



PARKSON RETAIL ASIA LIMITED

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

**Unaudited Condensed Interim Financial Statements for the
Third Quarter and Nine Months ended 30 September 2023**

This quarterly reporting announcement is mandatory, made pursuant to the requirements of Singapore Exchange Securities Trading Limited (“SGX-ST”), as required under Rule 705(2C) of the SGX-ST’s Listing Rules.

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Parkson Retail Asia Limited
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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group					
		Quarter ended			Period ended		
		30.9.2023	30.9.2022	+/(-) %	30.9.2023	30.9.2022	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
<u>Continuing operations</u>							
Revenue	5	47,390	49,281	(3.8)	165,353	165,017	0.2
Other items of income							
- Finance income		799	1,153	(30.7)	3,547	3,358	5.6
- Other income		770	941	(18.2)	2,319	2,300	0.8
Items of expense							
- Changes in merchandise inventories and consumables		(17,145)	(15,943)	7.5	(52,126)	(47,253)	10.3
- Employee related expense		(8,553)	(8,325)	2.7	(27,044)	(26,262)	3.0
- Depreciation of right-of-use assets		(7,766)	(8,866)	(12.4)	(24,315)	(26,217)	(7.3)
- Depreciation and amortisation expense		(1,344)	(2,236)	(39.9)	(4,633)	(8,802)	(47.4)
- Promotional and advertising expense		(162)	(105)	54.3	(658)	(684)	(3.8)
- Operating lease expenses		(2,015)	(1,144)	76.1	(6,930)	(2,713)	>100
- Interest expense on lease liabilities		(3,227)	(3,725)	(13.4)	(10,415)	(11,410)	(8.7)
- Finance costs		-	(114)	(100)	(121)	(302)	(59.9)
- Other expenses		(4,768)	(5,338)	(10.7)	(16,386)	(16,025)	2.3
Total expenses		(44,980)	(45,796)	(1.8)	(142,628)	(139,668)	2.1
Profit from continuing operations, before tax	7	3,979	5,579	(28.7)	28,591	31,007	(7.8)
Income tax expense	8	(1,314)	(1,635)	(19.6)	(7,953)	(8,945)	(11.1)
Profit from continuing operations, net of tax		2,665	3,944	(32.4)	20,638	22,062	(6.5)
<u>Discontinued operation</u>							
(Loss)/profit from discontinued operation, net of tax		(3)	(113)	(97.3)	50	(343)	>100
Profit for the quarter/period, net of tax		2,662	3,831	(30.5)	20,688	21,719	(4.7)
Other comprehensive income							
- Foreign currency translation		612	578	5.9	(994)	2,366	>(100)
Total comprehensive income		3,274	4,409	(25.7)	19,694	24,085	(18.2)
<u>Profit/(loss) attributable to:</u>							
<u>Owners of the Company</u>							
Profit from continuing operations, net of tax		2,669	3,944	(32.3)	20,642	22,064	(6.4)
(Loss)/profit from discontinued operation, net of tax		(3)	(113)	(97.3)	50	(343)	>100
<u>Non-controlling interests</u>							
Loss from continuing operations, net of tax		(4)	-	>100	(4)	(2)	100
		2,662	3,831	(30.5)	20,688	21,719	(4.7)
<u>Total comprehensive income/(loss) attributable to:</u>							
<u>Owners of the Company</u>							
		3,279	4,402	(25.5)	19,699	24,087	(18.2)
<u>Non-controlling interests</u>							
		(5)	7	>(100)	(5)	(2)	>100
		3,274	4,409	(25.7)	19,694	24,085	(18.2)
<u>Earnings per share for profit attributable to the owners of the Company</u>							
Basic and diluted (cent):							
- Continuing operations		0.40	0.59		3.06	3.27	
- Discontinued operation		(0.00)	(0.02)		0.01	(0.05)	
- Continuing and discontinued operations		0.40	0.57		3.07	3.22	

