

PARKSON RETAIL ASIA LIMITED

(Co. Reg. No. 201107706H)
(Incorporated in the Republic of Singapore)

Unaudited Financial Statements for the Financial Year ended 30 June 2017
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a)(i) Consolidated Income Statement

	Group					
	Quarter ended			Year ended		
	30.06.2017	30.06.2016	+ / (-)	30.06.2017	30.06.2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	109,600	93,860	16.8	412,725	388,417	6.3
Other income	2,660	4,302	(38.2)	8,443	57,110	(85.2)
Items of expense						
- Changes in merchandise inventories and consumables	(41,704)	(33,083)	(26.1)	(164,644)	(144,238)	(14.1)
- Employee related expenses	(16,394)	(14,701)	(11.5)	(63,960)	(56,094)	(14.0)
- Depreciation and amortisation expenses	(7,832)	(5,704)	(37.3)	(27,949)	(22,523)	(24.1)
- Rental expenses	(29,076)	(30,243)	3.9	(114,523)	(109,460)	(4.6)
- Finance costs	(269)	(95)	>(100.0)	(391)	(329)	(18.8)
- Other expenses	(49,479)	(27,766)	(78.2)	(97,983)	(77,963)	(25.7)
Total expenses	(144,754)	(111,592)	(29.7)	(469,450)	(410,607)	(14.3)
Profit / (Loss) before tax*	(32,494)	(13,430)	>(100.0)	(48,282)	34,920	>(100.0)
Taxation	(12,399)	(2,289)	>(100.0)	(14,248)	(6,325)	>(100.0)
Net profit / (loss) for the period	(44,893)	(15,719)	>(100.0)	(62,530)	28,595	>(100.0)
Net profit / (loss) for the period attributable to:						
Owners of the Company	(43,034)	(14,877)	>(100.0)	(59,542)	30,177	>(100.0)
Non-controlling interests	(1,859)	(842)	(120.8)	(2,988)	(1,582)	(88.9)
	(44,893)	(15,719)	>(100.0)	(62,530)	28,595	>(100.0)

* Major non-operational items recorded in FY2017 full year profit / (loss) before tax include impairment on property, plant or equipment of S\$21.4 million (FY2016: S\$5.4 million), and impairment on goodwill of S\$4.3 million (FY2016: Nil). In comparison, a gain on partial disposal of a former subsidiary of S\$46.8 million was recorded in FY2016.

1(a)(ii) Consolidated Statement of Comprehensive Income

	Group					
	Quarter ended			Year ended		
	30.06.2017	30.06.2016	+ / (-)	30.06.2017	30.06.2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit/(loss) for the period	(44,893)	(15,719)	>(100.0)	(62,530)	28,595	>(100.0)
Other comprehensive income/(loss):						
Foreign currency translation	584	(1,571)	>100.0	(1,972)	(6,214)	68.3
Remeasurement of defined benefit plan, net of tax	174	(69)	>100.0	174	(69)	>100.0
Total comprehensive income/(loss)	(44,135)	(17,359)	>(100.0)	(64,328)	22,312	>(100.0)
Total comprehensive income/(loss) attributable to:						
Owners of the Company	(42,255)	(16,538)	>(100.0)	(61,395)	24,520	>(100.0)
Non-controlling interests	(1,880)	(821)	>(100.0)	(2,933)	(2,208)	(32.8)
	(44,135)	(17,359)	>(100.0)	(64,328)	22,312	>(100.0)

1(a)(iii) Additional information to the Consolidated Income Statement

	Group			
	Quarter ended		Year ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	S\$'000	S\$'000	S\$'000	S\$'000
Profit/(loss) before tax is arrived at after (charging)/crediting:				
Finance income	1,642	1,311	2,791	4,235
Gain on partial disposal of a former subsidiary (Note 1)	-	837	-	46,797
Impairment on property, plant and equipment	(21,380)	(5,399)	(21,380)	(5,399)
Impairment on goodwill	(4,309)	-	(4,309)	-
Allowance for doubtful debts:				
- Advances / deposits to managed stores in Vietnam	(214)	(3,433)	(2,913)	(8,780)
- Deposits for a planned store in Cambodia	(4,968)	(3,269)	(4,968)	(3,269)
- Others	(40)	(69)	(728)	(14)
	(5,222)	(6,771)	(8,609)	(12,063)

