

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.3.2019 RM'000	Current Year-To-Date 31.03.2020 RM'000	Preceding Year Corresponding Period 31.3.2019 RM'000
Revenue	50,224	62,141	167,202	192,757
Operating expenses	(45,245)	(55,081)	(153,426)	(167,888)
Other operating income	677	336	2,042	1,838
Operating profit	5,656	7,396	15,818	26,707
Finance costs	(250)	(98)	(587)	(458)
Profit before taxation	5,406	7,298	15,231	26,249
Tax expense	(1,256)	(1,832)	(3,789)	(6,550)
Profit after taxation	4,150	5,466	11,442	19,699
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	4,150	5,466	11,442	19,699
Profit after taxation attributable to:				
Owners of the parent	4,150	5,466	11,442	19,699
Non-controlling interests	-	-	-	-
	4,150	5,466	11,442	19,699
Total comprehensive income attributable to:				
Owners of the parent	4,150	5,466	11,442	19,699
Non-controlling interests	-	-	-	-
	4,150	5,466	11,442	19,699
Earnings per share attributable to owners of the parent :				
- Basic (sen)	2.60	3.42	7.16	12.32
- 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 2019 and the accompanying explanatory notes attached to this interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31.03.2020 RM'000	Audited As At 30.06.2019 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	57,686	60,311
Right-of-use assets	6,076	-
Deferred tax assets	2,690	2,216
Total non-current assets	66,452	62,527
CURRENT ASSETS		
Inventories	87,474	77,590
Trade and other receivables	47,311	54,645
Tax assets	2,041	49
Short term investment	51,425	44,175
Deposits, cash and bank balances	16,578	15,246
Total current assets	204,829	191,705
TOTAL ASSETS	271,281	254,232
EQUITY AND LIABILITIES		
Share capital	80,000	80,000
Treasury shares	(822)	(70)
Reserves	153,895	146,451
Total Equity	233,073	226,381
NON-CURRENT LIABILITIES		
Deferred tax liabilities	1,138	1,273
Provision	380	370
Lease liabilities	1,584	-
Bank borrowings	8,284	8,258
Total non-current liabilities	11,386	9,901
CURRENT LIABILITIES		
Trade and other payables	12,303	16,932
Tax liabilities	219	-
Lease liabilities	4,478	-
Bank borrowings	9,822	1,018
Total current liabilities	26,822	17,950
TOTAL LIABILITIES	38,208	27,851
TOTAL EQUITY AND LIABILITIES	271,281	254,232
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	1.46	1.42

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 2019 and the accompanying explanatory notes attached to this interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020
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
	Share Capital RM'000	Treasury Share RM'000	Retained Profits RM'000			
<u>9 months ended 31 March 2020</u>						
As at 1 July 2019	80,000	(70)	146,451	226,381	-	226,381
Profit after taxation / Total comprehensive income for the period	-	-	11,442	11,442	-	11,442
Dividends paid	-	-	(3,998)	(3,998)	-	(3,998)
Buy-back of ordinary share	-	(752)	-	(752)	-	(752)
As at 31.03.2020	80,000	(822)	153,895	233,073	-	233,073
<u>9 months ended 31 March 2019</u>						
As at 01.07.2018	80,000	(70)	132,858	212,788	-	212,788
Profit after taxation / Total comprehensive income for the period	-	-	19,699	19,699	-	19,699
Dividends paid	-	-	(3,198)	(3,198)	-	(3,198)
As at 31.03.2019	80,000	(70)	149,359	229,289	-	229,289

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 2019 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Year-To-Date 31.03.2020 RM'000	Preceding Year Corresponding Period 31.03.2019 RM'000
Cash flows from operating activities		
Profit before taxation	15,231	26,249
Adjustments for:		
Interest income	(1,320)	(1,011)
Interest expense	587	458
Depreciation of property, plant and equipment	2,977	2,799
Depreciation of right-of-use assets	4,823	-
Impairment loss for slow moving stock	2,261	523
Impairment loss on trade receivables	(281)	(40)
Foreign exchange gain	(328)	(170)
Non-cash items	23	(20)
Operating profit before changes in working capital	23,973	28,788
Changes in working capital		
Inventories	(12,145)	6,489
Trade and other receivables	7,847	1,680
Trade and other payables	18	10,374
Cash from operations	19,693	47,331
Net tax paid	(6,172)	(6,621)
Interest paid	(440)	(454)
Net cash from operating activities	13,081	40,256
Cash flows from/(for) investing activities		
Interest received	1,320	1,011
Proceed of disposal property, plant and equipment	19	29
Purchase of property, plant and equipment	(947)	(13,740)
Buy-back of ordinary shares	(752)	-
Net cash for investing activities	(360)	(12,700)
Cash flows for financing activities		
Drawdown of bankers acceptance	8,692	(5,912)
Net drawdown/(repayment) of term loan	138	(1,106)
Repayment of lease liabilities	(4,973)	-
Dividends paid	(7,996)	(6,397)
Net cash for financing activities	(4,139)	(13,415)
Net increase in cash and cash equivalents	8,582	14,141
Cash and cash equivalents at beginning of period	59,421	39,120
Cash and cash equivalents at end of period	68,003	53,261
Cash and cash equivalents comprise the following:		
Cash and bank balances	14,112	9,427
Short term investments	51,425	37,795
Deposits with licensed banks	2,466	6,039
Cash and cash equivalents	68,003	53,261

