



**PARKSON RETAIL ASIA LIMITED**

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

**Unaudited Financial Statements for the First Quarter and Three Months  
ended 30 September 2020**

**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 Listing Rules.**

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

**1(a)(i) Consolidated Income Statement**

	<b>Group</b>		
	<b>Quarter ended</b>		
	<b>30.09.2020</b>	<b>30.09.2019</b>	<b>+ / (-)</b>
	\$'000	\$'000	%
<b>Revenue</b>	54,042	79,207	(31.8)
<b>Other items of income</b>			
- Finance income	627	233	>100
- Other income	894	646	38.4
<b>Items of expense</b>			
- Changes in merchandise inventories and consumables	(21,443)	(35,619)	(39.8)
- Employee related expense	(10,464)	(14,307)	(26.9)
- Depreciation of right-of-use assets	(12,943)	(15,633)	(17.2)
- Depreciation and amortisation expense	(4,714)	(4,318)	9.2
- Promotional and advertising expense	(328)	(994)	(67.0)
- Operating lease expenses	-	(3,578)	(100.0)
- Interest expense on lease liabilities	(6,611)	(7,310)	(9.6)
- Finance costs	(183)	(439)	(58.3)
- Other expenses	(6,761)	(9,301)	(27.3)
<b>Total expenses</b>	<b>(63,447)</b>	<b>(91,499)</b>	<b>(30.7)</b>
<b>Loss before taxation</b>	<b>(7,884)</b>	<b>(11,413)</b>	<b>(30.9)</b>
Tax expense	1,966	1,678	17.2
<b>Loss for the quarter</b>	<b>(5,918)</b>	<b>(9,735)</b>	<b>(39.2)</b>
<b>Loss for the period attributable to:</b>			
Owners of the Company	(5,916)	(9,722)	(39.1)
Non-controlling interests	(2)	(13)	(84.6)
	<b>(5,918)</b>	<b>(9,735)</b>	<b>(39.2)</b>

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

	Group		
	Quarter ended		
	30.09.2020	30.09.2019	+ / (-)
	\$'000	\$'000	%
Loss for the quarter	(5,918)	(9,735)	(39.2)
Other comprehensive income/(loss):			
Foreign currency translation	1,247	1,439	(13.3)
<b>Total comprehensive loss</b>	<b>(4,671)</b>	<b>(8,296)</b>	<b>(43.7)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company	(4,665)	(8,293)	(43.7)
Non-controlling interests	(6)	(3)	100.0
	<b>(4,671)</b>	<b>(8,296)</b>	<b>(43.7)</b>

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

	Group	
	Quarter ended	
	30.09.2020	30.09.2019
	\$'000	\$'000
The following items were included in arriving at loss before taxation:		
Allowance for doubtful debts	4	760
Depreciation of right-of-use assets	12,943	15,633
Interest expense on lease liabilities	6,611	7,310
Operating lease expenses	-	3,578
Property, plant and equipment written off	1	34
Inventory shrinkages	659	837

