PADINI HOLDINGS BERHAD

(50202-A)
(Incorporated in Malaysia)

Annual Report 2007

vision

To Be The
Best Fashion Company
Ever

mission

To Exceed
Customers' Expectations
And
Our Brands' Promise

core value

PADINI

caring from the heart

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NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of the Company will be held at No. 21, Jalan U1/20, Hicom Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan on 19 December 2007 at 10:00 a.m. for the following purposes:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2007 together with the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To declare a Final Dividend of 5 sen less Malaysian Income Tax of 26% for the financial year ended 30 June 2007. (Resolution 2)

3. To approve payment of Directors' fee of RM100,000.00 in respect of the financial year ended 30 June 2007. (Resolution 3)

4. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:

   "That Dato' Zulkifli Bin Abdul Rahman, who retires in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." (Resolution 4)

5. To re-elect the following Directors who are retiring in accordance with Article 102(1) of the Company's Articles of Association:-

   i) Datuk Dr. Abdullah Bin Abdul Rahman (Resolution 5)
   ii) Mdm. Chong Chin Lin (Resolution 6)

6. To re-appoint Messrs BKR Peter Chong as the Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

Special Business

To consider and, if thought fit, to pass the following resolutions :

7. **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**

   "**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 27 November 2007 ("the Circular") with the related parties mentioned therein which are necessary for Padini Group's day-to-day operations subject to the following:-

7. **Ordinary Resolution** (Cont'd)

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

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

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 27 November 2007 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 27 November 2007 ("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)

8. Special Resolution
Proposed Amendments to the Company's Articles of Association

"THAT the amendments to the Articles of Association of the Company as set out in Part B Section 2 of the Circular to Shareholders dated 27 November 2007 be and is hereby approved and adopted AND THAT the Directors of the Company be and are hereby authorized to give full effect to the said amendments, alteration, modification and deletion to the Articles of Association of the Company as may be required by any relevant authorities as they deem fit, necessary or expedient in order to give full effect to the Proposed Amendments to the Company's Articles of Association." (Special Resolution 1)

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

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting to be held on 19 December 2007, a final dividend of 5 sen less 26% income tax in respect of the financial year ended 30 June 2007 will be paid on 13 March 2008 to shareholders whose names appear in the Record of Depositors on 3 March 2008.

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 3 March 2008 in respect of 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
27 November 2007

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 appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy must be completed and deposited at the registered office of the Company at No.21 Lot 116, Jalan U1/20, Hicom Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll).

EXPLANATORY NOTE ON SPECIAL BUSINESS

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

   The Ordinary Resolution, if approved, will authorise the Company and/or its subsidiary companies to enter into any of the category of recurrent transactions of a revenue or trading nature as set out in Section 2 of the Circular to Shareholders dated 27 November 2007 ("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 27 November 2007 ("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 Paragraph 10.08 of the Listing Requirements,

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

2. **Proposed Amendments to the Company's Articles of Association**

   The proposed amendments to the Articles of Association will enable the Company to comply and to be in line with the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad, prevailing statutory and regulatory requirements as well as to update the Articles of Association of the Company. Further explanatory notes on Special Resolution 1 is set out in the Circular to Shareholders dated 27 November 2007 attached to the Annual Report.

Statement Accompanying the Notice

of the 26th Annual General Meeting ("AGM")

1. **Further details of Directors who are standing for re-election and re-appointment as Directors**

   The profiles of the Directors who are standing for re-election and re-appointment at the 26th Annual General Meeting are set out in the Board of Directors Profile on pages 26 to 28 of the Annual Report. Their shareholdings in the Company and its subsidiaries are set out in the section entitled "Directors' Shareholdings and Interests" on page 105 of the Annual Report.

   No individual other than the retiring Directors are seeking election as a Director at the 26th Annual General Meeting.

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	BKR Peter Chong Chartered Accountants
PRINCIPAL BANKERS	Standard Chartered Bank Malaysia Berhad The Bank of Nova Scotia Berhad
REGISTERED OFFICE	No. 21, Lot 116, Jalan U1/20 Hicom Glenmarie Industrial Park 40000 Shah Alam Selangor Darul Ehsan Tel : 03 - 51233633 Fax : 03 - 78051066
PRINCIPAL PLACE OF BUSINESS	No. 19, Lot 115, Jalan U1/20 Hicom Glenmarie Industrial Park 40150 Shah Alam Selangor Darul Ehsan Tel : 03 - 51233633 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 - 77186000 Fax : 03 - 77222311
STOCK EXCHANGE LISTING	Main Board of Bursa Malaysia Securities Berhad

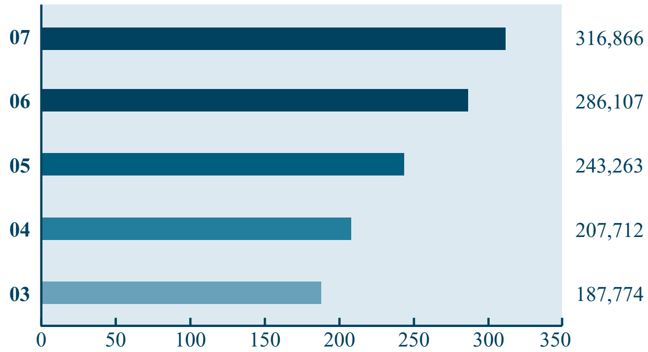
PADINI HOLDINGS BERHAD (50202-A)	
	100% MIKIHOUSE CHILDREN'S WEAR SDN. BHD. (164485-U)
	100% PADINI CORPORATION SDN. BHD. (22159-H)
	100% SEED CORPORATION SDN. BHD. (194391-K)
	100% YEE FONG HUNG (MALAYSIA) SENDIRIAN BERHAD (15011-U)
	100% PADINI DOT COM SDN. BHD. (510558-H)
	99.69% VINCCI LADIES' SPECIALTIES 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)

Group Financial Highlights

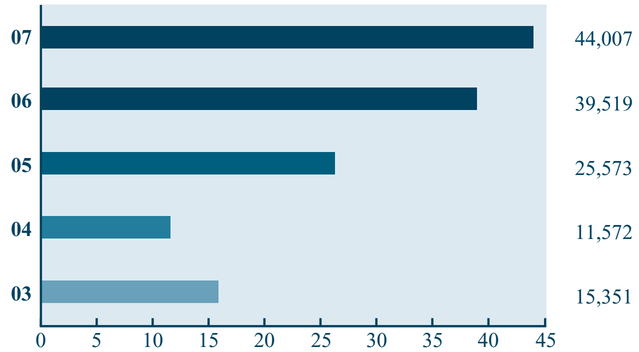
	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000
Revenue	187,774	207,712	243,263	286,107	316,866
Profit before taxation	15,351	11,572	25,573	39,519	44,007
Profit attributable to equity holders of the Company	9,362	6,340	18,079	27,691	31,403
Basic earnings per share (sen) based on profit attributable to equity shareholders *	7.80	5.20	14.55	22.02	24.24
Diluted earnings per share (sen) *	7.75	5.05	14.30	21.84	24.21
Net assets	81,350	86,695	98,772	118,846	142,341
Net assets per share (sen) *	67.8	70.1	79.1	93.5	108.5
Dividend per share (sen)	10sen	10sen	15sen	20sen	25sen

* *Based on ordinary shares of RM0.50 each, the figures have been restated to reflect the subdivision of shares that was completed on 9 July 2007.*

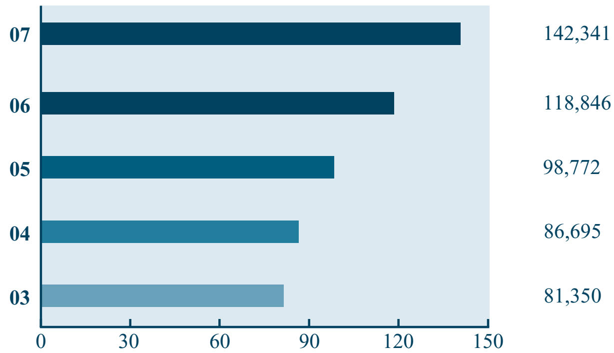
Revenue (RM Thousand)



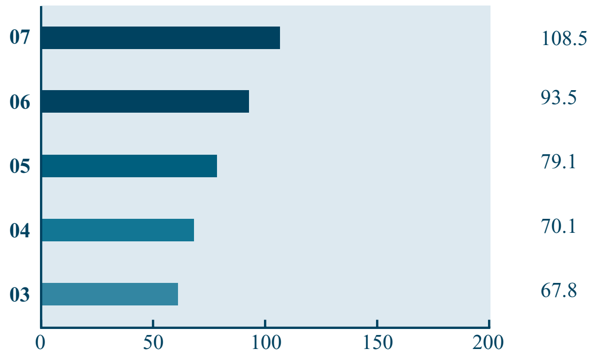
Profit before tax (RM Thousand)



Net assets (RM Thousand)



Net assets per share (sen)



On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Padini Holdings Berhad and its subsidiary companies ("the Group") for the financial year ended 30 June 2007.

INDUSTRY TREND AND DEVELOPMENT

The competitive environment in the retail industry is expected to get more intense and crowded. More foreign brand names have now set up shop in Malaysia and more are still to come. Business conditions in this sector will become less forgiving; complacency and a slowness to act or change will be severely punished. To succeed in such an environment, retailers and brand owners alike will have to rethink their existing work practices and business strategies to see if more efficiencies and competitive advantage can be secured by doing things differently. Best practices in product design and merchandising, customer service, data collection and analysis, store layouts, inventory control, etc., will have to be reviewed, modified and adopted just so a retailer can stay relevant and profitable.

At the same time, attention must also be focused on those activities that promote good if not exemplary corporate social responsibility. Green issues, care for the community, customers and employees, and ethical practices and behaviours, have all become important. The future is not just about earning profits per se, but more about having earned those profits scrupulously and from activities that have considered and mitigated the negative impacts that one's business will have on as wide a spectrum as possible of stakeholders.

While we believe that socially responsible corporate behaviour should be the way forward and will be better for business and for everyone in the long run, in the immediate term, the costs of doing business will surely go up, and stakeholders may be well-advised to factor that into their expectations.

FINANCIAL RESULTS

For the financial year under review, the Group achieved a consolidated revenue of RM316.9 million, a growth of 10.8% over the previous year's amount of RM286.1 million. Gross profits rose in tandem by 14.4% over the same period, while profit before taxation grew by 11.4%, from RM39.5 million achieved in the previous year to RM44 million in the current financial year. Profits after taxation attributable to equity holders rose 13.4% to RM31.4 million when compared to the amount of RM27.7 million achieved during the previous financial year.

DIVIDENDS

In respect of the financial year under review, a total dividend of 20 sen (less 27% income tax) amounting to RM9,555,998 have been announced and already paid, and the Board further recommended a final dividend of 5 sen per share less 26% income tax for the financial year ended 30 June 2007 for approval by the shareholders at the forthcoming Annual General Meeting.

BUSINESS REVIEW

The Group's domestic operations had continued to be the main driver of its revenues, and 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. There are also several Vincci franchise stores in the smaller towns of Malaysia.

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)

The following tables provide a snapshot of the Group's retail network, broken down according to our brands, and markets, as at the various dates indicated.

Brands - Domestic Only	As at 30.6.2005	As at 30.6.2006	As at 30.6.2007
Vincci			
Free-standing stores	15	15	17
Consignment counters	3	3	1
Franchise stores	8	9	10
Seed			
Free-standing stores	10	10	10
Consignment counters	19	22	30
Padini Authentics			
Free-standing stores	13	12	13
Consignment counters	10	9	13
PDI			
Free-standing stores	17	14	16
Consignment counters	-	-	-
Padini			
Free-standing stores	3	2	4
Consignment counters	20	20	25
P&Co			
Free-standing stores	5	4	4
Miki Kids			
Consignment counters	16	15	19
Miki Mom			
Consignment counters	7	7	8
Brands Outlet			
Free-standing stores	-	-	1
Multi-brands			
Free-standing stores *	6	7	9
Total	152	149	180

* the 9 multi-brand stores as at 30.6.2007 contain a total of 54 stores-within-store (43 as at 30.6.2006) showcasing the various brands of the Padini Group

BUSINESS REVIEW (Cont'd)

Brands - Foreign Only	Locations	As at 30.6.2005	As at 30.6.2006	As at 30.6.2007
Vincci/VNC				
Franchise Stores	ASEAN	8	12	16
	Saudi Arabia	6	12	15
	UAE	1	2	2
	Australia	-	3	3
Dealer Stores	Thailand	8	8	10
Seed				
Franchise Stores	Saudi Arabia	4	6	6
	UAE	1	1	-
Dealer Stores	Singapore	1	-	-
	Thailand	16	16	19
Padini Authentics				
Franchise stores	Saudi Arabia	4	5	5
Total		49	65	76

Retailing - Domestic and Abroad

For the year under review, domestic operations accounted for 89.2% or RM282.6 million of its consolidated revenues, up respectively from the 85.4% or RM244.4 million recorded in the last financial year. Exports on the other hand declined somewhat from RM41.7 million done in the previous financial year to RM34.3 million achieved in the year under review. The reduction in exports was caused mainly by our foreign clients scaling back their purchases to overcome the overbuying done during the 2006 financial year.

In the domestic sector, except for the 10 Vincci franchise stores, all the stores and outlets were run by the Group, and all but 3 franchise stores and 1 multi-brand store are located in Peninsular Malaysia.

To drive revenues in the domestic sector further, the Group expanded its operations into the value segment of the retail market with the opening of a new Brands' Outlet store in Ampang Point in December of 2006. This lot was formerly occupied by our Padini Concept Store. Another much larger store was opened in July of 2007 at the Ikano Power Centre in Mutiara Damansara. While the product categories offered for sale may vary according to the size of each store, say, from garments, toys, luggage, to shoes, accessories, bath towels and lingerie, the emphasis is on the value proposition. The merchandise offered can be off-season and surplus branded items, or be newly manufactured staples, but the attraction of this store concept is always variety and value. We will be opening more of such stores in the days ahead and we believe that our operations in the value segment of the retail sector will be of great benefit to the Group.

