PADINI HOLDINGS BERHAD

(50202-A)
(Incorporated in Malaysia)

Annual Report 2004

Contents

NOTICE IS HEREBY GIVEN that the Twenty-Third 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 2004 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 2004 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 2004 (2003 : RM100,000/-). (Resolution 3)

4. To re-elect the following Directors retiring pursuant to Article 102(1) of the Company's Articles of Association:-

   i) Datuk Dr. Abdullah Bin Abdul Rahman (Resolution 4)
   ii) Mdm. Chong Chin Lin (Resolution 5)
   iii) Mdm. Yong Lee Peng (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. **Ordinary Resolution**

   - Proposed Renewal of Shareholders' Mandates For Recurrent Related Party Transactions of A Revenue or Trading Nature which are in the Ordinary Course of Business and Provision of Financial Assistance within the Group

   To consider and, if thought fit, to pass the following as an Ordinary Resolution :

   "**THAT**, pursuant to Chapter 10.09, Practice Note 12/2001 and Practice Note 14/2002 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), approval be and is hereby given to the Company and/or its subsidiary companies to enter into any of the category of recurrent related party transactions of a revenue or trading nature as set out in Section 2 of the Circular to Shareholders dated 30 November 2004 ("the Circular") with the related parties mentioned therein which are necessary for Padini Group's day-to-day operations subject to the following:-

   a) the transactions are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and on terms not detrimental to the minority shareholders of the Company; and

   b) the breakdown of the aggregate value of transactions on the Proposed Recurrent Related Party Transactions conducted during the financial year based on the type of the recurrent transactions and the names of the Related Parties involved will be disclosed in the annual report for the said financial year.

6. (Cont'd)

THAT, pursuant to Chapter 8.23, Chapter 10.09 and paragraph 5.1 of Practice Note 14/2002 of the Listing Requirements of Bursa Malaysia, approval be and is hereby given to the Company and/or its subsidiary companies to provide financial assistance within the Group as specified in Section 8 of the Circular to Shareholders dated 30 November 2004 via the centralised treasury management system of Padini Group, which entails the provision of financial assistance within the Group on a short or medium term basis not exceeding three years, subject to the following:

a) if the actual amount of financial assistance provided or rendered exceeds the estimated amount as stipulated in paragraph 8.2 of the Circular to Shareholders dated 30 November 2004 ("Estimate"), Padini shall make an announcement of the same; and

b) if the percentage ratio of the amount of financial assistance provided or rendered in excess of the Estimate is 5% or more, Padini shall comply with Chapter 10.08 of the Listing Requirements of Bursa Malaysia.

AND THAT the Mandates for Recurrent Related Party Transactions of A Revenue or Trading Nature which are in the Ordinary Course of Business and Provision of Financial Assistance within the Group are subject to annual renewal. In this respect, any authority conferred by the mandates shall only continue to be in force until :-

a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this Annual General Meeting, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;

b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." (Resolution 8)

7. **Ordinary Resolution**

- Proposed New Shareholders' Mandate For Recurrent Related Party Transactions of A Revenue or Trading Nature which are in the Ordinary Course of Business

To consider and, if thought fit, to pass the following as an Ordinary Resolution :

"**THAT**, pursuant to Chapter 10.09, Practice Note 12/2001 and Practice Note 14/2002 of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into any of the category of recurrent related party transactions of a revenue or trading nature as set out in Section 3 of the Circular to Shareholders dated 30 November 2004 ("the Circular") with the related parties mentioned therein which are necessary for the Padini Group's day-to-day operations subject to the following:-

7. (Cont'd)

a) the transactions are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and on terms not detrimental to the minority shareholders of the Company; and

b) the breakdown of the aggregate value of transactions on the Proposed Recurrent Related Party Transactions conducted during the financial year based on the type of the recurrent transactions and the names of the Related Parties involved will be disclosed in the annual report for the said financial year.

AND THAT such approval shall continue to be in force until :-

a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this Annual General Meeting, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;

b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." (Resolution 9)

8. **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 Bursa Malaysia Securities Berhad 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 10)

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

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting to be held on 22 December 2004, a final dividend of 5%, less 28% income tax in respect of the financial year ended 30 June 2004 will be paid on 18 March 2005 to shareholders whose names appear in the Record of Depositors on 28 February 2005.

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 28 February 2005 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

LIEW KHOON WAN (MACS 00103)
HO MUN YEE (MAICSA 0877877)
Company Secretaries

Selangor
30 November 2004

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/her 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/her holdings to be represented by each proxy.

(iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or 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 appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll).

EXPLANATORY NOTE ON SPECIAL BUSINESS

1. Proposed Renewal of Shareholders' Mandates For Recurrent Related Party Transactions of A Revenue or Trading Nature which are in the Ordinary Course of Business and Provision of Financial Assistance within the Group

The Ordinary Resolution, if approved, will authorise the Company and/or its subsidiary companies to enter into any of the category of recurrent transactions of a revenue or trading nature as set out in Section 2 of the Circular to Shareholders dated 30 November 2004 ("the Circular") provided that such transaction are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or will subsist until the expiration of the period within which the next AGM of the Company is required by law to be held, whichever is the earlier.

The Ordinary Resolution, if approved, will also authorise the Company and/or its subsidiary companies to provide financial assistance as set out in Section 8 of the Circular to Shareholders dated 30 November 2004 ("the Circular") provided that :-

- the Company in seeking the Provision of Financial Assistance Mandate in accordance with Chapter 8.23 and 10.09 of the Listing Requirements, shall include in its circular, in addition to such other information as prescribed under the Listing Requirements, the estimated amounts or value of financial assistance (hereinafter referred to as "the Estimate"); and

- if the actual amount of financial assistance provided or rendered exceeds the Estimate, the Company shall make an immediate announcement of the same. If the percentage ratio of the amount of financial assistance provided or rendered in excess of the Estimate is 5% or more, the Company shall comply with Chapter 10.08 of the Listing Requirements.

and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or will subsist until the expiration of the period within which the next AGM of the Company is required by law to be held, whichever is the earlier.

2. Proposed New Shareholders' Mandate For Recurrent Related Party Transactions of A Revenue or Trading Nature which are in the Ordinary Course of Business

The Ordinary Resolution, if approved, will authorise the Company and/or its subsidiary companies to enter into any of the category of recurrent transactions of a revenue or trading nature as set out in Section 3 of the Circular to Shareholders dated 30 November 2004 ("the Circular") provided that such transaction are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or will subsist until the expiration of the period within which the next AGM of the Company is required by law to be held, whichever is the earlier.

3. 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.

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

a) Datuk Dr. Abdullah Bin Abdul Rahman
b) Mdm. Chong Chin Lin
c) Mdm. Yong Lee Peng

Further details of the above Directors are set out in the Profile of the Board of Directors on pages 26 to 29 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 2004. 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	4 meetings
Chong Chin Lin	5 meetings
Chan Kwai Heng	5 meetings
Yong Lee Peng	4 meetings
Yong Lai Wah	5 meetings
Cheong Chung Yet	4 meetings
Sahid Bin Mohamed Yasin	4 meetings

3. Date, Time and Place of General Meetings

Meeting	Date & Time	Place
EGM	26 May 2004 @ 10:00 a.m.	No. 21 Lot 116, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam
23rd AGM	22 December 2004 @ 10:00 a.m.	No. 21 Lot 116, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam

CHAIRMAN	Datuk Dr. Abdullah bin Abdul Rahman
MANAGING DIRECTOR	Yong Pang Chaun
DIRECTORS	Dato' Zulkifli bin Abdul Rahman Yong Lai Wah Yong Lee Peng Chong Chin Lin Chan Kwai Heng Sahid bin Mohamed Yasin Cheong Chung Yet
SECRETARIES	Ho Mun Yee (MAICSA 0877877) Liew Khoon Wan (MACS 00103)
AUDITORS	Peter Chong & Co. Chartered Accountants
PRINCIPAL BANKERS	Malayan Banking Berhad United Overseas Bank (Malaysia) Berhad
REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS	No. 21 Lot 116, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam Selangor Darul Ehsan Tel : 03 - 7805 3535 Fax : 03 - 7805 1066
SHARE REGISTRAR	PFA Registration Services Sdn. Bhd. Level 13, Uptown 1 No.1 Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan Tel : 03 - 7725 4888 Fax : 03 - 7722 2311
STOCK EXCHANGE LISTING	Main Board of the Bursa Malaysia Securities Berhad

PADINI HOLDINGS BERHAD
(50202-A)

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)

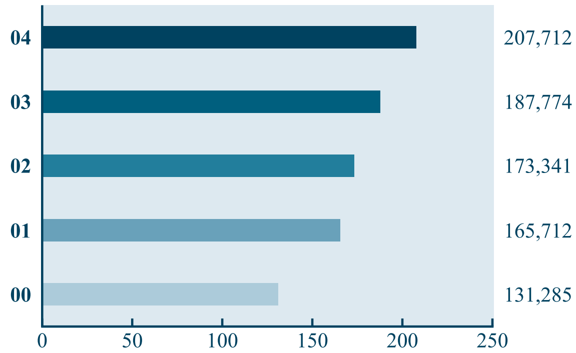
Group Financial Highlights

	2000 RM	2001 RM	2002 RM	2003 RM	2004 RM
Revenue	131,285,289	165,712,181	173,340,723	187,774,453	207,712,482
Profit before taxation	9,455,292	9,852,123	11,589,275	15,351,278	11,572,370
Profit after tax and minority interest attributable to shareholders	5,502,313	6,748,167	6,047,576	9,361,501	6,340,211
Shareholders' fund	63,149,740	69,897,907	74,865,483	81,350,144	86,695,424
Basic earnings per share (sen) based on profit attributable to shareholders	9.17	11.25	10.08	15.60	10.42
Diluted earnings per share (sen)	NA	NA	NA	15.55	10.07

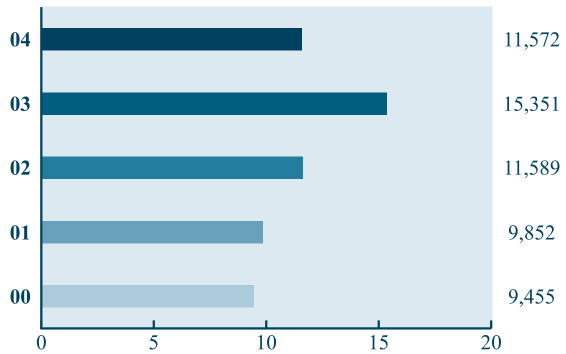
NA denotes not applicable as the ESOS was implemented during the financial year 2003.