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 2019 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020

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 2019 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 2019.

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 2019.

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 16 “Leases”.

The Group has adopted MFRS 16 in current financial period. Under MFRS 16, a lease is a contract that conveys the right to control the use of an identified assets for a period of time in exchange for consideration. MFRS 16 eliminates the classification of leases by the lessee as either financial leases or operating leases. MFRS 16 requires the leases to recognise a “right-of-use” of the underlying assets and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principles in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in the income statement.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020

On the date of initial application, the Group applied the modified retrospective method and did not restate comparative amounts for the period prior to first adoption. The impact of adopting MFRS 16 to opening balances are as follows :

<u>Balance sheet</u>	
Impact of adopting MFRS 16 at 1 July 2019 :	
	RM'000
Right-of-use assets	10,033
Lease liabilities	(10,033)

The finance lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 July 2019. Right-of-use assets were measured at an amount equal to the lease liabilities, adjusted by the amount of the prepaid or accrued lease payments. Accordingly, there is no impact to the accumulated earnings of the Group as at 1 July 2019.

On the income statement, expenses which previously included operating lease rental were replaced by interest expenses on lease liabilities and depreciation of the right-of-use assets.

On the statement of cash flows, operating lease rental outflows previously recorded within net cash flows from operating activities were reclassified as net cash flows use in financing activities for repayment of principal of lease liabilities and net cash flows used in operating activities for cash payments for the interest portion of the lease liability.

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 2019 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.

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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020

7. Dividends Paid

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.

A final dividend of 2.5 sen per ordinary share comprising of 2.5 sen per ordinary share single-tier dividend amounting to RM3,997,875 in respect of the financial year ended 30 June 2019 was paid on 17 January 2020 to Depositors whose names are registered in the Record of Depositors on 20 December 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 2019.

9. Debt and Equity Securities

The Company repurchased 1,262,300 shares of its issued share capital from the open market at an average purchase price of RM0.60 per share. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. As at 31 March 2020, out of the total 160,000,000 issued and fully paid ordinary shares, 1,347,300 shares were held as treasury shares at an average purchase price of RM0.61 per share. The share buyback transactions were financed by internally generated funds.

Saved as disclosed above, there were no issuances, cancellations, resale or repayments of debt and equity securities during the financial period under review.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020
10. Segmental Reporting

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

Period Ended	Investment holding	Design and manufacturing	Retailing	Distribution and trading	Elimination	Consolidated
31.03.2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	-	15,718	49,608	101,876		167,202
Inter-segment sales	5,076	17,019	827	5,930	(28,852)	-
Total revenue	5,076	32,737	50,435	107,806	(28,852)	167,202
Results						
Profit before tax	5,106	2,804	5,188	6,733	(4,600)	15,231
Tax expense						(3,789)
Profit after tax						11,442
Attributed to:-						
Owners of the parent						11,442
Non controlling interests						-
						11,442

Period Ended	Investment holding	Design and manufacturing	Retailing	Distribution and trading	Elimination	Consolidated
31.03.2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	-	21,804	48,961	121,992	-	192,757
Inter-segment sales	4,863	22,470	2,058	3,438	(32,829)	-
Total revenue	4,863	44,274	51,019	125,430	(32,829)	192,757
Results						
Profit before tax	4,928	5,863	6,374	12,914	(3,830)	26,249
Tax expense						(6,550)
Profit after tax						19,699
Attributed to:-						
Owners of the parent						19,699
Non controlling interests						-
						19,699

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020

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 31 March 2020:

	As at 31.03.2020 RM'000	As at 30.06.2019 RM'000
Bank guarantees	<u>724</u>	<u>1,181</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

The World Health Organisation declared the outbreak of Covid-19 a pandemic. Many countries have implemented preventive measures to control and curtail the outbreak of Covid-19. The Government of Malaysia has imposed Movement Control Orders (“MCO”) from 18 March 2020, Conditional MCO from 4 May 2020 and subsequently Recovery MCO from 10 June 2020 as preventive measures in response to the Covid-19 pandemic.