Other than the above, we have also in February 2007, opened a shop in Bangsar Village 2, which carries a premium line under the Vincci + (Vincci Plus) label.

Retailing - Domestic and Abroad (Cont'd)

On the export front, especially for our Vincci/VNC label, expansion has not been as fast as we liked it to be, and this could be probably attributed to the fact that we are still holding fast to our policy of driving our exports only through licensing and/or franchising, but even then we have not been aggressive enough in our pursuit of new markets or franchise partners. Senior management is fully aware of the situation and should be taking concrete measures to address this issue.

For the financial year under review, the individual performance of the 5 trading subsidiary companies are indicated in the table below.

Company	FYE 30.6.2006	FYE 30.6.2007
Vincci Ladies Specialties Centre Sdn Bhd		
Revenues	RM122.2 million	RM121 million
Profit before Taxation	RM22.5 million	RM17.2 million
Padini Corporation Sdn Bhd		
Revenues	RM85 million	RM103.6 million
Profit before Taxation	RM9.8 million	RM15 million
Seed Corporation Sdn Bhd		
Revenues	RM52.7 million	RM58.9 million
Profit before Taxation	RM4.7 million	RM7.2 million
Yee Fong Hung (Malaysia) Sendirian Berhad		
Revenues	RM10.3 million	RM12.9 million
Profit before Taxation	RM0.4 million	RM0.3 million
Mikihouse Children's Wear Sdn Bhd		
Revenues	RM8.6 million	RM11.2 million
Profit before Taxation	RM0.3 million	RM0.2 million

Cafe Operations

Results from our cafe operations conducted by Seed Corporation Sdn Bhd were still negative. During the financial year under review, we shut down the cafes operated in the One Utama Shopping Centre (Old Wing) and in Sungei Wang Plaza. The one located in our multi-brand store in the One Utama Shopping Centre (New Wing) is still open but we will close that one after we have decided what to put in the space vacated by the closure of the cafe. Notwithstanding the above development, a SEED cafe in our new premises in Shah Alam was set up some time last year. This in-house cafe is used mainly by our staff although we are actually opened to the public as well. In September of 2007, a SEED cafe was also opened in the Mid Valley Megamall. We hope that with these changes, we can turn the cafe operations around. Incidentally, losses from cafe operations for the year under review were about RM2.3 million.

Manufacturing

Even though the last of our manufacturing activities as conducted by Vincci Holdings Sdn Bhd, had ceased by the beginning of the 2007 financial year, a pretax loss of about RM62,000 was still suffered. Payments made to settle the various utility bills and certain ex-gratia payments made to some departing employees were the main causes of this loss.

Branding and Customers' Service

We have persevered with our efforts to improve the design and quality of our products, and these efforts are now reflected in the improved revenues earned from the domestic sector. At the same time, we have spent considerable resources to both fit-out our new stores as well as to refurbish our existing stores so as to further improve the aesthetics of the shopping environment for our customers. Inevitably, our brands become associated with class and value, and these attributes create a very positive impact on the perceived quality of our brands. While it has been commented that we spend too little on advertising and promotions for our brands, we believe that the resources incurred to create quality shopping environments within which our brands are showcased, can surely be considered as part of a very serious campaign to create value for our brands. At the same time, the high standards that we have adopted in the design and fit-out for our stores have also served as a demanding benchmark for our competitors.

CORPORATE DEVELOPMENTS

On 27 February 2007, Padini Holdings Berhad had announced its intention to undertake a proposed subdivision of its ordinary shares of RM1.00 each on the basis of two (2) new ordinary shares of RM0.50 each for every one (1) existing ordinary share held on an entitlement date which was to be determined later, and to amend its Memorandum and Articles of Association to facilitate the implementation of the proposed subdivision of the shares. Subsequently on 9 July 2007, Padini Holdings Berhad made an announcement which stated the completion of the proposals.

FUTURE OUTLOOK

Given the increasing number of retail brands available and the great increase in retail space brought about by the opening of at least four large shopping malls in the Klang Valley, the future outlook is both exciting and challenging. Exciting because the new developments will certainly draw more shoppers out of their homes, make Kuala Lumpur a more attractive shoppers' haven, and increase the size of the overall spending by consumers but challenging because the competition for the customers' wallets, for manpower to operate the retail shops, and for the most prime locations will all drive operating expenses up.

We will still have to be vigilant against any complacency creeping into our work culture, and we shall continue to reinvent ourselves and our brands in order to stay relevant to our customers and stay ahead of the competition.

On our Group's business, it is noted that the 2008 financial year will see full year's contributions from its multi-brand stores located in Queensbay Mall Penang, Dataran Pahlawan Melaka, and Warisan Square Kota Kinabalu; the same is true also for our Brands' Outlet stores located at Ampang Point and at the Ikano Power Centre. The gradual maturing of these stores should see higher per square foot sales generated. However it must be mentioned here that in the new financial year, we have invested and will continue to invest substantial sums in several large multi-brand stores and Brands' Outlets, and as a result, our depreciation charges are bound to increase quite a bit, causing in turn pressure on our profits. Excluding the stores already opened in the new financial year, we will be opening at least another 4 more multi-brand concept stores and 2 other Brands' Outlet over the coming half year. Where the exports are concerned, in the period since 01 July 2007 up till the date of this report, a total of 6 new Vincci/VNC stores have been opened abroad with another 2 expected to open in India by the end of December 2007 at the latest; and although 3 non-performing stores were closed also in the same period, we are still optimistic that in the coming financial year, we should see a healthy increase in our export revenues. While we have been successful in finding a master franchisee for Vincci/VNC in India, Vietnam will have to take a while longer as there is a severe shortage of shopping malls there.

FUTURE OUTLOOK (Cont'd)

The domestic retail sector in 2008 should see an increase in the costs of living brought about by rising oil prices; this may dampen the economic stimulus arising from the 9th Malaysian Plan, the launch of the various economic corridors, and the measures to drive private consumption as contained in the 2008 budget. How severe would the impact of rising costs be on retail sentiment is still largely unknown but as in the past, we will continue to keep our eyes on the ball to ensure that our performance will not disappoint our stakeholders.

ACCOLADES

The Group has undeniably been a successful company and as much as possible we have let our performance do the talking. While we are certainly not averse to praise or recognition from our stakeholders, we have never deliberately sought them nor have we as a company of persons done much to celebrate the achievements that our brands and products have had in the market. It is therefore gratifying to inform that thus far in 2007, Padini Holdings Berhad have been :

1. presented with the Retailer of the Year 2006/2007 award by Aeon Co. (M) Berhad, who operates the Jusco Department Stores,
2. recognized as one of 30 of Malaysia's Most Valuable Brands, in an exercise commissioned by the 4As and conducted by Interbrand, a world-renowned brand valuation consultant, and
3. for two years, 2006 and 2007, appeared in the Forbes Asia's annual Best Under A Billion list.

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: 5 November 2007

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 and finance. A brief description on the background of each director is presented on pages 26 to 29 of the Annual Report.

The Board currently has eight (8) members, five (5) 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 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 meantime safeguard the interests of parties such as minority shareholders. No individual or group of individuals dominates the Board's decision making and the number of directors fairly reflects 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.

SECTION 1: DIRECTORS (Cont'd)

Responsibilities and Supply of Information (Cont'd)

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.

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 2007. The number of Board meetings held during the financial year ended 30 June 2007 and the attendance of the meetings are as follows:-

Directors	*Meetings Attended by the Directors / Total Number of Meetings held During the Financial Year Ended 30 June 2007*	*% of Attendance*
Executive Directors		
Mr. Yong Pang Chaun	4/5	80
Mr. Chan Kwai Heng	5/5	100
Mr. Cheong Chung Yet	5/5	100
Ms. Chong Chin Lin	3/5	60
Ms. Yong Lai Wah	5/5	100
Non-Executive Directors		
Datuk Dr. Abdullah bin Abdul Rahman	5/5	100
Dato' Zulkifli bin Abdul Rahman	4/5	80
En. Sahid bin Mohamed Yasin	4/5	80

Restriction on Directorships

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

Directors' Remuneration

Remuneration procedure

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

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.

SECTION 1: DIRECTORS (Cont'd)

Remuneration Package

The details of the remuneration of the Directors of the company are as follows:-

	Salaries RM	Fees & Allowances RM	Bonuses RM	Benefits-in-kind RM	Statutory Contributions RM	Total RM
Executive Directors	1,712,843	86,260	578,647	130,901	275,052	2,783,703
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
RM150,001 - RM200,000	1	-
RM500,001 - RM550,000	1	-
RM550,001 - RM600,000	2	-
RM900,001 - RM950,000	1	-

Directors' Training

In compliance with the Listing Requirements of and the relevant Practice Note issued by Bursa Securities, all Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities. The Directors are also aware of their duty to undergo appropriate training from time to time to ensure that they be better equipped to carry out their duties as Directors. The Board is mindful therefore of the need to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

During the financial year ended 30 June 2007, various members of the Board have attended the following training programmes and seminars:

- Improving Board Directors' Performance, Leadership and Governance
- Team Alignment Training - Building a High Performance Champion Team
- Revisiting the Company's Vision, Mission, Values
- A Management Course on Leadership and Strategy

The last three programmes were all full-day sessions conducted in-house.

Directors who have not attended any pertinent training programmes, workshops or seminars during the financial year ended 30 June 2007 are Dato' Zulkifli bin Abdul Rahman and Encik Sahid bin Mohamed Yasin. Due to health reasons, the former has not been able to undergo training during the year concerned while the latter has been abroad on business trips frequently for extended time periods. They have however given their undertaking to the Board that for the coming financial year, they will definitely rectify the situation. Whenever the need arises, the Company provides briefings of new recruits to the Board, to ensure they have a comprehensive understanding on the operations of the Group and the Company.

SECTION 1: DIRECTORS (Cont'd)

The Board Committees

The Audit Committee assists the Board in discharging its duties and responsibilities. They have the authority to examine a particular issue and report back to the Board with a recommendation. Please refer to page 21 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 accommodates feedback from shareholders, which are factored into the Group's business decision.

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

(i) the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Audit Committee and Board of Directors;

(ii) various announcements made to the Bursa Securities, which include announcements on quarterly results;

(iii) the Company website at http://www.padini.com;

(iv) regular meetings with research analysts and fund managers to give them a better understanding of the business conducted by the Group in particular, and of the industry in which the Group's business operates, in general;

(v) participation in surveys and research conducted by professional organisations as and when such requests arise.

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 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 MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. A statement by the Directors of their responsibilities in preparing the financial statements is set out separately on pages 30 of the Annual Report.

Relationship with Auditors

The Board established formal and transparent arrangements for maintaining an appropriate relationship 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, which would require their attention and response.

Report of the Audit Committee

For the financial year ended 30 June 2007

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 2007.

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)
   - *redesignated as Member on 25 October 2007*
ii. En. Sahid bin Mohamed Yasin (Independent Non-Executive Director; Member)
   - *redesignated as Chairman on 25 October 2007*
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/master/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 2007. The details of the attendance of the meetings are disclosed under the heading 'Attendance of Audit Committee Meetings' on page 23 of this Annual Report.

The Audit Committee may require the attendance of any management staff from the Finance/Accounts Department or other departments deemed necessary together with a representative or representatives from the external auditors and/or 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 19 October 2006, the Audit Committee had met with the Group's Finance Manager and representatives from both the external 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, the Group Finance Manager was present to report on the results of the Group as well as to answer questions posed by the Audit Committee in relation to the results to be announced. During four other Audit Committee meetings, representatives from the Internal Auditors had also been present to provide updates on the progress of internal audit work that have been conducted to date, and to also provide comments and recommendations, where applicable to improve the risk management framework supporting the activities of the Group.

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

Functions of the Audit Committee

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

i To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;

ii To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

iii To discuss with the external auditor on the evaluation of the system of internal controls and the assistance given by the employees to the external auditors.

iv To review and report to the Board if there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.

v To review the quarterly and year-end financial statements of the Board, focusing particularly on:
- Any changes in the accounting policies and practices;
- Significant adjustments arising from the audit;
- The going concern assumption; and
- Compliance with accounting standards and other legal requirements.

vi To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of the management where necessary);

vii To review the external auditor's management letter and the management's response;

viii To do the following in relation to the internal audit function
- review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

ix To consider any related party transactions that may arise within the Company or the Group;

x To consider the major findings of internal investigations and the management's response;

xi To consider other topics as defined by the Board.

Terms of Reference of Audit Committee (Cont'd)

Rights of the Audit Committee

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

i have authority to investigate any matter within its terms of reference;

ii have the resources which are required to perform its duties;

iii have full and unrestricted access to any information pertaining to the listed issuer;

iv have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);

v be able to obtain independent professional or other advice; and

vi be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

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.

The company had issued the relevant performance evaluation forms for the respective Audit Committee Member and Directors for their feedback/comments. Based on the performance evaluation conducted, the Board members were satisfied with the overall performance of the Audit Committee.

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 2007 are as follows:-

Directors	*Meetings Attended by the Directors / Total Number of Meetings held During the Financial Year Ended 30 June 2007*	*% of Attendance*
Dato' Zulkifli bin Abdul Rahman	4/5	80
En. Sahid bin Mohamed Yasin	4/5	80
Mr. Cheong Chung Yet	4/5	80
Datuk Dr. Abdullah bin Abdul Rahman	5/5	100

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 2007 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 external auditor's management letter and management's response;

vi review of the internal audit reports submitted by the internal auditors and report the findings & recommendations to the Board;

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;

ix consider and recommend to the Board for approval the audit fees payable to internal and external auditors; and

x review report on allocation of share option 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.

ESOS

The Audit Committee has verified that the allocation of options offered by the Company to eligible employees is in compliance with the criteria for allocation of options pursuant to the By-Laws of the Company's ESOS.

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
2005	i	Merchandising
	ii	Logistics, Warehousing & Inventories
	iii	Outsourcing Management
	iv	Marketing
2006	v	Human Resources
	vi	Field Counselor
	vii	Merchandising
	viii	Branding
2007	ix	Inventory Management
	x	Finance & Accounting

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 enables monitoring of control procedures at operational level.

