

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 31 MARCH 2021
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 March 2021 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	-	832,604	106,223	-	-	938,827
Inter segment revenue	-	(13,084)	(106,191)	-	-	(119,275)
Total revenue	-	819,520	32	-	-	819,552
Interest income	1,346	3,967	771	2	(451)	5,635
Finance costs	(29)	(16,417)	(8,712)	-	9,140	(16,018)
Net finance income	1,317	(12,450)	(7,941)	2	8,689	(10,383)
Depreciation of property, plant and equipment	1,085	17,234	1,822	235	(178)	20,198
Depreciation of right-of-used assets	-	72,557	414	6	-	72,977
Amortisation of intangible assets	-	213	867	-	-	1,080
Segment profit/(loss) before tax	2,880	50,389	4,750	(857)	3,739	60,901
Income tax expense	(1,045)	(14,714)	(1,562)	(20)	2	(17,339)
Additions to non-current assets other than financial instruments and deferred tax assets	-	4,495	642	1	(5)	5,133
Segment assets	397,942	1,173,617	357,022	32,326	(617,373)	1,343,534
Segment liabilities	828	533,394	313,813	70	(312,533)	535,572

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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 March 2021, except for the Covid-19 pandemic.

Period	Status	Timeline	States under movement control	Padini's business operation status
Q1FY2021	CMCO	01 Jun 2020 - 09 Jun 2020		Business operates and subject to SOP
	RMCO	10 Jun 2020 - 30 Sep 2020	All states except areas under EMCO	
Q2FY2021	RMCO	01 Oct 2020 - 13 Oct 2020	All states except areas under EMCO	Business operates and subject to SOP
	CMCO	14 Oct 2020 - 09 Nov 2020	Selangor, Kuala Lumpur, Putrajaya, Sabah	
	CMCO	09 Nov 2020 - 06 Dec 2020	throughout most of Peninsular Malaysia except Kelantan, Perlis, and Pahang	
	CMCO	Extend until 20 Dec 2020	Sabah, Kuala Lumpur, most of Selangor, and parts of Johor, Negeri Sembilan, Kelantan and Perak	
Q3FY2021	CMCO	01 Jan 2021 - 14 Jan 2021		All outlets closed Except Sarawak. Business resumed operations on 10 Feb 2021 with MITI approval
	MCO 2.0	13 Jan 2021 - 18 Feb 2021	Malacca, Johor, Penang, Selangor, Sabah, Kuala Lumpur, Putrajaya, and Labuan	
	MCO 2.0	05 Feb 2021 – 18 Feb 2021	All states except Sarawak	
	MCO 2.0	19 Feb 2021 - 04 Mar 2021	KL, selangor, penang and johor	
	CMCO	05 Mar 2021 - 31 Mar 2021		

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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 March 2021.

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 March 2021, 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 3.0") from 6 May until 17 May 2021 in districts of Selangor due to the recent spike of Covid-19 infection rate. Kuala Lumpur and certain districts of Johor Bahru, Perak and Terengganu will also undergo MCO 3.0 from 7 May until 20 May 2021. While for Penang, the MCO 3.0 was started from 10 May until 23 May 2021. Fashion business was not affected for this MCO 3.0 with only certain social, recreation, educational institutions and cultural activities ceased for this period. On 8 May 2021, premises that listed in the Hotspots Identification (HIDE) ordered to close for 3 days from 9 May until 11 May 2021. Most of the premises or shopping malls where our outlets located are affected of which 43 outlets are closed for 3 days. Further announcement by Government on 10 May 2021, MCO 3.0 expands to all states in Malaysia from 12 May 2021 until 7 June 2021. All economic sectors are allowed to operate but subject to stricter SOP.

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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 (3 rd Quarter)			Cumulative Period		
	Current Year Quarter 31 March 2021	Preceding Year Corresponding Quarter 31 March 2020	Changes	Current Year Quarter 31 March 2021	Preceding Year Corresponding Quarter 31 March 2020	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	262,874	347,316	-24.3%	819,552	1,180,479	-30.6%
Operating Profit	21,674	30,181	-28.2%	76,919	144,858	-46.9%
Profit Before Interest and Tax	21,674	30,181	-28.2%	76,919	144,858	-46.9%
Profit Before Tax	16,804	24,118	-30.3%	60,901	126,164	-51.7%
Profit After Tax	12,190	16,613	-26.6%	43,562	92,011	-52.7%
Profit attributable to: -Ordinary equity holders of the Parent	12,190	16,613	-26.6%	43,562	92,011	-52.7%