1(b)(i) Statements of Financial Position

	Group		Company	
	30.09.2020	30.06.2020	30.09.2020	30.06.2020
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	63,661	64,974	-	-
Right-of-use assets	241,570	258,919	-	-
Investment in subsidiaries	-	-	126,846	125,570
Deferred tax assets	5,983	3,176	-	-
Other receivables	12,136	10,544	-	-
Lease receivables	23,699	22,671	-	-
Prepayments	138	86	-	-
Intangible assets	429	474	-	-
Investment securities	185	183	-	-
	347,801	361,027	126,846	125,570
<b>Current assets</b>				
Inventories	35,357	41,274	-	-
Trade and other receivables	11,364	11,930	3,915	-
Lease receivables	1,146	2,714	-	-
Prepayments	3,420	1,267	18	12
Tax recoverable	1,785	1,829	-	-
Cash and short-term deposits	25,477	10,169	114	115
	78,549	69,183	4,047	127
Asset classified as held for sale	13,014	13,237	-	-
<b>Total assets</b>	<b>439,364</b>	<b>443,447</b>	<b>130,893</b>	<b>125,697</b>
<b>Current liabilities</b>				
Trade and other payables	118,677	97,685	11,648	6,858
Other liabilities	25,698	25,050	584	510
Contract liabilities	8,975	9,211	-	-
Provisions	1,362	1,447	-	-
Loan and borrowings	5,295	5,862	-	-
Lease liabilities	48,383	60,530	-	-
	208,390	199,785	12,232	7,368
<b>Net current liabilities</b>	<b>(116,827)</b>	<b>(117,365)</b>	<b>(8,185)</b>	<b>(7,241)</b>
<b>Non-current liabilities</b>				
Other payables	4,333	4,254	-	-
Provisions	6,906	6,882	-	-
Loan and borrowings	10,809	11,621	9,052	8,961
Lease liabilities	279,104	286,428	-	-
Deferred tax liabilities	441	437	441	437
	301,593	309,622	9,493	9,398
<b>Total liabilities</b>	<b>509,983</b>	<b>509,407</b>	<b>21,725</b>	<b>16,766</b>
<b>Net (liabilities)/assets</b>	<b>(70,619)</b>	<b>(65,960)</b>	<b>109,168</b>	<b>108,931</b>
<b>Equity attributable to the owners of the Company</b>				
Share capital	231,676	231,676	231,676	231,676
Treasury shares	(549)	(549)	(549)	(549)
Other reserves	(167,111)	(168,373)	(47,253)	(48,356)
Accumulated losses	(134,519)	(128,604)	(74,706)	(73,840)
	(70,503)	(65,850)	109,168	108,931
Non-controlling interests	(116)	(110)	-	-
<b>Total equity</b>	<b>(70,619)</b>	<b>(65,960)</b>	<b>109,168</b>	<b>108,931</b>

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

	<b>Group</b>			
	<b>30.09.2020</b>		<b>30.06.2020</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand				
- Bank overdraft	174	-	2,599	-
- Banker's acceptance	3,823	-	1,943	-
- Loan from owner of a managed store (Vietnam)	-	1,298	-	1,320
	3,997	1,298	4,542	1,320
Amount repayable after one year				
- Loan from a third party	-	1,424	-	1,395
- Loan from ultimate holding company	-	9,385	-	10,226
	-	10,809	-	11,621

Bank overdraft and banker's acceptance are secured by short-term deposit of S\$4.4 million and a corporate guarantee from a subsidiary.

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

## 1(c) Consolidated Statement of Cash Flows

	<b>Group</b>	
	<b>Quarter ended</b>	
	<b>30.09.2020</b>	<b>30.09.2019</b>
	\$'000	\$'000
<b>Operating activities</b>		
Loss before taxation	(7,884)	(11,413)
Adjustments for:		
- Depreciation of property, plant and equipment ("PPE")	4,688	4,236
- PPE written off	1	34
- Loss on disposal of PPE	3	(13)
- Amortisation of land use right	-	33
- Amortisation of intangible assets	26	49
- Depreciation of right-of-use assets ("ROUA")	12,943	15,633
- Allowance for doubtful debts	4	760
- Amortisation of deferred lease expenses	-	26
- Provision for inventory obsolescence	-	7
- Provision for inventory shrinkage	659	837
- Net benefit expense from defined benefit plan	27	-
- Unrealised currency translation loss	7	12
- Provision for onerous contracts	-	(706)
- Dividend income from investment securities	-	(83)
- Interest on lease liability	6,611	7,310
- Finance costs	183	439
- Finance income	(627)	(233)
<b>Operating cash flows before changes in working capital</b>	<b>16,641</b>	<b>16,928</b>
Changes in working capital		
- Inventories	5,383	1,732
- Receivables and prepayments	(4,726)	5,648
- Payables and other liabilities	22,490	(43,370)
<b>Cash flows generated from/(used in) operating activities</b>	<b>39,788</b>	<b>(19,062)</b>
Interest received	570	204
Interest paid	(81)	(63)
Income tax paid	(707)	(22)
<b>Net cash generated from/(used in) operating activities</b>	<b>39,570</b>	<b>(18,943)</b>

