

PARKSON RETAIL ASIA LIMITED

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

Unaudited Financial Statements for the Sixth Quarter and Eighteen Months ended 31 December 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.

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 period, which began on 1 July 2020, covers an 18-month period ended on 31 December 2021.

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			18 months ended		
	31.12.2021	31.12.2020	+/(-) %	31.12.2021	31.12.2020	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Continuing operations						
Revenue	55,442	48,743	13.7	240,121	361,008	(33.5)
Other items of income						
- Finance income	2,141	626	>100	6,194	5,399	14.7
- Other income	15,269	685	>100	86,766	17,856	>100
Items of expense						
- Changes in merchandise inventories and consumables	(17,817)	(19,851)	10.2	(88,182)	(147,534)	40.2
- Employee related expense	(8,137)	(10,718)	24.1	(56,047)	(73,416)	23.7
- Depreciation of right-of-use assets ("ROUA")	(9,171)	(9,705)	5.5	(63,194)	(75,106)	15.9
- Depreciation and amortisation expense	(2,989)	(4,130)	27.6	(23,004)	(29,400)	21.8
- Promotional and advertising expense	(243)	(487)	50.1	(1,819)	(5,267)	65.5
- Operating lease expenses	2,122	1,005	>100	9,591	(5,705)	>100
- Interest expense on lease liabilities	(4,138)	(5,393)	23.3	(29,520)	(36,971)	20.2
- Finance costs	(105)	(160)	34.4	(915)	(1,452)	37.0
- Impairment of property, plant and equipment	(768)	-	>(100)	(4,725)	(9,167)	48.5
- Impairment of ROUA	1,067	-	>100	(35,148)	(36,722)	4.3
- Other expenses	(10,752)	(5,945)	>(100)	(35,021)	(51,625)	32.2
Total expenses	(50,931)	(55,384)	8.0	(327,984)	(472,365)	30.6
Profit/(Loss) before tax	21,921	(5,330)	>100	5,097	(88,102)	>100
Tax (expense)/credit	(3,976)	(284)	>(100)	550	200	>100
Profit/(Loss) for the quarter/period	17,945	(5,614)	>100	5,647	(87,902)	>100
Discontinued operations						
Profit/(Loss) for the quarter/period	14,061	(536)	>100	9,036	(9,161)	>100
Profit/(Loss) for the quarter/period	32,006	(6,150)	>100	14,683	(97,063)	>100
Net profit/(loss) attributable to:						
Owners of the Company	32,025	(6,147)	>100	14,690	(96,993)	>100
Non-controlling interests	(19)	(3)	>(100)	(7)	(70)	90.0
	32,006	(6,150)	>100	14,683	(97,063)	>100

Note:

Discontinued operations

During the current financial period, a wholly-owned subsidiary of the Company in Vietnam, Parkson Haiphong Co. Ltd. (“PHCL”) ceased the operation for an existing store and on 31 December 2021, PHCL intended to cease the operation of its remaining store. Following this, the results of PHCL from 1 July 2020 to 31 December 2021 was separately disclosed under discontinued operations.

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

	Group			Group		
	Quarter ended			18 months ended		
	31.12.2021	31.12.2020	+/(-) %	31.12.2021	31.12.2020	+/(-) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Profit/(Loss) for the quarter/period	32,006	(6,150)	>100	14,683	(97,063)	>100
Other comprehensive income/(loss):						
Foreign currency translation	263	322	>100	2,797	2,054	36.2
Net fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	-	(736)	>100
Total comprehensive income/(loss)	32,269	(5,828)	>100	17,480	(95,745)	>100
Total comprehensive income/(loss) attributable to:						
Owners of the Company	32,269	(5,823)	>100	17,469	(95,669)	>100
Non-controlling interests	-	(5)	>100	11	(76)	>100
	32,269	(5,828)	>100	17,480	(95,745)	>100

