

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.19 RM'000	Preceding Year Corresponding Quarter 30.06.18 RM'000	Current Year-To-Date 30.06.19 RM'000	Preceding Year Corresponding Period 30.06.18 RM'000
Revenue	55,516	50,223	223,814	205,941
Operating expenses	(52,085)	(43,344)	(195,513)	(174,566)
Other operating income	895	385	2,733	2,216
Operating profit	4,326	7,264	31,034	33,591
Finance costs	(110)	(201)	(568)	(796)
Profit before taxation	4,216	7,063	30,466	32,795
Tax expense	(1,088)	(1,518)	(7,638)	(7,773)
Profit after taxation	3,128	5,545	22,828	25,022
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	3,128	5,545	22,828	25,022
Profit after taxation attributable to:				
Owners of the parent	3,128	5,545	22,828	25,022
Non-controlling interests	-	-	-	-
	3,128	5,545	22,828	25,022
Total comprehensive income attributable to:				
Owners of the parent	3,128	5,545	22,828	25,022
Non-controlling interests	-	-	-	-
	3,128	5,545	22,828	25,022
Earnings per share attributable to owners of the parent :				
- Basic (sen)	1.96	3.47	14.28	15.65
- Diluted (sen)	N/A	N/A	N/A	N/A

Notes:

N/A - Not applicable

The Unaudited Condensed Consolidated Statement Of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to this interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 30.06.19 RM'000	Audited As At 30.06.18 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	60,311	49,158
Deferred tax assets	2,216	1,835
Total non-current assets	62,527	50,993
CURRENT ASSETS		
Inventories	77,590	103,468
Trade and other receivables	54,645	54,089
Tax assets	721	-
Short term investment	44,175	27,117
Deposits, cash and bank balances	15,246	12,003
Total current assets	192,377	196,677
TOTAL ASSETS	254,904	247,670
EQUITY AND LIABILITIES		
Share capital	80,000	80,000
Treasury shares	(70)	(70)
Reserves	146,451	132,858
Total Equity	226,381	212,788
NON-CURRENT LIABILITIES		
Deferred tax liabilities	1,273	1,145
Provision	370	274
Bank borrowings	8,258	333
Total non-current liabilities	9,901	1,752
CURRENT LIABILITIES		
Trade and other payables	16,933	18,983
Tax liabilities	671	1,408
Bank borrowings	1,018	12,739
Total current liabilities	18,622	33,130
TOTAL LIABILITIES	28,523	34,882
TOTAL EQUITY AND LIABILITIES	254,904	247,670
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	1.42	1.33

Notes:

The Unaudited Condensed Consolidated Statement Of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to this interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent			Sub-Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Distributable		Retained Profits RM'000			
	Share Capital RM'000	Treasury Share RM'000				
<u>12 months ended 30 June 2019</u>						
As at 01.07.2018	80,000	(70)	132,858	212,788	-	212,788
Opening balance adjustments from adoption of MFRS 9	-	-	(2,039)	(2,039)	-	(2,039)
Profit after taxation / Total comprehensive income for the period	-	-	22,828	22,828	-	22,828
Dividends paid	-	-	(7,196)	(7,196)	-	(7,196)
As at 30.06.2019	80,000	(70)	146,451	226,381	-	226,381
<u>12 months ended 30 June 2018</u>						
As at 01.07.2017	80,000	(70)	115,832	195,762	-	195,762
Profit after taxation / Total comprehensive income for the period	-	-	25,022	25,022	-	25,022
Dividends paid	-	-	(7,996)	(7,996)	-	(7,996)
As at 30.06.2018	80,000	(70)	132,858	212,788	-	212,788

Notes:

