

PADINI HOLDINGS BERHAD

(50202-A)
(Incorporated in Malaysia)

A n n u a l R e p o r t 2 0 0 5

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Notice of Annual General Meeting

For the financial year ended 30 June 2005

NOTICE IS HEREBY GIVEN that the Twenty-Fourth 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 21 December 2005 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 2005 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 2005. (Resolution 3)
4. To re-elect the following Directors retiring pursuant to Article 102(1) of the Company's Articles of Association:-
 - i) Dato' Zulkifli Bin Abdul Rahman (Resolution 4)
 - ii) Mr. Yong Pang Chaun (Resolution 5)
 - iii) Mdm. Yong Lai Wah (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 Securities"), 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 29 November 2005 ("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.

Notice of Annual General Meeting (cont'd)

For the financial year ended 30 June 2005

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 Securities, 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 7 of the Circular to Shareholders dated 29 November 2005 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 7.2 of the Circular to Shareholders dated 29 November 2005 ("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 Securities.

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

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 9)

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

Notice of Annual General Meeting (cont'd)

For the financial year ended 30 June 2005

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 21 December 2005, a final dividend of 5%, less 28% income tax in respect of the financial year ended 30 June 2005 will be paid on 13 March 2006 to shareholders whose names appear in the Record of Depositors on 1 March 2006.

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 1 March 2006 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
29 November 2005

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).*

Notice of Annual General Meeting (cont'd)

For the financial year ended 30 June 2005

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 29 November 2005 ("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 7 of the Circular to Shareholders dated 29 November 2005 ("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. Authority pursuant to Section 132D of the Companies Act, 1965

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

Statement Accompanying the Notice

of Annual General Meeting ("AGM")

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

- a) Datuk Zulkifli Bin Abdul Rahman
- b) Mr. Yong Pang Chaun
- c) Mdm. Yong Lai Wah

Further details of the above Directors are set out in the Profile of the Board of Directors on pages 24 to 27 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 2005. Details of attendance of Directors at the Board Meetings are as follows :-

Name	Attendance
Datuk Dr. Abdullah Bin Abdul Rahman	5 meetings
Yong Pang Chaun	5 meetings
Dato' Zulkifli Bin Abdul Rahman	5 meetings
Chong Chin Lin	5 meetings
Chan Kwai Heng	5 meetings
Yong Lee Peng (resigned w.e.f. 30 June 2005)	5 meetings
Yong Lai Wah	5 meetings
Cheong Chung Yet	5 meetings
Sahid Bin Mohamed Yasin	5 meetings

3. Date, Time and Place of General Meetings

Meeting	Date & Time	Place
24th AGM	21 December 2005 @ 10:00 a.m.	No. 21 Lot 116, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam

Corporate Information

CHAIRMAN	Datuk Dr. Abdullah bin Abdul Rahman
MANAGING DIRECTOR	Yong Pang Chaun
DIRECTORS	Dato' Zulkifli bin Abdul Rahman Yong Lai Wah Chong Chin Lin Chan Kwai Heng Sahid bin Mohamed Yasin Cheong Chung Yet
COMPANY SECRETARIES	Ho Mun Yee (MAICSA 0877877) Liew Khoon Wan (MACS 00103)
AUDITORS	Peter Chong & Co. Chartered Accountants
PRINCIPAL BANKER	Malayan Banking 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 -78053535 Fax : 03 -78051066
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 -77254888 Fax : 03 -77222311
STOCK EXCHANGE LISTING	Main Board of Bursa Malaysia Securities Berhad

Corporate Structure

For the financial year ended 30 June 2005

PADINI HOLDINGS BERHAD (50202-A)

100%

MIKIHOUSE CHILDREN'S WEAR SDN. BHD. (164485-U)

100%

PADINI CORPORATION SDN. BHD. (22159-H)

100%

SEED CORPORATION SDN. BHD. (194391-K)

100%

YEE FONG HUNG (MALAYSIA) SENDIRIAN BERHAD (15011-U)

100%

PADINI DOT COM SDN. BHD. (510558-H)

99.69%

VINCCI LADIES' SPECIALTIES CENTRE SDN. BHD. (73404-H)

100%

VINCCI HOLDINGS SDN. BHD. (97644-K)

100%

THE NEW WORLD GARMENT MANUFACTURERS SDN. BHD. (80490-U)

100%

PADINI INTERNATIONAL LIMITED, HONG KONG (896012)

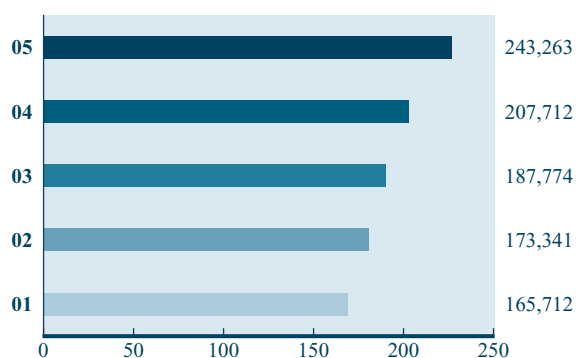
31%

EAGLETEX COMPANY LIMITED, HONG KONG (869285)

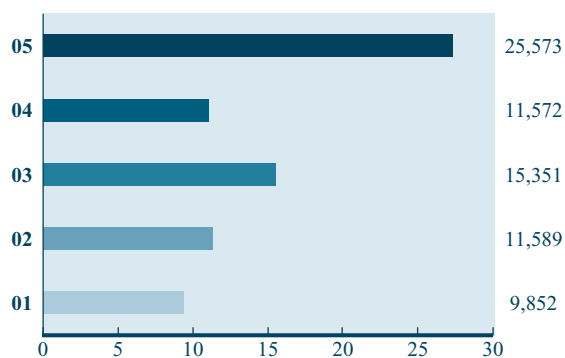
Group Financial Highlights

	2001 RM	2002 RM	2003 RM	2004 RM	2005 RM
Revenue	165,712,181	173,340,723	187,774,453	207,712,482	243,263,163
Profit before taxation	9,852,123	11,589,275	15,351,278	11,572,370	25,573,312
Profit after tax and minority interest attributable to shareholders	6,748,167	6,047,576	9,361,501	6,340,211	18,079,271
Shareholders' fund	69,897,907	74,865,483	81,350,144	86,695,424	101,018,851
Basic earnings per share (sen) based on profit attributable to shareholders	11.2	10.1	15.6	10.4	29.1
Diluted earnings per share (sen)	NA	NA	15.5	10.1	28.6
<i>NA denotes not applicable as the ESOS was implemented during the financial year 2003</i>					
Net tangible assets	69,837,773	74,713,653	81,229,451	85,974,174	99,607,984
NTA per share (sen)	116	125	135	139	160
Dividend rate	5%	5%	10%	10%	15%

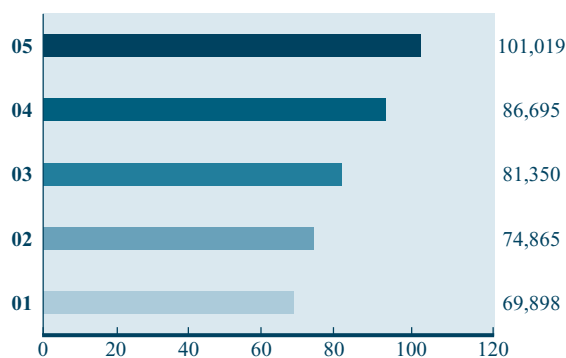
Revenue (RM Thousand)



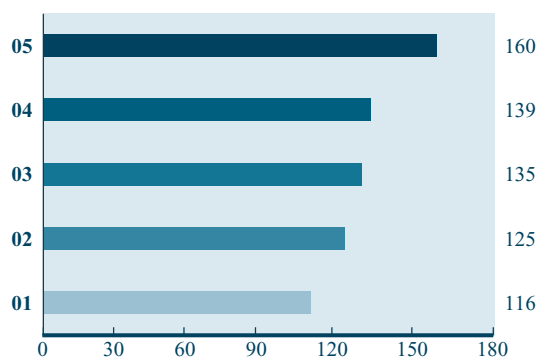
Profit before tax (RM Thousand)



Shareholders' fund (RM Thousand)



Net tangible asset per share (Sen)



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Padini Holdings Berhad and its subsidiary companies ("the Group") for the financial year ended 30 June 2005.

INDUSTRY TREND AND DEVELOPMENT

Recent events in the retail industry have shown that the level of competition experienced in the past will further intensify in the foreseeable future, and that in the mass market segment, this competition will be driven very much by price, promotions, variety of offerings and by the speed at which new offerings reach the market.

As the Padini Group operates in the mass market segment, by and large our response to the competitive conditions would have to take into consideration the consumers' demand for value, varied offerings and a continuous supply of new and fresh product items. Hence we have put into place initiatives to drive more efficiency in product development, procurement of supplies, and logistics. However, in addition to the quantitative elements, we believe also that in order to gain a longer term competitive edge over our competitors, we will have to pay more serious attention to the business of customer service. Ultimately we must do all things necessary to drive home the perception among customers that with Padini, the customers will always come first.

FINANCIAL RESULTS

For the financial year under review, the Group achieved a consolidated revenue of RM243.3 million, a growth of 17.1% over the previous year's amount of RM207.7 million. Gross profits rose in tandem by 15.5% over the same periods, and profit before taxation jumped nearly 121%, from RM11.6 million achieved in the previous year to RM25.6 million in the current financial year. Profits after taxation attributable to the shareholders rose 185.2% to RM18.1 million when compared to the amount of RM6.3 million achieved during the previous financial year. This vast improvement in the results was attributed mainly to the substantially lower relative increase in the operating expenses when compared to the growth in turnover, and in the gross profits earned.

DIVIDENDS

Since the end of the previous financial year, dividends paid by the Company were:

- (1) A final dividend of 5 sen less 28% income tax amounting to RM2,241,858.72 for the financial year ended 30 June 2004 was paid on 18 March 2005,
- (2) An interim dividend of 5 sen less 28% income tax amounting to RM2,242,423.91 for the financial year ended 30 June 2005 was paid on 8 June 2005, and
- (3) A special interim dividend of 5 sen less 28% income tax amounting to RM2,246,963.52 for the financial year ended 30 June 2005 was paid on 23 August 2005.

The Board of Directors is also pleased to recommend a final dividend of 5 sen less 28% income tax for the financial year ended 30 June 2005 for approval by the shareholders at the forthcoming Annual General Meeting.

BUSINESS REVIEW

While the Group's revenues were derived primarily from its domestic operations, contributions from exports have over the recent few years become increasingly important. Garments, shoes, fashion accessories made up the bulk of the products offered for sale. In the domestic market, our products are sold through the numerous retail stores and consignment counters that the Group manages. In markets abroad, the products are sold mostly through retail stores and counters managed by licensees and dealers. The products mentioned are carried under the following brand names; Vincci, VNC, Padini Authentics, PDI, Padini, Seed, Miki, and P&Co, all of which are owned by the Group.