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

	Group		Group	
	Quarter ended		18 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	S\$'000	S\$'000	S\$'000	S\$'000
The following items were included in arriving at profit/(loss) before tax:				
<u>Continuing operations</u>				
(Write-back)/Allowance for trade and other receivables	(706)	394	(582)	1,410
Depreciation of property, plant and equipment ("PPE")	2,856	4,104	22,772	29,038
Depreciation of right-of-use assets ("ROUA")	9,171	9,705	63,194	75,106
Interest expense on lease liabilities	4,138	5,393	29,520	36,971
Operating lease expenses	(2,122)	(1,005)	(9,591)	5,705
Impairment of PPE	768	-	4,725	9,167
(Reversal of impairment)/Impairment of ROUA	(1,067)	-	35,148	36,722
PPE written off	1,354	206	3,409	2,645
(Write-back)/Allowance for inventory shrinkages	(184)	(511)	386	514
Inventory written off	-	-	402	-
Effect on deconsolidation of a subsidiary	53,893	-	(13,666)	-
Write-down of liabilities	(53,893)	-	(53,893)	-
Income from subleasing right-of-use assets	(12,179)	-	(12,179)	(10,526)
Gain on derecognition of lease liabilities	(2,604)	-	(2,604)	-
<u>Discontinued operations</u>				
Allowance for trade and other receivables	34	3	437	9
Depreciation of property, plant and equipment ("PPE")	810	10	896	866
Depreciation of right-of-use assets ("ROUA")	13	863	3,790	5,441
Interest expense on lease liabilities	11	668	3,415	4,542
Operating lease expenses	(522)	337	1,135	1,603
Impairment of PPE	-	-	-	1,786
Impairment of ROUA	17,432	-	17,432	4,118
Loss on disposal of asset classified as held for sale	437	-	437	-
Gain on derecognition of lease liabilities	(29,891)	-	(29,891)	-

1(b)(i) Statements of Financial Position

	Group		Company	
	31.12.2021	30.06.2020	31.12.2021	30.06.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	28,565	64,974	-	-
Right-of-use assets	179,901	258,919	-	-
Investment in subsidiaries	-	-	124,786	125,570
Deferred tax assets	5,379	3,176	-	-
Other receivables	6,073	10,544	-	-
Lease receivables	33,528	22,671	-	-
Prepayments	4	86	-	-
Intangible assets	94	474	-	-
Investment securities	278	183	-	-
	253,822	361,027	124,786	125,570
Current assets				
Inventories	19,465	41,274	-	-
Trade and other receivables	12,639	11,930	-	-
Lease receivables	3,102	2,714	-	-
Prepayments	1,118	1,267	-	12
Tax recoverable	1,532	1,829	-	-
Cash and short-term deposits	69,061	10,169	59	115
	106,917	69,183	59	127
Asset classified as held for sale	-	13,237	-	-
Total assets	360,739	443,447	124,845	125,697
Current liabilities				
Trade and other payables	129,467	97,685	12,441	6,858
Other liabilities	24,595	25,050	909	510
Contract liabilities	6,896	9,211	-	-
Provisions	855	1,447	-	-
Loan and borrowings	3,552	5,862	-	-
Lease liabilities	41,074	60,530	-	-
	206,439	199,785	13,350	7,368
Net current liabilities	(99,522)	(117,365)	(13,291)	(7,241)
Non-current liabilities				
Other payables	2,639	4,254	-	-
Provisions	5,584	6,882	-	-
Loan and borrowings	10,232	11,621	8,905	8,961
Lease liabilities	183,891	286,428	-	-
Deferred tax liabilities	434	437	434	437
	202,780	309,622	9,339	9,398
Total liabilities	409,219	509,407	22,689	16,766
Net (liabilities)/assets	(48,480)	(65,960)	102,156	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	(165,595)	(168,373)	(49,002)	(48,356)
Accumulated losses	(113,913)	(128,604)	(79,969)	(73,840)
	(48,381)	(65,850)	102,156	108,931
Non-controlling interests	(99)	(110)	-	-
Total equity	(48,480)	(65,960)	102,156	108,931

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

	Group					
	31.12.2021			30.06.2020		
	Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Amount repayable in one year or less, or on demand						
- Bank overdraft	364	-	364	2,599	-	2,599
- Banker's acceptance	1,887	-	1,887	1,943	-	1,943
- Loan from a third party	-	1,301	1,301	-	1,320	1,320
	2,251	1,301	3,552	4,542	1,320	5,862
Amount repayable after one year						
- Loan from a third party	-	1,327	1,327	-	1,395	1,395
- Loan from ultimate holding company	-	8,905	8,905	-	10,226	10,226
	-	10,232	10,232	-	11,621	11,621

Bank overdraft and trade facilities are secured by short-term deposit of S\$6.0 million (30 June 2020 : S\$2.4 million) and a corporate guarantee from a subsidiary.

