



PARKSON RETAIL ASIA LIMITED

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

**Unaudited Financial Statements for the First Quarter and Three Months
ended 30 September 2019**

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		
	30.09.2019	30.09.2018	+/(-)
	\$'000	\$'000	%
Revenue	79,207	92,607	(14.5)
Other items of income			
- Finance income	233	171	36.3
- Other income	646	775	(16.6)
Items of expense			
- Changes in merchandise inventories and consumables	(35,619)	(43,400)	17.9
- Employee related expense	(14,307)	(15,897)	10.0
- Amortisation of right-of-use assets	(15,633)	-	>(100)
- Depreciation and amortisation expense	(4,318)	(5,837)	26.0
- Promotional and advertising expense	(994)	(1,455)	31.7
- Rental expense	(3,578)	(27,516)	87.0
- Lease interest	(7,310)	-	>(100)
- Finance costs	(439)	(100)	>(100)
- Other expenses	(9,301)	(10,434)	10.9
Total expenses	(91,499)	(104,639)	12.6
Loss before taxation	(11,413)	(11,086)	(2.9)
Taxation credit/(expense)	1,678	(23)	>100
Loss for the period	(9,735)	(11,109)	12.4
Loss for the period attributable to:			
Owners of the Company	(9,733)	(11,130)	12.6
Non-controlling interests	(2)	21	>100
	(9,735)	(11,109)	12.4

SFRS(I) 16 Leases takes effect from 1 July 2019. Please refer to Page 13 for its impact on the Consolidated Income Statement.

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

	Group		
	Quarter ended		
	30.09.2019	30.09.2018	+/(-)
	\$'000	\$'000	%
Loss for the period	(9,735)	(11,109)	12.4
Other comprehensive income/(loss):			
Foreign currency translation	1,439	61	>100
Net fair value loss on equity instruments at fair value through other comprehensive income	-	(173)	(100.0)
Total comprehensive loss	(8,296)	(11,221)	26.1
Total comprehensive loss attributable to:			
Owners of the Company	(8,293)	(11,303)	26.6
Non-controlling interests	(3)	82	>(100)
	(8,296)	(11,221)	26.1

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

	Group	
	Quarter ended	
	30.09.2019	30.09.2018
	\$'000	\$'000
The following items have been included in arriving at loss before taxation:		
Allowance for doubtful debts	(760)	(47)
Amortisation of right-of-use assets	(15,633)	-
Lease interest	(7,310)	-
Rental expense	(3,578)	(27,516)

1(b)(i) Statements of Financial Position

	Group		Company	
	30.09.2019	30.06.2019	30.09.2019	30.06.2019
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	92,785	95,138	-	-
Land use right	7,354	7,204	-	-
Investment in subsidiaries	-	-	141,695	140,553
Investment in associate	-	-	-	-
Deferred tax assets	5,225	3,146	-	-
Other receivables	15,347	14,672	10,593	7,499
Prepayments	752	863	-	-
Intangible assets	845	861	-	-
Investment securities	923	916	-	-
Right-of-use assets*	439,778	-	-	-
	563,009	122,800	152,288	148,052
Current assets				
Inventories	51,238	53,322	-	-
Trade and other receivables	18,159	23,658	-	-
Prepayments	3,714	2,372	18	13
Tax recoverable	870	1,281	-	-
Cash and short-term deposits	20,238	54,748	34	83
	94,219	135,381	52	96
Total assets	657,228	258,181	152,340	148,148
Current liabilities				
Trade and other payables	122,835	155,607	2,577	1,196
Other liabilities	18,442	21,723	430	267
Contract liabilities	12,360	11,942	-	-
Provisions	2,969	3,293	-	-
Loan and borrowings	3,425	4,152	-	-
Lease liabilities*	38,105	-	-	-
	198,136	196,717	3,007	1,463
Net current (liabilities)/assets	(103,917)	(61,336)	(2,955)	(1,367)
Non-current liabilities				
Other payables	3,913	3,857	-	-
Other liabilities	13,032	19,651	-	-
Provisions	9,358	10,875	-	-
Loan and borrowings	13,044	11,851	9,084	7,369
Deferred tax liabilities	443	439	443	439
Lease liabilities*	412,807	-	-	-
	452,597	46,673	9,527	7,808
Total liabilities	650,733	243,390	12,534	9,271
Net Assets	6,495	14,791	139,806	138,877
Equity attributable to the owners of the Company				
Share capital	231,676	231,676	231,676	231,676
Treasury shares	(549)	(549)	(549)	(549)
Other reserves	(166,686)	(168,126)	(46,764)	(47,891)
Accumulated losses	(57,904)	(48,171)	(44,557)	(44,359)
	6,537	14,830	139,806	138,877
Non-controlling interests	(42)	(39)	-	-
Total equity	6,495	14,791	139,806	138,877