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

	<b>Group</b>	
	<b>Quarter ended</b>	
	<b>30.09.2020</b>	<b>30.09.2019</b>
	\$'000	\$'000
<b>Investing activities</b>		
Proceeds from disposal of PPE	3	32
Purchase of PPE	(2,748)	(2,171)
Addition to intangible assets	-	(22)
Dividend income from investment securities	-	83
<b>Net cash used in investing activities</b>	<b>(2,745)</b>	<b>(2,078)</b>
<b>Financing activities</b>		
Interest paid	(5,907)	-
Proceeds from bank borrowings	7,252	1,228
Repayment of obligations under finance lease	-	(123)
Repayment of bank borrowings	(5,345)	(2,007)
Loans from ultimate holding company	-	1,107
Payment of principal portion of lease liabilities	(15,128)	(14,344)
Increase in pledged deposits	-	(248)
<b>Net cash used in financing activities</b>	<b>(19,128)</b>	<b>(14,387)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17,697</b>	<b>(35,408)</b>
Cash and cash equivalents at beginning of financial year	5,209	52,953
Effects of currency translation on cash and cash equivalents	(1,961)	712
<b>Cash and cash equivalents at end of financial quarter</b>	<b>20,945</b>	<b>18,257</b>

	<b>30.09.2020</b>	<b>30.09.2019</b>
	\$'000	\$'000
<b>Cash and cash equivalents comprise the following: -</b>		
Cash at banks	6,647	8,803
Short-term bank deposits	18,830	11,435
Cash and short-term bank deposits	25,477	20,238
Less: pledged deposits	(4,358)	(1,898)
Less: bank overdraft	(174)	(83)
	<b>20,945</b>	<b>18,257</b>

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
<b>Group</b>							
<b>At 01.07.2020</b>	<b>231,676</b>	<b>(549)</b>	<b>(168,373)</b>	<b>(128,604)</b>	<b>(65,850)</b>	<b>(110)</b>	<b>(65,960)</b>
Loss for the period	-	-	-	(5,916)	(5,916)	(2)	(5,918)
Foreign currency translation	-	-	1,262	1	1,263	(4)	1,259
Total comprehensive loss for the quarter	-	-	1,262	(5,915)	(4,653)	(6)	(4,659)
<b>At 30.09.2020</b>	<b>231,676</b>	<b>(549)</b>	<b>(167,111)</b>	<b>(134,519)</b>	<b>(70,503)</b>	<b>(116)</b>	<b>(70,619)</b>
<b>At 01.07.2019</b>	<b>231,676</b>	<b>(549)</b>	<b>(168,126)</b>	<b>(48,171)</b>	<b>14,830</b>	<b>(39)</b>	<b>14,791</b>
Effect of adoption of SFRS(I) 16	-	-	-	4,495	4,495	-	4,495
<b>At 01.07.2019 (restated)</b>	<b>231,676</b>	<b>(549)</b>	<b>(168,126)</b>	<b>(43,676)</b>	<b>19,325</b>	<b>(39)</b>	<b>19,286</b>
Loss for the period	-	-	-	(9,733)	(9,733)	(2)	(9,735)
Foreign currency translation	-	-	1,440	-	1,440	(1)	1,439
Total comprehensive income/(loss) for the quarter	-	-	1,440	(9,733)	(8,293)	(3)	(8,296)
<b>As at 30.09.2019</b>	<b>231,676</b>	<b>(549)</b>	<b>(166,686)</b>	<b>(53,409)</b>	<b>11,032</b>	<b>(42)</b>	<b>10,990</b>