1(c) Consolidated Statement of Cash Flows

	Group		Group	
	Quarter ended		18 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit/(loss) before taxation from continuing operations	21,921	(5,330)	5,097	(88,102)
Profit/(loss) before taxation from discontinued operations	14,061	(536)	9,036	(9,161)
Profit/(loss) before taxation	35,982	(5,866)	14,133	(97,263)
Adjustments for:				
- Depreciation of property, plant and equipment ("PPE")	3,666	4,114	23,668	29,904
- Impairment of PPE	768	-	4,725	10,953
- PPE written off	1,354	206	3,409	2,645
- Loss on disposal of PPE	44	14	161	122
- Loss on disposal of asset classified as held for sale	437	-	437	-
- Amortisation of land use right	129	-	129	131
- Impairment of land use right	-	-	-	1,425
- Amortisation of intangible assets	4	26	103	231
- Impairment of intangible assets	-	-	182	255
- Intangible assets written off	-	-	80	-
- Depreciation of right-of-use assets ("ROUA")	9,184	10,568	66,984	80,547
- Impairment of ROUA	16,365	-	52,580	40,840
- Effect on deconsolidation of a subsidiary	53,893	-	(13,666)	-
- Write-down of liabilities	(53,893)	-	(53,893)	-
- (Write-back)/Allowance for trade and other receivables	(672)	397	(145)	1,419
- Allowance for inventory obsolescence	-	28	52	699
- (Write-back)/Allowance for inventory shrinkages	(184)	(511)	386	514
- Inventory written off	-	-	402	-
- Net benefit expense from defined benefit plan	-	28	592	246
- Unrealised currency translation loss/(gain)	-	16	36	(341)
- Reversal of provision of onerous contract	-	-	-	(2,002)
- Income from expired gift vouchers	30	-	(761)	(802)
- Income from subleasing ROUA	(12,179)	-	(12,179)	(10,526)
- Income from rent concession on lease liabilities	(3,730)	-	(22,570)	(8,588)
- Interest expense on lease liabilities	4,149	6,061	32,935	41,513
- Gain on derecognition of lease liabilities	(32,495)	-	(32,495)	-
- Finance costs	105	160	915	1,545
- Finance income	(2,138)	(626)	(6,194)	(5,487)
Operating cash flows before changes in working capital	20,819	14,615	60,006	87,980
Changes in working capital				
- Inventories	1,362	5,598	20,576	21,915
- Receivables and prepayments	(23,712)	215	(40,611)	6,740
- Payables and other liabilities	79,002	(5,081)	101,570	(43,060)
Cash flows generated from operating activities	77,471	15,347	141,541	73,575
Interest received	231	(437)	1,559	1,040
Interest paid	71	80	(104)	(553)
Income tax paid	(145)	(894)	(2,394)	(3,679)
Net cash generated from operating activities	77,628	14,096	140,602	70,383

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

	Group		Group	
	Quarter ended		18 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Investing activities				
Proceeds from disposal of PPE	10	-	429	124
Proceeds from disposal of asset classified as held for sale ("Proceeds from Disposal")	41	-	12,742	-
Proceeds from Disposal held in an escrow account	10,695	-	-	-
Purchase of PPE	(6,840)	(1,510)	(14,447)	(14,013)
Payment of restoration costs	-	-	-	(375)
Addition to intangible assets	-	-	-	(39)
Proceeds from net investment in sublease	-	-	-	2,073
Net cash outflow from deconsolidation of a subsidiary	-	-	(617)	-
Net cash generated from/(used in) investing activities	3,906	(1,510)	(1,893)	(12,230)
Financing activities				
Interest paid	(4,054)	(5,862)	(23,104)	(35,287)
Proceeds from bank borrowings	-	5,741	13,464	18,750
Repayment of bank borrowings	-	(6,598)	(13,372)	(18,201)
Loan from ultimate holding company	-	-	-	1,633
Repayment of loan to ultimate holding company	-	-	-	(606)
Repayment of loan to a subsidiary of ultimate holding company	(8,223)	-	-	-
Loan from a third party	-	-	-	1,309
Payment of principal portion of lease liabilities	(9,459)	(12,334)	(53,910)	(61,939)
(Increase)/decrease in pledged deposits	(4,576)	328	(3,683)	(405)
Net cash used in financing activities	(26,312)	(18,725)	(80,605)	(94,746)
Net increase/(decrease) in cash and cash equivalents	55,222	(6,139)	58,104	(36,593)
Cash and cash equivalents at beginning of financial quarter/period	4,471	20,945	5,209	52,953
Effects of currency translation on cash and cash equivalents	2,976	213	(644)	(1,341)
Cash and cash equivalents at end of financial quarter/period	62,669	15,019	62,669	15,019

