



PARKSON RETAIL ASIA LIMITED

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

**Unaudited Condensed Interim Financial Statements for the
Second Quarter and Six Months ended 30 June 2023**

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

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Unaudited Condensed Interim Financial Statements
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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group					
		Quarter ended			Period ended		
		30.6.2023	30.6.2022	+ / (-)	30.6.2023	30.6.2022	+ / (-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Continuing operations</u>							
Revenue	5	57,787	64,520	(10.4)	117,963	115,736	1.9
Other items of income							
- Finance income		1,355	1,126	20.3	2,748	2,205	24.6
- Other income		791	687	15.1	1,549	1,359	14.0
Items of expense							
- Changes in merchandise inventories and consumables		(17,133)	(16,258)	5.4	(34,981)	(31,310)	11.7
- Employee related expense		(9,331)	(9,736)	(4.2)	(18,491)	(17,937)	3.1
- Depreciation of right-of-use assets		(8,075)	(8,969)	(10.0)	(16,549)	(17,351)	(4.6)
- Depreciation and amortisation expense		(1,509)	(2,749)	(45.1)	(3,289)	(6,566)	(49.9)
- Promotional and advertising expense		(139)	(293)	(52.6)	(496)	(579)	(14.3)
- Operating lease expenses		(2,153)	(982)	>100	(4,915)	(1,569)	>100
- Interest expense on lease liabilities		(3,527)	(3,794)	(7.0)	(7,188)	(7,685)	(6.5)
- Finance costs		-	(97)	>100	(121)	(188)	(35.6)
- Other expenses		(5,935)	(4,705)	26.1	(11,618)	(10,687)	8.7
Total expenses		(47,802)	(47,583)	0.5	(97,648)	(93,872)	4.0
Profit from continuing operations, before tax	7	12,131	18,750	(35.3)	24,612	25,428	(3.2)
Income tax expense	8	(3,337)	(4,863)	(31.4)	(6,639)	(7,310)	(9.2)
Profit from continuing operations, net of tax		8,794	13,887	(36.7)	17,973	18,118	(0.8)
<u>Discontinued operation</u>							
Profit/(loss) from discontinued operation, net of tax		57	(11)	>100	53	(230)	>100
Profit for the quarter/period, net of tax		8,851	13,876	(36.2)	18,026	17,888	0.8
Other comprehensive income							
- Foreign currency translation		(1,474)	1,039	>(100)	(1,606)	1,788	>(100)
Total comprehensive income		7,377	14,915	(50.5)	16,420	19,676	(16.5)
<u>Profit/(loss) attributable to:</u>							
<u>Owners of the Company</u>							
Profit from continuing operations, net of tax		8,793	13,889	(36.7)	17,973	18,120	(0.8)
Profit/(loss) from discontinued operation, net of tax		57	(11)	>100	53	(230)	>100
<u>Non-controlling interests</u>							
Loss from continuing operations, net of tax		1	(2)	>100	-	(2)	100
		8,851	13,876	(36.2)	18,026	17,888	0.8
<u>Total comprehensive income/(loss) attributable to:</u>							
<u>Owners of the Company</u>							
		7,376	14,916	(50.5)	16,420	19,685	(16.6)
<u>Non-controlling interests</u>							
		1	(1)	100	-	(9)	100
		7,377	14,915	(50.5)	16,420	19,676	(16.5)
<u>Earnings per share for profit attributable to the owners of the Company</u>							
Basic and diluted (cent):							
- Continuing operations		1.30	2.06		2.67	2.69	
- Discontinued operation		0.01	(0.00)		0.01	(0.03)	
- Continuing and discontinued operation		1.31	2.06		2.68	2.66	

