

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

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2021
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

3. Segmental Information

Segment analysis for the financial period ended 30 June 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 | - | 1,045,503 | 135,248 | - | - | 1,180,751 |
| Inter segment revenue | - | (16,116) | (135,248) | - | - | (151,364) |
| Total revenue | - | 1,029,387 | - | - | - | 1,029,387 |
| Interest income | 1,764 | 5,604 | 1,048 | 2 | (574) | 7,844 |
| Finance costs | (29) | (21,607) | (11,219) | (1) | 11,757 | (21,099) |
| Net finance income/(expenses) | 1,735 | (16,003) | (10,171) | 1 | 11,183 | (13,255) |
| Depreciation of property, plant and equipment | 1,446 | 21,752 | 2,406 | 311 | (237) | 25,678 |
| Depreciation of right-of-used assets | - | 96,658 | 579 | 7 | - | 97,244 |
| Amortisation of intangible assets | - | 309 | 1,100 | - | - | 1,409 |
| Segment profit/(loss) before tax | 3,672 | 56,997 | 7,413 | (481) | 6,545 | 74,146 |
| Income tax expense | (1,238) | (16,857) | (1,984) | (21) | 4 | (20,096) |
| Additions to non-current assets other than financial instruments and deferred tax assets | - | 4,595 | 1,014 | 17 | (6) | 5,620 |
| Segment assets | 382,126 | 1,123,133 | 279,737 | 32,727 | (544,677) | 1,273,046 |
| Segment liabilities | 861 | 477,734 | 235,241 | 74 | (242,643) | 471,267 |

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2021
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

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 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 | | |
| Q4FY2021 | MCO 3.0 | 16 April 2021 – 17 May 2021 | Kelantan | Business operates and subject to SOP HIDE: 43 outlets closed (9 May 2021 – 11 May 2021) All outlets closed |
| | | 06 May 2021 - 17 May 2021 | Selangor | |
| | | 07 May 2021 - 20 May 2021 | KL, Johor Bahru, Perak and Terengganu | |
| | | 10 May 2021 - 23 May 2021 | Penang | |
| | | 12 May 2021 - 07 June 2021 | All States | |
| | FMCO | 01 June 2021 - 28 June 2021 | All States | |

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2021
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

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 ended 30 June 2021 that was declared on 25 May 2021 was paid on 25 June 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 30 June 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 announced the lifting of FMCO and the implementation of National Recovery Plan ("NRP"). NRP separates into 4 phases where each phase will be unlocked when the infected cases and vaccination rate of each state has been satisfied.

The status of phases are as follows:-

| NRP Status | Timeline | States under movement control | Padini's business operation status |
|------------|------------------------------|--|------------------------------------|
| Phase 1 | 01 July 2021 to current | Kedah, Melaka, Johor and Putrajaya Selangor, Kuala Lumpur, N.Sembilan | All outlets closed |
| Phase 2 | 05 July 2021 to current | Kelantan, Pahang, Terengganu, Perak | All outlets closed |
| | 07 July 2021 to current | Penang | All outlets closed |
| | 10 July 2021 to current | Sabah | All outlets closed |
| Phase 3 | 01 July 2021 to 13 July 2021 | Sarawak | All outlets closed |
| | 14 July 2021 to current | | Business resumed |

Follow by the Government announcement on 15 August 2021, more sector economic activities allow to be reopened in states with 50% of adult population have been fully vaccinated. As a result of the NRP, 68 of our outlets were reopened on 18 August 2021. Subsequently, an additional 38 outlets were reopened.

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2021
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

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 2021 | Preceding Year Corresponding Quarter 30 June 2020 | Changes | Current Year Quarter 30 June 2021 | Preceding Year Corresponding Quarter 30 June 2020 | Changes |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Revenue | 209,835 | 174,200 | 20.5% | 1,029,387 | 1,354,679 | -24.0% |
| Operating Profit/(Loss) | 18,326 | (11,428) | 260.4% | 95,245 | 133,430 | -28.6% |
| Profit/(Loss) Before Interest and Tax | 18,326 | (11,428) | 260.4% | 95,245 | 133,430 | -28.6% |
| Profit/(Loss) Before Tax | 13,245 | (18,843) | 170.3% | 74,146 | 107,321 | -30.9% |
| Profit/(Loss) After Tax | 10,488 | (16,837) | 162.3% | 54,050 | 75,174 | -28.1% |
| Profit/(Loss) attributable to: -Ordinary equity holders of the Parent | 10,488 | (16,837) | 162.3% | 54,050 | 75,174 | -28.1% |

13. Performance Review

Revenue and profit before tax had increased by 20.5% (RM35.6 million) and 170.3% (RM32.1 million) quarter on quarter. This is due to the enforcement of first Movement Control Order (“MCO”) during previous year’s comparative quarter and all outlets were closed in full capacity in longer period from 18 March 2020 until 4 May 2020 which has impacted on top line sales. During quarter under review, all outlets were closed from 1 June 2021 until 30 June 2021 with the implementation of Full Movement Control Order (“FMCO”).

