

PADINI HOLDINGS BERHAD

(50202-A)

(Incorporated in Malaysia)

A n n u a l R e p o r t 2 0 0 3

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Notice of Annual General Meeting

for the financial year ended 30 June 2003

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of the Company will be held at No. 21, Lot 116, Jalan U1/20, Hicom Glenmarie Industrial Park, 40000 Shah Alam on 22 December 2003 at 10:00 a.m. to transact the following business :-

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 30 June 2003 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To declare a Final Dividend of 5% less Malaysian Income Tax of 28%. (Resolution 2)
3. To approve payment of Directors' fee of RM100,000/- in respect of the year ended 30 June 2003 (2002 : RM60,000/-). (Resolution 3)
4. To re-elect the following Directors retiring pursuant to Article 102(1) of the Company's Articles of Association :-
 - i) Mr Chan Kwai Heng (Resolution 4)
 - ii) Mr Cheong Chung Yet (Resolution 5)
 - iii) Encik Sahid Bin Mohamed Yasin (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

6. To consider and if thought fit, to pass the following resolution :

Ordinary Resolution

Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

"That, subject to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant government/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital for the time being of the Company, and that the Directors be and are also empowered to obtain the approval of the Kuala Lumpur Stock Exchange for the listing and quotation of the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 8)

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

Notice of Annual General Meeting (Cont'd)

for the financial year ended 30 June 2003

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 22 December 2003, a final dividend of 5%, less 28% income tax in respect of the financial year ended 30 June 2003 will be paid on 15 March 2004 to shareholders whose names appear in the Record of Depositors on 25 February 2004.

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

- (a) Shares transferred to the Depositor's securities account before 4:00 p.m. on 25 February 2004 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

28 November 2003

Notes :

- (i) *A member of the Company entitled to attend and vote at the above meeting, 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) *Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his holdings to be represented by each proxy.*
- (iii) *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.*
- (iv) *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 set for the meeting or adjourned meeting (or in the case of a poll before the time set for the taking of the poll).*

EXPLANATORY NOTE ON SPECIAL BUSINESS

1. Authority pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot ordinary shares in the Company up to and not exceeding in total 10 per centum (10%) of the issued capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoke or varied at a general meeting, will expire at the next Annual General Meeting.

Statement Accompanying the Notice

of Annual General Meeting ("AGM")

1) The Directors who are standing for re-election at the forthcoming Twenty-second AGM are as follows :

- (a) Mr Chan Kwai Heng
- (b) Mr Cheong Chung Yet
- (c) Encik Sahid Bin Mohamed Yasin

Further details of the above Directors are set out in the Profile of the Board of Directors on pages 21 to 25 of this Annual Report.

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 2003. Details of attendance of Directors at the Board Meetings are as follows :-

Name	Attendance
Datuk Dr. Abdullah Bin Abdul Rahman	5 meetings
Yong Pang Chaun	5 meetings
Dato' Zulkifli Bin Abdul Rahman	5 meetings
Chong Chin Lin	4 meetings
Chan Kwai Heng	5 meetings
Yong Lee Peng	4 meetings
Yong Lai Wah	5 meetings
Cheong Chung Yet	5 meetings
Sahid Bin Mohamed Yasin	5 meetings

3. Date, Time and Place of General Meetings

Meeting	Date & Time	Place
22 nd AGM	22 December 2003 @ 10:00 a.m	No. 21 Lot 116, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam
EGM	22 December 2003 @ 10:30 a.m	No. 21 Lot 116, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam

Corporate Information

for the financial year ended 30 June 2003

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Dato' Zulkifli bin Abdul Rahman	Chairman (Independent Non-Executive Director)
Sahid bin Mohamed Yasin	Member (Independent Non-Executive Director)
Datuk Dr. Abdullah bin Abdul Rahman	Member (Independent Non-Executive Director) - appointed 28.11.2002
Cheong Chung Yet	Member (Executive Director)

COMPANY SECRETARIES

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

SOLICITORS

Isharidah, Ho, Chong & Menon
Raslan Loong

REGISTERED OFFICE

No. 21, Lot 116, Jalan U1/20
Hicom Glenmarie Industrial Park
40000 Shah Alam Selangor Darul Ehsan
Tel : 03- 78053535
Fax : 03- 78051066

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad

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- 77254888
Fax : 03- 77222311

STOCK EXCHANGE LISTING

Second Board of the Kuala Lumpur Stock Exchange

AUDITORS

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

Corporate Structure

for the financial year ended 30 June 2003

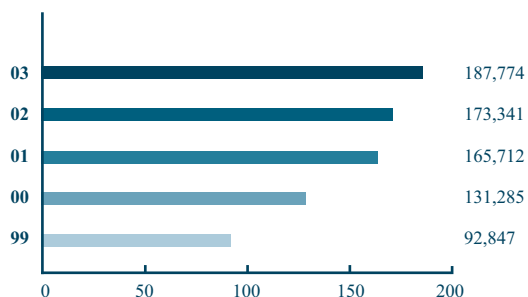
100%	MIKIHOUSE CHILDREN'S WEAR SDN. BHD. (164485-U)
100%	PADINI CORPORATION SDN. BHD. (22159-H)
99.69%	VINCCI LADIES' SPECIALTIES CENTRE SDN. BHD. (73404-H)
100%	SEED CORPORATION SDN. BHD. (194391-K)
100%	VINCCI HOLDINGS SDN. BHD. (97644-K)
100%	THE NEW WORLD GARMENT MANUFACTURERS SDN. BHD. (80490-U)
100%	YEE FONG HUNG (MALAYSIA) SENDIRIAN BERHAD (15011-U)
100%	PADINI DOT COM SDN. BHD. (510558-H)

PADINI HOLDINGS BERHAD
(50202-A)

Group Financial Highlights

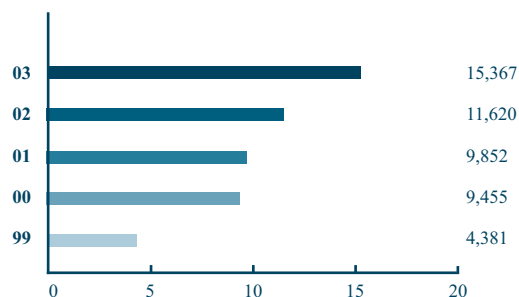
Revenue

RM Thousand



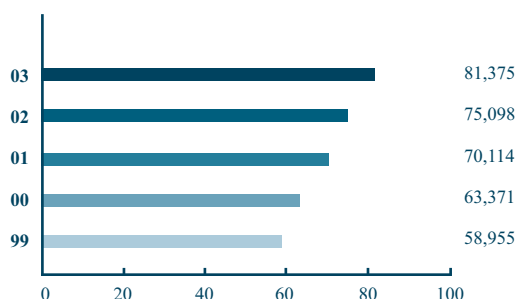
Profit before tax

RM Thousand



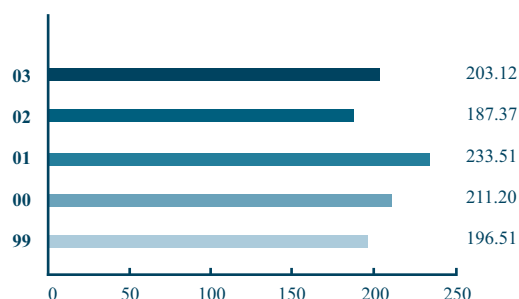
Shareholders' fund

RM Thousand



Net tangible asset per share (Sen)

RM (Sen)



	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
Revenue	92,847,389	131,285,289	165,712,181	173,340,723	187,774,453
Profit before tax	4,380,781	9,455,292	9,852,123	11,619,690	15,366,734
Profit after tax and minority interest attributable to shareholders	4,000,673	5,496,814	6,742,668	6,064,217	9,363,888
Shareholders' fund	58,954,663	63,371,477	70,114,145	75,098,362	81,374,671
Basic Earning per share based on profit after tax and minority interest (sen)	13.30	18.30	22.50	15.20	23.40
Restated to reflect the bonus issue	10.00	13.74	16.86	15.16	23.40
Net tangible asset per share (sen)	196.51	211.20	233.51	187.37	203.12
Dividend rate	5%	5%	5%	5%	10%

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 2003.

INDUSTRY TREND AND DEVELOPMENT

Going forward, we still firmly believe that issues relating to size and brand power will continue to be the predominant competitive features that businesses in the retail fashion industry have to address.

Shopping malls, both new and existing ones, are getting larger, and the stores located within them are also expanding in size. The newly-opened Berjaya Times Square and Ikea Store can attest to that.

And given the continuing proliferation of brands and the numerous communication channels that exist, it will get increasingly tougher to reach, secure and retain customers. In this chaotic and rapidly evolving market environment, brands, properly and smartly managed, will provide the stability needed to drive growth and market share.

FINANCIAL RESULTS

For the financial year under review, the Group achieved a consolidated revenue of RM187.77 million, which represented an increase of 8.3% over the previous year's amount of RM173.34 million. Group's profit before taxation rose by about 32.3%, from RM11.62 million achieved in the previous year to RM15.37 million for the current financial year. The improvement in revenue reflected the underlying strength of the Group's brands, and the improving state of the domestic economy. Profits after taxation attributable to the shareholders rose 54.4% to RM9.36 million when compared to the amount of RM6.06 million achieved during the previous financial year. This substantial increase in the profits after taxation attributable to the shareholders is the result of the improved performances achieved by the Group's trading subsidiaries, and also to the reduction in losses suffered by the Group's manufacturing operations following the cessation of a considerable part of its manufacturing activities.

DIVIDENDS

An interim dividend of 5% (less 28% income tax) for the financial year ended 30 June 2003 amounting to RM1.44 million had been paid on the 29 of April 2003.

The Board of Directors is pleased to recommend a final dividend of 5% less 28% income tax for the financial year ended 30 June 2003 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. The main distribution channels are the retail stores that the Group manages, and the consignment counters located within major department stores. Of late, the Group's revenues have also been augmented by exports to regional markets and by sales to Vincci franchisees located at home and abroad. The products mentioned are sold under eight brand names owned by the Group.

Chairman's Statement (cont'd)

BUSINESS REVIEW (cont'd)

As at the time of writing, our retail network is as follows.

Nature of outlets	Location	Operated by	Number of outlets
Free-standing single brand stores	Malaysia	Padini Group	72
Free-standing single brand stores	Overseas	Appointed dealers	2
Franchise shops	Malaysia	Appointed franchisees	7
Franchise shops	Overseas	Appointed franchisees	6
Store within store	Malaysia	Padini Group	110
Store within store	Overseas	Appointed dealers	14
Total			211

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.

Vincci Ladies' Specialties Centre Sdn Bhd, which operates the Vincci stores retailing shoes, bags and fashion accessories, was still the most profitable of the Group's trading subsidiary companies. During the financial year considered, it had earned RM10.57 million in pretax profits from revenues of RM66.57 million. While export sales and sales to its franchisees were responsible for some of its profits and revenues, the bulk of these were still generated from retail shops operated by itself.

In the garments segment, Padini Corporation Sdn Bhd with three brands, Padini, Padini Authentics and PDI was the best performer for the year, achieving a turnover of RM64.19 million and a pretax profit of RM5.35 million.

Next was Seed Corporation Sdn Bhd which earned a pretax profit of RM3.48 million from revenues of RM44.18 million.

The remaining trading subsidiary companies, Mikihouse Children's Wear Sdn Bhd, which handled the Miki label, and Yee Fong Hung (M) Sdn Bhd, which handled the P& Co label however registered pretax losses of RM1.39 million and RM1.62 million respectively.

Manufacturing

By the end of the 2002 financial year, The New World Garment Manufacturers Sdn Bhd, a subsidiary previously producing garments and shoes, had completely ceased all operations. Compared to the RM1.73 million pretax loss suffered during the previous financial year, no losses were reported by this subsidiary for the 2003 financial year.

As for its other manufacturing subsidiary, Vincci Holdings Sdn Bhd, operations had been scaled down considerably. While a pretax loss of RM866,000 was incurred for the 2003 financial year, the Group expects the situation will improve in the coming years.