Note 1: On 16 June 2015, the Company announced that Parkson Vietnam Co Ltd, a wholly-owned subsidiary of the Company, entered into a capital assignment agreement with an external party to dispose of a 27.8% interest in the charter capital of Parkson Hanoi Co Ltd ("PHCL") for a cash consideration of US\$5,000. This capital assignment transaction of PHCL was completed on 17 August 2015 and a gain on partial disposal of PHCL of S\$46.797 million was recognised on completion. PHCL is now an associate of the Group following this disposal.

1(b)(i) Statements of Financial Position

	Group		Company	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	144,730	145,643	-	-
Land use right	7,798	7,891	-	-
Investments in subsidiaries	-	-	131,391	135,019
Investment in an associate	-	-	-	-
Deferred tax assets	1,957	9,096	-	-
Other receivables	21,793	23,939	-	31,094
Prepayments	1,994	5,613	-	-
Intangible assets	1,123	5,551	-	-
Derivatives	17	18	-	-
Investment securities	75	78	-	-
	179,487	197,829	131,391	166,113
Current assets				
Inventories	71,274	76,946	-	-
Trade and other receivables	17,000	20,687	16,847	23,155
Prepayments	3,487	5,030	13	13
Tax recoverable	3,495	4,076	-	-
Cash and short-term deposits	63,278	69,509	1,355	1,679
	158,534	176,248	18,215	24,847
Total assets	338,021	374,077	149,606	190,960
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	185,988	160,512	843	453
Other liabilities	27,940	26,452	-	-
Tax payable	84	647	-	-
	214,012	187,611	843	453
Net current assets/(liabilities)	(55,478)	(11,363)	17,372	24,394
Non-current liabilities				
Other payables	6,040	6,259	-	-
Other liabilities	27,910	22,487	-	-
Deferred tax liabilities	430	394	430	394
	34,380	29,140	430	394
Total liabilities	248,392	216,751	1,273	847
Net assets	89,629	157,326	148,333	190,113
Equity attributable to owners of the Company				
Share capital	231,676	231,676	231,676	231,676
Treasury shares	(549)	(549)	(549)	(549)
Other reserves	(165,544)	(163,517)	(51,046)	(42,472)
Retained earnings/(losses)	27,576	90,313	(31,748)	1,458
	93,159	157,923	148,333	190,113
Non-controlling interests	(3,530)	(597)	-	-
Total equity	89,629	157,326	148,333	190,113
Total equity and liabilities	338,021	374,077	149,606	190,960

1(b)(ii) Group's borrowings and debt securities

There were no loans and borrowings as at 30 June 2017 and 30 June 2016.