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

Review of Internal Control Statement by the External Auditors

The external auditors have reviewed the Statement on Internal Control intended to be included in the annual report for the financial year ended 30 June 2007 in accordance with the Terms of Engagement dated 2 July 2002 and Recommended Practice Guide 5, Guidance for Auditors on the Review of Directors' Statement on Internal Control ("RPG 5"). The review has been conducted to assess whether the Statement on Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group.

Based on the review, nothing has come to attention that causes the external auditors to believe that the Statement on Internal Control intended to be included in the annual report is inconsistent with their understanding of the process the Board Directors have adopted in the review of the adequacy and integrity of internal control of the Group.

Datuk Dr Abdullah bin Abdul Rahman

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

Aged 62 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 - *redesignated as Member on 25 October 2007,* Independent Non-Executive Director)

Aged 71 of Malaysian nationality, he was first appointed to the Board on 11 March 1994.

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

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

1. Nikko Electronics Bhd

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

Yong Pang Chaun
(Managing Director)

Aged 56 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 4 out of 5 meetings of the Board of Directors.

Chan Kwai Heng
(Executive Director)

Aged 55 of Singaporean nationality, he was first appointed to the Board on 29 March 1995.

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

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

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

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

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

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

Aged 41 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 54 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 3 out of 5 meetings of the Board of Directors.

Yong Lai Wah
(Executive Director)

Aged 57 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.

Sahid bin Mohamed Yasin

(Member of the Audit Committee - *redesignated as Chairman on 25 October 2007,* Independent Non-Executive Director)

Aged 58 of Malaysian nationality, he was first appointed to the Board on 23 October 1997.

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

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

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

For the financial year under review, he has attended 4 out of 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 41.04% interest in the shares in the Company.

(ii) Conflict of Interest

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

(iii) Convictions for offences

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

(iv) Material Contracts

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

Directors' Responsibility Statement

in Respect of the Annual Audited Financial Statements

Pursuant to paragraph 15.27 (a) of the Listing Requirements of Bursa Malaysia Securities Berhad, and as required by 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 ended.

In ensuring the preparation of these financial statements of Padini Holdings Berhad, the Directors have ensured the following:-

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

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy the financial position of the Company and ensuring that the financial statements comply with the provisions of the Companies Act, 1965.

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

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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 2007.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

During the financial year, as a result of internal restructuring, the provision of management consultancy services to its subsidiary companies previously provided by the Company has been assigned to a subsidiary company.

There has been no significant change in the principal activities other than the internal restructuring as mentioned above.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Equity holders of the Company	31,403	10,275
Minority interests	39	-
	31,442	10,275

DIVIDENDS

The dividends declared and paid by the Company are as follows:-

	RM'000
In respect of the financial year ended 30 June 2006	
First interim dividend of 5 sen on 62,866,500 ordinary shares less 28% tax, paid on 15 February 2006	2,263
Second interim dividend of 5 sen on 63,582,000 ordinary shares less 28% tax, paid on 18 July 2006	2,289
Special interim dividend of 5 sen on 63,745,700 ordinary shares less 28% tax, paid on 6 October 2006	2,295
Final dividend of 5 sen on 65,381,200 ordinary shares less 27% tax, paid on 13 March 2007	2,387
In respect of the financial year ended 30 June 2007	
First interim dividend of 5 sen on 65,164,000 ordinary shares less 27% tax, paid on 8 February 2007	2,378
Second interim dividend of 5 sen on 65,504,700 ordinary shares less 27% tax, paid on 9 May 2007	2,391
Special interim dividend of 10 sen on 65,569,600 ordinary shares less 27% tax, paid on 29 June 2007	4,787

The Directors recommend a final dividend in respect of the current financial year of 5 sen per share, less income tax at 26%, 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 RM63,585,500 to RM65,590,400 by the issuance and allotment of 2,004,900 new ordinary shares of RM1.00 each for cash under the Company's Employees' Share Option Scheme ("ESOS") at the following exercise prices:

Number of ordinary shares	Exercise price
671,800	RM1.06
53,800	RM1.26
573,800	RM2.31
389,600	RM1.85
315,900	RM3.30

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 Members 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.

At the Extraordinary General Meeting held on 18 June 2007, the Company obtained the shareholders' approval to undertake a share split involving the subdivision of every one (1) existing share of RM1.00 each in the Company into two (2) ordinary shares of RM0.50 each ("Share Split"). The shares, so split, shall upon allotment and issue, rank pari passu in all respects amongst themselves.

The Share Split was completed on 9 July 2007.

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 who 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.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (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 options in multiples 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 2007 were as follows:-

Date of offer	Option price RM	Balance at 1.7.2006	Granted	Exercised	Lapsed*	Balance at 30.6.2007
10.10.2002	1.06	690,300	-	(671,800)	(5,000)	13,500
08.08.2003	1.26	68,400	-	(53,800)	(5,850)	8,750
04.10.2004	2.31	668,100	-	(573,800)	(17,300)	77,000
10.10.2005	1.85	434,600	-	(389,600)	(13,500)	31,500
10.10.2006	3.30	-	517,000	(315,900)	(57,300)	143,800
		1,861,400	517,000	(2,004,900)	(98,950)	274,550

* Due to resignation or offers not taken up.

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of option holders of less than 18,000 share options.

Save as disclosed below, there were no other eligible employees allocated share options of 18,000 and above during the financial year:

Employee's name	Option price	Number of share options granted during the financial year
Goh Sock Mui	RM3.30	18,500

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

In accordance with Section 129(2) of the Companies Act 1965, Dato' Zulkifli bin Abdul Rahman, who is above seventy years of age, retires from the Board and offers himself for re-appointment under Section 129(6) of the Act, to hold office until the conclusion of the next Annual General Meeting.

In accordance with the Company's Articles of Association, Datuk Dr. Abdullah bin Abdul Rahman and Mdm. Chong Chin Lin retire by rotation, and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			
	Balance at 1.7.2006	**Bought**	**Sold**	**Balance at 30.6.2007**
Direct interest in shares of the Company				
Yong Pang Chaun	124,000	26,000	-	150,000
Chong Chin Lin	175,999	26,000	-	201,999
Chan Kwai Heng	88,400	26,000	-	114,400
Cheong Chung Yet	68,499	48,900	-	117,399
Yong Lai Wah	-	64,500	(55,300)	9,200
Indirect interest in shares of the Company				
Yong Pang Chaun	27,176,400	26,000	-	27,202,400
Chong Chin Lin	27,124,401	26,000	-	27,150,401
Yong Lai Wah	27,000,401	-	-	27,000,401
Direct interest in shares of the subsidiary company				
Vincci Ladies' Specialties Centre Sdn. Bhd.				
Yong Lai Wah	5,000	-	-	5,000

DIRECTORS' INTERESTS (Cont'd)

	Number of options for ordinary shares of RM1.00 each			
	Balance at 1.7.2006	**Granted**	**Exercised**	**Balance at 30.6.2007**
Direct interest in share options of the Company				
Yong Pang Chaun				
- At an option price of RM1.06	26,000	-	(26,000)	-
Chong Chin Lin				
- At an option price of RM1.06	26,000	-	(26,000)	-
Chan Kwai Heng				
- At an option price of RM1.06	26,000	-	(26,000)	-
Cheong Chung Yet				
- At an option price of RM1.06	12,000	-	(12,000)	-
- At an option price of RM2.31	21,000	-	(21,000)	-
- At an option price of RM3.30	-	15,900	(15,900)	-
Yong Lai Wah				
- At an option price of RM2.31	49,500	-	(49,500)	-
- At an option price of RM1.85	15,000	-	(15,000)	-

By virtue of their interests in shares of the Company, Messrs. 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.

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.

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.

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

In the opinion of the Directors,

a) the results of the Group's and the Company's operations during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and the Company for the financial year in which this report is made.

AUDITORS

The auditors, Messrs. BKR Peter Chong, 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 : 24 October 2007
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**, two of the Directors of **PADINI HOLDINGS BERHAD** state that, in the opinion of the Directors, the financial statements set out on pages 41 to 99 are drawn up in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities 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 2007 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 : 24 October 2007
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 41 to 99 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 24th day of October 2007) Before me

Report of the Auditors to the Members

of Padini Holdings Berhad

We have audited the financial statements set out on pages 41 to 99 of **PADINI HOLDINGS BERHAD** for the financial year ended 30 June 2007. 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 have been prepared in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities 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 2007 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 6 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.

BKR Peter Chong
No AF 0165
Chartered Accountants

Peter Chong Ton Nen
No 394/03/08/J/PH
Partner of the Firm

Date : 24 October 2007
Kuala Lumpur

Consolidated Balance Sheet

AS at 30 June 2007

	Note	2007 RM'000	As restated 2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	50,317	34,173
Investment properties	5	1,740	1,775
Investment	7	697	697
Intangible assets	8	-	1,248
Deferred tax assets	9	859	586
Total non-current assets		53,613	38,479
Current assets			
Inventories	10	64,041	51,397
Receivables	11	25,949	22,222
Tax assets	12	33	38
Short term investment	13	30,232	30,901
Deposits, cash and bank balances	14	21,866	13,563
Total current assets		142,121	118,121
TOTAL ASSETS		195,734	156,600
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	15	65,591	63,586
Reserves	16	76,750	55,260
		142,341	118,846
Minority interest		326	305
Total equity		142,667	119,151
LIABILITIES			
Non-current liabilities			
Negative goodwill on consolidation		-	155
Borrowings	17	4,310	5,231
Deferred tax liabilities	9	39	8
Total non-current liabilities		4,349	5,394
Current liabilities			
Payables	18	39,290	27,089
Borrowings	17	3,847	2,057
Tax liabilities	12	4,753	2,909
Provision	19	828	-
Total current liabilities		48,718	32,055
Total liabilities		53,067	37,449
TOTAL EQUITY AND LIABILITIES		195,734	156,600

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

Consolidated Income Statement

For the financial year ended 30 June 2007

	Note	2007 RM'000	As restated 2006 RM'000
REVENUE	20	316,866	286,107
COST OF SALES		(163,719)	(152,250)
GROSS PROFIT		153,147	133,857
OTHER OPERATING INCOME		5,196	3,303
SELLING AND DISTRIBUTION COSTS		(86,301)	(70,829)
ADMINISTRATION EXPENSES		(27,696)	(26,577)
PROFIT FROM OPERATIONS	21	44,346	39,754
FINANCE COSTS	23	(339)	(172)
SHARE OF RESULTS OF AN ASSOCIATED COMPANY		-	(63)
PROFIT BEFORE TAXATION		44,007	39,519
TAXATION	12	(12,565)	(11,779)
PROFIT FOR THE FINANCIAL YEAR		31,442	27,740
ATTRIBUTABLE TO:			
Equity holders of the Company		31,403	27,691
Minority interest		39	49
		31,442	27,740
EARNINGS PER SHARE OF RM0.50 EACH (SEN)	24		
- Basic		24.24	22.02
- Diluted		24.21	21.84

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

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2007

	Note	Share capital RM'000	Share premium RM'000	Share options reserve RM'000	Currency translation reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
		Attributable to equity holders of the Company								
At 1 July 2005		62,415	802	-	6	-	35,549	98,772	276	99,048
Share options granted under ESOS		-	-	42	-	-	-	42	-	42
Issuance of shares pursuant to ESOS		1,171	393	-	-	-	-	1,564	-	1,564
Foreign exchange difference		-	-	-	(106)	-	-	(106)	-	(106)
Realisation upon disposal of associated company		-	-	-	(1)	-	1	-	-	-
Net expense recognised directly in equity		-	-	-	(107)	-	1	(106)	-	(106)
Profit for the financial year		-	-	-	-	-	27,691	27,691	49	27,740
Total recognised income and expense for the financial year		-	-	-	(107)	-	27,692	27,585	49	27,634
Dividends	25	-	-	-	-	-	(9,117)	(9,117)	-	(9,117)
Dividends paid to minority interest		-	-	-	-	-	-	-	(20)	(20)
At 30 June 2006 (As restated)		63,586	1,195	42	(101)	-	54,124	118,846	305	119,151

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

Consolidated Statement of Changes in Equity (cont'd)

For the financial year ended 30 June 2007

	Note	Share capital RM'000	Share premium RM'000	Share options reserve RM'000	Currency translation reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
		← Attributable to equity holders of the Company						→		
At 1 July 2006										
- As previously reported		63,586	1,195	-	(101)	-	54,166	118,846	305	119,151
- Effect of adoption of FRS 2	3.2 (a)	-	-	42	-	-	(42)	-	-	-
- As restated		63,586	1,195	42	(101)	-	54,124	118,846	305	119,151
- Effect of adoption of FRS 3	3.2 (b)	-	-	-	-	-	155	155	-	155
		63,586	1,195	42	(101)	-	54,279	119,001	305	119,306
Share options granted under ESOS		-	-	350	-	-	-	350	-	350
Issuance of shares pursuant to ESOS		2,005	2,153	(289)	-	-	-	3,869	-	3,869
Foreign exchange difference		-	-	-	(352)	-	-	(352)	-	(352)
Transfer from deferred tax liability		-	-	-	-	13	-	13	-	13
Realisation on changes in tax rate		-	-	-	-	(13)	13	-	-	-
Net expense recognised directly in equity		-	-	-	(352)	-	13	(339)	-	(339)
Profit for the financial year		-	-	-	-	-	31,403	31,403	39	31,442
Total recognised income and expense for the financial year		-	-	-	(352)	-	31,416	31,064	39	31,103
Dividends	25	-	-	-	-	-	(11,943)	(11,943)	-	(11,943)
Dividends paid to minority interest		-	-	-	-	-	-	-	(18)	(18)
At 30 June 2007		65,591	3,348	103	(453)	-	73,752	142,341	326	142,667