Franchise Operations

The Vincci franchise is growing steadily. From the 4 franchisees that Vincci had at the end of the previous financial year, this number has grown substantially to 13 as at the time of this statement. Of the total, 6 of them are located in overseas, while the rest are located in Malaysia.

The franchise programme for our PDI label is ready but we have still not awarded any PDI franchises as yet due to the unavailability of suitable candidates.

Chairman's Statement (cont'd)

BUSINESS REVIEW (cont'd)

Cafe Operations

There has been no increase in the number of cafes operated by the Group. With the exception of the one located at the Sungei Wang Plaza, the other two cafes' performance has not been to our satisfaction. Nonetheless, the Group is still of the opinion that the cafes contribute positively towards the positioning of the Seed brand. In fact, the new concept store that we will be opening soon at the new phase of the One Utama Shopping Centre will also have a cafe located within it. We believe that the cafe's presence enhances the customer-friendliness of the store as a whole while promoting the Seed brand name.

Branding

Notably, the Group's achievements have been the result of the focus it has placed on the management of its stable of brands. While we recognise that brand-building is a holistic concept that involves all parts of a business, we are for now concentrating on improving customers service and on enhancing our brands' communications with the market.

We will increase in our efforts to educate our employees, especially those that come into first and direct contact with our customers, so that a customer-oriented and customer-first culture takes root within our Group. Our business policies vis-a-vis our customers will be diligently monitored so that the Group does not implement any policies that will be unfriendly to customers.

Among other characteristics, a brand must have a distinct identity and a strong emotional appeal if it is to succeed. While we can create any number of identities for a brand, the identity created has to be communicated to the intended market segment. If the communications conducted results in the market embracing the brand's identity as its own, then opportunities abound for the brand to excel. Recognising that effective and sustained communications will play a crucial role in creating a successful brand, we have earmarked a larger percentage of our revenues for advertising, promotion and public relations activities in the coming financial year.

FUTURE OUTLOOK

The medium term should see the Group expanding more aggressively abroad. While we will still be earning the bulk of our revenues from Malaysia, expansion into the regional and other foreign markets has taken on a greater urgency. Besides being able to strongly drive revenue growth, the successful establishment of our brands in foreign markets will give rise to greater economies in our purchasing, and will provide our brands with a considerably enlarged market. Furthermore, this expansion into export markets will be in line with current government policies which provide for considerable tax concessions especially in relation to advertising and promotion expenditures.

To prepare for this regional expansion, the necessary measures to strengthen the designing, merchandising, marketing and logistics departments are being taken. While stability and security considerations will always feature strongly in any plans to go abroad, this has to be balanced with the need to act before further liberalisation and deregulation render us unable to compete effectively.

On the domestic front, the immediate term looks rosy enough. With economic growth in 2003 trending upwards, the outlook for 2004 is predictably promising. The recent upgrading by Standard & Poor's of Malaysia's Issuer Credit Ratings, and the currently resurgent KLSE should further improve overall economic and consumers confidence. The retail sector would inevitably be positively affected and the Group should see better performance in the immediate term.

Whatever the outlook, we are always mindful of the fact that business trends would always be cyclical, and while we will take maximum advantage of good times, we will also continuously build on our competitive strengths and resources so that hard times can also be weathered successfully.

Chairman's Statement (cont'd)

FUTURE OUTLOOK (cont'd)

On a related note, we are pleased to inform that in December of 2003, the Group will be opening two new Padini Concept Stores; these concept stores will showcase all of the Group's brands under one roof. The stores, each measuring about 20,000 square feet are located at the new phase of the One Utama Shopping Centre, and at Power Centre (next to IKEA). This development has been taken in view of the need for the Group to place its brands in a more commanding and competitive position.

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.

Datuk Dr Abdullah bin Abdul Rahman
Chairman
10 November 2003

Corporate Governance Statement

for the financial year ended 30 June 2003

The statement below reports on how the Group has applied the Principles as set out in Part 1 of the Malaysian Code on Corporate Governance (the "Code") and the extent of its compliance with Best Practices set out in Part 2 of the Code.

SECTION 1: DIRECTORS

Composition of the Board

The company is led and managed by a Board of Directors with vast experience in business, commercial and finance. A brief description on the background of each director is presented on pages 21 to 25 of the Annual Report.

The Board currently has nine (9) members, six (6) Executive Directors including the Managing Director and three (3) Non-Executive Directors (of whom all are independent). This is in compliance with Paragraph 15.02 of the Kuala Lumpur Stock Exchange (KLSE) Listing Requirements, which require that one third or two, whichever is higher, of the total number of Directors to be Independent Directors.

The Independent Directors also have the necessary skill and experience to bring an independent judgment to bear on issues of strategy, performance, resources including key appointments and standards of conduct.

The Independent Directors are independent of Management and majority shareholders. They provide independent views and judgment and at the same time safeguard the interests of parties such as minority shareholders. No individual or group of individuals dominate the Board's decision making and the number of directors fairly reflect the investment of the shareholders.

The roles of the Chairman and the Managing Director are separated with Datuk Dr. Abdullah bin Abdul Rahman as the Independent Non-Executive Chairman of the Board and Mr Yong Pang Chaun as the Managing Director. This will ensure a balance of power and authority.

The Board does not consider it necessary to nominate a Senior Independent Non-Executive Director to whom concerns may be conveyed. All members of the Board have demonstrated that they are always available to members and stakeholders. All issues can be openly discussed during Board meetings. The company is not marred with conflicts and controversies and also has not received any notice of matters of concern from stakeholders since its listing.

All the Directors have given their undertaking to comply with the Kuala Lumpur Stock Exchange Listing Requirements and the Independent Directors have confirmed their independence in writing.

Appointment and Re-election of Directors

In accordance with the Company's Article of Association, Directors retire from office at least once in every three years and offer themselves for re-election.

Responsibilities and Supply of Information

The Board has the overall responsibility for reviewing and adopting a strategic plan for the Group, overseeing the conduct of the Group's business, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks, reviewing senior management and Board remuneration, developing and implementing an investor relations programme or shareholder communications policy for the Group and reviewing the adequacy and the integrity of the Group's internal control systems and management information systems.

All directors receive appropriate and timely information which enable them to discharge their responsibilities. Board papers, which include financial and operational information, and an agenda are provided to the Directors in advance of each Board meeting. This enables the Directors to have access to further explanations, and where necessary, to be briefed prior to the meeting.

Corporate Governance Statement (Cont'd)

for the financial year ended 30 June 2003

SECTION 1: DIRECTORS (cont'd)

Responsibilities and Supply of Information (cont'd)

All Directors have full access to information pertaining to all matters for the purpose of making decisions. All Directors have access to the advice and services of the Company Secretary who ensures compliance with statutory obligations, Listing Requirements of the KLSE or other regulatory requirements. The removal of the Company Secretary shall be a matter for the Board as a whole.

Board Meetings

The Board meets regularly throughout the year. Five (5) Board meetings were held during the financial year ended 30 June 2003. The number of Board meetings held during the financial year ended 30 June 2003 and the attendance of the meetings are as follows :-

<i>Directors</i>	<i>Meetings Attended by the Directors / Total Number of Meetings held During the Financial Year Ended 30 June 2003*</i>	<i>% of Attendance</i>
Executive Directors		
Mr. Yong Pang Chaun	5/5	100
Mr. Chan Kwai Heng	5/5	100
Mr. Cheong Chung Yet	5/5	100
Ms. Chong Chin Lin	4/5	80
Ms. Yong Lee Peng	4/5	80
Ms. Yong Lai Wah	5/5	100
Non-Executive Directors		
Datuk Dr. Abdullah bin Abdul Rahman	5/5	100
Dato' Zulkifli bin Abdul Rahman	5/5	100
En. Sahid bin Mohamed Yasin	5/5	100

Notes :

*The meetings were held on 29 August 2002, 28 October 2002, 28 November 2002, 27 February 2003 and 29 May 2003 respectively.

Restriction on Directorship

The number of Directorships held by the Directors are as stated on pages 21 to 25 of the Annual Report.

Directors' Remuneration

Remuneration procedure

The Board has decided that there is no need for a Remuneration Committee to be set up presently. The remuneration of each Director, are determined by the Board as a whole through their contracts of employment. The Directors do not participate in discussion and decision of their own remuneration.

Corporate Governance Statement (Cont'd)

for the financial year ended 30 June 2003

SECTION 1: DIRECTORS (cont'd)

Remuneration Package

Non-Executive Directors are provided with Directors' fees, which are approved by the shareholders at the Annual General Meeting, based on the recommendation of the Board.

The details of the remuneration of the Directors of the company received or receivable for the financial year ended 30 June 2003 are as follows :-

	Salaries	Fees & Allowances	Bonuses	Benefits -in-kind	Statutory Contributions	Total
	RM	RM	RM	RM	RM	RM
Executive Directors	1,596,000	-	133,000	84,483	207,480	2,020,963
Non-Executive Directors	-	100,000	-	-	-	100,000

The number of Directors whose remuneration falls into the following bands are as follows :-

RANGE OF REMUNERATION	Executive Directors	Non-Executive Directors
Below RM50,000	-	2
RM50,001 - RM100,000	-	1
RM100,001 - RM150,000	1	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	-	-
RM350,001 - RM400,000	5	-

Directors' Training

Every Director of the Company undergoes continuous training to equip himself to effectively discharge his duties as a Director and for that purpose he ensures that he attends such training programmes as prescribed by the KLSE from time to time. All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by the KLSE, and are also aware of their duty to undergo the Continuing Education Programme ("CEP") as prescribed by the KLSE. In fact, two of the directors have already attended one such training programme held on the 13 of August 2003.

Whenever the need arises, the Company provides briefings for new recruits to the Board, to ensure they have a comprehensive understanding on the operations of the Group and the Company.

The Board Committees

The Audit Committee assists the Board in discharging its duties and responsibilities. They have the authority to examine a particular issue and report back to the Board with a recommendation. Please refer to page 17 for the Audit Committee report.

Corporate Governance Statement (Cont'd)

for the financial year ended 30 June 2003

SECTION 2: SHAREHOLDERS

The Board maintained an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decisions.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following :-

- (i) the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Audit Committee and Board of Directors;
- (ii) various announcements made to the KLSE, which include announcements on quarterly results;
- (iii) the Company website at <http://www.padini.com>

The Annual General Meeting serves as an important means for shareholders communication. Notice of the Annual General Meeting and Annual Reports are sent to shareholders twenty one days prior to the meeting. At each Annual General Meeting, the Board presents the performance and progress of the Group and provides shareholders with the opportunity to raise questions pertaining to the Group. The Chairman and the Board will respond to the questions raised by the shareholders during the Annual General Meeting.

The Board has ensured each item of special business included in the notice of meeting will be accompanied by an explanatory statement on the effects of the proposed resolution.

SECTION 3: ACCOUNTABILITY AND AUDIT

The Board aims to present a balanced and understandable assessment of the Group's position and prospect through the annual financial statements and quarterly announcements of results to the KLSE. The Directors are responsible to ensure the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. A statement by the Directors of their responsibilities in preparing the financial statements is set out separately on page 26 of the Annual Report.

Relationship with the External Auditors

The Board established formal and transparent arrangements for maintaining an appropriate relationship with the Group's external auditors.

Statement of Internal Control

for the financial year ended 30 June 2003

The Board is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. However, the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide reasonable and not absolute assurance against material misstatement and losses. The internal control system covers not only financial controls but operational and compliance controls, and risk management.

The Board has outsourced the internal audit function of the Group to an external party. The internal auditors are to assist and advise the Audit Committee on matters relating to the internal audit function.

