	(3,174)	(1,099)
Profit from operations		5,866	5,835	7,989	9,281	22,902
Finance costs		(38)	(97)	(313)	(590)	(456)
Profit before taxation ("PBT")		5,828	5,738	7,676	8,691	22,446
Depreciation		726	863	851	2,297	861
Interest expense		21	87	295	548	441
Interest income		-	(2)	(8)	(54)	(39)
Earnings before interest, taxation and depreciation		6,575	6,686	8,814	11,482	23,709
Depreciation		(726)	(863)	(851)	(2,297)	(861)
Interest expense		(21)	(87)	(295)	(548)	(441)
Interest income		-	2	8	54	39
PBT	6.2.6	5,828	5,738	7,676	8,691	22,446
Income tax expense	6.2.7	(1,621)	(1,611)	(2,383)	(1,594)	(3,292)
Profit after taxation ("PAT")		4,207	4,127	5,293	7,097	19,154
ATTRIBUTABLE TO:-						
Equity holders of SYOSB		4,207	4,127	5,293	7,097	19,154
GP margin (%)		*21.6*	*23.0*	*26.2*	*30.4*	*29.2*
PBT margin (%)		*11.8*	*10.5*	*13.3*	*13.0*	*24.4*
PAT margin (%)		*8.5*	*7.6*	*9.2*	*10.6*	*20.8*
Effective tax rate (%)		*27.8*	*28.1*	*31.0*	*18.3*	*14.7*
Interest coverage (times)		*278.5*	*67.0*	*27.0*	*16.9*	*51.9*
Weighted average number of ordinary shares in issue of RM1.00 each ('000)		*600.0*	*600.0*	*600.0*	*1,456.8*	*2,000.0*
Gross earnings per share ("EPS") based on weighted average number of shares in issue (RM)*		*9.7*	*9.6*	*12.8*	*6.0*	*11.2*
Net EPS based on number of shares in issue (RM)*		*7.0*	*6.9*	*8.8*	*4.9*	*9.6*
Gross dividend rate (%)		*-*	*409.7*	*273.2*	*-*	*-*

Note:-

* - *The Gross EPS and Net EPS were computed by dividing the PBT and PAT respectively by the weighted average number of ordinary shares in issue during the period.*

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 SYOSB (CONT'D)

6.2.2 BALANCE SHEETS

	Section	FY 2005 RM'000	FY 2006 RM'000	FY 2007 RM'000	FY 2008 RM'000	FY 2009 RM'000
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	6.2.8	4,708	4,390	4,538	4,110	4,158
Investment properties	6.2.9	14,957	14,719	15,718	15,263	24,300
		19,665	19,109	20,256	19,373	28,458
CURRENT ASSETS						
Inventories	6.2.10	3,952	3,748	6,880	12,666	13,739
Trade receivables	6.2.11	10,218	6,504	9,203	8,883	7,445
Other receivables, deposits and prepayments	6.2.12	1,529	1,658	599	885	735
Amount owing by related parties	6.2.14	13,036	13,694	13,990	7,220	8,224
Short-term deposits with licensed banks	6.2.15	22	25	25	1,027	4,728
Cash and bank balances		477	1,023	1,071	2,092	2,289
		29,234	26,652	31,768	32,773	37,160
TOTAL ASSETS		48,899	45,761	52,024	52,146	65,618
EQUITY AND LIABILITIES						
EQUITY						
Share capital	6.2.16	600	600	600	2,000	2,000
Retained profits	6.2.17	18,234	22,361	25,196	27,037	46,191
TOTAL EQUITY		18,834	22,961	25,796	29,037	48,191
NON-CURRENT LIABILTIES						
Long-term borrowings	6.2.18	-	-	2,501	2,559	663
Deferred tax liabilities	6.2.21	965	980	1,355	400	312
		965	980	3,856	2,959	975
CURRENT LIABILITIES						
Trade payables	6.2.22	19,230	8,632	13,582	2,691	1,491
Other payables and accruals		305	420	489	868	2,787
Amount owing to holding company	6.2.13	3,725	3,877	2,911	-	-
Amount owing to related parties	6.2.23	5,431	5,130	330	2,670	4,117
Amount owing to a director	6.2.24	-	-	-	5	-
Provision for taxation		298	286	491	1,117	1,002
Short-term borrowings	6.2.25	111	3,475	4,569	12,799	7,055
		29,100	21,820	22,372	20,150	16,452
TOTAL LIABILITIES		30,065	22,800	26,228	23,109	17,427
TOTAL EQUITY AND LIABILITIES		48,899	45,761	52,024	52,146	65,618

