

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 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 30 June 2018 is set out below:

	Investment Holding RM'000	Apparels and Footwear RM'000	Management Service RM'000	Others RM'000	Elimination RM'000	Total RM'000
External revenue	158,506	1,682,120	168,089	398	-	2,009,113
Inter segment revenue	(158,506)	(3,694)	(168,089)	(34)	-	(330,323)
<b>Total revenue</b>	<b>-</b>	<b>1,678,426</b>	<b>-</b>	<b>364</b>	<b>-</b>	<b>1,678,790</b>
Interest income	649	6,523	2,405	5	-	9,582
Finance costs	(299)	(2,346)	(24)	-	-	(2,669)
<b>Net finance income</b>	<b>350</b>	<b>4,177</b>	<b>2,381</b>	<b>5</b>	<b>-</b>	<b>6,913</b>
Depreciation of property, plant and equipment	881	35,503	2,993	313	(237)	39,453
Amortisation of intangible assets	-	257	1,286	-	-	1,543
<b>Segment profit/(loss) before tax</b>	<b>161,161</b>	<b>227,201</b>	<b>10,946</b>	<b>(1,925)</b>	<b>(157,733)</b>	<b>239,650</b>
Income tax expense	(1,079)	(57,828)	(2,478)	(11)	4	(61,392)
Additions to non-current assets other than financial instruments and deferred tax assets	95	48,577	3,708	33	(184)	52,229
<b>Segment assets</b>	<b>430,288</b>	<b>785,494</b>	<b>131,807</b>	<b>19,853</b>	<b>(444,141)</b>	<b>923,301</b>
<b>Segment liabilities</b>	<b>5,806</b>	<b>332,212</b>	<b>107,371</b>	<b>90</b>	<b>(175,461)</b>	<b>270,018</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 30 June 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.

The fourth 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, that was declared on 23 May 2018 were paid on 29 June 2018. Total dividend payout is amounted to RM26,316,379.

**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**

On 8 June 2018, the Group subscribed for 95 ordinary shares of THB1,000 each, representing 95%, of the paid-up capital of Padini (Thailand) Co., Ltd for a total cash consideration of THB23,750.

The acquisition of Padini Thailand is not expected to have any material impact on the earnings and net assets of the Group for the financial year ended 30 June 2018.

**11. Capital Commitments**

Authorized but not contracted for:-

As at 30 June 2018, the Group has intended to invest approximately RM20 million in Padini (Thailand) Co., Ltd.

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**12. Subsequent Events**

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

**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 (4 <sup>th</sup> Quarter)			Cumulative Period		
	Current Year Quarter 30 June 2018	Preceding Year Corresponding Quarter 30 June 2017	Changes	Current Year- to-date 30 June 2018	Preceding Year Corresponding Period 30 June 2017	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	477,911	460,305	3.8	1,678,790	1,570,722	6.9
Operating Profit	81,148	55,502	46.1	242,319	217,852	11.2
Profit Before Interest and Tax	81,148	55,502	46.1	242,319	217,852	11.2
Profit Before Tax	80,724	54,409	48.3	239,650	213,189	12.4
Profit After Tax	57,288	39,481	45.1	178,258	157,388	13.3
Profit attributable to: -Ordinary equity holders of the Parent	57,288	39,481	45.1	178,258	157,388	13.3
-Non-controlling interest	-**	-	-	-**	-	-

-\*\* less than RM1,000

**13. Performance Review**

Revenue increased by 3.8% (RM17.6 million) quarter on quarter and 6.9% (RM108.1 million) year on year respectively. The increase in revenue were mainly due to increased number of outlets, which increased by 5 Padini Concept stores and 7 Brands Outlet stores opened during the twelve-month period under review.

Profit before tax has increased by 12.4% (RM26.5 million) when compared to the same quarter of last financial year as a result of the impact from the increase in revenue and improvement in GP margin, counter balance by the increase in selling & distribution expenses.