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

Consolidated Cash Flow Statement

For the financial year ended 30 June 2007

	Note	2007 RM'000	As restated 2006 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		44,007	39,519
Adjustments for:			
Allowance for doubtful debts		272	272
Amortisation of intangible assets		-	469
Amortisation of negative goodwill on consolidation		-	(52)
Bad debts written off		48	3
Depreciation of property, plant and equipment		8,046	7,589
Depreciation of investment properties		35	35
Impairment loss on investment		-	47
Interest expenses		339	172
Interest income		(1,747)	(761)
Inventories written down to net realisable value		732	295
Profit on disposal of property, plant and equipment		(74)	(243)
Property, plant and equipment written off		36	31
Provision for loyalty points		828	-
Share of results of an associated company		-	63
Share options granted under ESOS		350	42
Trademarks written off		1,248	-
Operating profit before working capital changes		54,120	47,481
Inventories		(13,376)	(9,792)
Receivables		(4,047)	(2,346)
Short term investment		1,202	51
Payables		16,785	(1,484)
Cash generated from operations		54,684	33,910
Dividends paid		(16,527)	(6,780)
Tax paid	12	(10,945)	(11,637)
Tax refund	12	40	1,891
Net cash generated from operating activities		27,252	17,384
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to trademarks		-	(99)
Interest income received		545	710
Proceeds from disposal of associated company		-	1,424
Proceeds from disposal of property, plant and equipment		127	275
Purchase of property, plant and equipment	26	(24,174)	(14,019)
Net cash used in investing activities		(23,502)	(11,709)

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

	Note	2007 RM'000	As restated 2006 RM'000
CASH FLOW FROM FINANCING ACTIVITIES			
Changes to short term borrowings		1,880	(1,371)
Dividend paid to minority interest		(18)	(20)
Drawdown of term loan		420	6,782
Interest expenses paid		(447)	(283)
Proceeds from issuance of shares		3,869	1,564
Repayment of hire purchase and finance lease obligations		(355)	(356)
Repayment of term loan		(1,076)	(750)
Net cash generated from financing activities		4,273	5,566
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,023	11,241
Effect of exchange rate changes		(253)	(35)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		44,464	33,340
Effect of exchange rate changes		(136)	(82)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	27	52,098	44,464

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 2007

	Note	2007 RM'000	As restated 2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	31,800	22,016
Investment in subsidiary companies	6	88,118	87,239
Investment	7	560	560
Intangible assets	8	-	50
Total non-current assets		120,478	109,865
Current assets			
Receivables	11	5,744	18,681
Tax assets	12	22	25
Deposits, cash and bank balances	14	145	571
Total current assets		5,911	19,277
TOTAL ASSETS		126,389	129,142
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	15	65,591	63,586
Reserves	16	55,026	54,480
Total equity		120,617	118,066
Non-current liability			
Borrowings	17	4,202	4,958
Current liabilities			
Payables	18	395	5,043
Borrowings	17	1,175	1,075
Total current liabilities		1,570	6,118
Total liabilities		5,772	11,076
TOTAL EQUITY AND LIABILITIES		126,389	129,142

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

Income Statement

For the financial year ended 30 June 2007

	Note	2007 RM'000	As restated 2006 RM'000
REVENUE	20	14,595	18,018
OTHER OPERATING INCOME		1,638	1,806
ADMINISTRATION EXPENSES		(1,896)	(1,748)
PROFIT FROM OPERATIONS	21	14,337	18,076
FINANCE COST	23	(158)	-
PROFIT BEFORE TAXATION		14,179	18,076
TAXATION	12	(3,904)	(5,087)
PROFIT FOR THE FINANCIAL YEAR		10,275	12,989

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

Statement of Changes in Equity

For the financial year ended 30 June 2007

	Note	Share capital RM'000	Share premium RM'000	Share options reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 July 2005		62,415	802	-	31,502	3,162	97,881
Share options granted under ESOS		-	-	42	-	-	42
Issuance of shares pursuant to ESOS		1,171	393	-	-	-	1,564
Surplus on revaluation of investment in subsidiary companies		-	-	-	14,707	-	14,707
Net income recognised directly in equity		-	-	-	14,707	-	14,707
Profit for the financial year		-	-	-	-	12,989	12,989
Total recognised income for the financial year		-	-	-	14,707	12,989	27,696
Dividends	25	-	-	-	-	(9,117)	(9,117)
At 30 June 2006 (As restated)		63,586	1,195	42	46,209	7,034	118,066
At 1 July 2006							
- As previously reported		63,586	1,195	-	46,209	7,076	118,066
- Effect of adoption of FRS 2	3.2 (a)	-	-	42	-	(42)	-
- As restated		63,586	1,195	42	46,209	7,034	118,066
Share options granted under ESOS		-	-	350	-	-	350
Issuance of shares pursuant to ESOS		2,005	2,153	(289)	-	-	3,869
Profit for the financial year		-	-	-	-	10,275	10,275
Dividends	25	-	-	-	-	(11,943)	(11,943)
At 30 June 2007		65,591	3,348	103	46,209	5,366	120,617

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

Cash Flow Statement

For the financial year ended 30 June 2007

	Note	2007 RM'000	As restated 2006 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		14,179	18,076
Adjustments for:			
Amortisation of intangible assets		-	13
Depreciation of property, plant and equipment		640	265
Dividend income		(14,595)	(17,948)
Interest expenses		158	-
Interest income		(13)	(16)
Impairment loss on investment in subsidiary companies			
- additions		63	383
- reversal		(942)	(741)
Loss on disposal of associated company		-	91
Profit on disposal of property, plant and equipment		(1)	(2)
Share options granted under ESOS		350	42
Trademarks written off		50	-
Operating (loss)/profit before working capital changes		(111)	163
Receivables		12,937	(5,777)
Payables		(64)	(511)
Cash generated from/(used in) operations		12,762	(6,125)
Dividend paid		(16,527)	(6,780)
Tax paid	12	(3,941)	(5,025)
Tax refund	12	40	1,143
Net cash used in operating activities		(7,666)	(16,787)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to trademarks		-	(9)
Additional investment in subsidiary companies		-	(1,800)
Dividend received		14,595	17,948
Interest income received		13	16
Purchase of property, plant and equipment	26	(10,316)	(8,369)
Proceeds from disposal of associated company		-	1,424
Proceeds from disposal of property, plant and equipment		1	3
Net cash generated from investing activities		4,293	9,213

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

	Note	2007 RM'000	As restated 2006 RM'000
CASH FLOW FROM FINANCING ACTIVITIES			
Drawdown of term loan		420	6,782
Interest expenses paid		(266)	(111)
Proceeds from issuance of shares		3,869	1,564
Repayment of term loan		(1,076)	(750)
Net cash generated from financing activities		2,947	7,485
NET DECREASE IN CASH AND CASH EQUIVALENTS		(426)	(89)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		571	660
CASH AND CASH EQUIVALENTS CARRIED FORWARD	27	145	571

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

1. GENERAL INFORMATION

The Company is principally involved in investment holding.

During the financial year, as a result of internal restructuring, the provision of management consultancy services to its subsidiary companies previously provided by the Company has been assigned to a subsidiary company.

There have been no significant changes in the principal activities other than the internal restructuring as mentioned above.

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

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

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

The principal place of business of the Company is at No. 19, Lot 115, Jalan U1/20, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The Board has authorised the issuance of the financial statements on 24 October 2007.

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 actively 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 and liquidity risk.

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's foreign exchange risks comprise transaction risk which arises from day-to-day requirements to receive in currencies other than the local currency especially from the US Dollar, and structural foreign currency translation exposure arising from investment in foreign subsidiary companies which are denominated in the currencies where they are domiciled. The Group minimises its foreign currency exchange exposure by entering into derivative financial instruments such as foreign currency forward contract when the foreign exchange risk is assessed as high.

These notes form part of the financial statements.

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

Interest rate risk

The Group is exposed to interest rate risk mainly from its fixed deposits and borrowings. There is no formal hedging policy in respect of interest rate exposure. The interest rate risk is monitored on an ongoing basis and the Group endeavours to keep the exposure at an acceptable level.

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 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. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965.

At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for financial periods beginning on and after 1 January 2006 as fully described in Note 3.2.

The financial statements are presented in Ringgit Malaysia, which is the Company's functional currency and all values are rounded to the nearest thousand (RM'000) unless otherwise indicated.

3.2 Changes in accounting policies and effects arising from adoption of new and revised FRSs

At the beginning of the financial year, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based payment
FRS 3	Business combinations
FRS 5	Non-current assets held for sale and discontinued operations
FRS 101	Presentation of financial statements
FRS 102	Inventories
FRS 108	Accounting policies, changes in estimates and errors
FRS 110	Events after the balance sheet date
FRS 116	Property, plant and equipment

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2 Changes in accounting policies and effects arising from adoption of new and revised FRSs (Cont'd)

FRS 121	The effects of changes in foreign exchange rates
FRS 128	Investment in associates
FRS 127	Consolidated and separate financial statements
FRS 132	Financial instruments: disclosure and presentation
FRS 133	Earnings per share
FRS 136	Impairment of assets
FRS 138	Intangible assets
FRS 140	Investment property

The adoption of the new and revised FRSs does not result in significant changes in accounting policies of the Group other than as discussed below:

(a) FRS 2: Share-based payment

FRS 2 requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets or equity instruments of the entity.

The Company operates an equity-settled, share-based compensation plan for the employees of the Group, the ESOS. Prior to 1 January 2006, no compensation expense was recognised in income statement for the share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in the income statement over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date.

The fair value of the share option is computed using the Modified Black-Scholes model. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision to this estimate is included in the income statement and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, this standard applies to share options which were granted after 31 December 2004 and which had not yet vested on 1 January 2006. The application is retrospective and accordingly, the comparative amounts as at 30 June 2006 have been restated.

The effect of the revised policy due to the adoption of FRS 2 on share options granted on or after 1 January 2006 are as detailed in Note 3.4.

(b) FRS 3: Business combinations, FRS 136: Impairment of assets and FRS 138: Intangible assets

(i) Negative goodwill on consolidation

In prior years, negative goodwill on consolidation was amortised on a straight-line basis over the estimated useful life or 5 years, whichever is shorter.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2 Changes in accounting policies and effects arising from adoption of new and revised FRSs (Cont'd)

(b) FRS 3: Business combinations, FRS 136: Impairment of assets and FRS 138: Intangible assets (Cont'd)

(i) Negative goodwill on consolidation (Cont'd)

In accordance with FRS 3, any of the excess of the Group's interest in the fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), is now recognised immediately in the consolidated income statement. The Group has negative goodwill of RM155,186 as at 1 July 2006. In accordance with the transitional provisions of FRS 3, the negative goodwill was derecognised with a corresponding increase in the opening balance of retained profits as at 1 July 2006.

The change in policy in respect of negative goodwill have been applied prospectively and as such there is no restatement of comparative amounts whilst the Group's profit for the year was reduced by RM51,728 resulting from cessation of annual amortisation of negative goodwill.

(ii) Other intangible assets

Prior to 1 July 2006, intangible assets were considered to have a finite useful life and were stated at cost less accumulated amortisation and impairment losses. The useful lives of other intangible assets are now assessed at the individual asset level as having either a finite or indefinite life. Intangible assets with an indefinite useful life are not amortised but are tested for impairment annually. Intangible assets with a finite useful life will continue to be amortised over the estimated useful life.

The net carrying amount of trademarks of the Group and the Company as at 1 July 2006 of RM1,248,000 and RM50,000 respectively have been assessed to be impaired and therefore have been written off.

(c) FRS 101: Presentation of financial statements

Prior to 1 July 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

(d) FRS 140: Investment property

Prior to 1 July 2006, investment properties are classified as property, plant and equipment and are stated at cost.

The Group chooses the cost model as allowed under FRS 140: Investment property and dealt with in accordance with FRS 116: Property, plant and equipment.

The change in the accounting policy has no impact on the profit attributable to shareholders. Instead, the changes have been accounted for by restating the opening balances of the Group as detailed in Note 3.4.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 New FRSs and interpretations not yet effective

At the date of authorisation of the financial statements, the following standards are in issue. However, the Group has not elected to early adopt these standards:

		Effective dates
FRS 117	Leases	1 October 2006
FRS 124	Related party disclosures	1 October 2006
FRS 6	Exploration for evaluation of mineral resources	1 January 2007
FRS 107	Cash flow statements	1 July 2007
FRS 111	Construction contracts	1 July 2007
FRS 112	Income taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for government grants and disclosure of government assistance	1 July 2007
FRS 137	Provisions, contingent liabilities and contingent assets	1 July 2007
FRS 139	Financial instruments: recognition and measurement	To be announced
Amendments to		
FRS 119_{2004}	Employee benefits - actuarial gains and losses, group plans and disclosures	1 January 2007
FRS 121	The effects of changes in foreign exchange rates - net investment in a foreign operation	1 July 2007

By virtue of exemption provided for in FRSs 117, 124 and 139, the impact of applying these standards need not be disclosed. FRS 6 is not applicable to the Group and hence no future disclosure is warranted. The adoption of FRSs 107, 111, 112, 118, 120, 137 and the Amendments to FRSs do not have significant impact to the financial statements of the Group and the Company.