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B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30.9.2023	31.12.2022	30.9.2023	31.12.2022
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment	11	17,141	20,801	-	-
Right-of-use assets	12	126,316	149,987	-	-
Investment in subsidiaries		-	-	112,177	117,230
Deferred tax assets		4,834	5,052	-	-
Other receivables	13	32,259	34,485	-	-
Prepayments		19	2	-	-
Intangible assets		72	74	-	-
Investment security	10	250	261	-	-
		180,891	210,662	112,177	117,230
Current assets					
Inventories		22,960	20,097	-	-
Trade and other receivables		13,507	15,481	1,608	-
Prepayments		1,368	1,806	-	-
Tax recoverable		393	50	-	-
Cash and short-term deposits	14	75,994	106,574	1,197	113
		114,222	144,008	2,805	113
Total assets		295,113	354,670	114,982	117,343
Current liabilities					
Trade and other payables		98,459	140,353	23,342	18,852
Other liabilities		8,542	14,418	752	1,100
Contract liabilities		5,993	6,558	-	-
Provisions		1,620	1,773	-	-
Tax payables		1,772	3,586	-	-
Loans and borrowings	15	2,453	4,841	-	-
Lease liabilities		31,212	31,760	-	-
		150,051	203,289	24,094	19,952
Net current liabilities		(35,829)	(59,281)	(21,289)	(19,839)
Non-current liabilities					
Other payables		1,288	1,504	-	-
Provisions		4,519	4,762	-	-
Loans and borrowings	15	-	2,078	-	2,078
Lease liabilities		136,562	160,038	-	-
		142,369	168,382	-	2,078
Total liabilities		292,420	371,671	24,094	22,030
Net assets/(liabilities)		2,693	(17,001)	90,888	95,313
Equity attributable to owners of the Company					
Share capital	16	231,676	231,676	231,676	231,676
Treasury shares	16	(549)	(549)	(549)	(549)
Other reserves		(162,901)	(161,908)	(59,284)	(55,183)
Accumulated losses		(65,427)	(86,119)	(80,955)	(80,631)
		2,799	(16,900)	90,888	95,313
Non-controlling interests		(106)	(101)	-	-
Total equity		2,693	(17,001)	90,888	95,313

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C. Condensed Interim Statements of Changes in Equity

	Attributable to owners of the Company					Non-controlling interests	Equity, total
	Share capital (Note 16)	Treasury shares (Note 16)	Other reserves (Note A)	Accumulated losses	Equity attributable to owners of the Company, total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group							
At 1.1.2023	231,676	(549)	(161,908)	(86,119)	(16,900)	(101)	(17,001)
Profit/(loss) for the period	-	-	-	20,692	20,692	(4)	20,688
Foreign currency translation	-	-	(993)	-	(993)	(1)	(994)
Total comprehensive (loss)/income for the period	-	-	(993)	20,692	19,699	(5)	19,694
At 30.9.2023	231,676	(549)	(162,901)	(65,427)	2,799	(106)	2,693
At 1.1.2022	231,676	(549)	(165,412)	(114,874)	(49,159)	(98)	(49,257)
Profit/(loss) for the period	-	-	-	21,721	21,721	(2)	21,719
Foreign currency translation	-	-	2,365	1	2,366	-	2,366
Total comprehensive income/(loss) for the period	-	-	2,365	21,722	24,087	(2)	24,085
At 30.9.2022	231,676	(549)	(163,047)	(93,152)	(25,072)	(100)	(25,172)

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C. Condensed Interim Statements of Changes in Equity (Cont'd)

	Share capital (Note 16)	Treasury shares (Note 16)	Other reserves (Note A)	Accumulated losses	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Company</u>					
At 1.1.2023	231,676	(549)	(55,183)	(80,631)	95,313
Loss for the period	-	-	-	(324)	(324)
Foreign currency translation	-	-	(4,101)	-	(4,101)
Total comprehensive loss for the period	-	-	(4,101)	(324)	(4,425)
At 30.9.2023	231,676	(549)	(59,284)	(80,955)	90,888
At 1.1.2022	231,676	(549)	(49,002)	(79,535)	102,590
Profit for the period	-	-	-	780	780
Foreign currency translation	-	-	(4,529)	-	(4,529)
Total comprehensive (loss)/income for the period	-	-	(4,529)	780	(3,749)
At 30.9.2022	231,676	(549)	(53,531)	(78,755)	98,841

Note A: Other reserves

	Group		Company	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign currency translation reserve	(46,544)	(46,690)	(59,284)	(53,531)
Fair value of financial assets at fair value through other comprehensive income	198	198	-	-
Capital redemption reserve	1	1	-	-
Acquisition reserve	(2,762)	(2,762)	-	-
Capital contribution from ultimate holding company	9,959	9,959	-	-
Merger reserve	(123,753)	(123,753)	-	-
	(162,901)	(163,047)	(59,284)	(53,531)

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D. Condensed Interim Consolidated Statement of Cash Flows

