

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 31 MARCH 2018  
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.

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**3. Segmental Information**

Segment analysis for the financial period ended 31 March 2018 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		
<b>Total revenue</b>	<b>392,008</b>	<b>116,891</b>	<b>32,967</b>	<b>456,901</b>	<b>198,586</b>	<b>3,525</b>	-	<b>1,200,878</b>
Interest income	1,518	414	238	1,196	1,162	2,194	-	6,722
Finance costs	(435)	(67)	(37)	(666)	(792)	(248)	-	(2,245)
<b>Net finance income</b>	<b>1,083</b>	<b>347</b>	<b>201</b>	<b>530</b>	<b>370</b>	<b>1,946</b>	-	<b>4,477</b>
Depreciation of property, plant and equipment	8,158	2,648	887	10,996	3,745	3,229	(178)	29,485
Amortisation of intangible assets	-	1	-	161	24	951	-	1,137
<b>Segment profit/(loss) before tax</b>	<b>55,414</b>	<b>14,737</b>	<b>4,853</b>	<b>47,939</b>	<b>27,598</b>	<b>79,505</b>	<b>(71,122)</b>	<b>158,924</b>
Income tax expense	(13,501)	(3,331)	(1,134)	(12,281)	(5,368)	(2,344)	3	(37,956)
Additions to non-current assets other than financial instruments and deferred tax assets	9,356	3,136	859	16,943	4,868	3,103	(18)	38,247
<b>Segment assets</b>	<b>254,541</b>	<b>79,024</b>	<b>30,645</b>	<b>227,624</b>	<b>174,363</b>	<b>471,002</b>	<b>(344,090)</b>	<b>893,109</b>
<b>Segment liabilities</b>	<b>92,308</b>	<b>26,318</b>	<b>5,713</b>	<b>104,369</b>	<b>61,140</b>	<b>57,206</b>	<b>(74,979)</b>	<b>272,075</b>

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**4. 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 2018.

**5. Changes in Estimates**

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

**6. 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.

**7. 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 2018 that was declared on 29 November 2017 was paid on 29 December 2017.

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 2018 that was declared on 26 February 2018 was paid on 29 March 2018.

**8. 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.

**9. Debt and Equity Securities**

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

**10. Changes in Composition of the Group**

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

**11. Capital Commitments**

As at 31 March 2018, the Group does not have any material outstanding capital commitments.

**12. 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 (3 <sup>rd</sup> Quarter)			Cumulative Period		
	Current Year Quarter 31 March 2018	Preceding Year Corresponding Quarter 31 March 2017	Changes	Current Year- to-date 31 March 2018	Preceding Year Corresponding Period 31 March 2017	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	425,269	373,737	13.8	1,200,878	1,110,417	8.1
Operating Profit	50,783	47,462	7.0	161,169	162,350	-0.7
Profit Before Interest and Tax	50,783	47,462	7.0	161,169	162,350	-0.7
Profit Before Tax	50,041	46,401	7.8	158,924	158,780	0.1
Profit After Tax	39,779	34,817	14.3	120,968	117,907	2.6
Profit attributable to ordinary equity holders of the Parent	39,779	34,817	14.3	120,968	117,907	2.6

**13. Performance Review**

Revenue increased by 13.8% (RM51.5 million) quarter on quarter and 8.1% (RM90.5 million) year on year respectively. The increase in revenue were mainly due to increased number of outlets, which is increased by 6 Padini Concept stores and 6 Brands Outlet stores opened during the nine-month period under review.

Profit before tax has increased by 7.8% (RM3.6 million) when compared to the same quarter of last financial year as a result of the increase in revenue.