The Board has considered the system of internal control in operation during the year and the key elements of the system are as follows :-

Risk Assessment and Control Activities

The Board and management are responsible for the ongoing identification, evaluation and managing of significant risks. A 5-year audit plan was adopted following the risk assessment exercise to continuously review the effectiveness of the Group's system of internal control and mitigate risks including financial, operational and compliance risks. Based on the risk assessment results, the internal auditors focused on areas of significant risks to the Group. Reviews were conducted on these areas and the results of these reviews including comments from management, were reported to the Audit Committee periodically. The Board and management are working towards ensuring completion of corrective actions in response to recommendations highlighted in the audit reports. Areas reviewed as at to date include :-

Financial Year

2002

Audit Areas

- (i) Branding
- (ii) Merchandising
- (iii) Marketing
- (iv) Improvement and Change Management
- (v) Human Resource
- (vi) Inventories, Warehousing and Logistics
- (vii) Card and Customer Relations

2003

Communication and Information and Monitoring

In reviewing the adequacy and integrity of the system of internal control, the Board receives relevant reports on financial performance of the Group at periodic Board meetings . The involvement of executive directors in the day-to-day operations of the Group also enable monitoring of control procedures at operational level.

The effectiveness of the system of internal control is also monitored on an ongoing basis by the Audit Committee, who receives reports from the internal auditors.

Report of the Audit Committee

The Board of Directors of Padini Holdings is pleased to present the report of the Audit Committee of the Board for the financial year ended 30 June 2003.

Composition of the Audit Committee

The present members of the Audit Committee of the Company are :

- i. Dato' Zulkifli bin Abdul Rahman (Independent Non-Executive Director; Chairman)
- ii. En. Sahid bin Mohamed Yasin (Independent Non-Executive Director; Member)
- iii. Mr. Cheong Chung Yet (Executive Director; Member)
- iv. Datuk Dr. Abdullah bin Abdul Rahman (Independent Non-Executive Director; Member)

Terms of Reference of Audit Committee

Terms of Membership

The Audit Committee shall be appointed by the Board of Directors amongst its members and consist of at least three (3) members, of whom majority are Independent Directors.

The Committee shall include one member who is a member of the Malaysian Institute of Accountants ("MIA"); or if he is not a member of the MIA, he must have at least three (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; or he must hold a degree/masters/doctorate in accounting or finance and have at least 3 years' post qualification experience in accounting and finance; or he must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

In the event of any vacancy in the Audit Committee resulting in the non-compliance with Paragraph 15.10 of the Listing Requirements of Kuala Lumpur Stock Exchange, the Board shall appoint a new member within three (3) months.

The Board of Directors shall review the term of office and the performance of an Audit Committee and each of its members at least once in every three (3) years.

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

Meetings and Quorum of the Audit Committee

In order to form a quorum in respect of a meeting of the Audit Committee, the majority of the members present must be independent directors. The Company Secretary shall act as secretary of the Audit Committee.

The Audit Committee met five (5) times during the financial year ending 30 June 2003. The details of the attendance of the meetings are disclosed under the heading 'Attendance of Audit Committee Meetings' on page 19 of this Annual Report.

The Audit Committee may require the attendance of any management staff from the Finance/Accounts Department or other departments deemed necessary together with a representative or representatives from the external auditors. The Audit Committee shall also meet with the external auditors without executive Board members present at least once a year. In an Audit Committee meeting held on the 28 of October 2002, the Audit Committee had met with the Group's Finance Manager and representatives from both the external auditors and internal auditors without executive Board members present.

In any event, should the external auditors so request, the Chairman of the Audit Committee shall convene a meeting of the committee to consider any matter the external auditors believe should be brought to the attention of the Director or shareholders.

Report of the Audit Committee (Cont'd)

Terms of Reference of Audit Committee (cont'd)

Functions of the Audit Committee

The duties and responsibilities of the Audit Committee include the following :-

- (i) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- (ii) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (iii) To discuss with the external auditor on the evaluation of the system of internal controls and the assistance given by the employees to the external auditors.
- (iv) To review and report to the Board if there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.
- (v) To review the quarterly and year-end financial statements of the Board, focusing particularly on :
 - Any changes in the accounting policies and practices;
 - Significant adjustments arising from the audit;
 - The going concern assumption; and
 - Compliance with accounting standards and other legal requirements.
- (vi) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of the management where necessary);
- (vii) To review the external auditor's management letter and the management's response;
- (viii) To do the following in relation to the internal audit function
 - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (ix) To consider any related party transactions that may arise within the Company or the Group;
- (x) To consider the major findings of internal investigations and the management's response;
- (xi) To consider other topics as defined by the Board.

Rights of the Audit Committee

The Audit Committee has ensured that it shall, wherever necessary and reasonable for the performance of its duties and in accordance with a procedure determined by the Board :-

- (i) have authority to investigate any matter within its terms of reference;
- (ii) have the resources which are required to perform its duties;
- (iii) have full and unrestricted access to any information pertaining to the listed issuer;
- (iv) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (v) be able to obtain independent professional or other advice; and
- (vi) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

Report of the Audit Committee (Cont'd)

Terms of Reference of Audit Committee (cont'd)

Procedure of Audit Committee

The Audit Committee regulates its own procedures by :-

- (i) the calling of meetings;
- (ii) the notice to be given of such meetings;
- (iii) the voting and proceedings of such meetings;
- (iv) the keeping of minutes; and
- (v) the custody, protection and inspection of such minutes.

Review of the Audit Committee

The Board of Directors shall ensure that the term of office and performance of the Audit Committee and each of its members are being reviewed at least once in every three years to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

Attendance of Audit Committee Meetings

The details of attendance of each Audit Committee member in the Audit Committee meetings held during the financial year ended 30 June 2003 are as follows :-

<i>Directors</i>	<i>Meetings Attended by the Directors / Total Number of Meetings held During the Financial Year Ended 30 June</i>	<i>% of Attendance</i>
	<i>2003*</i>	
Dato' Zulkifli bin Abdul Rahman	5/5	100
En. Sahid bin Mohamed Yasin	5/5	100
Mr. Cheong Chung Yet	4/5	80
Datuk Dr. Abdullah bin Abdul Rahman**	1/2	50

Notes :

* The meetings were held on 29 August 2002, 28 October 2002, 28 November 2002, 27 February 2003 and 29 May 2003 respectively.

** Datuk Dr. Abdullah bin Abdul Rahman was appointed on 28 November 2002.

Report of the Audit Committee (Cont'd)

Terms of Reference of Audit Committee (cont'd)

Activities Undertaken By Audit Committee

The activities of the Audit Committee during the financial year ended 30 June 2003 include the following :-

- (i) review the Group's year end audited financial statements presented by the external auditors and recommend the same to the Board for approval;
- (ii) review the quarterly financial result announcements;
- (iii) review audit plan of internal and external auditors;
- (iv) review related party transactions within the Group;
- (v) review of the internal audit reports submitted by the internal auditors and recommend the same to the Board for approval;
- (vi) review the effectiveness of the Group's system of internal control;
- (vii) review the Company's compliance with KLSE Listing Requirements, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements; and
- (viii) consider and recommend to the Board for approval the audit fees payable to internal and external auditors.

Nomination Committee

The Board does not consider it necessary to establish a Nomination Committee currently as the composition of the Board is relatively stable. No new appointments are foreseen in the near future. However, a Nomination Committee will be established shall the need arise.

Remuneration Committee

The Board also does not consider it necessary to establish a Remuneration Committee currently. All Executive Directors have contracts of employment with the Company. Therefore, establishing a Remuneration Committee would not serve any purpose. However, a Remuneration Committee will be established shall the need arise.

Profile of Directors

for the financial year ended 30 June 2003

Datuk Dr Abdullah bin Abdul Rahman

(Chairman of the Board, Member of the Audit Committee, Independent Non-Executive Director)

Aged 58 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 all 5 meetings of the Board of Directors.

Dato' Zulkifli bin Abdul Rahman

(Chairman of the Audit Committee, Independent Non-Executive Director)

Aged 67 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 company :

1. Nikko Electronics Bhd

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 2003

Yong Pang Chaun

(Managing Director)

Aged 52 of Malaysian nationality, he was first appointed to the Board on 26 March 1992.

An entrepreneur with extensive 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.

Chan Kwai Heng

(Executive Director)

Aged 51 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. He also has an European MBA from the Paris Graduate School of Management, which he obtained in June of 2003.

From 1975 and up till 1977, he has worked 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.

Profile of Directors (Cont'd)

for the financial year ended 30 June 2003

Cheong Chung Yet

(Member of the Audit Committee, Executive Director)

Aged 37 of Malaysian nationality, he was first appointed to the Board on 14 July 2000.

He obtained his Bachelor of Accountancy (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 all 5 meetings of the Board of Directors.

Chong Chin Lin

(Executive Director)

Aged 50 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.

Profile of Directors (Cont'd)

for the financial year ended 30 June 2003

Yong Lai Wah

(Executive Director)

Aged 53 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 all 5 meetings of the Board of Directors.

Yong Lee Peng

(Executive Director)

Aged 46 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 4 out of the 5 meetings of the Board of Directors.

Profile of Directors (Cont'd)

for the financial year ended 30 June 2003

Sahid bin Mohamed Yasin

(Member of the Audit Committee, Independent Non-Executive Director)

Aged 54 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 all 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) Material Contracts

No material contracts had been entered into for the financial year under review between the group and the directors and or major shareholders.

Responsibility Statement in Respect

of the Annual Audited Financial Statement

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 responsible for the preparation of 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 2003, the Directors have ensured 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 2003

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Directors' Report

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 2003.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are as disclosed in Note 5 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	9,363,888	2,817,053

DIVIDEND

A final dividend of 5 sen per share on 40,000,000 ordinary shares, less income tax at 28%, amounting to RM1,440,000 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.

An interim dividend of 5 sen per share on 40,000,000 ordinary shares, less income tax at 28%, amounting to RM1,440,000 was paid on 29 April 2003 in respect of the current financial year.

The Directors recommend a final dividend in respect of the current financial year of 5 sen per share on 40,002,000 ordinary shares, less income tax at 28% amounting to RM1,440,072, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from 40,000,000 ordinary share of RM1.00 each to 40,002,000 ordinary shares of RM1.00 each via the issuance of 2,000 new ordinary shares of RM1.00 each, pursuant to the exercise of options granted under the Employees' Share Option Scheme at an option price of RM1.58 per share.

The new shares rank pari-passu with the then existing ordinary shares.

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

Directors' Report (Cont'd)

SHARE OPTIONS

Employees' Share Option Scheme ('ESOS')

The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting held on 16 September 2002. It became effective on 3 October 2002 for a period of 5 years.

The main features of the ESOS are :

- The total number of shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time during the existence of the ESOS.
- Eligible employees are those who have been confirmed in writing as an employee of the Group for at least three (3) years of continuous services at the date of the offer or an eligible director is a full-time executive director of the Group. Where a foreign employee is serving the Group under an employment contract, the contract shall be for a duration of at least five (5) years.
- The option price shall be set at a discount of not more than 10% from the weighted average market price of the Company for the five (5) market days immediately preceding the date of offer or the par value of the shares of the Company of RM1.00 each, whichever is higher.
- An option granted under ESOS shall be capable of being exercised by the grantee by notice in writing to the Company during the year commencing from the date of the offer and expiring on 2 October 2007. The options granted was exercisable by the grantee in multiples of 1,000 shares until 27 August 2003 whereby the ESOS Bye-Laws was amended to allow employee to exercise their granted option in multiple of 100 shares in the following manners :

Maximum percentage of new shares comprise in all options granted to the grantee which may be subscribed for within each particular year of the scheme					
No. of lots allotted (in multiples of 100 shares)	Year 1	Year 2	Year 3	Year 4	Year 5
1 – 19	100%	-	-	-	-
20 – 39	50%	50%	-	-	-
40 – 99	25%	25%	25%	25%	-
100 and above	20%	20%	20%	20%	20%

- Options exercisable in a particular year but not exercised can be carried forward to the subsequent years subject to the time limit of the ESOS.
- All the new ordinary shares issued arising from ESOS rank pari-passu in all respects with the existing ordinary shares of the Company.
- The grantees have no right to participate, by virtue of these options, in any share issue of any other company within the Group.

On 10 October 2002 and 15 October 2002, a total of 2,924,000 and 22,000 options were granted to the employees of the Group respectively at an exercise price of RM1.58 per share.