Net tangible assets	63,138,569	69,837,773	74,713,653	81,229,451	85,974,174
NTA per share (sen)	105	116	125	135	139
Dividend rate	5%	5%	5%	10%	10%

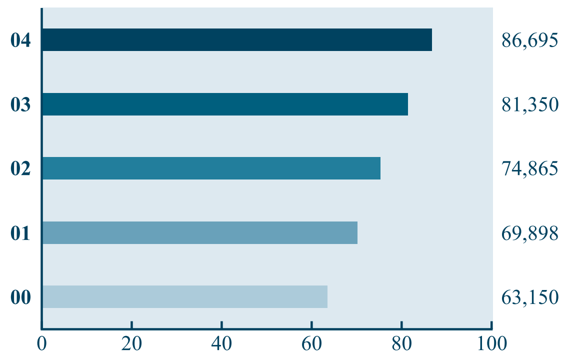
Revenue (RM Thousand)



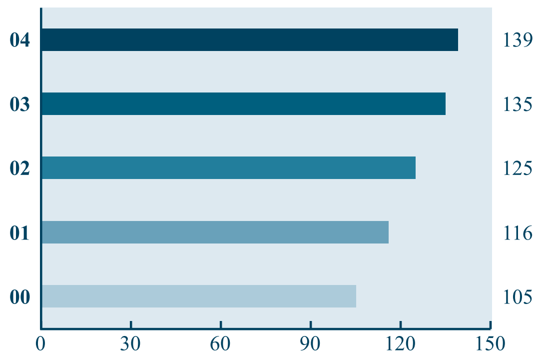
Profit before tax (RM Thousand)



Shareholders' fund (RM Thousand)



Net tangible asset per share (Sen)



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 2004.

INDUSTRY TREND AND DEVELOPMENT

The fashion retail industry has always been and continues to remain a very competitive industry. In recent years, rising disposable incomes, a growing middle class, and the quickening pace of urbanisation have all contributed to a rapid expansion in amount of retail space available, especially in the urban centres of Malaysia. In turn, this has provided tremendous opportunities for more and more brands to be showcased. The market has become increasingly segmented by a most diverse range of characteristics; price, age, lifestyle preferences, income, gender, archetypes, social class, culture, etc.; the consumer is spoilt for choice. Competition in such an environment can only be expected to get more intense, and jostling among the industry's players to gain a greater share of the consumer's attention and spending is most certainly expected to get more bruising.

As such, we have to be constantly vigilant against complacency. No matter our past successes, there must be no resting upon our laurels, lest we become a victim of our own success. It is absolutely important that we continually improve our ability to make meaningful plans based upon a clear understanding of the business, to carry out those plans efficiently and effectively, and to be ready to respond should changes in the external environment so dictate. We will have to invest, not only to strengthen our brands, or to provide a higher level of service to our customers, but also to raise the efficiency and quality of both the business' human capital resources as well as that of its organisational work processes.

FINANCIAL RESULTS

For the financial year under review, the Group achieved a consolidated revenue of RM207.7 million, a growth of 10.6% over the previous year's amount of RM187.8 million. While gross profits rose in tandem by 9.5% over the same periods, the benefit was not transferred to the profits before taxation. An increase of 16.6% in operating expenses caused Group profit before taxation to decline by about 24.6%, from RM15.35 million achieved in the previous year to RM11.57 million in the current financial year. Profits after taxation attributable to the shareholders also fell 32.3% to RM6.34 million when compared to the amount of RM9.36 million achieved during the previous financial year. While the Group was able to successfully drive its revenues and earn higher gross margins, these had been achieved on the back of rapidly escalating operating costs.

DIVIDENDS

An interim dividend of 5% (less 28% income tax) for the financial year ended 30 June 2004 amounting to RM1.48 million had been paid on 3 June 2004.

The Board of Directors is also pleased to recommend a final dividend of 5% less 28% income tax for the financial year ended 30 June 2004 for approval by the shareholders at the forthcoming Annual General Meeting.

BUSINESS REVIEW

The Group's revenues were derived primarily from its domestic operations. Garments, shoes, fashion accessories made up the bulk of the products offered for sale through the numerous retail stores and consignment counters that the Group manages. While the former are free-standing stores located in major shopping malls, the latter are operated out of department stores run by local retailers. The products mentioned are carried under the following brand names; Vincci, Padini Authentics, PDI, Padini, Seed, Miki, P&Co, and Monaco, all of which are owned by the Group.

BUSINESS REVIEW (Cont'd)

As at the time of writing, our retail network can be best described as follows.:

Nature of outlets	Location	Operated by	Number of outlets
Free-standing single-brand stores	Malaysia	Padini Group	67
Free-standing single-brand stores	Overseas	Appointed dealers	6
Free-standing multi-brand concept stores*	Malaysia	Padini Group	6
Franchise stores	Malaysia	Appointed franchisees	7
Franchise stores	Overseas	Appointed franchisees/licensees	15
Store-within-store: consignment only*	Malaysia	Padini Group	87
Store-within-store: outright	Overseas	Appointed dealers	17
Total			205

* Note that in our Annual Report for the financial year ended 30 June 2003, a similar list showing the above details did not include free-standing multi-brand concept stores (actually, there were 3 at that time), but had instead included the various counters housed in our concept stores as part of the store-within-store (Malaysia) total. However in the table above, the store-within-store total for Malaysia are only for consignment counters, and the number for multi-brand concept stores are indicated separately.

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, is still the most profitable of the Group's trading subsidiary companies. During the financial year considered, it had earned RM10.2 million in pretax profits (RM10.6 million in 2003) from revenues of RM79.2 million (RM66.6 million in 2003). Pretax profits fell in spite of rising revenues, and this was due mainly to lower gross margins earned and to higher operating costs incurred. Total operating costs had risen by about RM4.3 million for the current year, and the bulk of that increase, about 71%, came from the increase in selling and distribution costs.

Operating in the garments segment, Padini Corporation Sdn Bhd with three brands, Padini, Padini Authentics and PDI, came up second, achieving a turnover of RM70.9 million (RM64.2 million in 2003) and a pretax profit of RM4.4 million (RM5.4 Million in 2003). Here again pretax profits declined despite the rise in revenues. With gross margins earned remaining nearly the same as those earned in 2003, the fall in pretax profits was again due to the substantial increases in operating costs, particularly for selling and distribution. Total operating costs rose by some RM5 million, and the bulk of that increase, about 92%, came from the increase in selling and distribution costs.

Seed Corporation Sdn Bhd had RM43.7 million in revenues (RM44.2 million in 2003) and earned RM121,000 in pretax profits (RM3.5 million in 2003). A reduction in gross margins earned coupled with an increase of about RM2.5 million in operating costs incurred in the current year had contributed to the significantly poorer performance by this subsidiary. Even though its operating costs increase was the lowest among the three major trading subsidiary companies, its reduced revenues and gross margins had caused it to earn substantially less pretax profits than the first two companies mentioned.

Put in comparison with Seed Corporation Sdn Bhd, the remaining trading subsidiary companies, Mikihouse Children's Wear Sdn Bhd, which handled the Miki label, and Yee Fong Hung (M) Sendirian Berhad, which handled the P& Co label while still suffering losses, had managed to improve upon their previous year's performance. Mikihouse Children's Wear Sdn Bhd generated RM6.5 million revenues (RM6.2 million in 2003) and incurred a loss of RM1.3 million (RM1.4 million in 2003), while Yee Fong Hung (M) Sendirian Berhad had revenues of RM7.7 million (RM7.4 million in 2003) and a loss of RM1 million (RM1.6 million in 2003).

Manufacturing

We have managed to improve upon the operations of our sole remaining manufacturing subsidiary, Vincci Holdings Sdn Bhd. For the current year, it managed to earn a pretax profit of RM125,000 (loss of RM865,000 in 2003) even though its turnover of about RM2 million represented a 35% fall in revenues from that earned in 2003.

Franchise, Licensing, and Dealership Operations

Vincci / VNC

While the number of Vincci franchise-operated stores in Malaysia had remained the same at 7, the number located overseas had increased to 10 from 6 reported last year. We further expect that another 4 stores, 1 in Philippines and 3 in Saudi Arabia, will be opened by the end of March 2005.

In Thailand, where Vincci is marketed via a dealership, we now have 5 stores as against the 2 reported in 2003. It is also expected that another 3 more such stores will be opened by early January 2005.

Do note that in those markets where the Vincci name cannot be used due to trade mark ownership issues, the VNC label is used instead. Currently, our franchise stores in Singapore and Philippines are using the VNC name.

Seed

In late October 2004, 3 Seed licensee-operated shops located in the UAE and in Saudi Arabia, were opened for business. Covering a total area of some 9,300 square feet, these shops showcase the entire men's, ladies' and children's range of our Seed products. It is expected that by end of March 2005, another 3 more of these will be opened in Saudi Arabia.

Padini Authentics

In late October 2004, our licensee in Saudi Arabia had opened 2 shops carrying Padini Authentics merchandise and expects to add another 3 also by the end of March 2005.

Our development in the area of franchising, licensing and dealerships in the markets abroad is growing at a nice pace. From 8 such stores reported last year, we now have 21, with another 13 expected to open by March 2005. In the years to come, this will surely contribute greatly to our export revenues and earnings, and at the same time help the Group overcome its over-dependence on the domestic market, and help alleviate the risks that come with that.

Cafe Operations

We now have 2 free-standing cafes and 2 that are located at our concept stores in Phase 2 of the One Utama Shopping Centre and in City Square, Johor Baru. For the current financial year, total losses sustained by the cafe operations before accounting for depreciation was at RM1.08 million. Of all the cafes, the one located at Sungei Wang Plaza holds the most promise, and would be allowed more time to develop; as for the others, a decision must be made soon to consider their future options. As a start, the cafe that forms part of our concept store in City Square, Johor Baru is scheduled to close in early 2005 so that the retail space it currently occupies may be more profitably utilised.

Branding

We remain ever committed in our efforts to build on the value of our brands. While the Group spent RM3.42 million (1.8% of Group revenues) in the previous financial year for brand-building and promotional activities, the sum expended for this purpose rose to RM5.98 million (2.9% of Group revenues) in the year under review. For the coming financial year ending 30 June 2005, we have budgeted an amount of RM7.9 million. To effectively build meaningful brand equity, our future branding strategies and efforts will be centred around the issues of brand loyalty, brand awareness and recall, perceived quality, and brand association and identity.

Branding (Cont'd)

In line with our branding efforts, we will also continue to strive for improving levels of customers' service. Besides promoting greater courtesy and appreciation for the customer at the shop level, we also have a very liberal return and exchange policy. While we have to guard against instances of abuse and to periodically review and fine-tune this return and exchange policy, we are still persisting with it as we strongly believe that we should not allow our genuine customers to be punished for the actions of an unscrupulous minority. Besides this, we also maintain 2 dedicated telephone lines to receive and handle customers' feedback. Even as we align our internal processes and policies towards better customers' service, we are contemplating to conduct a series of customer's surveys so as to determine more precisely, the things and issues that are important to our customers. This knowledge should then help us discover ways to further excel in providing value and satisfaction to our customers, and in the process help strengthen our brands further.

CORPORATE DEVELOPMENTS

On 26 May 2004, the shareholders of the Company had at an Extraordinary General Meeting of the Company approved a proposed bonus issue of up to 20,653,800 new ordinary shares of RM1.00 each, as well as a proposed increase in the Authorised Share Capital from RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each to RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each. Following that, an additional 20,604,200 new ordinary shares, issued pursuant to the bonus issue were granted listing and quotation on the Second Board of the Bursa Malaysia Securities Bhd with effect from 9.00 a.m., 24 June 2004.