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
<b>Company</b>					
<b>At 01.07.2020</b>	<b>231,676</b>	<b>(549)</b>	<b>(48,356)</b>	<b>(73,840)</b>	<b>108,931</b>
Loss for the period	-	-	-	(866)	(866)
Foreign currency translation	-	-	1,103	-	1,103
Total comprehensive income/(loss) for the quarter	-	-	1,103	(866)	237
<b>At 30.06.2020</b>	<b>231,676</b>	<b>(549)</b>	<b>(47,253)</b>	<b>(74,706)</b>	<b>109,168</b>
<b>At 01.07.2019</b>	<b>231,676</b>	<b>(549)</b>	<b>(47,891)</b>	<b>(44,359)</b>	<b>138,877</b>
Loss for the period	-	-	-	(198)	(198)
Foreign currency translation	-	-	1,127	-	1,127
Total comprehensive income/(loss) for the quarter	-	-	1,127	(198)	929
<b>As at 30.09.2019</b>	<b>231,676</b>	<b>(549)</b>	<b>(46,764)</b>	<b>(44,557)</b>	<b>139,806</b>

**Note A: Other reserves**

	Group		Company	
	Quarter ended		Quarter ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	\$'000	\$'000	\$'000	\$'000
Foreign currency translation reserve	(50,658)	(50,969)	(47,253)	(46,764)
Fair value of financial assets at fair value through other comprehensive income	102	838	-	-
Capital redemption reserve	1	1	-	-
Acquisition reserve	(2,762)	(2,762)	-	-
Capital contribution from ultimate holding company	9,959	9,959	-	-
Merger reserve	(123,753)	(123,753)	-	-
	(167,111)	(166,686)	(47,253)	(46,764)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

No. of shares	30.09.2020	30.09.2019
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.**

	<b>30.09.2020</b>	<b>30.06.2020</b>
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.

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

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

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

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

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

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

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

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

## 6. Loss per ordinary share

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

	<b>Group</b>	
	<b>Quarter ended</b>	
	<b>30.09.2020</b>	<b>30.09.2019</b>
Basic and diluted (cent)	(0.88)	(1.44)
Based on weighted average number of shares ('000)	673,800	673,800

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

## 7. Net asset value per ordinary share

	<b>Group</b>		<b>Company</b>	
	<b>30.09.2020</b>	<b>30.06.2020</b>	<b>30.09.2020</b>	<b>30.06.2020</b>
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	(0.105)	(0.098)	0.162	0.162

## 8. Review of Group performance

### Update on disclosure in relation to Covid-19 pandemic

Up to 30 September 2020, all the stores across the regions where the Group operates were opened. Nevertheless, most of the provinces in Indonesia are under partial lockdown or some forms of lockdown, with relaxed measures and the stores in Indonesia are operating under restricted operating hours. The Malaysia Government has also implemented conditional movement control order (CMCO), with relaxed measures after the quarter ended 30 September 2020 in certain areas/states in view of the spiking number of COVID-19 infections.

The Group continues to put in place the following measures, consistent with the previous quarters.

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

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

The COVID-19 pandemic continues to impact negatively (in a different degree in the regions where the Group operates) on the Group's financial performance / cash flows for the quarter ended 30 September 2020. Nevertheless, the Group has taken proactive steps, amongst others, to reduce costs including salary reduction and negotiation with landlords for rent waiver/reduction. To weather the COVID-19 impact, the Group has continued to implement the following action plans under its Business Continuity Plan (BCP):-

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

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

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

### Business Environment

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

	Quarter ended	
	30.09.2020	30.09.2019
Malaysia	-12.7%	-1.3%
Vietnam	-30.0%	-14.3%
Indonesia	-73.0%	-7.7%

The three countries' operations recorded a negative SSSG, largely affected by the prolonged COVID-19 pandemic.

The Group continues to exercise caution in managing its overall business given various uncertainties at the macro level. There was closure of one (1) store in Indonesia during the quarter ended 30 September 2020.