The movements in the share options during the financial year are as follows :

	No. of options over ordinary shares of RM1.00 each		
	First offer on 10 October 2002	Second offer on 15 October 2002	Total
Balance as at 1 July 2002	-	-	-
Granted	2,924,000	22,000	2,946,000
Exercised	(2,000)	-	(2,000)
Lapsed*	(407,000)	-	(407,000)
Balance as at 30 June 2003	2,515,000	22,000	2,537,000

*Due to resignation or offers not taken up.

Directors' Report (Cont'd)

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
 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

In accordance with the Company's Articles of Association, Mr Chan Kwai Heng, Encik Sahid bin Mohamed Yasin and Mr. Cheong Chung Yet retire by rotation, and being eligible, offer themselves 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 and share options of the Company and related corporations were as follows :-

	Number of ordinary shares of RM1.00 each			
	Balance at 1.7.2002	Bought	Sold	Balance at 30.6.2003
Direct interest in shares of the Company				
Cheong Chung Yet	10,666	-	-	10,666
Chong Chin Lin	6,000	28,666	-	34,666
Indirect interest by virtue of shares held by a company in which the Directors have interests				
Yong Pang Chaun	18,000,179	-	-	18,000,179
Yong Lai Wah	18,000,179	-	-	18,000,179
Yong Lee Peng	18,000,179	-	-	18,000,179
Chong Chin Lin	18,000,179	-	-	18,000,179
Direct interest in shares of the subsidiary company				
Vincci Ladies' Specialties Centre Sdn. Bhd.				
Yong Lai Wah	5,000	-	-	5,000

Directors' Report (Cont'd)

DIRECTORS' INTERESTS (cont'd)

Direct interest in share options of the Company	Option price RM	Number of options over ordinary shares of RM1.00 each			
		Balance at 1.7.2002	Granted	Exercised	Balance at 30.6.2003
Yong Pang Chaun	1.58	-	100,000	-	100,000
Chan Kwai Heng	1.58	-	100,000	-	100,000
Chong Chin Lin	1.58	-	100,000	-	100,000
Yong Lee Peng	1.58	-	100,000	-	100,000
Cheong Chung Yet	1.58	-	43,000	-	43,000

By virtue of their interests in share of the Company, 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.

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.

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 Directors' remuneration as disclosed in the Group's and the Company's financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may arise from related party transactions as disclosed in Note 25 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 except for the Employees Share Option Scheme above.

OTHER STATUTORY INFORMATION

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

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- 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 :

- which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading; or

Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION (cont'd)

- 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.

AUDITORS

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

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

.....
DATUK DR ABDULLAH BIN ABDUL RAHMAN

.....
YONG PANG CHAUN

20 October 2003

Kuala Lumpur

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 35 to 75 are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the 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 2003 and of the results and cash flow of the Group and the Company for the financial year ended on that date.

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

DATUK DR ABDULLAH BIN ABDUL RAHMAN

YONG PANG CHAUN

20 October 2003

Kuala Lumpur

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 35 to 75 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 20 day of October 2003) Before me

Statement by Directors

Statutory Declaration
Annual Report 2003

Report of the Auditors to the Members

of Padini Holdings Berhad

We have audited the financial statements set out on pages 35 to 75 of **PADINI HOLDINGS BERHAD** for the financial year ended 30 June 2003. 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 consider 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 2003 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
Chartered Accountants

Peter Chong Ton Nen
No 394/03/04/J/PH
Partner of the Firm

20 October 2003

Kuala Lumpur

Consolidated Balance Sheet

as at 30 June 2003

	Note	2003 RM	As restated 2002 RM
PROPERTY, PLANT AND EQUIPMENT	4	25,487,438	28,941,034
INVESTMENT IN AN ASSOCIATED COMPANY	6	584,527	582,140
INVESTMENT	7	184,334	214,334
INTANGIBLE ASSETS	8	120,693	151,830
CURRENT ASSETS			
Inventories	9	36,670,435	31,966,343
Receivables	10	17,276,360	18,167,801
Tax asset	11	1,524,330	1,756,611
Deposit, cash and bank balances	12	19,746,011	13,723,415
		75,217,136	65,614,170
CURRENT LIABILITIES			
Payables	13	12,887,292	10,204,444
Borrowings	14	5,598,620	7,355,474
Tax liability	11	1,189,625	2,135,044
		19,675,537	19,694,962
NET CURRENT ASSETS		55,541,599	45,919,208
FINANCED BY :		81,918,591	75,808,546
SHARE CAPITAL	15	40,002,000	40,000,000
RESERVES	16	41,372,671	34,887,623
SHAREHOLDERS' FUND		81,374,671	74,887,623
MINORITY INTEREST		223,440	211,203
LONG TERM AND DEFERRED LIABILITIES			
BORROWINGS	14	65,635	180,835
DEFERRED TAXATION	17	254,845	528,885
		81,918,591	75,808,546

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

Consolidated Income Statement

for the financial year ended 30 June 2003

			As restated
		2003	2002
	Note	RM	RM
REVENUE	18	187,774,453	173,340,723
COST OF SALES		(98,218,774)	(96,060,078)
GROSS PROFIT		89,555,679	77,280,645
OTHER OPERATING INCOME		1,202,983	568,478
		90,758,662	77,849,123
SELLING AND DISTRIBUTION COSTS		(55,206,376)	(46,279,098)
ADMINISTRATION EXPENSES		(19,578,001)	(18,890,352)
PROFIT FROM OPERATIONS	19	15,974,285	12,679,673
FINANCE COSTS	21	(623,007)	(1,090,398)
SHARE OF RESULTS OF ASSOCIATED COMPANY		15,456	30,415
PROFIT BEFORE TAXATION		15,366,734	11,619,690
TAXATION			
- Group		(5,965,840)	(5,520,658)
- Share of taxation in associated company		(13,069)	(8,275)
	11	(5,978,909)	(5,528,933)
PROFIT AFTER TAXATION BUT BEFORE MINORITY INTEREST		9,387,825	6,090,757
MINORITY INTEREST		(23,937)	(21,041)
NET PROFIT FOR THE FINANCIAL YEAR		9,363,888	6,069,716
EARNINGS PER SHARE (SEN)	22	23.4	15.2
DILUTED EARNINGS PER SHARE (SEN)	22	23.3	NA
DIVIDEND PER SHARE (SEN)	23		
- Interim		5.0	-
- Final		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 2003

	Note	Share capital RM	Share premium RM	Retained profits RM	Total RM
At 1 July 2001					
- as previously reported		30,000,000	4,179,261	35,934,884	70,114,145
- prior year adjustment	32	-	-	(216,238)	(216,238)
- as restated		30,000,000	4,179,261	35,718,646	69,897,907
Bonus issue		10,000,000	(4,179,261)	(5,820,739)	-
Dividend		-	-	(1,080,000)	(1,080,000)
Net profit for the financial year		-	-	6,069,716	6,069,716
At 30 June 2002		40,000,000	-	34,887,623	74,887,623
At 1 July 2002					
- as previously reported		40,000,000	-	35,098,362	75,098,362
- prior year adjustment	32	-	-	(210,739)	(210,739)
- as restated		40,000,000	-	34,887,623	74,887,623
Issuance of shares		2,000	1,160	-	3,160
Dividend	23				
- interim		-	-	(1,440,000)	(1,440,000)
- final		-	-	(1,440,000)	(1,440,000)
Net profit for the financial year		-	-	9,363,888	9,363,888
At 30 June 2003		40,002,000	1,160	41,371,511	81,374,671

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

Consolidated Cash Flow Statement

for the financial year ended 30 June 2003

	Note	2003 RM	2002 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		15,366,734	11,619,690
Adjustments for :			
Allowance for doubtful debts no longer required		-	(1,477,419)
Amortisation of intangible assets		39,484	37,814
Bad debts written off		-	1,681,544
Depreciation of property, plant and equipment		6,955,137	6,536,560
Gain on disposal of property, plant and equipment		(246,851)	(55,357)
Interest expenses		474,069	971,689
Interest income		(35,003)	(1,734)
Inventories written down		200,287	-
Investment written off		30,000	-
Property, plant and equipment written off		9,478	-
Share of results of associated company		(15,456)	(30,415)
Operating profit before working capital changes		22,777,879	19,282,372
Inventories		(4,904,379)	7,910,218
Receivables		891,441	575,597
Payables		2,682,848	(3,037,191)
Cash generated from operations		21,447,789	24,730,996
Dividend paid		(2,880,000)	(1,080,000)
Tax paid	11	(6,953,018)	(6,551,258)
Net cash generated from operating activities		11,614,771	17,099,738

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

Consolidated Cash Flow Statement (Cont'd)

for the financial year ended 30 June 2003

	Note	2003 RM	2002 RM
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to intangible asset		(8,347)	(129,510)
Interest received		35,003	1,734
Investment in an associated company		-	(560,000)
Proceeds from disposal of property, plant and equipment		1,222,948	112,761
Purchase of investment		-	(26,824)
Purchase of property, plant and equipment		(4,487,116)	(8,228,715)
Net cash used in investing activities		(3,237,512)	(8,830,554)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(474,069)	(971,689)
Changes to short term borrowings		4,500,000	(2,856,308)
Dividend paid to minority interest		(11,700)	(15,660)
Proceeds from issuance of shares		3,160	-
Repayment of hire purchase and finance lease obligations		(501,696)	(884,077)
Net cash generated from/ (used in) financing activities		3,515,695	(4,727,734)
NET INCREASE IN CASH AND CASH EQUIVALENTS		11,892,954	3,541,450
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		6,869,050	3,327,600
CASH AND CASH EQUIVALENTS CARRIED FORWARD	24	18,762,004	6,869,050

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 2003

	Note	2003 RM	2002 RM
PROPERTY, PLANT AND EQUIPMENT	4	7,903,524	8,160,291
INVESTMENT IN SUBSIDIARY COMPANIES	5	48,566,503	52,255,971
INVESTMENT IN AN ASSOCIATED COMPANY	6	560,000	560,000
CURRENT ASSETS			
Receivables	10	16,900,445	12,770,937
Tax asset	11	899,832	1,130,469
Deposit, cash and bank balances	12	245,356	259,777
		18,045,633	14,161,183
CURRENT LIABILITIES			
Payables	13	459,021	352,080
NET CURRENT ASSETS		17,586,612	13,809,103
		74,616,639	74,785,365
FINANCED BY :			
SHARE CAPITAL	15	40,002,000	40,000,000
RESERVES	16	34,614,639	34,731,365
SHAREHOLDERS' FUND		74,616,639	74,731,365
DEFERRED TAXATION	17	-	54,000
		74,616,639	74,785,365

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

Income Statement

for the financial year ended 30 June 2003

	Note	2003 RM	2002 RM
REVENUE	18	9,421,250	11,045,150
OTHER OPERATING INCOME		929,298	772,988
ADMINISTRATION EXPENSES		(4,737,213)	(7,108,835)
PROFIT FROM OPERATIONS	19	5,613,335	4,709,303
FINANCE COSTS	21	(1,295)	(1,094)
PROFIT BEFORE TAXATION		5,612,040	4,708,209
TAXATION	11	(2,794,987)	(3,289,000)
NET PROFIT FOR THE FINANCIAL YEAR		2,817,053	1,419,209

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

Statement of Changes in Equity

for the financial year ended 30 June 2003

Note	Share capital RM	Share premium RM	Revaluation reserve RM	Retained profits RM	Total RM
At 1 July 2001	30,000,000	4,179,261	27,055,094	8,703,168	69,937,523
Bonus issue	10,000,000	(4,179,261)	-	(5,820,739)	-
Dividend	-	-	-	(1,080,000)	(1,080,000)
Net gain not recognised in the income statement					
- surplus on revaluation of investment in subsidiary companies	-	-	4,454,633	-	4,454,633
Net profit for the financial year	-	-	-	1,419,209	1,419,209
					5,873,842
At 30 June/1 July 2002	40,000,000	-	31,509,727	3,221,638	74,731,365
Issuance of shares	2,000	1,160	-	-	3,160
Dividend	23				
- interim	-	-	-	(1,440,000)	(1,440,000)
- final	-	-	-	(1,440,000)	(1,440,000)
Net loss not recognised in the income statement					
- reversal on revaluation of investment in subsidiary companies	-	-	(54,939)	-	(54,939)
Net profit for the financial year	-	-	-	2,817,053	2,817,053
					2,762,114
At 30 June 2003	40,002,000	1,160	31,454,788	3,158,691	74,616,639

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

Cash Flow Statement

for the financial year ended 30 June 2003

	Note	2003 RM	2002 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		5,612,040	4,708,209
Adjustments for:			
Depreciation of property, plant and equipment		388,670	478,266
Impairment loss on investment in subsidiary companies		3,634,529	5,998,499
Dividend income		(9,351,250)	(10,975,150)
Operating profit before working capital changes		283,989	209,824
Receivables		(4,129,508)	(5,950,819)
Payables		106,941	25,866
Cash used in operations		(3,738,578)	(5,715,129)
Dividend paid		(2,880,000)	(1,080,000)
Tax paid	11	(2,618,350)	(3,073,042)
Net cash used in operating activities		(9,236,928)	(9,868,171)
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend received		9,351,250	10,975,150
Investment in an associated company		-	(560,000)
Purchase of property, plant and equipment		(131,903)	(104,401)
Subscription of shares in subsidiary companies		-	(220,960)
Net cash generated from investing activities		9,219,347	10,089,789
CASH FLOW FROM FINANCING ACTIVITY			
Proceeds from issuance of shares		3,160	-
Net cash generated from financing activity		3,160	-
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(14,421)	221,618
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		259,777	38,159
CASH AND CASH EQUIVALENTS CARRIED FORWARD	24	245,356	259,777

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

Notes to the Financial Statements

- 30 June 2003

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and provisions of management services to its subsidiary companies. The principal activities of the subsidiary companies are as disclosed in Note 5 to the financial statements.

