

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 31 MARCH 2023  
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 2022. 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 2022.

**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 2022 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 2022:

**Effective for financial periods beginning on**

**Amendments/Improvements to MFRS**

Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment – Proceeds before intended use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Amendments to MFRS 112 Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>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 2023 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	-	1,352,242	135,724	287	-	1,488,253
Inter segment revenue	-	(6,443)	(135,724)	(287)	-	(142,454)
<b>Total revenue</b>	<b>-</b>	<b>1,345,799</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,345,799</b>
Interest income	246	10,613	2,003	7	(118)	12,751
Finance costs	-	(13,516)	(6,799)	(2)	6,879	(13,438)
<b>Net finance income/(expense)</b>	<b>246</b>	<b>(2,903)</b>	<b>(4,796)</b>	<b>5</b>	<b>6,761</b>	<b>(687)</b>
Depreciation of property, plant and equipment	1,075	9,985	1,141	245	(178)	12,268
Depreciation of right-of-use assets	-	67,018	443	25	-	67,486
Amortisation of intangible assets	-	121	974	-	-	1,095
<b>Segment profit/(loss) before tax</b>	<b>2,197</b>	<b>209,800</b>	<b>7,557</b>	<b>(286)</b>	<b>181</b>	<b>219,449</b>
Income tax expense	(1,112)	(51,173)	(1,770)	(11)	3	(54,063)
Additions to non-current assets other than financial instruments and deferred tax assets	-	13,678	2,380	9	(8)	16,059
<b>Segment assets</b>	<b>367,350</b>	<b>1,553,967</b>	<b>331,989</b>	<b>32,330</b>	<b>(620,358)</b>	<b>1,665,278</b>
<b>Segment liabilities</b>	<b>731</b>	<b>700,716</b>	<b>275,251</b>	<b>105</b>	<b>(318,887)</b>	<b>657,916</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 31 March 2023.

**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 2023 that was declared on 26 August 2022 was paid on 30 September 2022.

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 2023 that was declared on 29 November 2022 was paid on 30 December 2022.

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 2023 that was declared on 24 February 2023 was paid on 31 March 2023.

**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 2023, 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 (3 <sup>rd</sup> Quarter)			Cumulative Period		
	Current Year Quarter 31 March 2023 RM'000	Preceding Year Corresponding Quarter 31 March 2022 RM'000	Changes %	Current Year Quarter 31 March 2023 RM'000	Preceding year Corresponding Quarter 31 March 2022 RM'000	Changes %
Revenue	457,234	329,340	38.8%	1,345,799	837,897	60.6%
Operating Profit	62,347	47,151	32.2%	232,887	117,019	99.0%
Profit Before Interest and Tax	62,347	47,151	32.2%	232,887	117,019	99.0%
Profit Before Tax	58,061	41,883	38.6%	219,449	102,897	113.3%
Profit After Tax	43,380	32,615	33.0%	165,386	76,644	115.8%
Profit attributable to: -Ordinary equity holders of the Parent	43,380	32,615	33.0%	165,386	76,644	115.8%

**13. Performance Review**

Comparing quarter on quarter, the Group reported an increase in revenue and profit before tax by RM127.9 million (38.8%) and RM16.2 million (38.6%) respectively. The increase is due to the continuous recovery progress from pandemic.

Comparing year on year, the Group's revenue and profit before tax have increased by RM507.9 million (60.6%) and RM116.6 million (113.3%) respectively. This is due to the enforcement of Full Movement Control Order ("FMCO") nationwide during the previous year with most outlets closed from 1 June 2021 until 18 August 2021. There was no revenue generated from these outlets during the FMCO period. During the current year under review, all outlets were operating at full capacity.

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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 31 March 2023</b>	<b>Immediate Preceding Quarter 31 December 2022</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	457,234	509,475	-10.3%
Operating Profit	62,347	101,694	-38.7%
Profit Before Interest and Tax	62,347	101,694	-38.7%
Profit Before Tax	58,061	97,243	-40.3%
Profit After Tax	43,380	73,144	-40.7%
Profit attributable to: -Ordinary equity holders of Parent	43,380	73,144	-40.7%

Revenue and profit before tax for the current quarter under review decreased by approximately RM52.2 million (-10.3%) and RM39.2 million (-40.3%) respectively compared to the immediate preceding quarter. The higher result in the previous quarter was mainly due to the festive season sales such as Christmas/Chinese New Year and year end school holidays. Profit for current quarter was accordingly lower due to lower sales and partly due to bonus payout and salary adjustment in current quarter for financial year 2023.

