

PARKSON RETAIL ASIA LIMITED

(Co. Reg. No. 201107706H)

(Incorporated in the Republic of Singapore)

Unaudited Financial Statements for the Fourth Quarter and Twelve Months ended 30 June 2021

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.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a)(i) Consolidated Income Statement

	Group			Group		
	Quarter ended			12 months ended		
	30.06.2021	30.06.2020	+ / (-)	30.06.2021	30.06.2020	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	29,895	24,918	20.0	178,390	269,330	(33.8)
Other items of income						
- Finance income	1,967	3,333	(41.0)	3,799	4,234	(10.3)
- Other income	69,377	14,221	>100	71,776	16,788	>100
Items of expense						
- Changes in merchandise inventories and consumables	(6,189)	(7,026)	11.9	(64,373)	(106,985)	39.8
- Employee related expense	(10,583)	(11,065)	4.4	(41,756)	(53,548)	22.0
- Depreciation of right-of-use assets ("ROUA")	(8,879)	(10,052)	11.7	(47,485)	(57,036)	16.7
- Depreciation and amortisation expense	(3,895)	(5,654)	31.1	(17,117)	(21,412)	20.1
- Promotional and advertising expense	(259)	(797)	67.5	(1,569)	(4,748)	67.0
- Operating lease expenses	3,437	2,690	(27.8)	2,565	(7,976)	>100
- Interest expense on lease liabilities	(5,501)	(4,868)	(13.0)	(24,036)	(28,841)	16.7
- Finance costs	(582)	(725)	19.7	(1,064)	(1,202)	11.5
- Impairment of property, plant and equipment	2,008	(6,646)	>100	(5,235)	(10,953)	52.2
- Impairment of ROUA	(5,514)	(40,840)	86.5	(36,215)	(40,840)	11.3
- Other expenses	(4,386)	(11,971)	63.4	(22,756)	(40,324)	43.6
Total expenses	(40,343)	(96,954)	58.4	(259,041)	(373,865)	30.7
Profit/(loss) before tax	60,896	(54,482)	>100	(5,076)	(83,513)	93.9
Tax credit/(expense)	736	(2,861)	>100	3,606	(1,482)	>100
Profit/(loss) for the quarter/period	61,632	(57,343)	>100	(1,470)	(84,995)	98.3
Net profit/(loss) attributable to:						
Owners of the Company	61,636	(57,282)	>100	(1,460)	(84,928)	98.3
Non-controlling interests	(4)	(61)	93.4	(10)	(67)	85.1
	61,632	(57,343)	>100	(1,470)	(84,995)	98.3

Notes:

i. Change of year end

The Company had on 10 June 2021, announced the change of its financial year end from 30 June to 31 December. With this change, the Company's current financial year, which began on 1 July 2020, will cover an 18-month period ending 31 December 2021.

ii. Deconsolidation of a subsidiary in Indonesia

On 17 May 2021, a wholly-owned subsidiary of the Company in Indonesia, PT Tozy Sentosa ("PT Tozy"), was placed under the bankruptcy proceedings by the Commercial Court in Jakarta, Indonesia and receivers were appointed to manage PT Tozy's assets and the liquidation of PT Tozy's bankruptcy estate. With effect from 17 May 2021, the board of directors of PT Tozy is no longer in control of PT Tozy and accordingly, the Company has also ceased to have control over PT Tozy. Following this, the Group had ceased to consolidate PT Tozy with effect from 17 May 2021.

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

	Group			Group		
	Quarter ended			12 months ended		
	30.06.2021	30.06.2020	+ / (-)	30.06.2021	30.06.2020	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit/(loss) for the quarter/period	61,632	(57,343)	>(100)	(1,470)	(84,995)	98.3
Other comprehensive income/(loss):						
Foreign currency translation	(390)	(1,055)	63.0	2,671	485	>100
Net fair value loss on equity instruments at fair value through other comprehensive income	-	(736)	>100	-	(736)	>100
Total comprehensive income/(loss)	61,242	(59,134)	>100	1,201	(85,246)	>100
Total comprehensive income/(loss) attributable to:						
Owners of the Company	61,236	(59,069)	>(100)	1,198	(85,175)	>(100)
Non-controlling interests	6	(65)	>100	3	(71)	>100
	61,242	(59,134)	>(100)	1,201	(85,246)	>(100)