	31.12.2021	31.12.2020
	S\$'000	S\$'000
Cash and cash equivalents comprise the following: -		
Cash at banks	7,703	5,474
Short-term bank deposits	61,358	13,532
Cash and short-term bank deposits	69,061	19,006
Less: pledged deposits	(6,028)	(3,691)
Less: bank overdraft	(364)	(296)
	62,669	15,019

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
Group							
At 01.07.2020	231,676	(549)	(168,373)	(128,604)	(65,850)	(110)	(65,960)
Profit/(loss) for the period	-	-	-	14,690	14,690	(7)	14,683
Foreign currency translation	-	-	2,778	1	2,779	18	2,797
Total comprehensive income for the period	-	-	2,778	14,691	17,469	11	17,480
At 31.12.2021	231,676	(549)	(165,595)	(113,913)	(48,381)	(99)	(48,480)
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	-	-	-	(96,993)	(96,993)	(70)	(97,063)
Net fair value loss on equity instruments at fair value through other comprehensive income	-	-	(736)	-	(736)	-	(736)
Foreign currency translation	-	-	2,059	1	2,060	(6)	2,054
Total comprehensive income/(loss) for the period	-	-	1,323	(96,992)	(95,669)	(76)	(95,745)
As at 31.12.2020	231,676	(549)	(166,803)	(140,668)	(76,344)	(115)	(76,459)

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 01.07.2020	231,676	(549)	(48,356)	(73,840)	108,931
Loss for the period	-	-	-	(6,129)	(6,129)
Foreign currency translation	-	-	(646)	-	(646)
Total comprehensive income/(loss) for the period	-	-	(646)	(6,129)	(6,775)
At 31.12.2021	231,676	(549)	(49,002)	(79,969)	102,156
At 01.07.2019	231,676	(549)	(47,891)	(44,359)	138,877
Loss for the period	-	-	-	(30,409)	(30,409)
Foreign currency translation	-	-	356	-	356
Total comprehensive income/(loss) for the period	-	-	356	(30,409)	(30,053)
As at 31.12.2020	231,676	(549)	(47,535)	(74,768)	108,824

Note A: Other reserves

	Group		Company	
	18 months ended		18 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign currency translation reserve	(49,142)	(50,350)	(49,002)	(47,535)
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)	-	-
	(165,595)	(166,803)	(49,002)	(47,535)

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	31.12.2021	31.12.2020
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.

	31.12.2021	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 had been deconsolidated in the fourth quarter of the current financial period ended 31 December 2021.

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 did not give rise to any material impact on the financial statements for the current financial period ended 31 December 2021.

6. Profit/(Loss) per ordinary share

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

	Group		Group	
	Quarter ended		18 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Basic and diluted (cent)				
- Continuing operations	2.67	(0.83)	0.84	(13.04)
- Discontinued operations	2.09	(0.08)	1.34	(1.36)
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 profit/(loss) per ordinary share for the current quarter/period were the same.

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

	Group		Company	
	31.12.2021	30.06.2020	31.12.2021	30.06.2020
Net (liabilities)/assets value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	(0.07)	(0.10)	0.15	0.16

8. Review of Group performance

Update on disclosure in relation to COVID-19 pandemic

All the stores were operating during the last quarter of 2021.

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 stores' staff and temperature screening at stores/head offices;
- (ii) hand sanitizers are provided at stores/head offices;
- (iii) employees are discouraged to travel interstate and to overseas and are subject to compliance with companies' internal policies and procedures on travelling;
- (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;
- (vii) offices and stores are sanitized and self-test kits are provided to staff, where necessary.

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 September 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.

Group Store Count

As at 31 December 2021, the Group's department store network comprised 40 (31 December 2020 : 44*) stores spanning approximately 473,000 sqm of Gross Floor Area; 38 (31 December 2020 : 40) in Malaysia (435,000 sqm) and 2 (31 December 2020 : 4) in Vietnam (38,000 sqm).

* Indonesia stores have been excluded for comparative purpose.

Continuing operations

Operating Results

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

	Group			Group		
	Quarter ended			18 months ended		
	31.12.2021	31.12.2020	+/(-) %	31.12.2021	31.12.2020	+/(-) %
GSP	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales of goods - direct sales	25,244	25,761	(2.0)	116,323	195,260	(40.4)
Sales of goods - concessionaire sales	125,241	84,884	47.5	474,642	626,709	(24.3)
Total merchandise sales	150,485	110,645	36.0	590,965	821,969	(28.1)
Consultancy / management service fees	101	67	50.7	356	530	(32.8)
Rental income	(815)	1,493	>(100)	3,399	8,890	(61.8)
Food and beverage	434	333	30.3	2,195	3,123	(29.7)
GSP from continuing operations	150,205	112,538	33.5	596,915	834,512	(28.5)

The yoy decline in total merchandise sales by 28.1%, 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 80.3% (18MFY2020: 76.2%) while contribution from direct sales was 19.7% (18MFY2020: 23.8%).

