

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2019  
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 2018. 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 2018.

**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 financial year ended 30 June 2018 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 2018:

**Effective for financial periods beginning on**

**Amendments/Improvements to MFRS**

MFRS 15	Revenue from Contracts with Customers	1 January 2018
	Classification to MFRS 15	1 January 2018
MFRS 9	Financial Instruments ( <i>IFRS as issue by IASB in July 2014</i> )	1 January 2018

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.

**MFRS 9: Financial Instruments**

MFRS 9 introduces new requirements for classification and measurements, impairment and hedge accounting.

i. Classification and measurements

There is no significant impact on the statements of financial position on applying the classification and measurement requirements of MFRS 9. All financial assets will continue to be held at fair value. Loan and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest which concluded that they meet the criteria for amortised cost measurement under MFRS 9.

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ii. Impairment

The Group is required to record expected credit loss on its trade and other receivables either on a 12-month or lifetime basis. The Group has applied the simplified approach and record lifetime expected credit losses on its trade receivables. The trade receivables consist of creditworthy debtors with good payment records. Thus, there is no significant impact from the impairment to the Group.

For non-trade receivables, there is no significant impact to the Group's financial statements.

MFRS 15: Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers.

The Company maintains a customer loyalty program that allows its members to accumulate rebate points on the purchases of the Company's products sold in its own retail outlets. These rebate points are then converted into rebate vouchers and sent to the customers based on the terms and conditions.

The Company treats the loyalty program as a separate component of the sales transaction in which they are granted. The Company has estimated the fair value of the rebate vouchers and accounted for it as deferred revenue. This deferred revenue is recognised as revenue when the issued rebate vouchers are redeemed in the Company's own retail outlets or when the rebate vouchers have expired without being redeemed. In addition, sales generated from the loyalty program is not material. Hence, MFRS 15 does not have significant impact to the Group.

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**3. Segmental Information**

Segment analysis for the financial period ended 30 June 2019 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	91,305	1,790,891	178,821	481	-	<b>2,061,498</b>
Inter segment revenue	(91,305)	(8,334)	(178,794)	(43)	-	<b>(278,476)</b>
<b>Total revenue</b>	<b>-</b>	<b>1,782,557</b>	<b>27</b>	<b>438</b>	<b>-</b>	<b>1,783,022</b>
Interest income	1,344	6,775	2,320	16	-	<b>10,455</b>
Finance costs	(226)	(1,582)	(29)	-	-	<b>(1,837)</b>
<b>Net finance income</b>	<b>1,118</b>	<b>5,193</b>	<b>2,291</b>	<b>16</b>	<b>-</b>	<b>8,618</b>
Depreciation of property, plant and equipment	1,171	37,078	3,073	318	(237)	<b>41,403</b>
Amortisation of intangible assets	-	276	1,366	-	-	<b>1,642</b>
<b>Segment profit/(loss) before tax</b>	<b>96,044</b>	<b>205,121</b>	<b>13,113</b>	<b>(2,780)</b>	<b>(92,205)</b>	<b>219,293</b>
Income tax expense	(1,095)	(54,994)	(3,013)	(19)	4	<b>(59,117)</b>
Additions to non-current assets other than financial instruments and deferred tax assets	3,061	22,926	4,567	24	(30)	<b>30,548</b>
<b>Segment assets</b>	<b>447,938</b>	<b>820,147</b>	<b>101,288</b>	<b>35,045</b>	<b>(451,035)</b>	<b>953,383</b>
<b>Segment liabilities</b>	<b>4,167</b>	<b>287,427</b>	<b>68,641</b>	<b>17,272</b>	<b>(164,449)</b>	<b>213,058</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 2019.

**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 2019 that was declared on 27 August 2018 was paid on 29 September 2018.

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 2019 that was declared on 29 November 2018 was paid on 28 December 2018.

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 2019 that was declared on 27 February 2019 was paid on 29 March 2019.

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 ended 30 June 2019, that was declared on 28 May 2019 were paid on 28 June 2019. 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 26 September 2018, the Group subscribed for 95 ordinary shares of THB1,000 each, representing 95%, of the paid-up capital of Padini (Thailand) Co., Ltd ("PTL") for a total cash consideration of THB132,905,000.

On 17 April 2019, the Group has acquired the remaining 5%, making PTL a wholly-owned subsidiary to the Company.

