

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 31 MARCH 2017  
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 accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2016 except for the adoption of the following new MFRSs and amendments/improvements to MFRSs that are issued by the MASB that became effective and relevant to the Group for the financial period beginning 1 July 2016:

**Effective for financial periods beginning on**

**Amendments/Improvements to MFRS**

MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statements of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017

The adoption of the above new MFRSs and amendments/improvements to MFRSs are not expected to have any material financial impact on the financial statements of the Group.

**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:

	<b>As at 31 March 2017</b>
	<b>(RM '000)</b>
Total retained earnings:	
–Realised	688,060
–Unrealised	(6,729)
	<u>681,331</u>
Less: Consolidation Adjustments	(217,513)
	<u><b>463,818</b></u>

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**4. Segmental Information**

Segment analysis for the financial period ended 31 March 2017 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	
<b>Total revenue</b>	<b>368,697</b>	<b>109,279</b>	<b>30,738</b>	<b>407,666</b>	<b>191,971</b>	<b>2,066</b>	-	<b>1,110,417</b>
Interest income	1,017	337	172	835	669	1,732	-	4,762
Finance costs	(1,166)	(129)	(34)	(1,375)	(553)	(313)	-	(3,570)
<b>Net finance income/(expense)</b>	<b>(149)</b>	<b>208</b>	<b>138</b>	<b>(540)</b>	<b>116</b>	<b>1,419</b>	-	<b>1,192</b>
Depreciation of property, plant and equipment	7,475	2,446	905	9,074	3,969	3,140	(178)	26,831
Amortisation of intangible assets	6	4	1	139	29	916	-	1,095
<b>Segment profit/(loss) before tax</b>	<b>48,875</b>	<b>17,759</b>	<b>2,677</b>	<b>43,475</b>	<b>40,810</b>	<b>71,876</b>	<b>(66,692)</b>	<b>158,780</b>
Income tax (expense)/income	(12,572)	(4,539)	(708)	(11,941)	(9,444)	(1,672)	3	(40,873)
Additions to non-current assets other than financial instruments and deferred tax assets	10,763	3,324	964	12,638	3,854	6,928	-	38,471
<b>Segment assets</b>	<b>231,847</b>	<b>63,799</b>	<b>27,426</b>	<b>189,314</b>	<b>161,578</b>	<b>466,658</b>	<b>(336,910)</b>	<b>803,712</b>
<b>Segment liabilities</b>	<b>102,151</b>	<b>17,453</b>	<b>8,838</b>	<b>89,444</b>	<b>61,808</b>	<b>62,593</b>	<b>(78,276)</b>	<b>264,011</b>

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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 31 March 2017.

**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.

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 2017 that was declared on 25 November 2016 was paid on 30 December 2016.

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 2017 that was declared on 20 February 2017 was paid on 27 March 2017.

**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 31 March 2017, the Group does not have any material outstanding capital commitments.

**13. Subsequent Events**

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

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA  
MALAYSIA SECURITIES BERHAD**

**14. Performance Review**

Year on year, revenue for the 9-month quarter under review has been improved by 16.6% or RM158 million to RM1.1 billion. Profit for the period has increased by 17.9% or approximately RM18 million to approximately RM118 million. This was mainly contributed by the positive growth from the existing stores, particularly outstanding performance of Brands Outlet, PDI and Vincci.

Another reason for the improved performance was due to opening of thirteen new stores during the current 9-month quarter. The thirteen new stores consist of five Padini Concept Stores, seven Brands Outlets and one free standing store. Approximately RM32 million or 2.9% of total revenue were contributed from the opening of the thirteen new stores starting from Nov 2016 to Feb 2017.

Comparing current quarter with the corresponding quarter, revenue has improved by 9.1% or RM31 million. However, profit margin has dropped slightly from 10.3% to 9.3%. The slight drop was due to lower gross profit margin and rise in marketing staff cost.

**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**

	<b>Quarter ended 31-Mar-17 RM'000</b>	<b>Quarter ended 31-Dec-16 RM'000</b>
Revenue	373,737	426,647
Profit before taxation	46,401	72,740

Revenues and profit before taxation for this quarter decreased by approximately RM53 million or 12.4% and RM26 million or 36% respectively compared to the immediate preceding period. This was mainly due to increase sales for the Christmas and Pre-Chinese New Year seasons and the year-end school holidays that occurred during the last quarter.

**16. Commentary on Prospect**

The Group is confident of turning into another profitable period despite the challenging economic environment and rising cost.

**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		9 months ended	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian tax	12,063	11,980	40,836	35,821
Foreign tax	9	6	18	18
	<u>12,072</u>	<u>11,986</u>	<u>40,854</u>	<u>35,839</u>
Deferred tax	(488)	(835)	19	(756)
Total Income tax expense	<u>11,584</u>	<u>11,151</u>	<u>40,873</u>	<u>35,083</u>

The effective tax rate for the current quarter is at 25% 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 31 March 2017 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Bank	2,848	71,597	74,445
Short Term - Leasing & HP	333		333
<b>Short Term Borrowing - Subtotal</b>	<b>3,181</b>	<b>71,597</b>	<b>74,778</b>
Long Term - Bank	6,778		6,778
Long Term - Leasing & HP	393		393
<b>Long Term Borrowing - Subtotal</b>	<b>7,171</b>	<b>-</b>	<b>7,171</b>
<b>Total Borrowing</b>	<b>10,352</b>	<b>71,597</b>	<b>81,949</b>

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 31 March 2017.

**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 30 May 2017, the Company has declared a 4<sup>th</sup> 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 2017, which will be payable in June 2017.

**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 months ended		9 months ended	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	34,817	35,130	117,907	100,030
	3 months ended		9 months ended	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Weighted average number of ordinary shares in issue	657,909,500	657,909,500	657,909,500	657,909,500
	3 months ended		9 months ended	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
<b>Basic earnings per share for:</b>				
Profit from continuing operations	5.29 sen	5.34 sen	17.92 sen	15.20 sen
(Loss)/Profit from discontinued operations	- sen	- sen	- sen	- sen
Profit for the period	<u>5.29 sen</u>	<u>5.34 sen</u>	<u>17.92 sen</u>	<u>15.20 sen</u>

**(b) Diluted**

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

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	<b>3 months ended 31 Mar 2017 RM'000</b>	<b>9 months ended 31 Mar 2017 RM'000</b>
The following items have been charged / (credited) in arriving profit from operations:		
Interest income	(2,106)	(4,762)
Fair value gain on financial assets on fair value through profit or loss	29	(5)
Realised gain on foreign exchange	164	(81)
Unrealised gain on foreign exchange	295	(2,194)
Royalty income	(279)	(1,074)
Rental income	(26)	(68)
Depreciation and amortization	9,660	27,926
Interest expense	918	3,086
Unwinding of discount on provision for restoration costs	144	484
Inventory losses, inventories written down and inventories written off	2,295	6,199

**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 30 May 2017.