

PADINI HOLDINGS BERHAD

(50202-A)

(Incorporated in Malaysia)

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Notice of Annual General Meeting

for the financial year ended 30 June 2001

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Company will be held at No. 21 Lot 116, Jalan U1/20, Hicom Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan on 27 December 2001 at 11:00 a.m. to transact the following business:-

AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2001 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To declare a Final Dividend of 5% less Malaysian Income Tax at 28%. (Resolution 2)
3. To approve payment of Directors' fee in respect of the financial year ended 30 June 2001. (Resolution 3)
4. a) To re-elect the following Directors retiring pursuant to Article 102 of the Company's Articles of Association:-
 - i) Madam Chong Chin Lin (Resolution 4)
 - ii) Madam Yong Lee Peng (Resolution 5)
- b) To re-elect the following Director retiring pursuant to Article 109 of the Company's Articles of Association:-
 - i) Datuk Dr. Abdullah bin Abdul Rahman (Resolution 6)
5. To appoint Messrs Peter Chong & Co. as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 7)

SPECIAL BUSINESS

SPECIAL RESOLUTION - PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

6. To consider and if thought fit, to pass the following as a special resolution:-
"THAT the deletions, alterations, modifications, variations and additions to the Articles of Associations of the Company as set out in Appendix II of the Circular to Shareholders dated 5 December 2001 be and are hereby approved." (Resolution 8)

ORDINARY RESOLUTION - PROPOSED BONUS ISSUE

7. To consider and if thought fit, to pass the following as an ordinary resolution:-
"THAT subject to the approval-in-principle of the Kuala Lumpur Stock Exchange and any other relevant authorities for the listing of and quotation for the 10,000,000 new ordinary shares of RM1.00 each in the Company to be issued hereunder, approval be and is hereby given for the Company to capitalise the entire share premium account of RM4,179,261 and an amount of RM5,820,739 from the retained profits account of the Company as at 30 June 2001; AND THAT the Directors be and are hereby authorised to apply the said sum and to issue at par 10,000,000 new ordinary shares of RM1.00 each, credited as fully paid-up and such shares to be allotted to the registered shareholders of the Company whose names appear in the Record of Depositors of the Company at a date and time of entitlement to be determined by the Directors in the proportion of one (1) new ordinary share of RM1.00 each for every three (3) existing ordinary shares of RM1.00 each held ("Proposed Bonus Issue"), fractional entitlements will be dealt with in such manner by the Directors, as the Directors in their absolute discretion consider expedient in the interest of the Company; AND THAT such new fully paid-up ordinary shares shall be treated for all purposes as an increase in the paid-up share capital of the Company and not as income, and such new ordinary shares will upon issue and allotment, rank pari passu in all respects with the existing ordinary shares of the Company save and except that they will not be entitled to any dividends declared, rights, allotments or other distributions the entitlement date of which is prior to the date of allotment of the Bonus Shares and/or final dividends declared for the financial year ended 30 June 2001; AND FURTHER THAT the Directors be and are hereby authorised to give effect to the Proposed Bonus Issue with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities and to deal with all matters relating thereto and to take all steps and do all acts and things in any manner as they may deem necessary or expedient in connection with the Proposed Bonus Issue." (Resolution 9)

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

for the financial year ended 30 June 2001

8. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting to be held on 27 December 2001, a final dividend of 5%, less 28% income tax in respect of the financial year ended 30 June 2001 will be paid on 26 March 2002 to shareholders registered on the Register of Members and Records of Depositors at the close of business on 8 March 2002.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred to the Depositor's securities account before 12:30 p.m. on 8 March 2002 in respect of ordinary transfers; and
- (b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD

LIEW KHOON WAN (MACS 00103)

HO MUN YEE (MAICSA 0877877)

Company Secretaries

Selangor

5 December 2001

Notes:

- (i) *A member of the Company entitled to attend and vote at this AGM is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
- (ii) *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, under its Common Seal or under the hand of an officer or its attorney duly authorised.*
- (iii) *The instrument appointing a proxy must be completed and deposited at the registered office of the Company at No. 21 Lot 116, Jalan U1/20, Hicom Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, not less than forty eight (48) hours before the time appointed for the holding of the AGM or adjourned AGM (or in the case of a poll before the time appointed for the taking of the poll).*
- (iv) *Explanatory Statement on Special Business relating to the proposed amendments to the Articles of Association of the Company.*

The Special Resolution, if passed, will amend the Company's Articles of Association to be in line with the new Listing Requirements of the Kuala Lumpur Stock Exchange, prevailing statutory and regulatory requirements, where relevant, to render consistency throughout.

- (v) *Explanatory Statement on Special Business relating to the proposed Bonus Issue.*

The Bonus Issue will enable the Company to meet the Securities Commission's minimum requirement for companies listed on the Second Board of the Kuala Lumpur Stock Exchange to have at least RM40,000,000 in issued and paid-up share capital.

The Bonus Issue will also increase the issued and paid-up share capital of the Company to a level that would be more reflective of the existing operations and assets employed by the Group.

Statement Accompanying

the Notice of Annual General Meeting

1. Names of individuals who are standing for re-election

- (a) Madam Chong Chin Lin
- (b) Madam Yong Lee Peng
- (c) Datuk Dr. Abdullah bin Abdul Rahman

2. Details of attendance of Directors at Board Meetings

A total of five (5) Board Meetings were held during the financial year ended 30 June 2001. Details of attendance of Directors at the Board Meetings are as follows:-

Name	Attendance
Datuk Dr. Abdullah bin Abdul Rahman (appointed on 14.02.2001)	2 meetings
Yong Pang Chuan	5 meetings
Dato'Zulkifli bin Abdul Rahman	4 meetings
Chong Chin Lin	4 meetings
Chan Kwai Heng	5 meetings
Yong Lee Peng	2 meetings
Yong Lai Wah	3 meetings
Cheong Chung Yet	4 meetings
Sahid bin Mohamed Yasin	4 meetings

3. Date, Time and Place of the Board Meetings

Date & Time	Place
29 August 2000 @ 11:30 a.m.	No. 21 Lot 116, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam
30 October 2000 @ 3:00 p.m.	No. 21 Lot 116, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam
29 November 2000 @ 3:00 p.m.	No. 21 Lot 116, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam
27 February 2001 @ 3:00 p.m.	No. 21 Lot 116, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam
30 May 2001 @ 3:00 p.m.	No. 21 Lot 116, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam

Corporate Information

for the financial year ended 30 June 2001

BOARD OF DIRECTORS

Datuk Dr. Abdullah bin Abdul Rahman	Chairman
Dato' Zulkifli bin Abdul Rahman	Director
Yong Pang Chaun	Managing Director
Chan Kwai Heng	Executive Director
Cheong Chung Yet	Executive Director
Chong Chin Lin	Executive Director
Yong Lee Peng	Executive Director
Yong Lai Wah	Executive Director
Sahid bin Mohamed Yasin	Director

AUDIT COMMITTEE

Dato' Zulkifli bin Abdul Rahman	Chairman (<i>Independent Non-Executive Director</i>)
Sahid bin Mohamed Yasin	Member (<i>Independent Non-Executive Director</i>)
Chan Kwai Heng	Member (<i>Executive Director</i>)

COMPANY SECRETARIES

Liew Khoon Wan (*MACS 00103*)
Ho Mun Yee (*MAICSA 0877877*)

REGISTERED OFFICE

No. 21, Lot 116, Jalan U1/20
Hicom Glenmarie Industrial Park
40000 Shah Alam Selangor Darul Ehsan
Tel : 03-7805 3535
Fax : 03-7805 1066

SHARE REGISTRARS

PFA Registration Services Sdn Bhd
Level 13, Uptown 1,
1, Jalan SS21/58
Damansara Uptown, 47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7725 4888
Fax : 03-7722 2311

AUDITORS

Peter Chong & Co
Public Accountants
51, Changkat Bukit Bintang, 50200 Kuala Lumpur

SOLICITORS

Isharidah, Ho, Chong & Menon
Raslan Loong

PRINCIPAL BANKERS

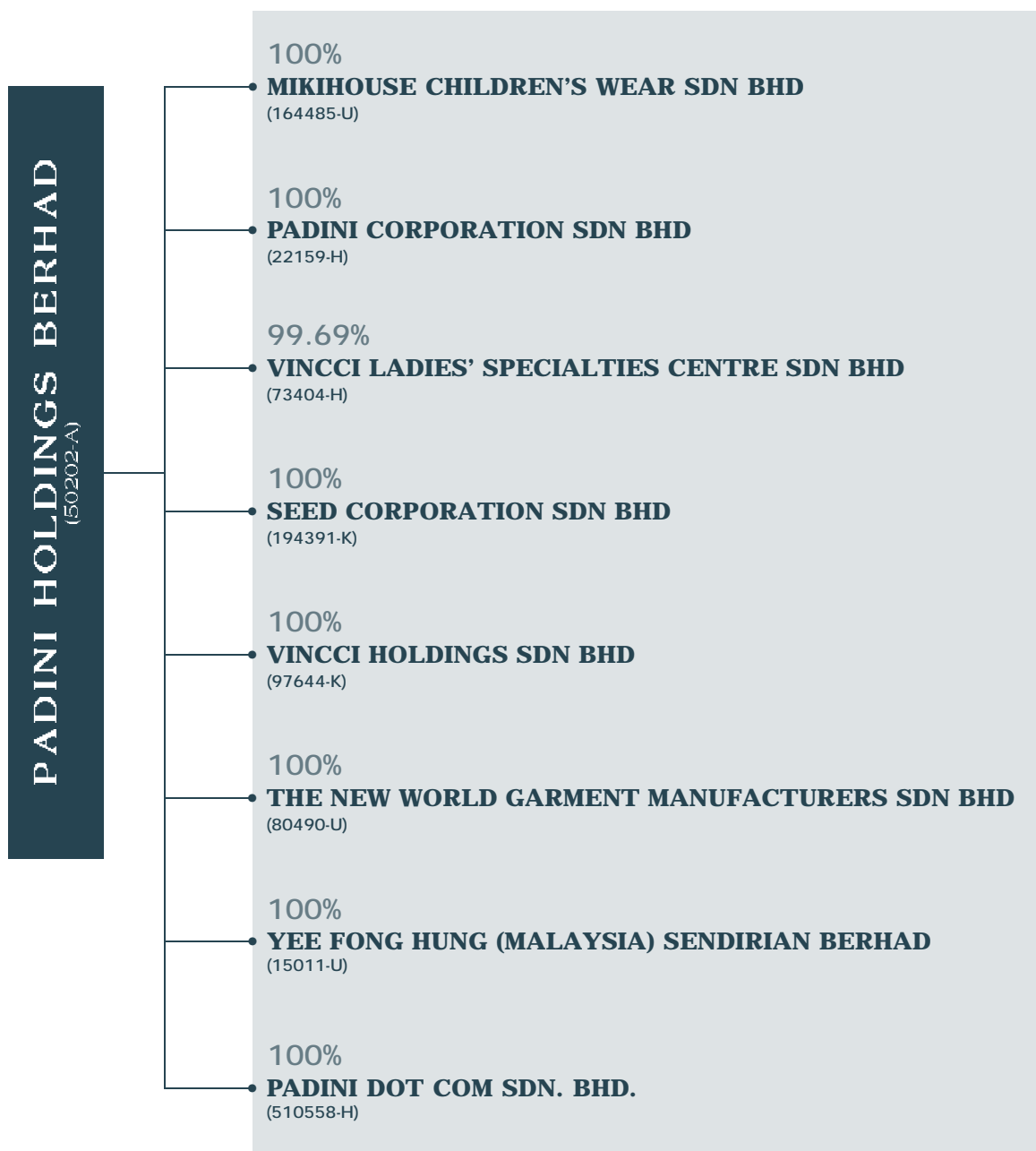
Overseas Union Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Second Board of the Kuala Lumpur Stock Exchange

Corporate Structure

for the financial year ended 30 June 2001



Report of the Audit Committee

The Board of Directors of Padini Holdings Berhad is pleased to present the report of the Audit Committee of the Board for the financial year ended 30 June 2001.