**11. 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 (4 <sup>th</sup> Quarter)			Cumulative Period		
	Current Year Quarter 30 June 2019	Preceding Year Corresponding Quarter 30 June 2018	Changes	Current Year- to-date 30 June 2019	Preceding Year Corresponding Period 30 June 2018	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	516,470	477,912	8.1	1,783,022	1,678,790	6.2
Operating Profit	73,911	81,197	-9.0	221,130	242,366	-8.8
Profit Before Interest and Tax	73,911	81,197	-9.0	221,130	242,366	-8.8
Profit Before Tax	73,382	80,772	-9.1	219,293	239,696	-8.5
Profit After Tax	54,436	57,206	-4.8	160,176	178,174	-10.1
Profit attributable to:						
-Ordinary equity holders of the Parent	54,436	57,206	-4.8	160,176	178,174	-10.1
-Non-controlling interest	-	-**	-100.0	-	-**	-100.0

**12. Performance Review**

Revenue increased by 8.1% (RM38.6 million) quarter on quarter and 6.2% (RM104.2 million) year on year respectively. The sales increase in Q4 FY2019 mainly contributed by better sales in the existing stores. The Same Store Sales Growth (SSSG) in Q4 FY2019 is 6% higher than Q4 FY2018. In addition, year-on-year SSSG for FY2019 increased to 4% compared to SSSG in FY2018 of -2%.

Profit before tax had decreased by 9.1% (RM7.4 million) quarter on quarter and 8.5% (RM20.4 million) year on year. This is mainly due to the drop in gross profit margin. The higher gross profit margin in previous year was mainly due to the reversal of inventories written off and inventories written down.

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**13. 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 2019</b>	<b>Immediate Preceding Quarter 31 March 2019</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	516,740	474,188	9.0
Operating Profit	73,911	47,643	55.1
Profit Before Interest and Tax	73,911	47,643	55.1
Profit Before Tax	73,382	47,086	55.8
Profit After Tax	54,436	34,606	57.3
Profit attributable to:			
-Ordinary equity holders of Parent	54,436	34,654	57.3
-Non-controlling interest	-	(48)	100.0

Profit before taxation for this quarter increased by approximately RM26.2 million (55.8%) compared to the immediate preceding quarter. This was mainly due to the increase in the gross profit margin in current quarter under review. In addition, there was a bonus and incentive payout in the last quarter.

**14. 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.

**15. 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.

**16. Income Tax Expense**

	<b>Current Quarter 3 months ended</b>		<b>Cumulative Period 12 months ended</b>	
	<b>30-Jun-19 RM'000</b>	<b>30-Jun-18 RM'000</b>	<b>30-Jun-19 RM'000</b>	<b>30-Jun-18 RM'000</b>
Current tax:				
Malaysian tax	18,604	22,049	58,517	57,451
Foreign tax	35	140	934	140
	<u>18,639</u>	<u>22,189</u>	<u>59,451</u>	<u>57,591</u>
Deferred tax	307	1,377	(334)	3,931
Total Income tax expense	<u>18,946</u>	<u>23,566</u>	<u>59,117</u>	<u>61,522</u>

The effective tax rate is at 27% in the current quarter mainly due to the higher non-deductible expenses.

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

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

**18. Quoted Securities**

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

**19. Corporate Proposals**

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

**20. Borrowings**

The Group borrowings as at 30 June 2019 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	1,765	19,400	21,165
Short Term - Leasing & HP	279	-	279
<b>Short Term Borrowing - Subtotal</b>	<b>2,044</b>	<b>19,400</b>	<b>21,444</b>
Long Term - Bank	1,617	-	1,617
Long Term - Leasing & HP	842	-	842
<b>Long Term Borrowing - Subtotal</b>	<b>2,459</b>	<b>-</b>	<b>2,459</b>
<b>Total Borrowings</b>	<b>4,503</b>	<b>19,400</b>	<b>23,903</b>

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 - Term Loans	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>

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 2019 and 30 June 2018.

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**21. Derivative Financial Instruments**

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

**22. 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.

**23. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 30 June 2018 was not qualified.

**24. Dividend Payable**

On 27 August 2019, the Company has declared a 1st interim dividend of 2.5 sen per ordinary share (single tier) for the financial year ending 30 June 2020, which will be payable in September 2019.

**25. 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		12 months ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	54,436	57,206	160,176	178,174
	3 months ended		12 months ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
Weighted average number of ordinary shares in issue ('000)	657,910	657,910	657,910	657,910
	3 months ended		12 months ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
<b>Basic earnings per share for:</b>				
Profit from continuing operations	8.27 sen	8.70 sen	24.35 sen	27.08 sen
Profit from discontinued operations	-	-	-	-
Profit for the period	<u>8.27 sen</u>	<u>8.70 sen</u>	<u>24.35 sen</u>	<u>27.08 sen</u>

**(b) Diluted**

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



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	<b>3 months ended 30 Jun 2019 RM'000</b>	<b>Year-to-date ended 30 Jun 2019 RM'000</b>
The following items have been charged / (credited) in arriving profit from operations:		
Interest income	(2,875)	(10,455)
Realised (gain)/ loss on foreign exchange	54	215
Unrealised gain on foreign exchange	(738)	(814)
Royalty income	(355)	(1,083)
Rental income	(45)	(174)
Depreciation and amortization	11,009	43,045
Interest expense	284	1,287
Unwinding of discount on provision for restoration costs	244	550
Inventory losses, inventories written down and inventories written off	2,723	8,502

**27. 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 2019.