

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2016
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

A – EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for the revaluation of investment property that is stated at fair value.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2015.

2. Significant Accounting Policies

The audited financial statements of the Group for the financial year ended 30 June 2015 were prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the provisions of the Companies Act, 1965.

The significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2015.

3. Realised and Unrealised Profits or Losses pursuant to Bursa Malaysia Securities Berhad Listing Requirements

Bursa Malaysia Securities Berhad has, on 25 March 2010, and subsequently on 20 December 2010, issued a directive which requires all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised.

The retained profits as at reporting date are analysed as follows:

	As at 30 June 2016 (RM '000)
Total retained earnings:	
–Realised	619,862
–Unrealised	(6,914)
	<hr/> 612,948
Less: Consolidation Adjustments	(217,694)
	<hr/> 395,254 <hr/>

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2016
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

4. Segmental Information

Segment analysis for the financial period ended 30 June 2016 is set out below:

	[-----Apparels and Footwear-----]					Management service, Investment Holding and Others		
	Padini Corporation RM'000	Seed RM'000	Mikihouse RM'000	Yee Fong Hung RM'000	Vincci RM'000	Others RM'000	Elimination RM'000	Total RM'000
Total revenue	433,332	134,770	43,533	461,325	228,017	216	-	1,301,193
Interest income	926	250	102	831	337	1,616	-	4,062
Finance costs	(1,294)	(114)	(59)	(1,300)	(441)	(503)	-	(3,711)
Net finance income/(expense)	(368)	136	43	(469)	(104)	1,113	-	351
Depreciation of property, plant and equipment	9,606	3,253	1,146	10,339	5,638	3,884	(237)	33,629
Amortisation of intangible assets	14	9	2	119	42	1,125	-	1,311
Segment profit/(loss) before tax	60,570	18,598	5,230	65,902	29,917	79,828	(73,380)	186,665
Income tax (expense)/income	(15,957)	(4,832)	(1,398)	(17,143)	(7,564)	(2,361)	(25)	(49,280)
Additions to non-current assets other than financial instruments and deferred tax assets	6,549	2,069	795	17,184	3,122	6,182	(90)	35,811
Segment assets	245,850	69,790	24,338	194,204	125,361	460,783	(320,513)	799,813
Segment liabilities	113,498	26,465	7,718	125,868	39,247	79,761	(61,700)	330,857

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2016
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 June 2016.

6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

7. Comments about Seasonal or Cyclical Factors.

The Group's operations are basically centered in the retail sector, the incidence of major local festivals, school holidays, carnival sales and the rainy season will generally have an impact upon revenues and margins.

8. Dividends Paid

The first interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,737 for the financial year ending 30 June 2016 that was declared on 18 August 2015 was paid on 21 September 2015.

The second interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,737 for the financial year ending 30 June 2016 that was declared on 26 November 2015 was paid on 31 December 2015.

The third interim dividend of 2.5 sen per ordinary share (single tier) amounting to RM16,447,737 for the financial year ending 30 June 2016 that was declared on 23 February 2016 was paid on 28 March 2016.

The fourth interim dividend of 2.5 sen per ordinary share (single tier) and a special dividend of 1.5 sen per ordinary share (single tier) for the financial year ending 30 June 2016, that was declared on 18 May 2016 were paid on 29 June 2016. Total dividend payout is amounted to RM26,316,380.

9. Valuations of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are stated at cost less accumulated depreciation, amortisation and impairment loss, if any.

10. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the interim quarter under review.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the interim quarter under review.

12. Capital Commitments

As at 30 June 2016, the Group has an outstanding capital commitment of RM 3,030,044 contracted for in respect of property, plant and equipment.

13. Subsequent Events

There were no material events subsequent to the end of the current quarter.

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2016
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD****14. Performance Review**

Year on year, revenues for the quarter under review have risen by 57% (RM126.9 million). This huge increase was mainly due to the early Hari Raya Aidilfitri which came in the first week of July benefitting the June sales. We have also opened 2 new Brands Outlets and 1 Padini Concept Store during the quarter under review whereby for the previous year's same quarter, only 1 Brands Outlet and 1 Padini Concept Store were opened.

As can be seen in the quarter and year results for this financial year, gross margins have dropped by 2% and 1% respectively in line with the group's strategy to maintain retail prices in spite of the pressures of rising costs. That said, as the consumers realized that the company's retail prices remained unchanged and the value of products were maintained, if not improved in some merchandise categories, the volume of sales growth grew faster than the growth in the operating expenses. This led to an increase of 134% (RM29.5 million) and 67% (RM74.8 million) increase in profit before tax for the quarter and year under review respectively.