BUSINESS REVIEW (Cont'd)

As at 31 October 2005, our retail network would be as follows :

Nature of outlets	Location	Operated by	Number of outlets
Free-standing single-brand stores	Malaysia	Padini Group	60
Free-standing single-brand stores	Overseas	Appointed dealers	8
Free-standing multi-brand concept stores *	Malaysia	Padini Group	6
Franchise stores	Malaysia	Appointed franchisees	8
Franchise stores	Overseas	Appointed franchisees/licensees	36
Store-within-store: consignment	Malaysia	Padini Group	66
Store-within-store: outright	Overseas	Appointed dealers	19
Total			203

* Housed within the 6 multi-brand concept stores are 37 separate retailing units showcasing either all or a number of the Group's seven brands.

Retailing

As indicated in the table above, it can be seen that domestic retailing, aside from a small portion of which is done by local franchisees (8 units), the bulk of it (132 units) is managed by the Group itself. In the markets abroad, the retailing of the Group's products and brands are managed either by franchisees or dealers, who would also be responsible for all the costs incurred for the operation of the stores.

For the financial year under review, Vincci Ladies' Specialties Centre Sdn Bhd, which operates the Vincci shoes business, achieved a turnover of RM97.95 million (RM79.17 million for 2004), and a pretax profit of RM17.2 million (RM10.23 million for 2004). Strong performances from both the domestic and export sectors contributed to the substantial increases recorded.

Padini Corporation Sdn Bhd, which manages three brands, viz., Padini, PDI, Padini Authentics, had RM73.89 million in turnover (RM70.86 million for 2004), and RM5.37 million in pretax profit (RM4.42 million for 2004). However as the current pretax profit included a gain from disposal of properties of RM2.05 million, the pretax profit earned in the current year has actually fallen when compared to that achieved in the previous financial year. A 1.73% decline in gross margins earned coupled with a 5% increase in operating expenses were mainly responsible for the poorer pretax profit made.

Seed Corporation Sdn Bhd on the other hand, which is responsible for the Seed label, generated RM50.11 million in turnover (RM43.69 million for 2004) and RM2.33 million in pretax profit (RM121,485 for 2004). Even though the gross profit margin achieved had declined slightly year-on-year, pretax profits still grew as the increase in gross profits was relatively higher than the increase in operating expenses.

While the remaining two trading subsidiary companies, Mikihouse Children's Wear Sdn Bhd (managing the Miki label), and Yee Fong Hung (Malaysia) Sendirian Berhad (managing the P&Co label), had still turned in losses, the quantum of the losses were substantially lower than those suffered in the previous financial year. For the financial year under review, the former suffered a loss before tax of RM254,000 from revenues of RM7.7 million (compared to a loss before tax of RM1.28 million from revenues of RM6.45 million in 2004), and the latter had a loss before tax of RM205,000 from revenues of RM8.44 million (compared to a loss before tax of RM983,000 from revenues of RM7.66 million in 2004).

Manufacturing

The Group's remaining manufacturer, Vincci Holdings Sdn Bhd, continued to be profitable. For the year under review, it earned a pretax profit of RM476,000 from revenues of RM2.38 million, which were improvements from the RM125,000 pretax profits and RM1.99 million revenues achieved in the previous financial year.

Franchise, Licensing, and Dealership Operations - Position as at 31 October 2005

Vincci / VNC

The number of local franchisees now stood at 8 while those located overseas had increased to 24 from 10 reported last year.

In Thailand, where Vincci is marketed via a dealership, we now have 8 stores as against the 5 reported in 2004.

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, Philippines, Indonesia, Cambodia and Australia are using the VNC name.

Seed

In Saudi Arabia and the UAE, the number of stores opened had increased from 3 to 7. In Thailand, merchandise carrying our Seed label are also available from 18 counters located within numerous department stores operated by the Central Department Stores Group of Thailand.

Padini Authentics

In Saudi Arabia, we had increased the number of Padini Authentics stores to 5, up from the 2 opened in late October of 2004.

Our development in the markets abroad is moving along faster than expected. In our 2004 Annual Report, it was stated that we had 21 free-standing stores overseas at the end of October 2004, with another 13 expected to open by March 2005. However by the end of October 2005, we already have 44 such stores.

Cafe Operations

Considering the difficulties faced in this area, it is most likely that the Group's cafe operations will be scaled back considerably. We have already closed the cafe located at our Concept Store in City Square, Johor Baru, and will be considering the closure of two others located in the One Utama Shopping Centre once certain operational issues are resolved.

Branding and Customers' Service

The Group will continue to allocate about 3% of its revenues to drive its branding programmes, but while those will be primarily focussed in the area of advertising and promotions to generate more awareness and loyalty for the brands we own, we believe that the promotion of an organisation-wide customer-centric culture will finally result in more improved brand equity. As such, we will spend more resources towards achieving and sustaining exemplary levels of service. We believe that this will give the Group a distinctive competency. Service must no longer be viewed from a mere operational standpoint but instead be considered as a tool to achieve strategic goals.

CORPORATE DEVELOPMENTS

On 6 September 2004, Padini Holdings Berhad had acquired a 70% interest in Padini International Limited, and a 40% interest in Eagletex Company Limited, for HKD2.1 million and HKD4 million respectively, to provide certain support services for the Group's expansion into the markets abroad. Both the companies were incorporated in Hong Kong. On 1 March 2005, the Company entered into a Sales and Purchase Agreement for its investments in Padini International Limited to be increased to 100% while reducing its interests in Eagletex Company Limited to 31%, by way of an exchange of 900,000 ordinary shares in Eagletex Company Limited held by the Company for 900,000 ordinary shares in Padini International Limited. On 25 October 2005, an application to deregister Eagletex Company Limited had been made with the Companies Registry Hong Kong.

FUTURE OUTLOOK

Competition in the domestic retail market will be very price-driven, and as such, the pressure to maintain gross margins will be a very real concern among retailers. This situation will be further worsened by rising operating expenses caused especially by rising rentals and energy costs. Although our brands can still permit us to reap certain price premiums, the realisation is that the competition for customers must take into consideration the provision of exemplary service. To retain and attract customers, our shops must be known not only for the perceived value provided by its merchandise, but more for the high levels of satisfaction that customers derive from shopping at our stores.

Simultaneously, our business in the export markets must also be pursued in a more aggressive and organised manner. While our initial efforts to drive export sales are bearing fruits, future developments will certainly have to consist of better planning and more deliberate decisions.

The following gives an indication of our exports performance over the most recent years:

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
30 June 2005	26,233	243,263	10.78

CONCLUSION

In the years to come, the Group's focus would be on two areas; firstly, our export markets and those brands that will stand up to the rigours of competition in an international environment, and secondly, on driving industry standard-setting service levels. The former would require developing more sources, better logistics, and acquiring more knowledge about foreign markets, and would be considerably easier to achieve. The latter would require changes in the mindset and working culture of all those who work for the Group, and this would be a more difficult task. To this end, we will revamp the ways by which we hire staff, train, motivate and reward them.

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 : 2 November 2005

Corporate Governance Statement

For the financial year ended 30 June 2005

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 24 to 27 of the Annual Report.

For the financial year ended 30 June 2005, the Board had 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 Securities”), 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 Securities and the Independent Directors have confirmed their independence in writing.

Appointment and Re-election of Directors

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

Responsibilities and Supply of Information

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

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

Corporate Governance Statement (cont'd)

For the financial year ended 30 June 2005

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 Securities 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 2005. The number of Board meetings held during the financial year ended 30 June 2005 and the attendance of the meetings are as follows:-

<i>Directors</i>	<i>Meetings Attended by the Directors/ Total Number of Meetings held During the Financial Year Ended 30 June 2005</i>	<i>% of Attendance</i>
Executive Directors		
Mr. Yong Pang Chaun	5/5	100
Mr. Chan Kwai Heng	5/5	100
Mr. Cheong Chung Yet	5/5	100
Ms. Chong Chin Lin	5/5	100
Ms. Yong Lee Peng (resigned wef 30.6.05)	5/5	100
Ms. Yong Lai Wah	5/5	100
Non-Executive Directors		
Datuk Dr. Abdullah bin Abdul Rahman	5/5	100
Dato' Zulkifli bin Abdul Rahman	5/5	100
En. Sahid bin Mohamed Yasin	5/5	100

Restriction on Directorships

The number of Directorships held by the Directors is as stated on pages 24 to 27 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.

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.

Corporate Governance Statement (cont'd)

For the financial year ended 30 June 2005

SECTION 1: DIRECTORS (Cont'd)

Remuneration Package (Cont'd)

The details of the remuneration of the Directors of the company received or receivable for the financial year ended 30 June 2005 are as follows:-

	Salaries RM	Fees & Allowances RM	Bonuses RM	Benefits- in-Kind RM	Statutory Contributions RM	Total RM
Executive Directors	1,596,000	-	133,000	152,692	207,480	2,089,172
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	4	-
RM400,001 - RM450,000	1	-

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 Securities from time to time. All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by the Bursa Securities, and are also aware of their duty to undergo the Continuing Education Programme ("CEP") as prescribed by the Bursa Securities. 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 19 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.

Corporate Governance Statement (cont'd)

For the financial year ended 30 June 2005

SECTION 2: SHAREHOLDERS (Cont'd)

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 Securities, 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 Securities. 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 pages 28 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.

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 2005.

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 Securities, 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 ended 30 June 2005. The details of the attendance of the meetings are disclosed under the heading 'Attendance of Audit Committee Meetings' on page 21 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 the 22 October 2004, 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.

Terms of Reference of Audit Committee (Cont'd)

Meetings and Quorum of the Audit Committee (Cont'd)

In all 5 meetings of the Audit Committee held during the financial year ended 30 June 2005, representatives from the Internal Auditors had been in attendance to the internal audit work completed during the quarters concerned. In 4 of those 5 meetings, the Group Finance Manager was also present to report on the unaudited quarterly result as well as to answer queries that the Audit Committee might have about the results achieved.

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

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.

Report of the Audit Committee (cont'd)

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.

Procedure of Audit Committee

The Audit Committee regulates its own procedures by:-

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

Review of the Audit Committee

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

Attendance of Audit Committee Meetings

The details of attendance of each Audit Committee member in the Audit Committee meetings held during the financial year ended 30 June 2005 are as follows:-

<i>Directors</i>	<i>Meetings Attended by the Directors / Total Number of Meetings held During the Financial Year Ended 30 June 2005</i>	<i>% of Attendance</i>
Datuk Dr. Abdullah bin Abdul Rahman	5/5	100
Dato' Zulkifli bin Abdul Rahman	5/5	100
En. Sahid bin Mohamed Yasin	5/5	100
Mr. Cheong Chung Yet	4/5	80

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 2005 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 Securities, 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.
- x. review the report on allocation of share options to employees as required by Paragraph 8.21A of the Listing Requirements.