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**14. 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**

	<b>Current Quarter 31 March 2018</b>	<b>Immediate Preceding Quarter 31 December 2017</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	425,269	460,434	-7.6
Operating Profit	50,783	67,805	-25.1
Profit Before Interest and Tax	50,783	67,805	-25.1
Profit Before Tax	50,041	66,974	-25.3
Profit After Tax	39,779	49,969	-20.4
Profit attributable to Ordinary equity holders of Parent	39,779	49,969	-20.4

Revenues and profit before taxation for this quarter decreased by approximately RM35.2 million (-7.6%) and RM16.9 million (-25.3%) respectively compared to the immediate preceding period. This was mainly due to the special promotion campaign, Christmas season and the year-end school holidays that occurred during the immediate preceding period.

**15. 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.

**16. 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.

**17. Income Tax Expense**

	<b>Current Quarter 3 months ended</b>		<b>Cumulative Period 9 months ended</b>	
	<b>31-Mar-18 RM'000</b>	<b>31-Mar-17 RM'000</b>	<b>31-Mar-18 RM'000</b>	<b>31-Mar-17 RM'000</b>
Current tax:				
Malaysian tax	10,730	12,063	35,402	40,836
Foreign tax	-	9	-	18
	<u>10,730</u>	<u>12,072</u>	<u>35,402</u>	<u>40,854</u>
Deferred tax	(468)	(488)	2,554	19
Total Income tax expense	<u>10,262</u>	<u>11,584</u>	<u>37,956</u>	<u>40,873</u>

The effective tax rate is at approximately range from 21% to 25% for both periods.

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**18. Sale of Unquoted Investments and Properties**

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

**19. Quoted Securities**

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

**20. Corporate Proposals**

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

**21. Borrowings**

The Group borrowings as at 31 March 2018 comprise the following:

	<b>Secured Debt (RM'000)</b>	<b>Unsecured Debt (RM'000)</b>	<b>Total (RM'000)</b>
Short Term - Term Loans / Trade Finance	2,951	52,307	55,258
Short Term - Leasing & HP	297	-	297
<b>Short Term Borrowing - Subtotal</b>	<b>3,248</b>	<b>52,307</b>	<b>55,555</b>
Long Term - Bank	3,811	-	3,811
Long Term - Leasing & HP	233	-	233
<b>Long Term Borrowing - Subtotal</b>	<b>4,044</b>	<b>-</b>	<b>4,044</b>
<b>Total Borrowings</b>	<b>7,292</b>	<b>52,307</b>	<b>59,599</b>

The Group borrowings as at 31 March 2017 comprise the following:

	<b>Secured Debt (RM'000)</b>	<b>Unsecured Debt (RM'000)</b>	<b>Total (RM'000)</b>
Short Term - Term Loans / Trade Finance	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 - Term Loans	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 Borrowings</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 2018 and 31 March 2017.

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**22. Derivative Financial Instruments**

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

**23. 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.

**24. 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.

**25. Dividend Payable**

On 23 May 2018, 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 2018, which will be payable in June 2018.

**26. 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 3 months ended		Cumulative Period 9 months ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	39,779	34,817	120,968	117,907
	3 months ended		9 months ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Weighted average number of ordinary shares in issue ('000)	657,909	657,909	657,909	657,909
	3 months ended		9 months ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
<b>Basic earnings per share for:</b>				
Profit from continuing operations	6.05 sen	5.29 sen	18.39 sen	17.92 sen
Profit from discontinued operations	-	-	-	-
Profit for the period	6.05 sen	5.29 sen	18.39 sen	17.92 sen

**(b) Diluted**

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

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	<b>3 months ended 31 Mar 2018 RM'000</b>	<b>Year-to-date ended 31 Mar 2018 RM'000</b>
The following items have been charged / (credited) in arriving profit from operations:		
Interest income	(2,701)	(6,722)
Fair value loss on financial assets on fair value through profit or loss	-	10
Realised loss on foreign exchange	182	468
Unrealised loss on foreign exchange	1,456	3,067
Royalty income	(196)	(766)
Rental income	(41)	(120)
Depreciation and amortization	10,779	30,622
Interest expense	558	1,635
Unwinding of discount on provision for restoration costs	185	611
Inventory losses, inventories written down and inventories written off	1,636	4,555

**28. 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 23 May 2018.