

PARKSON RETAIL ASIA LIMITED

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

**Unaudited Financial Statements for the Second Quarter and Six Months
ended 30 June 2022**

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

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

	Group			Group		
	Quarter ended			6 months ended		
	30.6.2022	30.6.2021	+/(-) %	30.6.2022	30.6.2021	+/(-) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Continuing operations						
Revenue	64,520	28,726	>100	115,736	70,655	63.8
Other items of income						
- Finance income	1,126	1,966	(42.7)	2,205	2,545	(13.4)
- Other income	687	69,327	(99.0)	1,359	69,926	(98.1)
Items of expense						
- Changes in merchandise inventories and consumables	(16,258)	(6,128)	>(100)	(31,310)	(22,903)	(36.7)
- Employee related expense	(9,736)	(10,457)	6.9	(17,937)	(20,005)	10.3
- Depreciation of right-of-use assets ("ROUA")	(8,969)	(8,131)	(10.3)	(17,351)	(22,737)	23.7
- Depreciation and amortisation expense	(2,749)	(3,862)	28.8	(6,566)	(8,220)	20.1
- Promotional and advertising expense	(293)	(231)	(26.8)	(579)	(672)	13.8
- Operating lease expenses	(982)	3,762	>(100)	(1,569)	2,549	>(100)
- Interest expense on lease liabilities	(3,794)	(4,845)	21.7	(7,685)	(10,034)	23.4
- Finance costs	(97)	(582)	83.3	(188)	(721)	73.9
- Impairment of property, plant and equipment	-	2,008	(100)	-	(5,235)	100
- Impairment of ROUA	-	(5,514)	100	-	(36,215)	100
- Other expenses	(4,705)	(3,694)	(27.4)	(10,687)	(8,513)	(25.5)
Total expenses	(47,583)	(37,674)	(26.3)	(93,872)	(132,706)	29.3
Profit before tax	18,750	62,345	(69.9)	25,428	10,420	>100
Tax (expense)/credit	(4,863)	736	>(100)	(7,310)	1,924	>(100)
Profit for the quarter/period	13,887	63,081	(78.0)	18,118	12,344	46.8
Discontinued operations						
Loss for the quarter/period	(11)	(1,449)	99.2	(230)	(1,746)	86.8
Profit for the quarter/period	13,876	61,632	(77.5)	17,888	10,598	68.8
Net profit/(loss) attributable to:						
Owners of the Company						
Profit from continuing operations, net of tax	13,889	63,085	(78.0)	18,120	12,351	46.7
Loss from discontinued operations, net of tax	(11)	(1,449)	99.2	(230)	(1,746)	86.8
Non-controlling interests						
Loss from continuing operations, net of tax	(2)	(4)	50.0	(2)	(7)	71.4
	13,876	61,632	(77.5)	17,888	10,598	68.8

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

	Group			Group		
	Quarter ended			6 months ended		
	30.6.2022	30.6.2021	+/(-)	30.6.2022	30.6.2021	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the quarter	13,876	61,632	(77.5)	17,888	10,598	68.8
Other comprehensive income/(loss):						
Foreign currency translation	1,039	(390)	>100	1,788	1,102	62.3
Total comprehensive income	14,915	61,242	>(100)	19,676	11,700	>100
Total comprehensive income/(loss) attributable to:						
Owners of the Company	14,916	61,236	(75.6)	19,685	11,692	68.4
Non-controlling interests	(1)	6	>(100)	(9)	8	>(100)
	14,915	61,242	(75.6)	19,676	11,700	68.2

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

	Group		Group	
	Quarter ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	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 of allowance for trade and other receivables	-	(1,428)	(32)	(555)
Depreciation of property, plant and equipment ("PPE")	2,745	3,844	6,558	8,177
Depreciation of right-of-use assets ("ROUA")	8,969	8,131	17,351	22,737
Interest expense on lease liabilities	3,794	4,845	7,685	10,034
Operating lease expenses	982	(3,762)	1,569	(2,549)
(Reversal of impairment)/Impairment of PPE	-	(2,008)	-	5,235
Impairment of ROUA	-	5,514	-	36,215
PPE written off	(33)	683	69	1,653
Allowance/(Write-back of allowance) for inventory shrinkages	140	(205)	140	348
Gain on deconsolidation of a subsidiary	-	(67,559)	-	(67,559)
<u>Discontinued operations</u>				
Write-back of allowance for trade and other receivables	-	(28)	-	(23)
Depreciation of property, plant and equipment	-	33	-	43
Depreciation of right-of-use assets	-	748	-	1,237
Interest expense on lease liabilities	-	656	-	1,330
Operating lease expenses	3	325	3	652