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Year-To-Date 30.06.19 RM'000	Preceding Year Corresponding Period 30.06.18 RM'000
Cash flows from operating activities		
Profit before taxation	30,466	32,795
Adjustments for:		
Non-cash items	4,761	5,162
Operating profit before changes in working capital	35,227	37,957
Changes in working capital		
Inventories	24,607	(20,284)
Trade and other receivables	(3,930)	865
Trade and other payables	(2,765)	(382)
Cash from operations	53,139	18,156
Net tax paid	(8,704)	(7,552)
Interest paid	(556)	(790)
Net cash from operating activities	43,879	9,814
Cash flows from/(for) investing activities		
Interest received	1,458	1,211
Proceed of disposal property, plant and equipment	169	13
Purchase of property, plant and equipment	(15,013)	(3,160)
Net cash for investing activities	(13,386)	(1,936)
Cash flows for financing activities		
Drawdown of bankers acceptance	1,727	3,078
Repayment of bank borrowings	(5,522)	(2,125)
Dividends paid	(6,397)	(7,996)
Net cash for financing activities	(10,192)	(7,043)
Net increase in cash and cash equivalents	20,301	835
Cash and cash equivalents at beginning of period	39,120	38,285
Cash and cash equivalents at end of period	59,421	39,120
Cash and cash equivalents comprise the following:		
Cash and bank balances	10,036	9,132
Short term investments	44,175	27,117
Deposits with licensed banks	5,210	2,871
Cash and cash equivalents	59,421	39,120

Notes:

The Unaudited Condensed Consolidated Statement Of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial report.

These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries (“Group”) since the financial year ended 30 June 2018.

2. Summary of significant accounting policies

a) Changes in accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 30 June 2018.

The adoption of the new and revised Malaysian Financial Reporting Standards (“MFRSs”) and IC Interpretations that became mandatory for the current reporting period does not have significant impact on the financial performance or position of the Group except for changes arising from the adoption of MFRS 9 “Financial Instruments” as described below :-

Adoption of MFRS 9 “Financial Instruments”

Classification and measurement

MFRS 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVPL”). Classification of debt instruments depends on the entity’s business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (“SPPI”). An entity’s business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets’ contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

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Impairment

MFRS 9 requires the Group and the Company to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group and the Company previously recorded impairment based on incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of MFRS 9, the Group recognised additional impairment on the Group's trade receivables of RM2,682,911.

The additional impairment recognised arising from adoption of MFRS 9 above resulted in a corresponding decrease in retained earnings of RM2,039,013 as at 1 July 2018.

Tax adjustments and other adjustments

The corresponding tax impact to the Group arising from the adoption of MFRS 9 resulted in a decrease in deferred tax liabilities and a corresponding increase in retained earnings of RM643,899.

Effect of adoption of MFRS 9 is set out below:

The Group have applied MFRS 9 retrospectively on the initial application date of 1 July 2018 and elected not to restate comparatives.

	As previously reported RM'000	Adjustments for MFRS 9 RM'000	After Adjustments RM'000
Group :			
<u>Financial assets</u>			
Trade and other receivable	54,089	(2,683)	51,406
Deferred tax assets	1,835	310	2,145
<u>Financial liabilities</u>			
Deferred tax liabilities	(1,145)	334	(811)

The reconciliation for loss allowances for the Group are as follows:-

	Receivables RM'000
Opening loss allowance as at 1 July 2018	4,214
Amount restated through opening retained earnings	2,683
Adjusted opening loss allowance as at 1 July 2018	<u>6,897</u>

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the financial year ended 30 June 2018 was not subject to any audit qualification.

4. Seasonality or Cyclicity Factors

The business operations of the Group are generally in the retail sector, which are subject to seasonal variations such as major local festive seasons, school holidays and carnival sales.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

5. Unusual Items

There was no item, which is unusual because of their nature, size or incidence that has affected the assets, liabilities, equity, net income or cash flows of the Group in the quarterly financial statements under review.

6. Material Changes in Estimates

There were no changes in estimates of amounts that have had a material effect in the quarterly financial statements under review.

7. Dividends Paid

An interim dividend of 2.0 sen per ordinary share comprising of 2.0 sen per ordinary share single-tier tax exempt dividend amounting to RM3,198,300 in respect of the financial year ended 30 June 2018 was paid on 26 July 2018 to Depositors whose names are registered in the Record of Depositors on 9 July 2018.