1(c) Consolidated Statement of Cash Flows

	Group			
	Quarter ended		Year ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit / (Loss) before tax	(32,494)	(13,430)	(48,282)	34,920
Adjustments for				
- Depreciation and amortisation	7,832	5,704	27,949	22,523
- Finance costs	269	95	391	329
- Finance income	(1,642)	(1,311)	(2,791)	(4,235)
- Allowance for doubtful debts	5,222	6,771	8,609	12,063
- Unrealised currency translation (gain)/ loss	(48)	(276)	(85)	78
- Gain on partial disposal of a former subsidiary	-	(837)	-	(46,797)
- Impairment on property, plant and equipment	21,380	5,399	21,380	5,399
- Impairment on goodwill	4,309	-	4,309	-
- Property, plant and equipment written off	1,670	428	3,499	428
- Provision for inventories	3,580	624	3,580	624
- Others	(401)	(811)	605	(202)
Operating cash flows before changes in working capital	9,677	2,356	19,164	25,130
Changes in working capital				
- Inventories	(2,374)	(12,339)	(1,097)	(26,733)
- Receivables and prepayments	7,694	1,516	(302)	(21,942)
- Payables and other liabilities	40,001	14,350	38,404	55,832
Cash flows from operations	54,998	5,883	56,169	32,287
Finance income received	315	615	1,227	3,125
Income tax paid	(274)	(618)	(6,175)	(9,220)
Net cash generated from operating activities	55,039	5,880	51,221	26,192
Investing activities				
Purchase of property, plant and equipment	(14,103)	(17,360)	(51,629)	(72,104)
Net cash outflow from partial disposal of a former subsidiary	-	-	-	(513)
Addition of intangible assets	(146)	(587)	(470)	(744)
Proceeds from withdrawal of money market instruments	-	13,090	-	11,121
Dividend income from investment securities	-	-	34	56
Net cash used in investing activities	(14,249)	(4,857)	(52,065)	(62,184)
Financing activities				
Purchase of treasury shares	-	-	-	(549)
Capital contribution from non-controlling interests	-	-	-	99
Dividends paid	-	-	(3,369)	(13,546)
Net cash used in financing activities	-	-	(3,369)	(13,996)
Net increase/(decrease) in cash and cash equivalents	40,790	1,023	(4,213)	(49,988)
Cash and cash equivalents at beginning of financial period	23,159	69,643	69,509	125,976
Effects of currency translation on cash and cash equivalents	(671)	(1,157)	(2,018)	(6,479)
Cash and cash equivalents at end of financial period	63,278	69,509	63,278	69,509

For the purpose of the consolidated statement of cash flows, consolidated cash and cash equivalents comprise the following:

	Group	
	30.06.2017	30.06.2016
	S\$'000	S\$'000
Cash at bank	34,044	27,573
Short-term bank deposits	29,234	41,936
	63,278	69,509

1(d)(i) Statements of Changes in Equity

	Attributable to owners of the Company									Non-controlling Interests	Equity, total
	Share capital	Treasury shares	Foreign currency translation reserve	Capital redemption reserve	Capital contribution from ultimate holding company	Merger reserve	Reserve classified as held for sale	Retained earnings	Equity attributable to owners of the Company, total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group											
Balance at 01.07.2016	231,676	(549)	(49,724)	1	9,959	(123,753)	-	90,313	157,923	(597)	157,326
Profit / (loss) for the period	-	-	-	-	-	-	-	(59,542)	(59,542)	(2,988)	(62,530)
Foreign currency translation	-	-	(2,027)	-	-	-	-	-	(2,027)	55	(1,972)
Remeasurement of defined benefit plan, net of tax	-	-	-	-	-	-	-	174	174	-	174
Total comprehensive income/(loss) for the period	-	-	(2,027)	-	-	-	-	(59,368)	(61,395)	(2,933)	(64,328)
Dividends	-	-	-	-	-	-	-	(3,369)	(3,369)	-	(3,369)
Balance at 30.06.2017	231,676	(549)	(51,751)	1	9,959	(123,753)	-	27,576	93,159	(3,530)	89,629
Balance at 01.07.2015	231,676	-	(43,243)	1	9,959	(123,753)	(386)	73,751	148,005	(17,959)	130,046
Profit / (loss) for the period	-	-	-	-	-	-	-	30,177	30,177	(1,582)	28,595
Foreign currency translation	-	-	(5,588)	-	-	-	-	-	(5,588)	(626)	(6,214)
Remeasurement of defined benefit plan, net of tax	-	-	-	-	-	-	-	(69)	(69)	-	(69)
Total comprehensive income/(loss) for the period	-	-	(5,588)	-	-	-	-	30,108	24,520	(2,208)	22,312
Loss of control over a subsidiary	-	-	(893)	-	-	-	386	-	(507)	19,471	18,964
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	99	99
Dividends	-	-	-	-	-	-	-	(13,546)	(13,546)	-	(13,546)
Purchase of treasury shares	-	(549)	-	-	-	-	-	-	(549)	-	(549)
Balance at 30.06.2016	231,676	(549)	(49,724)	1	9,959	(123,753)	-	90,313	157,923	(597)	157,326

