

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 31 DECEMBER 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 2020. 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 2020.

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 2020 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 2020:

Effective for financial periods beginning on

Amendments/Improvements to MFRS

<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definitions of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<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.

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3. Segmental Information

Segment analysis for the financial period ended 31 December 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	-	564,896	70,527	-	-	635,423
Inter segment revenue	-	(8,236)	(70,509)	-	-	(78,745)
Total revenue	-	556,660	18	-	-	556,678
Interest income	919	2,659	482	1	(316)	3,745
Finance costs	(24)	(11,424)	(5,988)	-	6,288	(11,148)
Net finance income	895	(8,765)	(5,506)	1	5,972	(7,403)
Depreciation of property, plant and equipment	723	12,427	1,241	158	(118)	14,431
Depreciation of right-of-used assets	-	50,830	281	5	-	51,116
Amortisation of intangible assets	-	157	589	-	-	746
Segment profit/(loss) before tax	1,602	36,238	4,032	(621)	2,846	44,097
Income tax expense	(608)	(11,016)	(1,094)	(9)	2	(12,725)
Additions to non-current assets other than financial instruments and deferred tax assets	-	2,174	500	1	(5)	2,670
Segment assets	397,618	1,225,241	371,078	32,141	(636,487)	1,389,591
Segment liabilities	1,345	594,354	329,298	43	(330,753)	594,287

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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 December 2020, except for the Covid-19 pandemic and the implementation of Recovery Movement Control Order ("RMCO") from 10 June 2020 up to 31 December 2020. The Malaysian government has reinstated the Conditional Movement Control Order ("CMCO") for whole Selangor, Kuala Lumpur, Putrajaya, Labuan and Sabah on 14 October 2020 and subsequently extended throughout most of Peninsular Malaysia from 9 November 2020 to 14 January 2021. Under these new CMCO measures, all educational institutions, social and cultural activities will be required to cease but economic activities can continue to operate under the set standard operating procedures.

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

No dividend was paid during the financial period ended 31 December 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 31 December 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 Government has reimposed Movement Control Order ("MCO 2.0") on 6 states (Penang, Selangor, Wilayah Persekutuan, Melaka, Johor and Sabah) and subsequently to all states in Malaysia except Sarawak from 13 January 2021 to 18 February 2021. All Malaysia outlets except Sarawak have closed for business with no revenue generated within this MCO 2.0 period. However, with the subsequent approval obtained from MITI, fashion business allowed to resume operation on 10 February 2021 during MCO 2.0 period. On 16 February 2021, government further announced that the MCO is extended from 19 February 2021 to 4 March 2021 and affecting Kuala Lumpur, Selangor, Penang and Johor.

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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 (2 nd Quarter)			Cumulative Period		
	Current Year Quarter 31 December 2020	Preceding Year Corresponding Quarter 31 December 2019	Changes	Current Year Quarter 31 December 2020	Preceding Year Corresponding Quarter 31 December 2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	245,958	495,123	-50.3%	556,678	833,163	-33.2%
Operating Profit	21,209	81,350	-73.9%	55,245	114,677	-51.8%
Profit Before Interest and Tax	21,209	81,350	-73.9%	55,245	114,677	-51.8%
Profit Before Tax	15,904	75,171	-78.8%	44,097	102,046	-56.8%
Profit After Tax	10,653	55,790	-80.9%	31,372	75,398	-58.4%
Profit attributable to: -Ordinary equity holders of the Parent	10,653	55,790	-80.9%	31,372	75,398	-58.4%

13. Performance Review

Revenue decreased by 50.3% (RM249.2 million) quarter on quarter and 33.2% (RM276.5 million) year on year respectively whereas profit before tax had decreased by 78.8% (RM59.3 million) quarter on quarter and 56.8% (RM57.9 million) respectively. This is mainly due to the adverse impact from Covid-19 pandemic outbreak and the imposition of movement controls by the Government.