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B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30.6.2023	31.12.2022	30.6.2023	31.12.2022
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment	11	17,670	20,801	-	-
Right-of-use assets	12	133,999	149,987	-	-
Investment in subsidiaries		-	-	111,829	117,230
Deferred tax assets		4,819	5,052	-	-
Other receivables		33,114	34,485	-	-
Prepayments		20	2	-	-
Intangible assets		72	74	-	-
Investment securities	10	249	261	-	-
		189,943	210,662	111,829	117,230
Current assets					
Inventories		21,159	20,097	-	-
Trade and other receivables		10,706	15,481	1,601	-
Prepayments		1,173	1,806	-	-
Tax recoverable		51	50	-	-
Cash and short-term deposits	13	99,050	106,574	1,871	113
		132,139	144,008	3,472	113
Total assets		322,082	354,670	115,301	117,343
Current liabilities					
Trade and other payables		117,342	140,353	23,482	18,852
Other liabilities		8,740	14,418	1,063	1,100
Contract liabilities		5,576	6,558	-	-
Provisions		1,620	1,773	-	-
Tax payables		5,021	3,586	-	-
Loan and borrowings	14	2,865	4,841	-	-
Lease liabilities		30,082	31,760	-	-
		171,246	203,289	24,545	19,952
Net current liabilities		(39,107)	(59,281)	(21,073)	(19,839)
Non-current liabilities					
Other payables		1,380	1,504	-	-
Provisions		4,504	4,762	-	-
Loan and borrowings	14	-	2,078	-	2,078
Lease liabilities		145,533	160,038	-	-
		151,417	168,382	-	2,078
Total liabilities		322,663	371,671	24,545	22,030
Net (liabilities)/assets		(581)	(17,001)	90,756	95,313
Equity attributable to the owners of the Company					
Share capital	15	231,676	231,676	231,676	231,676
Treasury shares	15	(549)	(549)	(549)	(549)
Other reserves		(163,514)	(161,908)	(59,570)	(55,183)
Accumulated losses		(68,093)	(86,119)	(80,801)	(80,631)
		(480)	(16,900)	90,756	95,313
Non-controlling interests		(101)	(101)	-	-
Total equity		(581)	(17,001)	90,756	95,313

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C. Condensed Interim Statements of Changes in Equity

	Attributable to owners of the Company					Non-controlling interests	Equity, total
	Share capital (Note 15)	Treasury shares (Note 15)	Other reserves (Note A)	Accumulated losses	Equity attributable to owners of the Company, total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>							
At 1.1.2023	231,676	(549)	(161,908)	(86,119)	(16,900)	(101)	(17,001)
Profit for the period	-	-	-	18,026	18,026	-	18,026
Foreign currency translation	-	-	(1,606)	-	(1,606)	-	(1,606)
Total comprehensive (loss)/income for the period	-	-	(1,606)	18,026	16,420	-	16,420
At 30.6.2023	231,676	(549)	(163,514)	(68,093)	(480)	(101)	(581)
At 1.1.2022	231,676	(549)	(165,412)	(114,874)	(49,159)	(98)	(49,257)
Profit/(loss) for the period	-	-	-	17,890	17,890	(2)	17,888
Foreign currency translation	-	-	1,794	1	1,795	(7)	1,788
Total comprehensive income/(loss) for the period	-	-	1,794	17,891	19,685	(9)	19,676
At 30.6.2022	231,676	(549)	(163,618)	(96,983)	(29,474)	(107)	(29,581)

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

	Share capital (Note 15)	Treasury shares (Note 15)	Other reserves (Note A)	Accumulated losses	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Company</u>					
At 1.1.2023	231,676	(549)	(55,183)	(80,631)	95,313
Loss for the period	-	-	-	(170)	(170)
Foreign currency translation	-	-	(4,387)	-	(4,387)
Total comprehensive loss for the period	-	-	(4,387)	(170)	(4,557)
At 30.6.2023	231,676	(549)	(59,570)	(80,801)	90,756
At 1.1.2022	231,676	(549)	(49,004)	(79,533)	102,590
Profit for the period	-	-	-	502	502
Foreign currency translation	-	-	(2,503)	-	(2,503)
Total comprehensive (loss)/income for the period	-	-	(2,503)	502	(2,001)
At 30.6.2022	231,676	(549)	(51,507)	(79,031)	100,589

Note A: Other reserves

	Group		Company	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign currency translation reserve	(47,157)	(47,261)	(59,570)	(51,507)
Fair value of financial assets at fair value through other comprehensive income	198	198	-	-
Capital redemption reserve	1	1	-	-
Acquisition reserve	(2,762)	(2,762)	-	-
Capital contribution from ultimate holding company	9,959	9,959	-	-
Merger reserve	(123,753)	(123,753)	-	-
	(163,514)	(163,618)	(59,570)	(51,507)

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D. Condensed Interim Consolidated Statement of Cash Flows