With effect from 9.00 a.m., 4 August 2004, the Company's entire isssued and paid share capital of 61,824,000 ordinary shares of RM1.00 each was also transferred from the Second Board to the Main Board of the Bursa Malaysia Securities Berhad.

FUTURE OUTLOOK

On the domestic front, the fashion retail industry is set to get increasingly competitive. The depth of China's garment manufacturing sector will ensure that at least in the coming 3 to 5 years, the supply of garments will continue to remain strong, diverse in range and design, extremely affordable, and available at short notice. Therefore it can be expected that the market will see more and more players and brand names, and these will all compete for a limited supply of prime shopping locations and front-line staff. Barring an economic recession, operating costs can only go up. While we can address the problems of rising costs by putting a brand premium on prices, there is a limit to that as our brands' positioning is in the mass market segment. Better inventory management and more accurate reading of fashion trends can help raise the sell-through factor and thus improve gross margins but then again there will also be limits to that. As the situation now stands, our vulnerability is not in the short term. Over the next 3 to 5 years, tighter controls over costs and over the use of resources would still enable us to cope with the pressures posed by ever mounting costs, but to stay profitable over the long term, a more sustainable solution must be found and put to work.

While we can further improve on our internal processes so that we can reap greater returns from our efforts, the realisation is that for the Group's continued prosperity, the export markets must be exploited.

Up until 2 years ago, the Group has never sought out export markets; we have always focussed on the domestic market as it offered considerable opportunities for our brands. Our current healthy position is a result of this focus. In similar fashion, we now intend to pursue the markets abroad and we are quite sure that our export revenues will grow very strongly from 2005 onwards. Consider the following :

FUTURE OUTLOOK (Cont'd)

Financial year ended	Total exports by the Padini Group (RM'000s)	Total revenues of the Padini Group (RM'000s)	Exports as a % of total revenues
30 June 2002	3,064	173,341	1.77
30 June 2003	6,993	187,774	3.72
30 June 2004	12,841	207,712	6.18

It is quite clear therefore what potential the export markets hold. Revenues' growth can be phenominal and if done properly can add tremendously to the Group's profitability. At the moment, we are only beginning to scratch the surface of this opportunity. What is important here is for us to devise the most effective and efficient manner to tap this great potential. Additionally, the export markets will also provide our brands with a global platform and hence will ultimately enhance the value of our brand assets.

To drive this expansion initiative, the Company had acquired 2,100,000 shares, equivalent to a 70% equity interest, in Padini International Limited, a company incorporated in Hong Kong, for a consideration of HKD2.1 million. This subsidiary company will primarily have 3 tasks, i.e., seeking out and developing new supply sources from China, conducting quality checks on the merchandise acquired from our manufacturers in China, and to handle the delivery of the merchandise acquired from China to our purchasers in the export markets. We intend also from time to time have our staff in Malaysia sent over to this Hong Kong subsidiary for extended periods of time so as to expose them to the rigours of international trade and servicing of export markets.

CONCLUSION

The current decline in the performances of the three main trading subsidiary companies can be said to be generally symptomatic of the mature phase of the segments in which they now operated. With the exception of Vincci, our brands are primarily urban and targeted at the middle-class teenage and young adult segments, thus limiting somewhat the geographical size of our market in Malaysia. Further increases in domestic revenues, and this includes even Vincci, can only be driven by more promotions and greater market saturation, and this would most certainly come at great costs and further reduced profits. Hence there is now an urgent need to address the issues of more effective branding (therefore securing more market share, and the opportunity for premium pricing), increased customers' loyalty, improved productivity from our staff, and of greater focus on driving export revenues. All these would in the short-to-medium term mean more investments in our competitive competencies and probably lesser profits, but then to do any less and allow the business to deteriorate into losses and insolvency would be to do a great disservice to all of our stakeholders.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my appreciation and thanks to our management and our staff at all levels and positions for their contributions and dedication without whom the current achievements of the Padini Group would certainly not have been that commendable. I also thank our customers, business partners, bankers, advisors, and shareholders for their continued support. The Padini Group looks forward to being able to create more value for all stakeholders concerned.

Datuk Dr Abdullah bin Abdul Rahman

Chairman

Date : 8 November 2004

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 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, finance and legal matters. A brief description on the background of each director is presented on pages 26 to 29 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 the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), 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 the 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 Listing Requirements of Bursa Malaysia 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.

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 Bursa Malaysia 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 2004. The number of Board meetings held during the financial year ended 30 June 2004 and the attendance of the meetings are as follows:-

Directors	*Meetings Attended by the Directors/ Total Number of Meetings held During the Financial Year Ended 30 June 2004**	*% of Attendance*
Executive Directors		
Mr. Yong Pang Chaun	5/5	100
Mr. Chan Kwai Heng	5/5	100
Mr. Cheong Chung Yet	4/5	80
Ms. Chong Chin Lin	5/5	100
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	4/5	80
En. Sahid bin Mohamed Yasin	4/5	80

Notes
*The meetings were held on 27 August 2003, 20 October 2003, 24 November 2003, 26 February 2004 and 26 May 2004 respectively.

Restriction on Directorships

The number of Directorships held by the Directors is as stated on pages 26 to 29 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.

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 2004 are as follows:-

	Salaries RM	Fees & Allowances RM	Bonuses RM	Benefits--in-Kind RM	Statutory Contributions RM	Total RM
Executive Directors	1,596,000	-	266,000	160,007	223,440	2,245,447
Non-Executive Directors	-	100,000	-	-	-	100,000

The number of Directors whose remuneration falls into the following bands is 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	-	-
RM400,001 - RM450,000	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 Bursa Malaysia from time to time. All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by the Bursa Malaysia, and are also aware of their duty to undergo the Continuing Education Programme ("CEP") as prescribed by the Bursa Malaysia. All the directors have attended such training programmes.

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 21 to 24 for the Audit Committee report.

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 accommodate feedback from shareholders, which are factored into the Group's business decision.

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 Bursa Malaysia, 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 Bursa Malaysia. 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 30 of the Annual Report.

Relationship with Auditors

The Board has established formal and transparent arrangements for maintaining appropriate relationships with the Group's Auditors, both internal and external. Whenever the need arises, the Auditors would highlight to both the Audit Committee and the Board, matters, especially those pertaining to the area of risk management, that would require their attention and response.

Review on the Performance of the Audit Committee

In line with the Company's Term of Reference of Audit Committee which states that 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, the Company had issued the relevant performance evaluation forms for the respective Audit Committee Member and Directors for their feedback/comments.

Based on the performance evaluation conducted, the Board members were satisfied with the performance of the Audit Committee.

Report of the Audit Committee

The Board of Directors of Padini Holdings Berhad is pleased to present the report of the Audit Committee of the Board for the financial year ended 30 June 2004.

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 the Listing Requirements of Bursa Malaysia, 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 2004. The details of the attendance of the meetings are disclosed under the heading 'Attendance of Audit Committee Meetings' on page 23 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 and/or the internal 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 20 October 2003, 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 Directors or shareholders.

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.

Terms of Reference of Audit Committee (Cont'd)

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.

Procedures 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 2004 are as follows:-

Directors	***Meetings Attended by the Directors/ Total Number of Meetings held During the Financial Year Ended 30 June 2004****	***% of Attendance***
Datuk Dr. Abdullah bin Abdul Rahman	5/5	100
Dato' Zulkifli bin Abdul Rahman	4/5	80
En. Sahid bin Mohamed Yasin	4/5	80
Mr. Cheong Chung Yet	3/5	60

Notes
* The meetings were held on 27 August 2003, 20 October 2003, 24 November 2003, 26 February 2004 and 26 May 2004 respectively.

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 2004 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 the external auditor's management letter and the management's response;
vi. review of the internal audit reports submitted by the internal auditors and recommend the same to the Board for approval;
vii. review the effectiveness of the Group's system of internal control;
viii. review the Company's compliance with Listing Requirements of Bursa Malaysia, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements; and
ix. 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.

Statement of Internal Control

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	Audit Areas
2003	i. Human Resource ii. Inventories, Warehousing and Logistics iii. Card and Customer Relations
2004	iv. Business Development v. MIS/EDP vi. Accounting & Finance vii. Field Counselor

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 internal auditors.

Datuk Dr Abdullah bin Abdul Rahman

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

Aged 59 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 68 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 4 out of the 5 meetings of the Board of Directors.

Yong Pang Chaun
(Managing Director)

Aged 53 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 52 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.

Cheong Chung Yet
(Member of the Audit Committee, Executive Director)

Aged 38 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 4 out of the 5 meetings of the Board of Directors.

Chong Chin Lin
(Executive Director)

Aged 51 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 all 5 meetings of the Board of Directors.

Yong Lai Wah
(Executive Director)

Aged 54 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 47 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.

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

Aged 55 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 postgraduate Diploma in Management Science from the National Institute of Public Administration in 1976.

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

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

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

Other Information

(i) Family Relationship

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

Yong Pang Chaun, Chong Chin Lin, Yong Lai Wah and Yong Lee Peng are the major shareholders in the Company by virtue of their interest in Yong Pang Chaun Holdings Sdn Bhd which owns a 43.68% 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.

Directors' Responsibility Statement

in Respect of the Annual Audited Financial Statements

Under Paragraph 15.27 (a) of the Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors is required to issue a statement explaning 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, the Directors have ensured the following:-

- Adherence to approved applicable Malaysian accounting standards;
- Adoption and consistent application of appropriate accounting policies; and
- Making of judgments and estimates that are appropriate, reasonable and prudent.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy the financial position of the Company and ensuring 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.

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 2004.

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.

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	6,340,211	4,662,140

DIVIDEND

A final dividend of 5 sen per share on 40,730,400 ordinary shares, less income tax at 28%, amounting to RM1,466,295 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 41,191,600 ordinary shares, less income tax at 28%, amounting to RM1,482,898 was paid on 3 June 2004 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 61,812,600 ordinary shares, less income tax at 28% amounting to RM2,225,254, 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 Company increased its:

(a) authorised share capital from RM50,000,000 ordinary shares of RM1.00 each to RM100,000,000 by the creation of additional 50,000,000 ordinary shares of RM1.00 each; and

(b) issued and paid-up share capital from RM40,002,000 to RM61,812,600 ordinary shares by:

  (i) issuance and allotment of 1,045,900 new ordinary shares of RM1.00 each for cash under the Company's Employees' Share Option Scheme ("ESOS") at an exercise price of RM1.58;

  (ii) issuance and allotment of 160,500 new ordinary shares of RM1.00 each for cash under the Company's ESOS at an exercise price of RM1.88; and

  (iii) bonus issue of 20,604,200 new ordinary shares of RM1.00 each allotted on 16 June 2004 on the basis of one bonus share for every two existing ordinary shares of RM1.00 each by way of capitalising RM20,604,200 from the revaluation reserve.

ISSUE OF SHARES AND DEBENTURES (Cont'd)

The new issued shares rank pari-passu with the then existing ordinary shares except that they will not qualify for any dividend or distribution declared to members on the Register of Member and Record of Depositors as at the relevant books closing date which precedes that date of allotment of the new ordinary shares or option exercise date.