Consultancy and management service fees from managing a department store in Malaysia declined yoy by 32.8% due to lower sales attained by the department store. Rental income decreased yoy by 61.8% 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 29.7%, mainly affected by the prolonged COVID-19 pandemic.

Merchandise gross profit margin stood at 24.7% (18MFY2020: 24.3%).

Financial Results

Revenue

The components of revenue are as follows: -

	Group			Group		
	Quarter ended			18 months ended		
	31.12.2021	31.12.2020	+/(-)	31.12.2021	31.12.2020	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Sales of goods - direct sales	25,244	25,761	(2.0)	116,323	195,260	(40.4)
Commission from concessionaire sales	30,478	21,089	44.5	117,848	153,205	(23.1)
Consultancy / management service fees	101	67	50.7	356	530	(32.8)
Rental income	(815)	1,493	>(100)	3,399	8,890	(61.8)
Food and beverage	434	333	30.3	2,195	3,123	(29.7)
Revenue from continuing operations	55,442	48,743	13.7	240,121	361,008	(33.5)

Other items of Income

Other income increased yoy by >100%, due mainly to the effect on deconsolidation of a subsidiary in Indonesia, recognition of income from subleasing right-of-use assets, derecognition of lease liabilities following the termination of a tenancy agreement in Vietnam as well as write-down of liabilities in relation to a subsidiary in Indonesia following the reassessment of liabilities by the receivers.

Expenses

Total expenses of the Group declined yoy by 30.6% and analysis of major expenses is as follows: -

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables decreased yoy by 40.2%, largely in line with the decline in revenue and reduction in the Group's store count.

Employee related expense (staff costs)

Staff costs declined yoy by 23.7%, largely 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 of right-of-use assets ("ROUA")

Depreciation of ROUA declined yoy by 15.9% due mainly to lower ROUA as a result of impairment.

Depreciation and amortisation expense

Depreciation and amortisation expense decreased yoy by 21.8%, 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 65.5%, largely attributed to the shifting from the traditional media (newspapers) to digital media, of which the latter is more cost efficient, the reduction in the Group's store count 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 20.2% due to the reduction in lease liabilities as a result of repayment.

Impairment of property, plant and equipment ("PPE")

The Group had impaired substantially its PPE in the previous years, resulting in lower impairment of PPE for the current period.

Other expenses

Other expenses for the 18MFY2021 comprised mainly (a) selling and distribution expenses amounted to S\$5.6 million, (b) general and administrative expenses amounted to S\$16.1 million and (c) other operating expenses amounted to S\$13.3 million. The decrease was due mainly to the Group's lesser store count and was part of the Group's cost cutting exercise.

Profit/(Loss) before tax

The Group recorded profit before tax for 18MFY2021 of S\$5.1 million compared with loss before tax of S\$88.1 million of the corresponding period, generally due to the effect on deconsolidation of a subsidiary in Indonesia amounted to S\$13.7 million, recognition of income from subleasing right-of-use assets amounted to S\$12.2 million, derecognition of lease liabilities of S\$2.6 million and write-down of liabilities of S\$53.9 million.

Tax expense

For 18MFY2021, the Group attained a net tax credit of S\$0.6 million, mainly due to the recognition of deferred tax income pursuant to the adoption of SFRS(I) 16 Leases.

Discontinued operations

During the current financial period, a wholly-owned subsidiary of the Company in Vietnam, Parkson Haiphong Co. Ltd. ("PHCL") ceased the operation for an existing store and on 31 December 2021, PHCL intended to cease the operation of its remaining store. Following this, the results of PHCL from 1 July 2020 to 31 December 2021 was separately disclosed under discontinued operations as follows:

Operating Results

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

	Group			Group		
	Quarter ended			18 months ended		
	31.12.2021	31.12.2020	+/(-)	31.12.2021	31.12.2020	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
GSP						
Sales of goods - direct sales	29	165	(82.4)	492	1,405	(65.0)
Sales of goods - concessionaire sales	4,511	8,611	(47.6)	31,854	49,351	(35.5)
Total merchandise sales	4,540	8,776	(48.3)	32,346	50,756	(36.3)
Rental income	345	473	(27.1)	2,314	2,642	(12.4)
GSP from discontinued operations	4,885	9,249	(47.2)	34,660	53,398	(35.1)