The Audit Committee was established by a resolution of the Board on 23 October 1997.

MEMBERS AND MEETINGS

The members of the Audit Committee during the year comprised the directors listed below. During the financial year ended 30 June 2001, the Committee held meetings on 29 August 2000, 30 October 2000, 29 November 2000, 27 February 2001 and 30 May 2001 respectively, a total of five (5) meetings.

	Composition of the Audit Committee	Attendance at the Committee Meetings held during the Financial Year ended 30 June 2001
Chairman	Dato'Zulkifli bin Abdul Rahman (Independent Non-Executive Director)	4 out of 5 meetings
Member	Sahid bin Mohamed Yasin (Independent Non-Executive Director)	4 out of 5 meetings
Member	Chan Kwai Heng (Executive Director)	5 out of 5 meetings

NEW TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. COMPOSITION

1.1 The Company must appoint an Audit Committee from amongst its Directors which fulfils the following requirements:-

- (a) the Audit Committee must be composed of no fewer than 3 members;
- (b) a majority of the Audit Committee must be independent directors; and
- (c) at least one member of the Audit Committee:-
 - (i) must be a member of the Malaysian Institute of Accountants;
 - (ii) or if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

1.2 The Company must ensure that no alternate director is appointed as a member of the Audit Committee.

1.3 The members of an Audit Committee shall elect a Chairman from among their number who shall be an independent director.

2. WRITTEN TERMS OF REFERENCE

The Audit Committee must have written terms of reference which deal with its authority and duties.

3. FUNCTIONS

Without limiting the generality of paragraph 2 above, the Audit Committee shall, amongst others, discharge the following functions:-

3.1 Review the following and report the same to the Board of Directors :

- (a) with the external auditor, the audit plan;
- (b) with the external auditor, his evaluation of the system of internal controls;
- (c) with the external auditor; his audit report;
- (d) the assistance given by the employees of the Company to the external auditor;
- (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

3. FUNCTIONS *(cont'd)*

- (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on :-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
- (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (i) any letter of resignation from the external auditors of the Company; and
- (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and

3.2 Recommend the nomination of a person or persons as external auditors.

4. ATTENDANCE OF OTHER DIRECTORS AND EMPLOYEES

The Audit Committee may invite any Director who is not an Audit Committee member and any of the Company's employees to attend any particular Audit Committee meeting.

5. PROCEDURE

The Audit Committee may regulate its own procedure, in particular:-

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

6. AUDIT COMMITTEE REPORT

6.1 The Company must ensure that its Board of Directors prepare an Audit Committee report at the end of each financial year that complies with subparagraphs (6.2) and (6.3) below.

6.2 The Audit Committee report must be clearly set out in the annual report of the Company.

6.3 The Audit Committee report shall include the following:-

- (a) the composition of the Audit Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
- (b) the terms of reference of the Audit Committee;
- (c) the number of Audit Committee meetings held during the financial year and details of attendance of each Audit Committee member;
- (d) a summary of the activities of the Audit Committee in the discharge of its functions and duties for that financial year of the Company ; and
- (e) the existence of an internal audit function or activity and where there is such a function or activity, a summary of the activities of the function or activity. Where such a function or activity does not exist, an explanation of the mechanisms that exist to enable the Audit Committee to discharge its functions effectively.

7. REPORTING OF BREACHES TO THE EXCHANGE

Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of these Requirements, it must promptly report such matter to the Exchange.

8. RIGHTS OF THE AUDIT COMMITTEE

The Audit Committee wherever necessary and reasonable for the performance of its duties, shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

8. RIGHTS OF THE AUDIT COMMITTEE *(cont'd)*

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

9. QUORUM OF THE AUDIT COMMITTEE

In order to form a quorum in respect of a meeting of the Audit Committee, the majority of members present must be independent directors.

10. RETIREMENT AND RESIGNATION

In the event of any vacancy in the Audit Committee resulting in the non-compliance of subparagraph 15.10(1) of the Listing Requirements of Kuala Lumpur Stock Exchange, the Company must fill the vacancy within 3 months.

11. REVIEW OF THE AUDIT COMMITTEE

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

12. SECRETARY

The Secretary to the Audit Committee shall be the Company Secretary.

A SUMMARY OF THE ACTIVITIES OF THE COMMITTEE DURING THE YEAR

During the financial year under review, the Audit Committee held a total of five meetings during which the following activities were conducted:

- (i) reviewed the quarterly financial results for the four quarters ended 30.09.2000, 31.12.2000, 31.03.2001, and 30.06.2001 for submission to the Board and relevant authorities;
- (ii) reviewed the audited financial statements for the financial year ended 30.06.2001 for submission to the Board and relevant authorities;
- (iii) proposed the appointment of Messrs Paul Chuah & Co. to undertake an internal audit of the purchasing and sales processes of the subsidiary companies of the Group that were involved in the wholesale and retail trade;
- (iv) reviewed the report on the findings of the internal audit of the purchasing and sales processes as submitted by Messrs Paul Chuah & Co.; the report which contained recommendations to strengthen internal controls, and management's responses to the findings were also discussed at length;
- (v) decision made to procure professional consulting to assist in compiling a Standard Operating Procedures Manual to ensure standard practices;
- (vi) discussed the recruitment of an audit committee member who would meet the required qualifications and/or experience spelt out in Paragraph 15.10 of the New Listing Requirements of the Kuala Lumpur Stock Exchange to further strengthen the activities of the Committee;
- (vii) reviewed the formation of a team to conduct field audits on the shops operated by the Group so as to provide improved safeguards for the assets of the Group; and
- (viii) proposed the appointment of an Accountant to oversee the Group's overall accounting functions, and to provide more focus on the area of audit planning.

TOWARDS BETTER CORPORATE GOVERNANCE AND IMPROVED INTERNAL CONTROL

Subsequent to the financial year ended on 30.06.2001, the Audit Committee had also completed the appointment of an independent firm, Corporate Outsourcing Professionals Sdn Bhd, to assist further in strengthening the Group's overall area of internal audit, and to introduce measures to promote and enhance good corporate governance.

The said firm had commenced its work in October of 2001.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Padini Holdings Berhad and its subsidiary companies ("the Group") for the financial year ended 30 June 2001.

INDUSTRY TREND AND DEVELOPMENT

The garments retail sector will in the coming years become increasingly competitive. With increased trade liberalisation, the number of international brand names available to the domestic consumers will be greatly increased. Brands will become of paramount importance, and companies that can successfully build brands will have distinct advantages.

As consumers get more knowledgeable, product differentiation will become more difficult, and a company's success in being able to retain its customers will depend very much on how a company can successfully add value to its customers' shopping experience.

Building regional markets via franchise programmes and distributorship arrangements will also take on more prominence as the domestic market gets saturated with a proliferation of brands.

Companies that can respond positively to the above challenges will gain tremendous benefits.

FINANCIAL RESULTS

For the financial year under review, the Group achieved a revenue of RM165.71 million, which represented an increase of 26.2% over the previous year's amount of RM131.29 million. Group profit before taxation rose by 4.2%, from RM9.46 million achieved in the previous year to RM9.85 million for the current financial year. The improvement in turnovers reflected the underlying strength of the Group's brands; in spite of the weakening of the economy, especially in the second half of the year under review, sales have remained strong. Profits before taxation had risen only marginally because of the losses incurred by some of the subsidiary companies in the Group.

DIVIDENDS

The Board of Directors is pleased to recommend a first and final dividend of 5% less 28% income tax for the financial year ended 30 June 2001 for approval by the shareholders at the forthcoming Annual General Meeting.

BUSINESS REVIEW

The Group's revenues were derived primarily from the sale of garments, shoes, fashion accessories and other finished goods through its own network of retail shops and through consignment counters located at major department stores. The products mentioned are sold under brand names owned by the Group.

Retailing

The retailing activities of the Group during the financial year under review were carried out by five of its subsidiary companies which among themselves managed all the brands of the Group.

The most successful of the brands was Vincci. For the financial year under review, pretax profits of RM7.57 million were earned by Vincci Ladies' Specialties Centre Sdn Bhd, the company that retailed the shoes, bags and a variety of fashion accessories carrying the Vincci label.

Where the retailing of garments was concerned, Seed Corporation Sdn Bhd, which retailed garments carrying the Seed label, came out strongest with a pretax profit of RM5.96 million.

Next was Padini Corporation Sdn Bhd which earned a pretax profit of RM2.09 million from the retail of a variety of garments sold under the Padini, Padini Authentics, and PDI labels.

However, the above successes were somewhat diminished by the poor performances turned in by Mikihouse Children's Wear Sdn Bhd, which handled the Miki label, and by Yee Fong Hung (M) Sdn Bhd, which handled the Rope' and P& Co labels. The two companies respectively suffered pretax losses of RM1.42 million and RM0.96 million.

From the results above, it was realised that the broader based garment brands, such as those handled by Seed Corporation Sdn Bhd and by Padini Corporation Sdn Bhd, were more successful because of the wider range and greater variety of products offered. Conversely, Miki was centred on children's wear, Rope' on office wear for females, and P&Co's products had targetted only the very trendy and young female.

Chairman's Statement *(cont'd)*

Manufacturing

During the financial year under review, manufacturing had been adversely affected by imports that were available from several of region's cheaper producers. Not only were producers in countries like China and Indonesia able to produce goods more cheaply and quickly, they were also able to supply a greater variety of styles and designs. Besides that, local manufacturers which were located away from large urban centres also offered stiff competition as these had significantly lower labour costs and production overheads than our own factories that were located in Kuala Lumpur.

As a result, the manufacturing companies within the Group, The New World Garment Manufacturers Sdn Bhd, and Vincci Holdings Bhd, were often not provided with sufficient work to allow them to break even. Thus, the two companies suffered losses of RM1.4 million and RM288,000 respectively for the financial year under review.

During the financial year under review, manufacturing of men's office wear at The New World Garment Manufacturers Sdn Bhd were stopped. The reason was that the Group's demand for men's office wear had decreased substantially over the years as it shifted its focus on to garments for leisure and relaxation, and this reduced demand was unable to sustain the garment manufacturing activities of the factory it operated.

The cessation of manufacturing at The New World Garment Manufacturers Sdn Bhd however left the Group without a production's base for men's office wear, and to overcome that, the Group had taken up a 40% stake in a company which has a factory in Melaka that manufactures men's garments. This company, Cassardi Corporation Sdn Bhd, which manufactures mostly for exports, has been supplying the Group on a small scale for several years now.

At the time of this statement, the shoes manufacturing activities carried out by The New World Garment Manufacturers Sdn Bhd had also ceased.

Franchise Operations

The financial year under review also saw the setting up of the Vincci franchise shops. The first of these was set up in Bandar Seri Begawan in Brunei in December of 2000, followed by one each set up in Centre Point (Kota Kinabalu), Berjaya Mall (Kuantan), and Bintang Plaza (Miri) between the months of June to August 2001.

The franchise operations had provided the Group with an opportunity to further expand its network of shops without incurring additional set-up costs. While profit margins earned from the sale of products to the franchisees are lower than sales from shops run by the Group, the reduced margins were more than offset by reduced investments in fixed assets, tenancies and manpower.

Others

Towards the end of the last financial year, the first of the Seed Cafes were opened at The Promenade in the One Utama Shopping Centre. Established to further strengthen the Seed name, the cafe was set up largely as a fashion cafe, providing food and beverages within the same ambience found in the Seed boutiques. A second cafe was opened in May of 2001 at the Fiesta Walk of Sungei Wang Plaza, with the third opened on 5 November 2001 at the City Square Shopping Complex in Johor Baru.

As the cafe operations were originally intended for the promotion of the Seed concept, they were seen more as a complement to the advertising and branding activities carried out to strengthen Seed as a brand name.