	Group			
	Quarter ended		Period ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before taxation from continuing operations	12,131	18,750	24,612	25,428
Profit/(loss) before taxation from discontinued operations	57	(11)	53	(230)
Profit before taxation	12,188	18,739	24,665	25,198
Adjustments for:				
- Depreciation of property, plant and equipment ("PPE")	1,509	2,745	3,289	6,558
- PPE written off	9	(33)	19	69
- (Gain)/loss on disposal of PPE	(7)	2	(7)	2
- Amortisation of intangible assets	-	4	-	8
- Depreciation of right-of-use assets	8,075	8,969	16,549	17,351
- Allowance for/(write-back of allowance) for trade and other receivables	8	-	8	(32)
- (Write-back of)/Allowance for inventory shrinkages	(343)	140	96	140
- Interest expense on lease liabilities	3,527	3,794	7,188	7,685
- Finance costs	-	97	121	188
- Finance income	(1,355)	(1,126)	(2,748)	(2,205)
Operating cash flows before changes in working capital	23,611	33,331	49,180	54,962
Changes in working capital				
- Inventories	1,212	(84)	(2,152)	(9)
- Receivables and prepayments	(136)	3,312	1,567	8,054
- Payables and other liabilities	(9,228)	19,636	(22,767)	5,076
Cash flows generated from operating activities	15,459	56,195	25,828	68,083
Interest received	753	385	1,583	715
Interest paid	(152)	(1)	(300)	(2)
Income tax paid	(2,274)	-	(4,608)	-
Net cash generated from operating activities	13,786	56,579	22,503	68,796
Investing activities				
Proceeds from disposal of PPE	4	-	10	-
Purchase of PPE	(451)	(48)	(1,698)	(908)
Proceeds from net investment in sublease	1,199	-	2,388	-
Net cash generated from/(used in) investing activities	752	(48)	700	(908)
Financing activities				
Interest paid	(3,634)	(3,423)	(6,962)	(8,466)
Proceeds from bank borrowings	742	259	1,516	209
Repayment of bank borrowings	(802)	(499)	(1,905)	(449)
Repayment of loan from the ultimate holding company	-	-	(2,059)	-
Payment of principal portion of lease liabilities	(8,479)	(5,464)	(16,245)	(18,733)
Decrease/(increase) in pledged deposits	132	(13)	(3,386)	631
Net cash used in financing activities	(12,041)	(9,140)	(29,041)	(26,808)
Net increase/(decrease) in cash and cash equivalents	2,497	47,391	(5,838)	41,080
Cash and cash equivalents at beginning of the quarter/period	90,530	55,827	97,294	62,021
Effects of currency translation on cash and cash equivalents	(3,606)	(1,690)	(2,035)	(1,573)
Cash and cash equivalents at end of the quarter/period	89,421	101,528	89,421	101,528

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E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

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

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

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

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

2. Going concern basis

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

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

3. Basis of preparation

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

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

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

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3. Basis of preparation (cont'd)

3.1. New and amended Standards adopted by the Group

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

SFRS(I) 17 Insurance Contracts

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

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

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

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

3.2. Use of judgements and estimates

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

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

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

4. Seasonal operations

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

5. Segment and revenue information

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

- a. Malaysia; and
- b. Vietnam.

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5. Segment and revenue information (cont'd)