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 SYOSB (CONT'D)

6.2.2 BALANCE SHEETS (CONT'D)

	FY 2005 RM'000	FY 2006 RM'000	FY 2007 RM'000	FY 2008 RM'000	FY 2009 RM'000
Number of ordinary shares of RM1.00 each in issue ('000)	*600*	*600*	*600*	*2,000*	*2,000*
Net assets ("NA") (RM'000)	*18,834*	*22,961*	*25,796*	*29,037*	*48,191*
NA per ordinary share (RM)	*31.4*	*38.3*	*43.0*	*14.5*	*24.1*
Trade receivables turnover period (months)	*3.4*	*2.0*	*3.9*	*3.2*	*1.9*
Trade payables turnover period (months)	*8.3*	*3.7*	*4.8*	*0.9*	*0.5*
Gearing ratio (times)	*#*	*0.2*	*0.3*	*0.5*	*0.2*

Note:

 # - less than 0.1

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 SYOSB (CONT'D)

6.2.3 CASH FLOW STATEMENTS

	Section	FY 2005 RM'000	FY 2006 RM'000	FY 2007 RM'000	FY 2008 RM'000	FY 2009 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES						
Profit before taxation		5,828	5,738	7,676	8,691	22,446
Adjustments for:-						
Allowance for doubtful debts						
- trade receivables		-	1,475	104	3	63
- other receivables		-	-	271	439	-
Allowance for slow moving inventories		-	-	362	326	225
Depreciation of property, plant and equipment		556	527	524	1,842	861
Depreciation of investment properties		170	336	327	455	-
Amounts written off:						
- inventories		-	-	113	3	-
- plant and equipment		-	-	172	353	29
Goodwill written off		88	-	-	-	-
Interest expense		21	87	295	548	441
Fair value adjustment on investment properties		-	-	-	-	(9,037)
Gain on disposal of property, plant and equipment		(15)	-	-	(66)	-
Interest income		-	(2)	(8)	(54)	(39)
Writeback of allowance for doubtful debts		-	-	-	-	(10)
Operating profit before working capital changes		6,648	8,161	9,836	12,540	14,979
Changes in working capital						
(Increase)/Decrease in inventories		(450)	204	(3,607)	(6,115)	(1,298)
(Increase)/Decrease in trade and other receivables		(3,572)	2,110	(2,015)	(408)	1,535
(Decrease)/Increase in trade and other payables		(7,486)	(10,483)	5,019	(10,512)	719
Decrease/(Increase) in amount owing by related parties		1,297	(1,803)	610	(225)	(526)
(Decrease)/Increase in amount owing to related parties		(4,319)	(301)	(5,128)	2,668	1,447
CASH (FOR)/FROM OPERATIONS		(7,882)	(2,112)	4,715	(2,052)	16,856
Income tax paid		(2,084)	(1,608)	(1,803)	(1,923)	(3,495)
Interest paid		(21)	(87)	(295)	(548)	(441)
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(9,987)	(3,807)	2,617	(4,523)	12,920
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES						
Purchase of property, plant and equipment	6.2.26	(360)	(307)	(2,170)	(1,100)	(938)
Proceeds from disposal of property, plant and equipment		41	-	-	199	-
Repayment from/(Advances to) related parties		6,837	1,145	(906)	6,995	(478)
Interest received		-	2	8	54	39
NET CASH FROM/(FOR) INVESTING ACTIVITIES		6,518	840	(3,068)	6,148	(1,377)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES						
Proceeds from issuance of shares		-	-	-	1,400	-
Drawdown of term loan		-	-	2,501	2,500	-
Drawdown/(Repayment) of bankers' acceptances		111	3,364	1,094	6,435	(5,831)
Repayment of hire purchase obligations		-	-	-	-	(150)
Repayment of term loan		(980)	-	-	(1,447)	(1,659)
Advances from/(Repayment to) a director		73	-	-	5	(5)
Advances from/(Repayment to) holding company		2,764	152	(966)	(2,911)	-
Advances from/(Repayment to) related parties		-	-	328	(328)	-
Dividends paid		-	-	(2,458)	(5,256)	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		1,968	3,516	499	398	(7,645)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,501)	549	48	2,023	3,898
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		2,000	499	1,048	1,096	3,119
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	6.2.27	499	1,048	1,096	3,119	7,017