In March 2001, the Group had also launched its website, www.padini.com, which provided among other things, corporate information, points of contact, e-shopping, etc.. A subsidiary company, Padini Dot Com Sdn Bhd, was incorporated to operate and maintain the website. For the financial year under review, a loss of RM56,000 was sustained by that company.

PROFIT GUARANTEE

For the financial year under review, the Group has met the revised warranted profits of RM4,300,000.00 as contained in the Proposed Revision of the Terms and Conditions of the Stakeholder Agreement in respect of Profit Guarantee dated 15 December 1997, approved by the Securities Commission vide its letter dated 15 June 1999, and announced to the Kuala Lumpur Stock Exchange on 22 June 1999.

The Stakeholder currently still holds 5.5 million shares in Padini Holdings Berhad as the Deposited Securities.

Chairman's Statement (cont'd)

for the financial year ended 30 June 2001

VARIANCE IN FINANCIAL RESULTS

For the Proposed Revision of the Terms and Conditions of the Stakeholder Agreement in respect of Profit Guarantee dated 15 December 1997, approved by the Securities Commission vide its letter dated 15 June 1999, and announced to the Kuala Lumpur Stock Exchange on 22 June 1999, the profit before taxation for the financial year under review was projected at RM6.21 million, whereas the actual profits before tax achieved for the same period was at RM9.85 million. This large variance was due mainly to the actual turnover having exceeded the projected turnover by some 85%. The projection was made in October 1998, and based on the economic situation then, the amount was realistic for that time. However, the rapid turnaround achieved by the economy following the recession, together with the simultaneous expansion in the Group's retail network had caused actual turnovers to exceed projected turnovers very significantly.

The difference between the projected profit before tax of RM6.21 million and the actual profit before tax of RM9.85 million is reconciled as follows:

	RM
Profit before tax - projected	6,210,000
Add : excess of actual gross profit over projected gross profit	29,940,000
Add : excess of actual other incomes over projected other incomes	320,000
Less : excess of actual operating expenses over projected operating expenses	26,620,000
Profit before tax - actual	9,850,000

FUTURE OUTLOOK

The current global slowdown together with the anxieties that had arisen from both the September 11 event and the resultant military action taken against Afghanistan must surely feature very strongly in any comments on future outlook.

Generally, the Group is confident of its ability to weather the imminent economic turbulence. Even as it continues with measures to further strengthen its brands and market position, it will always be on the alert to take advantage of opportunities that will spring from the impending slowdown. While it cannot be said with certainty that current performance and profitability would be maintained or perhaps improved upon in the coming financial year, the Group anticipates that its operations will still remain profitable.

In adopting strategies for the future, the emphasis is on the long term sustainability of the Group's revenues and profits, and as such, care is taken not to let knee-jerk reactions to short term economic conditions upset overall long term plans.

Considering the fact that trade liberalisation will continue, and that competition in the domestic market will intensify in the years to come, the Group must take measures to gear its operations to meet this challenge. Revenues cannot come from the domestic market alone. Our franchise programme will be expanded and marketing activities in the East Asia region intensified so as to secure part of the lucrative foreign markets. The Group must capitalise on its brand-building expertise and business know-how to build a market base that extends beyond Malaysia. The successful implementation of this strategy is crucial for the Group's continued growth and profitability.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend my deepest appreciation to the management and the employees of the Group for their contributions towards the achievements of the Group during the current year. The team spirit, dedication and diligence exhibited are highly commendable. In addition, our business associates, bankers and financiers, advisors and shareholders also have our sincere thanks for their continued support of and confidence in the Group.

The Board is also pleased to welcome our new Chairman and Director Datuk Dr Abdullah bin Abdul Rahman. He was appointed on 14 February 2001 replacing Dato' Zulkifli bin Abdul Rahman who has served as Chairman of the Board since March 1994. Even though Dato' Zulkifli continues to serve as a Board member, we still wish to convey our sincere thanks and appreciation to him for his valuable contributions during his tenure as Chairman of the Company.

Datuk Dr Abdullah bin Abdul Rahman

Chairman

19 November 2001

Profile of Directors

for the financial year ended 30 June 2001

Datuk Dr. Abdullah bin Abdul Rahman *(Chairman of the Board, Independent Non-Executive Director)*

Aged 56 of Malaysian nationality, he was first appointed to the Board as Director and Chairman on 14 February 2001.

From graduating with a BA (Hons) University of Malaya degree in 1968, he went on to complete both his Master of Public Administration, and Ph.D. in Public Administration, in 1976 and 1979 respectively from the University of Southern California. He also obtained a Certificate in Methodology of Training, University of Manchester (U.K.) in 1972, and a Certificate in Advanced Management, INSEAD, Fontainebleau, France in 1993.

After graduation in 1968, he had joined the State Secretariat, Negri Sembilan as the Assistant State Secretary, and was there until 1971 when he joined INTAN (the National Institute of Public Administration Malaysia) as a lecturer in Management Science. By the time he left INTAN in 1985, he was already the Deputy Director (Academic). His next position was as Director of the Special Task Force on Productivity with the Prime Minister's Department, and he was to remain with the Prime Minister's Department until 1996, by which time he was already serving as the Director General of MAMPU (the Malaysian Administrative, Modernisation and Planning Unit).

Upon leaving the Prime Minister's Department, he was with the Ministry of Health for a brief stint before joining the Government as Special Assistant to the Ketua Setiausaha Malaysia, where he served from 1998 to July of 2000, whereupon he retired upon reaching the retirement age of 55 years.

From July 2000 to July 2001, he was also Professor at the Faculty of Economics and Administration, University of Malaya.

Other than his directorship with Padini Holdings Berhad, he is not serving as a director in any other public companies.

For the financial year under review, he has attended only 2 out of the 5 meetings of the Board of Directors since 3 of those meetings had been held prior to his appointment to the Board.

Dato' Zulkifli bin Abdul Rahman *(Chairman of the Audit Committee, Independent Non-Executive Director)*

Aged 65 of Malaysian nationality, he was first appointed to the Board on 11 March 1994.

Completing his secondary education and sitting for the Cambridge Overseas certificate in 1955, he joined the then Federation of Malaya Police as a Probationary Inspector in 1956. During his long career with the Royal Malaysian Police, he had served in various departments and had been posted to numerous places in the country. Besides that, he also attended training courses in police related and security matters. When he retired in November 1991, he had already assumed the post of Director of Special Branch, and his service in that post was further extended to December 1993. From 1995 to 1998, he served as Chairman of the Koperasi Polis Berhad

Other than his directorship with Padini Holdings Berhad, he is also a director in the following public companies.:

1. Rashid Hussain Bhd
2. Nikko Electronics Bhd, and
3. Merces Holdings Bhd

For the financial year under review, he has attended 4 out of the 5 meetings of the Board of Directors.

Yong Pang Chaun *(Managing Director)*

Aged 50 of Malaysian nationality, he was first appointed to the Board on 26 March 1992.

An entrepreneur with more than 25 years hands-on experience in the textiles and apparel industry, he has been and still is primarily responsible for the achievements of the Group.

After completing his secondary education, he joined a textile merchant in Singapore where he gained considerable experience in the textile trade. Returning to Malaysia several years later, he set up the Company's first subsidiary in 1971 to manufacture ladies fashion. From there, other businesses were set up and since then he has always set the strategies for the development of the Group. The present success of the Group's brands, and the presence that the brands command in the domestic market today are attestations to his entrepreneurial skills. His ability to analyse fashion trends and to react quickly to take advantage of changes in market conditions and consumers' preferences, has resulted in the Group being provided with tremendous opportunities for continued growth. Today, he continues to manage the strategies and plans for the Group's future.

Other than his directorship with Padini Holdings Berhad, he is not serving as a director in any other public companies.

For the financial year under review, he has attended all 5 meetings of the Board of Directors.

Profile of Directors *(cont'd)*

for the financial year ended 30 June 2001

Chan Kwai Heng *(Executive Director, Member of the Audit Committee)*

Aged 49 of Singaporean nationality, he was first appointed to the Board on 29 March 1995.

He graduated from the University of Malaya in 1975 with a Bachelor of Economics (Hons) degree, majoring in Accounts. Shortly after graduation and up till 1977, he got an attachment as a temporary teacher in SMJK Chi Wen, a school in Bahau, Negri Sembilan. Subsequently, he did some lecturing on a part-time basis at colleges such as the Systematic Business Training Centre and TL Management Centre Sdn Bhd in Kuala Lumpur. Before joining the Group in 1988 as an executive director in one of its subsidiary companies, he had also worked from 1983 to 1987 in Vincci Department Store Sdn Bhd as a Manager in charge of finance and administration.

Currently he oversees the finance and administrative activities of the Group.

Other than his directorship with Padini Holdings Berhad, he is not serving as a director in any other public companies.

For the financial year under review, he has attended all 5 meetings of the Board of Directors.

Cheong Chung Yet *(Executive Director)*

Aged 35 of Malaysian nationality, he was first appointed to the Board on 14 September 2000.

He obtained his Bachelor of Accounting (Hons) degree from the University of Malaya in 1989. In 1990, he joined Isetan of Japan Sdn Bhd as a Sales and Merchandising Executive before being promoted to the position of Manager of the Merchandising Department in 1995. While serving in Isetan, he had gained extensive experience in retail management (operations and merchandising), and in concept planning, branding and merchandising for in-house labels.

He joined the Group in January 1996 as the head of the Group's merchandising and retail departments, a position which he still assumes.

Other than his directorship with Padini Holdings Berhad, he is not serving as a director in any other public companies.

For the financial year under review, he has attended 4 out of the 5 meetings of the Board of Directors.

Chong Chin Lin *(Executive Director)*

Aged 48 of Malaysian nationality, she was first appointed to the Board on 29 March 1995.

While still in the second year of her sixth form education, she was called upon to help in the family business which dealt in the wholesale and retail of fashion accessories and costume jewellery. After three years and gaining considerable experience in the trade, she left and joined a boutique retailing ladies fashion. After Vincci Ladies' Specialties Centre Sdn Bhd got incorporated in 1981, she joined the company as a merchandiser for ladies fashion wear and accessories. Since then she has been with the Group and has contributed much to the development of the Group's major brands like Seed, Padini Authentics and Miki.

When she was merchandiser for ladies fashion, she got involved in garment manufacturing operations and was able to later use this experience to oversee the Group's garment manufacturing operations.

Other than her directorship with Padini Holdings Berhad, she is not serving as a director in any other public companies.

For the financial year under review, she has attended 4 out of the 5 meetings of the Board of Directors.

Yong Lai Wah *(Executive Director)*

Aged 51 of Malaysian nationality, she was initially appointed to the Board on 26 March 1992 as a Non-Executive Director; she was subsequently redesignated as an Executive Director when she was given the task of overseeing the cafe operations of Seed Corporation Sdn Bhd, a subsidiary of the Group.

After completing her secondary education, she worked for several years in floor operations in a department store before joining a manufacturing venture started by her family. This manufacturing facility which was started in 1971, produced ladies fashion wear for both wholesale and retail. Since then she has been actively involved with the manufacturing and selling of fashion wear to local department stores and boutiques.

Her numerous years experience in managing not only manufacturing operations, but also in the wholesale of fashion wear have given her considerable business experience and exposure.

Other than her directorship with Padini Holdings Berhad, she is not serving as a director in any other public companies.

For the financial year under review, she has attended 3 out of the 5 meetings of the Board of Directors.

Profile of Directors *(cont'd)*

for the financial year ended 30 June 2001

Yong Lee Peng *(Executive Director)*

Aged 44 of Malaysian nationality, she was first appointed to the Board on 29 March 1995.

Upon completing her secondary education, she joined the family's retail business, which was involved in the sale of ladies fashion wear and accessories. From 1983 to 1986, she was a ladies shoe merchandiser at a local department store, and with the experience gained, joined one of the group's subsidiary as a merchandiser for ladies shoes and fashion accessories in 1986. Since then she has taken charge of the merchandising function for women's shoes, bags and fashion accessories for Vincci Ladies' Specialties Sdn Bhd, one of the Group's subsidiary that markets products under the Vincci label.