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

	Group		Group	
	Quarter ended		12 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	\$'000	\$'000	\$'000	\$'000
The following items were included in arriving at profit/loss before tax:				
(Write-back of allowance)/Allowance for trade and other receivables	(1,456)	323	(177)	1,018
Depreciation of property, plant and equipment ("PPE")	3,877	5,582	17,022	21,102
Depreciation of right-of-use assets ("ROUA")	8,879	10,052	47,485	57,036
Interest expense on lease liabilities	5,501	4,868	24,036	28,841
Operating lease expenses	(3,437)	(2,690)	(2,565)	7,976
(Reversal of impairment)/Impairment of PPE	(2,008)	6,646	5,235	10,953
Impairment of ROUA	5,514	40,840	36,215	40,840
PPE written off	683	2,322	1,860	2,438
(Write-back of allowance)/Allowance for inventory shrinkages	(205)	(765)	496	366
Effect on deconsolidation of a subsidiary	(67,559)	-	(67,559)	-

1(b)(i) Statements of Financial Position

	Group		Company	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	33,540	64,974	-	-
Right-of-use assets	188,635	258,919	-	-
Investment in subsidiaries	-	-	124,903	125,570
Deferred tax assets	6,357	3,176	-	-
Other receivables	8,670	10,544	-	-
Lease receivables	22,944	22,671	-	-
Prepayments	96	86	-	-
Intangible assets	101	474	-	-
Investment securities	182	183	-	-
	260,525	361,027	124,903	125,570
Current assets				
Inventories	23,603	41,274	-	-
Trade and other receivables	9,101	11,930	2,710	-
Lease receivables	846	2,714	-	-
Prepayments	491	1,267	7	12
Tax recoverable	3,702	1,829	-	-
Cash and short-term deposits	30,665	10,169	13	115
	68,408	69,183	2,730	127
Asset classified as held for sale	12,890	13,237	-	-
Total assets	341,823	443,447	127,633	125,697
Current liabilities				
Trade and other payables	102,354	97,685	12,247	6,858
Other liabilities	15,353	25,050	775	510
Contract liabilities	6,028	9,211	-	-
Provisions	1,573	1,447	-	-
Loan and borrowings	11,857	5,862	-	-
Lease liabilities	41,652	60,530	-	-
	178,817	199,785	13,022	7,368
Net current liabilities	(97,519)	(117,365)	(10,292)	(7,241)
Non-current liabilities				
Other payables	4,134	4,254	-	-
Provisions	5,091	6,882	-	-
Loan and borrowings	10,315	11,621	8,913	8,961
Lease liabilities	207,791	286,428	-	-
Deferred tax liabilities	434	437	434	437
	227,765	309,622	9,347	9,398
Total liabilities	406,582	509,407	22,369	16,766
Net (liabilities)/assets	(64,759)	(65,960)	105,264	108,931
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	(165,717)	(168,373)	(48,910)	(48,356)
Accumulated losses	(130,062)	(128,604)	(76,953)	(73,840)
	(64,652)	(65,850)	105,264	108,931
Non-controlling interests	(107)	(110)	-	-
Total equity	(64,759)	(65,960)	105,264	108,931

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

	Group			
	30.06.2021		30.06.2020	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand				
- Bank overdraft	432	-	2,599	-
- Banker's acceptance	2,098	-	1,943	-
- Loan from a subsidiary of the ultimate holding company	-	8,042	-	-
- Loan from owner of a managed store (Vietnam)	-	1,285	-	1,320
	2,530	9,327	4,542	1,320
Amount repayable after one year				
- Loan from a third party	-	1,402	-	1,395
- Loan from ultimate holding company	-	8,913	-	10,226
	-	10,315	-	11,621

Bank overdraft and banker's acceptance are secured by short-term deposit of S\$4.5 million (12MFY2020: S\$2.4 million) and a corporate guarantee from a subsidiary.