5.1. Reportable segments

<u>Quarter ended 30 June 2023</u>	← Continuing Operations →			Discontinued Operation Retail Store	Consolidated Total
	Retail Stores		Investment holding and others		
	Malaysia	Vietnam			
	S\$'000	S\$'000	S\$'000	Vietnam S\$'000	S\$'000
Revenue:					
Sales to external customers	56,762	501	524	-	57,787
Segment results:					
Depreciation and amortisation expenses:					
- Property, plant and equipment	(1,509)	-	-	-	(1,509)
- Right-of-use assets	(8,038)	-	(37)	-	(8,075)
Operating lease expenses	(1,685)	(458)	(10)	-	(2,153)
Finance income	752	603	-	-	1,355
Finance costs and interest	(3,041)	(468)	(18)	-	(3,527)
Income tax expense	(3,337)	-	-	-	(3,337)
Segment profit/(loss)	10,924	(419)	(1,711)	57	8,851
Other segment information:					
Additions to non-current assets	6,383	24	18	-	6,425
Segment assets	281,694	35,038	4,641	709	322,082
Segment liabilities	272,006	36,099	13,990	568	322,663
<u>Quarter ended 30 June 2022</u>	← Continuing Operations →			Discontinued Operation Retail Store	Consolidated Total
	Retail Stores		Investment holding and others		
	Malaysia	Vietnam			
	S\$'000	S\$'000	S\$'000	Vietnam S\$'000	S\$'000
Revenue:					
Sales to external customers	63,335	666	519	-	64,520
Segment results:					
Depreciation and amortisation expenses:					
- Property, plant and equipment	(2,621)	(105)	(19)	-	(2,745)
- Right-of-use assets	(8,995)	65	(39)	-	(8,969)
- Intangible assets	-	(4)	-	-	(4)
Operating lease expenses	(587)	(388)	(7)	-	(982)
Finance income	411	715	-	-	1,126
Finance costs and interest	(3,242)	(572)	(77)	-	(3,891)
Income tax expense	(4,863)	-	-	-	(4,863)
Segment profit/(loss)	17,071	(197)	(2,987)	(11)	13,876
Other segment information:					
Additions to non-current assets	301	29	1	-	331
Segment assets	309,798	40,244	2,999	1,323	354,364
Segment liabilities	315,755	39,751	27,548	891	383,945

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5. Segment and revenue information (cont'd)

5.1. Reportable segments (cont'd)

<u>Period ended 30 June 2023</u>	← Continuing Operations →			Discontinued Operation Retail Store	Consolidated Total
	Retail Stores		Investment holding and others		
	Malaysia	Vietnam			
	S\$'000	S\$'000	S\$'000	Vietnam S\$'000	S\$'000
Revenue:					
Sales to external customers	115,778	1,151	1,034	-	117,963
Segment results:					
Depreciation and amortisation expenses:					
- Property, plant and equipment	(3,289)	-	-	-	(3,289)
- Right-of-use assets	(16,474)	-	(75)	-	(16,549)
Operating lease expenses	(4,058)	(838)	(19)	-	(4,915)
Finance income	1,582	1,166	-	-	2,748
Finance costs and interest	(6,210)	(1,061)	(38)	-	(7,309)
Income tax expense	(6,639)	-	-	-	(6,639)
Segment profit/(loss)	21,924	(687)	(3,264)	53	18,026
Other segment information:					
Additions to non-current assets	8,782	24	139	-	8,945
Segment assets	281,694	35,038	4,641	709	322,082
Segment liabilities	272,006	36,099	13,990	568	322,663

<u>Period ended 30 June 2022</u>	← Continuing Operations →			Discontinued Operation Retail Store	Consolidated Total
	Retail Stores		Investment holding and others		
	Malaysia	Vietnam			
	S\$'000	S\$'000	S\$'000	Vietnam S\$'000	S\$'000
Revenue:					
Sales to external customers	113,338	1,452	946	-	115,736
Segment results:					
Depreciation and amortisation expenses:					
- Property, plant and equipment	(6,253)	(143)	(162)	-	(6,558)
- Right-of-use assets	(17,273)	-	(78)	-	(17,351)
- Intangible assets	-	(8)	-	-	(8)
Operating lease expenses	(936)	(661)	28	-	(1,569)
Finance income	780	1,425	-	-	2,205
Finance costs and interest	(6,567)	(1,149)	(157)	-	(7,873)
Income tax expense	(7,310)	-	-	-	(7,310)
Segment profit/(loss)	22,115	(530)	(3,467)	(230)	17,888
Other segment information:					
Additions to non-current assets	345	29	1	-	375
Segment assets	309,798	40,244	2,999	1,323	354,364
Segment liabilities	315,755	39,751	27,548	891	383,945

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5. Segment and revenue information (cont'd)

5.2. Disaggregation of revenue

<u>Quarter ended</u>	Malaysia		Vietnam		Total	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022	30.6.2023	30.6.2023
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Continuing operations</u>						
Sale of goods - direct sales	25,447	24,523	-	-	25,447	24,523
Commission from concessionaire sales	30,781	38,234	473	408	31,254	38,642
Food and beverage	524	516	-	-	524	516
Others	108	132	-	-	108	132
Revenue from contracts with customers	56,860	63,405	473	408	57,333	63,813
Rental income	426	449	28	258	454	707
Total revenue from continuing operations	57,286	63,854	501	666	57,787	64,520
Timing of transfer of goods or services						
Total revenue from contracts with customers						
- at point in time	56,860	63,405	473	408	57,333	63,813