As at 30 September 2020, the Group's department store network comprises 60 (30 June 2020 : 61) stores spanning approximately 660,000 sqm of Gross Floor Area; 42 (30 June 2020 : 42) in Malaysia (459,000 sqm), 4 (30 June 2020 : 4) in Vietnam (71,000 sqm) and 14 (30 June 2020 : 15) in Indonesia (130,000 sqm).

### Operating Results

Gross Sales Proceeds ("GSP") of the Group recorded a yoy decline of 24.2% and the components of GSP are as follows: -

	Group		
	Quarter ended		
	30.09.2020	30.09.2019	+ / (-)
	S\$'000	S\$'000	%
<b>GSP</b>			
Sales of goods - direct sales	27,528	45,855	(40.0)
Sales of goods - concessionaire sales	102,896	125,475	(18.0)
Total merchandise sales	130,424	171,330	(23.9)
Consultancy / management service fees	74	104	(28.8)
Rental income	1,354	2,449	(44.7)
Food and beverage	474	776	(38.9)
Total GSP	132,326	174,659	(24.2)

The decline in total merchandise sales by 23.9% largely due to lower sales attained across the regions generally as a result of the prolonged COVID-19 pandemic. Merchandise sales mix remained largely concessionaire at 78.9% (3MFY2020: 73.2%) while contribution from direct sales was 21.1% (3MFY2020: 26.8%).

Consultancy and management service fees from managing a department store in Malaysia declined by 28.8% due to lower sales attained by the departmental store. Rental income decreased by 44.7% due mainly to rent rebate granted to tenant, exit of tenant from department store and reduction in the Group's store count during the current quarter. Food and beverage operations registered a decline in sales by 38.9% was mainly as a result of the prolonged COVID-19 pandemic.

Merchandise gross profit margin stood at 23.7% (3MFY2020: 23.7%).

## Financial Results

### Revenue

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

	<b>Group</b>		
	<b>Quarter ended</b>		
	<b>30.09.2020</b>	<b>30.09.2019</b>	<b>+ / (-)</b>
	S\$'000	S\$'000	%
<b>Revenue</b>			
Sales of goods - direct sales	27,528	45,855	(40.0)
Commission from concessionaire sales	24,612	30,023	(18.0)
Consultancy / management service fees	74	104	(28.8)
Rental income	1,354	2,449	(44.7)
Food and beverage	474	776	(38.9)
<b>Total Revenue</b>	<b>54,042</b>	<b>79,207</b>	<b>(31.8)</b>

### Other items of Income

Other income increased yoy by 38.4%, due mainly to increase in subsidy income from government authorities while finance income increased yoy by > 100% was related to income from subleasing right-of-use assets.

### Expenses

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

#### *Changes in merchandise inventories and consumables*

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

#### *Employee related expense (staff costs)*

Staff costs declined yoy by 26.9%, in line with lesser headcount following the reduction in the Group's store count during the current quarter and part of the Group's cost cutting exercise.

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

Depreciation expense of ROUA declined by 17.2% due to lower ROUA as a result of impairment and amortisation in prior year.

#### *Depreciation and amortisation expense*

Depreciation and amortisation expense increased yoy by 9.2%, due mainly to depreciation and amortisation relating to additional capital expenditure of subsidiaries in Vietnam and Malaysia.

#### *Promotional and advertising expense*

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

### *Operating lease expenses*

Operating lease expense declined yoy by 100% was largely due to the Group's lesser store count during the current quarter and rental rebate obtained from the landlords pursuant to the COVID-19 pandemic.

### *Other expenses*

Other expenses for 3MFY2021 comprised mainly (a) selling and distribution expenses amounted to S\$1.2 million, (b) general and administrative ("G&A") expenses amounted to S\$2.4 million and (c) other operating expenses amounted to S\$3.2 million. The decline in other expenses were mainly due to lesser store count during the financial period. The decline in other expenses was mainly related to the Group's lesser store count during the current quarter and the Group's cost cutting exercise.