13. Performance Review

Revenue decreased by 24.3% (RM84.4 million) quarter on quarter and 30.6% (RM360.9 million) year on year respectively whereas profit before tax had decreased by 30.3% (RM7.3 million) quarter on quarter and 51.7% (RM65.2 million) year on year 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 March 2021	Immediate Preceding Quarter 31 December 2020	Changes
	RM'000	RM'000	%
Revenue	262,874	245,958	6.9%
Operating Profit	21,674	21,209	2.2%
Profit Before Interest and Tax	21,674	21,209	2.2%
Profit Before Tax	16,804	15,904	5.7%
Profit After Tax	12,190	10,653	14.4%
Profit attributable to: -Ordinary equity holders of Parent	12,190	10,653	14.4%

Revenue and Profit before tax for this quarter increased by approximately RM16.9 million (6.9%) and RM0.9 million (5.7%) respectively compared to the immediate preceding quarter. This was mainly due to more sales generated in the current quarter due to festive season of Chinese New Year.

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 nine months results have been set out in Note 13. This financial year remains challenging especially when the MCO has been reimposed twice 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 3.0 will certainly have a negative impact on the upcoming quarter. Management will continue implementing measures to control costs, optimizing working capital, preserving cash and streamline 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 9 months ended	
	31-Mar-21 RM'000	31-Mar-20 RM'000	31-Mar-21 RM'000	31-Mar-20 RM'000
Current tax:				
Malaysian tax	4,333	8,111	18,253	37,566
Foreign tax	161	114	498	992
	<u>4,494</u>	<u>8,225</u>	<u>18,751</u>	<u>38,558</u>
Deferred tax	120	(720)	(1,412)	(4,405)
Total Income tax expense	<u>4,614</u>	<u>7,505</u>	<u>17,339</u>	<u>34,153</u>

The effective tax rate is at the range of 27% - 28% 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 March 2021 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Term Loans / Trade Finance	228	-	228
Short Term - Leasing & HP (Under lease liabilities)	271	-	271
Short Term Borrowing - Subtotal	499	-	499
Long Term - Bank	-	-	-
Long Term - Leasing & HP (Under lease liabilities)	449	-	449
Long Term Borrowing - Subtotal	449	-	449
Total Borrowings	948	-	948

The Group borrowings as at 31 March 2020 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Short Term - Term Loans / Trade Finance	1,839	-	1,839
Short Term - Leasing & HP (Under lease liabilities)	284	-	284
Short Term Borrowing - Subtotal	2,123	-	2,123
Long Term - Term Loans	231	-	231
Long Term - Leasing & HP (Under lease liabilities)	720	-	720
Long Term Borrowing - Subtotal	951	-	951
Total Borrowings	3,074	-	3,074

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 March 2021 and 31 March 2020.

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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

On 25 May 2021, the Company has declared a 1st interim dividend of 2.5 sen per ordinary share (single tier) for the financial year ending 30 June 2021, which will be payable in June 2021.

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		9 months ended	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	12,190	16,613	43,562	92,011
	3 months ended		9 months ended	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Weighted average number of ordinary shares in issue ('000)	657,910	657,910	657,910	657,910
	3 months ended		9 months ended	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Basic earnings per share for:				
Profit from continuing operations	1.85 sen	2.53 sen	6.62 sen	13.99 sen
Profit from discontinued operations	-	-	-	-
Profit for the period	<u>1.85 sen</u>	<u>2.53 sen</u>	<u>6.62 sen</u>	<u>13.99 sen</u>

(b) Diluted

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

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	3 months ended 31 March 2021 RM'000	Year-to-date ended 31 March 2021 RM'000
The following items have been charged/(credited) in arriving profit from operations:		
Interest income	(1,890)	(5,635)
Net realised gain on foreign exchange	(125)	(68)
Net unrealized (gain)/loss on foreign exchange	(994)	1,978
Royalty income	(135)	(371)
Rental income	(44)	(135)
Depreciation and amortisation	27,962	94,255
Interest expense	10	44
Unwinding of discount on provision for restoration costs	123	416
Finance cost on leases	4,738	15,510
Inventory losses, inventories written down and inventories written off	1,403	4,010

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 25 May 2021.