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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 30 June 2018</b>	<b>Immediate Preceding Quarter 31 March 2018</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	477,911	425,269	12.4
Operating Profit	81,148	50,783	59.8
Profit Before Interest and Tax	81,148	50,783	59.8
Profit Before Tax	80,724	50,041	61.3
Profit After Tax	57,288	39,779	44.0
Profit attributable to:			
-Ordinary equity holders of Parent	57,288	39,779	44.0
-Non-controlling interest	- <sup>**</sup>	-	-

-\*\* less than RM1,000

Revenues and profit before taxation for this quarter increased by approximately RM52.6 million (12.4%) and RM30.7 million (61.3%) respectively compared to the immediate preceding period. The increase in revenue was mainly contributed by Hari Raya festival sales which fell in June 2018 and 4 days special sales promotion held in the current quarter under review.

**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 12 months ended</b>	
	<b>30-Jun-18 RM'000</b>	<b>30-Jun-17 RM'000</b>	<b>30-Jun-18 RM'000</b>	<b>30-Jun-17 RM'000</b>
Current tax:				
Malaysian tax	22,049	19,866	57,451	60,702
Foreign tax	9	22	9	40
	<u>22,058</u>	<u>19,888</u>	<u>57,460</u>	<u>60,742</u>
Deferred tax	1,378	(4,960)	3,932	(4,941)
Total Income tax expense	<u>23,436</u>	<u>14,928</u>	<u>61,392</u>	<u>55,801</u>

The effective tax rate is at approximately range from 25% to 26% 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 30 June 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	2,652	30,551	33,203
Short Term - Leasing & HP	258	-	258
<b>Short Term Borrowing - Subtotal</b>	<b>2,910</b>	<b>30,551</b>	<b>33,461</b>
Long Term - Bank	3,374	-	3,374
Long Term - Leasing & HP	187	-	187
<b>Long Term Borrowing - Subtotal</b>	<b>3,561</b>	<b>-</b>	<b>3,561</b>
<b>Total Borrowings</b>	<b>6,471</b>	<b>30,551</b>	<b>37,022</b>

The Group borrowings as at 30 June 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	2,900	72,745	75,645
Short Term - Leasing & HP	314	-	314
<b>Short Term Borrowing - Subtotal</b>	<b>3,214</b>	<b>72,745</b>	<b>75,959</b>
Long Term - Term Loans	6,024	-	6,024
Long Term - Leasing & HP	315	-	315
<b>Long Term Borrowing - Subtotal</b>	<b>6,339</b>	<b>-</b>	<b>6,339</b>
<b>Total Borrowings</b>	<b>9,553</b>	<b>72,745</b>	<b>82,298</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 30 June 2018 and 30 June 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 27 August 2018, the Company has declared a 1st interim dividend of 2.5 sen per ordinary share (single tier) for the financial year ending 30 June 2019, which will be payable in September 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 12 months ended	
	30-June-18	30-June-17	30-June-18	30-June-17
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	57,288	39,481	178,258	157,388
	3 months ended		12 months ended	
	30-June-18	30-June-17	30-June-18	30-June-17
Weighted average number of ordinary shares in issue ('000)	657,910	657,910	657,910	657,910
	3 months ended		12 months ended	
	30-June-18	30-June-17	30-June-18	30-June-17
<b>Basic earnings per share for:</b>				
Profit from continuing operations	8.71 sen	6.00 sen	27.09 sen	23.92 sen
Profit from discontinued operations	-	-	-	-
Profit for the period	<u>8.71 sen</u>	<u>6.00 sen</u>	<u>27.09 sen</u>	<u>23.92 sen</u>

**(b) Diluted**

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

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	<b>3 months ended 30 June 2018 RM'000</b>	<b>Year-to-date ended 30 June 2018 RM'000</b>
The following items have been charged / (credited) in arriving profit from operations:		
Interest income	(2,860)	(9,582)
Fair value loss on financial assets on fair value through profit or loss	-	10
Realised loss on foreign exchange	19	487
Unrealised (gain)/ loss on foreign exchange	(1,454)	1,613
Royalty income	(518)	(1,284)
Rental income	(41)	(161)
Depreciation and amortization	10,374	40,996
Interest expense	508	2,143
Unwinding of discount on provision for restoration costs	(84)	526
Inventory losses, inventories written down and inventories written off	4,830	9,385

**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 27 August 2018.