

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 SEPTEMBER 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 2017. 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 2017.

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 2017 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	Annual Improvements to MFRS Standards 2014 – 2016 Cycles	1 January 2017
MFRS 107	Disclosure Initiative	1 January 2017
MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	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:

	As at 30 September 2017
	(RM '000)
Total retained earnings:	
–Realised	724,050
–Unrealised	(4,576)
	<hr/> 719,474
Less: Consolidation Adjustments	(227,720)
	<hr/> 491,754 <hr/>

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4. Segmental Information

Segment analysis for the financial period ended 30 September 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	
Total revenue	100,219	31,337	8,566	116,120	58,032	901	-	315,175
Interest income	522	148	63	413	380	587	-	2,113
Finance costs	(81)	(27)	(28)	(165)	(282)	(89)	-	(672)
Net finance income	441	121	35	248	98	498	-	1,441
Depreciation of property, plant and equipment	2,620	850	293	3,284	1,234	1,071	(59)	9,293
Amortisation of intangible assets	0	1	0	48	8	305	-	362
Segment profit/(loss) before tax	13,024	2,757	487	11,912	9,622	75,348	(71,241)	41,909
Income tax expense	(3,357)	(746)	(108)	(3,335)	(2,042)	(1,102)	1	(10,689)
Additions to non-current assets other than financial instruments and deferred tax assets	2,448	843	219	5,498	940	557	(16)	10,489
Segment assets	202,877	74,068	29,966	192,009	170,726	514,541	(382,627)	801,560
Segment liabilities	72,908	30,725	8,370	95,836	72,153	68,860	(113,791)	235,061

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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 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 primarily 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 2018 that was declared on 25 August 2017 was paid on 29 September 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 quarter under review.

11. Changes in Composition of the Group

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

12. Capital Commitments

As at 30 June 2018, 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**

Table 1: Financial review for current quarter and financial year to date

	Individual Period (1 st Quarter)			Cumulative Period		
	Current Year Quarter 30 September 2017	Preceding Year Corresponding Quarter 30 September 2016	Changes	Current Year- to-date 30 September 2017	Preceding Year Corresponding Period 30 September 2016	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	315,175	310,033	1.7	315,175	310,033	1.7
Operating Profit	42,581	40,875	4.2	42,581	40,875	4.2
Profit Before Interest and Tax	42,581	40,875	4.2	42,581	40,875	4.2
Profit Before Tax	41,909	39,639	5.7	41,909	39,639	5.7
Profit After Tax	31,220	28,616	9.1	31,220	28,616	9.1
Profit attributable to ordinary equity holders of the Parent	31,220	28,616	9.1	31,220	28,616	9.1

14. Performance Review

Revenue for this quarter slightly increased by 1.7% (RM 5.14 million) which is quite consistent with preceding corresponding quarter as the Hari Raya Aidilfitri festive season sales occurred during both comparison periods. Operating profit increased by 4.2% (RM 1.7 million) mainly due to increase in other income approximately RM 3 million from the Landlord's fit-out contribution.

Selling & distribution expenses increased by 9.1% (RM 7 mil) due to increase in rental and staff cost as a result of more PCS stores and BO stores opened during the quarter. Overall, the profit margin has improved slightly from 9.2% to 9.9% mainly contributed by the increase in other income and gross profit margin and moderated by the rise in selling and distribution cost.

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15. Comment on Material Change in the Profit Before Taxation for the Quarter reported on as compared with the Immediate Preceding Quarter

Table 2: Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 30 September 2017	Immediate Preceding Quarter 30 June 2017	Changes
	RM'000	RM'000	%
Revenue	315,175	460,304	-31.4
Operating Profit	42,581	55,502	-23.3
Profit Before Interest and Tax	42,581	55,502	-23.3
Profit Before Tax	41,909	54,409	-23.0
Profit After Tax	31,220	39,480	-21.0
Profit attributable to Ordinary equity holders of Parent	31,220	39,480	-21.0

Revenues and profit before taxation for this quarter decreased by approximately RM145 million (31.4%) and RM12.5 million (23.0%) respectively compared to the immediate preceding period. This was mainly due to Hari Raya festival sales which fall in June 2017 and the 4 days special sales promotion held in the last quarter.

16. Commentary on Prospect

The Group is confident of turning in another profitable period despite the challenging economic environment and rising cost. The Management will continue to be vigilant to the changes in the external environment and take necessary actions, including reviewing our cost structure in order to maintain long term sustainable growth.

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.

18. Income Tax Expense

	Current Quarter 3 months ended		Cumulative Period 3 months ended	
	30-Sep-17 RM'000	30-Sep-16 RM'000	30-Sep-17 RM'000	30-Sep-16 RM'000
Current tax:				
Malaysian tax	8,564	10,491	8,564	10,491
Foreign tax	-	-	-	0
	<hr/> 8,564	<hr/> 10,491	<hr/> 8,564	<hr/> 10,491
Deferred tax	2,125	532	2,125	532
Total Income tax expense	<hr/> 10,689	<hr/> 11,023	<hr/> 10,689	<hr/> 11,023

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The effective tax rate for the current quarter is at 25.5%, a lower effective tax rate as compared to the preceding quarter, due to higher 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 1st quarter ended 2018 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Term Loans / Trade Finance	2,939	28,153	31,092
Short Term - Leasing & HP	310	-	310
Short Term Borrowing - Subtotal	3,249	28,153	31,402
Long Term - Bank	5,274	-	5,274
Long Term - Leasing & HP	236	-	236
Long Term Borrowing - Subtotal	5,510	-	5,510
Total Borrowings	8,759	28,153	36,912

The Group borrowings as at 1st quarter ended 2017 comprise the following:

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

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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 2017 and 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.

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 29 November 2017, the Company has declared a 2nd interim dividend of 2.5 sen per ordinary share (single tier) for the financial year ending 30 June 2018, which will be payable in December 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.

	Current Quarter		Cumulative Period	
	3 months ended		3 months ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	31,220	28,616	31,220	28,616
	3 months ended		3 months ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
Weighted average number of ordinary shares in issue ('000)	657,909	657,909	657,909	657,909
	3 months ended		3 months ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
Basic earnings per share for:				
Profit from continuing operations	4.75 sen	4.35 sen	4.75 sen	4.35 sen
Profit from discontinued operations	-	-	-	-
Profit for the period	<u>4.75 sen</u>	<u>4.35 sen</u>	<u>4.75 sen</u>	<u>4.35 sen</u>

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

28. Note to the Statement of profit or loss and other comprehensive Income

	3 months ended 30 Sep 2017 RM'000	3 months ended 30 Sep 2016 RM'000
The following items have been charged / (credited) in arriving profit from operations:		
Interest income	(2,113)	(1,226)
Fair value gain on financial assets on fair value through profit or loss	-	(10)
Realised gain on foreign exchange	(67)	(53)
Unrealised gain on foreign exchange	(455)	(659)
Royalty income	(347)	(470)
Rental income	(43)	(22)
Depreciation and amortization	9,655	9,039
Interest expense	442	1,054
Unwinding of discount on provision for restoration costs	229	182
Inventory losses, inventories written down and inventories written off	1,852	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 29 November 2017.