<u>Period ended</u>	Malaysia		Vietnam		Total	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022	30.6.2023	30.6.2023
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Continuing operations</u>						
Sale of goods - direct sales	51,297	45,531	-	-	51,297	45,531
Commission from concessionaire sales	63,398	66,774	950	820	64,348	67,594
Food and beverage	1,034	933	-	-	1,034	933
Others	227	226	-	-	227	226
Revenue from contracts with customers	115,956	113,464	950	820	116,906	114,284
Rental income	856	820	201	632	1,057	1,452
Total revenue from continuing operations	116,812	114,284	1,151	1,452	117,963	115,736
Timing of transfer of goods or services						
Total revenue from contracts with customers						
- at point in time	115,956	113,464	950	820	116,906	114,284

6. Financial assets and financial liabilities

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

	Group		Company	
	30.6.2023	31.12.2022	30.6.2023	31.12.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Trade and other receivables	41,690	47,661	1,601	-
Investment securities	249	261	-	-
Cash and short-term deposits	99,050	106,574	1,871	113
Total financial assets carried at amortised cost	140,989	154,496	3,472	113

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

	Group		Company	
	30.6.2023	31.12.2022	30.6.2023	31.12.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial liabilities				
Trade and other payables	118,486	141,608	23,482	18,852
Other liabilities	8,740	14,418	1,063	1,100
Lease liabilities	175,615	191,798	-	-
Loans and borrowings	2,865	6,919	-	2,078
Total financial liabilities carried at amortised cost	305,706	354,743	24,545	22,030

7. Profit before taxation

7.1. Significant items

	Group			
	Quarter ended		Period ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Income				
Finance income	1,355	1,126	2,748	2,205
Expenses				
Depreciation and amortisation expenses:				
- property, plant and equipment	1,509	2,745	3,289	6,558
- right-of-use assets	8,075	8,969	16,549	17,351
Operating lease expense	2,153	982	4,915	1,569
Finance costs (including interest expense on lease liabilities)	3,527	3,891	7,309	7,873
Inventory shrinkages	(343)	140	96	140

7.2. Related party transactions

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

	Group			
	Quarter ended		Period ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Sale of gift vouchers	-	28	41	56
Sale of goods and services	105	7	159	183
Purchase of goods and services	1,025	850	2,449	1,979
Received for bonus points redemption by cardholders	416	414	1,124	1,061
Marketing fee expense for bonus points issued	415	1,350	903	1,833
Rental of office and commercial space	50	72	109	160
Royalty expense	26	31	55	61
Management fee income	107	132	227	226
Interest expense in relation to loan from ultimate holding company	-	65	14	131

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8. Income tax expense

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

	Group			
	Quarter ended		Period ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Current and deferred income tax	3,337	4,863	6,639	7,310

9. Net assets/liabilities value

	Group		Company	
	30.6.2023	31.12.2022	30.6.2023	31.12.2022
Net assets/(liabilities) value per ordinary share (S\$)	(0.001)	(0.025)	0.135	0.141

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

Financial asset at FVOCI comprise the following:

	Group	
	30.6.2023	31.12.2022
	S\$'000	S\$'000
Equity security (unquoted)		
- Lion Insurance Company Limited	249	261

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

10.1. Fair value measurement

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

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

The following table presented the asset measured at fair value:

	Group			
	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
At 30 June 2023				
Financial asset - FVOCI	-	-	249	249
At 31 December 2022				
Financial asset - FVOCI	-	-	261	261

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11. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to S\$2,021,000 (30 June 2022: S\$375,000).

12. Right-of-use assets

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

During the six months ended 30 June 2023, the Group recognised addition of right-of-use assets amounting S\$6,924,000 (30 June 2022: Nil).