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
2005	viii. Merchandising ix. Logistics, Warehousing & Inventories x. Outsourcing Management xi. Marketing

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.

Profile of Directors

For the financial year ended 30 June 2005

Datuk Dr Abdullah bin Abdul Rahman

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

Aged 60 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 69 of Malaysian nationality, he was first appointed to the Board on 11 March 1994.

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

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

1. Nikko Electronics Bhd

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

Profile of Directors (cont'd)

For the financial year ended 30 June 2005

Yong Pang Chaun

(Managing Director)

Aged 54 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 53 of Singaporean nationality, he was first appointed to the Board on 29 March 1995.

He graduated from the University of Malaya in 1975 with a Bachelor of Economics (Hons) degree, majoring in Accounts. He also has an European MBA from the Paris Graduate School of Management, which he obtained in June of 2003.

From 1975 and up till 1977, he has worked as a temporary teacher in SMJK Chi Wen, a school in Bahau, Negri Sembilan. Subsequently, he did some lecturing on a part-time basis at colleges such as the Systematic Business Training Centre and TL Management Centre Sdn Bhd in Kuala Lumpur. Before joining the Group in 1988 as an executive director in one of its subsidiary companies, he had also worked from 1983 to 1987 in Vincci Department Store Sdn Bhd as a Manager in charge of finance and administration.

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

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

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

Profile of Directors (cont'd)

For the financial year ended 30 June 2005

Cheong Chung Yet

(Member of the Audit Committee, Executive Director)

Aged 39 of Malaysian nationality, he was first appointed to the Board on 14 July 2000.

He obtained his Bachelor of Accountancy (Hons) degree from the University of Malaya in 1989.

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

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

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

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

Chong Chin Lin

(Executive Director)

Aged 52 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 55 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.

Profile of Directors (cont'd)

For the financial year ended 30 June 2005

Sahid bin Mohamed Yasin

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

Aged 56 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 all 5 meetings of the Board of Directors.

Other Information

(i) Family Relationship

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

Yong Pang Chaun, Chong Chin Lin and Yong Lai Wah are the major shareholders in the Company by virtue of their interest in Yong Pang Chaun Holdings Sdn Bhd which owns a 43.26% 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 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 explaining its responsibility for the preparation of the annual audited accounts.

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

In preparing the financial statements of Padini Holdings Berhad, the Directors have ensured the following:-

- Adopted suitable accounting policies and apply them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Making of judgements 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.

Financial Statements

For the financial year ended 30 June 2005

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Directors' Report

For the financial year ended 30 June 2005

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 2005.

PRINCIPAL ACTIVITIES

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

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

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

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	18,079,271	5,022,299

DIVIDENDS

The dividends paid and payable by the Company since 30 June 2004 were as follows:

	RM
In respect of the financial year ended 30 June 2004, as shown in the Directors' report of the previous financial year	
Final dividend of 5% less tax, paid on 18 March 2005	2,241,859
In respect of the financial year ended 30 June 2005	
Interim dividend of 5% less tax, paid on 8 June 2005	2,242,424
Special interim dividend of 5% less tax, paid on 23 August 2005	2,246,964

The Directors recommend a final dividend in respect of the current financial year of 5 sen per share, less income tax at 28%, 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 issued and paid-up share capital from RM61,812,600 to RM62,414,600 by the issuance of shares and allotment of 602,000 new ordinary shares of RM1.00 each for cash under the Company's Employees' Share Option Scheme ("ESOS") at the following option prices:

Number of ordinary shares	Exercise price
529,200	RM1.06
70,200	RM1.26
2,600	RM2.31

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.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

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

The main features of the ESOS are:

- (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.

Directors' Report (cont'd)

For the financial year ended 30 June 2005

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (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 2005 were as follows:-

Date of offer	Option price RM	Balance at 1.7.2004	Granted	Exercised	Lapsed*	Balance at 30.6.2005
10.10.2002	1.06	2,071,650	-	(523,700)	(92,150)	1,455,800
15.10.2002	1.06	21,000	-	(5,500)	-	15,500
08.08.2003	1.26	286,200	-	(70,200)	(19,250)	196,750
04.10.2004	2.31	-	1,087,500	(2,600)	(216,000)	868,900
		2,378,850	1,087,500	(602,000)	(327,400)	2,536,950

* 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

Chong Chin Lin

Chan Kwai Heng

Sahid bin Mohamed Yasin

Cheong Chung Yet

Yong Lee Peng (resigned on 30 June 2005)

In accordance with the Company's Articles of Association, Dato' Zulkifli bin Abdul Rahman, Mr. Yong Pang Chaun and Madam Yong Lai Wah 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 1.7.2004	Bought	Sold	Balance at 30.6.2005
Direct interest in shares of the Company				
Yong Pang Chaun	60,000	38,000	-	98,000
Yong Lee Peng	60,000	-	-	60,000
Chong Chin Lin	111,999	38,000	-	149,999
Chan Kwai Heng	37,500	-	(13,100)	24,400
Cheong Chung Yet	41,499	-	-	41,499

Directors' Report (cont'd)

For the financial year ended 30 June 2005

DIRECTORS' INTERESTS (Cont'd)

	Number of ordinary shares of RM1.00 each			
	Balance at 1.7.2004	Bought	Sold	Balance at 30.6.2005
Indirect interest by virtue of shares held by a company in which the Directors have interests				
Yong Pang Chaun	27,112,400	38,000	-	27,150,400
Yong Lai Wah	27,000,401	-	-	27,000,401
Yong Lee Peng	27,000,401	-	-	27,000,401
Chong Chin Lin	27,060,401	38,000	-	27,098,401

Direct interest in shares of the subsidiary company

Vincci Ladies' Specialties Centre Sdn. Bhd.

Yong Lai Wah	5,000	-	-	5,000
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Direct interest in share options of the Company	Option price RM	Number of options for ordinary shares of RM1.00 each			Balance at 30.6.2005
		Balance at 1.7.2004	Granted	Exercised	
Yong Pang Chaun	1.06	90,000	-	(38,000)	52,000
Yong Lee Peng	1.06	90,000	-	-	90,000
Chong Chin Lin	1.06	90,000	-	(38,000)	52,000
Chan Kwai Heng	1.06	90,000	-	-	90,000
Cheong Chung Yet	1.06	39,000	-	-	39,000
Cheong Chung Yet	2.31	-	21,000	-	21,000
Yong Lai Wah	2.31	-	49,500	-	49,500

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 and share options 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 28 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.

Directors' Report (cont'd)

For the financial year ended 30 June 2005

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 company as disclosed as Note 34(b).

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.

Directors' Report (cont'd)

For the financial year ended 30 June 2005

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
Director

YONG PANG CHAUN
Director

Date : 25 October 2005
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 38 to 80 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 2005 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
Director

YONG PANG CHAUN
Director

Date : 25 October 2005
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 38 to 80 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 25th day of October 2005) Before me

Report of The Auditors to the Members

of Padini Holdings Berhad

We have audited the financial statements set out on pages 38 to 80 of **PADINI HOLDINGS BERHAD** for the financial year ended 30 June 2005. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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 2005 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 have considered the financial statements and the auditors' report of the subsidiary companies for which we have not acted as auditors as disclosed in Note 5 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

25 October 2005

Kuala Lumpur

Consolidated Balance Sheet

As at 30 June 2005

	Note	2005 RM	2004 RM
PROPERTY, PLANT AND EQUIPMENT	4	29,018,898	30,990,247
INVESTMENT IN AN ASSOCIATED COMPANY	6	1,487,669	-
INVESTMENT	7	744,334	744,334
INTANGIBLE ASSETS	8	1,617,781	721,250
DEFERRED TAX ASSETS	9	865,767	285,300
CURRENT ASSETS			
Inventories	10	41,900,645	34,934,867
Receivables	11	20,150,443	15,890,599
Tax assets	12	1,466,117	1,981,932
Short term investment	13	18,017,764	-
Cash and bank balances		15,321,691	21,594,404
		96,856,660	74,401,802
CURRENT LIABILITIES			
Payables	14	23,989,325	15,439,598
Borrowings	15	2,297,928	3,515,054
Tax liabilities	12	2,592,667	677,658
		28,879,920	19,632,310
NET CURRENT ASSETS		67,976,740	54,769,492
		101,711,189	87,510,623
FINANCED BY:			
SHARE CAPITAL	16	62,414,600	61,812,600
RESERVES	17	38,604,251	24,882,824
SHAREHOLDERS' EQUITY		101,018,851	86,695,424
MINORITY INTEREST		275,896	229,673
LONG-TERM AND DEFERRED LIABILITIES			
Negative goodwill on consolidation	18	206,914	-
Borrowings	15	197,598	497,526
Deferred tax liabilities	9	11,930	88,000
		101,711,189	87,510,623

Consolidated Income Statement

For the financial year ended 30 June 2005

	Note	2005 RM	2004 RM
REVENUE	19	243,263,163	207,712,482
COST OF SALES		(130,003,991)	(109,665,252)
GROSS PROFIT		113,259,172	98,047,230
OTHER OPERATING INCOME		3,821,335	1,479,740
		117,080,507	99,526,970
SELLING AND DISTRIBUTION COSTS		(68,117,889)	(66,419,118)
ADMINISTRATION EXPENSES		(23,051,016)	(21,287,982)
PROFIT FROM OPERATIONS	20	25,911,602	11,819,870
FINANCE COSTS	22	(310,385)	(247,500)
SHARE OF RESULTS OF AN ASSOCIATED COMPANY		(27,905)	-
PROFIT BEFORE TAXATION		25,573,312	11,572,370
TAXATION	12		
- Company and subsidiary companies		(7,389,291)	(5,210,126)
- Associated company		-	-
PROFIT AFTER TAXATION BUT BEFORE MINORITY INTEREST		18,184,021	6,362,244
MINORITY INTEREST		(104,750)	(22,033)
NET PROFIT FOR THE FINANCIAL YEAR		18,079,271	6,340,211
EARNINGS PER SHARE (SEN)	23		
- Basic		29.1	10.4
- Diluted		28.6	10.1
DIVIDEND PER SHARE (SEN)	24		
- Interim		5.0	5.0
- Special interim		5.0	-
- Final		5.0	5.0