	Group			
	Quarter ended		Period ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before tax from continuing operations	3,979	5,579	28,591	31,007
(Loss)/profit before tax from discontinued operation	(3)	(113)	50	(343)
Profit before tax	3,976	5,466	28,641	30,664
Adjustments for:				
- Depreciation of property, plant and equipment ("PPE")	1,344	2,232	4,633	8,790
- Reversal of impairment of PPE	-	(84)	-	(863)
- PPE written off	171	196	190	265
- Gain on disposal of PPE	-	(9)	(7)	(7)
- Amortisation of intangible assets	-	4	-	12
- Depreciation of right-of-use assets	7,766	8,866	24,315	26,217
- (Write-back of allowance)/allowance for trade and other receivables	(1)	(7)	7	(39)
- Allowance for inventory shrinkages	321	359	417	499
- Interest expense on lease liabilities	3,227	3,725	10,415	11,410
- Finance costs	-	114	121	302
- Finance income	(799)	(1,153)	(3,547)	(3,358)
Operating cash flows before changes in working capital	16,005	19,709	65,185	73,892
Changes in working capital				
- Inventories	(2,074)	(2,510)	(4,226)	(2,519)
- Receivables and prepayments	(687)	787	880	8,841
- Payables and other liabilities	(20,317)	(30,875)	(43,084)	(25,020)
Cash flows (used in)/generated from operating activities	(7,073)	(12,889)	18,755	55,194
Interest received	567	412	2,150	1,127
Interest paid	(31)	(1)	(331)	(3)
Income tax paid	(4,656)	(3,209)	(9,264)	(3,209)
Net cash (used in)/generated from operating activities	(11,193)	(15,687)	11,310	53,109
Investing activities				
Proceeds from disposal of PPE	-	14	10	14
Purchase of PPE	(914)	(425)	(2,612)	(1,333)
Proceeds from net investments in sublease	591	-	2,979	-
Net cash (used in)/generated from investing activities	(323)	(411)	377	(1,319)
Financing activities				
Interest paid	(3,170)	(3,432)	(10,132)	(11,898)
Proceeds from bank borrowings	760	1,168	2,276	5,648
Repayment of bank borrowings	(2,456)	(1,237)	(4,361)	(5,957)
Repayment of loan from the ultimate holding company	-	-	(2,059)	-
Payment of principal portion of lease liabilities	(7,397)	(9,766)	(23,642)	(28,499)
Decrease/(increase) in pledged deposits	(11)	(12)	(3,397)	619
Net cash used in financing activities	(12,274)	(13,279)	(41,315)	(40,087)
Net (decrease)/increase in cash and cash equivalents	(23,790)	(29,377)	(29,628)	11,703
Cash and cash equivalents at beginning of the quarter/period	89,421	101,528	97,294	62,021
Effects of currency translation on cash and cash equivalents	752	(1,330)	(1,283)	(2,903)
Cash and cash equivalents at end of the quarter/period	66,383	70,821	66,383	70,821

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E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Parkson Retail Asia Limited (the “**Company**”) is a public listed company incorporated in Singapore and is listed on the SGX-ST.

These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2023 comprise the financial statements of the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are:

- a. Operation of department stores;
- b. Trading of apparels and consumer products; and
- c. Investment holding and others.

2. Going concern basis

The Auditors had, in respect of the Company's Audited Financial Statements for the financial year ended 31 December 2022 included a paragraph on material uncertainty related to going concern on the Group as the Group's current liabilities exceeded its current assets and its total liabilities exceeded its total assets as at 31 December 2022.

The management continues to review the appropriateness of the going concern and the Directors of the Company are of the view that it is appropriate to prepare the Group's financial statements on a going concern on the following bases:

- i. the Group is able to generate sufficient cash flows from its operations to pay its liabilities as and when they fall due;
- ii. the management manages cashflow of the subsidiaries on overall Group basis, where necessary;
- iii. there are no changes in the credit terms granted by suppliers and the Group intends to adhere to the average trade payable turnover days consistent with prior years; and
- iv. the Group has cash and short term deposits of S\$75,994,000 as at 30 September 2023.

3. Basis of preparation

The condensed interim financial statements for the nine months ended 30 September 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 3.1.

The financial statements are presented in Singapore Dollar (“S\$”), rounded to the nearest thousand (“S\$’000”), unless otherwise stated.

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3. Basis of preparation (cont'd)

3.1. New and amended standards adopted by the Group

The Group has considered the following standards that have been issued and effective for annual periods beginning on or after 1 January 2023, where applicable:

SFRS(I) 17 Insurance Contracts

Amendments to SFRS(I) 1-2 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to SFRS(I) 1-8 Definition of Accounting Estimates

Amendments to Various SFRS(I) SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies

The adoption of the standards above will have no material impact on the financial statements for the current financial year.

3.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

4. Seasonal operations

The Group's retail operations generally performed better with higher sales generated during festive and holiday seasons.

5. Segment and revenue information

The Group has two operating segments, the operation and management of (i) retail stores; and (ii) investment holding and others. For management purposes, the Group is organised into business units based on the geographical location of customers and assets as follows:

- a. Malaysia; and
- b. Vietnam.