1(c) Consolidated Statement of Cash Flows

	Group		Group	
	Quarter ended		12 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit/(loss) before taxation	60,896	(54,482)	(5,076)	(83,513)
Adjustments for:				
- Depreciation of property, plant and equipment ("PPE")	3,877	5,582	17,022	21,102
- (Reversal of impairment)/Impairment of PPE	(2,008)	6,646	5,235	10,953
- PPE written off	683	2,322	1,860	2,438
- Loss on disposal of PPE	108	59	123	105
- (Reversal of amortisation)/Amortisation of land use right	-	(9)	-	131
- Impairment of land use right	-	1,425	-	1,425
- Amortisation of intangible assets	18	81	95	179
- (Reversal of impairment)/Impairment of intangible assets	(91)	255	182	255
- Intangible assets written off	80	-	80	-
- Depreciation of right-of-use assets ("ROUA")	8,879	10,052	47,485	57,036
- Impairment of ROUA	5,514	40,840	36,215	40,840
- Effect on deconsolidation of a subsidiary	(67,559)	-	(67,559)	-
- (Write-back of allowance)/Allowance for trade and other receivables	(1,456)	323	(177)	1,018
- Amortisation of deferred lease expenses	-	56	-	-
- (Write-back of allowance)/Allowance for inventory obsolescence	(619)	644	52	671
- (Write-back of allowance)/Allowance for inventory shrinkages	(205)	(765)	496	366
- Reversal of provision for winding down expenses	(3,582)	-	-	-
- Net benefit expense from defined benefit plan	510	191	592	191
- Unrealised currency translation (gain)/loss	-	(311)	38	(364)
- Provision of onerous contract	-	(2,002)	-	(2,002)
- Income from expired gift vouchers	(793)	(802)	(793)	(802)
- Dividend income from investment securities	-	83	-	-
- Income from subleasing ROUA	-	(10,526)	-	(10,526)
- Income from rent concession on lease liabilities	-	(8,588)	-	(8,588)
- Interest on lease liabilities	5,501	4,868	24,036	28,841
- Finance costs	582	725	1,064	1,202
- Finance income	(1,967)	(3,333)	(3,799)	(4,234)
Operating cash flows before changes in working capital	8,368	(6,666)	57,171	56,724
Changes in working capital				
- Inventories	726	8,271	16,766	10,934
- Receivables and prepayments	(15,412)	2,425	(16,703)	11,251
- Payables and other liabilities	32,363	(18,653)	35,116	(60,469)
Cash flows generated from/(used in) operating activities	26,045	(14,623)	92,350	18,440
Interest received	1,067	67	1,279	907
Interest paid	(173)	(552)	(175)	(552)
Income tax (paid)/refund	(36)	403	(1,492)	(2,078)
Net cash generated from/(used in) operating activities	26,903	(14,705)	91,962	16,717

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

	Group		Group	
	Quarter ended		12 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	\$'000	\$'000	\$'000	\$'000
Investing activities				
Proceeds from disposal of PPE	427	27	397	124
Purchase of PPE	(2,009)	186	(7,155)	(9,758)
Payment of restoration costs	-	(375)	-	(375)
Addition to intangible assets	-	(4)	-	(39)
Proceeds from net investment in sublease	-	2,073	-	2,073
Net cash outflow from deconsolidation of a subsidiary	(617)	-	(617)	-
Dividend income from investment securities	-	(83)	-	-
Net cash (used in)/generated from investing activities	(2,199)	1,824	(7,375)	(7,975)
Financing activities				
Interest paid	(3,854)	(9,251)	(20,867)	(23,518)
Proceeds from bank borrowings	-	33	13,477	5,757
Repayment of obligations under finance lease	-	503	-	-
Repayment of bank borrowings	(181)	-	(13,385)	(6,258)
Loans from ultimate holding company	-	608	-	1,633
Repayment to ultimate holding company	-	(606)	-	(606)
Loan from a related party	15	-	8,042	-
Loan from a third party	-	(84)	-	1,309
Payment of principal portion of lease liabilities	(8,995)	(1,188)	(48,691)	(34,477)
(Increase)/decrease in pledged deposits	(1)	10	810	(733)
Net cash used in financing activities	(13,016)	(9,975)	(60,614)	(56,893)
Net increase/(decrease) in cash and cash equivalents	11,688	(22,856)	23,973	(48,151)
Cash and cash equivalents at beginning of financial quarter/period	13,334	28,371	5,209	52,953
Effects of currency translation on cash and cash equivalents	758	(306)	(3,402)	407
Cash and cash equivalents at end of financial quarter/period	25,780	5,209	25,780	5,209

	30.06.2021	30.06.2020
	\$'000	\$'000
Cash and cash equivalents comprise the following: -		
Cash at banks	3,622	7,808
Short-term bank deposits	27,043	2,361
Cash and short-term bank deposits	30,665	10,169
Less: pledged deposits	(4,453)	(2,361)
Less: bank overdraft	(432)	(2,599)
	25,780	5,209