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

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2005

Note	Share capital RM	Share premium RM	Revaluation reserve RM	Currency translation reserves RM	Retained profits RM	Total RM
At 1 July 2003	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)	-
Dividends						
- 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 / 1 July 2004	61,812,600	749,022	-	-	24,133,802	86,695,424
Issuance of shares	602,000	53,410	-	-	-	655,410
Net gain not recognised in the income statement						
Foreign exchange differences	-	-	-	4,410	-	4,410
Minority interest share of currency translation reserve	-	-	-	617	-	617
Transfer from deferred tax liability	-	-	67,417	-	-	67,417
Realisation upon disposal	-	-	(67,417)	-	67,417	-
Share of associated company's currency translation reserve	-	-	-	585	-	585
Dividends						
- interim	-	-	-	5,612	67,417	73,029
- final	-	-	-	-	(2,242,424)	(2,242,424)
Net profit for the financial year	-	-	-	-	(2,241,859)	(2,241,859)
At 30 June 2005	62,414,600	802,432	-	5,612	37,796,207	101,018,851

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

Consolidated Cash Flow Statement

For the financial year ended 30 June 2005

	Note	2005 RM	2004 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		25,573,312	11,572,370
Adjustments for:			
Allowance for doubtful debts		-	369,098
Amortisation of intangible assets		395,186	199,328
Amortisation of negative goodwill on consolidation		(51,728)	-
Bad debts written off		-	36,016
Depreciation of property, plant and equipment		8,510,146	8,583,918
Profit on disposal of property, plant and equipment		(2,064,776)	(214,304)
Interest expenses		310,385	247,500
Interest income		(124,732)	(87,128)
Inventories written down		599,166	448,337
Share of results of an associated company		27,905	-
Property, plant and equipment written off		-	72,987
Operating profit before working capital changes		33,174,864	21,228,122
Inventories		(7,413,762)	1,287,231
Receivables		(2,032,248)	980,647
Short term investment		16,530	-
Payables		7,502,782	2,552,306
Cash generated from operations		31,248,166	26,048,306
Dividend paid		(4,484,283)	(2,949,193)
Tax paid	12	(5,547,974)	(6,631,840)
Net cash generated from operating activities		21,215,909	16,467,273

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

Consolidated Cash Flow Statement (cont'd)

For the financial year ended 30 June 2005

	Note	2005 RM	2004 RM
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of associated company		(1,954,825)	-
Acquisition of subsidiary company, net of cash acquired	26	(745,402)	-
Additions to trademarks		(1,291,717)	(799,885)
Interest income received		108,202	87,128
Proceeds from disposal of property, plant and equipment		3,815,271	356,399
Purchase of property, plant and equipment	25	(8,227,877)	(13,473,809)
Net cash used in investing activities		(8,296,348)	(13,830,167)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest expenses paid		(310,385)	(247,500)
Changes to short term borrowings		(1,212,000)	(1,290,000)
Dividend paid to minority interest		(7,200)	(15,800)
Proceeds from issuance of shares		655,410	1,954,262
Repayment of hire purchase and finance lease obligations		(305,054)	(205,668)
Net cash (used in)/generated from financing activities		(1,179,229)	195,294
NET INCREASE IN CASH AND CASH EQUIVALENTS		11,740,332	2,832,400
Effect of exchange rate changes		4,222	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		21,594,404	18,762,004
Effect of exchange rate changes		497	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	27	33,339,455	21,594,404

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 2005

	Note	2005 RM	2004 RM
PROPERTY, PLANT AND EQUIPMENT	4	13,800,993	12,353,143
INVESTMENT IN SUBSIDIARY COMPANIES	5	70,374,209	54,947,503
INVESTMENT IN AN ASSOCIATED COMPANY	6	1,514,989	-
INVESTMENT	7	560,000	560,000
INTANGIBLE ASSETS	8	53,758	-
CURRENT ASSETS			
Receivables	11	12,904,813	17,137,163
Tax assets	12	1,229,611	899,832
Cash and bank balances		659,784	696,406
		14,794,208	18,733,401
CURRENT LIABILITIES			
Payables	14	969,883	272,199
NET CURRENT ASSETS		13,824,325	18,461,202
		100,128,274	86,321,848
FINANCED BY:			
SHARE CAPITAL	16	62,414,600	61,812,600
RESERVES	17	37,713,674	24,509,248
SHAREHOLDERS' EQUITY		100,128,274	86,321,848

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

Income Statement

For the financial year ended 30 June 2005

	Note	2005 RM	2004 RM
REVENUE	19	8,293,000	8,925,000
OTHER OPERATING INCOME		1,619,670	948,542
ADMINISTRATION EXPENSES		(2,917,710)	(3,181,402)
PROFIT FROM OPERATIONS	20	6,994,960	6,692,140
FINANCE COSTS		-	-
PROFIT BEFORE TAXATION		6,994,960	6,692,140
TAXATION	12	(1,972,661)	(2,030,000)
NET PROFIT FOR THE FINANCIAL YEAR		5,022,299	4,662,140

Statement of Changes in Equity

For the financial year ended 30 June 2005

	Note	Share capital RM	Share premium RM	Revaluation reserve RM	Retained profits RM	Total RM
At 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)	-	-
Dividends						
- 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/1 July 2004		61,812,600	749,022	18,888,588	4,871,638	86,321,848
Issuance of shares		602,000	53,410	-	-	655,410
Dividends	24					
- interim		-	-	-	(2,242,424)	(2,242,424)
- final		-	-	-	(2,241,859)	(2,241,859)
Net gain not recognised in the income statement						
- surplus on revaluation of investment in subsidiary companies		-	-	12,613,000	-	12,613,000
Net profit for the financial year		-	-	-	5,022,299	5,022,299
						17,635,299
At 30 June 2005		62,414,600	802,432	31,501,588	5,409,654	100,128,274

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

Cash Flow Statement

For the financial year ended 30 June 2005

	Note	2005 RM	2004 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		6,994,960	6,692,140
Adjustments for:			
Amortisation of intangible assets		6,001	-
Depreciation of property, plant and equipment		321,904	313,349
Impairment loss on investment in subsidiary companies			
- Additions		1,622,000	1,657,000
- Reversal		(671,000)	-
Dividend income		(8,223,000)	(8,855,000)
Operating profit/(loss) before working capital changes		50,865	(192,511)
Receivables		4,232,350	(236,718)
Payables		697,684	(186,822)
Cash generated from/(used in) operations		4,980,899	(616,051)
Dividend paid		(4,484,283)	(2,949,193)
Tax paid	12	(2,302,440)	(2,030,000)
Net cash used in operating activities		(1,805,824)	(5,595,244)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary company	26	(1,024,870)	-
Acquisition of an associated company		(1,954,825)	-
Additions to trademarks		(59,759)	-
Additional investment in subsidiary companies		(2,300,000)	-
Dividend received		8,223,000	8,855,000
Purchase of property, plant and equipment	25	(1,769,754)	(4,762,968)
Net cash generated from investing activities		1,113,792	4,092,032
CASH FLOW FROM FINANCING ACTIVITY			
Proceeds from issuance of shares		655,410	1,954,262
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(36,622)	451,050
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		696,406	245,356
CASH AND CASH EQUIVALENTS CARRIED FORWARD	27	659,784	696,406

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

Notes to the Financial Statements

- 30 June 2005

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 to the financial statements.

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

The total number of employees of the Group and the Company (excluding Executive Directors) at the end of the financial year were 1,732 (2004: 1,740) and 3 (2004: 2) 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 25 October 2005.

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, market 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, and structural foreign currency translation exposures arising from investment in foreign subsidiary companies which are denominated in the currencies where they are domiciled.

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.

As at year end, the net unhedged financial asset of the Group and the Company that is not denominated in their functional currency is RM3,521,273 (2004: RM625,957) and RM707,474 (2004: Nil) respectively.

Interest rate risk

The Group is exposed to interest rate risk mainly from its 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.

These notes form part of the financial statements.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Market risk

The Group is exposed to market risk of which the value of a financial instrument will fluctuate as a result of changes in the market prices. The risk of loss in value is minimised via adherence of qualifying criteria before making the investment and by continuous monitoring of the performance.

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 financial requirements for the foreseeable future.

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 this summary of significant accounting policies.

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

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

3.2 Basis of consolidation

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

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

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

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

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

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

3.2 Basis of consolidation (Cont'd)

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.

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

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

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

3.4 Investment

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

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

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

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

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

3.4 Investment (Cont'd)

Investment in highly liquid investment, which are held for short term liquidity purposes, are stated at the net realisable value. An increase or decrease in the carrying value of these investments is taken to the income statement.

3.5 Goodwill/negative goodwill

Goodwill/negative 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/negative 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 5 years, whichever is shorter.

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

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

The carrying amounts of goodwill for associated 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 assets

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 companies in 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**3.7 Property, plant and equipment** (Cont'd)

Freehold land and capital work in progress are 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	88
Buildings	50
Plant and machinery	5
Motor vehicles	5
Furniture and fixtures, office equipment, tools and equipment	3 - 5

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

3.8 Inventories

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

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

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

3.9 Receivables

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Leases

Operating lease

Assets acquired under operating lease agreements where all the risks and benefits of ownership 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 the termination takes place.

Finance lease

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

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

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

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

3.14 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.

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

3.15 Revenue recognition (Cont'd)

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.

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

Foreign currency	2005	2004
1 Hong Kong Dollar	RM0.4889	RM0.4824
1 US Dollar	RM3.8000	RM3.8000
1 Singapore Dollar	RM2.2533	RM2.1930
1 Brunei Dollar	RM2.2864	RM2.1930

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.

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

3.18 Impairment of assets (Cont'd)

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.

3.21 Employee benefits

Short term employee benefits

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

Defined contribution plans

As required by law, companies in Malaysia make contribution for the local employees to the state pension scheme, the Employees Provident Fund ("EPF"). Overseas subsidiary company makes contribution to their respective countries' Statutory Pension Scheme. Such contributions are recognised as an expense in the income statement as incurred.

Employees' Share Option Scheme ("ESOS")

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 35.

Notes to the Financial Statements (cont'd)

- 30 June 2005

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	Capital work in progress RM	Total RM
Net carrying amounts as at 1 July 2004	12,865,912	3,549,740	23,088	2,054,986	9,811,128	1,529,318	1,156,075	-	30,990,247
Acquisition of subsidiary company	-	-	-	-	14,920	46,416	-	-	61,336
Additions	-	-	-	-	5,355,257	955,199	308,499	1,608,922	8,227,877
Disposals	-	(1,703,333)	-	(15,266)	(31,896)	-	-	-	(1,750,495)
Depreciation charge	(127,754)	(35,551)	(21,647)	(682,943)	(6,341,748)	(836,292)	(464,211)	-	(8,510,146)
Effect of exchange rate changes	-	-	-	-	22	57	-	-	79
Net carrying amounts as at 30 June 2005	12,738,158	1,810,856	1,441	1,356,777	8,807,683	1,694,698	1,000,363	1,608,922	29,018,898
As at 30 June 2005									
Cost	12,572,263	2,237,465	549,657	4,025,172	43,637,832	7,238,911	5,127,588	1,608,922	76,997,810
Valuation	1,164,000	-	-	-	-	-	-	-	1,164,000
Accumulated depreciation	(998,105)	(426,609)	(548,216)	(2,668,395)	(34,830,149)	(5,544,213)	(4,127,225)	-	(49,142,912)
Net carrying amounts	12,738,158	1,810,856	1,441	1,356,777	8,807,683	1,694,698	1,000,363	1,608,922	29,018,898
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
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

These notes form part of the financial statements.