* SFRS(I) 16 Leases takes effect from 1 July 2019. Please refer to Note 5 for more information.

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

	Group			
	30.09.2019		30.06.2019	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand				
- Bank overdraft	83	-	158	-
- Banker's acceptance	1,889	-	2,457	-
- Finance lease	143	-	259	-
- Loan from owner of a managed store (Vietnam)	-	1,310	-	1,278
	2,115	1,310	2,874	1,278
Amount repayable after one year				
- Finance lease	103	-	108	-
- Loan from ultimate holding company	-	12,941	-	11,743
	103	12,941	108	11,743

Bank overdraft and banker's acceptance are secured by short-term deposit of S\$1.9 million and a corporate guarantee from a subsidiary.

Finance lease is secured by a charge over the leased assets and corporate guarantee from the Company.

1(c) Consolidated Statement of Cash Flows

	Group	
	Quarter ended	
	30.09.2019	30.09.2018
	\$'000	\$'000
Operating activities		
Loss before taxation	(11,413)	(11,086)
Adjustments for:		
- Depreciation of property, plant and equipment	4,236	5,739
- Amortisation of right-of-use assets	15,633	-
- Amortisation of intangible assets	49	66
- Amortisation of land rights	33	32
- Allowance for doubtful debts	760	47
- Unrealised currency translation (gain)/loss	12	2
- Property, plant and equipment ("PPE") written off	34	20
- Amortisation of deferred lease expense	26	513
- Inventory written down	7	42
- Inventory shrinkages	837	958
- Lease interest	7,310	-
- Finance costs	439	100
- Finance income	(233)	(171)
- Provision for onerous contracts, net	(706)	-
- Others	(96)	42
Operating cash flows before changes in working capital	16,928	(3,696)
Changes in working capital		
- Inventories	1,732	(382)
- Receivables and prepayments	5,648	(3,452)
- Payables and other liabilities	(43,370)	(16,586)
Cash flows used in operating activities	(19,062)	(24,116)
Interest received	204	171
Interest paid	(63)	(100)
Income paid	(22)	(1,297)
Net cash used in from operating activities	(18,943)	(25,342)

1(c) Consolidated Statement of Cash Flows (Cont'd)

	Group	
	Quarter ended	
	30.09.2019	30.09.2018
	\$'000	\$'000
Investing activities		
Proceeds from disposal of property, plant and equipment	32	-
Purchase of property, plant and equipment	(2,171)	(5,675)
Additions to intangible assets	(22)	-
Dividend income from investment securities	83	-
Net cash used in investing activities	(2,078)	(5,675)
Financing activities		
Proceeds from bank borrowings	1,228	1,774
Proceeds of loan from ultimate holding company	1,107	-
Repayment of obligations under finance lease	(123)	(109)
Repayment of bank borrowings	(2,007)	(1,510)
Increase in pledged deposit	(248)	(826)
Payment of lease liabilities	(14,344)	-
Net cash used in financing activities	(14,387)	(671)
Net decrease in cash and cash equivalents	(35,408)	(31,688)
Cash and cash equivalents at beginning of financial year	52,953	40,029
Effects of currency translation on cash and cash equivalents	712	(607)
Cash and cash equivalents at end of financial period	18,257	7,734

