

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 2022  
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 2021. 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 2021.

**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 2021 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 2021:

**Effective for financial periods beginning on**

**Amendments/Improvements to MFRS**

<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 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.

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**3. Segmental Information**

Segment analysis for the financial period ended 30 June 2022 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	96,800	1,331,788	136,280	-	-	1,564,868
Inter segment revenue	(96,800)	(12,691)	(136,280)	-	-	(245,771)
<b>Total revenue</b>	<b>-</b>	<b>1,319,097</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,319,097</b>
Interest income	1,177	8,877	1,258	3	(359)	10,956
Finance costs	-	(19,673)	(10,219)	(1)	10,550	(19,343)
<b>Net finance income/(expense)</b>	<b>1,177</b>	<b>(10,796)</b>	<b>(8,961)</b>	<b>2</b>	<b>10,191</b>	<b>(8,387)</b>
Depreciation of property, plant and equipment	1,440	15,926	1,757	312	(237)	19,198
Depreciation of right-of-use assets	-	95,444	545	5	-	95,994
Amortisation of intangible assets	-	199	1,127	-	-	1,326
<b>Segment profit/(loss) before tax</b>	<b>100,537</b>	<b>189,139</b>	<b>9,723</b>	<b>(921)</b>	<b>(93,368)</b>	<b>205,110</b>
Income tax expense	(1,135)	(47,642)	(2,224)	(10)	4	(51,007)
Additions to non-current assets other than financial instruments and deferred tax assets	-	14,325	2,158	-	(3)	16,480
<b>Segment assets</b>	<b>415,748</b>	<b>1,353,871</b>	<b>337,453</b>	<b>32,528</b>	<b>(645,580)</b>	<b>1,494,020</b>
<b>Segment liabilities</b>	<b>873</b>	<b>660,886</b>	<b>285,070</b>	<b>66</b>	<b>(343,925)</b>	<b>602,970</b>

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**4. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows during the financial period ended 30 June 2022.

**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 2022 that was declared on 26 November 2021 was paid on 31 December 2021.

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 2022 that was declared on 23 February 2022 was paid on 31 March 2022.

The third interim dividend of 5.0 sen per ordinary share (single tier) amounting to RM32,895,475 for the financial year ending 30 June 2022 that was declared on 27 May 2022 was paid on 30 June 2022.

**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 2022, 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 up to the date of this report that have not been reflected in the financial statements.

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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 <sup>th</sup> Quarter)			Cumulative Period		
	Current Year Quarter 30 June 2022	Preceding Year Corresponding Quarter 30 June 2021	Changes	12 Months 30 June 2022	Preceding year 12 Months 30 June 2021	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	481,200	209,835	129.3%	1,319,097	1,029,387	28.1%
Operating Profit	107,434	18,327	486.2%	224,453	95,246	135.7%
Profit Before Interest and Tax	107,434	18,327	486.2%	224,453	95,246	135.7%
Profit Before Tax	102,213	13,245	671.7%	205,110	74,146	176.6%
Profit After Tax	77,459	10,495	638.1%	154,103	54,057	185.1%
Profit attributable to: -Ordinary equity holders of the Parent	77,459	10,495	638.1%	154,103	54,057	185.1%

**13. Performance Review**

Comparing to quarter on quarter, the Group reported an increase of revenue and profit before tax by RM271.4 million (129.3%) and RM89.0 million (671.7%) respectively. This is due to the reinstatement of Movement Control Order (“MCO 3.0”) during the previous year’s comparative quarter with most outlets closed from 1 June 2021 onwards which has impacted on top line sales. During the current quarter under review, all outlets were operating at full capacity.

On year-to-year comparison, the Group’s revenue and profit before tax have increased by RM289.7 million (28.1%) and RM131.0 million (176.6%) respectively. The increase was mainly due to the improvement in gross profit margin and higher sales generated as a result from the relaxing lockdown since 15 August 2021 and the progress of vaccine roll-out which have increased the footfall in the shopping malls. With high vaccination rate in the community, the public feel confident in the protection which helps to rebound the business activities. As compared to the previous comparative year, before the rolling out of the vaccination programme, the Government had reimposed Conditional Movement Control Order (“CMCO”), Movement Control Order (“MCO 2.0”) and MCO 3.0 on 14 October 2020, 13 January 2021 and 1 June 2021 respectively to control the surge of Covid-19 which has impacted on business operation. In addition, right-sizing of workforce to optimise the cost efficiency and wages subsidy received during the current financial period under review has contributed to the increase in profit before tax.

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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**

	<b>Current Quarter 30 June 2022</b>	<b>Immediate Preceding Quarter 31 March 2022</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	481,200	329,340	46.1%
Operating Profit	107,434	47,151	127.9%
Profit Before Interest and Tax	107,434	47,151	127.9%
Profit Before Tax	102,213	41,883	144.0%
Profit After Tax	77,459	32,615	137.5%
Profit attributable to:			
-Ordinary equity holders of Parent	77,459	32,615	137.5%

Revenue and profit before tax for the current quarter under review increased by approximately RM151.9 million (46.1%) and RM60.3 million (144.0%) respectively compared to the immediate preceding quarter. The increase was mainly due to festive Hari Raya sales and mid-year school holidays.