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

SHARE OPTIONS

Employees' Share Option Scheme

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 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%

(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.

Consequential to the bonus issue allotted on 16 June 2004, an additional 792,950 share options were granted under ESOS to take up unissued new ordinary shares of the Company. The exercise price of ESOS has also been adjusted from RM1.58 to RM1.06 per share and RM1.88 to RM1.26 per share respectively.

SHARE OPTIONS (Cont'd)

Employees' Share Option Scheme (Cont'd)

The movement in the options to take up unissued new ordinary shares of RM1.00 each and the option prices at which the employees were entitled to exercise their options during the financial year ended 30 June 2004 were as follows:-

Date of offer	Adjusted option price RM	Balance at 1.7.2003	Granted	Exercised	Lapsed*	Bonus issue	Balance at 30.6.2004
10.10.2002	1.06	2,515,000	-	(1,037,900)	(96,000)	690,550	2,071,650
15.10.2002	1.06	22,000	-	(8,000)	-	7,000	21,000
08.08.2003	1.26	-	523,000	(160,500)	(171,700)	95,400	286,200
		2,537,000	523,000	(1,206,400)	(267,700)	792,950	2,378,850

* Due to resignation or offers not taken up.

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, Datuk Dr. Abdullah bin Abdul Rahman, Madam Yong Lee Peng and Madam Chong Chin Lin 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 1.7.2003	Bought	Bonus issue	Sold	Balance at 30.6.2004
Direct interest in shares of the Company					
Yong Pang Chaun	-	40,000	20,000	-	60,000
Yong Lee Peng	-	40,000	20,000	-	60,000
Chong Chin Lin	34,666	40,000	37,333	-	111,999
Chan Kwai Heng	-	40,000	12,500	(15,000)	37,500
Cheong Chung Yet	10,666	17,000	13,833	-	41,499

DIRECTORS' INTERESTS (Cont'd)

	Number of ordinary shares of RM1.00 each				
	Balance at 1.7.2003	Bought	Bonus issue	Sold	Balance at 30.6.2004
Indirect interest by virtue of shares held by a company in which the Directors have interest					
Yong Pang Chaun	18,000,179	-	9,000,222	-	27,000,401
Yong Lai Wah	18,000,179	-	9,000,222	-	27,000,401
Yong Lee Peng	18,000,179	-	9,000,222	-	27,000,401
Chong Chin Lin	18,000,179	-	9,000,222	-	27,000,401
Direct interest in shares of the subsidiary company					
Vincci Ladies' Specialties Centre Sdn. Bhd.					
Yong Lai Wah	5,000	-	-	-	5,000

	Number of options for ordinary shares of RM1.00 each				
	Adjusted option price RM	Balance at 1.7.2003	Exercised	Bonus issue	Balance at 30.6.2004
Direct interest in share options of the Company					
Yong Pang Chaun	1.06	100,000	(40,000)	30,000	90,000
Yong Lee Peng	1.06	100,000	(40,000)	30,000	90,000
Chong Chin Lin	1.06	100,000	(40,000)	30,000	90,000
Chan Kwai Heng	1.06	100,000	(40,000)	30,000	90,000
Cheong Chung Yet	1.06	43,000	(17,000)	13,000	39,000

By virtue of their interests in shares 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 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 share options granted under the ESOS.

OTHER STATUTORY INFORMATION

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

a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of 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

b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

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

c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or

d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

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

b) any contingent liability of the Group and the Company which has arisen since the end of the financial year except for corporate guarantee granted to its subsidiary companies as disclosed as Note 30 (c).

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

22 October 2004
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 40 to 78 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 as at 30 June 2004 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

22 October 2004
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 40 to 78 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 22nd day of October 2004	)	Before me

Report of the Auditors to the Members
of PADINI HOLDINGS BERHAD

We have audited the financial statements set out on pages 40 to 78 of **PADINI HOLDINGS BERHAD** for the financial year ended 30 June 2004. 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 2004 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 394/03/06/J/PH
Partner of the Firm

22 October 2004
Kuala Lumpur

Consolidated Balance Sheet

As at 30 June 2004

	Note	2004 RM	As restated 2003 RM
PROPERTY, PLANT AND EQUIPMENT	4	30,990,247	25,487,438
INVESTMENT	6	744,334	744,334
INTANGIBLE ASSETS	7	721,250	120,693
DEFERRED TAX ASSETS	8	285,300	-
CURRENT ASSETS			
Inventories	9	34,934,867	36,670,435
Receivables	10	15,890,599	17,276,360
Tax assets	11	1,981,932	1,524,330
Deposit, cash and bank balances	12	21,594,404	19,746,011
		74,401,802	75,217,136
CURRENT LIABILITIES			
Payables	13	15,439,598	12,887,292
Borrowings	14	3,515,054	5,598,620
Tax liabilities	11	677,658	1,189,625
		19,632,310	19,675,537
NET CURRENT ASSETS		54,769,492	55,541,599
		87,510,623	81,894,064
FINANCED BY:			
SHARE CAPITAL	15	61,812,600	40,002,000
RESERVES	16	24,882,824	41,348,144
SHAREHOLDERS' FUND		86,695,424	81,350,144
MINORITY INTEREST		229,673	223,440
LONG TERM AND DEFERRED LIABILITIES			
BORROWINGS	14	497,526	65,635
DEFERRED TAX LIABILITIES	8	88,000	254,845
		87,510,623	81,894,064

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

Consolidated Income Statement

For the financial year ended 30 June 2004

	Note	2004 RM	As restated 2003 RM
REVENUE	17	207,712,482	187,774,453
COST OF SALES		(109,665,252)	(98,218,774)
GROSS PROFIT		98,047,230	89,555,679
OTHER OPERATING INCOME		1,479,740	1,202,983
		99,526,970	90,758,662
SELLING AND DISTRIBUTION COSTS		(66,419,118)	(56,400,801)
ADMINISTRATION EXPENSES		(21,177,392)	(18,383,576)
PROFIT FROM OPERATIONS	18	11,930,460	15,974,285
FINANCE COSTS	20	(358,090)	(623,007)
PROFIT BEFORE TAXATION		11,572,370	15,351,278
TAXATION	11	(5,210,126)	(5,965,840)
PROFIT AFTER TAXATION BUT BEFORE MINORITY INTEREST		6,362,244	9,385,438
MINORITY INTEREST		(22,033)	(23,937)
NET PROFIT FOR THE FINANCIAL YEAR		6,340,211	9,361,501
EARNINGS PER SHARE (SEN)	21		
- Basic		10.4	15.6
- Diluted		10.1	15.5
DIVIDEND PER SHARE (SEN)	22		
- Interim		5.0	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 2004

	Note	Share capital RM	Share premium RM	Retained profits RM	Total RM
At 1 July 2002					
- as previously reported		40,000,000	-	34,887,623	74,887,623
- prior year adjustment	32(i)	-	-	(22,140)	(22,140)
- as restated		40,000,000	-	34,865,483	74,865,483
Issuance of shares		2,000	1,160	-	3,160
Dividend					
- interim		-	-	(1,440,000)	(1,440,000)
- final		-	-	(1,440,000)	(1,440,000)
Net profit for the financial year		-	-	9,361,501	9,361,501
At 30 June 2003		40,002,000	1,160	41,346,984	81,350,144
At 1 July 2003					
- as previously reported		40,002,000	1,160	41,371,511	81,374,671
- prior year adjustment	32(i)	-	-	(24,527)	(24,527)
- as restated		40,002,000	1,160	41,346,984	81,350,144
Issuance of shares		1,206,400	747,862	-	1,954,262
Capitalisation as bonus issue		20,604,200	-	(20,604,200)	-
Dividend					
- interim		-	-	(1,482,898)	(1,482,898)
- final		-	-	(1,466,295)	(1,466,295)
Net profit for the financial year		-	-	6,340,211	6,340,211
At 30 June 2004		61,812,600	749,022	24,133,802	86,695,424

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

Consolidated Cash Flow Statement

For the financial year ended 30 June 2004

	Note	2004 RM	As restated 2003 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		11,572,370	15,351,278
Adjustments for:			
Allowance for doubtful debts		369,098	-
Amortisation of intangible assets		199,328	39,484
Bad debts written off		36,016	-
Depreciation of property, plant and equipment		8,583,918	6,955,137
Gain on disposal of property, plant and equipment		(214,304)	(246,851)
Interest expenses		247,500	474,069
Interest income		(87,128)	(35,003)
Inventories written down		448,337	200,287
Investment written off		-	30,000
Property, plant and equipment written off		72,987	9,478
Operating profit before working capital changes		21,228,122	22,777,879
Inventories		1,287,231	(4,904,379)
Receivables		980,647	891,441
Payables		2,552,306	2,682,848
Cash generated from operations		26,048,306	21,447,789
Dividend paid		(2,949,193)	(2,880,000)
Tax paid	11	(6,631,840)	(6,953,018)
Net cash generated from operating activities		16,467,273	11,614,771

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

For the financial year ended 30 June 2004

	Note	2004 RM	As restated 2003 RM
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to intangible assets		(799,885)	(8,347)
Interest income received		87,128	35,003
Proceeds from disposal of property, plant and equipment		356,399	1,222,948
Purchase of property, plant and equipment	23	(13,473,809)	(4,487,116)
Net cash used in investing activities		(13,830,167)	(3,237,512)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest expenses paid		(247,500)	(474,069)
Changes to short term borrowings		(1,290,000)	4,500,000
Dividend paid to minority interest		(15,800)	(11,700)
Proceeds from issuance of shares		1,954,262	3,160
Repayment of hire purchase and finance lease obligations		(205,668)	(501,696)
Net cash generated from financing activities		195,294	3,515,695
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,832,400	11,892,954
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		18,762,004	6,869,050
CASH AND CASH EQUIVALENTS CARRIED FORWARD	24	21,594,404	18,762,004

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 2004

	Note	2004 RM	As restated 2003 RM
PROPERTY, PLANT AND EQUIPMENT	4	12,353,143	7,903,524
INVESTMENT IN SUBSIDIARY COMPANIES	5	54,947,503	48,566,503
INVESTMENT	6	560,000	560,000
CURRENT ASSETS			
Receivables	10	17,137,163	16,900,445
Tax assets	11	899,832	899,832
Deposit, cash and bank balances	12	696,406	245,356
		18,733,401	18,045,633
CURRENT LIABILITIES			
Payables	13	272,199	459,021
NET CURRENT ASSETS		18,461,202	17,586,612
		86,321,848	74,616,639
FINANCED BY:			
SHARE CAPITAL	15	61,812,600	40,002,000
RESERVES	16	24,509,248	34,614,639
		86,321,848	74,616,639

