



PARKSON RETAIL ASIA LIMITED

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

**Unaudited Financial Statements for the Fourth Quarter and Full Year
ended 30 June 2018**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND
FULL YEAR RESULTS**

1(a)(i) Consolidated Income Statement

	Group					
	Quarter ended			Year ended		
	30.06.2018	30.06.2017	+/(-)	30.06.2018	30.06.2017	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	106,203	109,609	(3.1)	413,888	412,734	0.3
Other income	3,347	2,109	58.7	7,118	7,892	(9.8)
Items of expense						
- Changes in merchandise inventories and consumables	(43,848)	(41,700)	(5.2)	(177,773)	(164,640)	(8.0)
- Employee related expenses	(17,204)	(16,398)	(4.9)	(67,025)	(63,964)	(4.8)
- Depreciation and amortisation expenses	(9,156)	(7,832)	(16.9)	(29,612)	(27,949)	(6.0)
- Rental expenses	(29,348)	(28,991)	(1.2)	(116,975)	(114,438)	(2.2)
- Finance costs	(429)	(268)	(60.1)	(623)	(391)	(59.3)
- Other expenses	(27,150)	(47,726)	43.1	(69,102)	(96,230)	28.2
Total expenses	(127,135)	(142,915)	11.0	(461,110)	(467,612)	1.4
Loss before taxation	(17,585)	(31,197)	43.6	(40,104)	(46,986)	14.6
Taxation	(1,340)	(12,399)	89.2	(3,545)	(14,248)	75.1
Net loss for the period	(18,925)	(43,596)	56.6	(43,649)	(61,234)	28.7
Net loss for the period attributable to:						
Owners of the Company	(18,576)	(41,709)	55.5	(42,390)	(58,218)	27.2
Non-controlling interests	(349)	(1,887)	81.5	(1,259)	(3,016)	58.3
	(18,925)	(43,596)	56.6	(43,649)	(61,234)	28.7

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

	Group					
	Quarter ended			Year ended		
	30.06.2018	30.06.2017	+/(-)	30.06.2018	30.06.2017	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net loss for the period	(18,925)	(43,596)	56.6	(43,649)	(61,234)	28.7
Other comprehensive loss:						
Foreign currency translation	994	(42)	>100.0	(188)	(2,597)	92.8
Remeasurement of defined benefit plan, net of tax	125	174	(28.2)	125	174	(28.2)
Total comprehensive loss	(17,806)	(43,464)	59.0	(43,712)	(63,657)	31.3
Total comprehensive loss attributable to:						
Owners of the Company	(17,479)	(41,556)	57.9	(42,220)	(60,696)	30.4
Non-controlling interests	(327)	(1,908)	82.9	(1,492)	(2,961)	49.6
	(17,806)	(43,464)	59.0	(43,712)	(63,657)	31.3

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

	Group			
	Quarter ended		Year ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	S\$'000	S\$'000	S\$'000	S\$'000
The following (income)/expenses have been included in arriving at loss before taxation:				
Finance income	(566)	(1,643)	(1,296)	(2,791)
Gain on disposal of a subsidiary (Note A)	(1,153)	-	(1,153)	-
Inventory written down	1,308	2,130	1,308	2,130
Impairment of property, plant and equipment ("PPE")	12,269	23,183	12,269	23,183
Impairment of intangible assets	-	4,685	-	4,685
Reversal of impairment of PPE for closed stores	(1,212)	(22)	(1,212)	(22)
Allowance for doubtful debts				
- Rental deposits for a planned store (Cambodia)	-	3,231	-	3,231
- Amount due from managed stores (Vietnam)	(161)	156	283	1,358
- Amount due from an associate (Vietnam)	-	58	-	1,555

Note A:

On 22 June 2018, the Company announced that its wholly-owned subsidiary, Parkson Corporation Sdn Bhd ("PCSB"), had completed the disposal by PCSB of its entire shareholding in Super Gem Resources Sdn Bhd to an external party for a cash consideration of RM2,400,000 (approximately S\$811,000). A gain on disposal of S\$1,153,000 was recognised upon completion.