Financial Results

Revenue

The components of revenue are as follows: -

	Group			Group		
	Quarter ended			18 months ended		
	31.12.2021	31.12.2020	+/(-)	31.12.2021	31.12.2020	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Sales of goods - direct sales	29	165	(82.4)	492	1,405	(65.0)
Commission from concessionaire sales	796	1,436	(44.6)	5,483	9,134	(40.0)
Rental income	345	473	(27.1)	2,314	2,642	(12.4)
Revenue from discontinued operations	1,170	2,074	(43.6)	8,289	13,181	(37.1)

Income Statement

	Quarter ended			18 months ended		
	31.12.2021	31.12.2020	+/(-)	31.12.2021	31.12.2020	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	1,170	2,074	(43.6)	8,289	13,181	(37.1)
Other items of income						
- Finance income	2	-	>100	5	88	(94.3)
- Other income	30,841	127	>100	31,063	638	>100
Items of expense						
- Changes in merchandise inventories and consumables	(71)	(103)	31.1	(348)	(848)	59.0
- Employee related expense	(40)	(274)	85.4	(938)	(1,588)	40.9
- Depreciation of right-of-use assets ("ROUA")	(13)	(863)	98.5	(3,790)	(5,441)	30.3
- Depreciation and amortisation expense	(810)	(10)	>(100)	(896)	(866)	(3.5)
- Promotional and advertising expense	(47)	(32)	(46.9)	(142)	(328)	56.7
- Operating lease expenses	522	(337)	>100	(1,135)	(1,603)	29.2
- Interest expense on lease liabilities	(11)	(668)	98.4	(3,415)	(4,542)	24.8
- Finance costs	-	-	-	-	(93)	100
- Impairment of property, plant and equipment	-	-	-	-	(1,786)	100
- Impairment of ROUA	(17,432)	-	-	(17,432)	(4,118)	>(100)
- Other expenses	(50)	(450)	88.9	(2,225)	(1,855)	(19.9)
Total expenses	(17,952)	(2,737)	>(100)	(30,321)	(23,068)	(31.4)
Profit/(Loss) before tax from discontinued operations	14,061	(536)	>100	9,036	(9,161)	>100

Other items of Income

Other income increased yoy by >100%, due mainly to derecognition of lease liabilities following the termination of a tenancy agreement.

Expenses

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

Depreciation of ROUA declined yoy by 30.3% due mainly to lower ROUA as a result of impairment.

Interest expense on lease liabilities

Interest expense on lease liabilities declined yoy by 24.8% due to the reduction in lease liabilities as a result of repayment.

Impairment of right-of-use assets ("ROUA")

Impairment of ROUA increased yoy by >100% following the termination of a tenancy agreement.

Profit/(Loss) before tax

The profit before tax attained for the quarter/period was largely due to the derecognition of lease liabilities following the termination of a tenancy agreement.

Group Statement of Financial Position

The Group was in a net current liabilities (“NCL”) position of S\$99.5 million as at 31 December 2021. NCL of the Group decreased by 15.2% from S\$117.4 million as at 30 June 2020 to S\$99.5 million as at 31 December 2021 due mainly to the increase in cash and short term deposits arising from the December 2021 festive season collections, derecognition of lease liabilities following the termination of tenancy agreements in Vietnam and deconsolidation of a subsidiary in Indonesia. The negative equity of the Group decreased to S\$48.5 million as at 31 December 2021 from S\$66.0 million as at 30 June 2020 due to mainly to profit 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 successful recovery from the COVID-19 pandemic, 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\$28.6 million due to depreciation, impairment and write-off.

Right-of-use assets declined to S\$179.9 million due mainly to depreciation and impairment.

Deferred tax assets increased to S\$5.4 million due to the recognition of deferred tax income pursuant to the adoption of SFRS(I) 16 Leases.

Lease receivables increased to S\$33.5 million was pursuant to the recognition of income from subleasing right-of-use assets.

Inventories declined to S\$19.5 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.

Cash and short-term deposits increased to S\$69.1 million due mainly to higher collections relating to the December 2021 festive season.

Assets 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 (“Disposal”). Accordingly, the said land use right and building were classified as asset held for sale. As announced on 4 October 2021, the Disposal had been completed on 1 October 2021.

Trade and other payables (current) increased to S\$129.5 million was fairly in line with the December 2021 festive season.