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

Income Statement

For the financial year ended 30 June 2004

	Note	2004 RM	2003 RM
REVENUE	17	8,925,000	9,421,250
OTHER OPERATING INCOME		948,542	929,298
ADMINISTRATION EXPENSES		(3,179,651)	(4,737,213)
PROFIT FROM OPERATIONS	18	6,693,891	5,613,335
FINANCE COSTS	20	(1,751)	(1,295)
PROFIT BEFORE TAXATION		6,692,140	5,612,040
TAXATION	11	(2,030,000)	(2,794,987)
NET PROFIT FOR THE FINANCIAL YEAR		4,662,140	2,817,053

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

Statement of Changes in Equity

For the financial year ended 30 June 2004

	Note	Share capital RM	Share premium RM	Revaluation reserve RM	Retained profits/ (accumulated losses) RM	Total RM
At 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	22					
- 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 surplus 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/1 July 2003		40,002,000	1,160	31,454,788	3,158,691	74,616,639
Issuance of shares		1,206,400	747,862	-	-	1,954,262
Capitalisation as bonus issue		20,604,200	-	(20,604,200)	-	-
Dividend	22					
- interim		-	-	-	(1,482,898)	(1,482,898)
- final		-	-	-	(1,466,295)	(1,466,295)
Net gain not recognised in the income statement						
- surplus on revaluation of investment in subsidiary companies		-	-	8,038,000	-	8,038,000
Net profit for the financial year		-	-	-	4,662,140	4,662,140
						12,700,140
At 30 June 2004		61,812,600	749,022	18,888,588	4,871,638	86,321,848

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

Cash Flow Statement

For the financial year ended 30 June 2004

	Note	2004 RM	2003 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		6,692,140	5,612,040
Adjustments for:			
Depreciation of property, plant and equipment		313,349	388,670
Impairment loss on investment in subsidiary companies		1,657,000	3,634,529
Dividend income		(8,855,000)	(9,351,250)
Operating (loss)/ profit before working capital changes		(192,511)	283,989
Receivables		(236,718)	(4,129,508)
Payables		(186,822)	106,941
Cash used in operations		(616,051)	(3,738,578)
Dividend paid		(2,949,193)	(2,880,000)
Tax paid	11	(2,030,000)	(2,618,350)
Net cash used in operating activities		(5,595,244)	(9,236,928)
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend received		8,855,000	9,351,250
Purchase of property, plant and equipment	23	(4,762,968)	(131,903)
Net cash generated from investing activities		4,092,032	9,219,347
CASH FLOW FROM FINANCING ACTIVITY			
Proceeds from issuance of shares		1,954,262	3,160
Net cash generated from financing activity		1,954,262	3,160
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		451,050	(14,421)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		245,356	259,777
CASH AND CASH EQUIVALENTS CARRIED FORWARD	24	696,406	245,356

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

1. GENERAL INFORMATION

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.

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 (excluding Executive Directors) at the end of the financial year were 1,740 (2003: 1,684) and 2 (2003: 4) respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of the Bursa Malaysia Securities Berhad.

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 22 October 2004.

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. Set out below are 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 Group does not use foreign exchange derivative instruments as a means to hedge its transaction risk. The risk is, by large, naturally hedged through matching, as far as possible, receipts and payments in each individual currency. The pegging of Ringgit Malaysia to US Dollar by the Central Bank further reduces the transaction risks as far as conversion needs between the two currencies are concerned.

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.

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 (as modified for the revaluation of investment in subsidiary companies, land and buildings), 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.

The accounting policies adopted by the Group and the Company have been consistent compared to those adopted in previous years except for the adoption of MASB 29, Employee Benefits, which is applied retrospectively.

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.

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.

These notes form part of the financial statements.

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

3.3 Associated company (Cont'd)

Associated companies in which the Group does not exercise significant influence are stated at cost as disclosed in Note 3.4.

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 co-terminous 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.

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

These notes form part of the financial statements.

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

3.5 Goodwill (Cont'd)

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 company 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.

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.

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.

These notes form part of the financial statements.

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

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 Borrowing costs

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. Borrowing costs incurred to finance property development activities and construction contracts are accounted for on the similar manner. All other borrowing costs are expensed.

3.12 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.

3.13 Leases

Operating lease

Assets acquired under operating lease agreements where 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.

These notes form part of the financial statements.

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

3.14 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 tax 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.

3.15 Revenue recognition

Sale of goods

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

3.16 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.

These notes form part of the financial statements.

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

3.16 Foreign currencies (Cont'd)

The principal closing rates used in translation of foreign currency amount are as follows:-

Foreign currency	2004	2003
1 Hong Kong Dollar	RM0.4824	RM0.4824
1 US Dollar	RM3.8000	RM3.8000
1 Singapore Dollar	RM2.1930	RM2.1420
1 Brunei Dollar	RM2.1930	RM2.1420

3.17 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.

3.18 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.

3.19 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investment, receivables, payables 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.

3.20 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.21 Employee benefits

Short term employee benefits

Wages, salaries, bonuses and social contributions are recognised as an expenses in the year in which the associated services are rendered by employees. Short term accumulating compensated absence such as paid annual leave are recognised when services are rendered by employees that increase their entitlement. Absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

Employee share options

The ESOS allowed the Group's employees to acquire shares of the Company. No compensation costs or obligations is recognised. When options are exercised, equity is increased by the amount of the proceeds received, net of any transaction costs, if any.

3.22 Comparatives

The comparative figures have been restated where necessary to conform with changes in presentation as disclosed in Note 32.

These notes form part of the financial statements.

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 2003	8,364,585	3,613,803	49,974	1,291,531	9,394,171	1,687,859	1,085,515	25,487,438
Additions	4,629,080	-	-	1,482,463	6,970,670	695,736	523,860	14,301,809
Disposals	-	-	-	(136,810)	(1,209)	(4,076)	-	(142,095)
Written off	-	-	-	-	(57,608)	(4,736)	(10,643)	(72,987)
Reclassification	-	-	-	46,666	(46,666)	-	-	-
Depreciation charge	(127,753)	(64,063)	(26,886)	(628,864)	(6,448,230)	(845,465)	(442,657)	(8,583,918)
Net carrying amounts as at 30 June 2004	12,865,912	3,549,740	23,088	2,054,986	9,811,128	1,529,318	1,156,075	30,990,247
As at 30 June 2004								
Cost	12,572,263	3,508,090	549,657	4,443,997	38,340,798	6,234,696	4,819,089	70,468,590
Valuation	1,164,000	750,000	-	-	-	-	-	1,914,000
	13,736,263	4,258,090	549,657	4,443,997	38,340,798	6,234,696	4,819,089	72,382,590
Accumulated depreciation	(870,351)	(708,350)	(526,569)	(2,389,011)	(28,529,670)	(4,705,378)	(3,663,014)	(41,392,343)
Net carrying amounts	12,865,912	3,549,740	23,088	2,054,986	9,811,128	1,529,318	1,156,075	30,990,247
As at 30 June 2003								
Cost	7,943,183	3,508,090	593,809	3,716,434	35,686,780	5,645,753	4,518,644	61,612,693
Valuation	1,164,000	750,000	-	-	-	-	-	1,914,000
	9,107,183	4,258,090	593,809	3,716,434	35,686,780	5,645,753	4,518,644	63,526,693
Accumulated depreciation	(742,598)	(644,287)	(543,835)	(2,424,903)	(26,292,609)	(3,957,894)	(3,433,129)	(38,039,255)
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

These notes form part of the financial statements.

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 2003	7,433,384	-	132,924	241,251	95,965	7,903,524
Additions	4,629,080	-	62,992	70,896	-	4,762,968
Depreciation charge	(104,473)	-	(54,710)	(115,001)	(39,165)	(313,349)
Net carrying amounts as at 30 June 2004	11,957,991	-	141,206	197,146	56,800	12,353,143
As at 30 June 2004						
Cost	12,572,263	368,161	1,272,713	1,271,492	378,434	15,863,063
Accumulated depreciation	(614,272)	(368,161)	(1,131,507)	(1,074,346)	(321,634)	(3,509,920)
Net carrying amounts	11,957,991	-	141,206	197,146	56,800	12,353,143
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

These notes form part of the financial statements.

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

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

	Group 2004 RM	Group 2003 RM	Company 2004 RM	Company 2003 RM
(i) Assets carried at valuation less accumulated depreciation:				
- freehold buildings	907,920	931,200	-	-
- leasehold land and building	621,542	632,887	-	-
	1,529,462	1,564,087	-	-
Had these assets been carried at cost less accumulated depreciation:				
- freehold buildings	272,376	279,360	-	-
- leasehold land and building	363,809	370,450	-	-
	636,185	649,810	-	-

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

	Group 2004 RM	Group 2003 RM	Company 2004 RM	Company 2003 RM
(ii) Assets pledged as securities for banking facilities:				
- freehold land and buildings	-	8,364,585	-	7,433,384
- leasehold land an buildings	1,846,407	3,613,803	-	-
	1,846,407	11,978,388	-	7,433,384
(iii) Assets held under hire purchase instalment plan:				
- motor vehicles	1,140,515	233,216	-	-
- plant and machinery	-	29,792	-	-
- furniture and fixtures	-	15,973	-	-
	1,140,515	278,981	-	-
(iv) Asset held under finance lease arrangement:				
- motor vehicles	-	13,642	-	-
- furniture and fixtures	-	822,462	-	-
	-	836,104	-	-
(v) Title deeds to the following land and buildings have yet to be issued by the relevant authorities:				
- freehold land and buildings	12,865,912	8,364,585	11,957,991	7,433,384
- leasehold land and buildings	2,928,199	2,980,916	-	-
	15,794,111	11,345,501	11,957,991	7,433,384

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2004	2003
Unquoted shares	RM	RM
At valuation		
At 1 July	60,858,626	60,858,626
Revaluation surplus	8,038,000	-
At 30 June	68,896,626	60,858,626
Less: Accumulated impairment losses		
At 1 July	12,292,123	8,602,655
Charge to income statement	1,657,000	3,634,529
Charge to revaluation reserve	-	54,939
At 30 June	(13,949,123)	(12,292,123)
Net carrying amount	54,947,503	48,566,503

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

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

Subsidiary companies of the Company	Gross equity interest 2004 %	Gross equity interest 2003 %	Principal activities
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

	Group		Company	
		As restated		As restated
	2004	2003	2004	2003
	RM	RM	RM	RM
At Cost				
Unquoted shares in Malaysia	560,000	560,000	560,000	560,000
Quoted shares in Malaysia	60,584	60,584	-	-
Club membership	123,750	123,750	-	-
	744,334	744,334	560,000	560,000
Market value of quoted shares	16,803	24,332		

These notes form part of the financial statements.

6. INVESTMENT (Cont'd)

The Company's investment in its only associated company, Cassardi Corporation Sdn. Bhd., has previously been treated in its consolidated financial statements using the Equity Method as set out in MASB 12 – Investment in Associates. However, following a review of the Company's relationship with its associated company, the Board of Directors is of the opinion that the Company has never exercised any significant influence over the affairs of its associated company.

As such, with effective from 1 July 2003, the Board has decided to use the Cost Method, also set out in the MASB 12, in its treatment of the Company's investment in the said associated company. The impact of this decision has been reflected in Note 32(i) to the financial statements.