1(b)(i) Statements of Financial Position

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	22,023	26,524	-	-
Right-of-use assets	149,805	171,898	-	-
Investment in subsidiaries	-	-	121,749	124,786
Deferred tax assets	4,807	4,821	-	-
Other receivables	6,930	6,499	-	-
Lease receivables	32,575	33,479	-	-
Prepayments	50	4	-	-
Intangible assets	85	94	-	-
Investment securities	271	278	-	-
	216,546	243,597	121,749	124,786
Current assets				
Inventories	18,866	19,465	-	-
Trade and other receivables	8,358	11,983	883	-
Lease receivables	2,327	3,151	-	-
Prepayments	674	1,118	-	-
Tax recoverable	56	1,333	-	-
Cash and short-term deposits	107,537	69,061	11	59
	137,818	106,111	894	59
Total assets	354,364	349,708	122,643	124,845
Current liabilities				
Trade and other payables	146,009	139,007	12,336	12,441
Other liabilities	11,531	14,644	1,030	909
Contract liabilities	6,018	6,896	-	-
Provisions	1,269	1,350	-	-
Loan and borrowings	4,331	4,879	-	-
Lease liabilities	23,059	41,893	-	-
Provision for tax	6,071	-	-	-
	198,288	208,669	13,366	13,350
Net current liabilities	(60,470)	(102,558)	(12,472)	(13,291)
Non-current liabilities				
Other payables	1,967	2,639	-	-
Provisions	4,977	5,089	-	-
Loan and borrowings	8,688	8,905	8,688	8,905
Lease liabilities	170,025	173,663	-	-
	185,657	190,296	8,688	8,905
Total liabilities	383,945	398,965	22,054	22,255
Net (liabilities)/assets	(29,581)	(49,257)	100,589	102,590
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	(163,618)	(165,412)	(51,507)	(49,004)
Accumulated losses	(96,983)	(114,874)	(79,031)	(79,533)
	(29,474)	(49,159)	100,589	102,590
Non-controlling interests	(107)	(98)	-	-
Total equity	(29,581)	(49,257)	100,589	102,590

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

	Group					
	30.6.2022			31.12.2021		
	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	127	-	127	364	-	364
- Banker's acceptance	1,594	-	1,594	1,887	-	1,887
- Loan from third parties	-	2,610	2,610	-	2,628	2,628
	1,721	2,610	4,331	2,251	2,628	4,879
Amount repayable after one year						
- Loan from ultimate holding company	-	8,688	8,688	-	8,905	8,905
	-	8,688	8,688	-	8,905	8,905

Bank overdraft and trade facilities (including bank guarantee) are secured by short-term deposit of S\$5.9 million (31 March 2022 : S\$6.0 million) and a corporate guarantee from a subsidiary.

1(c) Consolidated Statement of Cash Flows

	Group		Group	
	Quarter ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before taxation from continuing operations	18,750	62,345	25,428	10,420
Loss before taxation from discontinued operations	(11)	(1,449)	(230)	(1,746)
Profit before taxation	18,739	60,896	25,198	8,674
Adjustments for:				
- Depreciation of property, plant and equipment ("PPE")	2,745	3,877	6,558	8,220
- (Reversal of impairment)/Impairment of PPE	-	(2,008)	-	5,235
- PPE written off	(33)	683	69	1,653
- Loss on disposal of PPE	2	108	2	106
- Amortisation of intangible assets	4	18	8	43
- (Reversal of impairment)/Impairment of intangible assets	-	(91)	-	182
- Intangible assets written off	-	80	-	80
- Depreciation of right-of-use assets ("ROUA")	8,969	8,879	17,351	23,974
- Impairment of ROUA	-	5,514	-	36,215
- Gain on deconsolidation of a subsidiary	-	(67,559)	-	(67,559)
- Write-back of allowance for trade and other receivables	-	(1,456)	(32)	(578)
- Write-back of allowance for inventory obsolescence	-	(619)	-	(595)
- Allowance/(Write-back of allowance) for inventory shrinkages	140	(205)	140	348
- Inventory written off	-	-	-	619
- Provision for winding down expenses	-	(3,582)	-	-
- Net benefit expense from defined benefit plan	-	510	-	537
- Unrealised currency translation loss	-	-	-	15
- Income from expired gift vouchers	-	(793)	-	(793)
- Interest expense on lease liabilities	3,794	5,501	7,685	11,364
- Finance costs	97	582	188	721
- Finance income	(1,126)	(1,967)	(2,205)	(2,546)
Operating cash flows before changes in working capital	33,331	8,368	54,962	25,915
Changes in working capital				
- Inventories	(84)	726	(9)	5,785
- Receivables and prepayments	3,312	(15,412)	8,054	(12,192)
- Payables and other liabilities	19,636	32,363	5,076	17,707
Cash flows generated from operating activities	56,195	26,045	68,083	37,215
Interest received	385	1,067	715	1,146
Interest paid	(1)	(173)	(2)	(174)
Income tax paid	-	(36)	-	109
Net cash generated from operating activities	56,579	26,903	68,796	38,296