	30.09.2019	30.09.2018
	\$'000	\$'000
Cash and cash equivalents comprise the following: -		
Cash at bank	8,803	9,963
Short-term bank deposits	11,435	1,796
Cash and short-term bank deposits	20,238	11,759
Less: pledged deposit	(1,898)	(1,487)
Less: bank overdraft	(83)	(2,538)
	18,257	7,734

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

	Attributable to owners of the Company					Non-controlling Interests	Equity, total
	Share Capital	Treasury shares	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
<u>Group</u>							
At 01.07.2019	231,676	(549)	(168,126)	(48,171)	14,830	(39)	14,791
Loss for the period	-	-	-	(9,733)	(9,733)	(2)	(9,735)
Foreign currency translation	-	-	1,440	-	1,440	(1)	1,439
Total comprehensive income/ (loss) for the period	-	-	1,440	(9,733)	(8,293)	(3)	(8,296)
At 30.09.2019	231,676	(549)	(166,686)	(57,904)	6,537	(42)	6,495
At 01.07.2018	231,676	(549)	(165,902)	(13,647)	51,578	(2,922)	48,656
Cumulative effect of adopting SFRS(I)9	-	-	1,011	-	1,011	-	1,011
At 01.07.2018 (SFRS(I) Framework)	231,676	(549)	(164,891)	(13,647)	52,589	(2,922)	49,667
Loss for the period	-	-	-	(11,130)	(11,130)	21	(11,109)
Net fair value loss on equity instruments at fair value through other comprehensive income	-	-	(173)	-	(173)	-	(173)
Foreign currency translation	-	-	-	-	-	61	61
Total comprehensive (loss)/income for the period	-	-	(173)	(11,130)	(11,303)	82	(11,221)
Acquisition of non-controlling interests	-	-	(2,826)	-	(2,826)	2,826	-
As at 30.09.2018	231,676	(549)	(167,890)	(24,777)	38,460	(14)	38,446

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

	Share Capital	Treasury shares	Other reserves (Note A)	Accumulated losses	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
At 01.07.2019	231,676	(549)	(47,891)	(44,359)	138,877
Loss for the period	-	-	-	(198)	(198)
Foreign currency translation	-	-	1,127	-	1,127
Total comprehensive loss for the period	-	-	1,127	(198)	929
At 30.09.2019	231,676	(549)	(46,764)	(44,557)	139,806
At 01.07.2018	231,676	(549)	(43,284)	(39,202)	148,641
Loss for the period	-	-	-	(319)	(319)
Foreign currency translation	-	-	(3,317)	-	(3,317)
Total comprehensive income/(loss) for the period	-	-	(3,317)	(319)	(3,636)
As at 30.09.2018	231,676	(549)	(46,601)	(39,521)	145,005

Note A: Other reserves

	Group		Company	
	Quarter ended		Quarter ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	\$'000	\$'000	\$'000	\$'000
Foreign currency translation reserve	(50,969)	(52,173)	(46,764)	(46,601)
Fair value of financial assets at FVOCI	838	838	-	-
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)	-	-
	(166,686)	(167,890)	(46,764)	(46,601)

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	30.09.2019	30.09.2018
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 year and as at the end of the immediately preceding year.

	30.09.2019	30.06.2019
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 sale, transfer, disposal, cancellation and/or use of treasury shares during the quarter ended 30 September 2019.

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

Saved as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation to the financial statements for the current financial period as in the most recent audited financial statements for the financial year ended 30 June 2019.

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 has applied SFRS(I) 16 Leases commencing 1 July 2019.

SFRS(I) 16 requires lessees to recognise most leases on balance sheet. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 July 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group has adopted SFRS(I) 16 and elected to apply the modified retrospective method with no impact to the opening retained earnings at the date of initial application, 1 July 2019.