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		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
At 01.07.2020	231,676	(549)	(168,373)	(128,604)	(65,850)	(110)	(65,960)
Profit/(loss) for the period	-	-	-	(1,460)	(1,460)	(10)	(1,470)
Foreign currency translation	-	-	2,656	2	2,658	13	2,671
Total comprehensive income/(loss) for the period	-	-	2,656	(1,458)	1,198	3	1,201
At 30.06.2021	231,676	(549)	(165,717)	(130,062)	(64,652)	(107)	(64,759)
At 01.07.2019	231,676	(549)	(168,126)	(48,171)	14,830	(39)	14,791
Effect of adoption of SFRS(I) 16	-	-	-	4,495	4,495	-	4,495
At 01.07.2019 (restated)	231,676	(549)	(168,126)	(43,676)	19,325	(39)	19,286
Loss for the period	-	-	-	(84,928)	(84,928)	(67)	(84,995)
Net fair value loss on equity instruments at fair value through other comprehensive income	-	-	(736)	-	(736)	-	(736)
Foreign currency translation	-	-	489	-	489	(4)	485
Total comprehensive loss for the period	-	-	(247)	(84,928)	(85,175)	(71)	(85,246)
As at 30.06.2020	231,676	(549)	(168,373)	(128,604)	(65,850)	(110)	(65,960)

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

	Share capital \$'000	Treasury shares \$'000	Other reserves (Note A) \$'000	Accumulated losses \$'000	Equity, total \$'000
Company					
At 01.07.2020	231,676	(549)	(48,356)	(73,840)	108,931
Loss for the period	-	-	-	(3,113)	(3,113)
Foreign currency translation	-	-	(554)	-	(554)
Total comprehensive income/(loss) for the period	-	-	(554)	(3,113)	(3,667)
At 30.06.2021	231,676	(549)	(48,910)	(76,953)	105,264
At 01.07.2019	231,676	(549)	(47,891)	(44,359)	138,877
Loss for the period	-	-	-	(29,481)	(29,481)
Foreign currency translation	-	-	(465)	-	(465)
Total comprehensive income/(loss) for the period	-	-	(465)	(29,481)	(29,946)
As at 30.06.2020	231,676	(549)	(48,356)	(73,840)	108,931

Note A: Other reserves

	Group		Company	
	12 months ended		12 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	\$'000	\$'000	\$'000	\$'000
Foreign currency translation reserve	(49,264)	(51,920)	(48,910)	(48,356)
Fair value of financial assets at fair value through other comprehensive income	102	102	-	-
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)	-	-
	(165,717)	(168,373)	(48,910)	(48,356)

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	30.06.2021	30.06.2020
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.

	30.06.2021	30.06.2020
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 was no sale, transfer, disposal, cancellation and/or use of treasury shares during the current quarter.

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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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 applied the same accounting policies and methods of computation to the financial statements for the current quarter as in the most recent audited financial statements for the financial year ended 30 June 2020, save for as disclosed in Note 5 and a subsidiary in Indonesia which has been deconsolidated in the current quarter.

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 considered the following standards that have been issued and effective for annual periods beginning on or after 1 January 2020, where applicable.

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*

Amendments to SFRS(I) 3 *Definition of a Business*

Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*

Amendments to References to the Conceptual Framework in SFRS(I) Standards

Amendment to SFRS(I) 16: *Covid-19-Related Rent Concessions*

The adoption of the standards above are not expected to have any material impact on the financial statements for the current financial year.

6. Earnings/(Loss) per ordinary share

Earnings/(Loss) per ordinary share attributable to owners of the Company: -

	Group		Group	
	Quarter ended		12 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Basic and diluted (cent)	9.15	(8.50)	(0.22)	(12.60)
Based on weighted average number of shares ('000)	673,800	673,800	673,800	673,800

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

7. Net (liabilities)/assets value per ordinary share

	Group		Company	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Net (liabilities)/assets value per ordinary share based on total number of issued shares excluding treasury shares (\$)	(0.096)	(0.098)	0.156	0.162

8. Review of Group performance

Update on disclosure in relation to COVID-19 pandemic

As announced by the Malaysian Government on 28 May 2021, a nationwide lockdown has been implemented commencing 1 June 2021 ("Lockdown"). Similar to the first Movement Control Order imposed in March 2020, the Lockdown encompasses, among others, restriction of movement and assembly nationwide as well as closure of government and private premises (with very limited exceptions such as essential services including food/restaurants, pharmacies, etc which are allowed to operate). Since 1 June 2021 till 30 June 2021, all the department stores remained close for business.