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

	Group		Group	
	Quarter ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	S\$'000	S\$'000	S\$'000	S\$'000
Investing activities				
Proceeds from disposal of PPE	-	427	-	427
Purchase of PPE	(48)	(2,009)	(908)	(2,930)
Net cash outflow from deconsolidation of a subsidiary	-	(617)	-	(617)
Net cash generated from/(used in) investing activities	(48)	(2,199)	(908)	(3,120)
Financing activities				
Interest paid	(3,423)	(3,854)	(8,466)	(9,098)
Proceeds from bank borrowings	259	-	209	502
Repayment of bank borrowings	(499)	(181)	(449)	(1,460)
Loan from a subsidiary of the ultimate holding company	-	15	-	8,042
Payment of principal portion of lease liabilities	(5,464)	(8,995)	(18,733)	(21,229)
(Increase)/Decrease in pledged deposits	(13)	(1)	631	482
Net cash used in financing activities	(9,140)	(13,016)	(26,808)	(22,761)
Net increase in cash and cash equivalents	47,391	11,688	41,080	12,415
Cash and cash equivalents at beginning of quarter/period	55,827	13,334	62,021	15,019
Effects of currency translation on cash and cash equivalents	(1,690)	758	(1,573)	(1,654)
Cash and cash equivalents at end of quarter/period	101,528	25,780	101,528	25,780

	30.6.2022	30.6.2021
	S\$'000	S\$'000
Cash and cash equivalents comprise the following: -		
Cash at banks	4,424	3,622
Short-term bank deposits	103,113	27,043
Cash and short-term bank deposits	107,537	30,665
Less: pledged deposits	(5,882)	(4,453)
Less: bank overdraft	(127)	(432)
	101,528	25,780

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 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)
At 1.1.2021	231,676	(549)	(166,803)	(140,668)	(76,344)	(115)	(76,459)
Profit/(Loss) for the period	-	-	-	10,605	10,605	(7)	10,598
Foreign currency translation	-	-	1,086	1	1,087	15	1,102
Total comprehensive income for the period	-	-	1,086	10,606	11,692	8	11,700
At 30.6.2021	231,676	(549)	(165,717)	(130,062)	(64,652)	(107)	(64,759)

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 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
At 1.1.2021	231,676	(549)	(47,535)	(74,768)	108,824
Loss for the period	-	-	-	(2,185)	(2,185)
Foreign currency translation	-	-	(1,375)	-	(1,375)
Total comprehensive loss for the period	-	-	(1,375)	(2,185)	(3,560)
At 30.6.2021	231,676	(549)	(48,910)	(76,953)	105,264

Note A: Other reserves

	Group		Company	
	6 months ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign currency translation reserve	(47,261)	(49,264)	(51,507)	(48,910)
Fair value of financial assets at fair value through other comprehensive income	198	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)	-	-
	(163,618)	(165,717)	(51,507)	(48,910)

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	30.6.2022	30.6.2021
Issued share capital	677,300,000	677,300,000
Treasury shares held	3,500,000	3,500,000
Shares to be issued pursuant to the exercise of all the outstanding share options	-	-

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

	30.6.2022	31.12.2021
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.

The external auditor had issued a qualified opinion in the latest financial statements for FY2021 relating to opening balance of an Indonesian subsidiary in liquidation. As the matters are in the hands of the receivers for statutory compliance and reporting, the Group deems that the impact and effect of the subsidiary's financial reporting is virtually limited and no further disclosure is expected to be made. The cost of investment in the subsidiary and outstanding receivables owing by the subsidiary had been fully impaired by the Company in the previous financial year(s).

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 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 2022, where applicable.