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5. Segment and revenue information (cont'd)

5.1. Reportable segments

<u>Quarter ended 30 September 2023</u>	← Continuing operations →			Discontinued operation	Consolidated
	Retail stores		Investment holding and others	Retail store	
	Malaysia	Vietnam		Vietnam	
	S\$'000	S\$'000	S\$'000	S\$'000	Total S\$'000
Revenue:					
Sales to external customers	46,527	255	608	-	47,390
Segment results:					
Depreciation and amortisation expenses:					
- Property, plant and equipment	(1,342)	(2)	-	-	(1,344)
- Right-of-use assets	(7,729)	-	(37)	-	(7,766)
Operating lease expenses	(1,772)	(229)	(14)	-	(2,015)
Finance income	567	231	1	-	799
Interest and finance costs	(2,979)	(245)	(3)	-	(3,227)
Income tax expense	(1,314)	-	-	-	(1,314)
Segment profit/(loss)	3,966	(440)	(861)	(3)	2,662
Other segment information:					
Additions to non-current assets	2,385	-	1	-	2,386
Segment assets	255,807	34,632	4,075	599	295,113
Segment liabilities	245,455	35,574	10,834	557	292,420
Period ended 30 September 2023					
	← Continuing operations →			Discontinued operation	Consolidated
	Retail stores		Investment holding and others	Retail store	
	Malaysia	Vietnam		Vietnam	
	S\$'000	S\$'000	S\$'000	S\$'000	Total S\$'000
Revenue:					
Sales to external customers	162,305	1,406	1,642	-	165,353
Segment results:					
Depreciation and amortisation expenses:					
- Property, plant and equipment	(4,631)	(2)	-	-	(4,633)
- Right-of-use assets	(24,203)	-	(112)	-	(24,315)
Operating lease expenses	(5,830)	(1,067)	(33)	-	(6,930)
Finance income	2,149	1,397	1	-	3,547
Interest and finance costs	(9,189)	(1,306)	(41)	-	(10,536)
Income tax expense	(7,953)	-	-	-	(7,953)
Segment profit/(loss)	25,890	(1,127)	(4,125)	50	20,688
Other segment information:					
Additions to non-current assets	11,167	24	140	-	11,331
Segment assets	255,807	34,632	4,075	599	295,113
Segment liabilities	245,455	35,574	10,834	557	292,420

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5. Segment and revenue information (cont'd)

5.1. Reportable segments (cont'd)

<u>Quarter ended 30 September 2022</u>	← Continuing operations →			Discontinued operation	Consolidated
	Retail stores		Investment holding and others	Retail store	
	Malaysia	Vietnam		Vietnam	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:					
Sales to external customers	48,097	585	599	-	49,281
Segment results:					
Depreciation and amortisation expenses:					
- Property, plant and equipment	(2,153)	(60)	(19)	-	(2,232)
- Right-of-use assets	(8,828)	-	(38)	-	(8,866)
- Intangible assets	-	(4)	-	-	(4)
Reversal on impairment of PPE	84	-	-	-	84
Operating lease expenses	(731)	(401)	(12)	-	(1,144)
Finance income	442	711	-	-	1,153
Interest and finance costs	(3,170)	(561)	(108)	-	(3,839)
Income tax expense	(1,635)	-	-	-	(1,635)
Segment profit/(loss)	5,340	(301)	(1,095)	(113)	3,831
Other segment information:					
Additions to non-current assets	345	51	7	-	403
Segment assets	267,905	39,829	2,909	1,071	311,714
Segment liabilities	269,193	39,618	27,308	767	336,886
<u>Period ended 30 September 2022</u>	← Continuing operations →			Discontinued operation	Consolidated
	Retail stores		Investment holding and others	Retail store	
	Malaysia	Vietnam		Vietnam	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:					
Sales to external customers	161,435	2,037	1,545	-	165,017
Segment results:					
Depreciation and amortisation expenses:					
- Property, plant and equipment	(8,406)	(203)	(181)	-	(8,790)
- Right-of-use assets	(26,101)	-	(116)	-	(26,217)
- Intangible assets	-	(12)	-	-	(12)
Reversal on impairment of PPE	863	-	-	-	863
Operating lease expenses	(1,667)	(1,062)	16	-	(2,713)
Finance income	1,222	2,136	-	-	3,358
Interest and finance costs	(9,737)	(1,710)	(265)	-	(11,712)
Income tax expense	(8,945)	-	-	-	(8,945)
Segment profit/(loss)	27,455	(831)	(4,562)	(343)	21,719
Other segment information:					
Additions to non-current assets	690	80	8	-	778
Segment assets	267,905	39,829	2,909	1,071	311,714
Segment liabilities	269,193	39,618	27,308	767	336,886