13. Cash and short-term deposits

	Group		Company	
	30.6.2023	31.12.2022	30.6.2023	31.12.2022
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at banks	5,011	7,287	1,871	113
Short-term bank deposits	94,039	99,287	-	-
Total cash and short-term deposits	99,050	106,574	1,871	113

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

	Group	
	30.6.2023	31.12.2022
	S\$'000	S\$'000
Cash and short-term deposits as above	99,050	106,574
Less:		
- pledged deposits	(9,369)	(8,703)
- bank overdraft	(260)	(440)
- restricted bank balances	-	(137)
	89,421	97,294

14. Loan and borrowings

	Group	
	30.6.2023	31.12.2022
	S\$'000	S\$'000
<u>Amount repayable within one year or on demand</u>		
Secured:		
- Bank overdraft	260	440
- Banker's acceptance	1,342	1,817
Unsecured:		
- Loan from third parties	1,263	2,584
	2,865	4,841

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14. Loan and borrowings (cont'd)

	Group and Company	
	30.6.2023	31.12.2022
	S\$'000	S\$'000
<u>Amount repayable after one year</u>		
Unsecured:		
- Loan from ultimate holding company	-	2,078

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

15. Share capital

	Group and Company	
	No. of shares	
	('000)	S\$'000
Balances as at 30.6.2022, 31.12.2022 and 30.6.2023:		
Issued and fully paid with no par value	677,300	231,676
Treasury shares	3,500	549
<u>Total number of issued shares excluding treasury shares</u>	<u>673,800</u>	<u>231,127</u>

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

16. Subsequent events

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

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F. Other Information Required by Listing Rule Appendix 7.2

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

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

2. Review of performance of the Group

Group Store Count

As at 30 June 2023, the Group's department store network comprised 37 (30 June 2022 : 39) stores spanning approximately 425,000 sqm of Gross Floor Area; 36 (30 June 2022 : 38) in Malaysia (407,000 sqm) and 1 (30 June 2022 : 1) in Vietnam (18,000 sqm).

Continuing operations

Operating Results

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

	Group					
	Quarter ended			Period ended		
	30.6.2023	30.6.2022	+ / (-)	30.6.2023	30.6.2022	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
GSP						
Sales of goods - direct sales	25,447	24,523	3.8	51,297	45,531	12.7
Sales of goods - concessionaire sales	116,889	149,061	(21.6)	241,724	263,281	(8.2)
Total merchandise sales	142,336	173,584	(18.0)	293,021	308,812	(5.1)
Consultancy/management service fees	108	132	(18.2)	227	226	0.4
Rental income	454	707	(35.8)	1,057	1,452	(27.2)
Food and beverage	524	516	1.6	1,034	933	10.8
GSP from continuing operations	143,422	174,939	(18.0)	295,339	311,423	(5.2)

The yoy decrease in total merchandise sales by 5.1% is mainly due to the lower store count during the period. Merchandise sales mix remained largely concessionaire at 82.5% (2022: 85.3%) while contribution from direct sales was 17.5% (2022: 14.7%).

Rental income decreased yoy by 27.2% mainly due to poorer sales attained by tenants in Vietnam. Food and beverage operations registered a yoy increase in sales by 10.8%, mainly due to the recovery from the COVID-19 pandemic.

Merchandise gross profit margin stood at 27.8% (2022: 26.7%).

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

Financial Results

Revenue

The components of revenue are as follows:

	Group					
	Quarter ended			Period ended		
	30.6.2023	30.6.2022	+ / (-)	30.6.2023	30.6.2022	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Sales of goods - direct sales	25,447	24,523	3.8	51,297	45,531	12.7
Commission from concessionaire sales	31,254	38,642	(19.1)	64,348	67,594	(4.8)
Consultancy/management service fees	108	132	(18.2)	227	226	0.4
Rental income	454	707	(35.8)	1,057	1,452	(27.2)
Food and beverage	524	516	1.6	1,034	933	10.8
Revenue from continuing operations	57,787	64,520	(10.4)	117,963	115,736	1.9

Other items of Income

Finance income increased yoy by 24.6% mainly due to increase in interest income from fixed deposits.

Expenses

Total expenses of the Group increased yoy by 4.0% and analysis of major expenses is as follows:

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables increased yoy by 11.7%, in line with higher sales achieved.

Depreciation and amortisation expense

Depreciation and amortisation expense decreased yoy by 49.9% mainly due to some of the plant and equipment being fully depreciated and write-off in the previous year.

Operating lease expenses

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

Other expenses

Other expenses for the current period comprised mainly (a) selling and distribution expenses amounted to S\$2.9 million, (b) general and administrative expenses amounted to S\$4.0 million and (c) other operating expenses amounted to S\$4.7 million. The yoy increase in other expenses is fairly in line with the higher sales attained.