**15. Commentary on Prospect**

Retail business in general remains challenging in the financial year due to the possibility of any potential major outbreak of Covid-19 and supply chain disruption, increase in material costs, hike in freight charges and other inflation related issues. With the successful implementation of the vaccination program in Malaysia and barring any major outbreaks due to evolving Covid-19 variants, we are cautiously optimistic of maintaining the profitability upcoming financial year. Management will continue to provide value for money products and implementing measures to control costs, optimising working capital, preserving cash and streamline its operations to minimise 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**

	<b>Current Quarter 3 months ended</b>		<b>Cumulative Period 12 months ended</b>	
	<b>30-Jun-22 RM'000</b>	<b>30-Jun-21 RM'000</b>	<b>30-Jun-22 RM'000</b>	<b>30-Jun-21 RM'000</b>
Current tax:				
Malaysian tax	24,388	4,373	50,717	22,626
Foreign tax	262	(221)	936	277
	<u>24,650</u>	<u>4,152</u>	<u>51,653</u>	<u>22,903</u>
Deferred tax	104	(1,402)	(646)	(2,814)
Total Income tax expense	<u>24,754</u>	<u>2,750</u>	<u>51,007</u>	<u>20,089</u>

The effective tax rate is at the range of 25% - 27% 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, the Company proposed to establish an Employees' Share Option Scheme ("Proposed ESOS") involving up to 15% of the total number of Issued Shares of Padini (excluding Treasury Shares, if any) for the eligible Executive Directors and Employees of Padini and its subsidiaries ("Padini Group" or "the Group"). The Proposed ESOS involves the granting of ESOS options to the Executive Directors and Employees of the Group who meet the criteria of eligibility. The Proposed ESOS, when implemented, shall be in force for a period of five (5) years from the effective date.

**21. Borrowings**

The Group borrowings as at 30 June 2022 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Hire purchase (Under lease liabilities)	261	-	261
<b>Short Term Borrowing - Subtotal</b>	<b>261</b>	<b>-</b>	<b>261</b>
Hire purchase (Under lease liabilities)	118	-	118
<b>Long Term Borrowing - Subtotal</b>	<b>118</b>	<b>-</b>	<b>118</b>
<b>Total Borrowings</b>	<b>379</b>	<b>-</b>	<b>379</b>

The Group borrowings as at 30 June 2021 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Hire purchase (Under lease liabilities)	274	-	274
<b>Short Term Borrowing - Subtotal</b>	<b>274</b>	<b>-</b>	<b>274</b>
Hire purchase (Under lease liabilities)	379	-	379
<b>Long Term Borrowing - Subtotal</b>	<b>379</b>	<b>-</b>	<b>379</b>
<b>Total Borrowings</b>	<b>653</b>	<b>-</b>	<b>653</b>

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 2022 and 30 June 2021.

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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 2021 was not qualified.

**25. Dividend Payable**

On 26 August 2022, the Company has declared a 1<sup>st</sup> interim dividend of 2.5 sen per ordinary share (single tier) for the financial year ending 30 June 2023, which will be payable on 30 September 2022.

**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-22	30-Jun-21	30-Jun-22	30-Jun-21
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	77,459	10,495	154,103	54,057
Weighted average number of ordinary shares in issue ('000)	657,910	657,910	657,910	657,910
<b>Basic earnings per share for:</b>				
Profit from continuing operations	11.77 sen	1.60 sen	23.42 sen	8.22 sen
Profit from discontinued operations	-	-	-	-
Profit for the period	<u>11.77 sen</u>	<u>1.60 sen</u>	<u>23.42 sen</u>	<u>8.22 sen</u>

**(b) Diluted**

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

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**27. Note to the Statement of profit or loss and other comprehensive income**

The following items have been charged/(credited) in arriving profit from operations:

	<u>Current Quarter</u>		<u>Cumulative Period</u>	
	<b>30-Jun-22</b>	<b>30-Jun-21</b>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(3,694)	(2,209)	(10,956)	(7,844)
Net realised (gain)/loss on foreign exchange	(94)	127	(45)	59
Net unrealised (gain)/loss on foreign exchange	(2,557)	(4)	(3,085)	1,974
Royalty income	(211)	(178)	(914)	(549)
Rental income	(46)	(43)	(180)	(178)
Depreciation and amortisation	28,824	30,075	116,518	124,330
Interest expense on unwinding of discount on provision for restoration costs	551	445	1,132	861
Interest expense on lease liabilities	4,628	4,611	18,082	20,121
Interest expense	-	1	-	30
Inventory losses, inventories written down/(back) and inventories written off	1,608	622	1,219	1,140

**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 2022.