1(b)(i) Statements of Financial Position

	Group		Company	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	120,498	145,463	-	-
Land use right	7,497	7,798	-	-
Investments in subsidiaries	-	-	134,289	131,391
Investment in an associate	-	-	-	-
Deferred tax assets	2,605	1,957	-	-
Other receivables	22,122	22,138	-	-
Prepayments	1,340	1,994	-	-
Intangible assets	1,081	1,121	-	-
Derivatives	-	17	-	-
Investment securities	79	75	-	-
	155,222	180,563	134,289	131,391
Current assets				
Inventories	58,245	71,335	-	-
Trade and other receivables	25,369	16,514	15,674	16,847
Prepayments	3,235	5,021	12	13
Tax recoverable	2,779	3,495	-	-
Cash and short-term deposits	40,652	63,387	287	1,355
	130,280	159,752	15,973	18,215
Total assets	285,502	340,315	150,262	149,606
Current liabilities				
Trade and other payables	165,471	186,554	1,168	843
Other liabilities	29,709	26,795	-	-
Provisions	1,869	1,775	-	-
Loans and borrowings	3,828	-	-	-
Tax payable	-	84	-	-
	200,877	215,208	1,168	843
Net current (liabilities)/assets	(70,597)	(55,456)	14,805	17,372
Non-current liabilities				
Other payables	6,224	6,100	-	-
Other liabilities	21,171	17,418	-	-
Provisions	7,611	10,859	-	-
Loans and borrowings	242	-	-	-
Deferred tax liabilities	453	430	453	430
	35,701	34,807	453	430
Total liabilities	236,578	250,015	1,621	1,273
Net assets	48,924	90,300	148,641	148,333
Equity attributable to owners of the Company				
Share capital	231,676	231,676	231,676	231,676
Treasury shares	(549)	(549)	(549)	(549)
Other reserves	(165,916)	(166,169)	(43,284)	(51,046)
Retained earnings/(losses)	(13,365)	28,900	(39,202)	(31,748)
	51,846	93,858	148,641	148,333
Non-controlling interests	(2,922)	(3,558)	-	-
Total equity	48,924	90,300	148,641	148,333

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

	Group			
	30.06.2018		30.06.2017	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand				
- Bank overdraft	338	-	-	-
- Bankers' acceptance	1,718	-	-	-
- Hire purchase facility	459	-	-	-
- Loan from owner of a managed store (Vietnam)	-	1,313	-	-
	2,515	1,313	-	-
Amount repayable after one year				
- Hire purchase facility	242	-	-	-

Except for loan from owner of a managed store, the above loans and borrowings are secured by corporate guarantees from the Company and a subsidiary of the Company.