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5. Segment and revenue information (cont'd)

5.2. Disaggregation of revenue

Quarter ended	Malaysia		Vietnam		Total	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Continuing operations						
Sale of goods - direct sales	24,052	22,204	-	-	24,052	22,204
Commissions from concessionaire sales	22,006	25,411	247	399	22,253	25,810
Food and beverage	608	599	-	-	608	599
Others	89	89	-	-	89	89
Revenue from contracts with customers	46,755	48,303	247	399	47,002	48,702
Rental income	380	393	8	186	388	579
Total revenue from continuing operations	47,135	48,696	255	585	47,390	49,281
Timing of transfer of goods or services						
Total revenue from contracts with customers						
- at point in time	46,755	48,303	247	399	47,002	48,702

Period ended	Malaysia		Vietnam		Total	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Continuing operations						
Sale of goods - direct sales	75,349	67,735	-	-	75,349	67,735
Commissions from concessionaire sales	85,404	92,185	1,197	1,219	86,601	93,404
Food and beverage	1,642	1,532	-	-	1,642	1,532
Others	316	315	-	-	316	315
Revenue from contracts with customers	162,711	161,767	1,197	1,219	163,908	162,986
Rental income	1,236	1,213	209	818	1,445	2,031
Total revenue from continuing operations	163,947	162,980	1,406	2,037	165,353	165,017
Timing of transfer of goods or services						
Total revenue from contracts with customers						
- at point in time	162,711	161,767	1,197	1,219	163,908	162,986

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 September 2023 and 31 December 2022:

	Group		Company	
	30.9.2023	31.12.2022	30.9.2023	31.12.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Trade and other receivables	43,719	47,661	1,608	-
Cash and short-term deposits	75,994	106,574	1,197	113
Total financial assets carried at amortised cost	119,713	154,235	2,805	113

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6. Financial assets and financial liabilities (cont'd)

	Group		Company	
	30.9.2023	31.12.2022	30.9.2023	31.12.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial liabilities				
Trade and other payables	99,528	141,608	23,342	18,852
Other liabilities	8,542	14,418	752	1,100
Lease liabilities	167,774	191,798	-	-
Loans and borrowings	2,453	6,919	-	2,078
Total financial liabilities carried at amortised cost	278,297	354,743	24,094	22,030

7. Profit before tax

7.1. Significant items

	Group			
	Quarter ended		Period ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Income				
Finance income	799	1,153	3,547	3,358
Reversal of impairment of PPE	-	84	-	863
Expenses				
Depreciation and amortisation expenses:				
- property, plant and equipment	1,344	2,232	4,633	8,790
- right-of-use assets	7,766	8,866	24,315	26,217
Operating lease expense	2,015	1,144	6,930	2,713
Finance costs (including interest expense on lease liabilities)	3,227	3,839	10,536	11,712
Inventory shrinkages	321	359	417	499

7.2. Related party transactions

In addition to the related party information disclosed elsewhere in the condensed interim financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial periods:

	Group			
	Quarter ended		Period ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Sale of gift vouchers	6	46	47	102
Sale of goods and services	106	1	265	184
Purchase of goods and services	638	770	3,087	2,749
Received for bonus points redemption by cardholders	401	394	1,525	1,455
Marketing fee expense for bonus points issued	340	(441)	1,243	1,392
Rental of office and commercial space	50	72	159	232
Royalty expense	23	30	78	91
Management fee income	89	89	316	315
Interest expense in relation to loan from ultimate holding company	-	65	14	196

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8. Income tax expense

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	Quarter ended		Period ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Current and deferred income tax	1,314	1,635	7,953	8,945

9. Net assets/(liabilities) value

	Group		Company	
	30.9.2023	31.12.2022	30.9.2023	31.12.2022
	Net assets/(liabilities) value per ordinary share (S\$)			
	0.004	(0.025)	0.135	0.141

10. Financial asset at fair value through other comprehensive income ("FVOCI")

Financial asset at FVOCI comprise the following:

	Group	
	30.9.2023	31.12.2022
	S\$'000	S\$'000
Equity security (unquoted)		
- Lion Insurance Company Limited	250	261

The Group has elected to measure this equity security at FVOCI due to the Group's intention to hold this equity instrument for long-term appreciation.

10.1. Fair value measurement

Financial assets measured at fair value in the interim statements of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- Level 3 – unobservable inputs for the assets or liabilities.

The following table presented the asset measured at fair value:

	Group			
	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
At 30 September 2023				
Financial asset - FVOCI	-	-	250	250
At 31 December 2022				
Financial asset - FVOCI	-	-	261	261

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11. Property, plant and equipment

During the nine months ended 30 September 2023, the Group acquired assets amounting to S\$2,841,000 (30 September 2022: S\$778,000).