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

The total number of employees of the Group and the Company (including executive directors) at the end of the financial year were 1,684 (2002: 1,694) and 4 (2002: 2) respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Second Board of the Kuala Lumpur Stock Exchange.

The address of the registered office and the principal place of business is No. 21, Lot 116, Jalan U1/20, Hicom Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.

The Board has authorised the issuance of the financial statements on 20 October 2003.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks and the overall risk management objective is to ensure the Group creates value for its shareholders whilst minimising the potential adverse effects on the performance. The Group does not use derivative financial instruments to hedge its risks and does not trade in financial instruments during the financial year.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk, interest rate risk, liquidity and cash flow risk. We set out below the policies and other measures taken to manage these risks :-

Credit risk

The Group is exposed to credit risk mainly from trade receivables. They are subject to continuous review. At balance sheet date, the maximum exposure for the Group was represented by the carrying amount of the financial assets.

Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily US Dollar for which the Ringgit Malaysia is pegged at 1 US Dollar equivalents to RM3.80. The Group's direct exposure to foreign exchange rate risk is minimal.

Interest rate risk

The Group is exposed to interest rate risk mainly from its fixed deposit and borrowings. The Group mitigates the exposure on interest rate fluctuation by borrowing at both fixed and floating rate of interest. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against interest rate risk.

Liquidity and cash flow risk

The Group practices prudent liquidity risk management by maintaining sufficient cash and committed credit facilities to meet the Group's operating and financing requirements for the foreseeable future.

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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.

3.2 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 the 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.

Minority interest is measured at the minorities' shares of the net results of operations and the net assets of subsidiary company concerned.

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 of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Associated company

Investment in associated company is accounted for in the consolidated financial statements by the equity method of accounting. Associated companies are enterprises in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associated company but not control over those policies.

Equity accounting involves recognising in the income statement of the Group's share of the results of associated company for the period. The Group's investment in associated company is carried in the balance sheet at an amount that reflects its share of the net assets of the associated company and includes goodwill on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

Where audited financial statements of the associated company is not coterminous with those of the Group, the share of results is based on the unaudited management financial statements made up to the financial year end of the Group.

Unrealised gains on transactions between the Group and its associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associated company to ensure consistency of accounting policies with the Group.

3.4 Investment

Investment in subsidiary companies, associated company and other non current investment are shown at cost or at valuation and are adjusted for impairment where the diminution in value is not temporary.

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' values of the subsidiary companies.

Where investment in subsidiary companies are stated at valuation, the net increase in the aggregate amount arising from the revaluation is credited to a revaluation reserve account as revaluation surplus. Net decrease in the aggregate amount arising from the revaluation will be charged to the revaluation reserve account. To the extent that a net decrease in aggregate amount is not supported by any previous revaluation surplus, the net decrease is charged to the 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.

3.5 Goodwill

Goodwill on consolidation represents the difference between the fair value of purchase consideration of subsidiary companies acquired over the Group's share of the fair values of their separable net assets at the date of acquisition.

Goodwill on consolidation is reported in the balance sheet as an intangible asset or liability and is amortised using the straight line method over its useful life or 20 years, whichever is shorter.

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Goodwill (cont'd)

The carrying amount of goodwill is reviewed annually and written down to account for impairment where necessary.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associates. An impairment loss is recognised when the Directors are of the view that there is a diminution in its value which is other than temporary.

The carrying amounts of goodwill for associated are reviewed at each balance sheet date to determine whether there is any diminution of impairment. If such an indication exist, the goodwill recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount exceeds the recoverable amounts.

3.6 Intangible asset

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.

The carrying amount of intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

3.7 Property, plant and equipment

All property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. 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 (net of tax) 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 (net of tax). 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.

Subsequent to revaluation, any addition is stated at cost whilst disposal is at cost or valuation as appropriate.

Previously, the tax impact for surplus on revaluation was not accounted for. The change in accounting policy is made to be in compliance with MASB 25 which is applied retrospectively. The financial impact of the change in accounting policy is disclosed in Note 32 to the financial statements.

The land and buildings have not been revalued since the date of the revaluation exercise as stated in Note 4. 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.

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Property, plant and equipment (cont'd)

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

	Number of years
Leasehold land	78 - 88
Buildings	50
Plant and machinery	5
Motor vehicles	5
Furniture and fixtures, office equipment, tools and equipment	3 - 5

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

3.8 Inventories

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

Cost is determined using the first-in, first-out method. The cost 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 the estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

3.9 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.

3.10 Liabilities

Borrowings, trade and other payables are stated at cost.

3.11 Provisions

Provisions, if any, is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Leases

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 or by way of penalty is recognised as an expense in the period in which termination takes place.

Finance lease

Finance lease assets are capitalised at the lower of the fair value of the leased asset or the present value of the minimum lease payments, at the inception of the 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.

3.13 Taxation and deferred taxation

Income tax on the results for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred taxation asset and liability are accounted for using the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient future taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient future taxable profit will be available, such reductions will be reversed.

Previously, 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.

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Taxation and deferred taxation (cont'd)

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

The change in accounting policy is made to be in compliance with MASB 25 which is applied retrospectively. The financial impact of the change in accounting policy is disclosed in Note 32 to the financial statements.

3.14 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 risk 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 companies in 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 companies in the Group.

Other revenues

- 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.
- Interest income - on an accrual basis (taking into account the effective yield on the assets) unless collectibility is in doubt.

3.15 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 rates used in translation of foreign currency amount are as follows :

Foreign currency	2003	2002
1 Hong Kong Dollar	RM0.4824	RM0.4823
1 US Dollar	RM3.8000	RM3.8000
1 Singapore Dollar	RM2.1420	RM2.1300
1 Brunei Dollar	RM2.1420	RM2.1300

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings in the period in which they are declared.

3.17 Impairment of assets

The carrying amount of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. The impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement.

All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

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

3.18 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investment, receivable, payable and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

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

3.19 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 risk of changes in value.

3.20 Comparatives

Comparative figures have been adjusted to conform with changes in presentation resulting from the change in accounting policy explained in Note 32.

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

4. PROPERTY, PLANT AND EQUIPMENT

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	Tools and equipment RM	Total RM
Net carrying amounts as at								
1 July 2002	8,476,709	4,376,972	81,204	1,273,729	11,477,285	1,990,468	1,264,667	28,941,034
Additions	15,500	-	-	421,897	3,267,320	574,766	207,633	4,487,116
Disposals	-	(699,106)	-	(2,160)	(274,831)	-	-	(976,097)
Written off	-	-	(2,236)	-	(167)	-	(7,075)	(9,478)
Depreciation charge	(127,624)	(64,063)	(28,994)	(401,935)	(5,075,436)	(877,375)	(379,710)	(6,955,137)
Net carrying amounts as at 30 June 2003	8,364,585	3,613,803	49,974	1,291,531	9,394,171	1,687,859	1,085,515	25,487,438
As at 30 June 2003								
Cost	7,943,183	3,613,409	593,809	3,716,434	35,686,780	5,645,753	4,518,644	61,718,012
Valuation	1,164,000	750,000	-	-	-	-	-	1,914,000
Accumulated depreciation	(742,598)	(749,606)	(543,835)	(2,424,903)	(26,292,609)	(3,957,894)	(3,433,129)	(38,144,574)
Net carrying amounts	8,364,585	3,613,803	49,974	1,291,531	9,394,171	1,687,859	1,085,515	25,487,438
As at 30 June 2002								
Cost	7,927,683	4,312,515	1,299,505	3,296,697	32,694,458	5,070,987	4,318,086	58,919,931
Valuation	1,164,000	750,000	-	-	-	-	-	1,914,000
Accumulated depreciation	(614,974)	(685,543)	(1,218,301)	(2,022,968)	(21,217,173)	(3,080,519)	(3,053,419)	(31,892,897)
Net carrying amounts	8,476,709	4,376,972	81,204	1,273,729	11,477,285	1,990,468	1,264,667	28,941,034

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

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

Company	Freehold land and buildings RM	Motor vehicles RM	Furniture and fixtures RM	Office equipment RM	Tools and equipment RM	Total RM
Net carrying amounts as at 1 July 2002	7,522,229	-	177,011	347,051	114,000	8,160,291
Additions	15,500	-	11,918	85,830	18,655	131,903
Depreciation charge	(104,345)	-	(56,005)	(191,630)	(36,690)	(388,670)
Net carrying amounts as at 30 June 2003	7,433,384	-	132,924	241,251	95,965	7,903,524
As at 30 June 2003						
Cost	7,943,183	368,161	1,209,721	1,200,596	378,434	11,100,095
Accumulated depreciation	(509,799)	(368,161)	(1,076,797)	(959,345)	(282,469)	(3,196,571)
Net carrying amounts	7,433,384	-	132,924	241,251	95,965	7,903,524
As at 30 June 2002						
Cost	7,927,683	368,161	1,197,803	1,114,766	359,779	10,968,192
Accumulated depreciation	(405,454)	(368,161)	(1,020,792)	(767,715)	(245,779)	(2,807,901)
Net carrying amounts	7,522,229	-	177,011	347,051	114,000	8,160,291

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

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

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

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
(i) Assets carried at valuation less accumulated depreciation :				
- freehold buildings	931,200	954,480	-	-
- leasehold land and building	632,887	644,235	-	-
	<u>1,564,087</u>	<u>1,598,715</u>	<u>-</u>	<u>-</u>
Had these assets been carried at cost less accumulated depreciation :				
- freehold buildings	279,360	286,344	-	-
- leasehold land and building	370,450	359,817	-	-
	<u>649,810</u>	<u>646,161</u>	<u>-</u>	<u>-</u>

The freehold buildings and leasehold land and building were valued by independent professional valuers based on the open market value method in 1982.