7. INTANGIBLE ASSETS

Group	**RM**
Trademarks	
Net carrying amounts as at 1 July 2003	120,693
Additions	799,885
Amortisation charge	(199,328)
Net carrying amounts as at 30 June 2004	721,250

	2004 RM	**2003 RM**
Represented by:		
Cost	1,014,890	215,005
Accumulated amortisation	(293,640)	(94,312)
Net carrying amounts	721,250	120,693

8. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group		**Company**	
Deferred taxation	**2004 RM**	**2003 RM**	**2004 RM**	**2003 RM**
At 1 July	(254,845)	(528,885)	-	(54,000)
Recognised in the income statement (Note 11)	452,145	274,040	-	54,000
At 30 June	197,300	(254,845)	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	285,300	-	-	-
Deferred tax liabilities	(88,000)	(254,845)	-	-
Deferred tax assets/(liabilities)	197,300	(254,845)	-	-

8. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

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

Deferred tax assets of the Group	Balance at 1.7.2003 RM	Recognised in the income statement RM	Balance at 30.6.2004 RM
Surplus on revaluation	(205,240)	5,499	(199,741)
Depreciation claimed in excess of capital allowances	(32,000)	305,200	273,200
Unutilised capital allowances	-	82,900	82,900
Unused tax losses	-	108,500	108,500
Other temporary difference	141,095	(120,654)	20,441
	(96,145)	381,445	285,300
Deferred tax liabilities of the Group			
Capital allowances claimed in excess of depreciation	(158,700)	70,700	(88,000)
	(254,845)	452,145	197,300

The deferred tax assets on unutilised capital allowance and unused losses is recognised in the financial statements as it is probable that it will be realised in future years. The recognition is based on the recent results of the respective subsidiary companies, up to the extent of three years projected profits.

Deferred tax assets have not been recognised in respect of the following:

	Group 2004 RM	Group 2003 RM	Company 2004 RM	Company 2003 RM
Temporary differences between accounting depreciation and related capital allowances	(28,000)	24,700	118,000	160,000
Unutilised capital allowances	2,457,000	2,706,000	935,000	886,000
Unused tax losses	9,382,000	8,596,000	-	-
	11,811,000	11,326,700	1,053,000	1,046,000
Potential deferred tax assets not recognised	3,307,000	3,171,400	294,800	292,800

The unused tax losses and unutilised capital allowances are available to offset against future taxable profits of the companies in the Group in which those items arose. Deferred tax asset have not been recognised in respect of these items because it is not probable that they may be used to offset taxable profits of other companies in the Group and they have arisen in companies that have a recent history of losses.

These notes form part of the financial statements.

9. INVENTORIES

	Group	
	2004	2003
At cost	RM	RM
Raw materials	2,415,101	2,864,451
Completed garments, shoes and accessories	32,110,204	32,467,160
	34,525,305	35,331,611
At net realisable value		
Raw materials	110,704	-
Completed garments, shoes and accessories	298,858	1,338,824
	34,934,867	36,670,435

During the financial year, the Group's inventories has been written down to its net realisable value by RM448,337 (2003: RM200,287).

10. RECEIVABLES

	Group		Company	
		As restated		
	2004	2003	2004	2003
	RM	RM	RM	RM
Trade receivables	8,798,997	10,208,811	16,278	10,024
Less: Allowance for doubtful debts	(369,098)	-	-	-
	8,429,899	10,208,811	16,278	10,024
Other receivables and prepayments	451,641	613,656	42,335	86,663
Deposits				
- business premises	6,726,480	6,209,896	-	-
- others	282,579	243,997	23,279	24,949
Due from subsidiary companies - non-trade	-	-	17,055,271	16,778,809
	15,890,599	17,276,360	17,137,163	16,900,445

The currency exposure profile of trade receivables is as follows:

	Group		Company	
		As restated		
	2004	2003	2004	2003
	RM	RM	RM	RM
- Ringgit Malaysia	8,173,040	9,342,045	16,278	10,024
- United State Dollar	482,274	630,745	-	-
- Singapore Dollar	-	9,344	-	-
- Brunei Dollar	143,683	226,677	-	-
	8,798,997	10,208,811	16,278	10,024

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

11. TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Net tax assets/(liabilities) at 1 July	334,705	(378,433)	899,832	1,130,469
Taxation charge for the financial year	(5,662,271)	(6,239,880)	(2,030,000)	(2,848,987)
Payment made during the financial year	6,631,840	6,953,018	2,030,000	2,618,350
Net tax assets at 30 June	1,304,274	334,705	899,832	899,832
Disclosed as :-				
Tax assets	1,981,932	1,524,330	899,832	899,832
Tax liabilities	(677,658)	(1,189,625)	-	-
	1,304,274	334,705	899,832	899,832
The taxation expenses comprise:				
Malaysian taxation				
- Based on results for the financial year	5,190,700	6,201,650	2,030,000	2,600,000
- Adjustment in respect of prior year	371,888	38,230	-	248,987
- In respect of Real Property Gains Tax ("RPGT")	47,864	-	-	-
- Penalty	51,819	-	-	-
	5,662,271	6,239,880	2,030,000	2,848,987
Deferred taxation (Note 8)				
- Based on results for the financial year	(218,145)	(302,540)	-	-
- Adjustment in respect of prior years	(234,000)	28,500	-	(54,000)
	(452,145)	(274,040)	-	(54,000)
	5,210,126	5,965,840	2,030,000	2,794,987

Tax savings arising from utilisation of brought forward capital allowances of the Group and the Company amounted to RM27,066 (2003: Nil) and Nil (2003 : RM71,963) respectively.

(i) Group's reconciliation of tax expense with accounting profit:

	2004 RM		As restated 2003 RM	
Profit before taxation	11,572,370		15,351,278	
	RM	%	RM	%
Tax at the current income tax rate	3,240,264	28	4,298,358	28
Tax at different statutory income tax rate of certain subsidiary companies	(70,220)	-	-	-
Tax effect of expenses/(income) that are not deductible/(taxable) in determining taxable profits:				
- Depreciation of non-qualifying property, plant and equipment	729,794	6	575,848	4
- Professional fees	109,069	1	23,636	-

These notes form part of the financial statements.

11. TAXATION (Cont'd)

(i) Group's reconciliation of tax expense with accounting profit: (Cont'd)

	RM	%	RM	%
- Tax savings from utilisation of brought forward capital allowances	(27,066)	-	(71,963)	(1)
- Non-allowable expenses	453,518	4	62,430	1
- Gain of disposal of property, plant and equipment not subject to income tax	(2,955)	-	(22,918)	-
- Deferred tax assets not recognised	545,650	5	1,039,218	7
- Crystallisation of deferred tax liability on revaluation surplus	(5,499)	-	(5,499)	-
Adjustment in respect of prior years				
- Income tax	371,888	3	38,230	-
- Deferred tax	(234,000)	(2)	28,500	-
Adjustment in respect of RPGT	47,864	-	-	-
Penalty	51,819	-	-	-
	5,210,126	45	5,965,840	39

(ii) Company's reconciliation of tax expense with accounting profit:

	2004 RM	2003 RM
Profit before taxation	6,692,140	5,612,040

	RM	%	RM	%
Tax at the current income tax rate	1,873,799	28	1,571,371	28
Tax effect of expenses/(income) that are not deductible/(taxable) in determining taxable profit:				
- Impairment loss on investment in subsidiary companies	463,960	7	1,017,669	18
- Depreciation of non - qualifying property, plant and equipment	50,614	1	48,270	1
- Professional fees	61,885	1	23,636	1
- Tax exempt dividend income	(449,400)	(7)	-	-
- Non-allowable expenses	29,142	-	6,428	-
- Tax savings from utilisation of brought forward capital allowances	-	-	(71,963)	(1)
- Deferred tax assets not recognised	-	-	4,589	-
Adjustment in respect of prior years:				
- Income tax	-	-	248,987	4
- Deferred tax	-	-	(54,000)	(1)
	2,030,000	30	2,794,987	50

12. DEPOSIT, CASH AND BANK BALANCES

	Group 2004 RM	Group 2003 RM	Company 2004 RM	Company 2003 RM
Cash and bank balances	21,594,404	14,746,011	696,406	245,356
Fixed deposit with a licensed bank	-	5,000,000	-	-
	21,594,404	19,746,011	696,406	245,356

These notes form part of the financial statements.

13. PAYABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade payables	13,387,835	11,213,097	-	-
Other payables and accruals	2,051,763	1,674,195	142,219	203,041
Due to subsidiary companies - non-trade	-	-	129,980	255,980
	15,439,598	12,887,292	272,199	459,021

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

14. BORROWINGS

	Group	
Current secured	2004 RM	2003 RM
Bank overdrafts	-	984,007
Bankers' acceptance	-	4,500,000
Hire purchase and finance lease obligations	305,054	114,613
	305,054	5,598,620
Unsecured		
Bankers' acceptance	3,210,000	-
	3,515,054	5,598,620
Non-current, secured		
Hire purchase and finance lease obligations	497,526	65,635
	4,012,580	5,664,255

(i) Interest charged is as follows:-

Bank overdrafts	-	Ranges from 7.75% to 8.00% (2003: 7.75% to 8.25%) per annum.
Bankers' acceptance	-	Ranges from 3.98% to 4.78% (2003: 3.75% to 4.70%) per annum.
Hire purchase and finance lease	-	Implicit interest rate ranging from 6.05% to 12.00% (2003: 9.58% to 14.50%) per annum.

(ii) Hire purchase and finance lease obligations

	Group	
	2004 RM	2003 RM
Minimum lease payments		
- not later than 1 year	351,717	127,498
- later than 1 year and not later than 5 years	526,391	70,419
	878,108	197,917
Less : Unexpired finance charges	(75,528)	(17,669)
	802,580	180,248

These notes form part of the financial statements.

14. BORROWINGS (Cont'd)

(ii) Hire purchase and finance lease obligations (Cont'd)

	Group 2004 RM	Group 2003 RM
Present value of hire purchase and finance lease obligations		
Payable as follows:-		
- not later than 1 year	305,054	114,613
- later than 1 year and not later than 5 years	497,526	65,635
	802,580	180,248

15. SHARE CAPITAL

	Group/Company 2004 No. of shares	Group/Company 2003 No. of shares	Group/Company 2004 RM	Group/Company 2003 RM
Authorised:				
Ordinary shares of RM1 each				
At 1 July	50,000,000	50,000,000	50,000,000	50,000,000
Created during the financial year	50,000,000	-	50,000,000	-
At 30 June	100,000,000	50,000,000	100,000,000	50,000,000
Issued and fully paid:				
Ordinary shares of RM1 each				
At 1 July	40,002,000	40,000,000	40,002,000	40,000,000
Share options exercised	1,206,400	2,000	1,206,400	2,000
Bonus issue	20,604,200	-	20,604,200	-
At 30 June	61,812,600	40,002,000	61,812,600	40,002,000

The issued and paid-up share capital was increased from RM40,002,000 to RM61,812,600 ordinary shares by:

(i) Issue and allotment of 1,045,900 ordinary shares under the Company's ESOS at an exercise price of RM1.58 per share for cash.