12. Right-of-use assets

The Group has lease contracts for retail and office premises, furniture and equipment, and motor vehicles.

During the nine months ended 30 September 2023, the Group recognised addition of right-of-use assets amounting to S\$8,490,000 (30 September 2022: Nil).

13. Other receivables (non-current)

	Group	
	30.9.2023	31.12.2022
	S\$'000	S\$'000
Rental deposits	4,692	5,036
Other deposits	111	67
Deferred lease expenses	514	569
Net investments in sublease	26,942	28,813
Total other receivables (non-current)	32,259	34,485

Rental deposits, other deposits and deferred lease expenses are of long term in nature and are not bound by any credit terms.

The Group recognises net investments in sublease as a result of sublease contracts classified as finance lease. The aging is as follows:

	Group	
	30.9.2023	31.12.2022
	S\$'000	S\$'000
Year 2	4,004	3,742
Year 3	4,200	3,954
Year 4	4,710	4,292
Year 5	5,245	4,918
Year 6	5,789	5,429
Year 7	2,994	6,478
Total net investments in sublease (non-current)	26,942	28,813

14. Cash and short-term deposits

	Group		Company	
	30.9.2023	31.12.2022	30.9.2023	31.12.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at banks	7,840	7,287	1,197	113
Short-term bank deposits	68,154	99,287	-	-
Total cash and short-term deposits	75,994	106,574	1,197	113

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14. Cash and short-term deposits (cont'd)

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

	Group	
	30.9.2023	31.12.2022
	S\$'000	S\$'000
Cash and short-term deposits as above	75,994	106,574
Less:		
- pledged deposits	(9,398)	(8,703)
- bank overdraft	(213)	(440)
- restricted bank balances	-	(137)
	66,383	97,294

15. Loans and borrowings

	Group	
	30.9.2023	31.12.2022
	S\$'000	S\$'000
<u>Amount repayable within one year or on demand</u>		
Secured:		
- Bank overdraft	213	440
- Banker's acceptance	1,003	1,817
Unsecured:		
- Loan from third parties	1,237	2,584
	2,453	4,841

	Group and Company	
	30.9.2023	31.12.2022
	S\$'000	S\$'000
<u>Amount repayable after one year</u>		
Unsecured:		
- Loan from ultimate holding company	-	2,078

Bank overdraft and trade facilities (including bank guarantee) are secured by short-term deposit of S\$9.4 million (31 December 2022: S\$8.7 million) and a corporate guarantee from a subsidiary.

16. Share capital

	Group and Company	
	No. of shares	
	('000)	S\$'000
Balances as at 30.9.2022, 31.12.2022 and 30.9.2023:		
Issued and fully paid with no par value	677,300	231,676
Treasury shares	3,500	549
<u>Total number of issued shares excluding treasury shares</u>	673,800	231,127

There was no movement in the issued, paid-up capital and treasury shares of the Group and the Company since the end of the previous period.

17. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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F. Other Information Required by Listing Rule Appendix 7.2

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

The condensed interim statements of financial position of Parkson Retail Asia Limited and its subsidiaries as at 30 September 2023 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the nine-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Group Store Count

As at 30 September 2023, the Group's department store network comprised 36 (30 September 2022 : 39) stores spanning approximately 407,000 sqm of Gross Floor Area.

Continuing operations

Operating Results

The components of Gross Sales Proceeds ("GSP") are as follows:

	Group					
	Quarter ended			Period ended		
	30.9.2023	30.9.2022	+ / (-)	30.9.2023	30.9.2022	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
GSP						
Sales of goods - direct sales	24,052	22,204	8.3	75,349	67,735	11.2
Sales of goods - concessionaire sales	83,489	97,674	(14.5)	325,213	360,955	(9.9)
Total merchandise sales	107,541	119,878	(10.3)	400,562	428,690	(6.6)
Consultancy/management service fees	89	89	-	316	315	0.3
Rental income	388	579	(33.0)	1,445	2,031	(28.9)
Food and beverage	608	599	1.5	1,642	1,532	7.2
GSP from continuing operations	108,626	121,145	(10.3)	403,965	432,568	(6.6)

The yoy decrease in total merchandise sales by 6.6% is mainly due to the lower store count during the period as well as the weakened spending power of consumers compared to the corresponding period. Merchandise sales mix remained largely concessionaire at 81.2% (2022: 84.2%) while contribution from direct sales was 18.8% (2022: 15.8%).