Notes to the Financial Statements

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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	Capital work in progress RM	Total RM
Net carrying amounts as at							
1 July 2004	11,957,992	-	141,205	197,146	56,800	-	12,353,143
Additions	-	-	8,843	139,669	12,320	1,608,922	1,769,754
Depreciation charge	(104,474)	-	(58,815)	(117,913)	(40,702)	-	(321,904)
Net carrying amounts as at 30 June 2005	11,853,518	-	91,233	218,902	28,418	1,608,922	13,800,993
As at 30 June 2005							
Cost	12,572,263	106,941	1,281,556	1,411,161	390,754	1,608,922	17,371,597
Accumulated depreciation	(718,745)	(106,941)	(1,190,323)	(1,192,259)	(362,336)	-	(3,570,604)
Net carrying amounts	11,853,518	-	91,233	218,902	28,418	1,608,922	13,800,993
As at 30 June 2004							
Cost	12,572,263	368,161	1,272,713	1,271,492	378,434	-	15,863,063
Accumulated depreciation	(614,271)	(368,161)	(1,131,508)	(1,074,346)	(321,634)	-	(3,509,920)
Net carrying amounts	11,957,992	-	141,205	197,146	56,800	-	12,353,143

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

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

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
(i) Assets carried at valuation less accumulated depreciation:				
- freehold buildings	884,640	907,920	-	-
- leasehold land and building	-	621,542	-	-
	<u>884,640</u>	<u>1,529,462</u>	<u>-</u>	<u>-</u>
Had these assets been carried at cost less accumulated depreciation:				
- freehold buildings	265,392	272,376	-	-
- leasehold land and building	-	363,809	-	-
	<u>265,392</u>	<u>636,185</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
(ii) Assets pledged as securities for banking facilities:				
- freehold land and building	4,629,080	-	4,629,080	-
- leasehold land and buildings	1,810,856	1,846,407	-	-
	<u>6,439,936</u>	<u>1,846,407</u>	<u>4,629,080</u>	<u>-</u>
(iii) Assets held under hire purchase instalment plan:				
- motor vehicles	<u>845,965</u>	<u>1,140,515</u>	<u>-</u>	<u>-</u>
(iv) Title deeds to the following land and buildings have yet to be issued by the relevant authorities:				
- freehold land and buildings	12,738,158	12,865,912	11,853,518	11,957,992
- leasehold land and buildings	1,810,856	2,928,199	-	-
	<u>14,549,014</u>	<u>15,794,111</u>	<u>11,853,518</u>	<u>11,957,992</u>

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2005 RM	2004 RM
Unquoted shares		
At valuation		
At 1 July	68,896,626	60,858,626
Additions	3,764,706	-
Revaluation surplus	12,613,000	8,038,000
At 30 June	85,274,332	68,896,626
Less: Accumulated impairment losses		
At 1 July	13,949,123	12,292,123
Additions	1,622,000	1,657,000
Reversal	(671,000)	-
At 30 June	(14,900,123)	(13,949,123)
Net carrying amount	70,374,209	54,947,503

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

All subsidiary companies were incorporated in Malaysia except for Padini International Limited which was incorporated in Hong Kong. Details of the subsidiary companies are as follows:-

Subsidiary companies of the Company	Gross equity interest		Principal activities
	2005 %	2004 %	
Vincci Ladies' Specialties Centre Sdn. Bhd. ("Vincci")	99.69	99.69	Dealers of ladies' shoes and accessories.
Padini Corporation Sdn. Bhd. ("Padini Corporation")	100	100	Dealers of garments.
Seed Corporation Sdn. Bhd. ("Seed")	100	100	Dealers of garments and ancillary products.
Yee Fong Hung (Malaysia) Sendirian Berhad ("Yee Fong Hung")	100	100	Dealers of garments and ancillary products.
Mikihouse Children's Wear Sdn. Bhd. ("Mikihouse")	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. ("The New World Garment")	100	100	Dormant.
Padini International Limited *	100	-	Dealers of garments.

* Audited by other firms of auditors.

Notes to the Financial Statements (cont'd)

- 30 June 2005

6. INVESTMENT IN AN ASSOCIATED COMPANY

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Unquoted shares				
At cost	1,514,989	-	1,514,989	-
Share of post acquisition reserves	(27,320)	-	-	-
	<u>1,487,669</u>	<u>-</u>	<u>1,514,989</u>	<u>-</u>
Represented by:				
Share of net assets other than goodwill	1,441,722	-		
Goodwill on acquisition	45,947	-		
	<u>1,487,669</u>	<u>-</u>		

There are no capital commitments or contingencies relating to the Group's interest in associated company at balance sheet date.

Included in share of post acquisition reserves are the following charges for the current financial year:

	Group	
	2005 RM	2004 RM
Amortisation of goodwill	12,670	-
Loss on disposal of partial equity interest in the associated company	<u>2,554</u>	<u>-</u>

The associated company was incorporated in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"). Detail of the associated company is as follows:

Associated companies of the Company	Gross equity interest		Principal activities
	2005 %	2004 %	
Eagletex Company Limited	31	-	Dealers of garments.

The associated company goes into a members' voluntary winding-up and had on 25 October 2005 submitted an application to be deregistered from the Registrar of Companies pursuant to Section 291 AA of the Companies Ordinance in Hong Kong.

7. INVESTMENT

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 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	-	-
	<u>744,334</u>	<u>744,334</u>	<u>560,000</u>	<u>560,000</u>
Market value of quoted shares	<u>29,362</u>	<u>16,803</u>		

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

8. INTANGIBLE ASSETS

	Group RM	Company RM
Trademarks		
Net carrying amounts as at 1 July 2004	721,250	-
Additions	1,291,717	59,759
Amortisation charge	(395,186)	(6,001)
Net carrying amounts as at 30 June 2005	1,617,781	53,758
As at 30 June 2005		
Cost	2,306,607	59,759
Accumulated amortisation	(688,826)	(6,001)
Net carrying amounts	1,617,781	53,758
As at 30 June 2004		
Cost	1,014,890	-
Accumulated amortisation	(293,640)	-
Net carrying amounts	721,250	-

9. DEFERRED TAXATION

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	
	2005 RM	2004 RM
Deferred taxation		
At 1 July	197,300	(254,845)
Recognised in equity	67,417	-
Recognised in the income statement (Note 12)	589,142	452,145
Effect of exchange rate changes	(22)	-
At 30 June	853,837	197,300
Presented after appropriate offsetting as follows:		
Deferred tax assets	865,767	285,300
Deferred tax liabilities	(11,930)	(88,000)
	853,837	197,300

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

9. DEFERRED TAXATION (Cont'd)

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

Group	Balance at 1.7.2004 RM	Recognised in equity RM	Recognised in the income statement RM	Balance at 30.6.2005 RM
Deferred tax assets				
Surplus on revaluation	(199,741)	67,417	4,563	(127,761)
Depreciation claimed in excess of capital allowances	273,200	-	402,800	676,000
Unutilised capital allowances	82,900	-	(82,900)	-
Unused tax losses	108,500	-	144,500	253,000
Other temporary differences	20,441	-	44,087	64,528
	285,300	67,417	513,050	865,767
Deferred tax liabilities				
Capital allowances claimed in excess of depreciation	(88,000)	-	76,070	(11,930)
	197,300	67,417	589,120	853,837

Deferred tax assets of the subsidiary companies are only recognised to the extent where it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The balance of deferred tax assets have not been recognised as it is not probable that sufficient future taxable profits will be available to offset against the following unrecognised deferred tax assets of the subsidiary companies concerned.

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Surplus on revaluation	(127,761)	(199,741)	-	-
Temporary differences between accounting depreciation and related capital allowances	608,700	265,000	3,000	33,000
Unutilised capital allowances	677,000	771,000	250,000	262,000
Unused tax losses	2,496,300	2,736,000	-	-
Other temporary difference	64,528	20,441	-	-
	3,718,767	3,592,700	253,000	295,000
Less: Recognised as deferred tax assets	(865,767)	(285,300)	-	-
	2,853,000	3,307,400	253,000	295,000

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

10. INVENTORIES

	Group	
At cost	2005 RM	2004 RM
Raw materials	891,998	2,415,101
Completed garments, shoes and accessories	39,121,032	32,110,204
Food and beverage	66,319	-
	40,079,349	34,525,305
At net realisable value		
Raw materials	1,236,755	110,704
Completed garments, shoes and accessories	584,541	298,858
	41,900,645	34,934,867

11. RECEIVABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Trade receivables	12,417,057	8,798,997	-	16,278
Less: Allowance for doubtful debts	-	(369,098)	-	-
	12,417,057	8,429,899	-	16,278
Other receivables and prepayments	129,945	451,641	49,240	42,335
Deposits				
- business premises	7,234,835	6,726,480	-	-
- others	368,606	282,579	53,162	23,279
Due from subsidiary companies - non-trade	-	-	12,802,411	17,055,271
	20,150,443	15,890,599	12,904,813	17,137,163

The currency exposure profile of receivables is as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Ringgit Malaysia	17,705,728	15,264,642	12,197,339	17,137,163
United State Dollar	1,077,240	482,274	707,474	-
Brunei Dollar	-	143,683	-	-
Hong Kong Dollar	1,367,475	-	-	-
	20,150,443	15,890,599	12,904,813	17,137,163

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

Notes to the Financial Statements (cont'd)

- 30 June 2005

12. TAXATION

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Net tax assets at 1 July	1,304,274	334,705	899,832	899,832
Taxation charge for the financial year	(7,978,433)	(5,662,271)	(1,972,661)	(2,030,000)
Effect of exchange rate changes	(365)	-	-	-
Payment made during the financial year	5,547,974	6,631,840	2,302,440	2,030,000
Net tax (liabilities)/ assets at 30 June	(1,126,550)	1,304,274	1,229,611	899,832
Disclosed as :-				
Tax assets	1,466,117	1,981,932	1,229,611	899,832
Tax liabilities	(2,592,667)	(677,658)	-	-
	(1,126,550)	1,304,274	1,229,611	899,832

The taxation expenses comprise:

Malaysian taxation

- Based on results for the financial year	7,673,831	5,190,700	2,282,280	2,030,000
- Adjustment in respect of prior years	50,202	371,888	(309,619)	-
- In respect of Real Property Gains Tax ("RPGT")	-	47,864	-	-
- Penalty	56,575	51,819	-	-
Hong Kong taxation	197,825	-	-	-
	7,978,433	5,662,271	1,972,661	2,030,000

Deferred taxation (Note 9)

- Based on results for the financial year				
- Malaysian taxation	(218,750)	(218,145)	-	-
- Hong Kong taxation	11,908	-	-	-
- Adjustment in respect of prior years	(382,300)	(234,000)	-	-
	(589,142)	(452,145)	-	-
	7,389,291	5,210,126	1,972,661	2,030,000

Tax savings arising from utilisation of brought forward capital allowances and unabsorbed business losses of the Group and the Company amounted to RM179,409 (2004: RM27,066) and RM9,161 (2004 : RM Nil) respectively.