(ii) Issue and allotment of 160,500 ordinary shares under the Company's ESOS at an exercise price of RM1.88 per share for cash.

(iii) A bonus issue of 20,604,200 ordinary shares of RM1.00 each allotted on 16 June 2004 on the basis of one bonus share for every two existing ordinary shares of RM1.00 each held in the Company by the capitalisation of RM20,604,200 from the revaluation reserve.

15. SHARE CAPITAL (Cont'd)

Employees' Share Option Scheme

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.

Consequential to the bonus issue allotted on 16 June 2004, an additional 792,950 share options were granted under ESOS to take up unissued new ordinary shares of the Company. The exercise price of ESOS has also been adjusted from RM1.58 to RM1.06 per share and RM1.88 to RM1.26 per share respectively.

15. SHARE CAPITAL (Cont'd)

The movements in the options to take up unissued new ordinary shares of RM1.00 each and the option prices at which the employees were entitled to exercise their options during the financial year ended 30 June 2004 were as follows:-

Date of offer	Adjusted option price RM	Balance at 1.7.2003	Granted	Exercised	Lapsed*	Bonus issue	Balance at 30.6.2004
10.10.2002	1.06	2,515,000	-	(1,037,900)	(96,000)	690,550	2,071,650
15.10.2002	1.06	22,000	-	(8,000)	-	7,000	21,000
08.08.2003	1.26	-	523,000	(160,500)	(171,700)	95,400	286,200
		2,537,000	523,000	(1,206,400)	(267,700)	792,950	2,378,850

* Due to resignation or offers not taken up.

The fair values of shares of the Company at the exercise date ranges from RM1.92 to RM4.26 per share (2003: RM1.85). The total fair value at exercise date of shares issued is RM3,365,665 (2003: RM3,700).

16. RESERVES

	Group		Company	
		As restated		
	2004	2003	2004	2003
Non distributable	RM	RM	RM	RM
Revaluation reserve	-	-	18,888,588	31,454,788
Share premium	749,022	1,160	749,022	1,160
	749,022	1,160	19,637,610	31,455,948
Distributable				
Retained profits	24,133,802	41,346,984	4,871,638	3,158,691
	24,882,824	41,348,144	24,509,248	34,614,639

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 2004.

17. REVENUE

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Dividend income	-	-	8,855,000	9,351,250
Sale of goods	207,712,482	187,774,453	-	-
Rendering of management services	-	-	70,000	70,000
	207,712,482	187,774,453	8,925,000	9,421,250

These notes form part of the financial statements.

18. PROFIT FROM OPERATIONS

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

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Auditors' remuneration				
- statutory audit				
- current year	114,500	115,000	25,000	25,000
- over provision in prior years	-	(1,000)	-	-
- tax services	2,000	1,900	1,500	1,400
Allowance for doubtful debts	369,098	-	-	-
Amortisation of intangible assets	199,328	39,484	-	-
Bad debts written off	36,016	-	-	-
Depreciation of property, plant and equipment	8,583,918	6,955,137	313,349	388,670
Directors' remuneration (Note 19)	2,310,892	2,146,954	100,000	100,000
Gain on disposal of property, plant and equipment	(214,304)	(246,851)	-	-
Impairment loss on investment in subsidiary companies	-	-	1,657,000	3,634,529
Interest income	(87,128)	(35,003)	-	-
Inventories written down	448,337	200,287	-	-
Investment written off	-	30,000	-	-
Property, plant and equipment written off	72,987	9,478	-	-
Rental income	(104,700)	(200,700)	(678,816)	(678,816)
Rental of equipment	40,547	42,810	-	-
Rental of premises	20,892,617	18,018,650	-	-
Royalty income	(272,813)	(160,824)	-	-
Realised gain on foreign exchange	(33,419)	-	-	-
Staff costs				
- Salaries, allowance and bonus	33,364,661	30,626,272	118,976	93,617
- Employees Provident Fund	3,764,756	3,483,287	14,284	11,356
- Other employee benefits	1,009,647	974,267	2,337	1,828

19. DIRECTORS' REMUNERATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Directors of the Company				
- fees	100,000	100,000	100,000	100,000
- other emoluments	2,085,440	1,936,480	-	-
Director of a subsidiary company				
- other emoluments	125,452	110,474	-	-
	2,310,892	2,146,954	100,000	100,000

The estimated monetary value of other benefits not included in the above received by the Directors of the Group and the Company were RM160,007 (2003: RM84,483) and RM600 (2003: RM600) respectively.

These notes form part of the financial statements.

19. DIRECTORS' REMUNERATION (Cont'd)

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

Group	Executive 2004 RM	Non-executive 2004 RM	Executive 2003 RM	Non-executive 2003 RM
Directors of the Company				
Fees	-	100,000	-	100,000
Other emoluments				
- Salaries	1,596,000	-	1,596,000	-
- Bonus	266,000	-	133,000	-
- Employees Provident Fund	223,440	-	207,480	-
- Estimated value of benefits in kind	160,007	-	84,483	-
	2,245,447	100,000	2,020,963	100,000

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

	Executive 2004 RM	Non-executive 2004 RM	Executive 2003 RM	Non-executive 2003 RM
RM1 - RM50,000	-	2	-	2
RM50,001 - RM100,000	-	1	-	1
RM100,001 - RM150,000	1	-	1	-
RM300,001 - RM350,000	-	-	-	-
RM350,001 - RM400,000	-	-	5	-
RM400,001 - RM450,000	5	-	-	-
	6	3	6	3

These notes form part of the financial statements.

19. DIRECTORS' REMUNERATION (Cont'd)

	Executive 2004 RM	Non-executive 2004 RM	Executive 2003 RM	Non-executive 2003 RM
Company				
Directors of the Company				
Fees	-	100,000	-	100,000
Other emoluments				
- Estimated value of benefits in kind	600	-	600	-
	600	100,000	600	100,000

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

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

20. FINANCE COSTS

	Group 2004 RM	Group 2003 RM	Company 2004 RM	Company 2003 RM
Interests on:				
- Hire purchase and finance lease obligations	22,954	74,682	-	-
- Bank overdrafts	45,011	174,156	-	-
- Bankers' acceptance and trust receipts	157,115	218,931	-	-
- Others	22,420	6,300	-	-
	247,500	474,069	-	-
Bank charges	110,590	148,938	1,751	1,295
	358,090	623,007	1,751	1,295

21. 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 net profit attributable to shareholders divided by the weighted average number of ordinary shares in issue:

	Group 2004 RM	Group As restated 2003 RM
Net profit attributable to shareholders	6,340,211	9,361,501
Weighted average number of ordinary shares in issue	60,863,525	60,000,083
Earnings per share (sen)	10.4	15.6

These notes form part of the financial statements.

21. EARNINGS PER SHARE (Cont'd)

(ii) Diluted earnings per share

The diluted earnings per share of the Group for the financial year is calculated based on the net profit attributable to shareholders divided by the adjusted weighted average number of ordinary shares.

The weighted average number of ordinary shares is adjusted to assume the conversion of all dilutive potential shares, namely share options granted under the Company's ESOS scheme and is arrived as follows:-

	Group	
		As restated
	2004 RM	2003 RM
Net profit attributable to shareholders	6,340,211	9,361,501
Weighted average number of ordinary shares in issue	60,863,525	60,000,083
Weighted average number of ordinary shares under ESOS	3,568,275	2,742,045
Weighted average number of ordinary shares that would have been issued at fair value	(1,467,250)	(2,521,788)
Adjusted weighted average number of ordinary shares in issue	62,964,550	60,220,340
Diluted earnings per share (sen)	10.1	15.5

The basic and diluted earnings per share for the financial year ended 30 June 2003 has been restated to include:

(a) the retrospective effect of the prior year adjustment as explained in Note 32(i); and

(b) the bonus issue as disclosed in Note 15(iii).

22. DIVIDENDS

Dividend declared by the Company is as follows:-

	2004		2003	
	Gross per share Sen	Dividend net of tax RM	Gross per share Sen	Dividend net of tax RM
Interim dividend	5.0	1,482,898	5.0	1,440,000
Final dividend	5.0	2,225,254	5.0	1,466,295

A final dividend of 5 sen per share on 40,730,400 ordinary shares, less income tax at 28%, amounting to RM1,466,295 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 41,191,600 ordinary shares, less income tax at 28%, amounting to RM1,482,898 was paid on 3 June 2004 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 61,812,600 ordinary shares, less income tax at 28% amounting to RM2,225,254, subject to the approval of members at the forthcoming Annual General Meeting.

23. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Additions to property, plant and equipment	14,301,809	4,487,116	4,762,968	131,903
Financed by hire purchase	(828,000)	-	-	-
Cash payments	13,473,809	4,487,116	4,762,968	131,903

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Represented by:				
Deposit, cash and bank balances	21,594,404	19,746,011	696,406	245,356
Bank overdrafts	-	(984,007)	-	-
	21,594,404	18,762,004	696,406	245,356

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:-

(a) Subsidiary companies of the Company as disclosed in Note 5.

(b) Substantial shareholder of the Company

Yong Pang Chaun Holdings Sdn. Bhd. ("YPC"), a shareholder of the Company which holds 43.68% 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.

(c) A company in which a director has indirect financial interest

Dat Hin Garment Manufacturing Sdn. Bhd. ("Dat Hin"), a company where the Director of the Company, Mdm. Yong Lai Wah has indirect financial interest.

These notes form part of the financial statements.

25. SIGNIFICANT RELATED PARTY DISCLOSURES (Cont'd)

(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:-

	Group		Company	
Transactions entered into with subsidiary companies	**2004 RM**	**2003 RM**	**2004 RM**	**2003 RM**
Dividend income received from				
- Vincci Ladies' Specialties Centre Sdn. Bhd	-	-	5,071,800	3,755,700
- Padini Corporation Sdn. Bhd.	-	-	1,753,200	1,753,200
- Seed Corporation Sdn. Bhd.	-	-	-	1,224,000
Management fee received from				
- Vincci Ladies' Specialties Centre Sdn. Bhd.	-	-	17,500	17,500
- Padini Corporation Sdn. Bhd.	-	-	17,500	17,500
- Seed 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
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	1,296,013	1,296,000	1,296,013	1,296,000
Sale of goods to Dat Hin	11,806	957	-	-
Purchase of goods from Dat Hin	48,221	29,964	-	-

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:-

	Group	
	2004 RM	**2003 RM**
Years ending 30 June		
2004	-	16,655,456
2005	19,510,792	12,227,978
2006	10,673,316	3,904,133
2007	3,063,439	49,599
2008	354,874	-
	33,602,421	32,837,166

These notes form part of the financial statements.

27. CONTINGENT LIABILITIES

	Company 2004 RM	Company 2003 RM
Secured		
Freehold land and building pledged to bank for banking facilities granted to a subsidiary company	-	7,433,384
Unsecured		
Corporate guarantee to banks and financial institutions for banking facilities granted to certain subsidiary companies		
- Facilities approved	47,226,448	40,966,000
- Amount utilised	4,017,689	5,581,007

28. FINANCIAL INSTRUMENTS

(i) Interest rate risk

Other than those disclosed in the financial statements, the effective yield of fixed deposits with licensed banks ranges from 2.6% to 3.3% 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.