1(d)(i) Statements of Changes in Equity (Cont'd)

	Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation reserve S\$'000	Retained earnings / (losses) S\$'000	Equity, total S\$'000
Company					
Balance at 01.07.2016	231,676	(549)	(42,472)	1,458	190,113
Loss for the period	-	-	-	(29,837)	(29,837)
Foreign currency translation	-	-	(8,574)	-	(8,574)
Total comprehensive income/(loss) for the period	-	-	(8,574)	(29,837)	(38,411)
Dividends	-	-	-	(3,369)	(3,369)
Balance at 30.06.2017	231,676	(549)	(51,046)	(31,748)	148,333
Balance at 01.07.2015	231,676	-	(30,278)	6,627	208,025
Profit for the period	-	-	-	8,377	8,377
Foreign currency translation	-	-	(12,194)	-	(12,194)
Total comprehensive income/(loss) for the period	-	-	(12,194)	8,377	(3,817)
Dividends	-	-	-	(13,546)	(13,546)
Purchase of treasury shares	-	(549)	-	-	(549)
Balance at 30.06.2016	231,676	(549)	(42,472)	1,458	190,113

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

No. of shares	30.06.2017	31.03.2016
Issued Share Capital	677,300,000	677,300,000
Treasury Shares held	3,500,000	3,500,000
Shares to be issued pursuant to the exercise of all the outstanding share options	-	-

1(d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.06.2017	30.06.2016
Total number of issued shares excluding treasury shares	673,800,000	673,800,000

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the financial year ended 30 June 2017.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those applied for in the most recent audited financial statements for the financial year ended 30 June 2016, except as mentioned in Note 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the applicable new and revised Financial Reporting Standards (FRSs) that became effective for the financial year beginning on or after 1 July 2016. The adoption of these new and revised FRSs has no material impact to the Group.

6. Earnings per ordinary share

Earnings per ordinary share attributable to owners of the Company: -

	Group			
	Quarter ended		Year ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Basic and diluted (cents)	(6.39)	(2.20)	(8.84)	4.46
Based on weighted average number of shares ('000)	673,800	676,690	673,800	677,098

There are no potential dilution effects on the ordinary shares of the Company. Accordingly, the basic and diluted earnings per share for the reported periods are the same.

7. Net Asset Value per ordinary share

	Group		Company	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	0.13	0.23	0.22	0.28

8. Review of Group Performance

Business Environments

The Group recorded the following Same Store Sales Growth (SSSG), by countries: -

SSSG	Quarter ended		Year ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Malaysia	14.7%	21.5%	2.8%	-6.5%
Vietnam	-14.0%	-4.1%	-13.6%	-2.9%
Indonesia	11.0%	7.3%	-1.5%	4.7%
Myanmar	n/a	-25.0%	-26.4%	-2.6%

SSSG for the Malaysia operations in Q4FY2017 benefitted from Hari Raya buying following the shift in festive calendar. For FY2017, sales for the Malaysia operations were impacted by the subdued consumer sentiment. The Malaysian Institute of Economic Research reported that for the 2nd quarter of 2017 (calendar year), the country's consumer sentiment index continues to register below the 100-point confidence threshold for the 12th consecutive quarter at 80.7.

Vietnam operations recorded a higher negative SSSG of -14.0% in Q4FY2017. The discretionary retail environment in Vietnam remains difficult for the reported quarter amidst an increasingly crowded retail scene.

Indonesia operations recorded a higher SSSG of +11.0% in Q4FY2017 due to Lebaran buying following the shift in festive calendar. Sales for the Indonesia operations in FY2017 were impacted by uncertainties arising from increased political and religious tensions.