15. Comment on Material Change in the Profit Before Taxation for the Quarter reported on as compared with the Immediate Preceding Quarter**Continuing operations and discontinued operations**

	Quarter ended 30-Jun-16 RM'000	Quarter ended 31-Mar-16 RM'000
Revenue	348,875	342,367
Profit before taxation	51,552	46,281

Revenues for this quarter and the previous quarter are somewhat balanced with a small increase of 2% in this quarter as both the quarters under review had the benefit of one big festive season each, Chinese New Year for the last quarter and the impact of the earlier Hari Raya Aidilfitri in the current quarter. Profit before taxation had also improved by 11% (RM5.3 million) during this quarter, from the increase in sales volume as well as improved efficiencies in operations.

16. Commentary on Prospect

It has been a very good year for the group despite all the challenging economic environments. Even as we celebrate this year's success, the group is very aware that the unstable Ringgit, weakening economy and rising costs could be here to stay for a while and we see the coming year to be chock full of challenges for us to remain relevant and competitive and we will as always, strive to do what we do best.

17. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interest and forecast profit after tax and non-controlling interest and for the shortfall in profit guarantee are not applicable.

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2016
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

18. Income Tax Expense

	3 months ended		Year to date ended	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian tax	14,536	5,730	50,357	32,921
Foreign tax	10	(132)	28	51
	14,546	5,598	50,385	32,972
Deferred tax	(349)	(1,765)	(1,105)	(1,360)
Total Income tax expense	14,197	3,833	49,280	31,612

The effective tax rate for the current quarter is at 28% due to non-qualifying expenditure.

19. Sale of Unquoted Investments and Properties

There were no sale of Investments and/or properties announced during the quarter that remain uncompleted.

20. Quoted Securities

There were no quoted securities held by the group during the quarter under review.

21. Corporate Proposals

At the date of this report, there are no corporate proposals that remain uncompleted.

22. Borrowings

The Group borrowings as at 30 June 2016 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Bank	2,666	57,128	59,794
Short Term - Leasing & HP	382		382
Short Term Borrowing - Subtotal	3,048	57,128	60,176
Long Term - Bank	9,015		9,015
Long Term - Leasing & HP	629		629
Long Term Borrowing - Subtotal	9,644	-	9,644
Total Borrowing	12,692	57,128	69,820

All debts, secured or otherwise, are also collateralised by corporate guarantees issued by the Company. All borrowings indicated above are denominated in Ringgit Malaysia and represented balances standing as at 30 June 2016.

23. Derivative Financial Instruments

As at the date of this report, the Group does not have any derivative financial instruments.

24. Changes in Material Litigation

As at the date of this report, the Group has no knowledge of any pending material litigation either against the Company or any of its subsidiaries.

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2016
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

25. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2015 was not qualified.

26. Dividend Payable

On 25 August 2016, the Company has declared a 1st interim dividend of 2.5 sen per ordinary share (single tier) for the financial year ending 30 June 2017, which will be payable in September 2016.

27. Earnings Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	3 mths ended		Year-to-date ended	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	37,355	18,178	137,385	80,223
	3 mths ended		Year-to-date ended	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
Weighted average number of ordinary shares in issue	657,909,500	657,909,500	657,909,500	657,909,500
	3 mths ended		Year-to-date ended	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
Basic earnings per share for:				
Profit from continuing operations	5.68 sen	2.76 sen	20.88 sen	12.19 sen
(Loss)/Profit from discontinued operations	- sen	- sen	- sen	- sen
Profit for the period	<u>5.68 sen</u>	<u>2.76 sen</u>	<u>20.88 sen</u>	<u>12.19 sen</u>

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share.

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2016
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT**28. Note to the Statement of profit or loss and other comprehensive Income**

	3 mths ended 30 Jun 2016 RM'000	Year-to-date ended 30 Jun 2016 RM'000
The following items have been charged / (credited) in arriving profit from operations:		
Interest income	(1,545)	(4,062)
Fair value loss/(gain) on financial assets on fair value through profit or loss	36	(62)
Realised gain on foreign exchange	(972)	(42)
Unrealised loss on foreign exchange	515	523
Gain on disposal of investment	(19)	(31)
Royalty income	(398)	(1,810)
Rental income	(37)	(168)
Depreciation and amortization	9,527	34,940
Interest expense	528	2,890
Unwinding of discount on provision for restoration costs	315	670
Inventory losses, inventories written down and inventories written off	3,702	9,892

29. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 August 2016.