1(c) Consolidated Statement of Cash Flows

	Group			
	Quarter ended		Year ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Loss before taxation	(17,585)	(31,197)	(40,104)	(46,986)
Adjustments for				
- Depreciation and amortisation	9,156	7,832	29,612	27,949
- Finance costs	429	268	623	391
- Finance income	(566)	(1,643)	(1,296)	(2,791)
- Gain on disposal of a subsidiary	(1,153)	-	(1,153)	-
- Allowance for doubtful debts	(94)	3,629	374	7,016
- Unrealised currency translation (gain)/loss	-	(48)	12	(85)
- Impairment of property, plant and equipment ("PPE")	12,269	23,183	12,269	23,183
- Impairment of intangible assets	-	4,685	-	4,685
- Reversal of impairment of PPE for closed stores	(1,212)	(22)	(1,212)	(22)
- PPE written off	569	80	1,143	1,909
- Inventory written down	1,308	2,130	1,308	2,130
- Others	314	2,140	1,966	3,144
Operating cash flows before changes in working capital	3,435	11,037	3,542	20,523
Changes in working capital				
- Inventories	6,758	(2,441)	8,729	(1,164)
- Receivables and prepayments	(60)	6,795	(8,360)	(1,201)
- Payables and other liabilities	202	33,472	(4,627)	31,875
Cash flows generated from/(used in) operations	10,335	48,863	(716)	50,033
Interest received	410	318	1,105	1,230
Interest paid	(43)	-	(123)	-
Income tax paid	(1,053)	(968)	(3,388)	(6,869)
Net cash generated from/(used in) operating activities	9,649	48,213	(3,122)	44,394
Investing activities				
Purchase of property, plant and equipment	(2,321)	(7,030)	(24,273)	(44,556)
Addition of intangible assets	(10)	(270)	(229)	(594)
Net cash inflow from disposal of a subsidiary	485	-	485	-
Net cash outflow from acquisition of remaining interest in a subsidiary	(23)	-	(23)	-
Dividend income from investment securities	1	-	42	34
Net cash used in investing activities	(1,868)	(7,300)	(23,998)	(45,116)
Financing activities				
(Repayment of)/proceeds from loans and borrowings	(394)	-	3,732	-
Dividends paid	-	-	-	(3,369)
Net cash generated from/(used in) financing activities	(394)	-	3,732	(3,369)
Net increase/(decrease) in cash and cash equivalents	7,387	40,913	(23,388)	(4,091)
Cash and cash equivalents at beginning of financial period	33,348	23,159	63,387	69,509
Effects of currency translation on cash and cash equivalents	(421)	(685)	315	(2,031)
Cash and cash equivalents at end of financial period	40,314	63,387	40,314	63,387
			30.06.2018	30.06.2017
			S\$'000	S\$'000
Cash and cash equivalents comprise the following:				
Cash at bank			18,880	34,153
Short-term bank deposits			21,772	29,234
Cash and short-term deposits			40,652	63,387
Less: bank overdraft			(338)	-
			40,314	63,387

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

	Attributable to owners of the Company								Non-controlling Interests	Equity, total
	Share capital	Treasury shares	Foreign currency translation reserve	Other reserves	Capital contribution from ultimate holding company	Merger reserve	Retained earnings /(losses)	Equity attributable to owners of the Company, total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group										
At 01.07.2017	231,676	(549)	(52,376)	1	9,959	(123,753)	28,900	93,858	(3,558)	90,300
Loss for the period	-	-	-	-	-	-	(42,390)	(42,390)	(1,259)	(43,649)
Foreign currency translation	-	-	45	-	-	-	-	45	(233)	(188)
Remeasurement of defined benefit plan, net of tax	-	-	-	-	-	-	125	125	-	125
Total comprehensive loss for the period	-	-	45	-	-	-	(42,265)	(42,220)	(1,492)	(43,712)
Acquisition of non-controlling interests	-	-	-	65	-	-	-	65	(88)	(23)
Disposal of a subsidiary	-	-	143	-	-	-	-	143	2,216	2,359
At 30.06.2018	231,676	(549)	(52,188)	66	9,959	(123,753)	(13,365)	51,846	(2,922)	48,924
At 01.07.2016	231,676	(549)	(49,724)	1	9,959	(123,753)	90,313	157,923	(597)	157,326
Loss for the period	-	-	-	-	-	-	(58,218)	(58,218)	(3,016)	(61,234)
Foreign currency translation	-	-	(2,652)	-	-	-	-	(2,652)	55	(2,597)
Remeasurement of defined benefit plan, net of tax	-	-	-	-	-	-	174	174	-	174
Total comprehensive loss for the period	-	-	(2,652)	-	-	-	(58,044)	(60,696)	(2,961)	(63,657)
Dividends	-	-	-	-	-	-	(3,369)	(3,369)	-	(3,369)
At 30.06.2017	231,676	(549)	(52,376)	1	9,959	(123,753)	28,900	93,858	(3,558)	90,300

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

	Share capital	Treasury shares	Foreign currency translation reserve	Retained earnings /(losses)	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
At 01.07.2017	231,676	(549)	(51,046)	(31,748)	148,333
Loss for the period	-	-	-	(7,454)	(7,454)
Foreign currency translation	-	-	7,762	-	7,762
Total comprehensive loss for the period	-	-	7,762	(7,454)	308
At 30.06.2018	231,676	(549)	(43,284)	(39,202)	148,641
At 01.07.2016	231,676	(549)	(42,472)	1,458	190,113
Loss for the period	-	-	-	(29,837)	(29,837)
Foreign currency translation	-	-	(8,574)	-	(8,574)
Total comprehensive loss for the period	-	-	(8,574)	(29,837)	(38,411)
Dividends	-	-	-	(3,369)	(3,369)
At 30.06.2017	231,676	(549)	(51,046)	(31,748)	148,333