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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 31 December 2020	Immediate Preceding Quarter 30 September 2020	Changes
	RM'000	RM'000	%
Revenue	245,958	310,720	-20.8%
Operating Profit	21,209	34,036	-37.7%
Profit Before Interest and Tax	21,209	34,036	-37.7%
Profit Before Tax	15,904	28,193	-43.6%
Profit After Tax	10,653	20,719	-48.6%
Profit attributable to:			
-Ordinary equity holders of Parent	10,653	20,719	-48.6%

Revenue and Profit before tax for this quarter decreased by approximately RM64.8 million (20.8%) and RM12.3 million (43.6%) respectively compared to the immediate preceding quarter. This was mainly due to lesser sales generated in the current quarter. During current quarter under review, reinstate of Conditional Movement Control Order which started from 14 October 2020 has impacted business operation as compared to previous quarter which is under the Recovery Movement Control Order ("RMCO") period.

15. Commentary on Prospect

Retail business in general, is impacted by the outbreak of Covid-19 pandemic to varying degree, both in terms of sales as well as profitability. Impact arising from Covid-19 pandemic on Group's performance for the quarter as well as six months results have been set out in Note 13. This financial year remains challenging especially when the MCO has been reimposed and the outlook is still unpredictable as the full impact of the Covid-19 pandemic cannot be ascertained pending the successful implementation of the vaccination programs. The implementation of MCO 2.0 will certainly have an impact on the upcoming quarter. Management will continue implementing measures to control costs, optimizing working capital, preserving cash and streamlined its operations to minimize the impact.

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 6 months ended	
	31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
Current tax:				
Malaysian tax	5,474	20,694	13,920	29,455
Foreign tax	2	510	337	878
	<u>5,476</u>	<u>21,204</u>	<u>14,257</u>	<u>30,333</u>
Deferred tax	(225)	(1,823)	(1,532)	(3,685)
Total Income tax expense	<u>5,251</u>	<u>19,381</u>	<u>12,725</u>	<u>26,648</u>

The effective tax rate is at the range of 26% - 29% 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 31 December 2020 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Term Loans / Trade Finance	696	-	696
Short Term - Leasing & HP (Under lease liabilities)	268	-	268
Short Term Borrowing - Subtotal	964	-	964
Long Term - Bank	-	-	-
Long Term - Leasing & HP (Under lease liabilities)	518	-	518
Long Term Borrowing - Subtotal	518	-	518
Total Borrowings	1,482	-	1,482

The Group borrowings as at 31 December 2019 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Term Loans / Trade Finance	1,815	7,500	9,315
Short Term - Leasing & HP (Under lease liabilities)	292	-	292
Short Term Borrowing - Subtotal	2,107	7,500	9,607
Long Term - Term Loans	699	-	699
Long Term - Leasing & HP (Under lease liabilities)	786	-	786
Long Term Borrowing - Subtotal	1,485	-	1,485
Total Borrowings	3,592	7,500	11,092

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 December 2020 and 31 December 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 2020 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		Cumulative Period	
	3 months ended		6 months ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	10,653	55,790	31,372	75,398
	3 months ended		6 months ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Weighted average number of ordinary shares in issue ('000)	657,910	657,910	657,910	657,910
	3 months ended		6 months ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Basic earnings per share for:				
Profit from continuing operations	1.62 sen	8.48 sen	4.77 sen	11.46 sen
Profit from discontinued operations	-	-	-	-
Profit for the period	<u>1.62 sen</u>	<u>8.48 sen</u>	<u>4.77 sen</u>	<u>11.46 sen</u>

(b) Diluted

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

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	3 months ended 31 December 2020 RM'000	Year-to-date ended 31 December 2020 RM'000
The following items have been charged/(credited) in arriving profit from operations:		
Interest income	(1,878)	(3,745)
Net realised loss on foreign exchange	84	57
Net unrealised loss on foreign exchange	1,172	2,972
Royalty income	(129)	(236)
Rental income	(45)	(91)
Depreciation and amortisation	31,887	66,293
Interest expense	14	34
Unwinding of discount on provision for restoration costs	140	293
Finance cost on leases	5,127	10,772
Inventory losses, inventories written down and inventories written off	661	2,607

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 February 2021.