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2004: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

12. TAXATION (Cont'd)

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

	2005 RM	2004 RM
Profit before taxation	25,573,312	11,572,370
Tax at the current income tax rate	7,160,527	3,240,264
Tax at different statutory income tax rate of certain subsidiary companies	(222,657)	(70,220)
Tax effects in respect of:		
- Depreciation of non-qualifying property, plant and equipment	1,176,863	729,794
- Professional fees	-	109,069
- Tax savings from utilisation of brought forward capital allowances and business losses	(49,409)	(27,066)
- Non-allowable expenses	292,956	453,518
- Non-taxable income	(161,208)	-
- Profit on disposal of property, plant and equipment not subject to income tax	(565,698)	(2,955)
- Deferred tax assets not recognised	38,443	545,650
- Crystallisation of deferred tax liability on revaluation surplus	(4,563)	(5,499)
Adjustment in respect of prior years		
- Income tax	50,202	371,888
- Deferred tax	(382,300)	(234,000)
Adjustment in respect of RPGT	-	47,864
Penalty	56,537	51,819
Others	(402)	-
	7,389,291	5,210,126

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

	2005 RM	2004 RM
Profit before taxation	6,994,960	6,692,140
Tax at the current income tax rate	1,958,589	1,873,799
Tax effects in respect of:		
- Impairment loss on investment in subsidiary companies		
- Additions	454,160	463,960
- Reversal	(187,880)	-
- Depreciation of non - qualifying property, plant and equipment	50,675	50,614
- Professional fees	-	61,885
- Tax exempt dividend income	-	(449,400)
- Non-allowable expenses	62,744	29,142
- Tax savings from utilisation of brought forward capital allowances	(9,161)	-
- Non-taxable income	(15,849)	-
- Deferred tax liabilities not recognised	(30,998)	-
Adjustment in respect of prior years (Income tax)	(309,619)	-
	1,972,661	2,030,000

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

12. TAXATION (Cont'd)

The Group has the following which can be used to offset against the future taxable profits:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Unutilised capital allowances	2,491,000	2,457,000	896,000	935,000
Unused tax losses	9,290,000	9,382,000	-	-
	<u>11,781,000</u>	<u>11,839,000</u>	<u>896,000</u>	<u>935,000</u>

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 assets have not been recognised in respect of these items because it is not probable that they may be used to offset against taxable profits of other companies in the Group and they have arisen in companies that have a recent history of losses.

13. SHORT TERM INVESTMENT

	Group	
	2005 RM	2004 RM
At market value		
Investment in unit trusts, in Malaysia	<u>18,017,764</u>	<u>-</u>

14. PAYABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Trade payables	19,222,608	13,387,835	-	-
Other payables and accruals	4,766,717	2,051,763	839,903	142,219
Due to subsidiary companies - non-trade	-	-	129,980	129,980
	<u>23,989,325</u>	<u>15,439,598</u>	<u>969,883</u>	<u>272,199</u>

The currency exposure profile of payables is as follows:

- Ringgit Malaysia	22,520,298	15,439,598	969,883	272,199
- United State Dollar	1,217,492	-	-	-
- Hong Kong Dollar	251,535	-	-	-
	<u>23,989,325</u>	<u>15,439,598</u>	<u>969,883</u>	<u>272,199</u>

Included in other payables of the Group is advance payment received from customers against confirmed purchase orders amounted to RM1,217,491 (2004: RM Nil).

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

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

15. BORROWINGS

	2005 RM	Group 2004 RM
Current		
Secured		
Hire purchase and finance lease obligations	299,928	305,054
Unsecured		
Bankers' acceptance	1,998,000	3,210,000
	<u>2,297,928</u>	<u>3,515,054</u>
Non-current, secured		
Hire purchase and finance lease obligations	197,598	497,526
	<u>2,495,526</u>	<u>4,012,580</u>

(i) Interests charged are as follows:-

Bank overdrafts	-	8% (2004: 7.75% to 8.00%) per annum.
Bankers' acceptance	-	Ranges from 3.50% to 4.38% (2004: 3.98% to 4.78%) per annum.
Hire purchase and finance lease	-	Implicit interest rate ranges from 6.05% to 11.30% (2004: 6.05% to 12.00%) per annum.

(ii) Hire purchase and finance lease obligations

	2005 RM	Group 2004 RM
Minimum lease payments		
- not later than 1 year	323,718	351,717
- later than 1 year and not later than 5 years	202,673	526,391
	<u>526,391</u>	<u>878,108</u>
Less : Unexpired finance charges	(28,865)	(75,528)
	<u>497,526</u>	<u>802,580</u>
Present value of hire purchase and finance lease obligations		
Payable as follows:-		
- not later than 1 year	299,928	305,054
- later than 1 year and not later than 5 years	197,598	497,526
	<u>497,526</u>	<u>802,580</u>

Notes to the Financial Statements (cont'd)

- 30 June 2005

16. SHARE CAPITAL

Group/Company	2005 No. of shares	2004 No. of shares	2005 RM	2004 RM
Authorised:				
Ordinary shares of RM1 each				
At 1 July	100,000,000	50,000,000	100,000,000	50,000,000
Created during the financial year	-	50,000,000	-	50,000,000
At 30 June	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
Ordinary shares of RM1 each				
At 1 July	61,812,600	40,002,000	61,812,600	40,002,000
Share options exercised	602,000	1,206,400	602,000	1,206,400
Bonus issue	-	20,604,200	-	20,604,200
At 30 June	62,414,600	61,812,600	62,414,600	61,812,600

During the financial year, the Company increased its issued and paid-up share capital from RM61,812,600 to RM62,414,600 by the issuance of shares and allotment of 602,000 new ordinary shares of RM1.00 each for cash under the Company's Employees' Share Option Scheme ("ESOS") at the following option prices:

Number of ordinary shares	Exercise price
529,200	RM1.06
70,200	RM1.26
2,600	RM2.31

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:

- The total number of shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time during the existence of the ESOS.
- Eligible employees are those who have been confirmed in writing as an employee of the Group for at least three (3) years of continuous services at the date of the offer or an eligible director is a full-time executive director of the Group. Where a foreign employee is serving the Group under an employment contract, the contract shall be for a duration of at least five (5) years.
- The option price shall be set at a discount of not more than 10% from the weighted average market price of the Company for the five (5) market days immediately preceding the date of offer or the par value of the shares of the Company of RM1.00 each, whichever is higher.

These notes form part of the financial statements.

16. SHARE CAPITAL (Cont'd)**Employees' Share Option Scheme** (Cont'd)

- (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.

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 2005 were as follows:-

Date of offer	Option price RM	Balance at 1.7.2004	Granted	Exercised	Lapsed*	Balance at 30.6.2005
10.10.2002	1.06	2,071,650	-	(523,700)	(92,150)	1,455,800
15.10.2002	1.06	21,000	-	(5,500)	-	15,500
08.08.2003	1.26	286,200	-	(70,200)	(19,250)	196,750
04.10.2004	2.31	-	1,087,500	(2,600)	(216,000)	868,900
		2,378,850	1,087,500	(602,000)	(327,400)	2,536,950

* Due to resignation or offers not taken up.

The fair values of shares of the Company at the exercise dates ranges from RM1.90 to RM2.96 per share (2004: RM1.92 to RM4.26). The total fair value at exercise date of shares issued is RM1,355,215 (2004: RM3,365,665).

Notes to the Financial Statements (cont'd)

- 30 June 2005

17. RESERVES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Non-distributable				
Currency translation reserves	5,612	-	-	-
Revaluation reserve	-	-	31,501,588	18,888,588
Share premium	802,432	749,022	802,432	749,022
	808,044	749,022	32,304,020	19,637,610
Distributable				
Retained profits	37,796,207	24,133,802	5,409,654	4,871,638
	38,604,251	24,882,824	37,713,674	24,509,248

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend out of its entire distributable reserves as at 30 June 2005.

18. NEGATIVE GOODWILL ON CONSOLIDATION

	Group RM	
Net carrying amount as at 1 July 2004	-	
Arising on the acquisition of subsidiary company		
- First acquisition of 70% equity interest	145,976	
- Subsequent acquisition of 30% equity interest	112,666	
Amortisation charge	(51,728)	
Net carrying amount as at 30 June 2005	206,914	
	2005 RM	2004 RM
Represented by:		
Cost	258,642	-
Accumulated amortisation	(51,728)	-
Net carrying amount	206,914	-

19. REVENUE

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Dividend income	-	-	8,223,000	8,855,000
Sale of goods	243,263,163	207,712,482	-	-
Rendering of management services	-	-	70,000	70,000
	243,263,163	207,712,482	8,293,000	8,925,000

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

20. PROFIT FROM OPERATIONS

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Auditors' remuneration				
- statutory audit	119,389	114,500	25,000	25,000
- tax services	2,200	2,000	1,500	1,500
Allowance for doubtful debts	-	369,098	-	-
Amortisation of intangible assets	395,186	199,328	6,001	-
Amortisation of negative goodwill				
on consolidation	(51,728)	-	-	-
Bad debts written off	-	36,016	-	-
Depreciation of property,				
plant and equipment	8,510,146	8,583,918	321,904	313,349
Directors' remuneration (Note 21)	2,262,954	2,310,892	100,000	100,000
Profit on disposal of property,				
plant and equipment	(2,064,776)	(214,304)	(70,000)	-
Impairment loss on investment				
in subsidiary companies				
- Additions	-	-	1,622,000	1,657,000
- Reversal	-	-	(671,000)	-
Interest income	(124,732)	(87,128)	-	-
Inventories written down	599,166	448,337	-	-
Property, plant and equipment written off	-	72,987	-	-
Rental income	(95,374)	(104,700)	(678,816)	(678,816)
Rental of equipment	59,442	40,547	-	-
Rental of premises	22,906,824	20,892,617	-	-
Realised loss/(gain) on foreign exchange	6,970	(33,419)	-	-
Royalty income	(1,254,180)	(272,813)	-	-
Staff costs				
- Salaries, allowance and bonus	34,902,846	33,364,661	61,272	118,976
- Employees Provident Fund	3,993,957	3,764,756	7,323	14,284
- Other employee benefits	1,254,928	1,009,647	18,962	2,337

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

21. DIRECTORS' REMUNERATION

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Present Directors of the Company				
- fees	100,000	100,000	100,000	100,000
- other emoluments	1,572,480	1,693,440	-	-
Past Director of the Company				
- other emoluments	364,000	392,000	-	-
Directors of the subsidiary companies				
- other emoluments	226,474	125,452	-	-
	<u>2,262,954</u>	<u>2,310,892</u>	<u>100,000</u>	<u>100,000</u>

The estimated monetary value of other benefits not included in the above received by the Directors of the Group and the Company were RM165,160 (2004: RM160,007) and RM Nil (2004: RM600) respectively.