The Group has no significant concentration of credit risk. The maximum exposure to credit risk are represented by the carrying amounts of the financial asset in the balance sheet.

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 2004 approximates their fair values due to the relatively short term maturity of these financial instruments.

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.

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 8 August 2003, the Company had entered into a Sale and Purchase Agreement to purchase a piece of industrial land for a total cash consideration of RM4,500,000.

The acquisition was completed during the financial year.

(b) A wholly-owned subsidiary company, Padini Corporation Sdn. Bhd. has entered into the following Sale and Purchase Agreements:-

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

(i) On 9 March 2004, with Meng Fong Realty Sdn. Bhd. to dispose off its leasehold land and building for a total cash consideration of RM2,700,000; and

(ii) On 21 April 2004, with West Dyna Quest Sdn. Bhd. to dispose off its leasehold land and building for a total cash consideration of RM1,050,000.

As at the date of the report, the disposals had been completed.

(c) On 11 May 2004, the Company has entered into two Memorandum of Understanding ("MOU") with the following parties respectively:-

(i) International Specialized Stores Company Limited, of Riyadh, Kingdom of Saudi Arabia; and

(ii) Apparel LLC, of Dubai, UAE.

The MOU was prepared for the eventual award by the Company of exclusive licensing rights to International Specialized Stores Company Limited, and to Apparel LLC, to distribute the products sold under brands owned by the Company in the Kingdom of Saudi Arabia and in the UAE respectively.

(d) The Company undertook a bonus issue of 20,604,200 new ordinary shares of RM1.00 each as disclosed in Note 15(iii).

30. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

(a) On 6 September 2004, the Company has completed the acquisition of the following companies, both of which were incorporated in Hong Kong:

(i) Acquisition of a subsidiary company, Padini International Limited ("PIL"), by subscription of 2,100,000 shares, represents 70% equity interest in PIL, for a consideration of HKD2.1 million; and

(ii) Acquisition of an associated company, Eagletex Company Limited ("Eagletex"), by subscription of 4,000,000 shares, represents 40% equity interest in Eagletex, for a consideration of HKD4 million.

(b) On 4 August 2004, the Company was transferred from Second Board to Main Board of the Bursa Malaysia Securities Berhad.

(c) Corporate guarantee to bank for banking facilities granted by the Company to its subsidiary companies, Padini Corporation Sdn. Bhd., amounting to RM4,000,000.

(d) On 4 October 2004, 1,087,500 share options were granted to the employees of the Group at an exercise price of RM2.31 per share.

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. COMPARATIVE FIGURES

(i) Prior year adjustment

The Group had changed its accounting policy on the recognition of its investment in associated company as explained in Note 6.

As such, opening balance of certain financial captions have been adjusted to account for the impact of the change in accounting policies as follows:-

Group	As Previously reported RM	Effect of change in policy RM	As restated RM
Statement of changes in equity			
Retained profits at 1 July 2002	34,887,623	(22,140)	34,865,483
Retained profits at 1 July 2003	41,371,511	(24,527)	41,346,984
Balance sheet			
Investment in associated company	584,527	(24,527)	560,000
Trade receivables	10,179,084	29,727	10,208,811
Due from associated company	29,727	(29,727)	-
Reserve	41,371,511	(24,527)	41,346,984
Income statement			
Share of results in associated company	15,456	(15,456)	-
Share of taxation in associated company	(13,069)	13,069	-
Net profit for the financial year	9,363,888	(2,387)	9,361,501
Company			
Balance sheet			
Investment in associated company	560,000	(560,000)	-
Investment	-	560,000	560,000

(ii) Reclassifications

The following comparative figures on the face of the financial statements, other than as disclosed in Note 32(i), have been reclassified for better presentation:

	Group	
	Amount as previously stated RM	Amount as restated RM
Income statement		
Administration expenses	19,578,001	18,383,576
Selling and distribution costs	55,206,376	56,400,801

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

These notes form part of the financial statements.

DIRECTORS' SHAREHOLDINGS AS AT 29 October 2004

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	27,112,400 *	43.65	60,000	0.10
CHAN KWAI HENG	NIL	NIL	24,400	0.04
CHEONG CHUNG YET	NIL	NIL	41,499	0.07
CHONG CHIN LIN	27,060,401 **	43.56	111,999	0.18
YONG LEE PENG	27,000,401 ^	43.47	60,000	0.10
YONG LAI WAH	27,000,401 ^	43.47	NIL	NIL
SAHID BIN MOHAMED YASIN	NIL	NIL	NIL	NIL

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

Director	No. of Shares Held			
	Indirect	%	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.

* Deemed interest by virtue of his substantial shareholdings in Yong Pang Chaun Holdings Sdn. Bhd. and via his spouse, Mdm. Chong Chin Lin's direct interest.

** Deemed interest by virtue of her husband, Yong Pang Chaun's substantial shareholdings in Yong Pang Chaun Holdings Sdn. Bhd. and via her spouse, Mr Yong Pang Chaun's direct interest.

^ Deemed interest by virtue of her brother, Yong Pang Chaun's substantial shareholdings in Yong Pang Chaun Holdings Sdn. Bhd.

Analysis of Shareholdings

As at 29 October 2004

Authorised Share Capital	:	RM100,000,000-00
Issued and Paid-up Capital	:	RM62,117,400-00
Class of Shares	:	Ordinary Shares of RM1-00 each
Voting rights	:	One vote per Ordinary share
No. of shareholders	:	1,318

DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 29/10/2004

No. of Holders	Holdings	Total Holdings	%
93	less than 100	5,020	0.01
671	100 - 1,000	157,585	0.25
451	1,001 - 10,000	1,448,070	2.33
72	10,001 - 100,000	2,066,736	3.33
29	100,001 - 3,105,869	17,939,588	28.88
2	3,105,870 and above	40,500,401	65.20
1,318	**TOTAL**	**62,117,400**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 29/10/2004

				No. of Shares held or beneficially interested in		Percentage of Shareholding	
No.	Name	Nationality	Registered Holder	Direct	Indirect	Direct	Indirect
1	Yong Pang Chaun Holdings Sdn. Bhd.	Incorporated in Malaysia	-Yong Pang Chaun Holdings Sdn. Bhd.	27,000,401	-	43.47	-
2	Puncak Bestari Sdn. Bhd.	Incorporated in Malaysia	-EB Nominees (Tempatan) Sendirian Berhad -Puncak Bestari Sdn. Bhd.	13,500,000 4,425,998	- -	21.73 7.13	- -
3	Yong Pang Chaun **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -Chong Chin Lin -Yong Pang Chaun	- - 60,000	27,000,401 111,999 # -	- - 0.10	43.47 0.18 -
4	Chong Chin Lin **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -Chong Chin Lin -Yong Pang Chaun	- 111,999 -	27,000,401 - 60,000 *	- 0.18 -	43.47 - 0.10
5	Yong Lee Peng **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -Yong Lee Peng	- 60,000	27,000,401 -	- 0.10	43.47 -
6	Yong Lai Wah **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd.	-	27,000,401	-	43.47

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.

* Deemed Interest via her spouse, Mr Yong Pang Chaun's direct interest.

LIST OF TOP 30 SHAREHOLDERS AS AT 29/10/2004

(As per the Record of Depositors)

No.	Name	No. of Shares	%
1	Yong Pang Chaun Holdings Sdn. Bhd.	27,000,401	43.47
2	EB Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Puncak Bestari Sdn. Bhd.(KLM)	13,500,000	21.73
3	Puncak Bestari Sdn. Bhd.	2,755,999	4.44
4	Employees Provident Fund Board	2,292,800	3.69
5	Puncak Bestari Sdn. Bhd.	1,669,999	2.69
6	Kenanga Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Ho Kok Keong	1,482,000	2.39
7	Thian Yee Chin	1,394,300	2.25
8	Shia Yoon @ Chia Win Thy	1,258,999	2.03
9	OSK Nominees (Tempatan) Sdn. Berhad Qualifier : Pledged Securities Account for Yip Swee Kian	1,153,850	1.86
10	RHB Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Seo Cheng Gaok (CST)	969,999	1.56
11	Yong Yee Ching	788,997	1.27
12	Kenanga Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Soo Tuck Koow	661,200	1.06
13	RHB Capital Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Ho Kok Keong (CEB)	505,998	0.81
14	Yee Man	240,750	0.39
15	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for A.A. Anthony Securities Sdn. Bhd. (2555 PENG)	222,000	0.36
16	Min Seng Realty Sdn. Bhd.	210,300	0.34
17	RHB Capital Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Yip Swee Kian (CEB)	208,950	0.34
18	Soon Peng Len	199,000	0.32
19	Affluent Projects Sdn. Bhd.	198,999	0.32
20	Kwong Fatt Textiles Sdn. Berhad	195,300	0.31
21	Citicorp Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Yip Swee Kian (472257)	190,000	0.31
22	Mayban Nominees (Asing) Sdn. Bhd. Qualifier : DBS Bank for Peanutbutter Jelly & Co. Ltd (230650)	176,800	0.28
23	Sik Gim Keat	162,900	0.26
24	Chong Khin Hsiung	150,000	0.24
25	Ho Kok Keong	135,950	0.22
26	Yong Lai Ang	126,999	0.20
27	Chong Khin Choy	120,000	0.19
28	Chin Koy Nyei	119,000	0.19
29	Leong Choong Wai	119,000	0.19
30	RHB Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Sheah Kok Fah	117,500	0.19
	TOTAL	**58,327,990**	**93.90**

List of Group Properties

As at 30 June 2004

Location	Description / Existing Use	LandArea/ Built-up Area (sq. ft.)	Tenure	Approximate Age of Buildings	Net Carrying Amount @ 30.06.2004 (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	8.5 years	7,328,911
Lot 115, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam Date of acquisition : 8 August 2003	Industrial land : Vacant	45,962	Freehold	Not applicable	4,629,080
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	31 years	907,920
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	22.5 years	621,542
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	14 years	607,312
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	14 years	626,096
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	14 years	612,999
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	14 years	1,081,792

Statement Regarding Revaluation Policy

As at 30 June 2004

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.

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-Third 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 2004 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	Reports and Audited Financial Statements		
Resolution 2	Declaration of Final Dividend		
Resolution 3	Directors' fee		
Resolution 4	Re-election of Datuk Dr. Abdullah Bin Abdul Rahman		
Resolution 5	Re-election of Mdm Chong Chin Lin		
Resolution 6	Re-election of Mdm Yong Lee Peng		
Resolution 7	To appoint Messrs Peter Chong & Co. as Auditors		
Resolution 8	Proposed Renewal of Shareholders' Mandate for RRPT and Provision of Financial Assistance		
Resolution 9	Proposed New Shareholders' Mandate for RRPT		
Resolution 10	Approval pursuant to Section 132D		

Dated this ______________day of ______________2004

No. of ordinary shares held

____
Signature of Member / Common Seal

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/her 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/her holdings to be represented by each proxy.*

(iii) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or 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 appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll).*

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Stamp

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

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

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