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
(ii) Assets pledged as securities for banking facilities				
- freehold land and buildings	8,364,585	8,476,709	7,433,384	7,522,229
- leasehold land and buildings	3,613,803	3,732,739	-	-
	<u>11,978,388</u>	<u>12,209,448</u>	<u>7,433,384</u>	<u>7,522,229</u>
(iv) Assets held under hire purchase instalment plan				
- motor vehicles	233,216	344,981	-	-
- plant and machinery	29,792	35,273	-	-
- furniture and fixtures	15,973	23,369	-	-
	<u>278,981</u>	<u>403,623</u>	<u>-</u>	<u>-</u>
(iv) Assets held under finance lease				
- motor vehicles	13,642	27,285	-	-
- furniture and fixtures	822,462	1,494,196	-	-
	<u>836,104</u>	<u>1,521,481</u>	<u>-</u>	<u>-</u>

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

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

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
(v) Title deeds to the following land and buildings have yet to be issued by the relevant authority				
- freehold land and buildings	8,364,585	8,476,709	7,433,384	7,522,229
- leasehold land and buildings	2,980,916	3,732,739	-	-
	11,345,501	12,209,448	7,433,384	7,522,229

Included in the property, plant and equipment are the following which have been fully depreciated but still in use :

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
At cost				
Plant and machinery	415,227	1,111,792	-	-
Motor vehicle	1,032,197	1,032,197	368,161	368,161
Furniture and fixtures	11,697,421	10,581,029	946,712	935,682
Office equipment	1,821,425	1,196,191	695,354	193,405
Tools and equipment	2,605,543	2,318,092	196,339	196,339
	17,571,813	16,239,301	2,206,566	1,693,587

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2003	2002
	RM	RM
Unquoted shares		
At valuation	60,858,626	60,858,626
Less: Accumulated impairment losses	(12,292,123)	(8,602,655)
	48,566,503	52,255,971

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

5. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

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

Subsidiary companies of the Company	Gross equity interest		Principal activities
	2003 %	2002 %	
Vincci Ladies' Specialties Centre Sdn. Bhd.	99.69	99.69	Dealers of ladies' shoes and accessories.
Padini Corporation Sdn. Bhd.	100	100	Dealers of garments.
Seed Corporation Sdn. Bhd.	100	100	Dealers of garments and ancillary products.
Yee Fong Hung (Malaysia) Sendirian Berhad	100	100	Dealers of garments and ancillary products.
Mikihouse Children's Wear Sdn. Bhd.	100	100	Dealers of children's garments and accessories.
Vincci Holdings Sdn. Bhd.	100	100	Manufacturer of garments.
Padini Dot Com Sdn. Bhd.	100	100	On-line shopping.
The New World Garment Manufacturers Sdn. Bhd.	100	100	Dormant.

6. INVESTMENT IN AN ASSOCIATED COMPANY

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
At cost				
Unquoted shares	560,000	560,000	560,000	560,000
Share of post acquisition profits	24,527	22,140	-	-
	584,527	582,140	560,000	560,000
Represented by :				
Share of net assets	600,044	598,519	-	-
Negative goodwill on acquisition	(15,517)	(16,379)	-	-
	584,527	582,140	-	-

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

6. INVESTMENT IN AN ASSOCIATED COMPANY (cont'd)

Included in share of post acquisition profits is accumulated amortisation of negative goodwill of RM1,724 (2002: RM862).

The associated company is incorporated in Malaysia. Details of the associated company are :

Name of associated company	Gross equity interest		Principal activities
	2003 %	2002 %	
Cassardi Corporation Sdn. Bhd.	40	40	Manufacturer of garments.

7. INVESTMENT

At cost	Group	
	2003 RM	2002 RM
Unquoted shares in Singapore	-	30,000
Quoted shares in Malaysia	60,584	60,584
Club membership	123,750	123,750
	<u>184,334</u>	<u>214,334</u>
Market value of quoted shares	<u>24,332</u>	<u>33,310</u>

8. INTANGIBLE ASSETS

Group	Trademarks RM	
Net carrying amounts as at 1 July 2002		151,830
Additions		8,347
Amortisation charge		<u>(39,484)</u>
Net carrying amounts as at 30 June 2003		<u>120,693</u>
	2003 RM	2002 RM
Cost	215,005	206,658
Accumulated amortisation	<u>(94,312)</u>	<u>(54,828)</u>
Net carrying amounts	<u>120,693</u>	<u>151,830</u>

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

9. INVENTORIES

	Group	
At cost	2003 RM	2002 RM
Raw materials	2,864,451	3,026,114
Completed garments, shoes and accessories	32,467,160	28,940,229
	<u>35,331,611</u>	<u>31,966,343</u>
At net realisable value		
Completed garments, shoes and accessories	1,338,824	-
	<u>36,670,435</u>	<u>31,966,343</u>

During the financial year, the Group's inventories has been written down to its net realisable value by RM200,287 (2002: Nil).

10. RECEIVABLES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Trade receivables	10,179,084	12,002,957	10,024	90,110
Other receivables and prepayments	613,656	511,296	86,663	15,942
Deposits				
- business premises	6,209,896	5,117,372	-	-
- others	243,997	326,473	24,949	24,949
Due from subsidiary companies				
- non-trade	-	-	16,778,809	12,639,936
Due from associated company - trade	29,727	209,703	-	-
	<u>17,276,360</u>	<u>18,167,801</u>	<u>16,900,445</u>	<u>12,770,937</u>

The currency exposure profile of trade receivables is as follows :

- Ringgit Malaysia	9,312,318	11,541,229	10,024	90,110
- United State Dollar	630,745	279,761	-	-
- Singapore Dollar	9,344	2,441	-	-
- Brunei Dollar	226,677	182,526	-	-
	<u>10,179,084</u>	<u>12,005,957</u>	<u>10,024</u>	<u>90,110</u>

The amounts due from subsidiary companies and associated company are unsecured, interest free and have no fixed terms of repayment.

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

11. TAXATION

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Net tax asset/ (liability) at 1 July	(378,433)	(1,228,910)	1,130,469	1,346,427
Taxation charge for the financial year				
Malaysian taxation				
- Based on results for the year	(6,201,650)	(5,661,958)	(2,600,000)	(3,289,000)
- Adjustment in respect of prior years	(38,230)	(38,823)	(248,987)	-
Payment made during the year	6,953,018	6,551,258	2,618,350	3,073,042
Net tax asset/(liability) at 30 June	334,705	(378,433)	899,832	1,130,469
Disclosed as :-				
Tax asset	1,524,330	1,756,611	899,832	1,130,469
Tax liability	(1,189,625)	(2,135,044)	-	-
	334,705	(378,433)	899,832	1,130,469

The taxation expenses comprise :

Malaysian taxation

- Based on results for the year	6,201,650	5,661,958	2,600,000	3,289,000
- Adjustment in respect of prior years	38,230	38,823	248,987	-
	6,239,880	5,700,781	2,848,987	3,289,000
Deferred taxation (Note 17)				
- Based on results for the year	(297,041)	(123,683)	-	-
- Adjustment in respect of prior years	23,001	(56,440)	(54,000)	-
	(274,040)	(180,123)	(54,000)	-
	5,965,840	5,520,658	2,794,987	3,289,000

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

11. TAXATION (cont'd)

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Share of taxation in associated company				
- current year	2,919	8,275	-	-
- adjustment in respect of prior years	10,150	-	-	-
	13,069	8,275	-	-
	5,978,909	5,528,933	2,794,987	3,289,000

(i) Reconciliation of tax expense with accounting profit :

Group

	2003 RM		2002 RM	
Profit before taxation	15,366,734		11,619,690	
	RM	%	RM	%
Tax at the current income tax rate	4,302,685	28	3,253,513	28
Tax effect of expenses that are not deductible in determining taxable profits :				
- Depreciation of non-qualifying property, plant and equipment	462,813	3	521,696	5
- Non-allowable expenses	52,484	-	368,650	3
- Others	(28,462)	-	(102,720)	(1)
- Losses of certain subsidiaries where no group relief is available	1,115,089	7	1,497,136	13
	5,904,609	38	5,538,275	48

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

11. TAXATION (cont'd)

(ii) Reconciliation of tax expense with accounting profit :

Company	2003 RM		2002 RM	
Profit before taxation	5,612,040		4,708,209	
	RM	%	RM	%
Tax at the current income tax rate	1,571,371	28	1,318,299	28
Tax effect of expenses that are not deductible in determining taxable profits :				
- Impairment loss on investment in subsidiaries	1,017,669	18	1,679,580	36
- Non-allowable expenses	10,960	-	291,121	6
	2,600,000	46	3,289,000	70

(iii) Certain subsidiaries of the Group have the following potential deferred tax assets :

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Temporary differences between accounting depreciation and related capital allowances	2,352,500	1,361,900	1,046,000	1,078,000
Unabsorbed business losses	12,150,000	9,267,000	-	-
	14,502,500	10,628,900	1,046,000	1,078,000
Deferred tax asset calculated at 28% tax rate, not recognised in the financial statements	4,060,700	2,976,000	292,800	301,800

Deferred tax asset is only recognised to the extent of the cumulative taxable temporary differences of the respective subsidiaries as at financial year end.

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

12. DEPOSIT, CASH AND BANK BALANCES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Cash and bank balances	14,746,011	13,703,291	245,356	259,777
Fixed deposit with a licensed bank	5,000,000	20,124	-	-
	<u>19,746,011</u>	<u>13,723,415</u>	<u>245,356</u>	<u>259,777</u>

13. PAYABLES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Trade payables	11,213,097	8,539,853	-	-
Other payables and accruals	1,674,195	1,664,591	203,041	96,080
Due to subsidiary companies - non-trade	-	-	255,980	256,000
	<u>12,887,292</u>	<u>10,204,444</u>	<u>459,021</u>	<u>352,080</u>

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

14. BORROWINGS

	Group	
	2003 RM	2002 RM
Current, secured		
Bank overdrafts	984,007	6,854,365
Bankers' acceptance	4,500,000	-
Hire purchase and finance lease obligations	114,613	501,109
	<u>5,598,620</u>	<u>7,355,474</u>
Non current, secured		
Hire purchase and finance lease obligations	65,635	180,835
	<u>5,664,255</u>	<u>7,536,309</u>

- (i) The borrowings are secured by way of legal charges over the Group's and the Company's land and buildings as disclosed in Note 4(ii).

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

14. BORROWINGS (cont'd)

(ii) Interest charged is as follows :

- Overdrafts - 2% (2002: 2% to 2.25%) above the lending banks' base lending rate per annum.
- Bankers' acceptance - 1.5% (2002: 1.5%) above the inter bank rate per annum.
- Hire purchase and finance lease - implicit interest rate ranging from 9.58% to 14.5% (2002: 9.58% to 14.5%) per annum.

(iii) Hire purchase and finance lease obligations

	Group	
	2003 RM	2002 RM
Minimum lease payments		
- not later than 1 year	127,498	576,378
- later than 1 year and not later than 5 years	70,419	197,916
	197,917	774,294
Less : Unexpired finance charges	(17,669)	(92,350)
	180,248	681,944
Payable as follows :-		
- not later than 1 year	114,613	501,109
- later than 1 year and not later than 5 years	65,635	180,835
	180,248	681,944

15. SHARE CAPITAL

	Group/Company		Group/Company	
	2003 No. of shares	2002 No. of shares	2003 RM	2002 RM
Authorised :				
Ordinary shares of RM1 each	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid :				
Ordinary shares of RM1 each	40,000,000	30,000,000	40,000,000	30,000,000
At 1 July				
Share options exercise	2,000	-	2,000	-
Bonus issue	-	10,000,000	-	10,000,000
At 30 June	40,002,000	40,000,000	40,002,000	40,000,000

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

15. SHARE CAPITAL (cont'd)

The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting held on 16 September 2002. It became effective on 3 October 2002 for a period of 5 years.