Horwath

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 SYOSB (CONT'D)

6.2.4 STATEMENTS OF CHANGES IN EQUITY

	Section	Share Capital RM'000	Retained Profits RM'000	Total RM'000
Balance at 1.7.2004		600	14,027	14,627
Profit attributable to equity holders		-	4,207	4,207
Balance at 30.6.2005/1.7.2005		600	18,234	18,834
Profit attributable to equity holders		-	4,127	4,127
Balance at 30.6.2006/1.7.2006		600	22,361	22,961
Profit attributable to equity holders		-	5,293	5,293
Dividend paid	6.2.28	-	(2,458)	(2,458)
Balance at 30.6.2007/1,7.2007		600	25,196	25,796
Issuance of shares		1,400	-	1,400
Profit attributable to equity holders		-	7,097	7,097
Dividends paid	6.2.28	-	(5,256)	(5,256)
Balance at 30.6.2008/1.7.2008		2,000	27,037	29,037
Profit attributable to equity holders		-	19,154	19,154
Balance at 30.6.2009		2,000	46,191	48,191

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 SYOSB (CONT'D)

6.2.5 REVENUE

Revenue of SYOSB represents the invoiced value of goods sold less trade discounts and returns.

6.2.6 PROFIT BEFORE TAXATION

	FY 2005 RM'000	FY 2006 RM'000	FY 2007 RM'000	FY 2008 RM'000	FY 2009 RM'000
Profit before taxation is arrived at after charging/(crediting):-					
Allowance for slow-moving inventories	-	-	362	326	225
Allowance for doubtful debts					
- trade receivables	-	1,475	104	3	63
- other receivables	-	-	271	439	-
Audit fee	15	18	18	24	24
Directors' fee	60	60	130	159	120
Directors' non-fee emoluments	64	64	67	180	739
Depreciation of property, plant and equipment	556	527	524	1,842	861
Depreciation of investment properties	170	336	327	455	-
Interest expense:					
- term loan	-	-	1	179	115
- bankers' acceptances	21	87	130	335	199
- hire purchase	-	-	-	-	26
- advances from a related party *	-	-	164	34	101
Amounts written off:					
- inventories	-	-	113	3	-
- plant and equipment	-	-	172	353	29
- goodwill	88	-	-	-	-
Rental of premises	162	228	273	614	798
Staff costs	3,108	3,408	3,696	5,447	7,613
Fair value adjustment on investment properties	-	-	-	-	(9,037)
Gain on foreign exchange - realised	(63)	(5)	(8)	(20)	(62)
Gain on disposal of property, plant and equipment	(15)	-	-	(66)	-
Interest income	-	(2)	(8)	(54)	(39)
Rental income	(800)	(800)	(800)	(972)	(984)
Writeback of allowance for doubtful debts	-	-	-	-	(10)

Note:-

* - *ceased to be SYOSB's holding company in FY2009*