



PARKSON RETAIL ASIA LIMITED

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

Unaudited Financial Statements for the Fourth Quarter and Twelve Months ended 30 June 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

	Group					
	Quarter ended			Year ended		
	30.06.2020	30.06.2019	+/(-)	30.06.2020	30.06.2019	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	25,484	94,116	(72.9)	269,896	398,544	(32.3)
Other items of income						
- Finance income	3,251	2,762	17.7	4,152	3,551	16.9
- Other income	16,324	2,682	>100	18,891	5,164	>100
Items of expense						
- Changes in merchandise inventories and consumables	(7,071)	(35,552)	(80.1)	(107,030)	(169,754)	(36.9)
- Employee related expense	(11,065)	(15,583)	(29.0)	(53,548)	(63,077)	(15.1)
- Amortisation of right-of-use assets	(8,947)	-	>(100)	(55,931)	-	>(100)
- Depreciation and amortisation expense	(5,902)	(6,320)	(6.6)	(21,660)	(24,698)	(12.3)
- Promotional and advertising expense	(797)	(2,081)	(61.7)	(4,748)	(8,169)	(41.9)
- Rental expense	2,404	(26,654)	>(100)	(8,262)	(107,822)	(92.3)
- Interest expense on lease liabilities	(4,417)	-	>(100)	(28,390)	-	>(100)
- Finance costs	(570)	(603)	(5.5)	(1,047)	(1,261)	(17.0)
- Impairment of right of use assets	(40,778)	-	>(100)	(40,778)	-	>(100)
- Impairment of property, plant and equipment	(7,842)	(11,110)	(29.4)	(12,149)	(12,110)	0.3
- Impairment of land use right	(1,425)	-	>(100)	(1,425)	-	>(100)
- Other expenses	(10,714)	(18,882)	(43.3)	(39,067)	(50,685)	(22.9)
Total expenses	(97,124)	(116,785)	(16.8)	(374,035)	(437,576)	(14.5)
Loss before taxation	(52,065)	(17,225)	>100	(81,096)	(30,317)	>100
Tax expense	(3,049)	(594)	>100	(1,670)	(4,296)	(61.1)
Loss for the quarter/year	(55,114)	(17,819)	>100	(82,766)	(34,613)	>100
Loss for the period attributable to:						
Owners of the Company	(55,053)	(17,816)	>100	(82,699)	(34,600)	>100
Non-controlling interests	(61)	(3)	>100	(67)	(13)	>100
	(55,114)	(17,819)	>100	(82,766)	(34,613)	>100

SFRS(I) 16 Leases takes effect from 1 July 2019. Please refer to Page 15 for its impact on the Consolidated Income Statement.

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

	Group					
	Quarter ended			Year ended		
	30.06.2020	30.06.2019	+/(-)	30.06.2020	30.06.2019	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Loss for the quarter/year	(55,114)	(17,819)	>100	(82,766)	(34,613)	>100
Other comprehensive income/(loss):						
Remeasurement of defined benefit plan, net of tax	-	76	(100)	-	76	(100)
Foreign currency translation	(845)	568	>(100)	695	(166)	>(100)
Net fair value loss on equity instruments at fair value through other comprehensive income	(736)	-	>100	(736)	(173)	>100
Total comprehensive (loss)/income	(56,695)	(17,175)	>100	(82,807)	(34,876)	>100
Total comprehensive loss attributable to:						
Owners of the Company	(56,630)	(17,174)	>100	(82,736)	(34,933)	>100
Non-controlling interests	(65)	(1)	>100	(71)	57	>(100)
	(56,695)	(17,175)	>100	(82,807)	(34,876)	>100

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

	Group			
	Quarter ended		Year ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	\$'000	\$'000	\$'000	\$'000
The following items have been included in arriving at loss before taxation:				
(Write-back)/Allowance for doubtful debts	(952)	706	(257)	940
Amortisation of right-of-use assets	8,947	-	55,931	-
Interest expense on lease liabilities	4,417	-	28,390	-
Rental expense	(2,404)	26,654	8,262	107,822
Impairment of property, plant and equipment	7,842	11,110	12,149	12,110
Impairment of land use right	1,425	-	1,425	-
Reversal of impairment of property, plant and equipment (for closed stores)	(263)	(3,106)	(263)	(3,106)
Impairment of right-of-use assets	40,778	-	40,778	-
Property, plant and equipment written off	3,079	5,150	3,195	5,255
Inventory shrinkages	(765)	(1,245)	366	444
Inventory written down	493	(37)	520	31
Provision for onerous contracts	-	5,037	-	5,037

