

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 SEPTEMBER 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 2016. 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 2016.

2. Significant Accounting Policies

The audited financial statements of the Group for the financial year ended 30 June 2016 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 2016.

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 September 2016 (RM '000)
Total retained earnings:	
–Realised	631,089
–Unrealised	(6,033)
	<hr/> 625,056
Less: Consolidation Adjustments	(217,634)
	<hr/> 407,422 <hr/>

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4. Segmental Information

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

	[-----Apparels and Footwear-----]					Management service, Investment Holding and Others		Total RM'000
	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 revenue	96,688	28,063	6,951	121,012	56,855	464	-	310,033
Interest income	195	59	47	238	168	519	-	1,226
Finance costs	(354)	(50)	(24)	(505)	(192)	(111)	-	(1,236)
Net finance income/(expense)	(159)	9	23	(267)	(24)	408	-	(10)
Depreciation of property, plant and equipment	2,396	791	293	2,947	1,325	984	(59)	8,677
Amortisation of intangible assets	2	2	-	45	10	303	-	362
Segment profit/(loss) before tax	11,058	3,920	(43)	10,045	13,069	68,401	(66,811)	39,639
Income tax (expense)/income	(3,075)	(1,096)	(39)	(3,054)	(3,123)	(637)	1	(11,023)
Additions to non-current assets other than financial instruments and deferred tax assets	3,657	913	361	1,998	1,196	3,424	-	11,549
Segment assets	229,583	68,889	24,172	182,443	136,146	493,388	(363,627)	770,994
Segment liabilities	128,208	32,939	7,634	107,117	57,796	60,333	(104,875)	289,152

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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 September 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 2017 that was declared on 25 August 2016 was paid on 29 September 2016.

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 September 2016, the Group has an outstanding capital commitment of RM 1,082,774 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.

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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 15% (RM40.4 million). This was mainly contributed by the 5 new Padini Concept Store and 9 Brands Outlet stores that were fully operational during the quarter under review as compared to the previous year's same quarter.

Profit before tax for the quarter under review have reduced by 11% (RM4.7 million) despite having a constant efficiency in the operating expense as a percentage of revenue in the respective quarters under review. This was mainly due to the 5% compression in gross profits margins that was caused by rising costs and sales events that was done during the quarter under review.

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-Sep-16 RM'000	Quarter ended 30-Jun-16 RM'000
Revenue	310,033	348,875
Profit before taxation	39,639	51,552

Revenues for this quarter decreased by 11% (RM38.8 million) as the Hari Raya Aidilfitri festive season sales were mainly done in the previous quarter. The reduction in sales led to a smaller profit before tax of RM39.6 million in this quarter, a reduction of RM11.9 million or 23% when compared to the previous quarter as absolute operating expenses for this quarter and gross margins have been consistent with those incurred in the immediate preceding quarter.

16. Commentary on Prospect

The economic outlook for the current financial year continue to be discouraging, an environment of unstable Ringgit, rising costs and unpredictable political situation continue to be a challenge for the group. However, as with previous years, the group will continue doing what needs to be done to bring in another profitable year.

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.

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18. Income Tax Expense

	3 months ended		Year to date ended	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian tax	10,491	11,930	10,491	11,930
Foreign tax	-	6	-	6
	<u>10,491</u>	<u>11,936</u>	<u>10,491</u>	<u>11,936</u>
Deferred tax	532	540	532	540
Total Income tax expense	<u>11,023</u>	<u>12,476</u>	<u>11,023</u>	<u>12,476</u>

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 September 2016 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Bank	2,776	76,494	79,270
Short Term - Leasing & HP	371		371
Short Term Borrowing - Subtotal	3,147	76,494	79,641
Long Term - Bank	8,229		8,229
Long Term - Leasing & HP	546		546
Long Term Borrowing - Subtotal	8,775	-	8,775
Total Borrowing	11,922	76,494	88,416

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 September 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.

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25. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2016 was not qualified.

26. Dividend Payable

On 25 November 2016, the Company has declared a 2nd interim dividend of 2.5 sen per ordinary share (single tier) for the financial year ending 30 June 2017, which will be payable in December 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-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	28,616	31,830	28,616	31,830
	3 mths ended		Year-to-date ended	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
Weighted average number of ordinary shares in issue	657,909,500	657,909,500	657,909,500	657,909,500
Basic earnings per share for:	3 mths ended		Year-to-date ended	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
Profit from continuing operations	4.35 sen	4.84 sen	4.35 sen	4.84 sen
(Loss)/Profit from discontinued operations	- sen	- sen	- sen	- sen
Profit for the period	4.35 sen	4.84 sen	4.35 sen	4.84 sen

(b) Diluted

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

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	3 mths ended 30 Sept 2016 RM'000	Year-to-date ended 30 Sept 2016 RM'000
The following items have been charged / (credited) in arriving profit from operations:		
Interest income	(1,226)	(1,226)
Fair value gain on financial assets on fair value through profit or loss	(30)	(30)
Realised gain on foreign exchange	(53)	(53)
Unrealised gain on foreign exchange	(659)	(659)
Royalty income	(470)	(470)
Rental income	(22)	(22)
Depreciation and amortization	9,039	9,039
Interest expense	1,054	1,054
Unwinding of discount on provision for restoration costs	182	182
Inventory losses, inventories written down and inventories written off	1,898	1,898

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 November 2016.