As at the date of authorisation of the financial statements, the following Interpretations were issued and are effective for financial periods on or after 1 July 2007:

IC Interpretation 1	Changes in existing decommissioning, restoration and similar liabilities
IC Interpretation 2	Members' shares in co-operative entities and similar instruments
IC Interpretation 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
IC Interpretation 6	Liabilities arising from participating in a specific market - waste electrical and electronic equipment
IC Interpretation 7	Applying the restatement approach under FRS 129_{2004} financial reporting in hyperinflationary economies
IC Interpretation 8	Scope of FRS 2

The adoption of the above interpretations will have no material impact on the financial statements of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Summary of effects of adopting new and revised FRSs

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 30 June 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

(i) Effects on consolidated balance sheet as at 30 June 2007:

Description of change	Note	FRS 2 RM'000	FRS 3 RM'000	FRS 140 RM'000	Total RM'000
		Increase/(Decrease)			
Group					
Property, plant and equipment	3.2(d)	-	-	1,740	1,740
Investment properties	3.2(d)	-	-	(1,740)	(1,740)
Negative goodwill on consolidation	3.2(b)	-	(103)	-	(103)
Retained profits carried forward	3.2(a)&(b)	392	103	-	495
Share options reserve	3.2(a)	(103)	-	-	(103)
Share premium	3.2(a)	(289)	-	-	(289)
Company					
Retained profits carried forward	3.2(a)	392	-	-	392
Share options reserve	3.2(a)	(103)	-	-	(103)
Share premium	3.2(a)	(289)	-	-	(289)

(ii) Effects on consolidated income statement for the financial year ended 30 June 2007:

Description of change	Note	FRS 2 RM'000	FRS 3 RM'000	FRS 140 RM'000	Total RM'000
		Increase/(Decrease)			
Group/Company					
Administration expenses	3.2(a)	(350)	52	-	(298)

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Summary of effects of adopting new and revised FRSs (Cont'd)

(iii) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRS:

At 30 June 2006 Group Balance sheet	As previously stated RM'000	Increase/(Decrease) FRS 2 Note 3.2 (a) RM'000	FRS 140 Note 3.2 (d) RM'000	As restated RM'000
Property, plant and equipment	35,948	-	(1,775)	34,173
Investment properties	-	-	1,775	1,775
Retained profits	54,166	(42)	-	54,124
Share options reserve	-	42	-	42
Income statement				
Administration expenses	26,535	42	-	26,577
Company				
Balance sheet				
Retained profits	7,076	(42)	-	7,034
Share options reserve	-	42	-	42
Income statement				
Administration expenses	1,706	42	-	1,748

3.5 Significant accounting estimates and judgements

Preparation of the financial statements involved making certain estimates, judgements and assumptions concerning the future. They affect the accounting policies applied, amounts of assets, liabilities, income and expenses reported and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in these estimates and assumptions by management may have an effect on the balances as reported in financial statements.

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment property.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portion could be sold separately (or leased out separately under a finance lease), the Group would account for the portion separately. If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Significant accounting estimates and judgements (Cont'd)

(ii) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on assessment of recoverability. Whilst management's judgement is guided by the past experiences, judgement is made about the future recovery of debts.

(iii) Allowance for inventories

The Group reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, the Group conducts physical counts on their inventories on a periodic basis in order to determine whether an allowance is required to be made.

(iv) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment as disclosed in Note 3.6 (d). The carrying amount of the Group's property, plant and equipment at 30 June 2007 was RM50,317,000. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(v) Depreciation of investment property

The Group depreciates the leasehold buildings, over their estimated useful lives using the straight-line method. Management estimates the useful lives of these properties to be 50 to 88 years.

(vi) Impairment of investment in subsidiary companies

The Group determines whether investment in the subsidiary companies is impaired whenever there is an indication that the said investment may be impaired.

The carrying amount of investment in the subsidiary companies has been assessed to be impaired and impairment loss of RM63,000 has been made.

(vii) Income taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

(viii) Provisions

The Group recognises provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each balance sheet date and adjusted to reflect the Group's current best estimate.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Summary of significant accounting policies

(a) Subsidiary companies and basis of consolidation

(i) Subsidiary companies

Subsidiary companies are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiary companies are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary companies' equity since then.

(b) Investment

Investment in subsidiary companies 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.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

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

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Summary of significant accounting policies (Cont'd)

(c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(d) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Certain property, plant and equipment of the Group have not been revalued since they were first revalued in 1982. The Directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provision, these assets continue to be stated at their 1982 valuation less accumulated depreciation.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work in progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the following estimated useful lives:

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

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Summary of significant accounting policies (Cont'd)

(d) Property, plant and equipment and depreciation (Cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement.

(e) Investment properties

Investment properties are properties which are held or owned to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the investment properties. The estimated useful lives of the buildings range from 50 to 88 years.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in income statement in the year in which they arise.

(f) Inventories

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

Cost is determined using the first-in, first-out basis. 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 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.

(g) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than inventories and deferred tax 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 to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated on an annual basis or more frequently when indicators of impairment are identified.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Summary of significant accounting policies (Cont'd)

(g) Impairment of non-financial assets (Cont'd)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

(h) 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.

(i) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(j) Interest-bearing borrowings

All bank borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Summary of significant accounting policies (Cont'd)

(k) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(l) 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 companies make contributions to respective countries' Statutory Pension Scheme. Such contributions are recognised as an expense in the income statement as incurred.

Share-based compensation

The Company's Employees' Share Option Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Summary of significant accounting policies (Cont'd)

(m) 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.

(n) 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.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Summary of significant accounting policies (Cont'd)

(o) 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 services

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

Other revenues

Other revenues are recognised to the extent that it is probable that the economic benefits will flow to the companies in the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before other revenues are recognised:

Rental income	-	on an accrual basis in accordance with the substance of the relevant agreement unless collectability 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 unless collectablity is in doubt.
Interest income	-	on an accrual basis (taking into account the effective yield on the assets) unless collectability is in doubt.
Membership fee	-	on cash receipt basis.
Commission income	-	measured at the fair value of the consideration receivable unless collectability is in doubt.
Master licence fee	-	on an accrual basis in accordance with the substance of the relevant agreement unless collectability is in doubt.

(p) Foreign currencies

Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Summary of significant accounting policies (Cont'd)

(p) Foreign currencies (Cont'd)

Foreign currency transactions (Cont'd)
Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the income statement for the period. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in the income statement in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

Foreign operations
The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Summary of significant accounting policies (Cont'd)

(r) Financial instruments

Financial instrument is any contract that gives rise to both a financial asset of one company and a financial liability or equity instrument of other entities.

Financial instruments carried on the balance sheet include cash and cash equivalents, 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.

(s) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(t) 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 change in value.

(u) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

These notes form part of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Summary of significant accounting policies (Cont'd)

(u) Contingent liabilities and contingent assets (Cont'd)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(v) Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classifications as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) are brought up-to-date in accordance with applicable FRSs. Then, on initial classifications as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the income statement.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is a subsidiary company acquired exclusively with a view to resale.

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These notes form part of the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Office equipment RM'000	Tools and equipment RM'000	Capital work in progress RM'000	Total RM'000
Net carrying amounts at 1 July 2006	12,610	-	1,555	6,763	1,659	1,614	9,972	34,173
Additions	4,892	-	324	11,654	2,529	3,306	1,577	24,282
Disposals	-	-	-	(44)	(4)	(5)	-	(53)
Written off	-	-	-	(3)	(11)	(22)	-	(36)
Reclassification	11,130	-	-	-	275	144	(11,549)	-
Depreciation charge	(255)	-	(548)	(5,546)	(920)	(777)	-	(8,046)
Effect of exchange rate changes	-	-	-	(1)	(2)	-	-	(3)
Net carrying amounts at 30 June 2007	28,377	-	1,331	12,823	3,526	4,260	-	50,317
At 30 June 2007								
Cost	29,758	-	4,123	55,807	10,151	9,393	-	109,232
Accumulated depreciation	(1,381)	-	(2,792)	(42,984)	(6,625)	(5,133)	-	(58,915)
Net carrying amounts	28,377	-	1,331	12,823	3,526	4,260	-	50,317
At 30 June 2006								
Cost	13,736	180	3,947	44,651	7,392	6,045	9,972	85,923
Accumulated depreciation	(1,126)	(180)	(2,392)	(37,888)	(5,733)	(4,431)	-	(51,750)
Net carrying amounts	12,610	-	1,555	6,763	1,659	1,614	9,972	34,173

These notes form part of the financial statements.

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

Company	Freehold land and buildings RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Office equipment RM'000	Tools and equipment RM'000	Capital work in progress RM'000	Total RM'000
Net carrying amounts at 1 July 2006	11,749	-	80	189	26	9,972	22,016
Additions	4,892	-	3,037	867	51	1,577	10,424
Reclassification	11,130	-	-	275	144	(11,549)	-
Disposals	-	-	-	-	-	-	-
Depreciation charge	(232)	-	(175)	(201)	(32)	-	(640)
Net carrying amounts at 30 June 2007	27,539	-	2,942	1,130	189	-	31,800
At 30 June 2007							
Cost	28,594	107	4,359	2,612	597	-	36,269
Accumulated depreciation	(1,055)	(107)	(1,417)	(1,482)	(408)	-	(4,469)
Net carrying amounts	27,539	-	2,942	1,130	189	-	31,800
At 30 June 2006							
Cost	12,572	107	1,322	1,473	402	9,972	25,848
Accumulated depreciation	(823)	(107)	(1,242)	(1,284)	(376)	-	(3,832)
Net carrying amounts	11,749	-	80	189	26	9,972	22,016

These notes form part of the financial statements.

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

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
(i) Assets carried at valuation less accumulated depreciation:				
- freehold buildings	838	861	-	-
Had these assets been carried at cost less accumulated depreciation:				
- freehold buildings	251	258	-	-

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
(ii) Assets pledged as securities for banking facilities (Note 17):				
- freehold land and buildings	15,632	4,629	15,632	4,629
- capital work in progress	-	9,972	-	9,972
	15,632	14,601	15,632	14,601

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
(iii) Assets held under hire purchase instalment plan:				
- motor vehicles	501	1,233	-	-
(iv) Title deeds to the following land and buildings have yet to be issued by the relevant authorities:				
- freehold land and buildings	5,730	12,610	4,892	11,749

(v) Included in capital work in progress is interest expense capitalised during the financial year amounted to RM108,155 (2006: RM110,964).

These notes form part of the financial statements.

5. INVESTMENT PROPERTIES

	Group RM'000
Long-term leasehold land and buildings	
Net carrying amounts as at 1 July 2006	1,775
Depreciation charge	(35)
Net carrying amounts as at 30 June 2007	1,740
At 30 June 2007	
Cost	2,237
Accumulated amortisation	(497)
Net carrying amounts	1,740
At 30 June 2006	
Cost	2,237
Accumulated amortisation	(462)
Net carrying amounts	1,775

Included in net carrying amounts of investment properties are:

	Group 2007 RM'000	Group 2006 RM'000
(i) Pledged as security for borrowings Leasehold land and buildings	-	1,775
(ii) Title deeds which have yet to be issued by the relevant authority	-	1,775

(iii) The estimated market value of the investment property held at the financial year end based on valuation by an independent professional valuer on August 2007, using the open market value method was RM2,505,000.

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2007 RM'000	Company 2006 RM'000
Unquoted shares		
At cost	2,500	2,500
At valuation	99,281	99,281
	101,781	101,781

These notes form part of the financial statements.

6. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

	Company	
Unquoted shares (Cont'd)	**2007 RM'000**	**2006 RM'000**
Less: Accumulated impairment losses		
At 1 July	14,542	14,900
Additions	63	383
Reversal	(942)	(741)
At 30 June	(13,663)	(14,542)
Net carrying amount	88,118	87,239

The investment in subsidiary companies had been revalued by the Directors based on the net assets value of the subsidiary companies as at 30 June 2006 and the revalued amount is carried as surrogate cost.

All subsidiary companies were incorporated in Malaysia except for Padini International Limited which was incorporated in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"). Details of the subsidiary companies are as follows:-

Subsidiary companies of the Company	Gross equity interest 2007 %	Gross equity interest 2006 %	Principal activities
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, maternity wear and accessories.
Vincci Holdings Sdn. Bhd. ("Vincci Holdings")	100	100	Ceased operations during the financial year.
Padini Dot Com Sdn. Bhd. ("Padini Dot Com")	100	100	On-line shopping and commence operations to provide management services during the financial year.
The New World Garment Manufacturers Sdn. Bhd. ("The New World Garment")	100	100	Dormant.
Padini International Limited *	100	100	Dealers of garments.

* Audited by other firms of auditors.

These notes form part of the financial statements.

7. INVESTMENT

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Quoted shares in Malaysia, at cost	60	60	-	-
Less : Impairment loss	(47)	(47)	-	-
	13	13	-	-
Unquoted shares in Malaysia, at cost	560	560	560	560
Club membership, at cost	124	124	-	-
	697	697	560	560
Quoted shares, at market value	51	24		

Included in unquoted investment is an investment in Cassardi Sdn. Bhd., in which the Company has 40% equity interest. The investment is classified as a simple investment and is shown at cost. No equity accounting has been applied despite a 40% equity interest as the Group does not have control nor influence in the investee company, no representation on the investee company's board of directors, no participation in any policy making processes, no material transaction between the Group and the investee company, no interchange of managerial personnel nor is there any provision of technical information to the investee company and vice versa.

8. INTANGIBLE ASSETS

	Group RM'000	Company RM'000
Trademarks		
Net carrying amounts at 1 July 2006	1,248	50
Written off	(1,248)	(50)
Net carrying amounts at 30 June 2007	-	-
At 30 June 2007		
Cost	-	-
Accumulated amortisation	-	-
Net carrying amounts	-	-
At 30 June 2006		
Cost	2,389	69
Accumulated amortisation	(1,141)	(19)
Net carrying amounts	1,248	50

These notes form part of the financial statements.

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	
	2007	2006
Deferred taxation	**RM'000**	**RM'000**
At 1 July	578	854
Recognised in equity	13	-
Recognised in the income statement (Note 12)	229	(277)
Effect of exchange rate changes	-	1
At 30 June	820	578
Presented after appropriate offsetting as follows:		
Deferred tax assets	859	586
Deferred tax liabilities	(39)	(8)
	820	578

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 1.7.2006 RM'000**	**Recognised in the income statement RM'000**	**Recognised in equity RM'000**	**Balance at 30.6.2007 RM'000**
Deferred tax assets				
Surplus on revaluation	(123)	4	13	(106)
Depreciation claimed in excess of capital allowances	669	(216)	-	453
Unused capital allowances	49	(49)	-	-
Unused tax losses	5	(5)	-	-
Provision for loyalty points	-	199	-	199
Accrued unconsumed leaves	-	181	-	181
Allowance for doubtful debts	-	132	-	132
Other temporary differences	(14)	14	-	-
	586	260	13	859
Deferred tax liabilities				
Capital allowances claimed in excess of depreciation	(8)	(31)	-	(39)
	578	229	13	820

These notes form part of the financial statements.