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	30.06.2018	30.06.2017
Issued Share Capital	677,300,000	677,300,000
Treasury Shares held	3,500,000	3,500,000
Shares to be issued pursuant to the exercise of all the outstanding share options	-	-

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

	30.06.2018	30.06.2017
Total number of issued shares excluding treasury shares	673,800,000	673,800,000

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the financial year ended 30 June 2018.

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

The figures have not been audited nor reviewed.

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those applied for in the most recent audited financial statements for the financial year ended 30 June 2017, except as mentioned in Note 5 below.

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

The Group has adopted the applicable new and revised Financial Reporting Standards ("FRSs") that became effective for the financial year beginning on or after 1 July 2017. The adoption of these new and revised FRSs has no material impact to the Group.

6. Earnings per ordinary share

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

	Group			
	Quarter ended		Year ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Basic and diluted (cents)	(2.76)	(6.19)	(6.29)	(8.64)
Based on weighted average number of shares ('000)	673,800	673,800	673,800	673,800

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

7. Net Asset Value per ordinary share

	Group		Company	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	0.07	0.13	0.22	0.22

8. Review of Group Performance

Business Environments

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

SSSG	Quarter ended		Year ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Malaysia	-2.4%	14.7%	-1.5%	2.8%
Vietnam	-14.6%	-14.0%	-8.3%	-13.6%
Indonesia	1.3%	11.0%	-3.8%	-1.5%
Myanmar	-3.8%	n/a	-3.8%	-26.4%

Malaysia operations recorded negative SSSG of -2.4% for Q4FY2018 on the back of diversion of consumers’ spending to big ticket items following the announcement on zero-rating of Goods and Services Tax (“GST”), and the high base effect of Q4FY2017’s SSSG due to the shifting of Hari Raya festive calendar into the comparative quarter.

The quarter ended 30 June 2018 saw the country’s Consumer Sentiment Index¹ soared to 21-year high of 132.9, reflecting the euphoric mood following the conclusion of the country’s General Election and the announcement by the new government on zero-rating the GST effective 1 June 2018. Nevertheless, the zero-rating of GST diverted consumers’ spending to big ticket items such as cars, with the consequential impact on our quarterly SSSG. For FY2018, Malaysia recorded negative SSSG of -1.5%.

Vietnam operations recorded negative SSSG of -14.6% for Q4FY2018, and -8.3% for FY2018. The operating environment in Vietnam remains challenging amidst a crowded retail scene, wherein intensive promotional activities had to be carried out to capture sales.

In Indonesia, the lower quarterly SSSG of 1.3% was mainly due to the high base effect of Q4FY2017’s SSSG following the shifting of Lebaran festive calendar into the comparative quarter. The country’s SSSG for the financial year was impacted by the downsizing of a store in Jakarta, as well as the aftermath of volcano eruption in Bali. Excluding the effect of store downsizing and volcano eruption, Indonesia would have recorded a lower negative SSSG of -2.4% for FY2018, driven mainly by efforts to stimulate topline growth which includes, inter alia, targeted promotions and increasing house brands’ contribution.

There were changes to Myanmar operations since the previous financial year where our first store at FMI Centre, Yangon was closed in January 2017. The replacement store at Junction Square, Yangon commenced operation in March 2017.

Against the backdrop of competitive operating environments, we continue to take active measures in monitoring and assessing the viability of our stores and ventures. While the Group added 4 new stores (including 1 managed store) to its department store network, we also took steps to exit 7 underperforming stores (including 1 managed store) in FY2018. Additionally, we have discontinued the theme park and education centre operations to curb further losses, and have disposed of our investment in LOL-branded retail chain.