Similarly, as announced by the Vietnamese Government on 30 May 2021, social distancing measures starting from 31 May 2021 have been imposed in Ho Chi Minh City ("HCMC"), suspending most of the non-essential activities and certain places within HCMC were placed under lockdown. Other affected cities across Vietnam were also having some form of restriction of movement. Since 31 May 2021 till 30 June 2021, only two (2) department stores were operating (only on essential services and with certain restrictions).

The lockdown for both countries had continued and most of the stores remained close for business up to the date of this quarterly announcement

The Group has at all times stay vigilant during the COVID-19 pandemic and continues to put in place the following measures, consistent with the previous quarters.

- (i) sanitary masks are provided to store staff and temperature screening at store/head office;
- (ii) hand sanitizers are provided at store/head office;
- (iii) employees are not allowed to travel or those who have travelled to overseas and are subject to quarantine are required to inform the Group's human resource department;
- (iv) employees who develop any respiratory disease symptoms are required to seek treatment, abstain from attending their workplace and inform their supervisors;
- (v) employees are reminded of the importance of maintaining good personal health and hygiene; and
- (vi) social distancing is being implemented at our stores and back offices.

The Group continues to work closely with the management of the shopping malls and complexes where the Parkson retail stores are located and implement the measures recommended by the mall management with regards to ensuring the safety of the staff and customers who shop at the stores.

The COVID-19 pandemic continues to impact negatively (in a different degree in the regions where the Group operates) on the Group's financial performance / cash flows for the quarter/period ended 30 June 2021. Nevertheless, the Group has taken proactive steps, amongst others, to reduce costs including salary reduction and negotiation with landlords for rent waiver/reduction. To weather the COVID-19 impact, the Group has continued to implement the following action plans under its Business Continuity Plan (BCP):-

- negotiating with the landlords to either waive the rent or reduce the rent substantially;
- negotiating with its creditors/suppliers and financial institutions to restructure payment plan, where appropriate;
- implementing salary reduction and prioritising on essential services to contain costs;
- launching online sales platform to maintain the Group's revenue stream as much as possible; and
- implementing stringent SOP to ensure the highest level of hygiene standard for the safety of staff and customers who shop at the stores.

As far as supply chain management is concerned, the Group is cordially discussing with its suppliers to continue trading with Parkson stores amid this difficult time, and is, as usual negotiating on payment plan/arrangement.

In light of the degree of uncertainty of the COVID-19 pandemic, the Group is cautiously reviewing its capital expenditure plan ahead to remain prudent.

Business Environment

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

	Quarter ended		12 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	Malaysia	23.5%	-61.3%	-20.4%
Vietnam	-29.5%	-49.0%	-24.9%	-26.9%

The two countries’ operations recorded negative SSSG, largely affected by the prolonged COVID-19 pandemic.

There were closures of four (4) stores in Malaysia and one (1) store in Vietnam during the financial period ended 30 June 2021.

As at 30 June 2021, the Group’s department store network comprised 41 (30 June 2020 : 46) stores spanning approximately 482,000 sqm of Gross Floor Area; 38 (30 June 2020 : 42) in Malaysia (421,000 sqm) and 3 (30 June 2020 : 4) in Vietnam (61,000 sqm).

Operating Results

The components of Gross Sales Proceeds (“GSP”) are as follows: -

	Group			Group		
	Quarter ended			12 months ended		
	30.06.2021	30.06.2020	+/(-) %	30.06.2021	30.06.2020	+/(-) %
GSP	\$'000	\$'000	%	\$'000	\$'000	%
Sales of goods - direct sales	10,324	11,695	(11.7)	84,395	143,211	(41.1)
Sales of goods - concessionaire sales	71,352	53,905	32.4	353,382	479,669	(26.3)
Total merchandise sales	81,676	65,600	24.5	437,777	622,880	(29.7)
Consultancy / management service fees	52	36	44.4	248	389	(36.2)
Rental income	1,200	(885)	>100	6,292	8,212	(23.4)
Food and beverage	305	225	35.6	1,457	2,316	(37.1)
GSP from continuing operations	83,233	64,976	28.1	445,774	633,797	(29.7)

The yoy decline in total merchandise sales by 29.7%, largely due to lower sales attained across the regions as a result of the prolonged COVID-19 pandemic and the reduction in the Group’s store count. Merchandise sales mix remained largely concessionaire at 80.7% (12MFY2020: 77.0%) while contribution from direct sales was 19.3% (12MFY2020: 23.0%).