9. DEFERRED TAXATION (Cont'd)

Deferred tax assets of the companies in the Group 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 these companies concerned.

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Surplus on revaluation	(106)	(123)	-	-
Temporary differences between accounting depreciation and related capital allowances	476	642	-	(47)
Unused capital allowances	190	494	190	332
Unused tax losses	1,778	2,200	-	-
Provision for loyalty points	215	-	-	-
Accrued unconsumed leaves	203	-	-	-
Allowance for doubtful debts	132	-	-	-
Other temporary differences	-	(14)	-	-
	2,888	3,199	190	285
Less: Recognised as deferred tax assets	(859)	(586)	-	-
	2,029	2,613	190	285

10. INVENTORIES

	Group	
	2007	2006
At cost	RM'000	RM'000
Raw materials	515	734
Completed garments, shoes and accessories	62,323	49,853
Food and beverage	10	15
	62,848	50,602
At net realisable value		
Raw materials	351	795
Completed garments, shoes and accessories	842	-
	64,041	51,397

These notes form part of the financial statements.

11. RECEIVABLES

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Trade receivables	13,759	12,279	-	-
Less: Allowance for doubtful debts				
At 1 July	(272)	-	-	-
Addition	(272)	(272)	-	-
At 30 June	(544)	(272)	-	-
	13,215	12,007	-	-
Other receivables and prepayment	1,161	733	519	632
Deposits				
- business premises	11,261	8,579	-	-
- others	312	903	74	704
Due from subsidiary companies - non-trade	-	-	5,151	17,345
	25,949	22,222	5,744	18,681

The currency exposure profile of receivables is as follows:

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Ringgit Malaysia	23,078	17,784	5,744	18,189
US Dollar	1,292	1,307	-	492
Hong Kong Dollar	1,579	3,131	-	-
	25,949	22,222	5,744	18,681

(i) Included in trade receivables of the Group in the previous financial year was an advance payment made to suppliers amounted to RM898,163.

(ii) Included in deposits of the previous financial year was a balance of RM472,520, representing deposits paid for the acquisition of a piece of industrial land. The amount was capitalised in property, plant and equipment upon the completion of the acquisition during the financial year.

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

These notes form part of the financial statements.

12. TAXATION

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Net tax (liabilities)/assets at 1 July	(2,871)	(1,126)	25	1,230
Taxation charge for the financial year	(12,794)	(11,503)	(3,904)	(5,087)
Effect of exchange rate changes	40	12	-	-
Payment made during the financial year	10,945	11,637	3,941	5,025
Refund received during the financial year	(40)	(1,891)	(40)	(1,143)
Net tax (liabilities)/assets at 30 June	(4,720)	(2,871)	22	25
Disclosed as :-				
Tax assets	33	38	22	25
Tax liabilities	(4,753)	(2,909)	-	-
	(4,720)	(2,871)	22	25
The taxation expenses comprise:				
Malaysian taxation				
- Based on results for the financial year	12,249	11,289	3,982	5,087
- Adjustment in respect of prior years	(97)	(96)	(78)	-
- Penalty	15	-	-	-
Hong Kong taxation	627	309	-	-
	12,794	11,502	3,904	5,087
Deferred taxation (Note 9)				
- Based on results for the financial year				
- Malaysian taxation	(134)	(4)	-	-
- Hong Kong taxation	(2)	(3)	-	-
- Adjustment in respect of prior years	(93)	284	-	-
	(229)	277	-	-
	12,565	11,779	3,904	5,087

Tax savings arising from utilisation of unused capital allowances and tax losses of the Group amounted to RM452,570 (2006 : RM404,792).

Domestic income tax is calculated at the Malaysian statutory rate of 27% (2006: 28%) of the estimated assessable profit for the year where companies with a paid-up capital of less than RM2.5 million enjoy a lower tax rate of 20% for its first RM500,000 chargeable income. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27% effective year of assessment 2008. The computation of deferred tax as at 30 June 2007 has reflected these changes. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

These notes form part of the financial statements.

12. TAXATION (Cont'd)

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

	2007 RM'000	As restated 2006 RM'000
Profit before taxation	44,007	39,519
Tax at the current income tax rate at 27% (2006: 28%)	11,882	11,065
Tax at different statutory income tax rate of certain subsidiary companies	(449)	(260)
Tax effects in respect of:		
- Depreciation of non-qualifying property, plant and equipment	1,256	1,143
- Tax savings from utilisation of unused capital allowances and tax losses	(379)	(307)
- Non-allowable expenses	906	419
- Non-taxable income	(570)	(502)
- Profit on disposal of property, plant and equipment not subject to income tax	(1)	(23)
- Deferred tax assets not recognised	37	60
- Crystallisation of deferred tax liability on revaluation surplus	(4)	(4)
Adjustment in respect of prior years		
- Income tax	(97)	(96)
- Deferred tax	(93)	284
Penalty	15	-
Effect of changes in tax rate	62	-
	12,565	11,779

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

	2007 RM'000	As restated 2006 RM'000
Profit before taxation	14,179	18,076
Tax at the current income tax rate at 27% (2006: 28%)	3,828	5,061
Tax effects in respect of:		
- Impairment loss on investment in subsidiary companies		
- additions	17	107
- reversal	(254)	(207)
- Depreciation of non-qualifying property, plant and equipment	111	42
- Non-allowable expenses	280	67
- Non-taxable income	-	(15)
- Deferred tax assets not recognised	-	32
Adjustment in respect of prior years (Income tax)	(78)	-
	3,904	5,087

These notes form part of the financial statements.

12. TAXATION (Cont'd)

(iii) The Group and the Company have the following which can be used to offset against future taxable profits:

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Unused capital allowances	729	1,837	729	1,188
Unused tax losses	6,839	7,840	-	-
	7,568	9,677	729	1,188

The availability of the unused capital allowances and tax losses for offsetting against future taxable profits of the respective subsidiary companies is subject to no substantial changes in shareholdings of the respective subsidiary companies under Section 44(5A) and (5B) of Income Tax Act, 1967.

13. SHORT TERM INVESTMENT

	Group	
	2007	2006
	RM'000	RM'000
At market value		
Investment in unit trusts, in Malaysia	30,232	30,901

14. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	30	30	-	-
Cash and bank balances	21,836	13,533	145	571
	21,866	13,563	145	571

The fixed deposits with licensed banks are pledged for banking facilities.

The currency exposure profile of deposits, cash and bank balances is as follows:

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	15,188	11,477	145	571
Hong Kong Dollar	6,678	2,086	-	-
	21,866	13,563	145	571

These notes form part of the financial statements.

15. SHARE CAPITAL

Group/Company	2007 No. of shares '000	2006 No. of shares '000	2007 RM'000	2006 RM'000
Authorised:				
Ordinary shares of RM1 each	100,000	100,000	100,000	100,000
Issued and fully paid:				
Ordinary shares of RM1 each				
At 1 July	63,586	62,415	63,586	62,415
Share options exercised				
At RM1.06 per share	672	754	672	754
At RM1.26 per share	54	114	54	114
At RM2.31 per share	574	132	574	132
At RM1.85 per share	389	171	389	171
At RM3.30 per share	316	-	316	-
	2,005	1,171	2,005	1,171
At 30 June	65,591	63,586	65,591	63,586

During the financial year, the Company increased its issued and paid-up share capital from RM63,585,500 to RM65,590,400 by the issuance and allotment of 2,004,900 new ordinary shares of RM1.00 each for cash under the Company's Employees' Share Option Scheme ("ESOS").

At the Extraordinary General Meeting held on 18 June 2007, the Company obtained the shareholders' approval to undertake a share split involving the subdivision of every one (1) existing share of RM1.00 each in the Company into two (2) ordinary shares of RM0.50 each ("Share Split"). The shares, so split, shall upon allotment and issue, rank pari passu in all respects amongst themselves.

The Share Split was completed on 9 July 2007.

Employees' Share Option Scheme

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

The main features of the ESOS are:

(a) The total number of shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time during the existence of the ESOS.

These notes form part of the financial statements.

15. SHARE CAPITAL (Cont'd)

Employees' Share Option Scheme (Cont'd)

(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 who is a full-time executive director of the Group. Where a foreign employee is serving the Group under an employment contract, the contract shall be for a duration of at least five (5) years.

(c) The option price shall be set at a discount of not more than 10% from the weighted average market price of the Company for the five (5) market days immediately preceding the date of offer or the par value of the shares of the Company of RM1.00 each, whichever is higher.

(d) An option granted under ESOS shall be capable of being exercised by the grantee by notice in writing to the Company during the year commencing from the date of the offer and expiring on 2 October 2007. The options granted was exercisable by the grantee in multiples of 1,000 shares until 27 August 2003 whereby the ESOS Bye-Laws was amended to allow employees to exercise their granted options in multiples 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 2007 were as follows:-

Date of offer	Option price RM	Balance at 1.7.2006 '000	Granted '000	Exercised '000	Lapsed* '000	Balance at 30.6.2007 '000
10.10.2002	1.06	690	-	(672)	(5)	13
08.08.2003	1.26	68	-	(54)	(5)	9
04.10.2004	2.31	668	-	(574)	(17)	77
10.10.2005	1.85	435	-	(389)	(14)	32
10.10.2006	3.30	-	517	(316)	(57)	144
		1,861	517	(2,005)	(98)	275

* Due to resignation or offers not taken up.

These notes form part of the financial statements.

15. SHARE CAPITAL (Cont'd)

Employees' Share Option Scheme (Cont'd)

The fair values of the Company's shares at the exercise dates ranges from RM2.17 to RM5.15 per share (2006: RM1.65 to RM3.14). The total fair value at exercise date of shares issued is RM8,174,733 (2006: RM2,957,758).

The fair value of share options was estimated using Modified Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of share options are measured at their grant dates and the assumptions are as follows:

	2007	2006
Fair value of share options at the following grant dates (RM):		
- 10 October 2006	0.68	-
- 10 October 2005	-	0.19
Share price (RM)	3.72	1.56
Exercise price (RM)	3.30	1.85
Expected volatility (%)	29.08	33.35
Expected life (years)	0.92	1.92
Risk-free rate (%)	3.60	3.29
Expected dividend yield (%)	3.89	3.89

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No further features of the options granted were incorporated into the measurement of fair value.

16. RESERVES

	Group		Company	
		As restated		As restated
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-distributable				
Share premium	3,348	1,195	3,348	1,195
Revaluation reserve	-	-	46,209	46,209
Share options reserve	103	42	103	42
Currency translation reserves	(453)	(101)	-	-
	2,998	1,136	49,660	47,446
Distributable				
Retained profits	73,752	54,124	5,366	7,034
	76,750	55,260	55,026	54,480

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 retained profits as at 30 June 2007.

These notes form part of the financial statements.

17. BORROWINGS

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Non-current				
Secured				
Hire purchase obligations	108	273	-	-
Term loan	4,202	4,958	4,202	4,958
	4,310	5,231	4,202	4,958
Current				
Secured				
Hire purchase obligations	165	355	-	-
Term loan	1,175	1,075	1,175	1,075
Unsecured				
Bankers' acceptance	2,507	627	-	-
	3,847	2,057	1,175	1,075
	8,157	7,288	5,377	6,033

(i) The term loan is secured against certain property, plant and equipment of the Group as disclosed in Note 4 (ii).

(ii) Interests are charged as follows:

Bankers' acceptance	-	Ranging from 3.38% to 4.34% (2006: 3.50% to 4.35%) per annum.
Hire purchase obligations	-	Implicit interest rate ranges from 4.38% to 6.05% (2006: 4.38% to 6.05%) per annum.
Term loan	-	Ranging from 4.05% to 4.29% (2006: 3.32% to 4.27%) per annum.

(iii) The bankers' acceptance has a maturity period of 120 days.

These notes form part of the financial statements.

17. BORROWINGS (Cont'd)

(iv) Hire purchase obligations

	Group 2007 RM'000	Group 2006 RM'000
Minimum lease payments		
- not later than 1 year	174	377
- later than 1 year and not later than 5 years	110	284
	284	661
Less : Unexpired finance charges	(11)	(33)
	273	628
Present value of hire purchase obligations		
Payable as follows:		
- not later than 1 year	165	355
- later than 1 year and not later than 5 years	108	273
	273	628

(v) The term loan at the end of the financial year is repayable as follows:

	Group/Company 2007 RM'000	Group/Company 2006 RM'000
Not later than 1 year	1,175	1,075
Between 1 to 2 years	1,200	1,175
Between 2 to 5 years	3,002	3,783
	5,377	6,033

18. PAYABLES

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Trade payables	31,884	19,828	-	-
Other payables and accruals	7,406	2,677	395	459
Dividend payable	-	4,584	-	4,584
	39,290	27,089	395	5,043

These notes form part of the financial statements.

18. PAYABLES (Cont'd)

The currency exposure profile of payables is as follows:

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	36,732	25,841	395	5,043
US Dollar	1,363	699	-	-
Hong Kong Dollar	1,195	549	-	-
	39,290	27,089	395	5,043

Included in trade payables of the Group is advance payment received from customers against confirmed purchase orders amounted to RM1,400,334 (2006: RM968,115).

19. PROVISION

	Group	
	2007	2006
	RM'000	RM'000
Provision for loyalty points	828	-

The provision represents convertible loyalty points for voucher redemption against the Group's products.

It is expected that the provision will be utilised in the next financial year.

20. REVENUE

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Commission income	1,466	1,201	-	-
Dividend income	-	-	14,595	17,948
Sale of goods	315,400	284,906	-	-
Rendering of management services	-	-	-	70
	316,866	286,107	14,595	18,018

These notes form part of the financial statements.