On the adoption of SFRS(I) 16, the Group, on a lease-by-lease basis, measured the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 July 2019.

In addition, the Group has elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 July 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

On the adoption of SFRS(I) 16, the Group has recognised right-of-use assets of S\$455.4 million and lease liabilities of S\$457.9 million for its leases previously classified as operating leases.

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follows: -

	Right-of-use assets	Lease liabilities
	S\$'000	S\$'000
As at 1 July 2019	455,411	457,946
Amortisation	(15,633)	-
Interest expense	-	7,310
Payments	-	(14,344)
As at 30 September 2019	439,778	450,912

6. Loss per ordinary share

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

	Group	
	Quarter ended	
	30.09.2019	30.09.2018
Basic and diluted (cent)	(1.44)	(1.65)
Based on weighted average number of shares ('000)	673,800	673,800

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

7. Net asset value per ordinary share

	Group		Company	
	30.09.2019	30.06.2019	30.09.2019	30.06.2019
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	0.01	0.02	0.21	0.21

8. Review of Group performance

Business Environment

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

	Quarter ended	
	30.09.2019	30.09.2018
Malaysia	-1.3%	5.9%
Vietnam	-14.3%	-16.5%
Indonesia	-7.7%	0.3%

Malaysia operations recorded SSSG of -1.3% as a result of generally softer retail market sentiment compared with the corresponding quarter in prior year.

Vietnam operations recorded negative SSSG of -14.3% as the retail scene in the country was very competitive and a major store is undergoing renovation work since the last quarter of FY2019 which has impacted that particular store’s sales.

Indonesia operations recorded negative SSSG of -7.7% mainly due to the aftermath of earthquake occurrences resulting in loss of tourists’ confidence traveling to Indonesia. In addition, one of the malls where a store operated, underwent renovation work while one of the other stores reduced its size, both of which have impacted the stores’ sales.

The Group continues to exercise caution in managing its overall business given various uncertainties at the macro level. There was no opening and closure of store during the quarter ended 30 September 2019.

As at 30 September 2019, the Group’s department store network comprises 61 stores spanning approximately 697,000 sqm of Gross Floor Area; 42 in Malaysia (483,000 sqm), 4 in Vietnam (75,000 sqm) and 15 in Indonesia (139,000 sqm).

Operational Results

Gross Sales Proceeds (“GSP”) of the Group recorded a yoy decline of 10.9% and the components of GSP are as follows: -

	Group		
	Quarter ended		
	30.09.2019	30.09.2018	+/(-)
GSP	S\$'000	S\$'000	%
Sales of goods - direct sales	45,855	54,809	(16.3)
Sales of goods - concessionaire sales	125,475	136,370	(8.0)
Total merchandise sales	171,330	191,179	(10.4)
Consultancy / management service fees	104	179	(41.9)
Rental income	2,449	3,522	(30.5)
Food and beverage	776	1,050	(26.1)
Total GSP	174,659	195,930	(10.9)

The decline in total merchandise sales by 10.4% was largely due to lower sales attained across the regions, namely Malaysia, Vietnam and Indonesia, as explained under Business Environment section above. Merchandise sales mix remains largely concessionaire at 76.6% (3MFY2019: 71.3%) while contribution from direct sales was 23.4% (3MFY2019: 28.7%).

Consultancy and management service fees from managing a department store in Malaysia declined by 41.9% due to lower sales attained by the departmental store. Rental income reduced as a result of closure of stores. Food and beverage operations registered a decline in sales mainly as a result of the exit of food courts business.

Merchandise gross profit margin stood at 23.7% (3MFY2019: 23.5%).