¹ As reported by the Malaysian Institute of Economic Research

Operational Results

In line with the negative SSSG recorded across the Group's operations, Gross Sales Proceeds ("GSP") of the Group recorded a yoy decline of (4.0)% for Q4FY2018, and (3.0)% for the financial year. The components of GSP are as follows: -

	Group					
	Quarter ended			Year ended		
	30.06.2018	30.06.2017	+/(-)	30.06.2018	30.06.2017	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
GSP						
Sales of goods - direct sales	55,394	51,472	7.6	226,593	211,958	6.9
Sales of goods - concessionaire sales	191,674	205,134	(6.6)	707,171	751,755	(5.9)
Total merchandise sales	247,068	256,606	(3.7)	933,764	963,713	(3.1)
Consultancy / management service fees	204	83	>100.0	647	382	69.4
Rental income	4,209	5,672	(25.8)	16,080	17,234	(6.7)
Food and beverage	859	463	85.5	2,756	767	>100.0
Theme park and education centre	-	102	(100.0)	42	326	(87.1)
Total GSP	252,340	262,926	(4.0)	953,289	982,422	(3.0)

The Group generated total merchandise sales of S\$247.1 million for Q4FY2018, and S\$933.8 million for the financial year. Merchandise sales mix remains largely concessionaire at 75.7% for FY2018 (FY2017: 78.0%), though contribution from direct sales has increased yoy to 24.3% (FY2017: 22.0%) following the Group's investment in house brands and agency lines.

Merchandise gross margins (a combination of the commission from concessionaires and direct sales margin) for FY2018 was lower yoy at 23.4% (FY2017: 23.9%), largely on intensive promotional activities carried out across the Group's operating countries.

The Group earned additional consultancy and management service fees from managing a new department store in Malaysia during the financial year. Food and beverage operations registered exponential income growth, mainly as a result of the expansion of its bakery business.

As aforementioned in <Business Environments> section, the Group discontinued its theme park and education centre operations in FY2018 to curb further losses.

Financial Results

Revenue

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

	Group					
	Quarter ended			Year ended		
	30.06.2018	30.06.2017	+/(-)	30.06.2018	30.06.2017	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Sale of goods - direct sales	55,394	51,472	7.6	226,593	211,958	6.9
Commission from concessionaire sales	45,537	51,817	(12.1)	167,770	182,067	(7.9)
Consultancy / management service fees	204	83	>100.0	647	382	69.4
Rental income	4,209	5,672	(25.8)	16,080	17,234	(6.7)
Food and beverage	859	463	85.5	2,756	767	>100.0
Theme park and education centre	-	102	(100.0)	42	326	(87.1)
Total revenue	106,203	109,609	(3.1)	413,888	412,734	0.3

Other Income

Other income was higher yoy by 58.7% for Q4FY2018, mainly on gain on disposal of a subsidiary of S\$1.2 million. For FY2018, the decline in other income was mainly due to lesser finance income and foreign exchange gain.

Expenses

Total expenses of the Group declined yoy by (11.0)% at S\$127.1 million for Q4FY2018, and by (1.4)% to S\$461.1 million for the financial year. Analysis of major expense items as follows: -

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables increased yoy by 5.2% to S\$43.9 million for Q4FY2018, and by 8.0% to S\$177.8 million for the financial year. Excluding inventory written down of S\$1.3 million (FY2017: S\$2.1 million), the yoy increase for Q4FY2018 and FY2018 would have been 7.5% and 8.6% respectively, in line with the trajectory of the Group's investment in private labels, agency lines, and food and beverage operations.

Employee related expenses (staff costs)

Staff costs increased yoy by 4.9% to S\$17.2 million for Q4FY2018, and by 4.8% to S\$67.0 million for the financial year. These increases are mainly due to the inclusion of staff costs for new stores/ventures, and annual salary adjustments.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased yoy by 16.9% to S\$9.2 million for Q4FY2018, and by 6.0% to S\$29.6 million for FY2018. These increases are mainly due to additional depreciation costs arising from new stores/ventures and renovations

Rental expenses

Rental expenses increased yoy by 1.2% to S\$29.4 million for Q4FY2018, and by 2.2% to S\$117.0 million for FY2018. These increases are mainly attributable to additional rental costs arising from new stores/ventures, and annual rate adjustments.