Other than her directorship with Padini Holdings Berhad, she is not serving as a director in any other public companies.

For the financial year under review, she has attended 2 out of the 5 meetings of the Board of Directors.

Sahid bin Mohamed Yasin *(Member of the Audit Committee, Independent Non-Executive Director)*

Aged 52 of Malaysian nationality, he was first appointed to the Board on 23 October 1997.

He graduated from the University of Malaya in 1973 with a Bachelor of Arts degree in Economics and obtained a post-graduate Diploma in Management Science from the National Institute of Public Administration in 1976.

Upon graduation in 1973, he got a post as Assistant Secretary in the Prime Minister's Department and served until 1977. Subsequently, he joined Malaysia British Assurance Sdn Bhd in a senior management position and was there for 5 years. In 1983, he joined Hicom Holdings Bhd as Manager for Corporate Services before leaving in 1995 to concentrate on his private businesses.

Other than his directorship with Padini Holdings Berhad, he is not serving as a director in any other public companies.

For the financial year under review, he has attended 4 out of the 5 meetings of the Board of Directors.

Other Information

(i) Family Relationship

Except for Yong Pang Chaun who is the spouse of Chong Chin Lin, and who is also the brother of Yong Lai Wah and Yong Lee Peng, none of the Directors above has any family relationship with one another.

Yong Pang Chaun, Chong Chin Lin, Yong Lai Wah and Yong Lee Peng are the major shareholders in the Company by virtue of their interest in Yong Pang Chaun Holdings Sdn Bhd which owns a 45% interest in the shares in the Company.

(ii) Conflict of Interest

None of the Directors mentioned has any conflict of interest with the Company.

(iii) Convictions for offences

None of the Directors mentioned has been convicted for offences within the past ten years other than for traffic offences.

(iv) There were no material contracts entered into by the Company and its subsidiary companies which involve Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 30 June 2001 or entered into since the end of the previous financial year.

Responsibility Statement in Respect

of the Annual Audited Financial Statements

Under Paragraph 15.27 (a) of the Listing Requirements of The Kuala Lumpur Stock Exchange, the Board of Directors is required to issue a statement explaining its responsibility for the preparation of the annual audited accounts.

As required by the Companies Act, 1965, the Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company and its subsidiary companies as at the end of the financial year, and of the results and cash flows for the financial year then ended.

In preparing the financial statements of Padini Holdings Berhad for the financial year ended 30 June 2001, the Directors have considered the following :

- adherence to approved applicable Malaysian accounting standards
- adoption and consistent application of appropriate accounting policies
- making of judgements and estimates that are appropriate and reasonable

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group, and to prevent and detect fraud and other such irregularities.

Financial Statements

for the financial year ended 30 June 2001

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Directors' Report

for the financial year ended 30 June 2001

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the financial year ended 30 June 2001.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and provision of management consultancy services to its subsidiary companies.

The principal activities of the subsidiary companies are as disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiary companies during the financial year other than as disclosed in Note 6 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	6,742,668	5,415,392

DIVIDEND

A final dividend of 5 sen per share on 30,000,000 ordinary shares, less income tax at 28%, amounting to RM1,080,000 proposed in respect of the previous financial year and dealt with in the previous Directors' report was paid by the Company during the current financial year.

The Directors recommend a final dividend of 5 sen per share on 30,000,000 ordinary shares, less income tax at 28%, amounting to RM1,080,000 in respect of the current financial year, subject to the approval of members at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS IN OFFICE

The following Directors served on the Board of the Company since the date of the last report:

Datuk Dr Abdullah bin Abdul Rahman (appointed on 14.2.2001)

Yong Pang Chaun

Dato'Zulkifli bin Abdul Rahman

Yong Lai Wah

Yong Lee Peng

Chong Chin Lin

Chan Kwai Heng

Sahid bin Mohamed Yasin

Cheong Chung Yet

Directors' Report *(cont'd)*

for the financial year ended 30 June 2001

DIRECTORS IN OFFICE *(cont'd)*

In accordance with the Company's Articles of Association, Messrs. Chong Chin Lin and Yong Lee Peng retire by rotation, and being eligible, offer themselves for re-election.

Datuk Dr. Abdullah bin Abdul Rahman who was appointed to the Board since the last Annual General Meeting, retires under the Company's Articles of Association and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

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

<u>The Company</u>	Number of ordinary shares of RM1.00 each			Balance at 30.6.2001
	Balance at 1.7.2000	Bought	Sold	
Direct interest				
Cheong Chung Yet	*8,000	-	-	8,000
Indirect interest by virtue of shares held by a company in which the Directors have interests				
Yong Pang Chaun	13,500,002	-	-	13,500,002
Yong Lai Wah	13,500,002	-	-	13,500,002
Yong Lee Peng	13,500,002	-	-	13,500,002
Chong Chin Lin	13,500,002	-	-	13,500,002

Subsidiary company

Vincci Ladies' Specialties Centre Sdn. Bhd.

Direct interest

Yong Lai Wah	5,000	-	-	5,000
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* At date of appointment

No other Directors in office at the end of the financial year held or dealt in shares of the Company and related corporations during the financial year.

In addition to the indirect interest disclosed above, Messrs. Yong Pang Chaun, Yong Lai Wah, Yong Lee Peng and Chong Chin Lin are deemed to be interested in shares of the subsidiary companies to the extent the Company has an interest by virtue of their interests in shares of the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Group's and the Company's financial statements, or the fixed salary of a full-time employee of the Group and of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for benefits which may arise from related party transactions as disclosed in Note 24 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report *(cont'd)*

for the financial year ended 30 June 2001

OTHER STATUTORY INFORMATION

Before the income statements and balance sheets of the Group and the Company were made out, the Directors took reasonable steps :

- a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- b) which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading; or
- c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or
- d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

- a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year to secure the liability of any other person; or
- b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

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

In the opinion of the Directors,

- a) the results of the Group's and the Company's operations during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
- b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and the Company for the financial year in which this report is made other than those disclosed in Note 28 to the financial statements.

Directors' Report *(cont'd)*

for the financial year ended 30 June 2001

AUDITORS

The auditors, Messrs. Peter Chong & Co., Public Accountants, have indicated their willingness to accept re-appointment.

On behalf of the Board

DATUK DR ABDULLAH BIN ABDUL RAHMAN

YONG PANG CHAUN

Kuala Lumpur

Date : 25 October 2001

Statement by Directors

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

We, **DATUK DR ABDULLAH BIN ABDUL RAHMAN** and **YONG PANG CHAUN**, being two of the Directors of **PADINI HOLDINGS BERHAD** state that, in the opinion of the Directors, the financial statements set out on pages 24 to 51 are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of Companies Act, 1965, so as to give a true and fair view of the state of affairs of the Group and the Company at 30 June 2001 and of the results and cash flow of the Group and the Company for the financial year ended on that date.

On behalf of the Board

DATUK DR ABDULLAH BIN ABDUL RAHMAN

YONG PANG CHAUN

Kuala Lumpur

Dated : 25 October 2001

Statutory Declaration

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

I, **CHAN KWAI HENG**, being the Director primarily responsible for the financial management of **PADINI HOLDINGS BERHAD** do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements set out on pages 24 to 51 are correct.

And I make this solemn declaration, conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed **CHAN KWAI HENG** at)
KUALA LUMPUR in the **FEDERAL**)
TERRITORY this 25 October 2001)

Before me

Report of the Auditors to the Members

of PADINI HOLDINGS BERHAD

We have audited the financial statements set out on pages 24 to 51 of **PADINI HOLDINGS BERHAD** for the financial year ended 30 June 2001. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as at 30 June 2001 and of the results and cash flow of the Group and of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by its subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

Our audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under section 174(3) of the Companies Act, 1965.

Peter Chong & Co.

No AF 0165

Public Accountants

Peter Chong Ton Nen

No 394/3/02/J/PH

Partner of the Firm

Dated : 25 October 2001

report of the auditors to the members

annual report 2001

Consolidated Balance Sheet

as at 30 June 2001

	Note	2001 RM	2000 RM
PROPERTY, PLANT AND EQUIPMENT	3	27,306,283	24,541,431
INVESTMENT	4	187,510	157,450
INTANGIBLE ASSETS	5	60,134	11,171
CURRENT ASSETS			
Inventories	7	39,876,561	39,305,290
Receivables	8	18,947,523	16,286,302
Tax asset	9	2,477,671	679,988
Deposits, cash and bank balances	10	9,053,429	11,089,670
		70,355,184	67,361,250
CURRENT LIABILITIES			
Payables	11	13,241,635	15,895,027
Borrowings	12	9,447,937	6,629,471
Tax liability	9	3,706,581	3,386,602
Dividend		-	1,080,000
		26,396,153	26,991,100
NET CURRENT ASSETS		43,959,031	40,370,150
		71,512,958	65,080,202
FINANCED BY			
SHARE CAPITAL	13	30,000,000	30,000,000
RESERVES	14	40,114,145	33,371,477
SHAREHOLDERS' FUNDS		70,114,145	63,371,477
MINORITY INTERESTS		205,822	197,826
LONG TERM AND DEFERRED LIABILITIES			
Borrowings	12	700,221	997,472
Deferred taxation	15	492,770	513,427
		71,512,958	65,080,202

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

Consolidated Income Statement

for the financial year ended 30 June 2001

	Note	2001 RM	2000 RM
REVENUE	16	165,712,181	131,285,289
COST OF SALES		(98,966,758)	(79,385,497)
GROSS PROFIT		66,745,423	51,899,792
OTHER OPERATING INCOME		477,370	292,884
		67,222,793	52,192,676
DISTRIBUTION COSTS		(40,403,705)	(29,425,342)
ADMINISTRATION EXPENSES		(15,788,791)	(11,880,637)
PROFIT FROM OPERATIONS	17	11,030,297	10,886,697
FINANCE COSTS	19	(1,178,174)	(1,431,405)
PROFIT BEFORE TAXATION		9,852,123	9,455,292
TAXATION	9	(3,092,819)	(3,944,642)
PROFIT AFTER TAXATION BUT BEFORE MINORITY INTERESTS		6,759,304	5,510,650
MINORITY INTERESTS		(16,636)	(13,836)
NET PROFIT FOR THE FINANCIAL YEAR		6,742,668	5,496,814
EARNINGS PER SHARE (SEN)	20	22.5	18.3
DIVIDEND PER SHARE (SEN)	21	5.0	5.0

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

Consolidated Statement of Changes In Equity

for the financial year ended 30 June 2001

	Note	Share capital RM	Share premium RM	Retained profits RM	Total RM
At 1 July 1999		30,000,000	4,179,261	24,775,402	58,954,663
Net profit for the financial year		-	-	5,496,814	5,496,814
Dividend	21	-	-	(1,080,000)	(1,080,000)
At 30 June/1 July 2000		30,000,000	4,179,261	29,192,216	63,371,477
Net profit for the financial year		-	-	6,742,668	6,742,668
At 30 June 2001		30,000,000	4,179,261	35,934,884	70,114,145

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

Consolidated Cash Flow Statement

for the financial year ended 30 June 2001

	Note	2001 RM	2000 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		9,852,123	9,455,292
Adjustments for:			
Allowance for doubtful debts		780,810	450,367
Amortisation of intangible assets		255	848
Bad debts written off		-	204,712
Depreciation of property, plant and equipment		5,097,162	4,458,835
Expenditure carried forward written off		10,342	-
Gain on disposal of investment		-	(11,260)
Gain on disposal of property, plant and equipment		(22,948)	(134,686)
Interest expenses		1,043,975	1,315,599
Interest income		(7,825)	(533)
Operating profit before working capital changes		16,753,894	15,739,174
Inventories		(571,271)	565,269
Receivables		(3,442,031)	879,450
Payables		(2,653,392)	3,581,669
Deposit with licensed bank		(6,160)	-
Cash generated from operations		10,081,040	20,765,562
Dividend paid		(1,080,000)	(1,080,000)
Interest paid		(1,043,975)	(1,315,599)
Tax paid	9	(4,591,180)	(2,317,646)
Net cash generated from operating activities		3,365,885	16,052,317
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to intangible assets	5	(59,560)	(10,342)
Purchase of investment		(30,060)	-
Interest received		7,825	533
Proceeds from disposal of property, plant and equipment		147,168	326,745
Proceeds from disposal of investment		-	42,641
Purchase of property, plant and equipment	22	(7,342,674)	(4,903,922)
Net cash used in investing activities		(7,277,301)	(4,544,345)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid to minority interests		(8,640)	(1,440)
Changes to short term borrowings		386,287	101,010
Repayment of hire purchase and lease obligations		(1,095,293)	(2,104,289)
Net cash used in financing activities		(717,646)	(2,004,719)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,629,062)	9,503,253
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		7,936,538	(1,566,715)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	23	3,307,476	7,936,538

The above consolidated cash flow statement is to be read in conjunction with the notes to the financial statements.