There were changes to Myanmar operations in FY2017 where our store at FMI Centre, Yangon was closed in January 2017. However, the new store at Junction Square, Yangon had commenced operation in March 2017.

Operational Results

The components of Gross Sales Proceeds (GSP) for Q4FY2017 and for the financial year ended 30 June 2017 (FY2017) are as follows: -

	Group					
	Quarter ended			Year ended		
	30.06.2017	30.06.2016	+/(-) %	30.06.2017	30.06.2016	+/(-) %
GSP	S\$'000	S\$'000	%	S\$'000	42,551	%
Sale of goods - direct sales	51,600	45,101	14.4	212,086	185,990	14.0
Sale of goods - concessionaire sales	205,006	182,845	12.1	751,627	765,755	(1.8)
Total merchandise sales	256,606	227,946	12.6	963,713	951,745	1.3
Consultancy and management service fees	83	89	(6.7)	382	598	(36.1)
Rental income	5,662	4,075	38.9	17,224	15,366	12.1
Others	566	37	>100.0	1,094	37	>100.0
Total GSP	262,917	232,147	13.3	982,413	967,746	1.5

The Group's GSP increased year-on-year (YoY) by 13.3% to S\$262.9 million for Q4FY2017, and by 1.5% to S\$982.4 million for FY2017. Total merchandise sales generated for FY2017 was S\$963.7 million, with concessionaire sales contributing 78.0% (FY2016: 80.5%) and direct sales contributing the remaining 22.0% (FY2016: 19.5%). The higher proportion of direct sales in the current financial period was mainly as the result of the Group's ventures into various apparel brands since FY2016.

Merchandise gross margins (a combination of the commission from concessionaires and direct sales margin) for Q4FY2017 and FY2017 were 24.0% (Q4FY2016: 24.8%) and 23.8% (FY2016: 24.0%) respectively.

Financial Results

Revenue

The components of revenue for Q4FY2017 and for FY2017 are as follows: -

	Group					
	Quarter ended			Year ended		
	30.06.2017	30.06.2016	+/(-)	30.06.2017	30.06.2016	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Sale of goods - direct sales	51,600	45,101	14.4	212,086	185,990	14.0
Commission from concessionaire sales	51,689	44,558	16.0	181,939	186,426	(2.4)
Consultancy and management service fees	83	89	(6.7)	382	598	(36.1)
Rental income	5,662	4,075	38.9	17,224	15,366	12.1
Others	566	37	>100.0	1,094	37	>100.0
Total revenue	109,600	93,860	16.8	412,725	388,417	6.3

The Group's revenue improved YoY by +16.8% to S\$109.6 million for Q4FY2017, largely the effect of festive buy following the shift in Hari Raya / Lebaran calendar. For FY2017, revenue was higher YoY by 6.3% to S\$412.7 million, with direct sales being the main contributor to the increase in line with the Group's ventures into various apparel brands since FY2016.

Other Income

Other income for FY2017 declined YoY by (85.2)% to S\$8.4 million. Other income for the comparative FY2016 benefitted from gain on partial disposal of equity interest in a former subsidiary, Parkson Hanoi Co Ltd, of S\$46.8 million.

Expenses

Total expenses of the Group increased YoY by 29.7% to S\$144.8 million for Q4FY2017, and by 14.3% to S\$469.5 million for FY2017. Analysis of the major operating expense items is as follows: -

Changes in merchandise inventories and consumables (cost of direct sales)

Cost of direct sales increased YoY by 26.1% to S\$41.7 million for Q4FY2017, and by 14.1% to S\$164.6 million for FY2017. These increases are primarily in line with the increase in direct sales, and are also due to higher provision made for inventories of S\$3.3 million (FY2016: S\$0.6 million).

