

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2020
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

Accounting pronouncements that have been early adopted

Amendments to MFRS 16 Covid-19 – Related Rent Concessions

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 July 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	-	581,688	581,688
Property, plant and equipment	132,029	(3,090)	128,939
	<u>132,029</u>	<u>(3,090)</u>	<u>128,939</u>
EQUITY AND LIABILITIES			
Non-current liabilities			
Lease liabilities	-	497,963	497,963
Borrowing	2,459	(842)	1,617
Current liabilities			
Lease liabilities	-	81,756	81,756
Borrowing	21,444	(279)	21,165
	<u>21,444</u>	<u>(279)</u>	<u>21,165</u>

The following presents the impact upon initial application of new MFRS 16 on the financial result for year-to-date of the Group:-

	RM'000
Finance costs	(25,094)
Depreciation	(107,400)
Rental	115,360
	<u>115,360</u>
Net Impact to profit or (loss) before tax	<u>(17,134)</u>

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3. Segmental Information

Segment analysis for the financial period ended 30 June 2020 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	-	1,365,907	160,895	384	-	1,527,186
Inter segment revenue	-	(11,672)	(160,835)	-	-	(172,507)
Total revenue	-	1,354,235	60	384	-	1,354,679
Interest income	1,172	8,284	1,624	6	-	11,086
Finance costs	(128)	(26,053)	(13,404)	(1)	13,359	(26,227)
Net finance income	1,044	(17,769)	(11,780)	5	13,359	(15,141)
Depreciation of property, plant and equipment and Right of use assets	1,503	138,332	3,289	341	(237)	143,228
Amortisation of intangible assets	-	343	1,401	-	-	1,744
Segment profit/(loss) before tax	2,090	101,500	9,282	(476)	(5,078)	107,318
Income tax expense	(1,240)	(28,454)	(2,438)	(19)	4	(32,147)
Additions to non-current assets other than financial instruments and deferred tax assets	-	623,612	3,080	19	(2)	626,709
Segment assets	397,646	1,240,961	86,795	33,769	(364,671)	1,394,500
Segment liabilities	2,367	634,428	47,962	57	(56,090)	628,724

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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 2020, except that the Covid-19 pandemic and the subsequent implementation of the Movement Control Order (“MCO”) as announced on 16 March 2020, has affected the business of the Group. All Malaysian outlets that are selling non-essential products were closed for business from 18 March 2020 to 4 May 2020 or 11 May 2020. Our outlets in Thailand were closed from 22 March 2020 to 16 May 2020. There was no revenue generated from these outlets during this period.

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 was paid on 31 December 2019.

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 2020 that was declared on 26 February 2020 was paid on 30 March 2020.

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 June 2020, 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 that have not been reflected in the financial statements except for the outbreak of Covid-19 pandemic and the enforcement of Movement Control Orders (“MCO”) implemented in response to the Covid-19 pandemic which restricted Group’s operation at full capacity since 18 March 2020. Most of the outlets have resumed business on 5 May 2020 with the Standard Operating Procedures (“SOP”) imposed during the Conditional Movement Control Order (“CMCO”) subsequently replaced by Recovery Movement Control Order (“RMCO”) with SOP remaining until 31 August 2020.

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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 th Quarter)			Cumulative Period		
	Current Year Quarter 30 June 2020	Preceding Year Corresponding Quarter 30 June 2019	Changes	Current Year- to-date 30 June 2020	Preceding Year Corresponding Period 30 June 2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	174,200	516,470	-66.3	1,354,679	1,783,022	-24.0
Operating (Loss)/Profit	(11,313)	73,882	-115.3	133,545	221,101	-39.6
(Loss)/Profit Before Interest and Tax	(11,313)	73,882	-115.3	133,545	221,101	-39.6
(Loss)/Profit Before Tax	(18,846)	73,354	-125.7	107,318	219,265	-51.1
(Loss)/Profit After Tax	(16,840)	54,426	-130.9	75,171	160,166	-53.1
(Loss)/Profit attributable to: -Ordinary equity holders of the Parent	(16,840)	54,426	-130.9	75,171	160,166	-53.1

13. Performance Review

Revenue decreased by 66.3% (RM342.3 million) quarter on quarter and 24.0% (RM428.3 million) year on year respectively mainly due to adverse impact from Covid-19 outbreak. The enforcement of Movement Control Order (“MCO”) has impacted on consumer demand and restricted businesses operations at full capacity since 18 March 2020.