Consultancy and management service fees from managing a department store in Malaysia declined yoy by 36.2% due to lower sales attained by the department store. Rental income decreased yoy by 23.4% due mainly to rent rebate granted to tenant, exit of tenant from department store and the reduction in the Group’s store count. Food and beverage operations registered a yoy decline in sales by 37.1%, mainly affected by the prolonged COVID-19 pandemic.

Merchandise gross profit margin stood at 24.4% (12MFY2020: 24.5%).

Financial Results

Revenue

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

	Group			Group		
	Quarter ended			12 months ended		
	30.06.2021	30.06.2020	+/(-)	30.06.2021	30.06.2020	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue						
Sales of goods - direct sales	10,324	11,695	(11.7)	84,395	143,211	(41.1)
Commission from concessionaire sales	18,014	13,847	30.1	85,998	115,202	(25.4)
Consultancy / management service fees	52	36	44.4	248	389	(36.2)
Rental income	1,200	(885)	>100	6,292	8,212	(23.4)
Food and beverage	305	225	35.6	1,457	2,316	(37.1)
Total Revenue	29,895	24,918	20.0	178,390	269,330	(33.8)

Other items of Income

Finance income declined yoy by 10.3%, due mainly to the decline in interest income.

Other income increased yoy by >100%, due mainly to the effect on deconsolidation of a subsidiary in Indonesia.

Expenses

Total expenses of the Group declined yoy by 30.7% and analysis of major expenses is as follows: -

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables decreased yoy by 39.8%, largely in line with the decline in revenue, reduction in the Group's store count and the Group's effort to contain inventories.

Employee related expense (staff costs)

Staff costs declined yoy by 22.0%, in line with lesser headcount following the reduction in the Group's store count and was part of the Group's cost cutting exercise.

Depreciation expense of right-of-use assets ("ROUA")

Depreciation expense of ROUA declined yoy by 16.7% due mainly to lower ROUA as a result of impairment.

Depreciation and amortisation expense

Depreciation and amortisation expense decreased yoy by 20.1%, due mainly to lower property, plant and equipment as a result of impairment and write-off.

Promotional and advertising expense

Promotional and advertising expenses declined yoy by 67.0%, largely attributed to the shifting from the traditional media (newspapers) to digital media, of which the latter is more cost efficient and was part of the Group's cost cutting exercise.

Operating lease expenses

Operating lease expenses declined yoy by >100% was largely due to the Group's lesser store count and rent rebate obtained from the landlords pursuant to the COVID-19 pandemic.

Interest expense on lease liabilities

Interest expense on lease liabilities declined yoy by 16.7% due to the reduction in lease liabilities as a result of repayment.

Other expenses

Other expenses for 12MFY2021 comprised mainly (a) selling and distribution expenses amounted to S\$4.1 million, (b) general and administrative ("G&A") expenses amounted to S\$7.0 million and (c) other operating expenses amounted to S\$11.7 million. The decrease was due mainly to the Group's lesser store count and was part of the Group's cost cutting exercise.

Loss before tax

The Group recorded loss before tax for 12MFY2021 of S\$5.1 million compared with S\$83.5 million of the corresponding period, largely due to the effect on deconsolidation of a subsidiary in Indonesia.

Tax expense

For 12MFY2021, the Group attained a net tax credit of S\$3.6 million, mainly due to the recognition of deferred tax income pursuant to the adoption of SFRS(I) 16 Leases.

Group Statement of Financial Position

The Group was in a net current liabilities ("NCL") position of S\$97.5 million as at 30 June 2021. NCL of the Group decreased by 16.9% from S\$117.4 million as at 30 June 2020 to S\$97.5 million as at 30 June 2021 due mainly to the deconsolidation of a subsidiary in Indonesia. The negative equity of the Group has reduced to S\$64.8 million as at 30 June 2021 from S\$66.0 million as at 30 June 2020 in view of the movement in other reserves attained by the Group for the current period.

The financial statements of the Group has been prepared on a going concern basis. The ability of the Group to continue as a going concern is dependent on the COVID-19 situation in the countries where the Group operates in, 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\$33.5 million due mainly to depreciation and impairment.

Right-of-use assets declined to S\$188.6 million due mainly to depreciation and impairment.

Deferred tax assets increased to S\$6.4 million due to the recognition of deferred tax income pursuant to the adoption of SFRS(I) 16 Leases.

Inventories declined to S\$23.6 million due mainly to the deconsolidation of a subsidiary in Indonesia, the Group's effort to contain inventories, and was fairly in line with the Group's decline in revenue.