1(b)(i) Statements of Financial Position

	Group		Company	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	71,600	95,138	-	-
Land use right	5,875	7,204	-	-
Investment in subsidiaries	-	-	125,570	140,553
Deferred tax assets	2,981	3,146	-	-
Other receivables	12,368	14,672	-	7,499
Lease receivables	23,965	-	-	-
Prepayments	86	863	-	-
Intangible assets	474	861	-	-
Investment securities	183	916	-	-
Right-of-use assets*	251,130	-	-	-
	368,662	122,800	125,570	148,052
Current assets				
Inventories	41,229	53,322	-	-
Trade and other receivables	12,048	23,658	-	-
Lease receivables	1,371	-	-	-
Prepayments	1,247	2,372	12	13
Tax recoverable	1,836	1,281	-	-
Cash and short-term deposits	10,161	54,748	115	83
	67,892	135,381	127	96
Total assets	436,554	258,181	125,697	148,148
Current liabilities				
Trade and other payables	99,134	155,607	6,858	1,196
Other liabilities	25,024	21,723	510	267
Contract liabilities	9,211	11,942	-	-
Provisions	966	3,293	-	-
Loan and borrowings	6,419	4,152	-	-
Lease liabilities*	57,822	-	-	-
	198,576	196,717	7,368	1,463
Net current liabilities	(130,684)	(61,336)	(7,241)	(1,367)
Non-current liabilities				
Other payables	4,254	3,857	-	-
Other liabilities	-	19,651	-	-
Provisions	7,315	10,875	-	-
Loan and borrowings	11,886	11,851	8,961	7,369
Deferred tax liabilities	437	439	437	439
Lease liabilities*	282,102	-	-	-
	305,994	46,673	9,398	7,808
Total liabilities	504,570	243,390	16,766	9,271
Net (liabilities)/assets	(68,016)	14,791	108,931	138,877
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	(168,163)	(168,126)	(48,356)	(47,891)
Accumulated losses	(130,870)	(48,171)	(73,840)	(44,359)
	(67,906)	14,830	108,931	138,877
Non-controlling interests	(110)	(39)	-	-
Total equity	(68,016)	14,791	108,931	138,877

* SFRS(I) 16 Leases takes effect from 1 July 2019. Please refer to Note 5 for more information.

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

	Group			
	30.06.2020		30.06.2019	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand				
- Bank overdraft	2,442	-	158	-
- Banker's acceptance	2,100	-	2,457	-
- Finance lease	557	-	259	-
- Loan from owner of a managed store (Vietnam)	-	1,320	-	1,278
	5,099	1,320	2,874	1,278
Amount repayable after one year				
- Finance lease	265	-	108	-
- Loan from ultimate holding company	-	10,226	-	11,743
- Loan from a third party	-	1,395	-	-
	265	11,621	108	11,743

Bank overdraft and banker's acceptance are secured by short-term deposit of S\$2.4 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

	Group			
	Quarter ended		Year ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Loss before taxation	(52,065)	(17,225)	(81,096)	(30,317)
Adjustments for:				
- Depreciation of property, plant and equipment ("PPE")	5,830	6,201	21,350	24,335
- Amortisation of right-of-use assets ("ROUA")	8,947	-	55,931	-
- Amortisation of intangible assets	39	87	179	234
- Amortisation of land use right	33	32	131	129
- (Write-back)/Allowance for doubtful debts	(952)	706	(257)	940
- Fair value loss on financial assets	736	-	736	-
- Unrealised currency translation loss/(gain)	44	(336)	(9)	(333)
- Net benefit expense from defined benefit plan	127	59	127	190
- PPE written off	3,079	5,150	3,195	5,255
- Impairment of PPE	7,842	11,110	12,149	12,110
- Impairment of land use right	1,425	-	1,425	-
- Impairment of ROUA	40,778	-	40,778	-
- Impairment of intangible assets	255	-	255	-
- Reversal of impairment of PPE (for closed stores)	(263)	(3,106)	(263)	(3,106)
- Loss on disposal of PPE	60	18	106	97
- Amortisation of deferred lease expenses	185	974	129	1,081
- Amortisation of deferred lease income	(47)	(104)	(47)	(104)
- Inventory written down	493	(37)	520	31
- Inventory shrinkage	(765)	(1,245)	366	444
- Income from expired gift vouchers	(917)	(504)	(917)	(504)
- Interest on lease liability	4,417	-	28,390	-
- Interest on lease receivables	(1,833)	-	(1,833)	-
- Finance costs	570	603	1,047	1,261
- Finance income	(1,418)	(2,762)	(2,319)	(3,551)
- Provision for onerous contracts	-	5,037	-	5,037
- Provision for restoration costs	-	193	-	193
Operating cash flows before changes in working capital	16,600	4,851	80,073	13,422
Changes in working capital				
- Inventories	8,468	2,944	11,131	2,756
- Receivables and prepayments	14,506	6,795	23,332	7,332
- Payables and other liabilities	(46,045)	2,343	(87,861)	(1,394)
Cash flows (used in)/generated from operating activities	(6,471)	16,933	26,675	22,116
Interest received	217	2,634	1,055	3,286
Interest paid	(25)	(49)	(23)	(340)
Income tax paid	403	372	(2,078)	(3,451)
Net cash (used in)/generated from operating activities	(5,876)	19,890	25,629	21,611