Profit before tax had decreased by 125.7% (RM92.2 million) quarter on quarter and 51.1% (RM111.9 million) year on year. This is mainly due to drop in sales resulting from the enforcement of MCO until 4 May 2020, stock provision and the impact of implementation of MFRS 16 Leases.

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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 June 2020	Immediate Preceding Quarter 31 March 2020	Changes
	RM'000	RM'000	%
Revenue	174,200	347,316	-49.8%
Operating (Loss)/Profit	(11,313)	30,181	-137.5%
(Loss)/Profit Before Interest and Tax	(11,313)	30,181	-137.5%
(Loss)/Profit Before Tax	(18,846)	24,118	-178.1%
(Loss)/Profit After Tax	(16,840)	16,613	-201.4%
(Loss)/Profit attributable to:			
-Ordinary equity holders of Parent	(16,840)	16,613	-201.4%
-Non-controlling interest	-	-	-

Revenue and Profit before taxation for this quarter decreased by approximately RM173.1 million (-49.8%) and RM43.0 million (-178.1%) respectively compared to the immediate preceding quarter. This was mainly due to decrease in sales resulting from the implementation of Movement Control Orders since 18 March 2020 which restricted business operations at full capacity in current quarter under review. No sales generated during MCO period from 18 March 2020 until 4 May 2020.

15. Commentary on Prospect

Retail business in general, is impacted by the outbreak of Covid-19 to varying degree, both in terms of sales as well as profitability. Management will continue to implement measures to control costs, optimizing working capital, preserving cash and streamlining its operations to minimize the impact. The next financial year remains challenging and the outlook is still unpredictable as the full impact of the Covid-19 pandemic cannot be ascertained until the health crisis is fully brought under control.

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 12 months ended	
	30-Jun-20 RM'000	30-Jun-19 RM'000	30-Jun-20 RM'000	30-Jun-19 RM'000
Current tax:				
Malaysian tax	(795)	18,603	36,771	58,516
Foreign tax	191	39	1,183	937
	<u>(604)</u>	<u>18,642</u>	<u>37,954</u>	<u>59,453</u>
Deferred tax	(1,402)	286	(5,807)	(354)
Total Income tax expense	<u>(2,006)</u>	<u>18,928</u>	<u>32,147</u>	<u>59,099</u>

The effective tax rate is at 30% mainly due to the higher non-deductible expenses.

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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 2020 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Term Loans / Trade Finance	1,619	-	1,619
Short Term - Leasing & HP	274	-	274
Short Term Borrowing - Subtotal	1,893	-	1,893
Long Term - Bank	-	-	-
Long Term - Leasing & HP	654	-	654
Long Term Borrowing - Subtotal	654	-	654
Total Borrowings	2,547	-	2,547

The Group borrowings as at 30 June 2019 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Term Loans / Trade Finance	1,765	19,400	21,165
Short Term - Leasing & HP	279	-	279
Short Term Borrowing - Subtotal	2,044	19,400	21,444
Long Term - Term Loans	1,617	-	1,617
Long Term - Leasing & HP	842	-	842
Long Term Borrowing - Subtotal	2,459	-	2,459
Total Borrowings	4,503	19,400	23,903

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 2020 and 30 June 2019.

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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

There will be no dividend for the current quarter.

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-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to ordinary equity holders of the parent	(16,840)	54,426	75,171	160,166
	3 months ended		12 months ended	
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
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-20	30-Jun-19	30-Jun-20	30-Jun-19
Basic (loss)/earnings per share for:				
(Loss)/Profit from continuing operations	(2.56) sen	8.27 sen	11.43 sen	24.34 sen
(Loss)/Profit from discontinued operations	-	-	-	-
(Loss)/Profit for the period	<u>(2.56) sen</u>	<u>8.27 sen</u>	<u>11.43 sen</u>	<u>24.34 sen</u>

(b) Diluted

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

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	3 months ended 30 June 2020 RM'000	Year-to-date ended 30 June 2020 RM'000
The following items have been charged/(credited) in arriving profit from operations:		
Interest income	(1,794)	(11,086)
Realised gain on foreign exchange	(570)	(649)
Unrealised gain on foreign exchange	(781)	(2,340)
Royalty income	(56)	(661)
Rental income	(48)	(184)
Depreciation and amortisation	40,522	144,972
Interest expense	33	264
Unwinding of discount on provision for restoration costs	282	683
Finance cost on leases	7,185	25,094
Inventory losses, inventories written down and inventories written off	7,929	12,836

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 26 August 2020.