

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 31 MARCH 2024
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
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112

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 2024 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	-	1,470,710	169,330	-	-	1,640,040
Inter-segment revenue	-	(7,036)	(169,330)	-	-	(176,366)
Total revenue	-	1,463,674	-	-	-	1,463,674
Interest income	399	11,636	2,543	14	(470)	14,122
Finance costs	-	(16,146)	(8,277)	(2)	8,589	(15,836)
Net finance income/(expense)	399	(4,510)	(5,734)	12	8,119	(1,714)
Depreciation of property, plant and equipment	925	14,868	1,439	254	(178)	17,308
Depreciation of right-of-use assets	-	70,829	1,799	33	-	72,661
Amortisation of intangible assets	-	76	1,042	-	-	1,118
Segment profit/(loss) before tax	3,260	144,142	13,258	(289)	182	160,553
Income tax expense	(1,185)	(36,243)	(2,830)	(9)	3	(40,264)
Additions to non-current assets other than financial instruments and deferred tax assets	-	41,764	22,006	4	(6)	63,768
Segment assets	368,219	1,607,052	476,674	32,773	(733,833)	1,750,885
Segment liabilities	922	659,737	408,790	69	(429,904)	639,614

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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 2024.

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.

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 2024 that was declared on 30 November 2023 was paid on 29 December 2023.

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 2024 that was declared on 27 February 2024 was paid on 29 March 2024.

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 31 March 2024, the Group has approximately RM6 million 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.

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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 2024	Preceding Year Corresponding Quarter 31 March 2023	Changes	Current Year Quarter 31 March 2024	Preceding Year Corresponding Quarter 31 March 2023	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	575,373	457,234	25.8%	1,463,674	1,345,799	8.8%
Operating Profit	59,774	62,347	-4.1%	176,389	232,887	-24.3%
Profit Before Interest and Tax	59,774	62,347	-4.1%	176,389	232,887	-24.3%
Profit Before Tax	54,681	58,061	-5.8%	160,553	219,449	-26.8%
Profit After Tax	40,522	43,380	-6.6%	120,289	165,386	-27.3%
Profit attributable to: -Ordinary equity holders of the Parent	40,522	43,380	-6.6%	120,289	165,386	-27.3%

13. Performance Review

The Group reported an increase in top-line sales, resulting in a quarter-on-quarter revenue increase of RM118.1 million (25.8%) and a year-on-year increase of RM117.9 million (8.8%).

Profit before tax reported a quarter-on-quarter decrease of RM3.4 million (-5.8%) and a year-on-year decrease of RM58.9 million (-26.8%) respectively. This is mainly due to a drop in the gross profit margin from 40% to 36%. In addition, the drop in profit before tax is also partly attributed by the rising staff costs.

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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 2024	Immediate Preceding Quarter 31 December 2023	Changes
	RM'000	RM'000	%
Revenue	575,373	500,105	15.1%
Operating Profit	59,774	76,161	-21.5%
Profit Before Interest and Tax	59,774	76,161	-21.5%
Profit Before Tax	54,681	70,941	-22.9%
Profit After Tax	40,522	53,102	-23.7%
Profit attributable to: -Ordinary equity holders of Parent	40,522	53,102	-23.7%

In the current quarter under review, revenue has increased by approximately RM75.3 million (15.1%), while profit before tax decreased by approximately RM16.3 million (-22.9%), in comparison to the immediately preceding quarter. Increase in revenue was mainly due to heightened sales during festive occasions such as Chinese New Year and school holidays in the current quarter. Profit for the current quarter was lower due to the bonus payout in the current quarter under review.

15. Commentary on Prospect

Retail business in general remains challenging due to the deterioration of purchasing power arising potentially from the rising cost, trade tensions and rising inflation and interest rates.

Despite these potential challenges, we are optimistic that the Group will perform 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.

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17. Income Tax Expense

	<u>Current Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>9 months ended</u>	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian tax	12,859	14,451	38,747	55,280
Foreign tax	92	246	257	968
	<u>12,951</u>	<u>14,697</u>	<u>39,004</u>	<u>56,248</u>
Deferred tax	1,208	(16)	1,260	(2,185)
Total income tax expense	<u>14,159</u>	<u>14,681</u>	<u>40,264</u>	<u>54,063</u>

The effective tax rate is at 25%, which is higher than the statutory tax rate of 24% mainly due to the higher non-deductible expenses.

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.

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21. Borrowings

The Group borrowings as at 31 March 2024 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Hire purchase (Under lease liabilities)	4,603	-	4,603
Short Term Borrowing - Subtotal	4,603	-	4,603
Hire purchase (Under lease liabilities)	9,129	-	9,129
Long Term Borrowing - Subtotal	9,129	-	9,129
Total Borrowings	13,732	-	13,732

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

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

All debts, secured or otherwise, are also collateralised by corporate guarantees issued by the Company. All borrowings indicated above are denominated in Ringgit Malaysia.

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 May 2024, the Company has declared a 4th 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 2024, which will be payable in June 2024.

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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>9 months ended</u>	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	40,522	43,380	120,289	165,386
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	6.16 sen	6.59 sen	18.28 sen	25.14 sen
Profit from discontinued operations	-	-	-	-
Profit for the period	6.16 sen	6.59 sen	18.28 sen	25.14 sen

(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>	
	<u>3 months ended</u>		<u>9 months ended</u>	
	<u>31 March 2024</u>	<u>31 March 2023</u>	<u>31 March 2024</u>	<u>31 March 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(5,457)	(4,275)	(14,122)	(12,751)
Net realised loss/(gain) on foreign exchange	130	268	46	(69)
Net unrealised (gain)/loss on foreign exchange	(2,067)	(400)	(691)	25
Royalty income	(137)	(131)	(259)	(375)
Rental income	(58)	(38)	(168)	(128)
Depreciation and amortisation	30,868	26,311	91,087	80,849
Interest expense on unwinding of discount on provision for restoration costs	246	212	831	766
Interest expense on lease liabilities	4,791	4,021	14,834	12,510
Interest expense	-	-	6	-
Inventory losses, net inventories written down and inventories written off	7,222	1,529	11,006	4,385

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 May 2024.