A final dividend of 2.0 sen per ordinary share comprising of 2.0 sen per ordinary share single-tier dividend amounting to RM3,198,300 in respect of the financial year ended 30 June 2018 was paid on 18 January 2019 to Depositors whose names are registered in the Record of Depositors on 21 December 2018.

An interim dividend of 2.5 sen per ordinary share comprising of 2.5 sen per ordinary share single-tier tax exempt dividend amounting to RM3,997,875 in respect of the financial year ending 30 June 2019 was paid on 26 July 2019 to Depositors whose names are registered in the Record of Depositors on 9 July 2019.

8. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the financial year ended 30 June 2018.

9. Debt and Equity Securities

There were no changes in the debt and equity securities for the current quarter under review.

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10. Segmental Reporting

Segmental information for the Group by business segment is presented as follows:

Period Ended 30 June 2019	Investment holding RM' 000	Design and manufacturing RM' 000	Retailing RM' 000	Distribution and trading RM' 000	Elimination RM' 000	Consolidated RM' 000
Revenue						
External sales	-	29,713	65,667	128,434	-	223,814
Inter-segment sales	10,150	28,380	2,404	4,749	(45,683)	-
Total revenue	10,150	58,093	68,071	133,183	(45,683)	223,814
Results						
Profit before tax	10,284	5,163	8,326	15,592	(8,899)	30,466
Tax expense						(7,638)
Profit after tax						22,828
Attributable to :						
Owners of the parent						22,828
Non-controlling interests						-
						22,828

Period Ended 30 June 2018	Investment holding RM' 000	Design and manufacturing RM' 000	Retailing RM' 000	Distribution and trading RM' 000	Elimination RM' 000	Consolidated RM' 000
Revenue						
External sales	-	27,615	56,424	121,902	-	205,941
Inter-segment sales	7,554	28,525	1,390	5,555	(43,024)	-
Total revenue	7,554	56,140	57,814	127,457	(43,024)	205,941
Results						
Profit before tax	7,665	7,515	6,832	17,346	(6,563)	32,795
Tax expense						(7,773)
Profit after tax						25,022
Attributable to :						
Owners of the parent						25,022
Non-controlling interests						-
						25,022

UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

11. Changes in Composition of the Group

There were no changes in the composition of the Group in this current quarter under review.

12. Contingent Liabilities

Save as disclosed below, the Group does not have any contingent liabilities since the last audited financial statements for the financial quarter ended 30 June 2019:

	As at 30.06.19 RM'000	As at 30.06.2018 RM'000
Bank guarantees	<u>1,181</u>	<u>500</u>

13. Related Party Transactions

There were no significant transactions with related party as at the date of this report.

14. Material Events Subsequent to the End of the Current Financial Quarter

There are no material events subsequent to the end of the period that have not been reflected in the financial statements for the quarter ended.

15. Capital Commitment

There are no material capital commitments as at the date of this report.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

1. Review of Performance of the Group

For the current quarter under review, the Group recorded revenue and profit before tax of RM55.52 million and RM4.22 million respectively, representing RM5.30 million or 10.6% increase in revenue and RM2.84 million or 40.2% drop in profit before tax as compared to the corresponding quarter in previous year's revenue and profit before tax of RM50.22 million and RM7.06 million respectively. Revenue increased mainly due to higher consignment and retail sales and together with higher material price, higher operating expenditure and provision of expenses experienced during the quarter, have contributed to a lower profit before tax.

For the 12 months ended 30 June 2019, the Group recorded revenue and profit before tax of RM223.81 million and RM30.47 million respectively, representing RM17.87 million or 8.7% increase in revenue and RM2.32 million or 7.1% drop in profit before tax as compared to the corresponding period in previous year's revenue and profit before tax of RM205.94 million and RM32.79 million respectively. The increase in sales were mainly contributed by improvement in consignment and outlet sales, complemented by opening of 3 Home's Harmony Retail Shops and 5 Niki Cains Homes Fashion Concept stores in Klang Valley. The Group registered strong sales growth where lower profit before tax was affected by the transition period of sales tax regulation, higher material price, higher operation cost, effect of MFRS 9 and provision of certain expenses at year end.

