

UNAUDITED RESULTS OF THE GROUP FOR THE QUARTER ENDED 30 JUNE 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 30 June 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	73,450	1,928,035	223,934	-	-	2,225,419
Inter-segment revenue	(73,450)	(9,188)	(223,934)	-	-	(306,572)
Total revenue	-	1,918,847	-	-	-	1,918,847
Interest income	477	15,778	4,074	26	(601)	19,754
Finance costs	-	(25,679)	(13,374)	(2)	13,627	(25,428)
Net finance income/(expense)	477	(9,901)	(9,300)	24	13,026	(5,674)
Depreciation of property, plant and equipment	1,134	20,898	2,068	339	(237)	24,202
Depreciation of right-of-use assets	-	112,308	5,625	44	-	117,977
Amortisation of intangible assets	-	92	1,391	-	-	1,483
Segment profit/(loss) before tax	77,813	174,449	18,714	(1,030)	(73,208)	196,738
Income tax expense	(1,533)	(44,476)	(4,122)	(16)	4	(50,143)
Additions to non-current assets other than financial instruments and deferred tax assets	-	47,743	7,737	4	(6)	55,478
Segment assets	416,103	1,669,226	455,671	31,999	(743,760)	1,829,239
Segment liabilities	917	772,787	384,251	64	(439,890)	718,129

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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 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.

The fourth 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 ended 30 June 2024, that was declared on 30 May 2024 were paid on 28 June 2024. Total dividend payout is amounted to RM26,316,379.

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 June 2024, the Group has approximately RM10 million in expenditures commitments for Radio Frequency Identification ("RFID") and warehouse costs that have 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 (4 th Quarter)			Cumulative Period		
	Current Year Quarter 30 June 2024	Preceding Year Corresponding Quarter 30 June 2023	Changes	Current Year Quarter 30 June 2024	Preceding Year Corresponding Quarter 30 June 2023	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	455,173	476,330	-4.4%	1,918,847	1,822,129	5.3%
Operating Profit	45,777	84,749	-46.0%	222,166	317,636	-30.1%
Profit Before Interest and Tax	45,777	84,749	-46.0%	222,166	317,636	-30.1%
Profit Before Tax	36,185	76,442	-52.7%	196,738	295,891	-33.5%
Profit After Tax	26,306	57,305	-54.1%	146,595	222,691	-34.2%
Profit attributable to: -Ordinary equity holders of the Parent	26,306	57,305	-54.1%	146,595	222,691	-34.2%

13. Performance Review

During the current quarter under review, the Group reported a decrease of RM21.2 million (-4.4%) in the revenue and decrease of RM40.3 million (-52.7%) for profit before tax. This is mainly contributed by the drop in outlets sales with a lower Same Store Sales Growth (SSSG) which is 10.7% lower compared to the same quarter in the previous year.

The Group reported an increase in top-line sales for year-on-year results with an increase of RM96.7 million (5.3%) on revenue, while there's a decrease of profit before tax of RM99.2 million (-33.5%). This is mainly 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 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 30 June 2024	Immediate Preceding Quarter 31 March 2024	Changes
	RM'000	RM'000	%
Revenue	455,173	575,373	-20.9%
Operating Profit	45,777	59,774	-23.4%
Profit Before Interest and Tax	45,777	59,774	-23.4%
Profit Before Tax	36,185	54,681	-33.8%
Profit After Tax	26,306	40,522	-35.1%
Profit attributable to: -Ordinary equity holders of Parent	26,306	40,522	-35.1%

In the current quarter under review, revenue has decreased by approximately RM120.2 million (-20.9%), while profit before tax decreased by approximately RM18.5 million (-33.8%), in comparison to the immediately preceding quarter. Decrease in revenue was mainly due to heightened sales during festive occasions such as Chinese New Year, Hari Raya Aidilfitri and school holidays in the previous quarter.

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>12 months ended</u>	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian tax	10,525	18,386	49,272	73,666
Foreign tax	82	(269)	339	699
	<u>10,607</u>	<u>18,117</u>	<u>49,611</u>	<u>74,365</u>
Deferred tax	(728)	1,020	532	(1,165)
Total income tax expense	<u>9,879</u>	<u>19,137</u>	<u>50,143</u>	<u>73,200</u>

The effective tax rate approximates to 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

(a) Employee Share Option Scheme (“ESOS”)

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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20. Corporate Proposals (Continued)

(b) Bonus Shares

The Company proposes to undertake a Bonus Shares on the basis of one (1) Bonus Share for every two (2) existing Padini Shares held by the entitled shareholders of the Company, whose names appear in the Record of Depositors of the Company on the Entitlement Dates.

21. Borrowings

The Group borrowings as at 30 June 2024 comprise the following:

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Hire purchase (Under lease liabilities)	4,750	-	4,750
Short Term Borrowing - Subtotal	4,750	-	4,750
Hire purchase (Under lease liabilities)	8,746	-	8,746
Long Term Borrowing - Subtotal	8,746	-	8,746
Total Borrowings	13,496	-	13,496

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

	Secured Debt (RM'000)	Unsecured Debt (RM'000)	Total (RM'000)
Bank Overdraft	3,192	-	3,192
Hire purchase (Under lease liabilities)	248	-	248
Short Term Borrowing - Subtotal	3,440	-	3,440
Hire purchase (Under lease liabilities)	555	-	555
Long Term Borrowing - Subtotal	555	-	555
Total Borrowings	3,995	-	3,995

All debts, secured or otherwise, are also collateralised by corporate guarantees issued by the Company. Borrowings of the Group are denominated in the following currencies:

	30 June 2024 RM'000	30 June 2023 RM'000
Ringgit Malaysia	13,496	803
United States Dollar	-	3,192
	13,496	3,995

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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 2023 was not qualified.

25. Dividend Payable

On 27 August 2024, the Company has declared a 1st interim dividend of 2.5 sen per ordinary share (single tier) for the financial year ending 30 June 2025, which will be payable in September 2024.

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>3 months ended</u>		<u>Cumulative Period</u> <u>12 months ended</u>	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	26,306	57,305	146,595	222,691
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	4.00 sen	8.71 sen	22.28 sen	33.85 sen
Profit from discontinued operations	-	-	-	-
Profit for the period	4.00 sen	8.71 sen	22.28 sen	33.85 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>12 months ended</u>	
	<u>30 June 2024</u>	<u>30 June 2023</u>	<u>30 June 2024</u>	<u>30 June 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(5,632)	(4,094)	(19,754)	(16,845)
Net realised loss/(gain) on foreign exchange	68	(316)	114	(385)
Net unrealised loss/(gain) on foreign exchange	188	(3,496)	(503)	(3,471)
Royalty income	(220)	(276)	(479)	(651)
Rental income	(60)	(54)	(228)	(182)
Depreciation and amortisation	52,575	35,205	143,662	116,054
Interest expense on unwinding of discount on provision for restoration costs	295	589	1,126	1,355
Interest expense on lease liabilities	9,261	7,680	24,095	20,190
Interest expense	-	6	6	6
Inventory losses, net inventories written (back)/down and inventories written off	(3,805)	4,549	7,201	8,934

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 2024.