Employee related expenses

Employee related expense (staff cost) increased YoY by 11.5% to S\$16.4 million for Q4FY2017 and by 14.0% to S\$63.9 million for FY2017. These increases are primarily due to the inclusion of staff costs for new stores and new ventures, and annual salary adjustments.

As a percentage of revenue, staff cost declined YoY by (70) bps to 15.0% for Q4FY2017 but increased YoY by 110 bps to 15.5% for FY2017. The higher staff costs ratio for the year are primarily due to (i) tepid or negative SSSG recorded by the Group's operations; and (ii) staff costs for new stores and new ventures where sales are lower at the initial stages of operations.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased YoY by 37.3% to S\$7.8 million for Q4FY2017 and by 24.1% to S\$27.9 million for FY2017. These increases are mainly attributable to additional depreciation costs arising from new stores and new ventures, new office building in Indonesia, and major renovation of our Pavilion flagship store.

As a percentage of revenue, depreciation and amortisation expenses increased YoY by 100 bps to 7.1% for Q4FY2017 and by 100 bps to 6.8% for FY2017. The higher ratios are primarily due to (i) tepid or negative SSSG recorded by the Group's operations; and (ii) depreciation incurred for new stores and new ventures where sales are lower at the initial stages of operations.

Rental expenses

Rental expenses declined YoY by (3.9)% to S\$29.1 million for Q4FY2017 but increased YoY by 4.6% to S\$114.5 million for FY2017. The yearly increase is mainly attributable to additional rental costs arising from new stores and new ventures, and annual rate adjustments.

As a percentage of revenue, rental expense declined YoY by (570) bps to 26.5% for Q4FY2017 and by (50) bps to 27.7% for FY2017.

Other expenses

Other expenses comprise mainly (a) promotional and advertising expenses, (b) selling and distribution expenses; and (c) general and administrative expenses.

Other expenses increased YoY by 78.2% to S\$49.5 million for Q4FY2017 and by 25.7% to S\$98.0 million for FY2017. The significant increase during the year is mainly as a result of higher net impairment charges on property, plant and equipment of S\$21.4 million (FY2016: S\$5.4 million), and impairment charges on goodwill of S\$4.3 million (FY2016: Nil).

Pre-tax losses

The Group recorded pre-tax losses in Q4FY2017 and FY2017 of S\$(32.5) million and S\$(48.3) million respectively. The pre-tax loss for FY2017 is mainly attributable to non-operational impairment charges on property, plant and equipment of S\$21.4 million (FY2016: S\$5.4 million), and goodwill of S\$4.3 million (FY2016: Nil). In comparison, the pre-tax profit of S\$34.9 million for FY2016 included a gain on partial disposal of a former subsidiary of S\$46.8 million.

As previously disclosed in paragraph 10 of the Company's announcement on 9 May 2017 regarding its unaudited financial statements for the third quarter ended 31 March 2017, the Group undertook a comprehensive review to assess the viability of underperforming stores and ventures. As a result of the review, the Group recorded net impairment charges on the property, plant and equipment of its underperforming stores comprising S\$8.7 million from Malaysia, S\$0.4 million from Vietnam, and S\$4.6 million from Indonesia. Additionally, the Group impaired property, plant and equipment in relation to its edutainment venture in Malaysia of S\$4.3 million, as well as its planned store in Cambodia of S\$3.4 million. An impairment charge of S\$4.3 million had also been recorded on the Group's goodwill arising

from its Indonesia operations following the underperformance of the country's department store business amid challenging operating environment.

The opening of the planned store in Cambodia had been delayed for years on the part of the landlord. Due to uncertainties over the completion of the project, the Group recorded an impairment charge of S\$3.4 million on the capital expenditure incurred, as well as allowances for doubtful debts on deposits due from landlord and project contractor of S\$5.0 million in FY2017. The Group is currently in negotiation with the landlord for a solution to this delayed project.

Excluding impairment charges on property, plant and equipment and goodwill, the Group's pre-tax loss in FY2017 was S\$(22.6) million, mainly as a result of (i) impact from the overall tepid or negative SSSG recorded by the Group's operations; and (ii) gestation period of new stores and new ventures.

