

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 SEPTEMBER 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 2019. 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 2019.

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 2019 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 2019:

Effective for financial periods beginning on

Amendments/Improvements to MFRS

MFRS 16	<i>Leases</i>	1 January 2019
IC interpretation 23	<i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128	<i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3	<i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 11	<i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 112	<i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 123	<i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 119	<i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>		1 January 2020
Amendments to MFRS 3	<i>Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definitions of Material</i>		1 January 2020
<i>MFRS 17 Insurance Contracts</i>		1 January 2021
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>		Deferred

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 except as mentioned below:

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MFRS 16: Leases

MFRS 16, which replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

The Group has elected to adopt the modified retrospective approach in which the right-of-use assets are recognised at the date of initial application (1 January 2019) at the amount equal to the lease liabilities, using the Group's current incremental borrowing rate. Therefore, there is no impact on equity at the date of initial application. Comparative figures are not restated.

The following presents the impact upon initial application of new MFRS Framework, MFRS 16 on the financial position of the Group:-

	30.06.2019 RM'000	Effect of Adoption of MFRS 16 RM'000	01.07.2019 RM'000
ASSETS			
Non-current assets			
Right-of-use assets	-	556,851	556,851
EQUITY AND LIABILITIES			
Non-current liabilities			
Lease liabilities	-	497,080	497,080
Current liabilities			
Lease liabilities	-	61,699	61,699
Total lease liabilities	-	558,779	558,779

The following presents the impact upon initial application of new MFRS 16 on the financial result for the current quarter of the Group:-

	RM'000
Finance costs	(6,148)
Depreciation	(24,598)
Rental	25,958
Net Impact to profit or loss (before tax)	(4,788)

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3. Segmental Information

Segment analysis for the financial period ended 30 September 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	-	340,490	39,020	42	-	379,552
Inter segment revenue	-	(2,496)	(39,011)	(5)	-	(41,512)
Total revenue	-	337,994	9	37	-	338,040
Interest income	331	2,207	392	1	-	2,931
Finance costs	(42)	(6,400)	(10)	-	-	(6,452)
Net finance income	289	(4,193)	382	1	-	(3,521)
Depreciation of property, plant and equipment	389	33,437	824	79	(59)	34,670
Amortisation of intangible assets	-	75	352	-	-	427
Segment profit/(loss) before tax	1,121	23,839	2,247	(221)	(111)	26,875
Income tax expense	(348)	(6,396)	(523)	(1)	1	(7,267)
Additions to non-current assets other than financial instruments and deferred tax assets	-	2,328	1,296	-	-	3,624
Segment assets	431,784	1,350,460	86,862	34,805	(425,344)	1,478,567
Segment liabilities	3,688	800,542	52,315	17,235	(138,742)	735,038

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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 September 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 2020 that was declared on 27 August 2019 was paid on 30 September 2019.

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 2020 that was declared on 27 November 2019 will be paid in December 2019.

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 30 September 2019, 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 (1 st Quarter)			Cumulative Period		
	Current Year Quarter 30 September 2019	Preceding Year Corresponding Quarter 30 September 2018	Changes	Current Year- to-date 30 September 2019	Preceding Year Corresponding Period 30 September 2018	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	338,040	329,787	2.5	338,040	329,787	2.5
Operating Profit	33,327	26,853	24.1	33,327	26,853	24.1
Profit Before Interest and Tax	33,327	26,853	24.1	33,327	26,853	24.1
Profit Before Tax	26,875	26,624	1.0	26,875	26,624	1.0
Profit After Tax	19,608	17,962	9.2	19,608	17,962	9.2
Profit attributable to:						
-Ordinary equity holders of the Parent	19,608	17,964	9.2	19,608	17,964	9.2
-Non-controlling interest	-	(2)	-100.0	-	(2)	-100.0

13. Performance Review

Revenue for this quarter increased by 2.5% (RM8.3 million) quarter on quarter. The increase mainly contributed from better sales in the existing stores [commonly referred to as Same Stores Sales Growth (“SSSG”)]. SSSG for Q1FY2020 increased to 1% compared to SSSG in Q1FY2019 of 0%.