Rental income decreased yoy by 28.9% mainly due to poorer sales attained by tenants in Vietnam, as well as the gradual surrender of premises back to the landlord. Food and beverage operations registered a yoy increase in sales by 7.2%, mainly due to the recovery from the COVID-19 pandemic.

Merchandise gross profit margin stood at 27.7% (2022: 26.8%).

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2. Review of performance of the Group (cont'd)

Financial Results

Revenue

The components of revenue are as follows:

	Group					
	Quarter ended			Period ended		
	30.9.2023	30.9.2022	+/(-)	30.9.2023	30.9.2022	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Sales of goods - direct sales	24,052	22,204	8.3	75,349	67,735	11.2
Commissions from concessionaire sales	22,253	25,810	(13.8)	86,601	93,404	(7.3)
Consultancy/management service fees	89	89	-	316	315	0.3
Rental income	388	579	(33.0)	1,445	2,031	(28.9)
Food and beverage	608	599	1.5	1,642	1,532	7.2
Revenue from continuing operations	47,390	49,281	(3.8)	165,353	165,017	0.2

Other items of Income

Finance income increased yoy by 5.6% mainly due to increase in interest income from fixed deposits.

Expenses

Total expenses of the Group increased yoy by 2.1% and analysis of major expenses is as follows:

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables increased yoy by 10.3%, in line with higher direct sales achieved.

Depreciation and amortisation expense

Depreciation and amortisation expense decreased yoy by 47.4% mainly due to some of the plant and equipment being fully depreciated and written-off in the previous year.

Operating lease expenses

Operating lease expenses increased yoy by >100% mainly due to higher short term leases.

Other expenses

Other expenses for the current period comprised mainly (a) selling and distribution expenses amounted to S\$3.9 million; (b) general and administrative expenses amounted to S\$5.0 million; and (c) other operating expenses amounted to S\$7.5 million. The yoy increase in other expenses is fairly in line with the higher sales attained.

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2. Review of performance of the Group (cont'd)

Profit before tax

The Group recorded a lower profit before tax for the current period of S\$28.6 million compared with S\$31.0 million of the corresponding period, mainly due to the fewer store count during the period as well as the weakened spending power of consumers compared to the corresponding period.

Tax expense

Tax expense decreased yoy by 11.1% due to the lower profit before tax attained by the Malaysia operation during the period.

Group Statement of Financial Position

The Group was in a net current liabilities ("NCL") position of S\$35.8 million as at 30 September 2023. NCL of the Group decreased by 39.6% from S\$59.3 million as at 31 December 2022 was mainly due to the improved performance attained by the Group. The equity of the Group improved to S\$2.7 million as at 30 September 2023 from a negative equity of S\$17.0 million as at 31 December 2022 mainly due to profit attained by the Group.

Accordingly, these unaudited condensed interim financial statements of the Group have been prepared on a going concern basis. The ability of the Group to continue as a going concern is dependent on the Group generating sufficient cash flows from its operations to meet its working capital needs and the continued support from its suppliers and creditors.

Property, plant and equipment declined to S\$17.1 million mainly due to depreciation.

Right-of-use assets declined to S\$126.3 million mainly due to depreciation.

Other receivables (non-current) decreased to S\$32.3 million mainly due to the decrease in net investment in sublease as a result of the collection of rent from tenants.

Inventories increased to S\$23.0 million mainly due to the slowdown of sales in the current quarter.

Trade and other receivables (current) decreased to S\$13.5 million mainly due to collection from receivables.

Cash and short-term deposits declined to S\$76.0 million mainly due to repayment to creditors, consistent with the decline in trade and other payables.

Trade and other payables (current) decreased to S\$98.5 million mainly due to repayment.

Other liabilities (current) decreased to S\$8.5 million mainly due to the payment to a landlord for the settlement of dispute.

Loans and borrowings (current) decreased to S\$2.5 million mainly due to repayment of loan.

Loans and borrowings (non-current) decreased to nil due to repayment of loan.

Lease liabilities (non-current) decreased to S\$136.6 million mainly due to repayment.

Accumulated losses reduced to S\$65.4 million due to profit attained by the Group.

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2. Review of performance of the Group (cont'd)

Company Statement of Financial Position

Trade and other receivables (current) stood at S\$1.6 million due to advances made to a subsidiary.

Trade and other payables (current) increased to S\$23.3 million due to advances received from a subsidiary.

Loans and borrowings (non-current) decreased to nil due to repayment of loan.

Group Cash Flows

For the current period, the Group recorded net cash inflow from operating activities of S\$11.3 million, net cash generated from investing activities of S\$0.4 million and net cash used in financing activities of S\$41.3 million, resulting in a net decrease in cash and cash equivalents of S\$29.6 million (2022 : net increase of S\$11.7 million). The net decrease in cash and cash equivalents was generally due to repayment to creditors and payment of lease liabilities.