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

Profit before tax

The Group recorded a lower profit before tax for the current period of S\$24.6 million compared with S\$25.4 million of the corresponding period, mainly due to the fewer store count during the period.

Tax expense

Tax expense decreased yoy by 9.2% due to the lower profit before tax attained by the Malaysia operation during the period.

Group Statement of Financial Position

The Group was in a net current liabilities ("NCL") position of S\$39.1 million as at 30 June 2023. NCL of the Group decreased by 34.0% from S\$59.3 million as at 31 December 2022 was mainly due to the improved performance attained by the Group. The negative equity of the Group decreased to S\$0.6 million as at 30 June 2023 from S\$17.0 million as at 31 December 2022 mainly due to profit attained by the Group.

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

Property, plant and equipment declined to S\$17.7 million mainly due to depreciation.

Right-of-use assets declined to S\$134.0 million mainly due to depreciation.

Trade and other receivables (current) decreased to S\$10.7 million mainly due to repayment from receivables.

Cash and short-term deposits declined to S\$99.1 million mainly due to repayment to creditors, consistent with the decline in trade and other payables.

Trade and other payables (current) decreased to S\$117.3 million mainly due to repayment.

Other liabilities (current) decreased to S\$8.7 million mainly due to the payment to a landlord for the settlement of dispute.

Loans and borrowings (current) decreased to S\$2.9 million mainly due to repayment of loan.

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

Lease liabilities (non-current) decreased to S\$145.5 million mainly due to repayment.

Accumulated losses reduced to S\$68.1 million due to profit attained by the Group.

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

Company Statement of Financial Position

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

Trade and other payables (current) increased to S\$23.5 million due to advances received from a subsidiary.

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

Group Cash Flow

For the current period, the Group recorded net cash inflow from operating activities of S\$22.5 million, net cash generated from investing activities of S\$0.7 million and net cash used in financing activities of S\$29.0 million, resulting in a net decrease in cash and cash equivalents of S\$5.8 million (2022 : net increase of S\$41.1 million). The net decrease in cash and cash equivalents was generally due to repayment to creditors and payment of lease liabilities.

3. Material litigations

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

Parkson (Cambodia) Co Ltd

There has been no further update since the previous quarterly announcement made on 12 May 2023.

Parkson Corporation Sdn Bhd

PKNS-Andaman Development Sdn Bhd

There has been no further update since the previous quarterly announcement made on 12 May 2023.

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

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

The Group's commentary on its core business as outlined in Note 11 in the preceding quarterly results announcement dated 12 May 2023 was generally in line with the operating environment encountered in the current quarter.

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

The inflationary pressure, higher cost of living (which in turn would affect consumers' sentiment), shift in consumer spending habits and fear of a global recession will continue to remain a concern to the Group for the financial year ending 31 December 2023.

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

6. Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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

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

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 S\$'000
Lion Corporation Berhad ⁽¹⁾	Associate of Tan Sri William Cheng Heng Jem, a director and controlling shareholder of the Company ("Tan Sri William Cheng")	-	2,128
Parkson Holdings Berhad Group ⁽²⁾	Associate of Tan Sri William Cheng	69 ^{(i)*}	2,655 ⁽ⁱⁱ⁾
Lion Posim Berhad ⁽³⁾	Associate of Tan Sri William Cheng	-	121
Visionwell Sdn Bhd ⁽⁴⁾	Associate of Tan Sri William Cheng	-	108

Notes:

- (1) (a) Marketing fee payable for bonus points issued and amount received/receivable for point redemption made by cardholders totaling S\$2.027 million; and
(b) Purchase of goods and security equipment, and procurement of security service totaling S\$0.101 million.
- (2) (i) (a) Interest expense of S\$0.014 million in relation to loan obtained from the ultimate holding company; and
(b) Royalty expense totaling S\$0.055 million;
(ii) (a) Rental income totaling S\$0.228 million;
(b) Net purchase of merchandise and concessionaire sales totaling S\$2.427 million;
- (3) Purchase of building materials and merchandise, sale of gift vouchers and rental income.
- (4) Rental of office space.

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

9. Confirmation by Directors

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

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

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

For and on behalf of the Board
PARKSON RETAIL ASIA LIMITED

Tan Sri William Cheng Heng Jem
Executive Chairman

Singapore
14 August 2023