Balance Sheet

as at 30 June 2001

	Note	2001 RM	2000 RM
PROPERTY, PLANT AND EQUIPMENT	3	8,534,156	8,604,256
INVESTMENT IN SUBSIDIARY COMPANIES	6	50,899,839	26,478,828
CURRENT ASSETS			
Receivables	8	9,499,156	5,390,201
Tax asset	9	1,346,427	1,047,659
Deposits, cash and bank balances	10	38,159	48,085
		10,883,742	6,485,945
CURRENT LIABILITIES			
Payables	11	326,214	332,829
Borrowings	12	-	1,080
Dividend		-	1,080,000
		326,214	1,413,909
NET CURRENT ASSETS		10,557,528	5,072,036
		69,991,523	40,155,120
FINANCED BY			
SHARE CAPITAL	13	30,000,000	30,000,000
RESERVES	14	39,937,523	10,101,120
SHAREHOLDERS' FUNDS		69,937,523	40,101,120
DEFERRED TAXATION	15	54,000	54,000
		69,991,523	40,155,120

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

Income Statement

for the financial year ended 30 June 2001

	Note	2001 RM	2000 RM
REVENUE	16	9,800,600	2,901,100
COST OF SALES		-	-
GROSS PROFIT		9,800,600	2,901,100
OTHER OPERATING INCOME		1,045,899	1,018,224
		10,846,499	3,919,324
ADMINISTRATION EXPENSES		(3,063,070)	(2,343,523)
PROFIT FROM OPERATIONS	17	7,783,429	1,575,801
FINANCE COSTS	19	(1,037)	(22,170)
PROFIT BEFORE TAXATION		7,782,392	1,553,631
TAXATION	9	(2,367,000)	(673,000)
NET PROFIT FOR THE FINANCIAL YEAR		5,415,392	880,631

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

Statement of Changes in Equity

for the financial year ended 30 June 2001

	Note	Share capital RM	Share premium RM	Revaluation reserve RM	Retained profits RM	Total RM
At 1 July 1999		30,000,000	4,179,261	2,634,083	3,487,145	40,300,489
Net profit for the financial year		-	-	-	880,631	880,631
Dividend	21	-	-	-	(1,080,000)	(1,080,000)
At 30 June/1 July 2000		30,000,000	4,179,261	2,634,083	3,287,776	40,101,120
Net gains not recognised in the income statement						
- Surplus on revaluation of investment in subsidiary companies		-	-	24,421,011	-	24,421,011
Net profit for the financial year		-	-	-	5,415,392	5,415,392
Total gains recognised						29,836,403
		30,000,000	4,179,261	27,055,094	8,703,168	69,937,523

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

Cash Flow Statement

for the financial year ended 30 June 2001

	Note	2001 RM	2000 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		7,782,392	1,553,631
Adjustments for:			
Depreciation of property, plant and equipment		597,444	516,894
Dividend income		(9,520,600)	(2,621,100)
Interest expenses		245	21,806
Operating loss before working capital changes		(1,140,519)	(528,769)
Receivables		(4,108,955)	1,187,531
Payables		(6,615)	(1,329,041)
Cash used in operations		(5,256,089)	(670,279)
Dividend paid		(1,080,000)	(1,080,000)
Interest paid		(245)	(21,806)
Tax paid	9	(2,665,768)	(376,005)
Net cash used in operating activities		(9,002,102)	(2,148,090)
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend received		9,520,600	2,621,100
Investment in subsidiary company		-	(2)
Purchase of property, plant and equipment	22	(527,344)	(432,078)
Net cash from investing activities		8,993,256	2,189,020
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of hire purchase obligation		(1,080)	(104,643)
Net cash used in financing activities		(1,080)	(104,643)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(9,926)	(63,713)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		48,085	111,798
CASH AND CASH EQUIVALENTS CARRIED FORWARD	23	38,159	48,085

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

Notes to the Financial Statements

- 30 June 2001

1. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and provision of management consultancy services to its subsidiary companies.

The principal activities of the subsidiary companies are as disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiary companies during the financial year other than as disclosed in Note 6 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements, in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 1965, requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

2.2 Basis of consolidation

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Unless otherwise indicated the Group is deemed to have power to exercise control over the financial and operating policies of subsidiary companies if the Company owns, directly or indirectly through its subsidiary companies, more than one half of the voting power.

The consolidated financial statements include the financial statements of the Company and subsidiary companies made up to the end of the financial year.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed during the financial year are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill on consolidation.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

These notes form part of the financial statements.

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

2.3 Investment

Investment in subsidiary companies and other non current investments are shown at cost or at valuation and are adjusted for impairment where the diminution in value is not temporary. Impairment loss is recognised as an expense in the period in which the diminution is identified.

Investment in subsidiary companies are revalued at 5-year interval with additional revaluation in the intervening years where the carrying values of the revalued investment differ materially from the underlying net tangible assets of the subsidiary companies.

Surplus arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same class of asset. In all other cases, a decrease in carrying amount is charged to income statement.

On disposal of an investment and revalued investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement. Any amount in revaluation reserve relating to that revalued investment is transferred to retained profits.

2.4 Intangible assets

2.4.1 Trademarks

All expenses incurred in connection with the trademarks have been deferred and amortised over its estimated useful lives or a period of 5 years, whichever is shorter.

2.4.2 Expenditure carried forward

In previous financial year, expenditure carried forward are deferred and will be charged out to the income statement upon commencement of commercial business.

As from the current financial year, such expenses are written off as and when incurred.

The carrying amounts of intangible assets is reviewed annually and written down for impairment where it is considered necessary.

2.5 Property, plant and equipment

All property, plant and equipment are stated at cost or valuation less accumulated depreciation. An item is recognised as property, plant and equipment when it is probable that future economic benefits associated with the property, plant and equipment will flow to the Group.

Surplus arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained profits.

The land and buildings have not been revalued since the date of the revaluation exercise as stated in Note 3. The Directors have adopted the transitional provision as allowed by Malaysian Accounting Standards Board. The Group has retained the previous revaluation subject to the continuing application of current depreciation policy.

Freehold land is not depreciated. All other property, plant and equipment are depreciated on a straight line basis to write off the carrying amounts of each asset to their respective residual value over the following estimated useful lives:

	Number of years
Leasehold land	78 - 84
Buildings	50
Motor vehicles	5
Furnitures and fixtures, office equipment and others	4 - 5

These notes form part of the financial statements.

Notes to the Financial Statements

- 30 June 2001

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

2.5 Property, plant and equipment *(cont'd)*

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use.

2.6 Inventories

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

Cost is determined using the first-in, first-out method. The costs of raw material comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and appropriate proportion of production overheads.

Net realisable value is determined based on estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

2.7 Trade receivables

Trade receivables are carried at anticipated realisable value. All known 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 period end.

2.8 Leases

Finance lease

Assets acquired under finance lease agreements that give rights approximating ownership are capitalised in the balance sheet, as if they had been purchased outright. Outstanding obligations due under the lease agreements after deducting finance expenses are included as liabilities in the financial statements. The excess of the lease payments over the recorded lease obligations is treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

These assets are depreciated in accordance with the depreciation policy of the Group.

Hire purchase transactions which have the similar criteria with the finance lease are accounted for as finance lease.

Operating lease

Assets acquired under operating lease agreements that all the risks and benefits of ownership are retained by the lessor are classified as operating lease. Payments made under operating lease are charged to the income statement on a straight line basis over the period of the lease.

When the operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.9 Deferred taxation

Deferred taxation is provided using the liability method on all timing differences between accounting income and taxable income except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

Deferred tax benefits are recognised only if there is a reasonable expectation of their realisation in the foreseeable future.

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2001

2.10 Revenue recognition

Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and it is probable that the economic benefits associated with the transactions will flow to the Group.

Rendering of management and consultancy services

Revenue from rendering of services is measured at the fair value of the consideration receivable and is recognised in the income statement when it is probable that economic benefits associated with the transactions will flow to the Group.

Other revenues

Other revenues earned are recognised on the following bases:

Rental income - on an accrual basis in accordance with the substance of the relevant agreement unless collectibility is in doubt.

Dividend income - when the shareholder's right to receive payment is established.

Royalty income - on an accrual basis in accordance with the substance of the relevant agreement.

2.11 Foreign currencies

Foreign currency transactions are accounted for at exchange rates ruling at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rate used in translation of foreign currency amount is as follows:

Foreign currency	2001
1 Hongkong Dollar	RM0.4921

2.12 Dividends

In the previous financial year, dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings in the period in which they are proposed.

As from the current financial year, dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings in the period in which they are declared.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investment that are readily convertible to known amounts of cash, which are subject to an insignificant market risk.

2.14 Comparative figures

The comparative figures were extended to comply with additional disclosure requirements of the applicable approved accounting standards in Malaysia that are applicable for the financial year ended 30 June 2001.

These notes form part of the financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

Notes to the Financial Statements

- 30 June 2001

Group	Freehold land and buildings RM	Long term leasehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture and fixtures RM	Office equipment RM	Others RM	Total RM
Net carrying amounts as at 1 July 2000	8,731,595	4,527,405	336,606	908,146	7,880,510	1,267,336	889,833	24,541,431
Additions	-	-	46,880	1,225,995	5,234,328	946,342	532,689	7,986,234
Disposals	-	-	-	(6,462)	(117,758)	-	-	(124,220)
Depreciation charge	(127,443)	(75,216)	(214,208)	(450,107)	(3,256,857)	(595,779)	(377,552)	(5,097,162)
Net carrying amounts as at 30 June 2001	8,604,152	4,452,189	169,278	1,677,572	9,740,223	1,617,899	1,044,970	27,306,283
As at 30 June 2001								
Cost	7,927,683	4,312,515	1,516,100	3,247,631	26,398,412	3,870,685	3,678,770	50,951,796
Valuation	1,164,000	750,000	-	-	-	-	-	1,914,000
Accumulated depreciation	9,091,683	5,062,515	1,516,100	3,247,631	26,398,412	3,870,685	3,678,770	52,865,796
	(487,531)	(610,326)	(1,346,822)	(1,570,059)	(16,658,189)	(2,252,786)	(2,633,800)	(25,559,513)
Net carrying amounts	8,604,152	4,452,189	169,278	1,677,572	9,740,223	1,617,899	1,044,970	27,306,283
As at 30 June 2000								
Cost	7,927,683	4,312,515	1,469,221	2,212,206	21,283,839	2,924,342	3,146,082	43,275,888
Valuation	1,164,000	750,000	-	-	-	-	-	1,914,000
Accumulated depreciation	9,091,683	5,062,515	1,469,221	2,212,206	21,283,839	2,924,342	3,146,082	45,189,888
	(560,088)	(535,110)	(1,132,615)	(1,304,060)	(13,403,329)	(1,657,006)	(2,256,249)	(20,648,457)
Net carrying amounts	8,731,595	4,527,405	336,606	908,146	7,880,510	1,267,336	889,833	24,541,431

These notes form part of the financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

Company	Freehold land and buildings RM	Motor vehicles RM	Furniture and fixtures RM	Office equipment RM	Others RM	Total RM
Net carrying amounts as at 1 July 2000						
Additions	7,730,555	41,886	306,724	409,578	115,513	8,604,256
Depreciation charge	(104,163)	(21,389)	(203,604)	(211,601)	(56,687)	(597,444)
Net carrying amounts as at 30 June 2001	7,626,392	20,497	253,312	482,137	151,818	8,534,156
As at 30 June 2001						
Cost	7,927,683	368,161	1,160,905	1,047,263	359,779	10,863,791
Accumulated depreciation	(301,291)	(347,664)	(907,593)	(565,126)	(207,961)	(2,329,635)
Net carrying amounts	7,626,392	20,497	253,312	482,137	151,818	8,534,156
As at 30 June 2000						
Cost	7,927,683	368,161	1,010,713	763,103	266,787	10,336,447
Accumulated depreciation	(197,128)	(326,275)	(703,989)	(333,525)	(151,274)	(1,732,191)
Net carrying amounts	7,730,555	41,886	306,724	409,578	115,513	8,604,256

These notes form part of the financial statements.