Amendments to SFRS(I) 3 *Reference to the Conceptual Framework*

Amendments to SFRS(I) 1-16 *Property, Plant and Equipment – Proceeds before Intended Use*

Amendments to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*

Annual Improvements to SFRS(I)s 2018-2020:

Amendments to SFRS(I) 1-1 *Subsidiary as a First-Time Adopter*

Amendments to SFRS(I) 9 *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*

Amendments to SFRS(I) 16 *Lease Incentives*

Amendments to SFRS(I) 1-41 *Taxation in Fair Value Measurements*

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

6. Profit/(Loss) per ordinary share

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

	Group		Group	
	Quarter ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
Basic and diluted (cent)				
- Continuing operations	2.06	9.36	2.69	1.83
- Discontinued operations	-	(0.22)	(0.03)	(0.26)
- Continuing and discontinued operations	2.06	9.14	2.66	1.57
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	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Net (liabilities)/assets value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	(0.04)	(0.07)	0.15	0.15

8. Review of Group performance

Update on disclosure in relation to COVID-19 pandemic

All the stores were operating during the current period.

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 who develop any respiratory disease symptoms are required to seek treatment, abstain from attending their workplace and inform their supervisors;
- (iv) employees are reminded of the importance of maintaining good personal health and hygiene; and
- (v) social distancing is being implemented at our stores and back offices; and
- (vi) 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.

Additionally, the Group has taken proactive steps, amongst others, to reduce costs and negotiate with landlords for rent waiver/reduction, where applicable. 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, where applicable;
- negotiating with its creditors/suppliers and financial institutions to restructure payment plan, where appropriate;
- prioritising on essential services to contain costs;
- maintaining 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 30 June 2022, the Group's department store network comprised 39 (30 June 2021 : 42) stores spanning approximately 453,000 sqm of Gross Floor Area; 38 (30 June 2021 : 40) in Malaysia (435,000 sqm) and 1 (30 June 2021 : 2) in Vietnam (18,000 sqm).

Continuing operations

Operating Results

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

	Group			Group		
	Quarter ended			6 months ended		
	30.6.2022	30.6.2021	+ / (-)	30.6.2022	30.6.2021	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
GSP						
Sales of goods - direct sales	24,523	10,275	>100	45,531	30,786	47.9
Sales of goods - concessionaire sales	149,061	67,030	>100	263,281	145,992	80.3
Total merchandise sales	173,584	77,305	>100	308,812	176,778	74.7
Consultancy / management service fees	132	52	>100	226	107	>100
Rental income	707	771	(8.3)	1,452	2,095	(30.7)
Food and beverage	516	305	69.2	933	650	43.5
GSP from continuing operations	174,939	78,433	>100	311,423	179,630	73.4

The yoy increase in total merchandise sales by 74.7%, largely due to higher sales attained by the Malaysia operation as a result of the gradual recovery from the COVID-19 pandemic against some form of COVID-19 restrictions of the corresponding period. Merchandise sales mix remained largely concessionaire at 85.3% (FY2021: 82.6%) while contribution from direct sales was 14.7% (FY2021: 17.4%).

Consultancy and management service fees from managing a department store in Malaysia increased yoy by >100% due to higher sales attained by the department store. Rental income decreased yoy by 30.7% due mainly to reduction in the Group's store count. Food and beverage operations registered a yoy increase in sales by 43.5%, due mainly to the gradual recovery from the COVID-19 pandemic against some form of COVID-19 restrictions of the corresponding period.

Merchandise gross profit margin stood at 26.7% (FY2021: 25.7%).

Financial Results

Revenue

The components of revenue are as follows:-

	Group			Group		
	Quarter ended			6 months ended		
	30.6.2022	30.6.2021	+/(-)	30.6.2022	30.6.2021	+/(-)
Revenue	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales of goods - direct sales	24,523	10,275	>100	45,531	30,786	47.9
Commission from concessionaire sales	38,642	17,323	>100	67,594	37,017	82.6
Consultancy / management service fees	132	52	>100	226	107	>100
Rental income	707	771	(8.3)	1,452	2,095	(30.7)
Food and beverage	516	305	69.2	933	650	43.5
Revenue from continuing operations	64,520	28,726	>100	115,736	70,655	63.8

Other items of Income

Other income decreased yoy by 98.1%, due mainly to the gain on deconsolidation of a subsidiary in Indonesia of S\$67.6 million included in the corresponding period.

Expenses

Total expenses of the Group declined yoy by 29.3% and analysis of major expenses is as follows: -

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables increased yoy by 36.7%, in line with higher revenue achieved.