Taxation

Despite recording pre-tax losses, the Group incurred tax expenses of S\$14.2 million in FY2017 mainly because tax regulations in the countries where the Group operates generally do not permit set-off of tax losses against taxable profits between Group companies. Additionally, the Group charged out portion of deferred tax assets with doubtful recoverability of S\$7.4 million during the financial year.

Net losses attributable to owners of the Company

The Group recorded attributable net losses of S\$(43.0) million and S\$(59.5) million for Q4FY2017 and FY2017 respectively.

Review of Group Balance Sheet

The Group is in a net current liabilities (NCL) position of S\$(55.5) million as at 30 June 2017. The NCL position is as a result of the Group's investments in new stores and new ventures, whilst contribution from these investments have yet to achieve optimal level due to gestation period.

Property, plant and equipment of the Group recorded a net decrease in carrying amount to S\$144.7 million as at 30 June 2017 despite its investment in new stores and new ventures during the financial year. The decline is significantly due to net impairment charges of S\$21.4 million over underperforming stores and ventures, as well as property, plant and equipment written off of S\$3.5 million on closed stores.

Prepayments (current and non-current) declined to S\$5.5 million following the amortisation of prepaid store rentals. Intangible assets too recorded a drop to S\$1.1 million, largely the effect of impairment charges on goodwill of S\$4.3 million. On the other hand, other receivables (non-current) dwindled to S\$21.8 million, primarily due to allowances made on rental deposit for a planned store in Cambodia of S\$2.6 million. The Group's deferred tax assets are lower at S\$2.0 million following the charging out of portion with doubtful recoverability.

Trade and other receivables declined to S\$17.0 million, partly due to allowances made on other deposits for a planned store in Cambodia of S\$2.3 million.

Trade and other payables (current) increased to S\$185.9 million as at 30 June 2017, driven primarily by Hari Raya / Lebaran festive sales and the resulting increase in merchandise buying and concessionaire sales collection. For non-current liabilities, the increase in other liabilities is in part due to the additional provision for store restoration costs of S\$3.2 million.

Non-controlling interests increased to S\$3.5 million as at 30 June 2017 due to the sharing of additional losses by the minority shareholders.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Company's profit guidance as issued on 15 August 2017 regarding the financial results of the Group for FY2017 is generally in line with the reported results in this announcement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's performance in the next reporting quarter ending 30 September 2017, in particular for our Malaysia and Indonesia operations, will be impacted by lesser festive spending following the shift in Hari Raya / Lebaran calendar.

For the 12 months ending 30 June 2018, the Group's operating environments are expected to remain challenging over fragile consumer sentiment and increased political and societal uncertainties. To mitigate these challenges, the Group will exercise vigilance in pursuing our strategy to transform Parkson into a lifestyle concept retail business.

11. Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Final
Dividend Type	Cash
Dividend per Ordinary Share	0.5 cent, (one-tier) tax exempt

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared/recommendeded for the financial year ended 30 June 2017.

PART II - ADDITIONAL DISCLOSURE

13. Group Performance by Geographical Segment

Group	Retailing					Total
	Malaysia	Vietnam	Indonesia	Myanmar	Others	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
12 months ended 30.06.2017						
Gross Sales Proceeds	684,447	111,530	182,371	2,924	1,141	982,413
Revenue	312,107	31,481	66,621	1,375	1,141	412,725
Pre-tax results						
Retailing	1,577	(759)	(8,856)	(468)	-	(8,506)
Other businesses*	-	-	-	-	(5,427)	(5,427)
Investment holding	-	-	-	-	(779)	(779)
Allowance for doubtful debts						
- advances to managed stores	-	(2,913)	-	-	-	(2,913)
- deposits for a planned store in Cambodia	-	-	-	-	(4,968)	(4,968)
Impairment on property, plant and equipment	(8,673)	(370)	(4,619)	-	(7,718)	(21,380)
Impairment on goodwill	-	-	(4,309)	-	-	(4,309)
Reported pre-tax results	(7,096)	(4,042)	(17,784)	(468)	(18,892)	(48,282)