### Pre-tax Loss

The Group recorded lower pre-tax loss of S\$7.9 million, largely due to the improved performance of the operations in Malaysia, as disclosed in note 14 on page 18.

### Tax expense

The Group recorded current tax expense of S\$0.8 million as a subsidiary was in a taxable position. Deferred tax income recognised pursuant to SFRS(I) 16 Leases was S\$2.8 million, resulting in net tax credit of S\$2.0 million.

### Group Balance Sheet

Consistent with the previous financial years, the financial statements of the Group have been prepared on a going concern basis, that the Group incurred a net loss of S\$5.9 million (3MFY2020 : S\$9.7 million). The Group was in a net current liabilities ("NCL") position of S\$116.8 million as at 30 September 2020. NCL of the Group decreased by 0.5% from 30 June 2020. However, the negative equity of the Group has enlarged to S\$70.6 million as at 30 September 2020 from S\$66.0 million as at 30 June 2020 in view of the net loss incurred by the Group.

The ability of the Group to continue as a going concern is dependent on the Group generating cash flows from its operations to meet its working capital needs and continued support from its suppliers and creditors.

Right-of-use assets declined to S\$241.6 million due mainly to amortisation.

Inventories declined to S\$35.3 million due mainly to the Group's effort to manage inventories level.

Prepayments (current) increased to S\$3.4 million due mainly to partial payments to suppliers.

Cash and short-term deposits increased to S\$25.5 million, fairly in line with the net cash generated from the current quarter.

Asset classified as held for sale was as announced on 27 July 2020, a wholly-owned subsidiary of the Group had entered into a conditional Asset Transfer Agreement with a purchaser for the disposal of the plot of land use right and building in Hai Phong City, Vietnam for USD10.0 million (equivalent to approximately S\$13.8 million) inclusive of value added tax. Consequently, the said land use right and building were classified as asset held for sale.

Trade and other payables (current) increased to S\$118.7 million due mainly to timing of recognition and settlement of balances owing to creditors.

Lease liabilities (current and non-current) declined to S\$327.5 million due mainly to payments to landlords.

## Company Balance Sheet

Trade and other receivables (current) increased to S\$3.9 million due mainly to additional loans to subsidiaries.

Trade and other payables (current) increased to S\$11.6 million due mainly to additional loans from the ultimate holding company.

## Group Cash Flow

The Group recorded net cash inflow of S\$39.6 million in operating activities while net cash used in investing activities was S\$2.8 million and the Group recorded net cash used in financing activities of S\$19.1 million, resulting in a net increase in cash and cash equivalents of S\$17.7 million (3MFY2020 : net decrease S\$35.4 million), mainly as a result of changes in working capital.

## **9. Material litigations**

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

The announcement dated 15 November 2018 in relation to the issuance of Notice of Arbitration to Hassan (Cambodia) Development Co., Ltd (the "Lessor") for arbitration under the Singapore International Arbitration Centre (the "SIAC Arbitration") refers.

All capitalised terms used herein shall have the same meanings ascribed to them in the announcement dated 15 November 2018, unless otherwise provided or unless the context otherwise requires.

The SIAC Arbitration was heard on 26 May 2020. On 14 September 2020, the tribunal hearing the SIAC Arbitration (the "Tribunal") issued a final award (the "SIAC Award"). The Tribunal found, *inter alia*, that the Lease Agreement was lawfully terminated by PCCO, and ordered the Lessor to pay to PCCO approximately SGD10.7 million which includes:

- (a) security deposit of USD2,463,750 (approximately SGD3.4 million);
- (b) advance rental of USD2,025,000 (approximately SGD2.8 million);
- (c) costs and expenses incurred by PCCO of USD2,692,253 (approximately SGD3.7 million) which has been wasted as a result of the Lessor's breach of the Lease Agreement; and
- (d) costs and expenses of the SIAC Arbitration, and legal fees and various disbursements and expenses incurred in connection with the arbitration proceedings of approximately SGD0.8 million.