Employee related expense (staff costs)

Staff costs declined yoy by 10.3%, largely in line with fewer 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 23.7% due mainly to lower ROUA as a result of impairment in the previous years.

Depreciation and amortisation expense

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

Operating lease expenses

Operating lease expenses increased yoy by >100%, due mainly to rent rebates received in the corresponding period.

Interest expense on lease liabilities

Interest expense on lease liabilities declined yoy by 23.4% due to the reduction in lease liabilities as a result of repayment.

Finance cost

Finance cost declined yoy by 73.9% was related to unwinding interest on provision for restoration costs included in the corresponding period.

Impairment of property, plant and equipment ("PPE") and right-of-use assets ("ROUA")

The impairment of PPE and ROUA in the corresponding period relates to a subsidiary in Indonesia which went into bankruptcy and subsequently was deconsolidated with effect from 17 May 2021.

Other expenses

Other expenses for the current quarter comprised mainly (a) selling and distribution expenses amounted to S\$3.0 million, (b) general and administrative expenses amounted to S\$4.1 million and (c) other operating expenses amounted to S\$3.6 million. The yoy increase in other expenses was due mainly to the increase in selling and distribution expenses which was fairly in line with higher revenue attained.

Profit before tax

The Group recorded profit before tax for the current period of S\$25.4 million compared with S\$10.4 million of the corresponding period, generally due to the improved performance of the Malaysia operation.

Tax expense

For the current period, the Group recorded a tax expense of S\$7.3 million as a subsidiary in Malaysia was in a taxable position.

Group Statement of Financial Position

The Group was in a net current liabilities ("NCL") position of S\$60.5 million as at 30 June 2022. NCL of the Group decreased by 41.0% from S\$102.6 million as at 31 December 2021 to S\$60.5 million as at 30 June 2022 due mainly to lower lease liabilities and higher cash and bank balances. The negative equity of the Group decreased to S\$29.6 million as at 30 June 2022 from S\$49.3 million as at 31 December 2021 due to mainly to profit attained by the Group.

Accordingly, 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 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\$22.0 million due mainly to depreciation.

Right-of-use assets declined to S\$149.8 million due mainly to depreciation.

Trade and other receivables declined to S\$8.4 million due mainly to reduction in credit card outstanding receivable.

Tax recoverable (current) declined to S\$0.1 million due mainly to offsetting with income tax expense as a subsidiary in Malaysia is in a taxable position.

Cash and short-term deposits increased to S\$107.5 million due mainly to higher cash collections relating to the Hari Raya festive season during the current quarter.

Trade and other payables (current) increased to S\$146.0 million was fairly in line with the Hari Raya festive season.

Other liabilities decreased to S\$11.5 million due mainly to repayment.

Lease liabilities (current) decreased to S\$23.0 million due mainly to repayment.

Provision for tax (current) stood at S\$6.1 million due to the taxable position of a subsidiary in Malaysia.

Accumulated losses reduced to S\$97.0 million due to profit after tax attained by the Group.

Company Statement of Financial Position

Trade and other receivables (current) increased to S\$0.9 million due mainly to interest accrued on loan to a subsidiary in Vietnam.

Group Cash Flow

For the current period, the Group recorded net cash inflow in operating activities of S\$68.8 million while net cash used in investing activities was S\$0.9 million and the Group recorded net cash used in financing activities of S\$26.8 million, resulting in a net increase in cash and cash equivalents of S\$41.1 million (FY2021 : S\$12.4 million). The net increase in cash and cash equivalents was generally contributed by the improved performance attained by the Group.

9. 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 13 May 2022.

Parkson Corporation Sdn Bhd

1. Millenium Mall Sdn Bhd

Further to the previous quarterly announcement made on 13 May 2022, the Court of Appeal had on 26 July 2022, adjourned the hearing of MMSB's appeal against the Court's decision to allow PCSB's application to strike out the Suit and fixed the next case management on 8 September 2022 for MMSB's solicitors to update the Court of Appeal on the status of the matter.

2. PKNS-Andaman Development Sdn Bhd

There has been no further update since the previous quarterly announcement made on 13 May 2022.

Parkson Unlimited Beauty Sdn Bhd

Further to the previous quarterly announcement made on 13 May 2022, PUB and the Landlord have agreed to a full and final settlement of all amounts owing by PUB to the Landlord at an aggregate sum of RM103,740 (approximately S\$31,956). This amount had been fully paid by PUB and the Landlord had agreed to release and discharge PUB from all obligations, liabilities, claims and suits which the Landlord had previously brought against PUB.