Group	Retailing					Total
	Malaysia	Vietnam	Indonesia	Myanmar	Others	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
12 months ended 30.06.2016						
Gross Sales Proceeds	662,829	128,476	171,824	4,580	37	967,746
Revenue	291,190	34,642	60,744	1,804	37	388,417
Pre-tax results						
Retailing	15,365	(1,008)	(4,434)	(1,734)	-	8,189
Other businesses*	-	-	-	-	(1,672)	(1,672)
Investment holding	-	-	-	-	(946)	(946)
Allowances for doubtful debts						
- advances / deposits to managed stores	-	(8,780)	-	-	-	(8,780)
- deposits for a planned store in Cambodia	-	-	-	-	(3,269)	(3,269)
Impairment on property, plant and equipment	(1,858)	-	(3,541)	-	-	(5,399)
Gain on partial disposal of a former subsidiary	-	46,797	-	-	-	46,797
Reported pre-tax results	13,507	37,009	(7,975)	(1,734)	(5,887)	34,920

* Other businesses consist of edutainment, nursery, food and beverages

14. Factors leading to any material changes in contributions to turnover and earnings by business or geographical segments

Please refer to Note 8 of this announcement.

15. Breakdown of sales

	Year ended		+/(−)
	30.06.2017	30.06.2016	
Group	S\$'000	S\$'000	%
(a) Revenue reported for 1st half year	204,476	196,142	4.2
(b) Operating profit after tax before deducting minority interests reported for 1st half year	(8,237)	51,877	>(100.0)
(c) Revenue reported for 2nd half year	208,249	192,275	8.3
(d) Operating profit after tax before deducting minority interests reported for 2nd half year	(54,293)	(23,282)	>(100.0)

16. Breakdown of total annual dividend

	Year ended	
	30.06.2017	30.06.2016
Group	S\$'000	S\$'000
Ordinary	3,369	13,546
Preference	-	-
Total	3,369	13,546

17. Interested person transactions for the 12 month period ended 30 June 2017

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
Lion Corporation Berhad Group ⁽¹⁾	-	347
Lion Forest Industries Berhad Group ⁽²⁾	-	973
Parkson Holdings Berhad Group ⁽³⁾	645	5,085
Secom (M) Sdn Bhd ⁽⁴⁾	-	441
Bonuskad Loyalty Sdn Bhd ⁽⁵⁾	-	7,197
PT Monica Hijaulestari ⁽⁶⁾	-	3,165
WatchMart (M) Sdn Bhd ⁽⁶⁾	-	157

Notes:

- (1) Purchase of equipment, furniture and fittings.
- (2) Purchase of building materials, light fittings and merchandises, procurement of energy conservation services, purchase of merchandise and sale of gift vouchers.
- (3) (i) Royalty expenses, service charge income and rental income totaling S\$0.645 million;
(ii) Sale of gift vouchers, purchase of merchandises and net concessionaire sales totaling S\$5.085 million.
- (4) Purchase of security equipment and procurement of security services.
- (5) Marketing fees payable for bonus points issued and amounts receivable for points redemption made by cardholders.
- (6) Purchase of merchandise.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ms. Cheng Hui Yen, Natalie	33	- Daughter of Tan Sri Cheng Heng Jem (Executive Chairman and Substantial Shareholder) - Sister of Ms Cheng Hui Yuen, Vivien (Executive Director)	Director of Merchandising (since June 2015)	-

19. Confirmation that the issuer has procured undertakings from all its Directors and Executive Officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

For and on behalf of the Board
PARKSON RETAIL ASIA LIMITED

Tan Sri William Cheng Heng Jem
Executive Chairman

Singapore
23 August 2017