Notes to the Financial Statements

- 30 June 2001

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

Included in the net carrying amounts of the property, plant and equipment are:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
(i) Land and buildings held at valuation less accumulated depreciation, had these assets been carried at cost less accumulated depreciation:				
- freehold land and building	293,328	300,312	-	-
- leasehold land and building	366,154	372,491	-	-
	659,482	672,803	-	-
The freehold land and building, and leasehold land and building were valued by independent professional valuers based on the open market value method in 1982.				
(ii) Assets pledged as security for banking facilities				
- freehold land and buildings	8,604,152	8,731,595	7,626,392	7,730,555
- leasehold land and buildings	4,452,189	4,527,405	-	-
	13,056,341	13,259,000	7,626,392	7,730,555
(iii) Assets held under hire purchase instalment plan				
- motor vehicles	625,960	364,375	-	21,388
- plant and machinery	77,478	-	-	-
	703,438	364,375	-	21,388
(iv) Assets held under finance lease				
- motor vehicles	40,927	100,505	-	-
- furniture and fixtures	2,383,853	3,303,732	-	-
	2,424,780	3,404,237	-	-
(v) Title deeds to the following land and buildings have yet to be issued by the relevant authority				
- freehold land and buildings	8,604,152	8,731,595	7,626,392	7,730,555
- leasehold land and buildings	3,796,610	3,860,481	-	-
	12,400,762	12,592,076	7,626,392	7,730,555

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2001

4. INVESTMENT

	Group	
At cost	2001 RM	2000 RM
Unquoted shares	30,000	30,000
Quoted shares in Malaysia	33,760	3,700
Club membership	123,750	123,750
	<u>187,510</u>	<u>157,450</u>
Market value of quoted shares	<u>9,156</u>	<u>1,700</u>

Club membership with a carrying amount of RM71,750 (2000 : RM71,750) was registered in the name of certain Directors.

5. INTANGIBLE ASSETS

Group	Trademarks RM	Expenditure carried forward RM	Total RM
Net carrying amounts as at 1 July 2000	829	10,342	11,171
Additions	59,560	-	59,560
Amortisation charge	(255)	-	(255)
Written off	-	(10,342)	(10,342)
Net carrying amounts as at 30 June 2001	<u>60,134</u>	<u>-</u>	<u>60,134</u>
As at 30 June 2001			
Cost	77,148	-	77,148
Accumulated amortisation	(17,014)	-	(17,014)
Net carrying amounts	<u>60,134</u>	<u>-</u>	<u>60,134</u>
As at 30 June 2000			
Cost	17,588	10,342	27,930
Accumulated amortisation	(16,759)	-	(16,759)
Net carrying amounts	<u>829</u>	<u>10,342</u>	<u>11,171</u>

These notes form part of the financial statements.

Notes to the Financial Statements

- 30 June 2001

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2001 RM	2000 RM
Unquoted shares		
At valuation	50,899,839	26,478,826
At cost	-	2
	<u>50,899,839</u>	<u>26,478,828</u>

During the financial year, the Company revalued the investment in subsidiary companies based on the underlying net tangible assets.

All subsidiary companies are incorporated in Malaysia. Details of the subsidiary companies are as follows:

	Gross Equity Interest		Principal Activities
	2001 %	2000 %	
Subsidiary companies of the Company			
@ * The New World Garment Manufacturers Sdn. Bhd.	100	100	Manufacturer of shoes.
Vincci Holdings Sdn. Bhd.	100	100	Manufacturer of garments.
Yee Fong Hung (Malaysia) Sendirian Berhad	100	100	Dealers of garments and ancillary products.
Padini Corporation Sdn. Bhd.	100	100	Dealers of garments.
Seed Corporation Sdn. Bhd.	100	100	Dealers of garments and ancillary products.
Mikihouse Children's Wear Sdn. Bhd.	100	100	Dealers of children's garments and accessories.
Vincci Ladies' Specialties Centre Sdn. Bhd.	99.69	99.69	Dealers of ladies' shoes and accessories.
# Padini Dot Com Sdn. Bhd.	100	100	On-line shopping.

* Ceased manufacturing of garments during the financial year.

@ Ceased manufacturing of shoes subsequent to the financial year end.

Commenced commercial operations during the financial year.

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2001

7. INVENTORIES

	Group	
At cost	2001 RM	2000 RM
Raw materials	3,527,693	4,774,853
Work-in-progress	371,606	395,506
Completed garments, shoes and accessories	35,977,262	34,134,931
	<u>39,876,561</u>	<u>39,305,290</u>

8. RECEIVABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade receivables	13,881,695	11,123,182	90,000	100,000
Allowance for doubtful debts	(1,477,419)	(696,609)	-	-
	<u>12,404,276</u>	<u>10,426,573</u>	<u>90,000</u>	<u>100,000</u>
Other receivables	1,776,617	2,444,032	583,732	2,769,595
Deposits	4,732,573	3,382,011	11,246	11,905
Prepayments	34,057	33,686	9,327	13,118
Due from subsidiary companies	-	-	8,804,851	2,495,583
	<u>18,947,523</u>	<u>16,286,302</u>	<u>9,499,156</u>	<u>5,390,201</u>

The amount due from subsidiary companies are unsecured, interest free and has no fixed terms of repayment.

Included in trade receivables of the Group is a balance amounting to RM18,270 (2000 : RM70,617) owing by a related party, Dat Hin Garment Manufacturing Sdn. Bhd., the relationship is as disclosed in Note 24 to the financial statements.

9. TAXATION

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Net tax liability/(asset) at 1 July	2,706,614	547,698	(1,047,659)	(1,290,654)
Taxation charge for the financial year				
Malaysian taxation				
- Based on results for the year	3,187,274	4,438,000	2,367,000	619,000
- Adjustment in respect of prior years	(73,798)	38,562	-	-
Payment made during the financial year	(4,591,180)	(2,317,646)	(2,665,768)	(376,005)
	<u>1,228,910</u>	<u>2,706,614</u>	<u>(1,346,427)</u>	<u>(1,047,659)</u>
Net tax liability/(asset) at 30 June				
Disclosed as :-				
Tax asset	(2,477,671)	(679,988)	(1,346,427)	(1,047,659)
Tax liability	3,706,581	3,386,602	-	-
	<u>1,228,910</u>	<u>2,706,614</u>	<u>(1,346,427)</u>	<u>(1,047,659)</u>

These notes form part of the financial statements.

Notes to the Financial Statements

- 30 June 2001

9. TAXATION *(cont'd)*

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
The taxation expense comprises:				
Taxation charge for the financial year:				
Malaysian taxation	3,187,274	4,438,000	2,367,000	619,000
Adjustment in respect of prior years	(73,798)	38,562	-	-
Deferred taxation (Note 15)	(20,657)	(531,920)	-	54,000
	3,092,819	3,944,642	2,367,000	673,000

The effective tax rate is higher than the statutory tax rate mainly due to certain expenses were disallowed for tax purposes and the unavailability of group relief where certain subsidiary companies are in the tax loss position.

Subject to agreement by the Inland Revenue Board, the Group and the Company have unabsorbed tax losses and unutilised capital allowances as follows:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Unabsorbed tax losses	4,535,000	1,808,000	-	-
Unutilised capital allowances	3,139,000	1,366,000	1,393,000	1,114,000

The Group and the Company have not considered the tax impact of the unabsorbed tax losses and unutilised capital allowances. Deferred tax benefits not taken up in the financial statements calculated at 28% tax rate are approximately:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Deferred tax benefits	2,148,000	888,000	390,000	311,000

10. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Cash and bank balances	9,033,305	11,075,706	38,159	48,085
Fixed deposits with licensed banks	20,124	13,964	-	-
	9,053,429	11,089,670	38,159	48,085

The fixed deposits have been pledged to a licensed bank to secure banking facility.

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2001

11. PAYABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade payables	11,124,250	13,766,146	-	-
Other payables and accruals	2,117,385	2,128,881	220,214	86,286
Due to subsidiary companies	-	-	106,000	246,543
	13,241,635	15,895,027	326,214	332,829

The amount due to subsidiary companies is unsecured, interest free and has no fixed terms of repayment.

12. BORROWINGS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Current				
Secured				
Bank overdrafts	5,725,829	3,139,168	-	-
Bankers' acceptance	1,298,000	78,821	-	-
Trust receipts	1,558,308	2,391,200	-	-
Hire purchase and finance lease obligations	865,800	1,020,282	-	1,080
	9,447,937	6,629,471	-	1,080
Non current				
Secured				
Hire purchase and finance lease obligations	700,221	997,472	-	-
	10,148,158	7,626,943	-	1,080

(i) The borrowings are secured by way of legal charges over the Group's and the Company's land and buildings, and the fixed deposit with licensed bank.

(ii) Interest charged is as follows:

Overdrafts - 2% to 2.25% (2000 : 2% to 2.25%) above the lending banks' base lending rate per annum.

Bankers' acceptance - 1.5% (2000 : 1.5%) above the inter bank rate per annum.

Trust receipts - 1.75% to 2% (2000 : 1.75% to 2%) above the lending banks' base lending rate per annum.

Hire purchase and finance lease - implicit interest rate ranging from 9.58% to 14.5% (2000 : 10% to 15.5%) per annum.

(iii) Hire purchase and finance lease obligations

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Minimum lease payments				
- not later than 1 year	1,138,527	1,272,800	-	1,325
- later than 1 year and not later than 5 years	775,773	1,285,500	-	-
	1,914,300	2,558,300	-	1,325
Less : Unexpired finance charges	(348,279)	(540,546)	-	(245)
	1,566,021	2,017,754	-	1,080

These notes form part of the financial statements.

Notes to the Financial Statements

- 30 June 2001

13. SHARE CAPITAL

	Group/Company	
	2001	2000
	RM	RM
Authorised:		
50,000,000 ordinary shares of RM1 each	50,000,000	50,000,000
Issued and fully paid:		
30,000,000 ordinary shares of RM1 each	30,000,000	30,000,000

14. RESERVES

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Non distributable				
Revaluation reserve	-	-	27,055,094	2,634,083
Share premium	4,179,261	4,179,261	4,179,261	4,179,261
	4,179,261	4,179,261	31,234,355	6,813,344
Distributable				
Retained profits	35,934,884	29,192,216	8,703,168	3,287,776
	40,114,145	33,371,477	39,937,523	10,101,120

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend approximately RM7,035,000 (2000 : RM943,000) out of its distributable reserves as at 30 June 2001. Any dividend paid in excess of this amount would result in a tax charge calculated at 28% on the gross amount of dividend paid.

15. DEFERRED TAXATION

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
At 1 July	513,427	1,045,347	54,000	-
Transfers (to)/from income statement (Note 9)	(20,657)	(531,920)	-	54,000
At 30 June	492,770	513,427	54,000	54,000

The Group intends to hold the revalued properties for long term purposes and has no intention of disposing them in the foreseeable future. Accordingly, the tax effects on the revaluation surplus amounting to approximately RM57,000 (2000: RM57,000) has not been provided for in the financial statements.