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

	Group			
	Quarter ended		Year ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	\$'000	\$'000	\$'000	\$'000
Investing activities				
Proceeds from disposal of PPE	77	139	174	237
Purchase of PPE	(456)	952	(10,400)	(18,950)
Addition to intangible assets	(4)	-	(39)	(36)
Proceeds from subleasing right-of-use assets	2,296	-	2,296	-
Net cash (used in)/generated from investing activities	1,913	1,091	(7,969)	(18,749)
Financing activities				
Proceeds from bank borrowings	1,374	1,715	7,116	6,833
Proceeds of loan from ultimate holding company	1,677	1,615	2,702	11,743
Repayment to ultimate holding company	(346)	-	(346)	-
Proceeds of loan from a third party	2	-	1,395	-
Repayment of obligations under finance lease	(129)	(109)	(632)	(458)
Repayment of bank borrowings	(1,501)	(1,572)	(7,777)	(6,040)
Increase in pledged deposits	10	616	(733)	(961)
Payment of lease liabilities	(19,988)	-	(67,544)	-
Net cash (used in)/generated from financing activities	(18,901)	2,265	(65,819)	11,117
Net (decrease)/increase in cash and cash equivalents	(22,864)	23,246	(48,159)	13,979
Cash and cash equivalents at beginning of financial quarter/year	28,371	30,202	52,953	40,029
Effects of currency translation on cash and cash equivalents	(148)	(495)	565	(1,055)
Cash and cash equivalents at end of financial quarter/year	5,359	52,953	5,359	52,953

	30.06.2020	30.06.2019
	\$'000	\$'000
Cash and cash equivalents comprise the following: -		
Cash at banks	7,800	15,888
Short-term bank deposits	2,361	38,860
Cash and short-term bank deposits	10,161	54,748
Less: pledged deposits	(2,361)	(1,637)
Less: bank overdraft	(2,441)	(158)
	5,359	52,953

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

	Attributable to owners of the Company					Non-controlling interests	Equity, total
	Share capital	Treasury shares	Other reserves (Note A)	Accumulated losses	Equity attributable to owners of the Company, total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group							
At 01.07.2019	231,676	(549)	(168,126)	(48,171)	14,830	(39)	14,791
Loss for the period	-	-	-	(82,699)	(82,699)	(67)	(82,766)
Net fair value loss on equity instruments at fair value through other comprehensive income ("FVOCI")	-	-	(736)	-	(736)	-	(736)
Foreign currency translation	-	-	699	-	699	(4)	695
Total comprehensive loss for the period	-	-	(37)	(82,699)	(82,736)	(71)	(82,807)
At 30.06.2020	231,676	(549)	(168,163)	(130,870)	(67,906)	(110)	(68,016)
At 01.07.2018	231,676	(549)	(165,902)	(13,647)	51,578	(2,922)	48,656
Cumulative effect of adopting SFRS(I) 9	-	-	1,011	-	1,011	-	1,011
At 01.07.2018 (SFRS(I) Framework)	231,676	(549)	(164,891)	(13,647)	52,589	(2,922)	49,667
Loss for the period	-	-	-	(34,600)	(34,600)	(13)	(34,613)
Net fair value loss on equity instruments at fair value through other comprehensive income ("FVOCI")	-	-	(173)	-	(173)	-	(173)
Foreign currency translation	-	-	(236)	-	(236)	70	(166)
Remeasurement of defined benefit plan, net of tax	-	-	-	76	76	-	76
Total comprehensive (loss)/income for the period	-	-	(409)	(34,524)	(34,933)	57	(34,876)
Acquisition of non-controlling interests	-	-	(2,826)	-	(2,826)	2,826	-
As at 30.06.2019	231,676	(549)	(168,126)	(48,171)	14,830	(39)	14,791

