

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 31 DECEMBER 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 2017:

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 31 December 2017
	(RM '000)
Total retained earnings:	
–Realised	759,240
–Unrealised	(6,304)
	<u>752,936</u>
Less: Consolidation Adjustments	(227,661)
	<u>525,275</u>

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4. Segmental Information

Segment analysis for the financial period ended 31 December 2017 is set out below:

	[----- Apparels and Footwear -----]					Management service, Investment Holding and others	Elimination RM'000	Total RM'000
	Padini Corporation RM'000	Seed RM'000	Mikihouse RM'000	Yee Fong Hung RM'000	Vincci RM'000	Others RM'000		
Total revenue	251,490	79,541	22,458	286,188	133,601	2,331	-	775,609
Interest income	872	235	129	754	767	1,264	-	4,021
Finance costs	(272)	(48)	(32)	(398)	(581)	(172)	-	(1,503)
Net finance income	600	187	97	356	186	1,092	-	2,518
Depreciation of property, plant and equipment	5,316	1,722	584	6,987	2,471	2,142	(118)	19,104
Amortisation of intangible assets	-	1	-	103	16	619	-	739
Segment profit/(loss) before tax	35,496	11,138	3,185	31,901	21,022	77,323	(71,182)	108,883
Income tax expense	(8,908)	(2,820)	(755)	(8,596)	(4,827)	(1,790)	2	(27,694)
Additions to non-current assets other than financial instruments and deferred tax assets	7,882	2,619	736	14,863	3,331	1,649	(16)	31,064
Segment assets	245,898	79,804	33,288	226,821	186,620	535,166	(397,830)	909,767
Segment liabilities	98,995	30,160	9,642	115,918	79,433	105,505	(128,974)	310,679

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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 December 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.

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 29 November 2017 was paid on 29 December 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 31 December 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**

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

	Individual Period (2 nd Quarter)			Cumulative Period		
	Current Year Quarter 31 December 2017	Preceding Year Corresponding Quarter 31 December 2016	Changes	Current Year- to-date 31 December 2017	Preceding Year Corresponding Period 31 December 2016	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	460,434	426,647	7.9	775,609	736,680	5.3
Operating Profit	67,805	74,013	-8.4	110,386	114,888	-3.9
Profit Before Interest and Tax	67,805	74,013	-8.4	110,386	114,888	-3.9
Profit Before Tax	66,974	72,740	-7.9	108,883	112,379	-3.1
Profit After Tax	49,969	54,474	-8.3	81,189	83,090	-2.3
Profit attributable to ordinary equity holders of the Parent	49,969	54,474	-8.3	81,189	83,090	-2.3

14. Performance Review

Revenue increased by 7.9% (RM33.8 million) quarter on quarter and 5.3% (RM38.9 million) year on year respectively. The increase in revenue were mainly due to increased number of outlets, which is increased by 4 Padini Concept stores and 6 Brands Outlet stores opened during the six-month period under review.

Profit before tax however has decreased by 7.9% (RM 5.8 million) when compared to the same quarter of last financial year. Comparing year on year, profit before tax was decreased by 3.1% (RM3.5 million). The decrease in profit before tax was mainly due to the decrease in gross profit margin in response to the market environment.

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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 31 December 2017	Immediate Preceding Quarter 30 September 2017	Changes
	RM'000	RM'000	%
Revenue	460,434	315,175	46.1
Operating Profit	67,805	42,581	59.2
Profit Before Interest and Tax	67,805	42,581	59.2
Profit Before Tax	66,974	41,909	59.8
Profit After Tax	49,969	31,220	60.1
Profit attributable to Ordinary equity holders of Parent	49,969	31,220	60.1

Revenues and profit before taxation for this quarter increased by approximately RM145.2 million (46.1%) and RM25.1 million (59.8%) respectively compared to the immediate preceding period. This was mainly due to the Christmas season and the year-end school holidays that occurs during the current quarter under review.

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 6 months ended	
	31-Dec-17 RM'000	31-Dec-16 RM'000	31-Dec-17 RM'000	31-Dec-16 RM'000
Current tax:				
Malaysian tax	16,108	18,282	24,672	28,773
Foreign tax	-	9	-	9
	<u>16,108</u>	<u>18,291</u>	<u>24,672</u>	<u>28,782</u>
Deferred tax	897	(25)	3,022	507
Total Income tax expense	<u>17,005</u>	<u>18,266</u>	<u>27,694</u>	<u>29,289</u>

The effective tax rate is at approximately 25% for both periods.

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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 2nd quarter ended 2018 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Term Loans / Trade Finance	2,967	48,151	51,118
Short Term - Leasing & HP	322	-	322
Short Term Borrowing - Subtotal	3,289	48,151	51,440
Long Term - Bank	4,524	-	4,524
Long Term - Leasing & HP	291	-	291
Long Term Borrowing - Subtotal	4,815	-	4,815
Total Borrowings	8,104	48,151	56,255

The Group borrowings as at 2nd quarter ended 2017 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Term Loans / Trade Finance	2,812	104,984	107,796
Short Term - Leasing & HP	352		352
Short Term Borrowing - Subtotal	3,164	104,984	108,148
Long Term - Term Loans	7,509		7,509
Long Term - Leasing & HP	470		470
Long Term Borrowing - Subtotal	7,979	-	7,979
Total Borrowings	11,143	104,984	116,127

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 December 2017 and 31 December 2016.

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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 2017 was not qualified.

26. Dividend Payable

On 26 February 2018, the Company has declared a 3rd interim dividend of 2.5 sen per ordinary share (single tier) for the financial year ending 30 June 2018, which will be payable in March 2018.

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		6 months ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	49,969	54,474	81,189	83,090
	3 months ended		6 months ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Weighted average number of ordinary shares in issue ('000)	657,909	657,909	657,909	657,909
	3 months ended		6 months ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Basic earnings per share for:				
Profit from continuing operations	7.60 sen	8.28 sen	12.34 sen	12.63 sen
Profit from discontinued operations	-	-	-	-
Profit for the period	<u>7.60 sen</u>	<u>8.28 sen</u>	<u>12.34 sen</u>	<u>12.63 sen</u>

(b) Diluted

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

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

	3 months ended 31 Dec 2017 RM'000	Year-to-date ended 31 Dec 2017 RM'000
The following items have been charged / (credited) in arriving profit from operations:		
Interest income	(1,908)	(4,021)
Fair value loss on financial assets on fair value through profit or loss	10	10
Realised loss on foreign exchange	219	286
Unrealised loss on foreign exchange	1,183	1,611
Royalty income	(223)	(570)
Rental income	(36)	(79)
Depreciation and amortization	10,188	19,843
Interest expense	635	1,077
Unwinding of discount on provision for restoration costs	197	426
Inventory losses, inventories written down and inventories written off	1,067	2,919

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 26 February 2018.