Financial Results

Revenue

The components of the Group's revenue are as follows: -

	Group		
	Quarter ended		
	30.09.2019	30.09.2018	+I/(-)
	S\$'000	S\$'000	%
Revenue			
Sales of goods - direct sales	45,855	54,809	(16.3)
Commission from concessionaire sales	30,023	33,047	(9.2)
Consultancy / management service fees	104	179	(41.9)
Rental income	2,449	3,522	(30.5)
Food and beverage	776	1,050	(26.1)
Total Revenue	79,207	92,607	(14.5)

Other items of Income

Other income declined yoy by 16.6% mainly as a result of lesser promotion income and prompt payment discounts. However, finance income increased yoy by 36.3%, mainly due to higher interest income earned from higher deposit balance since the end of last financial year.

Expenses

Total expenses of the Group declined yoy by 12.6% and analysis of major expenses is as follows: -

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables decreased yoy by 17.9%, largely in line with decline in revenue and net reduction in the Group's store count.

Employee related expense (staff costs)

Staff costs declined yoy by 10.0%, in line with lesser headcount following the net reduction in the Group's store count.

Amortisation expense of right-of-use assets

Amortisation expense arose from the adoption of SFRS(I) 16 Leases; the capitalisation of leases on 1 July 2019 as right-of-use assets and their subsequent amortisation on a straight line basis.

Depreciation and amortisation expense

Depreciation and amortisation expense declined by 26.0% mainly due to store closure, impairment of property, plant and equipment ("PPE") and PPE write-off.

Promotional and advertising expense

Promotional and advertising expenses declined yoy by 31.7%, largely attributed to savings arising from store closure and net reduction in the Group's store count.

Rental expense

Rental expense declined yoy by 87.0% as a result of the adoption of SFRS(I) 16 Leases. Without this adoption, the rental expense was estimated to be S\$21.9 million as compared with S\$27.5 million of the corresponding quarter. The decline was largely due to the Group's lesser store count.

Lease interest

Lease interest arose from the adoption of SFRS(I) 16 Leases; the recognition of lease liabilities and its consequent interest expense.

Finance cost

Finance costs increased yoy by >100%, mainly in line with higher borrowings from ultimate holding company.

Other expenses

Other expenses comprise mainly (a) selling and distribution expenses amounted to S\$1.8 million, (b) general and administrative expenses amounted to S\$3.4 million and (c) other operating expenses amounted to S\$4.1 million. Other expenses at S\$9.3 million was yoy lower by 10.9%, mainly due to decrease in selling and distribution expenses as a result of lesser store count.

Pre-tax Loss

The Group recorded pre-tax loss of S\$11.4 million, fairly in line with S\$11.1 million of the corresponding quarter. Without the adoption of SFRS(I) 16 Leases, pre-tax loss of the Group would have been S\$6.8 million, analysed as below:-

	S\$'000
Pre-tax loss	(11,413)
Add/(Deduct) SFRS(I) 16 Leases impact	
- Rental expense	(18,289)
- Right-of-use asset amortisation	15,633
- Lease interest	7,310
Pre-tax loss excluding SFRS(I) 16 Leases impact	(6,759)

Please refer to Page 13 for its impact on the Consolidated Income Statement.

Taxation credit/(expense)

Despite recording pre-tax loss, the Group recorded current tax expense of S\$0.3 million as certain subsidiaries were in taxable position. This was offset by deferred tax credit amounting to S\$2.0 million arising from the adoption of SFRS(I) 16 Leases.

Impact of SFRS(I) 16 on the consolidated income statement

The following table shows the adjustments recognised for each individual line item:

	Quarter ended 30.09.2019		
	Results without SFRS(I) 16	Impact of SFRS(I) 16	Results as reported
	\$'000	\$'000	\$'000
Revenue	79,207	-	79,207
Other items of income			
- Finance income	233	-	233
- Other income	646	-	646
Items of expense			
- Changes in merchandise inventories and consumables	(35,619)	-	(35,619)
- Employee related expense	(14,307)	-	(14,307)
- Amortisation of right-of-use assets	-	(15,633)	(15,633)
- Depreciation and amortisation expense	(4,318)	-	(4,318)
- Promotional and advertising expense	(994)	-	(994)
- Rental expense	(21,867)	18,289	(3,578)
- Lease interest	-	(7,310)	(7,310)
- Finance costs	(439)	-	(439)
- Other expenses	(9,301)	-	(9,301)
Total expenses	(86,845)	(4,654)	(91,499)
Loss before taxation	(6,759)	(4,654)	(11,413)
Taxation	(375)	2,053	1,678
Loss for the period	(7,134)	(2,601)	(9,735)
Loss for the period attributable to:			
Owners of the Company	(7,132)	(2,601)	(9,733)
Non-controlling interests	(2)	-	(2)
	(7,134)	(2,601)	(9,735)