As last disclosed in the Company's announcement dated 27 August 2020, even though the disputes between PCCO and the Lessor in relation to the Lease Agreement were at that time pending SIAC Arbitration, on 12 December 2018, the Lessor filed a petition ("Case No. 2577") at the Phnom Penh Municipal Court of First Instance ("PPMCFI"). PCCO's Cambodian lawyers were informed on 22 April 2020 that on 27 March 2020, PPMCFI had granted a default judgement against PCCO in Case No. 2577 ("Default Judgement") to, *inter alia*:

- (a) forfeit the security deposit and all advanced rental payments paid by PCCO to the Lessor amounting to USD4,488,750 (approximately SGD6.2 million); and
- (b) order PCCO to pay damages of USD144,504,960 (approximately SGD200.0 million) to the Lessor, being the rental fee for the whole period of the lease under the Lease Agreement.

On 4 May 2020, PCCO filed a petition to PPMCFI to set aside the Default Judgement. Additionally, on 21 May 2020, PCCO filed a motion to challenge and disqualify PPMCFI's judge ("Motion to Challenge and Disqualify Judge"). The Motion to Challenge and Disqualify Judge was dismissed on 9 June 2020 and on 26 June 2020, PCCO filed an appeal against the decision of the PPMCFI dated 9 June 2020. PPMCFI has agreed to accept PCCO's petition and to hold pre-trial proceedings and hearing for Case No. 2577 via summons received by PCCO's Cambodian lawyers on 19 May 2020. However, as the case is pending at the Cambodia Appellate Court for its decision on whether the PCCO's motion to challenge the PPMCFI judge is to be allowed, the pre-trial proceedings for Case No. 2577 will be conducted only after the outcome of the appeal against the dismissal of the Motion to Challenge and Disqualify Judge.

The Default Judgment is only applicable against PCCO and does not extend to the Company, the Company's other subsidiaries nor its holding companies. The management is of the view that the Default

Judgement, if not successfully set aside, will be limited to the Group's capital contribution in PCCO which has previously been fully provided for in the audited financial statements for the financial year ended 30 June 2017. The Group had also previously recognised full impairment loss on the security deposit, advance rental as well as property, plant and equipment in respect of the relevant store in Cambodia in its audited financial statements for the financial years ended 30 June 2016, 2017 and 2018.

PCCO will proceed to apply for the recognition and enforcement of the SIAC Award to the Cambodian Court of Appeal and to attend pre-trial proceedings and hearing for Case No. 2577 at PPMCFI to set aside the Default Judgment.

#### Parkson Corporation Sdn Bhd

1. Millenium Mall Sdn Bhd

There has been no further update since the previous quarterly announcement made on 27 August 2020.

2. PKNS Andaman Development Sdn Bhd

Further to the previous quarterly announcement made on 27 August 2020, on 9 September 2020, the Court has fixed the hearing for the striking out application on 12 October 2020. On 9 October 2020, the Court rescheduled the date of the hearing to 19 October 2020. On 16 October 2020, the Court further rescheduled the date of the hearing to 20 November 2020.

3. LOL Retail (M) Sdn Bhd (formerly known as Super Gem Resources Sdn Bhd)

There has been no further update since the previous quarterly announcement made on 27 August 2020.

4. Superb Apparel Supply Sdn Bhd

There has been no further update since the previous quarterly announcement made on 27 August 2020.

The Group will make further announcement 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 27 August 2020 was generally in line with the operating environment encountered in this reported quarter.

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

The Group's operating environment for the financial year ending 30 June 2021 is expected to remain challenging amid the competition faced by the Group, the volatility of global economy and the prolonged COVID-19 pandemic. The Group has adopted various measures to mitigate risks and negative impact of the COVID-19 pandemic, focusing its priorities on enhancing product offerings, optimising operational efficiency and productivity at department stores as well as cost control and cash flows management, in particular the timing of payment to suppliers and ongoing negotiations with landlords for rental rebates.