The Directors' remuneration were received or receivable by the following Directors:-

Present Directors of the Company

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

Past Director of the Company

Yong Lee Peng

Directors of the subsidiary companies

Yong Lai Ang
Low An Khong

Group	Executive 2005 RM	Non- executive 2005 RM	Executive 2004 RM	Non- executive 2004 RM
Present Directors of the Company				
Fees	-	100,000	-	100,000
Other emoluments				
- Salaries	1,296,000	-	1,296,000	-
- Bonus	108,000	-	224,000	-
- Employees Provident Fund	168,480	-	173,440	-
- Estimated value of benefits in kind	118,142	-	127,061	-
	<u>1,690,622</u>	<u>100,000</u>	<u>1,820,501</u>	<u>100,000</u>

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

21. DIRECTORS' REMUNERATION (Cont'd)

	Executive 2005 RM	Non- executive 2005 RM	Executive 2004 RM	Non- executive 2004 RM
Past Director of the Company				
Other emoluments				
- Salaries	300,000	-	300,000	-
- Bonus	25,000	-	42,000	-
- Employees Provident Fund	39,000	-	50,000	-
- Estimated value of benefits in kind	34,550	-	32,946	-
	398,550	-	424,946	-
Company				
Directors of the Company				
Fees	-	100,000	-	100,000
Other emoluments				
- Estimated value of benefits in kind	-	-	600	-
	-	100,000	600	100,000

22. FINANCE COSTS

	Group	
	2005 RM	2004 RM
Interests on:		
- Hire purchase and finance lease obligations	46,665	22,954
- Bank overdrafts	2,402	45,011
- Bankers' acceptance and trust receipts	242,612	157,115
- Others	18,706	22,420
	310,385	247,500

23. 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	
	2005 RM	2004 RM
Net profit attributable to shareholders	18,079,271	6,340,211
Number of ordinary shares		
Weighted average number of ordinary shares in issue	62,126,661	60,863,525
Earnings per share (sen)	29.1	10.4

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

23. 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	
	2005	2004
	RM	RM
Net profit attributable to shareholders	18,079,271	6,340,211
	Number of ordinary shares	
Weighted average number of ordinary shares in issue	62,126,661	60,863,525
Weighted average number of ordinary shares under ESOS	2,757,850	3,568,275
Weighted average number of ordinary shares that would have been issued at fair value	(1,745,633)	(1,467,250)
Adjusted weighted average number of ordinary shares in issue	63,138,878	62,964,550
Diluted earnings per share (sen)	28.6	10.1

24. DIVIDENDS

Dividends declared by the Company are as follows:-

	RM
In respect of the financial year ended 30 June 2004, as shown in the Directors' report of the previous financial year	
Final dividend of 5% less tax, paid on 18 March 2005	2,241,859
In respect of the financial year ended 30 June 2005	
Interim dividend of 5% less tax, paid on 8 June 2005	2,242,424
Special interim dividend of 5% less tax, paid on 23 August 2005	2,246,964

The Directors recommend a final dividend in respect of the current financial year of 5 sen per share, less income tax at 28%, subject to the approval of members at the forthcoming Annual General Meeting.

25. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Additions to property, plant and equipment	8,227,877	14,301,809	1,769,754	4,762,968
Financed by hire purchase	-	(828,000)	-	-
Cash payments	8,227,877	13,473,809	1,769,754	4,762,968

These notes form part of the financial statements.

26. ACQUISITION OF SUBSIDIARY COMPANY

- (i) The Company acquired 70% and the balance of 30% equity interest in Padini International Limited on 6 September 2004 and 1 March 2005 respectively. The fair values of assets and liabilities assumed are as follows:

	At date of acquisition	
	70% equity interest	30% equity interest
	RM	RM
Property, plant and equipment	61,336	72,424
Inventories	151,182	1,129,459
Receivables	2,227,596	74,395
Cash and bank balances	279,468	1,408,223
Payables	(1,046,945)	(842,828)
	1,672,637	1,841,673
Less: Minority interest	(501,791)	-
Less: Net assets previously recognised	-	(1,289,171)
Net assets acquired	1,170,846	552,502
Less : Negative goodwill on consolidation	(145,976)	(112,666)
Purchase consideration	1,024,870	439,836
Satisfied by exchange of 9% equity interest in the associated company as disclosed in Note 33(c)	-	(439,836)
Less : Cash and cash equivalents of subsidiary company acquired	(279,468)	-
Acquisition of subsidiary company, net of cash acquired	745,402	-

- (ii) The effects of the acquisition of subsidiary company on the financial results of the Group are as follows:

	From date of acquisition to 30.6.2005
	RM
Income statement	
Revenue	7,011,818
Cost of sales	(4,958,376)
Other operating income	17,675
Selling and distribution expenses	(28,655)
Administration expenses	(1,051,632)
Taxation	(209,733)
Minority interest	(51,327)
Increase in Group's net profit at the end of financial year	729,770

26. ACQUISITION OF SUBSIDIARY COMPANY (Cont'd)

(iii) The effects of the acquisition of subsidiary company on the financial position as at year end are as follows:

	2005 RM
Balance sheet	
Property, plant and equipment	75,955
Inventories	17,985
Receivables	1,371,088
Cash and bank balances	2,545,585
Payables	(1,342,348)
Tax liability	(198,190)
Deferred tax liability	(11,930)
Increase in Group's net assets at the end of financial year	<u>2,458,145</u>

27. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Represented by:				
Cash and bank balances	15,321,691	21,594,404	659,784	696,406
Short term investment	18,017,764	-	-	-
	<u>33,339,455</u>	<u>21,594,404</u>	<u>659,784</u>	<u>696,406</u>

The currency exposure profile of cash and cash equivalents is as follows:

Ringgit Malaysia	30,793,870	21,594,404	659,784	696,406
Hong Kong Dollar	2,545,585	-	-	-
	<u>33,339,455</u>	<u>21,594,404</u>	<u>659,784</u>	<u>696,406</u>

28. SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosure mentioned elsewhere in the financial statements, the related party relationships and significant transactions are set out as follows:

(i) Related party relationships

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:-

- Subsidiary companies of the Company as disclosed in Note 5.
- Associated company of the Company as disclosed in Note 6.

Notes to the Financial Statements (cont'd)

- 30 June 2005

28. SIGNIFICANT RELATED PARTY DISCLOSURES (Cont'd)

(i) Related party relationships (Cont'd)

(c) Substantial shareholder of the Company

Yong Pang Chaun Holdings Sdn. Bhd. ("YPC"), a shareholder of the Company which holds 43.26% equity interest in the Company where the Directors of the Company, Messrs. Yong Pang Chaun, Chong Chin Lin, Yong Lai Wah and Yong Lee Peng have substantial financial interests. Yong Pang Chaun and Chong Chin Lin are also the directors of YPC.

(d) A company in which a director has 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.

(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	2005 RM	2004 RM	2005 RM	2004 RM
Dividend income received from				
- Vinci	-	-	2,311,200	5,071,800
- Padini Corporation	-	-	1,753,200	1,753,200
- Seed	-	-	1,836,000	-
Management fee received from				
- Vinci	-	-	17,500	17,500
- Padini Corporation	-	-	17,500	17,500
- Seed	-	-	17,500	17,500
- Yee Fong Hung	-	-	8,750	8,750
- Mikihouse	-	-	8,750	8,750
Rental income received from				
- Vinci	-	-	169,704	169,704
- Padini Corporation	-	-	169,704	169,704
- Seed	-	-	169,704	169,704
- Yee Fong Hung	-	-	84,852	84,852
- Mikihouse	-	-	84,852	84,852
Subscription of shares in				
- Mikihouse	-	-	2,000,000	-
- The New World Garment	-	-	300,000	-
Advance to				
- Mikihouse	-	-	760,000	-
Transactions entered into with related parties				
Dividend paid to YPC	1,944,029	1,296,013	1,944,029	1,296,013
Sale of goods to Dat Hin	-	11,806	-	-
Purchase of goods from Dat Hin	2,970	48,221	-	-

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

29. COMMITMENTS

(i) Capital commitment

Capital commitments at the end of the financial year are as follows:

	Group/Company	
	2005	2004
	RM	RM
Contracted but not provided for		
- Capital expenditure in relation to property, plant and equipment	8,463,000	-

(ii) Non-cancellable lease commitment

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	
	2005	2004
	RM	RM
Years ending 30 June		
2005	-	19,510,792
2006	24,218,646	10,673,316
2007	16,021,992	3,063,439
2008	7,136,452	354,874
2009	1,654,801	-
	49,031,891	33,602,421

30. CONTINGENT LIABILITIES

	Company	
	2005	2004
	RM	RM
Secured		
Freehold land and building pledged to bank for banking facilities		
- Facility approved	7,200,000	-
- Amount utilised	2,109,014	-

Unsecured

Corporate guarantee to banks and financial institutions

for banking facilities granted to certain subsidiary companies

- Facilities approved	36,354,448	47,226,448
- Amount utilised	2,381,501	4,017,689

31. FINANCIAL INSTRUMENTS

(i) Credit risk

Receivables

The Group's normal trade receivables credit period ranges from 2 to 30 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group is exposed to significant concentration of credit risk whereby significant outstanding balance of trade receivables as at 30 June 2005 is due from five (5) customers, representing 55% of trade receivables.

These notes form part of the financial statements.

31. FINANCIAL INSTRUMENTS (Cont'd)

(i) Credit risk (Cont'd)

Payables

The normal trade credit period granted to the Group ranges from 7 to 90 days or such other period as negotiated with the suppliers.

(ii) Fair values

The following methods and assumptions are used to determine the fair value of each of the financial assets or liabilities for which it is practicable to estimate their values:

Cash and cash equivalents, other receivables, payables and short term borrowings

The carrying amounts of these amounts approximate their fair values due to their short term nature.