Finance costs

Finance costs increased yoy by 60.1% to S\$0.4 million for Q4FY2018, and by 59.3% to S\$0.6 million for FY2018. These increases are largely arising from the drawdown of bank borrowings as well as additional unwinding of discount on rental deposit payables and provision for restoration costs.

Other expenses

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

Other expenses declined yoy by (43.1)% to S\$27.2 million for Q4FY2018, and by (28.2)% to S\$69.1 million for FY2018. The significant decline in other expenses during the financial year is mainly owing to lesser impairment charges on property, plant and equipment ("PPE") and intangible assets, lower allowances for doubtful debts recognised, as well as reversal of impairment of PPE for closed stores. Please refer to Note 1(a)(iii) of this announcement for details of these non-operational items.

Excluding non-operational items, other expenses would have recorded a lower yoy decline of (7.2)% in FY2018, driven in part by lower store closure costs in Indonesia of S\$0.5 million (FY2017: S\$2.2 million).

Pre-tax Losses

The Group recorded pre-tax loss of S\$(17.6) million for Q4FY2018, and S\$(40.1) million for FY2018. Excluding gain on disposal of a subsidiary, impairment of PPE, allowances for doubtful debts and reversal of impairment of PPE for closed stores, the Group's operational pre-tax loss would have been S\$(29.9) million for the financial year. This reflects the challenging operating environments encountered by the Group as evidenced by the overall negative SSSG recorded in FY2018, whilst new stores/ventures might require longer gestation period given the aforementioned backdrop.

As elaborated in <Business Environments> section, we have been taking active measures in monitoring and assessing the viability of stores and ventures. With ongoing measures in place to rebuild topline growth and monitor expenditures, coupled with the discontinuance of underperforming stores and ventures in FY2018, the Group expects its performance will show improvement in the coming financial year.

Taxation

Despite recording pre-tax losses, the Group incurred tax expenses of S\$3.6 million during the financial year mainly on non-deductible expenses. The lower tax expenses in FY2018 was largely due to the absence of reversal of deferred tax assets (FY2017: S\$7.3 million).

Net Loss Attributable to Owners of the Company

The Group recorded attributable net loss of S\$(18.6) million for Q4FY2018, and S\$(42.4) million for FY2018.

Group Balance Sheet

The Group is in a net current liabilities ("NCL") position of S\$(70.6) million as at 30 June 2018. The NCL is as a result of the Group's investments in new stores/ventures, whilst contribution from these investments have yet to achieve optimal level due to gestation period.

NCL of the Group increased 27.3% from its 30 June 2017 position mainly due to operating loss recorded for FY2018, as well as additional investments in property, plant and equipment. As previously announced on 6 October 2017, the Group has received undertaking from Parkson Holdings Berhad to provide financial support for a period of twelve months from the date of the Board's approval of the FY2017 Audited Financial Statements.

Property, plant and equipment ("PPE") of the Group recorded a net decrease in carrying amount to S\$120.5 million as at 30 June 2018 despite its investments in new stores/ventures during the financial year. The decline is mainly due to impairment charges of S\$12.3 million over underperforming stores/ventures, and the effect of disposal of a subsidiary in Malaysia.

Prepayments (current and non-current) declined to S\$4.6 million following the amortization of prepaid store rentals. On the other hand, deferred tax assets increased to S\$2.6 million over additional deductible temporary differences recognised.

Derivatives relate to an irrevocable option granted to Parkson Corporation Sdn Bhd ("PCSB"), a wholly-owned subsidiary of the Group, to acquire the remaining 40% paid-up share capital of Kiara Innovasi Sdn Bhd (a 60%-owned subsidiary of the Group via PCSB) from the non-controlling shareholder. This derivative was realised in FY2018 following PCSB's acquisition of the remaining 40% paid-up share capital of Kiara Innovasi Sdn Bhd from the non-controlling shareholder in April 2018.