Depending on factors such as whether there is any further lockdown or movement control measures and the duration of such measures, state of the economy and consumers sentiments in the countries that the Group operates in, the impact to the Group will vary. Given the degree of uncertainty, it is not possible to quantify the full effect of the impact at this juncture.



**12. Dividend**

**(a) Current Financial Period Reported On**

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

Not applicable as the Group is in a loss position.

**PART II - ADDITIONAL DISCLOSURE**

**14. Group Performance by Geographical Segment**

Group	Malaysia		Vietnam		Indonesia		Myanmar		Cambodia		Others		Total	
	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20
Year ended	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Gross Sales Proceeds</b>	114,190	133,540	10,294	11,328	7,358	29,015	-	-	-	-	484	776	132,326	174,659
<b>Revenue</b>	48,545	65,539	2,405	3,038	2,608	9,854	-	-	-	-	484	776	54,042	79,207
<b>Pre-tax Results</b>														
Department stores	1,787	(2,469)	(2,431)	(3,138)	(4,207)	(2,807)	-	-	-	-	-	-	(4,851)	(8,414)
Lifestyle retail stores	(1,876)	(1,203)	-	-	-	-	-	-	-	-	-	-	(1,876)	(1,203)
Other business	(89)	(3,672)	(2,431)	(3,138)	(4,207)	(2,807)	-	-	-	-	-	-	(6,727)	(9,617)
- food and beverage	-	-	-	-	-	-	-	-	-	-	(164)	(611)	(164)	(611)
Corporate expenses	-	-	-	-	-	-	(8)	(20)	(289)	(23)	(696)	(1,142)	(993)	(1,185)
<b>Reported pre-tax results</b>	<b>(89)</b>	<b>(3,672)</b>	<b>(2,431)</b>	<b>(3,138)</b>	<b>(4,207)</b>	<b>(2,807)</b>	<b>(8)</b>	<b>(20)</b>	<b>(289)</b>	<b>(23)</b>	<b>(860)</b>	<b>(1,753)</b>	<b>(7,884)</b>	<b>(11,413)</b>

## 15. Interested person transactions for the financial period ended 30 September 2020

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 <sup>(1)</sup>	Associate of Tan Sri William Cheng Heng Jem, a director and controlling shareholder of the Company ("Tan Sri Cheng")	-	999
Parkson Holdings Berhad Group <sup>(2)</sup>	Associate of Tan Sri Cheng	112 <sup>(i)</sup>	655 <sup>(ii)</sup>
Lion Posim Berhad (formerly known as Lion Forest Industries Berhad) <sup>(3)</sup>	Associate of Tan Sri Cheng	-	150

### Notes:

- (1) (a) Marketing fee payable for bonus points issued and amount received/receivable for point redemption made by cardholders totaling S\$0.928 million;  
(b) Purchase of security equipment and procurement of security service totaling S\$0.071 million;
- (2) (i) (a) Interest expense of S\$0.075 million in relation to loan from the ultimate holding company;  
(b) Royalty expense totaling S\$0.036 million;  
(c) Service charge for credit services of \$0.001 million.  
(ii) (a) Rental income and store management fee totaling S\$0.086 million;  
(b) Net purchase of merchandise and concessionaire sales totaling S\$0.569 million.
- (3) Purchase of building materials and merchandise, sale of gift voucher and rental income.

## 16. Confirmation by Directors

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim and full year financial results of Parkson Retail Asia Limited for the first quarter ended 30 September 2020 to be false or misleading.

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

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

For and on behalf of the Board  
**PARKSON RETAIL ASIA LIMITED**

Tan Sri William Cheng Heng Jem  
Executive Chairman

Singapore  
30 October 2020