Group Balance Sheet

The Group was in a net current liabilities ("NCL") position of S\$103.9 million as at 30 September 2019. NCL of the Group increased by 69.4% from its 30 June 2019 position as a result of the impact from adopting SFRS16(I) 16 Leases whereby the Group has recognised S\$38.1 million of lease liabilities, classified as current. As announced on 7 October 2019, the Group has received an undertaking from the ultimate holding company, Parkson Holdings Berhad, to provide financial support for a period of twelve months from the date of the Board's approval of the FY2019 audited financial statements.

Right-of-use assets of S\$439.8 million arose from the adoption of SFRS16(I) Leases on 1 July 2019.

Trade and other receivables (current) declined to S\$18.1 million mainly due to conversion of cash rental deposits to bank guarantee.

Cash and short term deposits decreased to S\$20.2 million mainly due to repayments made to creditors on due dates.

Trade and other payables (current) declined to S\$122.8 million due to repayments made to suppliers and largely in line with the decline in cash and short term deposits.

Other liabilities (non-current) declined to S\$13.0 million due to the reversal of accrued rental in conjunction with the adoption of SFRS(I) 16 Leases.

Total loan and borrowings increased to S\$16.5 million as a result of drawdown of loan from the ultimate holding company.

Lease liabilities of S\$450.9 million (current and non-current) arose from the adoption of SFRS(I) 16 Leases on 1 July 2019.

Company Balance Sheet

Other receivables (non-current) increased mainly due to additional loans to subsidiaries and correspondingly, there was an increase in loan and borrowings from the ultimate holding company.

Group Cash Flow

The Group recorded net cash outflow of S\$18.9 million in operating activities, primarily due to repayments made to creditors. Net cash used in investing activities stood at S\$2.1 million, mainly due to capital expenditure incurred. The Group recorded net cash used in financing activities of S\$14.4 million, mainly as a result of payment of lease liabilities classified as financing activities following the adoption of SFRS(I) 16 Leases.

9. Material litigations

Parkson (Cambodia) Co. Ltd. ("PCCO")

The announcement dated 15 November 2018 in relation to the issuance of Notice of Arbitration to Hassan (Cambodia) Development Co., Ltd (the "Lessor") for arbitration under the Singapore International Arbitration Centre ("SIAC Arbitration") refers. All capitalised terms used herein shall have the same meanings ascribed to them in the announcement dated 15 November 2018, unless otherwise provided or unless the context otherwise requires.

As mentioned in the announcement dated 27 August 2019, even though the disputes between PCCO and the Lessor in relation to the Lease Agreement are currently pending SIAC Arbitration in Singapore, on 12 December 2018, the Lessor filed a petition ("Case No. 2577") in the Phnom Penh Municipal Court of First Instance ("Phnom Penh Court"). The Lessor sought a ruling from the Phnom Penh Court inter alia claimed for damages against PCCO amounting to US\$12,440,000 (equivalent to approximately S\$16,962,000 as at the date of this announcement) in aggregate. On 3 May 2019, PCCO filed a motion to challenge the jurisdiction of the Phnom Penh Court to hear the Case No. 2577 and, when such motion was dismissed by the Phnom Penh Court on 1 July 2019, PCCO filed an appeal to the Cambodian Appellate Court against the dismissal decision ("Chomtoah Appeal").