Cash balance of the Group dipped (35.9)% to S\$40.7 million as at 30 June 2018. The lower balance is mainly due to net operating cash outflow and capital expenditure for new stores. For tax recoverable, the decline is in line with the refund of tax credit by the tax authority.

Trade and other receivables increased 53.6% to S\$25.4 million as at 30 June 2018, in part due to higher credit card receivables from quarter-end promotional sales which took place on a weekend, and higher sales tax receivables. Inventories recorded a lower balance of S\$58.3 million, mainly over (i) efforts taken to clear stocks; and (ii) the effect of disposal of a subsidiary in Malaysia.

Trade and other payables decreased (11.3)% to S\$165.5 million as at 30 June 2018. The decline is mainly due to (i) efforts taken to improve payment to suppliers; and (ii) the effect of disposal of a subsidiary in Malaysia.

Other liabilities (current and non-current) increased to S\$50.9 million, primarily on additional accrued rent arising from new stores/outlets. On the other hand, provisions (current and non-current) decreased (25.0)% to S\$9.5 million following the realisation of provision for restoration costs in respect of stores closed in FY2018.

Non-controlling interests reduced to S\$2.9 million as at 30 June 2018, mainly the effect of disposal of a subsidiary in Malaysia.

Group Cash Flow

The Group recorded net cash outflow of S\$(3.1) million in operating activities for FY2018. Compared with FY2017's net cash generated of S\$44.4 million, the drop reflects the yoy fall in operational earnings, as well as efforts taken to improve payment to suppliers. Net cash used in investing activities reduced to S\$(24.0) million in FY2018, mainly over lesser spending on capital expenditures for new stores. On the other hand, certain subsidiaries of the Group drew down bankers' acceptance, hire purchase facility and loan from owner of a managed store during the financial year to part finance their capital expenditure and working capital requirements.

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

Except for Malaysia operations where our quarterly SSSG was impacted by the diversion of consumers' spending to big ticket items following the zero-rating of GST, the Group's commentary on its core business as outlined in Note 10 in the preceding quarterly results announcement dated 1 May 2018 is generally in line with the operating environment encountered in this reported quarter.

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

The next reporting quarter ending 30 September 2018 will be a low season for the Group's operations due to the absence of major festive celebrations. Nevertheless, performance in Malaysia might benefit from the spending spree during the tax holiday (1 June 2018 – 31 August 2018), after the initial diversion of consumers' spending to big ticket items as observed in Q4FY2018.

For the 12 months ending 30 June 2019, the Group's operating environments across the Southeast Asia region are expected to be impacted by a few key variables. In Malaysia, clarity in the new government's policies will be key to sustainable consumer confidence. The influx of retail space and players continues to be a primary challenge to our Indochina operations, whereas in Indonesia, there could be uncertainties arising from the upcoming Presidential Election in 2019.

Given the abovementioned variables, we will continue with caution in executing our strategy as elaborated earlier in Note 8's <Pre-tax Losses> section.

11. 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.

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

No dividend has been declared/recommended for the financial year ended 30 June 2018.

PART II - ADDITIONAL DISCLOSURE

13. Group Performance by Geographical Segment

Group	Retailing						Total
	Malaysia	Vietnam	Indonesia	Myanmar	Cambodia	Others	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
12 months ended 30.06.2018							
Gross Sales Proceeds	694,679	98,376	154,598	2,568	-	3,068	953,289
Revenue	330,076	26,473	53,038	1,233	-	3,068	413,888
Pre-tax Results							
Retailing	(12,395)	(4,307)	(6,339)	(1,431)	(293)	-	(24,765)
Other businesses							
- food and beverage	-	-	-	-	-	(3,500)	(3,500)
- theme park and education centre	-	-	-	-	-	(213)	(213)
Investment holding	-	-	-	-	-	(1,439)	(1,439)
Operational pre-tax results	(12,395)	(4,307)	(6,339)	(1,431)	(293)	(5,152)	(29,917)
Gain on disposal of a subsidiary	1,153	-	-	-	-	-	1,153
Allowance for doubtful debts							
- amount due from managed stores	-	(283)	-	-	-	-	(283)
Impairment							
- property, plant and equipment ("PPE")	(4,925)	(404)	(3,470)	(1,109)	-	(2,361)	(12,269)
Reversal of impairment of PPE for closed stores	1,212	-	-	-	-	-	1,212
Reported pre-tax results	(14,955)	(4,994)	(9,809)	(2,540)	(293)	(7,513)	(40,104)

