

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 SEPTEMBER 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 2023. 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 2023.

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 2023 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 2023:

Effective for financial periods beginning on

Amendments/Improvements to MFRS

MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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 SEPTEMBER 2023
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

3. Segmental Information

Segment analysis for the financial period ended 30 September 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	-	390,163	44,709	-	-	434,872
Inter-segment revenue	-	(1,967)	(44,709)	-	-	(46,676)
Total revenue	-	388,196	-	-	-	388,196
Interest income	184	3,516	609	1	(168)	4,142
Finance costs	-	(5,681)	(2,848)	(1)	3,007	(5,523)
Net finance income/(expense)	184	(2,165)	(2,239)	-	2,839	(1,381)
Depreciation of property, plant and equipment	358	4,133	396	84	(59)	4,912
Depreciation of right-of-use assets	-	24,242	186	10	-	24,438
Amortisation of intangible assets	-	31	353	-	-	384
Segment profit/(loss) before tax	1,074	31,059	2,828	(92)	62	34,931
Income tax expense	(354)	(7,299)	(611)	(3)	1	(8,266)
Additions to non-current assets other than financial instruments and deferred tax assets	-	15,722	2,006	1	-	17,729
Segment assets	399,723	1,511,162	372,142	32,862	(676,584)	1,639,305
Segment liabilities	885	649,236	311,441	95	(372,533)	589,124

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 SEPTEMBER 2023
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

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 September 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 2024 that was declared on 25 August 2023 was paid on 29 September 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. Commitments

As at 30 September 2023, the Group has approximately RM20 millions of expenditures commitments for warehouse automation and Radio Frequency Identification ("RFID") that has not been provided for in the financial statements.

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.

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 SEPTEMBER 2023
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 (1 st Quarter)			Cumulative Period		
	Current Year Quarter 30 September 2023	Preceding Year Corresponding Quarter 30 September 2022	Changes	Current Year Quarter 30 September 2023	Preceding Year Corresponding Quarter 30 September 2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	388,196	379,090	2.4%	388,196	379,090	2.4%
Operating Profit	40,454	68,846	-41.2%	40,454	68,846	-41.2%
Profit Before Interest and Tax	40,454	68,846	-41.2%	40,454	68,846	-41.2%
Profit Before Tax	34,931	64,145	-45.5%	34,931	64,145	-45.5%
Profit After Tax	26,665	48,862	-45.4%	26,665	48,862	-45.4%
Profit attributable to: -Ordinary equity holders of the Parent	26,665	48,862	-45.4%	26,665	48,862	-45.4%

13. Performance Review

Comparing quarter on quarter, the Group observed a marginal revenue increase of RM9.1 million (2.4%), primarily due to increase in sales volume.

Despite the increase in revenue, the Group's profit before tax has decreased by RM29.2 million (-45.5%) when compared to the same quarter of last financial year. This is partly due to a drop in the gross profit margin from 39% to 36%. In addition, the drop in profit before tax is also partly attributed to the rising staff cost.

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 SEPTEMBER 2023
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 September 2023	Immediate Preceding Quarter 30 June 2023	Changes
	RM'000	RM'000	%
Revenue	388,196	476,330	-18.5%
Operating Profit	40,454	84,749	-52.3%
Profit Before Interest and Tax	40,454	84,749	-52.3%
Profit Before Tax	34,931	76,442	-54.3%
Profit After Tax	26,665	57,305	-53.5%
Profit attributable to: -Ordinary equity holders of Parent	26,665	57,305	-53.5%

In the current quarter under review, revenue and profit before tax decreased by approximately RM88.1 million (-18.5%) and RM41.5 million (-54.3%) respectively, in comparison to the immediately preceding quarter. The was mainly due to heightened sales during festive occasions such as Hari Raya and mid-term school holiday in the previous quarter.

15. Commentary on Prospect

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

Despite the potential challenges, we are optimistic in 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

	<u>Current Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>3 months ended</u>	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian tax	8,894	15,688	8,894	15,688
Foreign tax	76	351	76	351
	8,970	16,039	8,970	16,039
Deferred tax	(704)	(756)	(704)	(756)
Total income tax expense	8,266	15,283	8,266	15,283

The effective tax rate is at 25% mainly due to the higher non-deductible expenses.

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 SEPTEMBER 2023
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

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.

On 25 October 2022, Bursa Malaysia Securities Berhad approved the listing and quotation for such number of new ordinary shares in the Company, representing up to 15% of the total numbers of issued shares in the Company (excluding treasury shares, if any), to be issued pursuant to the exercise of option under the ESOS, subject to fulfilment of certain conditions.

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.

As at the date of this report, no ESOS has been offered to eligible Executive Directors and employees of the Company and its subsidiaries.

21. Borrowings

The Group borrowings as at 30 September 2023 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Hire purchase (Under lease liabilities)	155	-	155
Short Term Borrowing - Subtotal	155	-	155
Hire purchase (Under lease liabilities)	516	-	516
Long Term Borrowing - Subtotal	516	-	516
Total Borrowings	671	-	671

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 SEPTEMBER 2023
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT**21. Borrowings (continued)**

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

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Hire purchase (Under lease liabilities)	255	-	255
Short Term Borrowing - Subtotal	255	-	255
Hire purchase (Under lease liabilities)	54	-	54
Long Term Borrowing - Subtotal	54	-	54
Total Borrowings	309	-	309

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 September 2023 and 30 September 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 2023 was not qualified.

25. Dividend Payable

On 30 November 2023, the Company has declared a 2nd interim dividend of 2.5 sen per ordinary share (single tier) for the financial year ending 30 June 2024, which will be payable in December 2023.

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 SEPTEMBER 2023
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

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.

	<u>Current Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>	<u>3 months ended</u>	<u>3 months ended</u>	<u>3 months ended</u>
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	26,665	48,862	26,665	48,862
Weighted average number of ordinary shares in issue ('000)	657,910	657,910	657,910	657,910
Basic earnings per share for:				
Profit from continuing operations	4.05 sen	7.43 sen	4.05 sen	7.43 sen
Profit from discontinued operations	-	-	-	-
Profit for the period	4.05 sen	7.43 sen	4.05 sen	7.43 sen

(b) Diluted

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

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 SEPTEMBER 2023
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

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>	
	<u>3 months ended</u>		<u>3 months ended</u>	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(4,142)	(4,245)	(4,142)	(4,245)
Net realised (gain)/loss on foreign exchange	(91)	70	(91)	70
Net unrealised (gain)/loss on foreign exchange	47	(3,018)	47	(3,018)
Royalty income	(64)	(125)	(64)	(125)
Rental income	(55)	(48)	(55)	(48)
Depreciation and amortisation	29,734	28,227	29,734	28,227
Interest expense on unwinding of discount on provision for restoration costs	326	319	326	319
Interest expense on lease liabilities	5,135	4,321	5,135	4,321
Interest expense	6	-	6	-
Inventory losses, net inventories written down/(back) and inventories written off	686	999	686	999

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 30 November 2023.