On 25 October 2019, the Cambodian Appellate Court had dismissed the Chomtoah Appeal. Following such decision, Case No. 2577 shall continue to be heard at the Phnom Penh Court. In this regard, PCCO intends to defend against the Lessor's claims in Case No. 2577 vigorously.

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

Parkson Corporation Sdn Bhd ("PCSB")

Further to the Company's announcements dated 01 October 2019, 30 September 2019, 20 September 2019, and 27 August 2019 in relation to the litigation matter between PCSB and Millennium Mall Sdn Bhd ("MMSB"), PCSB has on 24 October 2019 commenced arbitration against MMSB by serving the notice of arbitration dated 24 October 2019 to MMSB. The arbitration primarily relates to MMSB's default in making payment to PCSB in the sum of about RM2.2 million, which arose from the sub-lease arrangements between PCSB and MMSB.

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

10. 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 10 in the preceding quarterly results announcement dated 27 August 2019 was generally in line with the operating environment encountered in this reported quarter.

11. 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 operating environment for the current financial year is expected to remain challenging amid severe competition faced by the Group. Nevertheless, much emphasis will be placed on cost containment, improving productivity and increasing revenue by carrying out tactical advertising & promotional activities. The Group will continue to focus on enhancing product offerings as well as optimising operational efficiency/productivity to further improve the results.

12. 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.

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

No dividend has been declared/recommendeded for the financial period ended 30 September 2019.

PART II - ADDITIONAL DISCLOSURE

14. Group Performance by Geographical Segment

	Malaysia		Vietnam		Indonesia		Myanmar		Cambodia		Others		Total	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
3 months ended 30.09.2019														
Gross Sales Proceeds	133,540	146,225	11,328	18,446	29,015	29,462	-	665	-	-	776	1,132	174,659	195,930
Revenue	65,539	75,588	3,038	5,277	9,854	10,286	-	324	-	-	776	1,132	79,207	92,607
Pre-tax Results														
Department stores	(2,469)	(3,091)	(3,138)	(1,902)	(2,807)	(1,954)	(20)	(300)	(23)	(7)	-	-	(8,457)	(7,254)
Other retail stores	(1,203)	(1,556)	-	-	-	-	-	-	-	-	-	-	(1,203)	(1,556)
Retailing	(3,672)	(4,647)	(3,138)	(1,902)	(2,807)	(1,954)	(20)	(300)	(23)	(7)	-	-	(9,660)	(8,810)
Other business														
- food and beverage	-	-	-	-	-	-	-	-	-	-	(611)	(903)	(611)	(903)
Corporate expenses	-	-	-	-	-	-	-	-	-	-	(1,142)	(1,373)	(1,142)	(1,373)
Reported pre-tax results	(3,672)	(4,647)	(3,138)	(1,902)	(2,807)	(1,954)	(20)	(300)	(23)	(7)	(1,753)	(2,276)	(11,413)	(11,086)

15. Interested person transactions for the financial period ended 30 September 2019

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 ⁽¹⁾	-	1,286
Parkson Holdings Berhad Group ⁽²⁾	287 ⁽ⁱ⁾	1,117 ⁽ⁱⁱ⁾

Notes:

- (1) (a) Marketing fee payable for bonus points issued and amount received/receivable for point redemption made by cardholders totaling S\$1.21 million;
(b) Purchase of security equipment and procurement of security service totaling RM0.07 million;
(c) Net purchase of merchandise and sale of gift voucher totaling S\$0.01 million.
- (2) (i) (a) Interest expense of S\$0.24 million in relation to loan from ultimate holding company;
(b) Royalty expense and service charge income totaling S\$0.04 million;
(c) Supply of foreign labour totaling S\$0.01 million.
- (ii) (a) Rental income and store management fee totaling S\$0.13 million;
(b) Net purchase of merchandise and concessionaire sales, and sale of gift voucher totaling S\$0.99 million.

16. 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 interim financial results of Parkson Retail Asia Limited for the First Quarter ended 30 September 2019 to be false or misleading.

17. 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
31 October 2019