13. Group Performance by Geographical Segment (Cont'd)

Group	Retailing						Total
	Malaysia	Vietnam	Indonesia	Myanmar	Cambodia	Others	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
12 months ended 30.06.2017							
Gross Sales Proceeds	684,447	111,530	182,371	2,924	-	1,150	982,422
Revenue	312,107	31,481	66,621	1,375	-	1,150	412,734
Pre-tax Results							
Retailing	3,337	(758)	(8,856)	(468)	(599)	-	(7,344)
Other businesses							
- food and beverage	-	-	-	-	-	(2,134)	(2,134)
- theme park and education centre	-	-	-	-	-	(3,038)	(3,038)
Investment holding	-	-	-	-	-	(480)	(480)
Operational pre-tax results	3,337	(758)	(8,856)	(468)	(599)	(5,652)	(12,996)
Allowances for doubtful debts							
- amount due from managed stores	-	(1,358)	-	-	-	-	(1,358)
- amount due from an associate	-	(1,555)	-	-	-	-	(1,555)
- deposits for a planned store	-	-	-	-	(3,231)	-	(3,231)
Impairment							
- PPE	(10,475)	(371)	(4,619)	-	(3,372)	(4,346)	(23,183)
- intangible assets	-	-	(4,309)	-	-	(376)	(4,685)
Reversal of impairment of PPE for closed stores	22	-	-	-	-	-	22
Reported pre-tax results	(7,116)	(4,042)	(17,784)	(468)	(7,202)	(10,374)	(46,986)

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

Please refer to Note 8 of this announcement.

15. Breakdown of revenue and attributable net loss

	Group		
	1st Half	2nd Half	Full Year
	S\$'000	S\$'000	S\$'000
FY2018			
Revenue	203,212	210,676	413,888
Net loss attributable to owners of the Company	(15,997)	(26,393)	(42,390)
FY2017			
Revenue	204,476	208,258	412,734
Net loss attributable to owners of the Company	(7,416)	(50,802)	(58,218)

16. Breakdown of total annual dividend

	Year ended	
	30.06.2018	30.06.2017
	S\$'000	S\$'000
Ordinary	-	3,369
Preference	-	-
	-	3,369

17. Interested person transactions for the financial year ended 30 June 2018

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 Forest Industries Berhad Group ⁽¹⁾	-	603
Parkson Holdings Berhad Group ⁽²⁾	911	3,074
Secom (M) Sdn Bhd ⁽³⁾	-	284
Visionwell Sdn Bhd ⁽⁴⁾	-	158
Bonuskad Loyalty Sdn Bhd ⁽⁵⁾	-	7,153
PT Monica Hijaulestari ⁽⁶⁾	-	2,290
WatchMart (M) Sdn Bhd ⁽⁶⁾	-	214

Notes:

- (1) Purchase of building materials and merchandise, and sale of gift vouchers.
- (2) (i) Royalty expenses, service charge income, rental income, store management fee and sale of fixed assets totaling S\$0.91 million;
(ii) Net purchase of merchandises and concessionaire sales, and sale of gift vouchers totaling S\$3.07 million.
- (3) Purchase of security equipment and procurement of security services.
- (4) Rental of office space.
- (5) Marketing fees payable for bonus points issued and amounts receivable for points redemption made by cardholders.
- (6) Purchase of merchandise.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ms. Cheng Hui Yen, Natalie	34	- Daughter of Tan Sri Cheng Heng Jem (Executive Chairman and Substantial Shareholder) - Sister of Ms Cheng Hui Yuen, Vivien (Executive Director)	Director of Merchandising (since June 2015)	-

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

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

For and on behalf of the Board
PARKSON RETAIL ASIA LIMITED

Tan Sri William Cheng Heng Jem
Executive Chairman

Singapore
23 August 2018