The year on year revenue and profit before tax had decreased by 24.0% (RM325.3 million) and 30.9% (RM33.2 million) respectively. This is mainly due to the adverse impact from Covid-19 pandemic outbreak and the re-imposition of various lockdown by the Government throughout the year under review. In addition, drop in revenue also resulted from the closure of 6 Brands outlet stores, 2 Padini Concept stores and 3 Free standing stores during the year under review.

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2021
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

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 2021 | Immediate Preceding Quarter 31 March 2021 | Changes |
|---|---|--|----------------|
| | RM'000 | RM'000 | % |
| Revenue | 209,835 | 262,874 | -20.2% |
| Operating Profit | 18,326 | 21,674 | -15.4% |
| Profit Before Interest and Tax | 18,326 | 21,674 | -15.4% |
| Profit Before Tax | 13,245 | 16,804 | -21.2% |
| Profit After Tax | 10,488 | 12,190 | -13.9% |
| Profit attributable to: -Ordinary equity holders of Parent | 10,488 | 12,190 | -13.9% |

Revenue and Profit before tax for this quarter decreased by approximately RM53.0 million (20.2%) and RM3.6 million (21.2%) respectively compared to the immediate preceding quarter. This was mainly due to closure of outlet in full capacity resulted from the implementation of FMCO since 1 June 2021.

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. This financial year remains challenging especially when the MCO has been reimposed for the third time 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. 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 12 months ended | |
|--------------------------|---|-----------------------------|--|-----------------------------|
| | 30-Jun-21 RM'000 | 30-Jun-20 RM'000 | 30-Jun-21 RM'000 | 30-Jun-20 RM'000 |
| Current tax: | | | | |
| Malaysian tax | 4,383 | (795) | 22,636 | 36,772 |
| Foreign tax | (221) | 191 | 277 | 1,183 |
| | <u>4,162</u> | <u>(604)</u> | <u>22,913</u> | <u>37,955</u> |
| Deferred tax | (1,405) | (1,402) | (2,817) | (5,808) |
| Total Income tax expense | <u>2,757</u> | <u>(2,006)</u> | <u>20,096</u> | <u>32,147</u> |

The effective tax rate is at the range of 27% - 30% mainly due to the high non-deductible expenses.

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2021
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

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 2021 comprise the following:

| | Secured Debt (RM'000) | Unsecured Debt (RM'000) | Total (RM'000) |
|--|----------------------------------|------------------------------------|---------------------------|
| Short Term - Term Loans / Trade Finance | - | - | - |
| Short Term - Leasing & HP (Under lease liabilities) | 274 | - | 274 |
| Short Term Borrowing - Subtotal | 274 | - | 274 |
| Long Term - Bank | - | - | - |
| Long Term - Leasing & HP (Under lease liabilities) | 379 | - | 379 |
| Long Term Borrowing - Subtotal | 379 | - | 379 |
| Total Borrowings | 653 | - | 653 |

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 (Under lease liabilities) | 274 | - | 274 |
| Short Term Borrowing - Subtotal | 1,893 | - | 1,893 |
| Long Term - Term Loans | - | - | - |
| Long Term - Leasing & HP (Under lease liabilities) | 654 | - | 654 |
| Long Term Borrowing - Subtotal | 654 | - | 654 |
| Total Borrowings | 2,547 | - | 2,547 |

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 2021 and 30 June 2020.

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2021
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

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 | | 12 months ended | |
| | 30-Jun-21 | 30-Jun-20 | 30-Jun-21 | 30-Jun-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit/(Loss) attributable to ordinary equity holders of the parent | 10,488 | (16,837) | 54,050 | 75,174 |
| | 3 months ended | | 12 months ended | |
| | 30-Jun-21 | 30-Jun-20 | 30-Jun-21 | 30-Jun-20 |
| 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-21 | 30-Jun-20 | 30-Jun-21 | 30-Jun-20 |
| Basic earnings per share for: | | | | |
| Profit/(Loss) from continuing operations | 1.59 sen | (2.56) sen | 8.22 sen | 11.43 sen |
| Profit from discontinued operations | - | - | - | - |
| Profit/(Loss) for the period | <u>1.59 sen</u> | <u>(2.56) sen</u> | <u>8.22 sen</u> | <u>11.43 sen</u> |

(b) Diluted

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

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2021
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT**27. Note to the Statement of profit or loss and other comprehensive income**

| | 3 months ended 30 June 2021 RM'000 | Year-to-date ended 30 June 2021 RM'000 |
|--|---|---|
| The following items have been charged/(credited) in arriving profit from operations: | | |
| Interest income | (2,209) | (7,844) |
| Net realised loss on foreign exchange | 127 | 59 |
| Net unrealised (gain)/loss on foreign exchange | (4) | 1,974 |
| Royalty income | (178) | (549) |
| Rental income | (43) | (178) |
| Depreciation and amortisation | 30,076 | 124,331 |
| Interest expense | 6 | 50 |
| Unwinding of discount on provision for restoration costs | 445 | 861 |
| Interest expenses on lease liabilities | 4,610 | 20,120 |
| Inventory losses, inventories (reversal)/written down and inventories written off | (1,221) | (703) |

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 August 2021.