During MCO from 18 March 2020 to 3 May 2020, the Group was not allowed to operate its 23 Home’s Harmony retail boutiques, 6 Niki Cains Homes home fashion concept stores and more than 250 consignment counters throughout Malaysia because bed linen and homeware are non-essential products.

The Group resumed business on 4 May 2020 with the Standard Operating Procedures (“SOP”) imposed which has restricted the Group’s operations from operating at full capacity during Conditional MCO. The preventive measures imposed by certain countries have also dampened the Group’s export sales. Consequently, the Group’s results for the remaining quarter of the financial year ending 30 June 2020 will be impacted by the Covid-19 pandemic both locally and abroad.

Other than the above, there were 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020

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 RM50.22 million and RM5.41 million respectively, representing RM11.92 million or 19.2% drop in revenue and RM1.89 million or 25.9% drop in profit before tax as compared to the corresponding quarter in previous year's revenue and profit before tax of RM62.14 million and RM7.30 million respectively. Revenue drop was due to unprecedented MCO as the Group was not allowed to operate because bed linen and homeware are non-essential products. Lower sales, higher operating expenditure and provision for certain expenses have resulted in lower profit before tax in this current quarter.

For the 9 months ended 31 March 2020, the Group recorded revenue and profit before tax of RM167.20 million and RM15.23 million respectively, representing RM25.56 million or 13.3% drop in revenue and RM1.02 million or 42.0% drop in profit before tax as compared to previous year corresponding period revenue and profit before tax of RM192.76 million and RM26.25 million respectively.

Lower revenue for the period ended 31 March 2020 was due to Covid-19 pandemic that have impacted the Group's sales both locally and abroad. Lower sales, higher operating expenditure and provision for certain expenses have resulted in lower profit before tax.

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, drop by RM14.57 million or 22.5% to RM50.22 million compared to RM64.79 million in the immediate preceding quarter ended 31 December 2019 was mainly due to the Group was not allowed to operate during MCO from 18 March 2020 to 31 March 2020.

The Group's current quarter profit before tax increased by RM0.67 million or 14.1% to RM5.41 million as compared to RM4.74 million in the immediate preceding quarter was due to provision of certain expenses in immediate preceding quarter were written back in this quarter.

3. Prospects for the Current Financial Year

The Covid-19 pandemic have impacted the retail business both locally and globally. The Conditional MCO and Recovery MCO with the SOP imposed have restricted the Group's operations from operating at full capacity. The preventive measures imposed by certain countries have also dampened the Group's export sales. Consequently, the Covid-19 pandemic will have significant impact on the results of the Group for the remaining quarter of the financial year ending 30 June 2020.

Nevertheless, the Management has taken various austerity measures, streamline its operations, pro-active marketing strategies in mitigating the impact on its results.

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 Ended	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Period
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	RM'000	RM'000	RM'000	RM'000
Current taxation	1,285	1,843	4,481	6,534
Deferred taxation	54	(106)	(609)	(79)
Prior year tax expense	(83)	95	(83)	95
	<u>1,256</u>	<u>1,832</u>	<u>3,789</u>	<u>6,550</u>

The tax expense for the Group reflects an effective tax rate of approximately 24.9%, which is higher than the statutory tax rate of 24% was due 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.

8. Status of Corporate Proposals

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020

9. Group Borrowings and Debt Securities

The Group's total borrowings and debts securities as at 31 March 2020 are as follows:

	Short Term Borrowings RM'000	Long Term Borrowings RM'000	Total RM'000
Secured			
Bankers' acceptances	9,245	-	9,245
Term loan	577	8,284	8,861
	<u>9,822</u>	<u>8,284</u>	<u>18,106</u>

10. Derivative Financial Instruments

As at 31 March 2020, 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 of Directors has declared an interim dividend of 1.5 sen per ordinary share comprising of 1.5 sen per ordinary share single-tier tax exempt dividend amounting to RM2,379,790 in respect of the financial year ending 30 June 2020.

The interim dividend will be paid on 18th August 2020 to Depositors whose names are registered in the Record of Depositors on 29th July 2020.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020

13. Earnings 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 31.03.2020	Preceding Year Corresponding Quarter 31.03.2019	Current Year-To-Date 31.03.2020	Preceding Year Corresponding Period 31.03.2019
Profit attributable to owners of the parent (RM'000)	4,150	5,466	11,442	19,699
Total number of weighted average ordinary shares in issue ('000)	159,727	159,915	159,853	159,915
Basic earnings per share (sen)	2.60	3.42	7.16	12.32

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 25 June 2020.