Trade and other receivables declined to \$9.1 million due mainly to the deconsolidation of a subsidiary in Indonesia.

Cash and short-term deposits increased to S\$30.7 million, largely due to higher collections attained from the Lebaran festive season and timing of payment to creditors.

Asset classified as held for sale was as announced on 27 July 2020, a wholly-owned subsidiary of the Group entered into a conditional Asset Transfer Agreement with a purchaser for the disposal of the plot of land use right and building in Haiphong City, Vietnam for USD10.0 million (equivalent to approximately S\$13.8 million) inclusive of value added tax. Consequently, the said land use right and building were classified as asset held for sale. As announced on 8 February 2021, both parties had entered into an amended and restated asset transfer agreement (“ARATA”) to amend some of the terms of the original asset transfer agreement. Subsequently on 16 June 2021, both parties entered into an addendum to the ARATA to amend some of the terms of the ARATA. Accordingly, the long stop date for fulfilment or waiver of the conditions precedent has been extended to fall 240 days from the date of the ARATA.

Trade and other payables (current) increased to S\$102.4 million due mainly to timing of payment to creditors.

Other liabilities (current) declined to S\$15.4 million due mainly to the deconsolidation of a subsidiary in Indonesia.

Contract liabilities (current) declined to S\$6.0 million due mainly to the reduction in deferred revenue from gift vouchers and customer loyalty award.

Loans and borrowings (current) increased to S\$11.9 million due to additional loan obtained from a subsidiary of the ultimate holding company.

Lease liabilities (current) decreased to S\$41.7 million due mainly to the deconsolidation of a subsidiary in Indonesia.

Lease liabilities (non-current) declined to S\$207.8 million due mainly to the deconsolidation of a subsidiary in Indonesia.

Company Statement of Financial Position

Trade and other receivables (current) increased to S\$2.7 million due mainly to additional loans to subsidiaries.

Trade and other payables (current) increased to S\$12.2 million due mainly to additional loans from the ultimate holding company.

Group Cash Flow

The Group recorded net cash inflow in operating activities of S\$92.0 million while net cash used in investing activities was S\$7.4 million and the Group recorded net cash used in financing activities of S\$60.6 million, resulting in a net increase in cash and cash equivalents of S\$24.0 million (12MFY2020 : net decrease in cash and cash equivalents of S\$48.2 million). This was mainly resulted from the positive working capital changes, as disclosed in the consolidated statement of cash flows.

9. Material litigations

Parkson (Cambodia) Co Ltd

There has been no further update since the previous quarterly announcement made on 11 May 2021.

Parkson Corporation Sdn Bhd

1. Millenium Mall Sdn Bhd

There has been no further update since the previous quarterly announcement made on 11 May 2021.

2. PKNS-Andaman Development Sdn Bhd

Further to the previous quarterly announcement made on 11 May 2021, the Court of Appeal has fixed the next case management on 26 August 2021 for PKNS-Andaman Development Sdn Bhd to update on the status of grounds of judgment.

Parkson Unlimited Beauty Sdn Bhd

Parkson Unlimited Beauty Sdn Bhd ("PUB"), a wholly-owned subsidiary of Parkson Corporation Sdn Bhd which in turn is a wholly-owned subsidiary of the Company received a notice of demand dated 26 April 2021 from the landlord of PUB's existing leased premises in Berjaya Times Square, Kuala Lumpur, Malaysia ("Landlord"). Pursuant to the notice of demand, the Landlord has claimed from PUB an aggregate amount of approximately RM0.9 million (equivalent to approximately S\$0.3 million) in alleged unpaid and outstanding rent and other charges as at 23 April 2021 ("Claim Amount"). PUB is currently engaged in ongoing negotiations with the Landlord, including on the possibility of rent reduction in view of the deterioration of the Covid-19 situation in Malaysia.

PUB is in the business of distribution and sales of fragrance and beauty care products. As PUB has been historically loss-making, the Group has planned to discontinue this line of business and has been taking steps to wind down its operations progressively.

Parkson Vietnam Co Ltd

There has been no further update since the previous quarterly announcement made on 11 May 2021.

PT Tozy Sentosa

The Company refers to its announcement made on 1 February 2021, 4 February 2021, 26 March 2021, 31 March 2021, 11 May 2021 ("Previous Announcement") and all capitalised terms used here shall have the same meanings ascribed to them in the Previous Announcement.