2. Material Changes in the Quarterly Results as Compared to the Results of the Immediate Preceding Quarter

The Group revenue for the current quarter under review, increase by RM1.47 million or 2.7% to RM55.52 million compared to RM54.05 million in the immediate preceding quarter ended 31 March 2019 were mainly due to Hari Raya festive sales in current quarter.

The Group's current quarter profit before tax drop by RM3.08 million or 42.2% to RM4.22 million as compared to RM7.30 million in the immediate preceding quarter were mainly due to higher operating costs and year end provision of certain expenses.

3. Prospects for the Current Financial Year

The recovery in the global financial crisis is still uncertain and the local retail market will remain challenging and competitive in moving forward. However, with the Group's underlying fundamental strength of efficient business operations, financial stability and wide distribution network, the Board expects a satisfactory growth in the financial performance of the Group for the coming financial year ending 30 June 2020 with plans and strategies already in place to weather these challenging times.

4. Profit Forecast or Profit Guarantee

The Group has not issued any profit forecast or profit guarantee for the current financial quarter under review.

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5. Taxation

The tax expense charged for the current financial quarter and current financial year to-date under review includes the following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2019 RM'000	Preceding Year Corresponding Quarter 30.06.2018 RM,000	Current Year-To-Date 30.06.2019 RM'000	Preceding Year Corresponding Period 30.06.2018 RM'000
Current taxation	687	1,373	7,221	8,420
Deferred taxation	469	145	391	(736)
Prior year tax expense	(68)	-	26	89
	<u>1,088</u>	<u>1,518</u>	<u>7,638</u>	<u>7,773</u>

The tax expense for the Group reflects an effective tax rate of approximately 25.1%, which is higher than the statutory tax rate of 24% was to certain not allowable expenses.

6. Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments and/or properties held by the Group for the current quarter and financial year to-date under review.

7. Purchase and/or Disposal of Quoted Securities

There was no purchase or disposal of quoted securities by the Group during the current quarter and financial year to-date under review.

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8. Status of Corporate Proposals

There were no corporate proposals announced during the current quarter under review.

9. Group Borrowings and Debt Securities

The Group's total borrowings and debts securities as at 30 June 2019 are as follows:

	Short Term Borrowings RM'000	Long Term Borrowings RM'000	Total RM'000
Secured			
Bankers' acceptances	553	-	553
Term loan	465	8,258	8,723
	1,018	8,258	9,276

10. Derivative Financial Instruments

As at 30 June 2019, the Group has no significant outstanding derivative financial instruments.

11. Changes in Material Litigation

There are no material litigation during the current period under review.

12. Dividends

The Board proposed a final dividend of 2.5 sen per ordinary share comprising of 2.5 sen per ordinary share single-tier tax exempt dividend amounting to RM3,997,875 in respect of the financial year ended 30 June 2019. The proposed final dividend will be presented for shareholders' approval at the forthcoming Annual General Meeting. Subject to shareholders' approval, the proposed final dividend will be payable on a date to be announced later.

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13. Earning Per Share

a) Basic

The basic earnings per share has been calculated by dividing the Company's profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue excluding treasury shares during the current financial quarter and financial year to-date under review.

	Current Year Quarter 30.06.2019	Preceding Year Corresponding Quarter 30.06.2018	Current Year-To-Date 30.06.2019	Preceding Year Corresponding Period 30.06.2018
Profit attributable to owners of the parent (RM'000)	3,128	5,545	22,828	25,022
Total number of weighted average ordinary shares in issue ('000)	159,915	159,915	159,915	159,915
Basic earnings per share (sen)	1.96	3.47	14.28	15.65

b) Diluted

The Company does not have any convertible share or convertible financial instruments for the current quarter and financial year to-date under review.

14. Authorisation

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Board on 27 August 2019.