21. PROFIT FROM OPERATIONS

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

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audit				
- current year	136	117	28	25
- under provision in prior year	11	-	3	-
- tax services	19	3	2	2
Allowance for doubtful debts	272	272	-	-
Amortisation of intangible assets	-	469	-	13
Amortisation of negative goodwill on consolidation	-	(52)	-	-
Bad debts written off	48	3	-	-
Depreciation of property, plant and equipment	8,046	7,589	640	265
Depreciation of investment properties	35	35	-	-
Directors' remuneration (Note 22)	2,878	2,619	100	100
Impairment loss on investment	-	47	-	-
Impairment loss on investment in subsidiary companies				
- addition	-	-	63	383
- reversal	-	-	(942)	(741)
Interest income	(1,747)	(761)	(13)	(16)
Inventories written down to net realisable value	732	295	-	-
Loss on disposal of associated company	-	-	-	91
Profit on disposal of property, plant and equipment	(74)	(243)	(1)	(2)
Property, plant and equipment written off	36	31	-	-
Provision for loyalty points	828	-	-	-
Rental income	(125)	(79)	(679)	(679)
Realised loss/(gain) on foreign exchange	197	(380)	-	-
Rental of equipment	506	83	-	-
Rental of premises	35,791	23,857	-	-
Royalty income	(1,048)	(1,410)	-	-
Staff costs				
- Salary, allowance and bonus	42,817	38,485	-	91
- Employees Provident Fund	4,851	4,396	-	11
- Unconsumed leaves	1,203	-	-	-
- Share options granted under ESOS	350	42	350	42
- Other employee benefits	1,726	1,381	2	16
Trademarks written off	1,248	-	50	-

These notes form part of the financial statements.

22. DIRECTORS' REMUNERATION

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- fees	100	100	100	100
- other emoluments	2,653	2,277	-	-
Director of the subsidiary companies				
- Present				
- other emoluments	125	125	-	-
- Past				
- other emoluments	-	117	-	-
	2,878	2,619	100	100

The estimated monetary value of other benefits not included in the above received by the Directors of the Company and subsidiary companies were RM130,901 (2006: RM142,949) and RM7,725 (2006: RM7,725) respectively.

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

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

Director of a subsidiary company
Yong Lai Ang

Past Director of a subsidiary company
Low An Khong

Group	Executive 2007 RM'000	Non-executive 2007 RM'000	Executive 2006 RM'000	Non-executive 2006 RM'000
Directors of the Company				
Fees	-	100	-	100
Other emoluments				
- Salaries and allowances	1,799	-	1,630	-
- Bonus	579	-	414	-
- Employees Provident Fund	275	-	233	-
	2,653	100	2,277	100

These notes form part of the financial statements.

22. DIRECTORS' REMUNERATION (Cont'd)

Company	Executive 2007 RM'000	Non-executive 2007 RM'000	Executive 2006 RM'000	Non-executive 2006 RM'000
Directors of the Company				
Fees	-	100	-	100
Other emoluments				
- Estimated value of benefits in kind	-	-	-	-
	-	100	-	100

23. FINANCE COSTS

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Interests on:				
- Hire purchase and finance lease obligations	21	31	-	-
- Term loan	158	-	158	-
- Bankers' acceptance	104	90	-	-
- Others	56	51	-	-
	339	172	158	-

24. EARNINGS PER SHARE

(i) Basic earnings per share

The basic earnings per share of the Group for the financial year is calculated based on the profit attributable to equity holders divided by the weighted average number of ordinary shares in issue:

	2007 RM'000	As restated 2006 RM'000
Profit attributable to equity holders of the Company	31,403	27,691
	Number of ordinary shares	
	'000	**'000**
Number of shares in issue as of 1 July	63,586	62,415
Effects of:		
Exercise of ESOS	1,182	465
Share split#	64,768	62,880
Weighted average number of ordinary shares in issue	129,536	125,760
Basic earnings per share of RM0.50 each (sen)	24.24	*22.02

These notes form part of the financial statements.

24. 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 profit attributable to equity holders divided by the adjusted weighted average number of ordinary shares.

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

	Group	
		As restated
	2007	2006
	RM'000	RM'000
Profit attributable to equity holders of the Company	31,403	27,691
	Number of ordinary shares	
	'000	'000
Weighted average number of ordinary shares in issue	129,536	125,760
Effect of ESOS	89	528
Effect of share split#	89	528
Adjusted weighted average number of ordinary shares in issue	129,714	126,816
Diluted earnings per share of RM0.50 each (sen)	24.21	*21.84

\# The weighted and adjusted weighted average number of ordinary shares in issue and issuable have been adjusted to reflect the share split which was completed on 9 July 2007.

* The comparative basic and diluted earnings per share have been restated to take into account the effect of the changes in accounting policies on profit for that financial year as disclosed in Note 3.4 (iii).

25. DIVIDENDS

The dividends declared and paid by the Company are as follows:-

In respect of the financial year ended 30 June 2006	**RM'000**
First interim dividend of 5 sen on 62,866,500 ordinary shares less 28% tax, paid on 15 February 2006	2,263
Second interim dividend of 5 sen on 63,582,000 ordinary shares less 28% tax, paid on 18 July 2006	2,289
Special interim dividend of 5 sen on 63,745,700 ordinary shares less 28% tax, paid on 6 October 2006	2,295
Final dividend of 5 sen on 65,381,200 ordinary shares less 27% tax, paid on 13 March 2007	2,387

These notes form part of the financial statements.

25. DIVIDENDS (Cont'd)

In respect of the financial year ended 30 June 2007	RM'000
First interim dividend of 5 sen on 65,164,000 ordinary shares less 27% tax, paid on 8 February 2007	2,378
Second interim dividend of 5 sen on 65,504,700 ordinary shares less 27% tax, paid on 9 May 2007	2,391
Special interim dividend of 10 sen on 65,569,600 ordinary shares less 27% tax, paid on 29 June 2007	4,787

The Directors recommend a final dividend in respect of the current financial year of 5 sen per share, less income tax at 26%, subject to the approval of members at the forthcoming Annual General Meeting.

26. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Additions to property, plant and equipment	24,282	14,617	10,424	8,480
Financed by hire purchase	-	(487)	-	-
Interest expense capitalised	(108)	(111)	(108)	(111)
	24,174	14,019	10,316	8,369

27. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Represented by:				
Short term investment	30,232	30,901	-	-
Deposits, cash and bank balances	21,866	13,563	145	571
	52,098	44,464	145	571

28. SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosure mentioned elsewhere in the financial statements, the other 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 relationships with the following:-

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

These notes form part of the financial statements.

28. SIGNIFICANT RELATED PARTY DISCLOSURES (Cont'd)

(i) Related party relationships (Cont'd)

(b) Substantial shareholder of the Company

Yong Pang Chaun Holdings Sdn. Bhd. ("YPC"), a shareholder of the Company which holds 41.17% equity interest in the Company where the Directors of the Company, Messrs. Yong Pang Chaun, Chong Chin Lin and Yong Lai Wah have substantial financial interests. Yong Pang Chaun and Chong Chin Lin are also the directors of YPC.

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

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

(ii) Significant related party transactions

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

	Group		Company	
	2007	2006	2007	2006
Transactions entered into with subsidiary companies	RM'000	RM'000	RM'000	RM'000
Dividend income received from				
- Vincci	-	-	8,025	8,828
- Padini Corporation	-	-	4,870	4,870
- Seed	-	-	1,700	4,250
Management fee received from				
- Vincci	-	-	-	18
- Padini Corporation	-	-	-	18
- Seed	-	-	-	18
- Yee Fong Hung	-	-	-	8
- Mikihouse	-	-	-	8
Rental income received from				
- Vincci	-	-	170	170
- Padini Corporation	-	-	170	170
- Seed	-	-	170	170
- Yee Fong Hung	-	-	85	85
- Mikihouse	-	-	84	84
Subscription of shares in				
- Padini Dot Com	-	-	-	1,800
Advance to				
- Padini Corporation	-	-	-	3,850
- Seed	-	-	300	-
- Yee Fong Hung	-	-	200	400
- Mikihouse	-	-	450	3,450
- Padini Dot Com	-	-	490	400

These notes form part of the financial statements.

28. SIGNIFICANT RELATED PARTY DISCLOSURES (Cont'd)

(ii) Significant related party transactions (Cont'd)

	Group		Company	
	2007	2006	2007	2006
Transactions entered into with subsidiary companies (Cont'd)	RM'000	RM'000	RM'000	RM'000
Repayment of advance from				
- Yee Fong Hung	-	-	300	-
- Mikihouse	-	-	2,100	350
- Padini Dot Com	-	-	490	-
Rental paid to				
- Yee Fong Hung	-	-	-	16
Transactions entered into with related parties				
Dividend paid to YPC	6,872	2,916	6,872	2,916
Sale of goods to Dat Hin	-	21	-	-
Purchase of goods from Dat Hin	110	12	-	-

29. COMMITMENTS

(i) Capital commitment

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

	Group/Company	
	2007	2006
	RM'000	RM'000
Contracted but not provided for		
- Capital expenditure in relation to property, plant and equipment	-	6,632

(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	
	2007	2006
	RM'000	RM'000
Not later than 1 year	31,580	24,952
Later than 1 year and not later than 5 years	46,049	32,195
	77,629	57,147

These notes form part of the financial statements.

30. CONTINGENT LIABILITIES

(i)

	Company 2007 RM'000	Company 2006 RM'000
Secured		
Freehold land and building pledged to bank for banking facilities		
- Facility approved	7,200	7,200
- Amount utilised	7,200	6,783
Unsecured		
Corporate guarantee to banks and financial institutions for banking facilities granted to certain subsidiary companies		
- In Ringgit Malaysia	40,354	47,254
- In US Dollar	-	6,000
Amount utilised		
- In Ringgit Malaysia	2,507	627

(ii) A letter of guarantee and indemnity was issued by the Company to the landlord of a subsidiary company pertaining to its non-cancellable lease commitment of RM10,787,459.

31. FINANCIAL INSTRUMENTS

(i) Credit risk

Receivables

The Group's normal trade receivables credit period ranges from 2 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group is exposed to a significant concentration of credit risk, whereby significant outstanding balance of trade receivables as at 30 June 2007 is due from three (3) customers, represent approximately 55% or RM7,300,841 of the net trade receivables.

Payables

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

(ii) Interest rate risk

The fixed deposits with licensed banks has an effective interest yield of 3.7% per annum and has a maturity period of 365 days.

(iii) 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, other payables and short term borrowings

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

These notes form part of the financial statements.

31. FINANCIAL INSTRUMENTS (Cont'd)

(iii) Fair values (Cont'd)

Investment in subsidiary companies

Investment was previously valued by Director's valuation based on their underlying net assets value. The investment is stated at 2006 valuation and the Directors believe that the recoverable amount would not be less than the carrying amount as disclosed in Note 6.

Investment

The fair value of quoted shares is its market value at the balance sheet date as disclosed in Note 7.

Short term investment

The fair value of unit trusts is its market value at the balance sheet date as disclosed in Note 13.

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 subsidiary companies

No disclosure of fair value is made for amount due from subsidiary companies as it is not practicable to determine its fair values with sufficient reliability given these balances have no fixed terms of repayment. However, the Directors do not anticipate the carrying value recorded at the balance sheet date to be significantly different from the amount which would eventually be settled as disclosed in Note 11.

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.

Contingent liability

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiary companies. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiary companies defaulting on the credit lines is remote.

Forward foreign exchange contracts

The contracted amount of financial instruments not recognised in the balance sheet are as follows:

	Group	
	2007	**2006**
	RM'000	**RM'000**
Forward foreign exchange contracts	2,841	-

All the above forward foreign exchange contracts mature within 1 year.

There is no significant difference between the fair value and contracted amount of the above forward foreign exchange contracts.

These notes form part of the financial statements.

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 2007	**Malaysia RM'000**	**Hong Kong RM'000**	**Elimination RM'000**	**Consolidated RM'000**
Revenue				
Revenue from external customers	304,612	12,254	-	316,866
Inter-segment revenue	2,974	1	(2,975)	-
	307,586	12,255	(2,975)	316,866
Results				
Segment results	40,631	3,715	-	44,346
Finance cost				(339)
Taxation				(12,565)
Profit for the financial year				31,442
Assets				
Segment assets	185,525	9,318	(1)	194,842
Liabilities				
Segment liabilities	47,079	2,060	(864)	48,275
Capital expenditure	24,274	8	-	24,282
Non-cash items				
Allowance for doubtful debts	272	-	-	272
Bad debts written off	48	-	-	48
Depreciation of property, plant and equipment	8,024	22	-	8,046
Depreciation of investment properties	35	-	-	35
Inventories written down to net realisable value	732	-	-	732
Provision for loyalty points	828	-	-	828
Profit on disposal of property, plant and equipment	(74)	-	-	(74)
Property, plant and equipment written off	35	1	-	36
Share options granted under ESOS	350	-	-	350
Trademarks written off	1,248	-	-	1,248

Group 2006 (As restated)				
Revenue				
Revenue from external customers	277,268	8,839	-	286,107
Inter-segment revenue	1,668	13	(1,681)	-
	278,936	8,852	(1,681)	286,107

These notes form part of the financial statements.

32. SEGMENTAL INFORMATION (Cont'd)

Primary reporting format-geographical segments by location of assets (Cont'd)

Group 2006 (As restated)	**Malaysia RM'000**	**Hong Kong RM'000**	**Elimination RM'000**	**Consolidated RM'000**
Results				
Segment results	37,932	1,822	-	39,754
Finance cost				(172)
Share of results of associated company	-	(63)	-	(63)
Taxation				(11,779)
Profit for the financial year				27,740
Assets				
Segment assets	150,243	5,747	(14)	155,976
Liabilities				
Segment liabilities	29,244	1,607	(1,058)	29,793
Others				155
Total segment liabilities				29,948
Capital expenditure	14,616	1	-	14,617
Non-cash items				
Allowance for doubtful debts	272	-	-	272
Amortisation of intangible asset	469	-	-	469
Amortisation of negative goodwill	(52)	-	-	(52)
Bad debts written off	3	-	-	3
Depreciation of property, plant and equipment	7,566	23	-	7,589
Depreciation of investment properties	35	-	-	35
Impairment loss on investment	47	-	-	47
Inventories written down to net realisable value	295	-	-	295
Profit on disposal of property, plant and equipment	(243)	-	-	(243)
Property, plant and equipment written off	31	-	-	31
Share options granted under ESOS	42	-	-	42

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.