Investment

	Group 2005	Fair value
Carrying amount RM		RM
Quoted shares in Malaysia	60,584	29,347

The fair value of quoted shares is their market price at the balance sheet date.

Short term investment

	Group 2005	Fair value
Carrying amount RM		RM
Unit trusts in Malaysia	18,017,764	18,017,764

The fair value of unit trusts is their market price at the balance sheet date.

Investment in subsidiary companies/associated company

Investment in subsidiary companies/associated company is valued by the Directors based on their underlying net tangible assets.

Trade receivables and payables

The carrying values of these amounts approximate their fair values because these are subject to normal trade credit terms and their short term nature.

Amount due from/ (to) subsidiary companies

No disclosure of fair value is made for amount due from/ (to) subsidiary companies as it is not practicable to determine its fair values with sufficient reliability given these balances have no fixed terms of repayment.

Borrowings

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 values.

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

32. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's geographical segment. The segment operates in two principal geographical areas, Malaysia and Hong Kong.

Primary reporting format-geographical segments by location of assets

Group 2005	Malaysia RM	Hong Kong RM	Elimination RM	Consolidated RM
Revenue				
Revenue from external customers	236,285,758	6,977,405	-	243,263,163
Inter-segment revenue	1,817,221	34,413	(1,851,634)	-
	<u>238,102,979</u>	<u>7,011,818</u>	<u>(1,851,634)</u>	<u>243,263,163</u>
Results				
Segment results	24,920,772	990,830	-	25,911,602
Finance cost				(310,385)
Share of results of associated company	-	(27,905)	-	(27,905)
Taxation				(7,389,291)
Minority interest				(104,750)
Net profit for the financial year				<u>18,079,271</u>
Assets				
Segment assets	124,248,612	4,010,613	-	<u>128,259,225</u>
Liabilities				
Segment liabilities	22,646,977	1,342,348	-	23,989,325
Borrowings				2,495,526
Others				206,914
Total segment liabilities				<u>26,691,765</u>
Others				
Capital expenditure	8,196,819	31,058	-	8,227,877
Non-cash expenses/(income)				
Amortisation of intangible assets	395,186	-	-	395,186
Amortisation of negative goodwill	(51,728)	-	-	(51,728)
Depreciation of property, plant and equipment	8,493,628	16,518	-	8,510,146
Profit on disposal of property, plant and equipment	(2,064,776)	-	-	(2,064,776)
Inventories written down	599,166	-	-	599,166

Segment revenue and results include transfer between geographical segments. Such transfers are accounted for at agreed terms and prices. These transfers are eliminated on consolidation.

These notes form part of the financial statements.

Notes to the Financial Statements (cont'd)

- 30 June 2005

32. SEGMENTAL INFORMATION (Cont'd)

Secondary reporting format-geographical segment by location of customers

	2005 RM
Malaysia	217,030,113
Other Asia Pacific countries	12,792,983
Middle East countries	13,440,067
	<u>243,263,163</u>

The Group operates principally in retail industry and therefore information by business segments is not applicable. There are no comparative figures presented as this is the first segmental information prepared.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- On 4 August 2004, the Company was transferred from Second Board to Main Board of the Bursa Malaysia Securities Berhad.
- 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.
- On 6 September 2004, the Company acquired 2,100,000 shares, representing 70% equity interest in Padini International Limited ("PIL"), for a cash consideration of HKD2.1 million. Subsequently on 1 March 2005, the Company acquired the remaining 30% equity interest in PIL for a consideration of HKD900,000, satisfied by way of exchange of 900,000 ordinary share held by the Company in Eagletex Company Limited ("Eagletex") as disclosed in Note 33(d).
- On 6 September 2004, the Company acquired 4,000,000 shares, representing 40% equity interest in Eagletex, for a cash consideration of HKD4 million. Subsequently on 1 March 2005, the Company disposed its 9% equity interest in Eagletex for a consideration of HKD900,000, satisfied by way of exchange of additional 30% equity interest acquired by the Company as disclosed in Note 33(c).

34. SUBSEQUENT EVENTS

- The associated company goes into a members' voluntary winding-up and had on 25 October 2005 submitted an application to be deregistered from the Registrar of Companies pursuant to Section 291 AA of the Companies Ordinance in Hong Kong.
- Corporate guarantee to bank for banking facilities granted by the Company to its subsidiary company, Padini Corporation Sdn. Bhd., amounting to RM4,000,000.

35. COMPARATIVE FIGURES

Reclassifications

The following comparative figures on the face of the financial statements have been reclassified for better presentation:

	Group		Company	
	Amount as previously stated RM	Amount as restated RM	Amount as previously stated RM	Amount as stated RM
Income statement				
Administration expenses	21,177,392	21,287,982	3,179,651	3,181,402
Finance cost	358,090	247,500	1,751	-

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

These notes form part of the financial statements.

Directors' Shareholdings and Interests

As at 11 November 2005

DIRECTORS' SHAREHOLDINGS AS AT 11 NOVEMBER 2005

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	27,150,400*	43.43	98,000	0.16
CHAN KWAI HENG	NIL	NIL	24,400	0.04
CHEONG CHUNG YET	NIL	NIL	41,499	0.07
CHONG CHIN LIN	27,098,401**	43.35	149,999	0.24
YONG LAI WAH	27,000,401^	43.19	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 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, 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 11 November 2005

Authorised Share Capital	:	RM100,000,000-00
Issued and Paid-up Capital	:	RM62,511,200
Class of Shares	:	Ordinary Shares of RM1-00 each
Voting rights	:	One vote per Ordinary share
No. of shareholders	:	1,310

DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 11 NOVEMBER 2005

No. of Holders	Holdings	Total Holdings	%
105	less than 100	5,760	0.01
693	100 - 1,000	164,484	0.26
411	1,001 - 10,000	1,292,630	2.07
72	10,001 - 100,000	2,257,686	3.61
27	100,001 - 3,125,559	18,290,239	29.26
2	3,125,560 and above	40,500,401	64.79
1,310	TOTAL	62,511,200	100.00

Analysis of Shareholdings (cont'd)

As at 11 November 2005

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 11 NOVEMBER 2005

No.	Name	Nationality	Registered Holder	No. of Shares held or beneficially interested in		Percentage of Shareholding	
				Direct	Indirect	Direct	Indirect
1	Yong Pang Chaun Holdings Sdn. Bhd.	Incorporated in Malaysia	-Yong Pang Chaun Holdings Sdn. Bhd.	27,000,401	-	43.19	-
2	Puncak Bestari Sdn. Bhd.	Incorporated in Malaysia	-EB Nominees (Tempatan) Sdn. Bhd -Puncak Bestari Sdn. Bhd.	13,500,000 4,425,998	- -	21.60 7.08	- -
3	Yong Pang Chaun **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -Chong Chin Lin # -Yong Pang Chaun	- - 98,000	27,000,401 149,999 -	- - 0.16	43.19 0.24 -
4	Chong Chin Lin **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -Chong Pang Chaun * -Chong Chin Lin	- - 149,999	27,000,401 98,000 -	- - 0.24	43.19 0.16 -
5	Yong Lai Wah **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd.	-	27,000,401	-	43.19

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.

Analysis of Shareholdings (cont'd)

As at 11 November 2005

LIST OF TOP 30 SHAREHOLDERS AS AT 11 NOVEMBER 2005

(As per the Record of Depositors)

No.	Name	No. of Shares	%
1	Yong Pang Chaun Holdings Sdn. Bhd.	27,000,401	43.19
2	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Puncak Bestari Sdn Bhd (KLM)	13,500,000	21.60
3	Puncak Bestari Sdn Bhd	2,755,999	4.41
4	Employees Provident Fund Board	2,292,800	3.67
5	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Kok Keong	2,179,250	3.49
6	Puncak Bestari Sdn. Bhd.	1,669,999	2.67
7	Thian Yee Chin	1,428,900	2.29
8	Shia Yoon @ Chia Win Thy	1,258,999	2.01
9	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yip Swee Kian (CEB)	1,257,700	2.01
10	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Seo Cheng Gaok (CST)	969,999	1.55
11	Yong Yee Ching	811,797	1.30
12	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Kok Keong (CEB)	505,998	0.81
13	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soo Tuck Koow (CEB)	470,000	0.75
14	Yee Man	240,750	0.39
15	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd 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	Southern Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soon Peng Len	200,000	0.32
18	Kwong Fatt Textiles Sdn Berhad	195,300	0.31
19	HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yip Swee Kian	195,000	0.31
20	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soo Tuck Koow	160,750	0.26
21	Thian Min Yang	155,000	0.25
22	Mayban Nominees (Asing) Sdn Bhd DBS Bank for Peanutbutter Jelly & Co. Ltd. (230650)	153,000	0.24
23	Chong Khin Hsiung	150,000	0.24
24	Chong Chin Lin	149,999	0.24
25	Yong Lai Ang	149,799	0.24
26	Sik Gim Keat	148,900	0.24
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	Yong Pang Chaun	98,000	0.16
	TOTAL	58,888,640	94.20

List of Group Properties

As at 30 June 2005

Location	Description / Existing Use	LandArea/ Built-up Area (sq. ft.)	Tenure	Approximate Age of Buildings	Net Carrying Amount @ 30.06.2005 (RM)
No. 21, Lot 116, Jalan U1/20 Glenmarie Industrial Park 40000 Shah Alam Date of acquisition: 11 June 1998	Office cum 2-storey warehouse: Corporate headquarters & centralwarehouse	45,962 / 56,568	Freehold	9.5 years	7,224,437
Lot 115, Jalan U1/20 Glenmarie Industrial Park 40000 Shah Alam Date of acquisition: 08 August 2003	Industrial land and construction of additional premises for the company currently in progress	45,962	Freehold	Not applicable	6,238,003
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	32 years	884,640
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	15 years	595,776
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	15 years	614,019
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	15 years	601,061

Statement Regarding Revaluation Policy

As at 30 June 2005

In 1982, two items consisting of two retail shoplots located in Sungei Wang Plaza (freehold) owned by subsidiary Padini Corporation Sdn Bhd, was 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-Fourth 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 21 December 2005 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 Dato' Zulkifli Bin Abdul Rahman		
Resolution 5	Re-election of Mr Yong Pang Chaun		
Resolution 6	Re-election of Mdm Yong Lai Wah		
Resolution 7	To appoint Messrs Peter Chong & Co. as Auditors		
Resolution 8	Proposed Renewal of Shareholders' Mandates for RRPT and Provision of Financial Assistance		
Resolution 9	Approval pursuant to Section 132D		

Dated this _____ day of _____ 2005

No. of ordinary shares held

Signature of Member / Common Seal

Notes:

- A member of the Company entitled to attend and vote at the above meeting, is entitled to appoint a proxy to attend and vote in his/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.
- 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.
- 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.
- 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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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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