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2001

16. REVENUE

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Dividend income	-	-	9,520,600	2,621,100
Sale of goods	165,712,181	131,285,289	-	-
Rendering of management services	-	-	280,000	280,000
	<u>165,712,181</u>	<u>131,285,289</u>	<u>9,800,600</u>	<u>2,901,100</u>

17. PROFIT FROM OPERATIONS

The following items have been charged/(credited) in arriving at profit from operations:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Auditors' remuneration				
- current year	107,000	90,000	20,000	10,000
- under/(over) provision in prior year	3,000	(1,000)	5,000	-
Allowance for doubtful debts	780,810	450,367	-	-
Amortisation of intangible assets	255	848	-	-
Bad debts written off	-	204,712	-	-
Depreciation of property, plant and equipment	5,097,162	4,458,835	597,444	516,894
Directors' remuneration (Note 18)	1,823,558	1,298,465	371,250	60,000
Expenditure carried forward written off	10,342	-	-	-
Gain on disposal of investment	-	(11,260)	-	-
Gain on disposal of property, plant and equipment	(22,948)	(134,686)	-	-
Interest income	(7,825)	(533)	-	-
Rental income	(106,600)	(139,600)	(1,018,224)	(1,018,224)
Rental of equipment	57,922	22,516	-	-
Rental of premises	11,658,893	7,979,550	50,944	-
Royalty income	(60,339)	-	-	-
Staff costs	<u>28,615,927</u>	<u>25,562,665</u>	<u>950,833</u>	<u>787,034</u>

The number of employees of the Group and the Company at the end of the financial year were 1,557 (2000 : 1,521) and 22 (2000 : 18) respectively.

These notes form part of the financial statements.

Notes to the Financial Statements

- 30 June 2001

18. DIRECTORS' REMUNERATION

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Directors' of the Company				
- fees	55,000	60,000	55,000	60,000
- other emoluments	1,655,770	1,138,040	316,250	-
Directors' of the subsidiary companies				
- other emoluments	112,788	100,425	-	-
	1,823,558	1,298,465	371,250	60,000

The estimated monetary value of other benefits not included in the above received by the directors of the Group and the Company were RM75,252 and RM1,200 respectively.

	Executive 2001 RM	Non- executive 2001 RM	Executive 2000 RM	Non- executive 2000 RM
Group				
Directors' of the Company				
Directors' fees	-	55,000	-	60,000
Directors' emoluments				
- Salaries	1,266,000	-	857,770	-
- Bonus	212,000	-	156,940	-
- EPF and SOCSO	177,770	-	123,330	-
- Estimated value of benefits in kind	69,552	-	-	-
	1,725,322	55,000	1,138,040	60,000

The number of directors in each of the relevant remuneration bands are as follows:

RM1 - RM50,000	1	2	-	-
RM50,001 - RM100,000	-	-	-	1
RM100,001 - RM150,000	-	-	1	-
RM150,001 - RM200,000	-	-	3	-
RM200,001 - RM250,000	-	-	1	-
RM250,001 - RM300,000	4	-	-	-
RM300,001 - RM350,000	1	-	-	-
RM350,001 - RM400,000				
	6	2	5	1

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2001

18. DIRECTORS' REMUNERATION (cont'd)

Company	Executive 2001 RM	Non- executive 2001 RM	Executive 2000 RM	Non- executive 2000 RM
Directors' fees	-	55,000	-	60,000
Directors' emoluments				
- Salaries	249,000	-	-	-
- Bonus	33,000	-	-	-
- EPF and SOCSO	34,250	-	-	-
	316,250	55,000	-	60,000

The number of directors in each of the relevant remuneration bands are as follows:

RM1 - RM50,000	-	2	-	-
RM50,001 - RM100,000	-	-	-	1
RM350,001 - RM400,000	1	-	-	-
	1	2	-	1

19. FINANCE COSTS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Bank charges	134,199	115,806	792	364
Interest on:				
Hire purchase and finance lease	286,331	358,780	245	21,806
Bank overdrafts	414,289	660,156	-	-
Bankers' acceptance and trust receipts	333,500	281,413	-	-
Others	9,855	15,250	-	-
	1,178,174	1,431,405	1,037	22,170

20. EARNINGS PER SHARE

The earnings per share of the Group for the financial year is calculated based on the profit after taxation and minority interests divided by the number of ordinary shares in issue during the financial year as follows :-

	Group	
	2001 RM	2000 RM
Profit after taxation and minority interests	6,742,668	5,496,814
Number of ordinary shares of RM1 each	30,000,000	30,000,000

These notes form part of the financial statements.

Notes to the Financial Statements

- 30 June 2001

21. DIVIDEND

Dividend proposed by the Company is as follows:-

	Gross per share 2001 Sen	Amount of dividend net of tax 2001 RM	Gross per share 2000 Sen	Amount of dividend net of tax 2000 RM
Proposed final dividend	5.0	1,080,000	5.0	1,080,000

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2001 of 5 sen per share, net of income tax at 28%, amounting to RM1,080,000 will be proposed for shareholders' approval. The financial statements do not reflect this final dividend which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2002 when approved by shareholders.

22. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Additions to property, plant and equipment	7,986,234	7,288,240	527,344	432,078
Financed by hire purchase and lease	(643,560)	(2,384,318)	-	-
Cash payment	7,342,674	4,903,922	527,344	432,078

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Represented by:				
Cash and bank balances	9,033,305	11,075,706	38,159	48,085
Bank overdrafts	(5,725,829)	(3,139,168)	-	-
	3,307,476	7,936,538	38,159	48,085

24. SIGNIFICANT RELATED PARTY DISCLOSURES

(i) Related parties

Related parties are parties in which one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company has related party relationship with the following:-

(a) Subsidiary companies of the Company as disclosed in Note 6 to the financial statements.

(b) Related parties

- Yong Pang Chaun Holdings Sdn. Bhd., ('YPC') a shareholder of the Company which holds 45% equity interest in the Company. The Directors of the Company, Messrs. Yong Pang Chaun, Chong Chin Lin, Yong Lai Wah and Yong Lee Peng have substantial financial interests. Yong Pang Chaun and Chong Chin Lin are also the directors of YPC.
- Dat Hin Garment Manufacturing Sdn. Bhd., ('Dat Hin'). The Directors of the Company, Messrs. Yong Pang Chaun and Yong Lai Wah have substantial financial interests and Yong Lai Wah is also the director of Dat Hin.

These notes form part of the financial statements.

Notes to the Financial Statements *(cont'd)*

- 30 June 2001

24. SIGNIFICANT RELATED PARTY DISCLOSURES *(cont'd)*

(ii) Related party transactions

In the normal course of business, the Company undertakes on agreed terms and prices, transactions with its related parties.

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Received from subsidiary companies				
Dividend income	-	-	9,520,600	2,621,100
Management fees	-	-	280,000	280,000
Rental income	-	-	1,018,224	1,018,224
Received from related parties				
Receipt of profit guarantee contribution from Yong Pang Chaun Holdings Sdn. Bhd.	519,571	1,920,000	-	-
Sale of goods to Dat Hin Garment Manufacturing Sdn. Bhd.	6,498	100,705	-	-
Paid to related parties				
Dividend paid to Yong Pang Chaun Holdings Sdn. Bhd.	486,000	-	-	-
Purchase of goods from Dat Hin Garment Manufacturing Sdn. Bhd.	16,337	256,240	-	-

25. COMMITMENTS

As at the end of the financial year, non cancellable long-term lease commitments pertaining to the Group in respect of rental of premises are as follows :

	Group	
	2001 RM	2000 RM
Year ending 30 June		
2001	-	8,915,730
2002	10,895,640	8,265,585
2003	7,179,467	4,578,578
2004	2,689,851	-
2005	131,093	-
	20,896,051	21,759,893

26. CONTINGENT LIABILITIES

	Company	
	2001 RM	2000 RM
Secured		
Freehold land and building pledged to banks for banking facilities granted to a subsidiary company	7,626,392	7,730,555
Unsecured		
Corporate guarantee to banks and financial institutions for banking facilities granted to subsidiary companies	40,266,000	34,516,000

These notes form part of the financial statements.

Notes to the Financial Statements

- 30 June 2001

27. SEGMENTAL ANALYSIS

Group analysis by industries:

	Revenue RM	Cost of sales RM	Profit/(loss) before taxation RM	Gross assets RM
2001				
Investment	9,800,600	-	7,780,952	70,317,737
Manufacturing	11,807,469	12,928,172	(1,687,492)	4,872,701
Retailing	168,334,215	100,883,340	13,185,812	89,620,265
	189,942,284	113,811,512	19,279,272	164,810,703
Consolidation adjustments	(24,230,103)	(14,844,754)	(9,427,149)	(66,901,592)
	165,712,181	98,966,758	9,852,123	97,909,111
2000				
Investment	2,901,100	-	1,553,631	41,322,486
Manufacturing	13,475,929	14,161,372	(884,041)	6,730,482
Retailing	135,038,397	82,733,810	11,530,728	84,686,725
	151,415,426	96,895,182	12,200,318	132,739,693
Consolidation adjustments	(20,130,137)	(17,509,685)	(2,745,026)	(40,668,391)
	131,285,289	79,385,497	9,455,292	92,071,302

The Group's business were predominantly carried out in Malaysia and therefore information by geographical segment is not applicable.

28. SUBSEQUENT EVENTS

Subsequent to the financial year ended 30 June 2001:

- The Company subscribed for 699,998 and 2,200,000 new ordinary shares of RM1.00 each at par for cash in the share capital of the wholly-owned subsidiary companies, Padini Dot Com Sdn. Bhd. and The New World Garment Manufacturers Sdn. Bhd. respectively.
- The Company acquired 560,000 ordinary shares of RM1.00 each, representing 40% of the issued and paid-up share capital of Cassardi Corporation Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM560,000.
- The Company proposed to undertake a bonus issue of 10,000,000 new ordinary shares of RM1.00 each in the Company on the basis of one new ordinary shares for every three existing shares held.

The proposed bonus issue is subject to the approval by the relevant authorities and has yet to be completed as at the date of this report.

- The Group ceased its shoes manufacturing activity.

These notes form part of the financial statements.

Notes to the Financial Statements *(cont'd)*

- 30 June 2001

29. COMPARATIVE FIGURES

The following comparative figures on the face of the balance sheet have been reclassified for better presentation and to conform with Malaysian Accounting Standards Board's disclosure requirements.

	Group		Company	
	Amount as previously reported	Amount as restated	Amount as previously reported	Amount as restated
	RM	RM	RM	RM
Receivables	16,966,290	16,286,302	3,942,277	5,390,201
Tax asset	-	679,988	-	1,047,659
Payables	16,915,309	15,895,027	87,366	332,829
Borrowings	5,609,189	6,629,471	-	1,080
Interest in subsidiary companies	-	-	28,727,868	-
Investment in subsidiary companies	-	-	-	26,478,828

These reclassifications have no impact on the net profit attributable to shareholders.

These notes form part of the financial statements.