Secondary reporting format-geographical segment by location of customers

	Group 2007 RM'000	**Group 2006 RM'000**
Revenue		
Malaysia	282,597	244,382
Other Asia Pacific countries	13,990	16,625
Middle East countries	20,279	25,100
	316,866	286,107

The Group operates principally in retail industry and therefore information by business segments is not applicable.

These notes form part of the financial statements.

33. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

At the Extraordinary General Meeting held on 18 June 2007, the Company obtained the shareholders' approval to undertake a share split involving the subdivision of every one (1) existing share of RM1.00 each in the Company into two (2) ordinary shares of RM0.50 each ("Share Split"). The shares, so split, shall upon allotment and issue, rank pari passu in all respects amongst themselves.

The Share Split was completed on 9 July 2007.

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These notes form part of the financial statements.

Recurrent Related Party Transactions

of a Revenue or Trading Nature

Recurrent related party transactions of a revenue nature conducted pursuant to the shareholders' mandate during the financial year ended 30 June 2007 are as set out below:

Company in the Padini Group Involved	Interested Related Party	Related Party	Relationship	Nature of Transaction	Value approved in the Circular (RM)	Aggregate value of transactions (RM)
Padini Holdings Berhad (Padini)	Yong Lai Wah Yong Pang Chaun Chong Chin Lin	Vincci Ladies Specialties' Centre Sdn Bhd (VL)	Yong Lai Wah - Director and Indirect substantial shareholder of Padini - Shareholder of VL Yong Pang Chaun - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL Chong Chin Lin - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL	Rental from VL	169,704	169,704
Padini Holdings Berhad	Yong Lai Wah Yong Pang Chaun Chong Chin Lin	Vincci Ladies Specialties' Centre Sdn Bhd	Yong Lai Wah - Director and Indirect substantial shareholder of Padini. - Shareholder of VL Yong Pang Chaun - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL Chong Chin Lin - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL	Rental from VL	434,534	-

Company in the Padini Group Involved	Interested Related Party	Related Party	Relationship	Nature of Transaction	Value approved in the Circular (RM)	Aggregate value of transactions (RM)
Padini Dot Com Sdn Bhd (PDC)	Yong Lai Wah Yong Pang Chaun Chong Chin Lin	Vincci Ladies Specialties' Centre Sdn Bhd	Yong Lai Wah - Director and Indirect substantial shareholder of Padini. - Shareholder of VL Yong Pang Chaun - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL Chong Chin Lin - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL	Support Services & Administration Fee from VL	11,500,000	7,575,864
Padini Corporation Sdn Bhd (PC)	Yong Lai Wah Yong Pang Chaun Chong Chin Lin	Vincci Ladies Specialties' Centre Sdn Bhd	Yong Lai Wah - Director and Indirect substantial shareholder of Padini. - Shareholder of VL Yong Pang Chaun - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL Chong Chin Lin - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL	Rental of 2 adjoining retail outlets located at Sungei Wang Plaza (1,455) by VL	785,700	785,700

Company in the Padini Group Involved	Interested Related Party	Related Party	Relationship	Nature of Transaction	Value approved in the Circular (RM)	Aggregate value of transactions (RM)
Seed Corporation Sdn Bhd (SC)	Yong Lai Wah Yong Pang Chaun Yong Lee Peng Chong Chin Lin	Vincci Ladies Specialties' Centre Sdn Bhd	Yong Lai Wah - Director and Indirect substantial shareholder of Padini. - Shareholder of VL Yong Pang Chaun - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL Chong Chin Lin - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL	Purchases from SC	10,000	-
Padini Corporation Sdn Bhd	Yong Lai Wah Yong Pang Chaun Yong Lee Peng Chong Chin Lin	Vincci Ladies Specialties' Centre Sdn Bhd	Yong Lai Wah - Director and Indirect substantial shareholder of Padini. - Shareholder of VL Yong Pang Chaun - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL Chong Chin Lin - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL	Purchases from PC	10,000	-

Company in the Padini Group Involved	Interested Related Party	Related Party	Relationship	Nature of Transaction	Value approved in the Circular (RM)	Aggregate value of transactions (RM)
Padini Corporation Sdn Bhd	Yong Lai Wah Yong Pang Chaun Yong Lee Peng Chong Chin Lin	Dat Hin Garment Manufacturing Sdn Bhd	Yong Lai Wah - Director and Indirect substantial shareholder of Padini. - Shareholder of VL	Sales to Dat Hin Garment Manufacturing Sdn Bhd	20,000	-
			Yong Pang Chaun - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL Chong Chin Lin - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL	Purchases from Dat Hin Garment Manufacturing Sdn Bhd	35,000	110,000
Yee Fong Hung (Malaysia) Sendirian Berhad (YFH)	Yong Lai Wah Yong Pang Chaun Yong Lee Peng Chong Chin Lin	Vincci Ladies' Specialties Centre Sdn Bhd	Yong Lai Wah - Director and Indirect substantial shareholder of Padini. - Shareholder of VL Yong Pang Chaun - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL Chong Chin Lin - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL	Financial Assistance to YFH	2,000,000	-

Company in the Padini Group Involved	Interested Related Party	Related Party	Relationship	Nature of Transaction	Value approved in the Circular (RM)	Aggregate value of transactions (RM)
Yee Fong Hung (Malaysia) Sendirian Berhad	Yong Lai Wah Yong Pang Chaun Chong Chin Lin	Vincci Ladies' Specialties Centre Sdn Bhd	Yong Lai Wah - Director and Indirect substantial shareholder of Padini. - Shareholder of VL Yong Pang Chaun - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL Chong Chin Lin - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL	Rental from VL	12,000	12,000
Seed Corporation Sdn Bhd	Yong Lai Wah Yong Pang Chaun Chong Chin Lin	Vincci Ladies Specialties' Centre Sdn Bhd	Yong Lai Wah - Director and Indirect substantial shareholder of Padini. - Shareholder of VL Yong Pang Chaun - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL Chong Chin Lin - Director, Shareholder and indirect substantial shareholder of Padini - Director of VL	Financial Assistance from SC	1,000,000	540,000

DIRECTORS' SHAREHOLDINGS AS AT 31 OCTOBER 2007

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	54,404,800 *	41.35	300,000	0.23
CHAN KWAI HENG	NIL	NIL	228,800	0.17
CHEONG CHUNG YET	NIL	NIL	234,798	0.18
CHONG CHIN LIN	54,300,802 **	41.27	403,998	0.31
YONG LAI WAH	54,000,802 ^	41.04	18,400	0.01
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 his direct interest in the Company.

^ Deemed interest is held via Yong Pang Chaun Holdings Sdn. Bhd. (By virtue of her shareholding and her brother, Mr. Yong Pang Chaun's shareholdings in Yong Pang Chaun Holdings Sdn. Bhd.)

Analysis of Shareholdings

As at 31 October 2007

Authorised Share Capital	:	RM100,000,000-00
Issued and Paid-up Capital	:	RM65,790,950-00
Class of Shares	:	Ordinary Shares of RM0-50 each
Voting rights	:	One vote per Ordinary share
No. of shareholders	:	1,659

DISTRIBUTION SCHEDULE - ORDINARY SHAREHOLDERS AS AT 31 OCTOBER 2007

No. of Holders	Holdings	Total Holdings	%
71	less than 100	5,694	0.004
763	100 - 1,000	300,356	0.228
603	1,001 - 10,000	2,471,822	1.879
163	10,001 - 100,000	4,876,954	3.706
56	100,001 - 6,579,094	40,074,276	30.456
3	6,579,095 and above	83,852,798	63.727
1,659	**TOTAL**	**131,581,900**	**100.000**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2007

				No. of Shares held or beneficially interested in		Percentage of Shareholding	
No.	Name	Nationality	Registered Holder	Direct	Indirect	Direct	Indirect
1	Yong Pang Chaun Holdings Sdn. Bhd.	Incorporated in Malaysia	-Yong Pang Chaun Holdings Sdn. Bhd.	54,000,802	-	41.04	-
2	Puncak Bestari Sdn. Bhd.	Incorporated in Malaysia	-EB Nominees (Tempatan) Sdn. Bhd. -RHB Capital Nominees (Tempatan) Sdn. Bhd. -Puncak Bestari Sdn. Bhd.	6,000,000 8,800,000 21,051,996	- - -	4.56 6.69 16.00	- - -
3	Yong Pang Chaun **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -Chong Chin Lin # -Yong Pang Chaun	- - 300,000	54,000,802 403,998 -	- - 0.23	41.04 0.31 -
4	Chong Chin Lin **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -Yong Pang Chaun * -Chong Chin Lin	- - 403,998	54,000,802 300,000 -	- - 0.31	41.04 0.23 -
5	Yong Lai Wah **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -Yong Lai Wah	- 18,400	54,000,802 -	- 0.01	41.04 -
6	Yong Lee Peng **	Malaysian	-Yong Pang Chaun Holdings Sdn. Bhd. -Yong Lee Peng	- 300,000	54,000,802 -	- 0.23	41.04 -

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

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

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

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

LIST OF TOP 30 SHAREHOLDERS AS AT 31 OCTOBER 2007
(As per the Record of Depositors)

No.	Name	No. of Shares	%
1	Yong Pang Chaun Holdings Sdn Bhd	54,000,802	41.040
2	Puncak Bestari Sdn. Bhd.	21,051,996	15.999
3	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Puncak Bestari Sdn Bhd (ITSB IB1002)	8,800,000	6.688
4	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Puncak Bestari Sdn Bhd (KLM)	6,000,000	4.560
5	DB (Malaysia) Nominees (Tempatan) Sendirian Berhad Icapital.Biz Berhad	4,540,000	3.450
6	Thian Yee Chin	2,857,800	2.172
7	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Smallcap Fund	2,257,600	1.716
8	HSBC Nominees (Asing) Sdn Bhd RBC DISB for Asia Ex Japan Equity Smaller Companies (HGIF)	1,990,400	1.513
9	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Dividend Fund	1,983,000	1.507
10	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Opportunities Fund	1,719,400	1.307
11	Yong Yee Ching	1,549,194	1.177
12	Ho Kok Keong	1,253,300	0.952
13	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yip Swee Kian (CEB)	958,800	0.729
14	Soo Tuck Koow	940,000	0.714
15	HLG Nominee (Tempatan) Sdn Bhd PB Trustee Services Berhad for HLG Growth Fund	925,000	0.703
16	Universal Trustee (Malaysia) Berhad SBB Emerging Companies Growth Fund	820,100	0.623
17	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for MAAKL Progress Fund (4082)	650,000	0.494
18	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore for Pangolin Asia Fund	535,000	0.407
19	Chong Khin Hsiung	494,198	0.376
20	Timeless Image Sdn Bhd	477,000	0.363
21	Seo Cheng Gaok	457,598	0.348
22	Min Seng Realty Sdn Bhd	420,600	0.320
23	Chong Chin Lin	403,998	0.307
24	Mayban Nominees (Tempatan) Sdn Bhd Mayban Life Assurance Berhad (Par Fund)	400,000	0.304
25	Mayban Nominees (Tempatan) Sdn Bhd Mayban Life Assurance Berhad (Non-Par Fund)	400,000	0.304
26	Soon Peng Len	400,000	0.304
27	Kwong Fatt Textiles Sdn Berhad	390,600	0.297
28	Universal Trustee (Malaysia) Berhad SBB Dana Al-Azam	387,800	0.295
29	Denver Corporation Sdn Bhd	369,700	0.281
30	Sik Gim Keat	365,500	0.278
	TOTAL	117,799,386	89.526

List of Group Properties

As at 30 June 2007

Location	Description / Existing Use	LandArea/ Built-up Area (sq. ft.)	Tenure	Approximate Age of Buildings	Net Carrying Amount @ 30.06.2007 (RM)
No. 21, Lot 116, Jalan U1/20 Glenmarie Industrial Park 40000 Shah Alam Date of acquisition: 11 June 1998	2-storey Office cum warehouse: Corporate Headquarters & central warehouse	45,962 / 56,568	Freehold	11.5 years	7,015,489
Lot 115, Jalan U1/20 Glenmarie Industrial Park 40000 Shah Alam Date of acquisition: 08 August 2003	4-storey Office cum warehouse: Corporate Headquarters & central warehouse	45,962	Freehold	1 year	15,631,759
Lot 112, Jalan U1/20 Glenmarie Industrial Park 40000 Shah Alam Date of acquisition: 24 March 2006	Industrial Land: Vacant and currently used as a car park for staff	75,003	Freehold	Not Applicable	4,891,537
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	34 years	838,080
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	2208 / 7552	Leasehold - 99 years expiring on 11.09.2082	17 years	572,705
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	1760 / 6135	Leasehold - 99 years expiring on 11.09.2082	17 years	589,865
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	17 years	577,186

Statement Regarding Revaluation Policy

As at 30 June 2007

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-Sixth Annual General Meeting of the Company to be held at No. 21, Jalan U1/20, Hicom Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan on 19 December 2007 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 resolutions 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-appointment of Dato' Zulkifli Bin Abdul Rahman		
Resolution 5	Re-election of Datuk Dr. Abdullah bin Abdul Rahman		
Resolution 6	Re-election of Mdm. Chong Chin LIn		
Resolution 7	To appoint Messrs BKR Peter Chong as Auditors		
Resolution 8	Proposed Renewal of Shareholders' Mandates for RRPT and Provision of Financial Assistance		
Special Resolution 1	Proposed Amendments to the Company's Articles of Association		

Dated this ____________ day of ____________ 2007

	No. of ordinary shares held
1st proxy	
2nd proxy	
Total	

____
Signature of Member / Common Seal

Notes:

(i) *A member of the Company entitled to attend and vote at the above meeting, is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

(ii) *Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*

(iii) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*

(iv) *The instrument appointing a proxy must be completed and deposited at the registered office of the Company at No. 21 Lot 116, Jalan U1/20, Hicom Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll).*

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Stamp

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

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

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