Further to the previous quarterly announcement made on 13 May 2022, PVN had on 2 June 2022 handed over the premises to the Landlord.

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 13 May 2022 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, the inflationary pressure and higher cost of living (which in turn would affect consumers' sentiment) will continue to remain a concern to the Group's operating environment and financial performance for the financial year ending 31 December 2022.

The Group will continue to focus on rationalising its operations, improving store productivity and trimming costs to improve its financial performance.

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.

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

PART II - ADDITIONAL DISCLOSURE

14. Group Performance by Geographical Segment

Group	Continuing Operations										Discontinued Operations		Total	
	Retail Stores						Others		Total		Retail Stores			
	Malaysia		Vietnam		Indonesia*						Vietnam**			
6 months ended	30.6.2022	30.6.2021	30.6.2022	30.6.2021	30.6.2022	30.6.2021	30.6.2022	30.6.2021	30.6.2022	30.6.2021	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	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
Gross Sales Proceeds	306,522	171,883	3,955	3,607	-	3,471	946	669	311,423	179,630	-	12,031	311,423	191,661
Revenue	113,338	66,012	1,452	1,792	-	2,182	946	669	115,736	70,655	-	2,876	115,736	73,531
Pre-tax Results														
Department stores	28,728	(2,404)	(530)	(841)	-	(47,474)	-	-	28,198	(50,719)	(230)	(1,746)	27,968	(52,465)
Lifestyle retail stores	697	(3,888)	-	-	-	-	-	-	697	(3,888)	-	-	697	(3,888)
	29,425	(6,292)	(530)	(841)	-	(47,474)	-	-	28,895	(54,607)	(230)	(1,746)	28,665	(56,353)
Other business														
- food and beverage	-	-	-	-	-	-	(444)	(407)	(444)	(407)	-	-	(444)	(407)
Corporate expenses	-	-	-	-	-	-	(3,023)	(2,125)	(3,023)	(2,125)	-	-	(3,023)	(2,125)
Gain on deconsolidation***	-	-	-	-	-	-	-	67,559**	-	67,559	-	-	-	67,559
Reported pre-tax results	29,425	(6,292)	(530)	(841)	-	(47,474)	(3,467)	65,027	25,428	10,420	(230)	(1,746)	25,198	8,674

* deconsolidated with effect from 17 May 2021.

** following the termination of the tenancy agreement, a subsidiary in Vietnam ceased to own its remaining store with effect from 1 January 2022.

*** relates to a subsidiary in Indonesia which went into bankruptcy on 17 May 2021 and subsequently a loss of control by the Group on even date which resulted in a gain on deconsolidation of the said subsidiary.

15. Interested person transactions for the financial period ended 30 June 2022

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 S\$'000
Lion Corporation Berhad ⁽¹⁾	Associate of Tan Sri William Cheng Heng Jem, a director and controlling shareholder of the Company ("Tan Sri William Cheng")	-	3,020
Parkson Holdings Berhad Group ⁽²⁾	Associate of Tan Sri William Cheng	262 ^{(i)*}	2,154 ⁽ⁱⁱ⁾
Lion Posim Berhad ⁽³⁾	Associate of Tan Sri William Cheng	-	115
Visionwell Sdn Bhd ⁽⁴⁾	Associate of Tan Sri William Cheng	-	139

Notes:

- (1) (a) Marketing fee payable for bonus points issued and amount received/receivable for point redemption made by cardholders totaling S\$2.894 million; and
(b) Purchase of goods and security equipment, and procurement of security service totaling S\$0.126 million.
- (2) (i) (a) Interest expense of S\$0.065 million in relation to loan obtained from the ultimate holding company;
(b) Royalty expense totaling S\$0.030 million; and
(c) Sale of goods totaling S\$0.167 million.
(ii) (a) Rental income totaling S\$0.244 million;
(b) Net purchase of merchandise and concessionaire sales totaling S\$1.813 million;
(c) Interest expense of S\$0.066 million in relation to loan obtained from the ultimate holding company; and
(d) Royalty expense totaling S\$0.031 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"). Accordingly, such IPTs would be regarded as mandated specific IPTs with effect from April 2022.

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 financial results of Parkson Retail Asia Limited for the first quarter ended 30 June 2022 to be false or misleading.

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

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

For and on behalf of the Board
PARKSON RETAIL ASIA LIMITED

Tan Sri William Cheng Heng Jem
Executive Chairman

Singapore
12 August 2022