The main features of the ESOS are :

- (a) The total number of shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time during the existence of the ESOS.
- (b) Eligible employees are those who have been confirmed in writing as an employee of the Group for at least three (3) years of continuous services at the date of the offer or an eligible director is a full-time executive director of the Group. Where a foreign employee is serving the Group under an employment contract, the contract shall be for a duration of at least five (5) years.
- (c) The option price shall be set at a discount of not more than 10% from the weighted average market price of the Company for the five (5) market days immediately preceding the date of offer or the par value of the shares of the Company of RM1.00 each, whichever is higher.
- (d) An option granted under ESOS shall be capable of being exercised by the grantee by notice in writing to the Company during the year commencing from the date of the offer and expiring on 2 October 2007. The options granted was exercisable by the grantee in multiples of 1,000 shares until 27 August 2003 whereby the ESOS Bye-Laws was amended to allow employees to exercise their granted option in multiple of 100 shares in the following manners :

Maximum percentage of new shares comprise in all options granted to the grantee which may be subscribed for within each particular year of the scheme					
No. of lots allotted (in multiples of 100 shares)	Year 1	Year 2	Year 3	Year 4	Year 5
1 – 19	100%	-	-	-	-
20 – 39	50%	50%	-	-	-
40 – 99	25%	25%	25%	25%	-
100 and above	20%	20%	20%	20%	20%

- (e) Options exercisable in a particular year but not exercised can be carried forward to the subsequent years subject to the time limit of the ESOS.
- (f) All the new ordinary shares issued arising from ESOS rank pari-passu in all respects with the existing ordinary shares of the Company.
- (g) The grantees have no right to participate, by virtue of these options, in any share issue of any other company within the Group.

On 10 October 2002 and 15 October 2002, a total of 2,924,000 and 22,000 options were granted to the employees of the Group respectively at an exercise price of RM1.58 per share.

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

15. SHARE CAPITAL (cont'd)

The movements in the share options during the financial year are as follows :

	No. of options over ordinary shares of RM1.00 each		
	First offer on 10 October 2002	Second offer on 15 October 2002	Total
Balance as at 1 July 2002	-	-	-
Granted	2,924,000	22,000	2,946,000
Exercised	(2,000)	-	(2,000)
Lapsed*	(407,000)	-	(407,000)
Balance as at 30 June 2003	2,515,000	22,000	2,537,000

*Due to resignation or offers not taken up.

16. RESERVES

	Group		Company	
	2003 RM	Restated 2002 RM	2003 RM	2002 RM
Non distributable				
Revaluation reserve	-	-	31,454,788	31,509,727
Share premium	1,160	-	1,160	-
	1,160	-	31,455,948	31,509,727
Distributable				
Retained profits	41,371,511	34,887,623	3,158,691	3,221,638
	41,372,671	34,887,623	34,614,639	34,731,365

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax, 1967 to frank the payment of dividend out of its entire distributable reserves as at 30 June 2003.

17. DEFERRED TAXATION

Certain subsidiaries of the Group have the following deferred tax liability :

	Group		Company	
	2003 RM	Restated 2002 RM	2003 RM	2002 RM
Deferred tax liability on cumulative temporary difference arising from revaluation of assets				
At 1 July	210,739	216,238	-	-
Transferred to income statement	(5,499)	(5,499)	-	-
At 30 June	205,240	210,739	-	-

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

17. DEFERRED TAXATION (cont'd)

	Group		Company	
	2003	As Restated 2002	2003	2002
	RM	RM	RM	RM
Deferred tax liability on other cumulative temporary differences				
At 1 July	318,146	492,770	54,000	54,000
Transferred to income statement	(268,541)	(174,624)	(54,000)	-
At 30 June	49,605	318,146	-	54,000
Total deferred tax liabilities as at 30 June	254,845	528,885	-	54,000
Total deferred taxation transferred to income statement (Note 11)	274,040	180,123	54,000	-

18. REVENUE

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Dividend income	-	-	9,351,250	10,975,150
Sale of goods	187,774,453	173,340,723	-	-
Rendering of management services	-	-	70,000	70,000
	187,774,453	173,340,723	9,421,250	11,045,150

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

19. PROFIT FROM OPERATIONS

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

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audit				
- current year	115,000	105,000	25,000	20,000
- (over)/ under provision				
in prior years	(1,000)	-	-	1,000
- tax services	1,900	1,900	1,400	1,400
Allowance for doubtful				
debts no longer required	-	(1,477,419)	-	-
Amortisation of intangible				
assets	39,484	37,814	-	-
Bad debts written off	-	1,681,544	-	-
Depreciation of property,				
plant and equipment	6,955,137	6,536,560	388,670	478,266
Directors' remuneration				
(Note 20)	2,146,954	2,075,594	100,000	60,000
Gain on disposal of				
property, plant and				
equipment	(246,851)	(55,357)	-	-
Impairment loss on				
investment in				
subsidiary				
companies	-	-	3,634,529	5,998,499
Interest income	(35,003)	(1,734)	-	-
Inventories written down	200,287	-	-	-
Investment written off	30,000	-	-	-
Property, plant and				
equipment written off	9,478	-	-	-
Rental income	(200,700)	(95,200)	(678,816)	(678,816)
Rental of equipment	42,810	84,571	-	-
Rental of premises	18,018,650	14,455,407	-	-
Royalty income	(160,824)	(102,742)	-	-
Staff costs	34,579,452	33,228,424	106,801	43,336

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

20. DIRECTORS' REMUNERATION

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Directors of the Company				
- fees	100,000	60,000	100,000	60,000
- other emoluments	1,936,480	1,905,120	-	-
Director of a subsidiary company				
- other emoluments	110,474	110,474	-	-
	<u>2,146,954</u>	<u>2,075,594</u>	<u>100,000</u>	<u>60,000</u>

The estimated monetary value of other benefits not included in the above received by the Directors of the Group and the Company were RM84,483 (2002: RM79,900) and RM600 (2002: RM600) respectively.

This represents remuneration received or receivable by the following directors :-

Directors of the Company

Datuk Dr. Abdullah bin Abdul Rahman

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

Director of a subsidiary company

Yong Lai Ang

	Executive 2003 RM	Non- executive 2003 RM	Executive 2002 RM	Non- executive 2002 RM
Group				
Directors of the Company				
Fees	-	100,000	-	60,000
Other emoluments				
- Salaries	1,596,000	-	1,596,000	-
- Bonus	133,000	-	105,000	-
- Statutory contribution	207,480	-	204,120	-
- Estimated value of benefits in kind	84,483	-	79,900	-
	<u>2,020,963</u>	<u>100,000</u>	<u>1,985,020</u>	<u>60,000</u>

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

20. DIRECTORS' REMUNERATION (cont'd)

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

	Executive 2003	Non- executive 2003	Executive 2002	Non- executive 2002
RM1 - RM50,000	-	2	-	-
RM50,001 - RM100,000	-	1	-	1
RM100,001 - RM150,000	1	-	1	-
RM300,001 - RM350,000	-	-	-	-
RM350,001 - RM400,000	5	-	5	-
	6	3	6	1

	Executive 2003 RM	Non- executive 2003 RM	Executive 2002 RM	Non- executive 2002 RM
Company				
Directors of the Company				
Fees	-	100,000	-	60,000
Other emoluments				
- Estimated value of benefits in kind	600	-	600	-
	600	100,000	600	60,000

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

RM1 - RM50,000	1	2	1	-
RM50,001 - RM100,000	-	1	-	1
RM350,001 - RM400,000	-	-	-	-
	1	3	1	1

21. FINANCE COSTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Interests on :				
- Hire purchase and finance lease obligations	74,682	254,675	-	-
- Bank overdrafts	174,156	444,004	-	-
- Bankers' acceptance and trust receipts	218,931	253,375	-	-
- Others	6,300	19,635	-	-
	474,069	971,689	-	-
Bank charges	148,938	118,709	1,295	1,094
	623,007	1,090,398	1,295	1,094

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

22. EARNINGS PER SHARE

(i) Basic earnings per share

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

	Group	
	2003	2002
	RM	RM
Profit after taxation and minority interest	9,363,888	6,069,716
Weighted average number of ordinary shares of RM1 each	40,000,055	40,000,000
Earnings per share (sen)	23.4	15.2

The basis earnings per share for the financial year ended 30 June 2003 has been restated to include the retrospective effect of the prior year adjustment as explained in Note 32.

(ii) Diluted earnings per share

The diluted earnings per share of the Group for the financial year is calculated based on the profit after taxation and minority interest divided by the diluted weighted average number of ordinary shares is issue adjusted to assume the conversion of all dilutive potential ordinary shares.

	Group	
	2003	2002
	RM	RM
Profit after taxation and minority interest	9,363,888	NA
Weighted average number of ordinary shares issued	40,000,055	
Weighted average number of ordinary shares under options	1,828,030	
Weighted average number of ordinary shares that would have been issued at fair value	(1,681,192)	
Adjusted weighted average numbers of ordinary shares in issue	40,146,893	NA
Diluted earnings per share (sen)	23.3	NA

Note: NA denotes not applicable as the ESOS was implemented during the financial year, thus there is no comparative figures.

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

23. DIVIDENDS

Dividend declared by the Company is as follows :-

	2003		2002	
	Gross per share Sen	Dividend net of tax RM	Gross per share Sen	Dividend net of tax RM
Interim dividend	5.0	1,440,000	-	-
Final dividend	5.0	1,440,072	5.0	1,440,000

A final dividend of 5 sen per share on 40,000,000 ordinary shares, less income tax at 28%, amounting to RM1,440,000 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.

An interim dividend of 5 sen per share on 40,000,000 ordinary shares, less income tax at 28%, amounting to RM1,440,000 was paid on 29 April 2003 in respect of the current financial year.

The Directors recommend a final dividend in respect of the current financial year of 5 sen per share on 40,002,000 ordinary shares, less income tax at 28% amounting to RM1,440,072, subject to the approval of members at the forthcoming Annual General Meeting.

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Represented by :				
Deposit, cash and bank balances	19,746,011	13,723,415	245,356	259,777
Bank overdrafts	(984,007)	(6,854,365)	-	-
	18,762,004	6,869,050	245,356	259,777

25. SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosure mentioned elsewhere in the financial statements, set out below are the Group's other significant related party disclosure :-

(i) Identities of 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 :-

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

25. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(i) Identities of related parties (cont'd)

- (a) Subsidiary companies of the Company as disclosed in Note 5.
- (b) Associated company of the Company as disclosed in Note 6.
- (c) Substantial shareholder of the Company

Yong Pang Chaun Holdings Sdn. Bhd. ('YPC'), a shareholder of the Company which holds 45% equity interest in the Company where 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.

- (d) A company in which a director has financial interest

Dat Hin Garment Manufacturing Sdn. Bhd. ('Dat Hin'). The Director of the Company, Mdm. Yong Lai Wah has substantial financial interest and Mdm. Yong Lai Wah and Chong Chin Lin are also directors of Dat Hin.

(ii) Significant related party transactions

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

Transactions entered into with subsidiary companies	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Dividend income received from				
- Vincci Ladies' Specialties Centre Sdn. Bhd	-	-	3,755,700	6,981,750
- Padini Corporation Sdn. Bhd.	-	-	1,753,200	3,993,400
- Seed Corporation Sdn. Bhd.	-	-	1,224,000	-
Management fees received from				
- Seed Corporation Sdn. Bhd.	-	-	17,500	17,500
- Vincci Ladies' Specialties Centre Sdn. Bhd.	-	-	17,500	17,500
- Padini Corporation Sdn. Bhd.	-	-	17,500	17,500
- Yee Fong Hung (Malaysia) Sendirian Berhad	-	-	8,750	8,750
- Mikihouse Children's Wear Sdn. Bhd.	-	-	8,750	8,750

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

25. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(ii) Related party transactions (cont'd)

Transactions entered into with subsidiary companies	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Rental income received from				
- Seed Corporation Sdn. Bhd.	-	-	169,704	169,704
- Vincci Ladies' Specialties Centre Sdn. Bhd.	-	-	169,704	169,704
- Padini Corporation Sdn. Bhd.	-	-	169,704	169,704
- Yee Fong Hung (Malaysia) Sendirian Berhad	-	-	84,852	84,852
- Mikihouse Children's Wear Sdn. Bhd.	-	-	84,852	84,852
Transactions entered into with related parties				
Dividend paid to YPC	1,296,000	486,000	1,296,000	486,000
Sale of goods to Dat Hin	957	-	-	-
Purchase of goods from Dat Hin	29,964	-	-	-
Transactions entered into with associated company, Cassardi Corporation Sdn. Bhd.				
Sale of goods	40,263	55,315	-	-
Purchase of goods	178,083	291,173	-	-

26. LEASE 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 :

Years ending 30 June	Group	
	2003 RM	2002 RM
2003	-	17,193,706
2004	16,655,456	14,195,612
2005	12,227,978	8,424,331
2006	3,904,133	1,742,583
2007	49,599	-
	<u>32,837,166</u>	<u>41,556,232</u>

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

27. CONTINGENT LIABILITIES

	Company	
	2003	2002
	RM	RM
Secured		
Freehold land and building pledged to bank for banking facilities granted to a subsidiary company	7,433,384	7,522,229
Unsecured		
Corporate guarantee to banks and financial institutions for banking facilities granted to certain subsidiary companies		
- Facilities approved	40,966,000	37,966,000
- Amount utilised	5,581,007	6,882,016

28. FINANCIAL INSTRUMENTS

(i) Interest rate risk

Other than those disclosed in the financial statements, the effective yield of fixed deposits with licensed banks is 2.73% per annum.