Contract liabilities (current) declined to S\$6.9 million due mainly to the reduction in deferred revenue from gift vouchers and customer loyalty award.

Loans and borrowings (current) decreased to S\$3.5 million due mainly to lower utilisation of bank overdraft facilities.

Lease liabilities (current) decreased to S\$41.1 million due mainly to the deconsolidation of a subsidiary in Indonesia and derecognition of lease liabilities following the termination of tenancy agreements in Vietnam.

Lease liabilities (non-current) declined to S\$183.9 million due mainly to the deconsolidation of a subsidiary in Indonesia and derecognition of lease liabilities following the termination of tenancy agreements in Vietnam.

Company Statement of Financial Position

Trade and other payables (current) increased to S\$12.4 million due mainly to additional loan obtained from the ultimate holding company.

Group Cash Flow

For the 18MFY2021, the Group recorded net cash inflow in operating activities of S\$140.6 million while net cash used in investing activities was S\$1.9 million and the Group recorded net cash used in financing activities of S\$80.6 million, resulting in a net increase in cash and cash equivalents of S\$58.1 million (18MFY2020 : net decrease in cash and cash equivalents of S\$36.6 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

As disclosed in the previous quarterly announcement made on 12 November 2021, PCCO's application for the recognition and enforcement of the SIAC Award ("PCCO's Application") was heard at the Cambodia Court of Appeal on 10 November 2021. The Cambodia Court of Appeal has yet to fix a date to deliver its decision on the PCCO's Application.

Parkson Corporation Sdn Bhd

1. Millenium Mall Sdn Bhd

Further to the previous quarterly announcement made on 12 November 2021, the Court had on 6 January 2022, allowed PCSB's application to strike out the Suit with costs of RM10,000 (equivalent to approximately S\$3,215 based on the illustrative exchange rate of S\$1: RM3.11) being awarded to PCSB ("Court's Decision"). On 17 January 2022, MMSB filed an appeal to the Court of Appeal against the Court's decision.

2. PKNS-Andaman Development Sdn Bhd

Further to the previous quarterly announcement made on 12 November 2021, the Court of Appeal had on 23 November 2021, fixed the next case management on 21 March 2022 for the parties to update the Court of Appeal on their filing of written submission and written submission in reply. The Court of Appeal had also fixed the hearing date on 4 April 2022.

Parkson Unlimited Beauty Sdn Bhd

There has been no further update since the previous quarterly announcement made on 22 November 2021.

Parkson Vietnam Co Ltd

Further to the previous quarterly announcement made on 12 November 2021, PVC had on 19 November 2021 received a letter from the VIAC notifying PVC on the second revised claim amount submitted by the Landlord to the VIAC mainly to include an additional compensation claim amount for the rent (calculated from 15 January 2021 to 23 November 2021) in relation to PVC's alleged failure to return the premises to the Landlord by 14 January 2021, which has brought the total claim amount to VND85.7 billion (equivalent to approximately S\$5.1 million based on the illustrative exchange rate of VND16,951 : S\$1).

On 15 December 2021, PVC received the VIAC's decision dated 10 December 2021 in relation to the settlement of dispute between both parties that the VIAC had, inter alia, decided that PVC shall compensate the Landlord a total of VND68.9 billion (equivalent to approximately S\$4.1 million based on the illustrative exchange rate of VND16,951 : S\$1) which comprise the following:-

1. Rent accrued from 15 April 2019 to 31 December 2020 based on base rent of VND29.3 billion;
2. Late payment interest up to 23 November 2021 of VND8.8 billion;
3. Compensation in relation to early termination of the lease agreement between both parties of VND28.8 billion;
4. Arbitration fee of VND1.5 billion; and
5. Legal fee of VND0.5 billion.

("Arbitral Award")

In addition to the above, PVC is required to complete the handover of the demised premises together with the applicable furniture and fittings to the Landlord within 30 days from the date of the VIAC's decision.

The Arbitral Award is to be settled within 30 days from the date of the VIAC's decision, failure of which additional late payment interest will be imposed on PVC.

Further, PVC was informed by its legal counsel in Vietnam that the VIAC's decision is final and the Arbitral Award may only be adjusted based on further justification by either party, subject to VIAC's approval. Following this, PVC had on 17 December 2021, provided such further justifications to the VIAC.

Notwithstanding this, PVC had made an additional accrual of rent, compensation expenses and ancillary cost of S\$2.7 million for the financial period ended 31 December 2021 based on the VIAC's decision dated 10 December 2021 and the Arbitral Award.