Analysis of Shareholdings

as at 31 October 2001

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31/10/2001

No.	Name	Nationality	Registered Holder	No. of Shares held or beneficially interested in		Percentage of Shareholding	
				Direct	Indirect	Direct	Indirect
1	Puncak Bestari Sdn. Bhd.	Malaysian	Puncak Bestari Sdn. Bhd.	7,463,000	-	24.88	-
			Malaysia Nominees (Tempatan) Sdn. Bhd.	1,500,000	-	5.00	-
2	Yong Pang Chaun Holdings Sdn. Bhd.	Malaysian	OUB Nominees (Tempatan) Sdn. Bhd.	6,000,000	-	20.00	-
			PAB Nominee (Tempatan) Sdn. Bhd.	5,500,000	-	18.33	-
			Yong Pang Chaun Holdings Sdn. Bhd.	2,000,002	-	6.67	-
3	Yong Pang Chaun **	Malaysian	OUB Nominees (Tempatan) Sdn. Bhd.	-	6,000,000	-	20.00
			PAB Nominee (Tempatan) Sdn. Bhd.	-	5,500,000	-	18.33
			Yong Pang Chaun Holdings Sdn. Bhd.	-	2,000,002	-	6.67
4	Chong Chin Lin **	Malaysian	OUB Nominees (Tempatan) Sdn. Bhd.	-	6,000,000	-	20.00
			PAB Nominee (Tempatan) Sdn. Bhd.	-	5,500,000	-	18.33
			Yong Pang Chaun Holdings Sdn. Bhd.	-	2,000,002	-	6.67
5	Yong Lee Peng **	Malaysian	OUB Nominees (Tempatan) Sdn. Bhd.	-	6,000,000	-	20.00
			PAB Nominee (Tempatan) Sdn. Bhd.	-	5,500,000	-	18.33
			Yong Pang Chaun Holdings Sdn. Bhd.	-	2,000,002	-	6.67
6	Yong Lai Wah **	Malaysian	OUB Nominees (Tempatan) Sdn. Bhd.	-	6,000,000	-	20.00
			PAB Nominee (Tempatan) Sdn. Bhd.	-	5,500,000	-	18.33
			Yong Pang Chaun Holdings Sdn. Bhd.	-	2,000,002	-	6.67
7	Seo Cheng Gaok	Malaysian	AAA Nominees (Tempatan) Sdn. Bhd.	1,805,000	-	6.02	-

Note : All names listed above as substantial shareholders are the beneficial owners even though they may not be the registered holders.

** Those whose names are preceded by a double asterisk are deemed to have an interest in the shares by virtue of Section 6A(4)(c) of the Companies Act, 1965

Analysis of Shareholdings *(cont'd)*

as at 31 October 2001

LIST OF TOP 30 SHAREHOLDERS AS AT 31/10/2001

(As per the Record of Depositors)

No.	Name	No. of Shares	%
1	Puncak Bestari Sdn. Bhd.	6,628,000	22.09
2	OUB Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Yong Pang Chaun Holdings Sdn. Bhd.	6,000,000	20.00
3	PAB Nominee (Tempatan) Sdn. Bhd. Qualifier : PAB Trustee Berhad	5,500,000	18.33
4	Yong Pang Chaun Holdings Sdn. Bhd.	2,000,002	6.67
5	AAA Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Seo Cheng Gaok	1,805,000	6.02
6	Malaysia Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Puncak Bestari Sdn. Bhd. (01-00751-000)	1,500,000	5.00
7	Puncak Bestari Sdn. Bhd.	835,000	2.78
8	Arab-Malaysian Nominees (Tempatan) Sdn. Bhd. Qualifier : Arab-Malaysian Trustee Bhd for BHLB Pacific Dana Al-Ihsan	557,000	1.86
9	Universal Trustee (Malaysia) Berhad Qualifier : BHLB Pacific Emerging Companies Growth Fund	534,000	1.78
10	Shia Yoon @ Chia Win Thy	517,000	1.72
11	Perbadanan Nasional Berhad	450,000	1.50
12	Lah Kar Seong	416,999	1.39
13	Soon Peng Len	295,000	0.98
14	Universal Trustee (Malaysia) Berhad Qualifier : BHLB Pacific High Growth Fund	280,000	0.93
15	Ho Kok Keong	252,999	0.84
16	Hong Leong Finance Berhad Qualifier : Pledged Securities Account for Chin Lih Lih	223,000	0.74
17	Universal Trustee (Malaysia) Berhad Qualifier : TA Islamic Fund	180,000	0.60
18	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for AA Anthony & Co. Sdn. Bhd. (2555PENG)	111,000	0.37
19	Leong Choong Wai	100,000	0.33
20	Wong Kiat Choong	91,000	0.30
21	Citicorp Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Yip Swee Kian (472257)	90,000	0.30
22	Wong Kiat Choong	72,000	0.24

Analysis of Shareholdings *(cont'd)*

as at 31 October 2001

LIST OF TOP 30 SHAREHOLDERS AS AT 31/10/2001 *(cont'd)*

(As per the Record of Depositors)

No.	Name	No. of Shares	%
23	Universal Trustee (Malaysia) Berhad Qualifier : KL City Ruby Fund	70,000	0.23
24	Akira Koizumi	60,000	0.20
25	Liow Meng Kiong	29,000	0.10
26	Loh Yoon Lian	28,000	0.09
27	Leong Kai Meng	23,000	0.08
28	Chan Teck Thiam	23,000	0.08
29	Yee Get Yen	22,000	0.07
30	Chong Khin Choy	22,000	0.07
TOTAL		28,715,000	95.72

Authorised Share Capital : RM50,000,000.00
 Issued and Paid-up Capital : RM30,000,000.00
 Class of Shares : Ordinary Shares of RM1.00 each
 Voting rights : One vote per Ordinary share
 No. of shareholders : 543

DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 31/10/2001

No. of Holders	Holdings	Total Holdings	%
0	1 - 999	-	0
500	1,000 - 10,000	1,073,000	3.58
25	10,001 - 100,000	679,000	2.26
12	100,001 - 1,499,999	3,979,998	13.27
6	1,500,000 and above	24,268,002	80.89
543	TOTAL	30,000,000	100.00

Directors' Shareholdings and Interests

as at 31 October 2001

Shareholdings in the Company

Director	No. of shares held Indirect	%	No. of shares held Direct	%
Datuk Dr Abdullah bin Abdul Rahman	nil	nil	nil	nil
Dato'Zulkifli bin Abdul Rahman	nil	nil	nil	nil
Yong Pang Chaun	13,500,002	45	nil	nil
Chan Kwai Heng	nil	nil	nil	nil
Cheong Chung Yet	nil	nil	8,000	0.027
Chong Chin Lin	13,500,002	45	nil	nil
Yong Lee Peng	13,500,002	45	nil	nil
Yong Lai Wah	13,500,002	45	nil	nil
Sahid bin Mohamed Yasin	nil	nil	nil	nil

Shareholdings in a subsidiary company - Vincci Ladies' Specialties Centre Sdn Bhd

Director	No. of shares held Indirect	%	No. of shares held Direct	%
Yong Lai Wah	nil	nil	5,000 shares	0.31

In addition to the direct/indirect interests disclosed above, Yong Pang Chaun, Yong Lai Wah, Yong Lee Peng and Chong Chin Lin are deemed to be interested in shares of the subsidiary companies to the extent the Company has an interest by virtue of their interests in the shares of the Company.

List of Group Properties

as at 30 June 2001

Location	Description / Existing Use	Land Area / Built-up Area (sq.ft.)	Tenure	Approximate Age of Buildings	Net Book Value @ 30.06.2001 (RM)
No. 21, Lot 116, Jalan U1/20, Hicom Glenmarie, Industrial Park 40000, Shah Alam. Date of acquisition : 11 June 1998	3-storey office cum 2-storey warehouse : Corporate headquarters & central warehouse	45,962 / 56,568	Freehold	5.5 years	7,626,392
Lots LG 028 & 044, Lower ground floor, Sungei Wang Plaza, Kuala Lumpur. Date of last revaluation : 1982	Retail shoplots : utilised by a subsidiary as a free-standing retail outlet	1455 / 1455	Freehold	28 years	977,760
No. 247, Jalan Mahkota, Taman Maluri, Cheras, 56100 Kuala Lumpur. Date of last revaluation : 1982	4-storey shophouse : Partly rented out and partly used for employees accommodation	2514 / 8212	Leasehold - 99 years expiring on 24.05.2076	19.5 years	655,579
No. 1, Lorong 6E/91, Taman Shamelin Perkasa, Batu 3 1/2, Jalan Cheras, 56100 Kuala Lumpur. Date of acquisition : 8 March 1990	4-storey shophouse : Partly rented out and partly used for in-house manufacturing	2208 / 7552	Leasehold - 99 years expiring on 11.09.2082	11 years	641,920
No. 3, Lorong 6E/91, Taman Shamelin Perkasa, Batu 3 1/2, Jalan Cheras, 56100 Kuala Lumpur. Date of acquisition : 08 March 1990	4-storey shophouse : partly rented out and partly used for in-house manufacturing	1760 / 6135	Leasehold - 99 years expiring on 11.09.2082	11 years	662,328
No. 29, Lorong 6E/91, Taman Shamelin Perkasa, Batu 3 1/2, Jalan Cheras, 56100 Kuala Lumpur. Date of acquisition : 23 May 1984	4-storey shophouse : Rented out	1760 / 6135	Leasehold - 99 years expiring on 11.09.2082	11 years	648,812
No. 2, Jalan 8/91, Taman Shamelin Perkasa, Batu 3 1/2, Jalan Cheras, 56100 Kuala Lumpur Date of acquisition : 08 March 1990	1 1/2-storey terrace factory : used for in-house manufacturing	4000 / 3913	Leasehold - 99 years expiring on 11.09.2082	11 years	710,260
No.15, Jalan 8/91, Taman Shamelin Perkasa, Batu 3 1/2, Jalan Cheras, 56100 Kuala Lumpur. Date of acquisition : 18 July 1990	1 1/2-storey duplex factory : used for in-house manufacturing	11040 / 10150	Leasehold - 99 years expiring on 11.09.2082	11 years	1,133,290

Statement Regarding Revaluation Policy

as at 30 June 2001

In 1982, two items consisting of two retail shoplots located in Sungei Wang Plaza (freehold), and one four storey shophouse located in Taman Maluri, Cheras (leasehold), owned by subsidiary Padini Corporation Sdn Bhd, were revalued based on the open market value method of valuation.

Since then, none of the landed properties owned by the Company and its subsidiary companies had been revalued.

As for the revaluation done in 1982, the Directors have adopted the transitional provision as allowed by the Malaysian Accounting Standards Board, and the Company has retained that revaluation subject to the continuing application of the current depreciation policy.

statement regarding revaluation policy

annual report 2001

Form of Proxy

I/We _____ of _____
 _____ being a member/members of Padini Holdings Berhad hereby appoint
 _____ (NRIC NO: _____) of

or failing him/her, _____ (NRIC NO: _____)
 of _____

as my/our proxy to vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at No. 21 Lot 116, Jalan U1/20, Hicom Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan on 27 December 2001 at 11:00 a.m. or at any adjournment thereof.

My/our proxy/proxies shall vote as indicated below:-

		FOR	AGAINST
Resolution 1	To receive the Audited Financial Statements and Reports		
Resolution 2	To declare a Final Dividend of 5% less tax		
Resolution 3	To approve payment of Directors' fee		
Resolution 4	To re-elect Madam Chong Chin Lin as Director		
Resolution 5	To re-elect Madam Yong Lee Peng as Director		
Resolution 6	To re-elect Datuk Dr Abdullah bin Abdul Rahman as Director		
Resolution 7	To appoint Messrs Peter Chong & Co. as Auditors		
Resolution 8	Proposed amendments to the Articles of Association		
Resolution 9	Proposed Bonus Issue		

Please indicate with an "X" in the appropriate spaces as to how you wish your votes to be cast. If you do not do so, the proxy/ proxies will vote or abstain from voting at his/her/their discretion(s).

Dated this _____ day of _____ 2001

Number of Shares held

Signature: _____

Notes:

- A member of the Company entitled to attend and vote at this AGM is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, under its Common Seal or under the hand of an officer or its attorney duly authorised.
- The instrument appointing a proxy must be completed and deposited at the registered office of the Company at No. 21 Lot 116, Jalan U1/20, Hicom Glenmarie Industrial Park, 40000 Shah Alam, Selangor, not less than forty eight (48) hours before the time appointed for the holding of the AGM or adjourned AGM (or in the case of a poll before the time appointed for the taking of the poll).
- Any alteration in this form must be initialled.

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Stamp

The Secretary
PADINI HOLDINGS BERHAD
(Company No: 50202-A)

No. 21, Lot 116, Jalan U1/20
Hicom Glenmarie Industrial Park
40000 Shah Alam, Selangor Darul Ehsan

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