**15. Commentary on Prospect**

Retail business in general remains challenging due to the deterioration in purchasing power arising from the rising cost, trade tensions and rising inflation and interest rates. However, supply chain issues, material costs and freight charges seem to be on an easing trend although there may still be some further increases in the short term.

Despite the potential challenges, we are optimistic of performing satisfactorily for the current financial year. Management will continue to provide value for money products and implementing measures to control costs, optimise working capital, preserve cash and streamline the operations to minimise any adverse impacts.

**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 9 months ended</b>	
	<b>31-Mar-23 RM'000</b>	<b>31-Mar-22 RM'000</b>	<b>31-Mar-23 RM'000</b>	<b>31-Mar-22 RM'000</b>
Current tax:				
Malaysian tax	14,451	8,828	55,280	26,329
Foreign tax	246	224	968	674
	<u>14,697</u>	<u>9,052</u>	<u>56,248</u>	<u>27,003</u>
Deferred tax	(16)	216	(2,185)	(750)
Total Income tax expense	<u>14,681</u>	<u>9,268</u>	<u>54,063</u>	<u>26,253</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**

On 26 August 2022, 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 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 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, with an option to extend another five (5) years.

The proposed Employees' Share Option Scheme ("Proposed ESOS") had been approved at the Annual General Meeting (41st AGM) on 25 November 2022. However, some of the other resolutions relating to the proposed allocations thereto were not carried.

Pursuant to Paragraph 6.42 of the Main Market Listing Requirements of Bursa Securities, the implementation of the ESOS is effective from 3 March 2023.

**21. Borrowings**

The Group borrowings as at 31 March 2023 comprise the following:

	<b>Secured Debt (RM'000)</b>	<b>Unsecured Debt (RM'000)</b>	<b>Total (RM'000)</b>
Hire purchase (Under lease liabilities)	236	-	236
<b>Short Term Borrowing - Subtotal</b>	<b>236</b>	<b>-</b>	<b>236</b>
Hire purchase (Under lease liabilities)	272	-	272
<b>Long Term Borrowing - Subtotal</b>	<b>272</b>	<b>-</b>	<b>272</b>
<b>Total Borrowings</b>	<b>508</b>	<b>-</b>	<b>508</b>

The Group borrowings as at 31 March 2022 comprise the following:

	<b>Secured Debt (RM'000)</b>	<b>Unsecured Debt (RM'000)</b>	<b>Total (RM'000)</b>
Hire purchase (Under lease liabilities)	266	-	266
<b>Short Term Borrowing - Subtotal</b>	<b>266</b>	<b>-</b>	<b>266</b>
Hire purchase (Under lease liabilities)	183	-	183
<b>Long Term Borrowing - Subtotal</b>	<b>183</b>	<b>-</b>	<b>183</b>
<b>Total Borrowings</b>	<b>449</b>	<b>-</b>	<b>449</b>

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**21. Borrowings (continued)**

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 2023 and 31 March 2022.

**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 2022 was not qualified.

**25. Dividend Payable**

On 29 May 2023, the Company has declared a 4<sup>th</sup> interim dividend of 2.5 sen per ordinary share (single tier) and a special dividend of 1.5 sen per ordinary share (single tier) for the financial year ending 30 June 2023, which will be payable in June 2023.

**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 9 months ended	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	43,380	32,615	165,386	76,644
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	6.59 sen	4.96 sen	25.14 sen	11.65 sen
Profit from discontinued operations	-	-	-	-
Profit for the period	<u>6.59 sen</u>	<u>4.96 sen</u>	<u>25.14 sen</u>	<u>11.65 sen</u>

**(b) Diluted**

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

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

	<u>Current Quarter</u>		<u>Cumulative Period</u>	
	<u>31-Mar-23</u>	<u>31-Mar-22</u>	<u>31-Mar-23</u>	<u>31-Mar-22</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(4,275)	(2,889)	(12,751)	(7,262)
Net realised loss/(gain) on foreign exchange	268	92	(69)	49
Net unrealised (gain)/loss on foreign exchange	(400)	(472)	25	(528)
Royalty income	(131)	(462)	(375)	(703)
Rental income	(38)	(45)	(128)	(134)
Depreciation and amortisation	26,311	32,696	80,849	87,694
Interest expense on unwinding of discount on provision for restoration costs	212	151	766	581
Interest expense on lease liabilities	4,021	5,076	12,510	13,454
Inventory losses, net inventories written down/(back) and inventories written off	1,529	502	4,385	(389)

**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 29 May 2023.