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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

	Current Quarter 30 September 2019	Immediate Preceding Quarter 30 June 2019	Changes
	RM'000	RM'000	%
Revenue	338,040	516,470	-34.5
Operating Profit	33,327	73,883	-54.9
Profit Before Interest and Tax	33,327	73,883	-54.9
Profit Before Tax	26,875	73,354	-63.4
Profit After Tax	19,608	54,425	-64.0
Profit attributable to:			
-Ordinary equity holders of Parent	19,608	54,425	-64.0
-Non-controlling interest	-	-	-

Revenue and Profit before taxation for this quarter decreased by approximately RM179 million (34.5%) and RM46 million (63.4%) respectively compared to the immediate preceding quarter. This was mainly due to Hari Raya festival sales fall in June 2019, the nationwide 5 days special sales promotion held in the last quarter and the impact arising from MFRS 16 as disclosed in Note 2.

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

	Current Quarter 3 months ended		Cumulative Period 3 months ended	
	30-Sep-19 RM'000	30-Sep-18 RM'000	30-Sep-19 RM'000	30-Sep-18 RM'000
Current tax:				
Malaysian tax	8,761	8,293	8,761	8,293
Foreign tax	368	160	368	160
	<u>9,129</u>	<u>8,453</u>	<u>9,129</u>	<u>8,453</u>
Deferred tax	(1,862)	209	(1,862)	209
Total Income tax expense	<u>7,267</u>	<u>8,662</u>	<u>7,267</u>	<u>8,662</u>

The effective tax rate is at 27% in the current quarter mainly due to the utilisation of deferred tax assets.

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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 September 2019 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Term Loans / Trade Finance	1,792	-	1,792
Short Term - Leasing & HP	300	-	300
Short Term Borrowing - Subtotal	2,092	-	2,092
Long Term - Bank	1,160	-	1,160
Long Term - Leasing & HP	851	-	851
Long Term Borrowing - Subtotal	2,011	-	2,011
Total Borrowings	4,103	-	4,103

The Group borrowings as at 30 September 2018 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Term Loans / Trade Finance	2,333	5,141	7,474
Short Term - Leasing & HP	208	-	208
Short Term Borrowing - Subtotal	2,541	5,141	7,682
Long Term - Term Loans	2,949	-	2,949
Long Term - Leasing & HP	141	-	141
Long Term Borrowing - Subtotal	3,090	-	3,090
Total Borrowings	5,631	5,141	10,772

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 2019 and 30 September 2018.

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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 2019 was not qualified.

25. Dividend Payable

On 27 November 2019, the Company has declared a 2nd interim dividend of 2.5 sen per ordinary share (single tier) for the financial year ending 30 June 2020, which will be payable in December 2019.

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		Cumulative Period	
	3 months ended		3 months ended	
	30-Sept-19	30-Sept-18	30-Sept-19	30-Sept-18
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	19,608	17,962	19,608	17,962
	3 months ended		3 months ended	
	30-Sept-19	30-Sept-18	30-Sept-19	30-Sept-18
Weighted average number of ordinary shares in issue ('000)	657,910	657,910	657,910	657,910
	3 months ended		3 months ended	
	30-Sept-19	30-Sept-18	30-Sept-19	30-Sept-18
Basic earnings per share for:				
Profit from continuing operations	2.98 sen	2.73 sen	2.98 sen	2.73 sen
Profit from discontinued operations	-	-	-	-
Profit for the period	<u>2.98 sen</u>	<u>2.73 sen</u>	<u>2.98 sen</u>	<u>2.73 sen</u>

(b) Diluted

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

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	3 months ended 30 Sept 2019 RM'000	Year-to-date ended 30 Sept 2018 RM'000
The following items have been charged/(credited) in arriving profit from operations:		
Interest income	(2,931)	(2,592)
Realised (gain)/ loss on foreign exchange	(72)	(2)
Unrealised gain on foreign exchange	(365)	(629)
Royalty income	(391)	(281)
Rental income	(45)	(42)
Depreciation and amortization	35,097	11,044
Interest expense	102	79
Unwinding of discount on provision for restoration costs	156	109
Finance cost on leases	6,148	-
Inventory losses, inventories written down and inventories written off	1,374	2,150

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 November 2019.