(ii) Credit risk

Receivables

The Group's normal trade receivables credit period ranges from 2 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

Payables

The normal trade credit period granted to the Group ranges from 30 to 90 days or such other period as negotiated with the suppliers.

(iii) Fair values

The carrying amounts of the financial assets and liabilities of the Group and the Company classified as current assets and current liabilities as at 30 June 2003 approximates their fair values due to the relatively short term maturity of these financial instruments.

The fair value of quoted investment is derived by references to stock exchange last transacted price at the close of business on the balance sheet date.

The fair value of long term borrowings is estimated based on the current rates available for borrowings with the similar maturity profile. The carrying amount of the long term borrowings at balance sheet date approximates their fair value.

These notes form part of the financial statements.

Notes to the Financial Statements (Cont'd)

- 30 June 2003

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

A wholly-owned subsidiary company, The New World Garment Manufacturers Sdn. Bhd., had entered into a Sale and Purchase Agreement on 14 June 2002 to dispose off its leasehold land and building for a total cash consideration of RM820,000. The disposal had been completed during the financial year.

30. SUBSEQUENT EVENTS

Subsequent to the balance sheet date,

- (a) Corporate guarantee to bank for banking facilities granted by the Company to its subsidiary company, Padini Corporation Sdn. Bhd. amounting to RM8 million;
- (b) The Company had entered into a Sale and Purchase Agreement on 8 August 2003 to purchase a piece of industrial land for a total consideration of RM4,500,000; and
- (c) The Group has entered into contract to set up two new concept shops for RM4,650,000.

31. SEGMENTAL INFORMATION

The Group operates principally in retail industry in Malaysia. The other business segments are not significant to the results of the Group. Accordingly, information analysing geographical and industry segments is not presented.

32. PRIOR YEAR ADJUSTMENT

The Group adopted MASB 25-Income Taxes during the financial year which has been applied retrospectively. Opening balance of certain financial captions have been adjusted to account for the impact of the change in accounting policies as follows :

	As previously reported RM	Effect of change in policy RM	As restated RM
Statement of changes in equity			
Retained profits at 1 July 2001	35,934,884	(216,238)	35,718,646
Retained profits at 1 July 2002	35,098,362	(210,739)	34,887,623
Balance sheet			
Deferred tax liability	318,146	210,739	528,885
Reserves	35,098,362	(210,739)	34,887,623
Income statement			
Tax expenses	(5,526,157)	5,499	(5,520,658)
Net profit for the financial year	6,064,217	5,499	6,069,716

These notes form part of the financial statements.

Directors' Shareholdings and Interests

As at 30 October 2003

DIRECTORS' SHAREHOLDINGS AS AT 30 OCTOBER 2003

Shareholdings in the Company

Director	No. of Shares Held			
	Indirect	%	Direct	%
DATUK DR ABDULLAH BIN ABDUL RAHMAN	NIL	NIL	NIL	NIL
DATO' ZULKIFLI BIN ABDUL RAHMAN	NIL	NIL	NIL	NIL
YONG PANG CHAUN	18,034,845 *	44.94	NIL	NIL
CHAN KWAI HENG	NIL	NIL	40,000	0.10
CHEONG CHUNG YET	NIL	NIL	10,666	0.03
CHONG CHIN LIN	18,000,179 ^	44.85	34,666	0.09
YONG LEE PENG	18,000,179 ^	44.85	NIL	NIL
YONG LAI WAH	18,000,179 ^	44.85	NIL	NIL
SAHID BIN MOHAMED YASIN	NIL	NIL	NIL	NIL

* Deemed interested through Yong Pang Chaun Holdings Sdn. Bhd. and via his spouse, Mdm. Chong Chin Lin's direct interest.

^ Deemed interested through Yong Pang Chaun Holdings Sdn. Bhd.

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

Director	No. of Shares Held			
	Indirect	%	Direct	%
YONG LAI WAH	NIL	NIL	5,000	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.

Analysis of Shareholdings

As at 30 October 2003

Authorised Share Capital	:	RM50,000,000-00
Issued and Paid-up Capital	:	RM40,130,000-00
Class of Shares	:	Ordinary Shares of RM1-00 each
Voting rights	:	One vote per Ordinary share
No. of shareholders	:	675

DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 30/10/2003

No. of Holders	Holdings	Total Holdings	%
23	less than 100	823	0.00
103	100 - 1,000	90,664	0.23
473	1,001 - 10,000	1,306,449	3.26
56	10,001 - 100,000	1,603,058	3.99
15	100,001 - 2,006,499	5,884,828	14.66
5	2,006,500 and above	31,244,178	77.86
675	TOTAL	40,130,000	100.00

Analysis of Shareholdings

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30/10/2003

No.	Name	Nationality	Registered Holder	No. of Shares held or beneficially interested in		Percentage of Shareholding	
				Direct	Indirect	Direct	Indirect
1	Yong Pang Chaun Holdings Sdn. Bhd.	Incorporated in Malaysia	-Yong Pang Chaun Holdings Sdn. Bhd. -UOBM Nominees (Tempatan) Sdn. Bhd.	10,000,179 8,000,000	- -	24.92 19.94	- -
2	Puncak Bestari Sdn. Bhd.	Incorporated in Malaysia	-HDM Nominees (Tempatan) Sdn. Bhd. -Puncak Bestari Sdn. Bhd.	8,000,000 3,950,666	- -	19.94 9.84	- -
3	Yong Pang Chaun **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -UOBM Nominees (Tempatan) Sdn. Bhd. -Chong Chin Lin	- - -	10,000,179 8,000,000 34,666 #	- - -	24.92 19.94 0.09
4	Chong Chin Lin **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -UOBM Nominees (Tempatan) Sdn. Bhd. -Chong Chin Lin	- - 34,666	10,000,179 8,000,000 -	- - 0.09	24.92 19.94 -
5	Yong Lee Peng **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -UOBM Nominees (Tempatan) Sdn. Bhd.	- -	10,000,179 8,000,000	- -	24.92 19.94
6	Yong Lai Wah **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -UOBM Nominees (Tempatan) Sdn. Bhd.	- -	10,000,179 8,000,000	- -	24.92 19.94
7	Seo Cheng Gaok	Malaysian	-Seo Cheng Gaok	2,413,332	-	6.01	-

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.

Deemed Interest via his spouse, Madam Chong Chin Lin's direct interest.

Analysis of Shareholdings (Cont'd)

As at 30 October 2003

LIST OF TOP 30 SHAREHOLDERS AS AT 30/10/2003

(As per the Record of Depositors)

No.	Name	No. of Shares	%
1	Yong Pang Chaun Holdings Sdn. Bhd.	10,000,179	24.92
2	UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Yong Pang Chaun Holdings Sdn. Bhd.	8,000,000	19.94
3	HDM Nominees (Tempatan) Sdn. Bhd. Qualifier : HDM Venture Capital Sdn. Bhd for Puncak Bestari Sdn. Bhd.	8,000,000	19.94
4	Puncak Bestari Sdn. Bhd.	2,837,333	7.07
5	Seo Cheng Gaok	2,406,666	6.00
6	Puncak Bestari Sdn. Bhd.	1,113,333	2.77
7	AMMB Nominees (Tempatan) Sdn. Bhd. Qualifier : Amtrustee Berhad for SBB Dana Al-Ihsan (5-2-7)	692,666	1.73
8	Shia Yoon @ Chia Win Thy	689,333	1.72
9	Perbadanan Nasional Berhad	600,000	1.50
10	Universal Trustee (Malaysia) Berhad Qualifier : SBB Emerging Companies Growth Fund	600,000	1.50
11	Yong Yee Ching	505,998	1.26
12	Thian Yee Chin	430,300	1.07
13	Ho Kok Keong	337,332	0.84
14	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for A.A. Anthony Securities Sdn. Bhd. (2555 PENG)	148,000	0.37
15	Leong Choong Wai	136,000	0.34
16	Hong Leong Finance Berhad Qualifier : Pledged Securities Account for Chong Ton Nen @ Peter Chong	132,667	0.33
17	Affluent Projects Sdn. Bhd.	132,666	0.33
18	Min Seng Realty Sdn Bhd	125,200	0.31
19	Wong Kiat Choong	121,333	0.30
20	Citicorp Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Yip Swee Kian (472257)	120,000	0.30
21	Chin Koy Nyei	100,000	0.25
22	Tan Boon Hooi	100,000	0.25
23	Wong Kiat Choong	96,000	0.24
24	Yee Man	86,000	0.21
25	Akira Koizumi	80,000	0.20
26	Ong Sing Hewa	69,000	0.17
27	Cheam Shou-Sen	60,000	0.15
28	HLG Nominee (Tempatan) Sdn Bhd Qualifier : Pledged Securities Account for Gan Eng Peng	52,000	0.13
29	Lah Kar Seong	52,000	0.13
30	Citicorp Nominees (Asing) Sdn. Bhd. Qualifier : GSI for Ferrell Premier Funds Ltd. PCC (Ferrell Asia FD)	48,000	0.12
	TOTAL	37,872,006	94.39

List of Group Properties

As at 30 June 2003

Location	Description / Existing Use	LandArea/ Built-up Area (sq. ft.)	Tenure	Approximate Age of Buildings	Net Carrying Amount @ 30.06.2003 (RM)
No. 21, Lot 116, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam Date of acquisition : 11 June 1998	office cum 2-storey warehouse : Corporate headquarters & central warehouse	45,962 / 56,568	Freehold	7.5 years	7,433,385
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	30 years	931,200
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	21.5 years	632,887
No. 1, 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	2208 / 7552	Leasehold - 99 years expiring on 11.09.2082	13 years	618,848
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	13 years	638,174
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	13 years	624,936
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	13 years	1,098,958

Statement Regarding Revaluation Policy

As at 30 June 2003

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.

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Form of Proxy

I/We _____ of _____
 _____ being a member/members of Padini Holdings Berhad ('the
 Company') hereby appoint _____
 of _____
 or failing him/her, _____
 of _____
 or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the Twenty-
 Second Annual General Meeting of the Company to be held at No. 21 Lot 116, Jalan U1/20, Hicom Glenmarie Industrial Park,
 40000 Shah Alam, Selangor Darul Ehsan on 22 December 2003 at 10:00 a.m. or at any adjournment thereof.

With reference to the agenda set forth in the Notice of Meeting, please indicate with an "X" in the space provided below how
 you wish your votes to be cast on the ordinary resolution specified. If no specific direction as to the voting is given, the Proxy
 will vote or abstain at his/her discretion.

		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 of RM100,000/-		
Resolution 4	To re-elect Mr Chan Kwai Heng as Director		
Resolution 5	To re-elect Mr Cheong Chung Yet as Director		
Resolution 6	To re-elect Encik Sahid Bin Mohamed Yasin as Director		
Resolution 7	To appoint Messrs Peter Chong & Co. as Auditors		
Resolution 8	Authority to issue shares pursuant to Section 132D		

Dated this _____ day of _____ 2003

No. of ordinary shares held

Signature of Member / Common Seal

Notes :

- A member of the Company entitled to attend and vote at the above meeting, 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.
- Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his holdings to be represented by each proxy.
- 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 Darul Ehsan, not less than forty eight (48) hours before the time set for the meeting or adjourned meeting (or in the case of a poll before the time set for the taking of the poll).

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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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