On 30 December 2021, PVC sent a letter to the Landlord to schedule a handover of the demised premises in accordance to the VIAC's decision dated 10 December 2021. Both parties have yet to finalise details of the handover of the demised premises to the Landlord.

PVC had on 26 January 2022, received VIAC's response dated 21 January 2022 that VIAC did not accept PVC's further justification made on 17 December 2021 to amend the Arbitral Award. PVC is currently consulting with its legal counsel in Vietnam in relation to the payment of the Arbitral Award.

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 12 November 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

Among others, the containment of COVID-19 and the inflationary pressure (which in turn would affect consumers' sentiment) will remain as a concern to the Group's operating environment and performance for the financial year ending 31 December 2022.

Notwithstanding this, the Group will continue to focus its priorities on enhancing product offerings, optimising operational efficiency and productivity at department stores, carrying out tactical promotional activities as well as cost control and cash flows management. With regard to the cash flows management, the Group is constantly negotiating with landlords for rental rebates, strategizing the timing of payment to suppliers/landlords, 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.

The Company is in a loss position.

PART II - ADDITIONAL DISCLOSURE

14. Group Performance by Geographical Segment

Group	Continuing Operations								Discontinued Operations		Total	
	Retail Stores						Others		Retail Stores			
	Malaysia		Vietnam		Indonesia				Vietnam			
18 months ended	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross Sales Proceeds	566,049	716,647	9,045	7,584	19,567	107,095	2,254	3,186	34,660	53,398	631,575	887,910
Revenue	228,254	316,673	1,823	3,959	7,790	37,190	2,254	3,186	8,289	13,181	248,410	374,189
Pre-tax Results												
Department stores	2,247	(6,311)	3,717	(27,364)	314	(31,539)	-	-	9,036	(9,161)	15,314	(74,375)
Lifestyle retail stores	(7,414)	(12,983)	-	-	-	-	-	-	-	-	(7,414)	(12,983)
Other business	(5,167)	(19,294)	3,717	(27,364)	314	(31,539)	-	-	9,036	(9,161)	7,900	(87,358)
- food and beverage	-	-	-	-	-	-	(1,282)	(3,758)	-	-	(1,282)	(3,758)
Corporate expenses	-	-	-	-	-	-	(6,151)	(6,147)	-	-	(6,151)	(6,147)
Effect on deconsolidation of a subsidiary	-	-	-	-	-	-	13,666	-	-	-	13,666	-
Reported pre-tax results	(5,167)	(19,294)	3,717*	(27,364)	314**	(31,539)	6,233	(9,905)	9,036***	(9,161)	14,133	(97,263)

* Pre-tax results attained due mainly to recognition of income from subleasing right-of-use assets and derecognition of lease liabilities.

** Pre-tax results attained due mainly to write-down of liabilities following the reassessment of liabilities by the receivers.

*** Pre-tax results attained due mainly to derecognition of lease liabilities.

15. Interested person transactions for the financial period ended 31 December 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")	-	4,884
Parkson Holdings Berhad Group ⁽²⁾	Associate of Tan Sri William Cheng	604 ^{(i)*}	2,500 ⁽ⁱⁱ⁾
Lion Posim Berhad ⁽³⁾	Associate of Tan Sri William Cheng	-	661
Visionwell Sdn Bhd ⁽⁴⁾	Associate of Tan Sri William Cheng	-	505

Notes:

- (1) (a) Marketing fee payable for bonus points issued and amount received/receivable for point redemption made by cardholders totaling S\$4.526 million; and
(b) Purchase of equipment, furniture and fittings, security equipment and procurement of security service totaling S\$0.358 million;
- (2) (i) (a) Interest expense of S\$0.413 million in relation to loan obtained from the ultimate holding company; and
(b) Royalty expense totaling S\$0.191 million.
(ii) (a) Rental income and store management fee totaling S\$0.423 million; and
(b) Net purchase of merchandise, concessionaire sales and sale of gift vouchers totaling S\$2.077 million.
- (3) Purchase of building materials and merchandise, sale of gift vouchers and rental income.
- (4) Rental of office space.

* The Company had on 20 January 2022 made an announcement that the aggregate value of the IPTs represented 4.67% of the average daily market capitalisation for June 2020 of S\$12,919,695.

16. 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	38	- 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)	-

17. Confirmation by Directors

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial results of Parkson Retail Asia Limited for the 18 months financial period ended 31 December 2021 to be false or misleading.

18. 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
22 February 2022