3. Material litigations

(the abbreviations used in this section shall have the same meaning ascribed to them in the previous announcements)

Parkson (Cambodia) Co Ltd

There has been no further update since the previous quarterly announcement made on 14 August 2023.

Parkson Corporation Sdn Bhd

PKNS-Andaman Development Sdn Bhd

Further to the previous quarterly announcement made on 14 August 2023, PKNS had on 6 September 2023, served PCSB with an Amended Writ and Amended Statement of Claim, both dated 3 September 2023. The amended claims are, *inter alia*, as follows:

1. payment by PCSB of RM10,965,712 (approximately S\$3,200,733) to PKNS, being the outstanding monthly rental from 2 April 2018 to June 2023, and thereafter at the rate of RM182,958.60 (approximately S\$53,403) per month until the settlement of the said outstanding rental;
2. as an alternative to (1) above, payment by PCSB of RM11,722,419 (approximately S\$3,421,605) to PKNS, being the outstanding monthly rental from 27 February 2018 to June 2023, and thereafter at the rate of RM182,958.60 (approximately S\$53,403) per month until the settlement of the said outstanding rental; and
3. PCSB is to settle the above outstanding monthly rental within 14 days from the date of judgement.

PCSB maintains its position that no rental is payable as PKNS has failed to satisfy the conditions precedent as set out in the Tenancy Agreement for rental commencement to be triggered and PKNS's act of issuing commencement notice pursuant to the Tenancy Agreement backdating the commencement date of rental without satisfying the conditions precedent is unlawful.

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3. Material litigations (cont'd)

Parkson Corporation Sdn Bhd (cont'd)

PKNS-Andaman Development Sdn Bhd (cont'd)

PCSB has been advised by its solicitors that it has a strong case for maintaining its position. The trial dates from 20 to 24 November 2023 were adjourned to a later date to be fixed by the Court.

The Group will make further announcements as and when there are material developments to the above matters.

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

The Group's commentary on its core business as outlined in Note F5 in the preceding quarterly results announcement dated 14 August 2023 was generally in line with the operating environment encountered in the current quarter.

5. 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 inflationary pressure, the continued rise in cost of living (which in turn would affect consumers' sentiment and spending power), shift in consumer spending habits and fear of a global recession continues to remain concerns to the Group for the financial year ending 31 December 2023.

The Group will continue to rationalise its operations, improve store productivity and operational efficiency, carry out tactical promotional activities as well as manage costs to improve its financial performance. The Group will also explore opportunities for new stores.

6. Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

7. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared by the Company for the current quarter as the Group and Company are still in accumulated losses position.

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8. Interested person transactions for the financial period ended 30 September 2023

Name of interested person	Nature of Relationship	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) S\$'000	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 S\$'000
Lion Corporation Berhad ⁽¹⁾	Associate of Tan Sri William Cheng Heng Jem, a director and controlling shareholder of the Company ("Tan Sri William Cheng")	-	2,918
Parkson Holdings Berhad Group ⁽²⁾	Associate of Tan Sri William Cheng	92 ^{(i)*}	3,407 ⁽ⁱⁱ⁾
Lion Posim Berhad ⁽³⁾	Associate of Tan Sri William Cheng	-	158
Visionwell Sdn Bhd ⁽⁴⁾	Associate of Tan Sri William Cheng	-	158

Notes:

- (1) (a) Marketing fee payable for bonus points issued and amount received/receivable for point redemption made by cardholders totalling S\$2.768 million; and
(b) Purchase of goods and security equipment, and procurement of security service totalling S\$0.150 million.
- (2) (i) (a) Interest expense of S\$0.014 million in relation to loan obtained from the ultimate holding company; and
(b) Royalty expense totalling S\$0.078 million.
(ii) (a) Rental and management fee income totalling S\$0.316 million; and
(b) Net purchase of merchandise and concessionaire sales totalling S\$3.091 million.
- (3) Purchase of building materials and merchandise, sale of gift vouchers and rental income.
- (4) Rental of office space.

* Royalty expense and interest expense payable to Parkson Holdings Berhad Group had at the extraordinary general meeting held on 29 April 2022 been approved by shareholders as specific interested person transactions ("IPTs").

9. Confirmation by Directors

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial results of Parkson Retail Asia Limited for the third quarter and nine months ended 30 September 2023 to be false or misleading in any material aspects.

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10. 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 of SGX-ST.

For and on behalf of the Board
PARKSON RETAIL ASIA LIMITED

Tan Sri William Cheng Heng Jem
Executive Chairman

Singapore
14 November 2023