Further to the previous quarterly announcement made on 11 May 2021, the Commercial Court had on 17 May 2021, made an order revoking PT Tozy's temporary PKPU status and commenced bankruptcy proceedings against PT Tozy ("Bankruptcy Proceedings"). Anthony L.P. Hutapea, S.H., M.H. and Fitri Safitri, S.H. (who were the PKPU Administrators for PT Tozy) have been appointed by the Commercial Court as the joint receivers in connection with the Bankruptcy Proceedings ("Receivers"), and are responsible in managing PT Tozy's assets and the liquidation of PT Tozy's bankruptcy estate.

As PT Tozy has been placed under the Bankruptcy Proceedings and the Receivers have been appointed, the board of directors of PT Tozy is no longer in control of PT Tozy. Consequently, the Company has also ceased to have control over PT Tozy. Accordingly, the Company shall cease to consolidate PT Tozy in the consolidated financial statements of the Group ("Deconsolidation"). The Deconsolidation has been reflected in the Group's quarterly announcement for the current quarter ended 30 June 2021.

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

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 11 May 2021 was generally in line with the operating environment encountered in the current 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 financial year ending 31 December 2021 is expected to remain challenging amid the prolonged COVID-19 pandemic and weak consumers' sentiment. Nevertheless, the Group has adopted various measures to mitigate the negative impact of the COVID-19 pandemic by focusing its priorities on enhancing product offerings, optimising operational efficiency and productivity at department stores as well as cost control and cash flows management. With regards to cash flows management, the Group is constantly strategising the timing of payment to suppliers, negotiating with landlords for rental rebates, and trimming the non-essential services.

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 (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable as the Group is in a loss position.

PART II - ADDITIONAL DISCLOSURE

14. Group Performance by Geographical Segment

Group	Malaysia		Vietnam		Indonesia		Others		Total	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
12 months ended	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross Sales Proceeds	387,249	501,281	37,462	39,158	19,567	90,999	1,496	2,359	445,774	633,797
Revenue	158,527	224,158	10,577	11,231	7,790	31,582	1,496	2,359	178,390	269,330
Pre-tax Results										
Department stores	(764)	(8,013)	(5,665)	(33,447)	(53,906)	(25,107)	-	-	(60,335)	(66,567)
Lifestyle retail stores	(7,312)	(9,559)	-	-	-	-	-	-	(7,312)	(9,559)
	(8,076)	(17,572)	(5,665)	(33,447)	(53,906)	(25,107)	-	-	(67,647)	(76,126)
Other business										
- food and beverage	-	-	-	-	-	-	(802)	(3,363)	(802)	(3,363)
Corporate expenses	-	-	-	-	-	-	(4,186)	(4,024)	(4,186)	(4,024)
Effect on deconsolidation	-	-	-	-	-	-	67,559	-	67,559	-
Reported pre-tax results	(8,076)	(17,572)	(5,665)	(33,447)	(53,906)	(25,107)	62,571	(7,387)	(5,076)	(83,513)

15. Interested person transactions for the financial period ended 30 June 2021

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")	-	3,363
Parkson Holdings Berhad Group ⁽²⁾	Associate of Tan Sri William Cheng	411 ^{(i)*}	1,987 ⁽ⁱⁱ⁾
Lion Posim Berhad ⁽³⁾	Associate of Tan Sri William Cheng	-	310
Visionwell Sdn Bhd ⁽⁴⁾	Associate of Tan Sri William Cheng	-	337

Notes:

- (1) (a) Marketing fee payable for bonus points issued and amount received/receivable for point redemption made by cardholders totaling S\$3.104 million; and
(b) Purchase of equipment, furniture and fittings, security equipment and procurement of security service totaling S\$0.259 million;
- (2) (i) (a) Interest expense of S\$0.278 million in relation to loan obtained from the ultimate holding company; and
(b) Royalty expense totaling S\$0.133 million.
(ii) (a) Rental income and store management fee totaling S\$0.297 million; and
(b) Net purchase of merchandise and concessionaire sales totaling S\$1.690 million.
- (3) Purchase of building materials and merchandise, sale of gift voucher and rental income.
- (4) Rental of office space.

* The Company had on 13 July 2021 made an announcement that the aggregate value of the IPTs represented 3.18% of the average daily market capitalisation for June 2020 of S\$12,919,695.

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 fourth quarter ended 30 June 2021 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 of SGX-ST.

For and on behalf of the Board
PARKSON RETAIL ASIA LIMITED

Tan Sri William Cheng Heng Jem
Executive Chairman

Singapore
13 August 2021