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

	Share capital	Treasury shares	Other reserves (Note A)	Accumulated losses	Equity, total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 01.07.2019	231,676	(549)	(47,891)	(44,359)	138,877
Loss for the period	-	-	-	(29,481)	(29,481)
Foreign currency translation	-	-	(465)	-	(465)
Total comprehensive income/(loss) for the period	-	-	(465)	(29,481)	(29,946)
At 30.06.2020	231,676	(549)	(48,356)	(73,840)	108,931
At 01.07.2018	231,676	(549)	(43,284)	(39,202)	148,641
Loss for the period	-	-	-	(5,157)	(5,157)
Foreign currency translation	-	-	(4,607)	-	(4,607)
Total comprehensive loss for the period	-	-	(4,607)	(5,157)	(9,764)
As at 30.06.2019	231,676	(549)	(47,891)	(44,359)	138,877

Note A: Other reserves

	Group		Company	
	Year ended		Year ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	\$'000	\$'000	\$'000	\$'000
Foreign currency translation reserve	(51,710)	(52,409)	(48,356)	(47,891)
Fair value of financial assets at FVOCI	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)	-	-
	(168,163)	(168,126)	(48,356)	(47,891)

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

No. of shares	30.06.2020	30.06.2019
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.

	30.06.2020	30.06.2019
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 quarter ended 30 June 2020.

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 performed impairment assessment of its assets, including impact thereon arising from the Covid-19 pandemic, where applicable, in Q4FY2020.

Saved as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation to the financial statements for the current financial year as in the most recent audited financial statements for the financial year ended 30 June 2019.

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 applied SFRS(I) 16 Leases commencing 1 July 2019.

SFRS(I) 16 requires lessees to recognise most leases on balance sheet. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 July 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group has adopted SFRS(I) 16 and elected to apply the modified retrospective method with no impact to the opening retained earnings at the date of initial application, 1 July 2019.

On the adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases. The right-of-use assets were recognised based on the amount equal to lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using incremental borrowing rates at the date of initial application.

In addition, the Group has elected the following practical expedients:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial costs from the measurement of the right-of-use assets at the date of initial application; and
- relied on its assessment of whether leases are onerous immediately before the date of the initial application as an alternative to performing an impairment review.

On the adoption of SFRS(I) 16, the Group has recognised right-of-use assets of S\$455.4 million and lease liabilities of S\$457.9 million for its leases previously classified as operating leases.

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follows: -

	Right-of-use assets	Lease liabilities
	S\$'000	S\$'000
As at 1 July 2019	455,411	457,946
Remeasurement	(113,801)	(85,253)
Addition	6,058	6,058
Amortisation	(55,931)	-
Impairment	(40,778)	-
Interest expense	-	28,390
Payment	-	(67,544)
Foreign exchange difference	171	327
As at 30 June 2020	251,130	339,924

6. Loss per ordinary share

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

	Group			
	Quarter ended		Year ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Basic and diluted (cent)	(8.17)	(2.64)	(12.27)	(5.14)
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 loss per share for the reported periods were the same.

7. Net asset value per ordinary share

	Group		Company	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	(0.101)	0.022	0.162	0.206

8. Review of Group performance

Update on disclosure in relation to Covid-19 pandemic

The stores in Malaysia and Vietnam have started to operate progressively since the end of April and beginning of May respectively while the stores in Indonesia have yet to fully operate as at 30 June 2020, of which 13 out of 15 stores were opened.

The Group will continue to monitor the situation and adopt measures suggested by the respective countries' governments. Arising from the Covid-19 outbreak, the Group has put in place since the following measures the last quarter:-

- (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 is working 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 outbreak has impacted negatively on the Group's financial performance / cash flows for the financial year ended 30 June 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 also implemented the following action plans under its Business Continuity Plan:-

- 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.

As stated in the preceding quarter's announcement, the Group is cautiously reviewing its capital expenditure plan ahead in view of the Covid-19 outbreak.

Business Environment

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

	Quarter ended		Year ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Malaysia	-61.3%	5.2%	-23.1%	5.1%
Vietnam	-49.0%	-21.4%	-26.9%	-19.3%
Indonesia	-89.6%	-4.1%	-30.2%	-2.2%

The Group recorded negative SSSG across the countries due mainly to the Covid-19 pandemic which started in the middle of Q3FY2020.

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

As at 30 June 2020, the Group's department store network comprises 61 (30 June 2019 : 61) stores spanning approximately 672,000 sqm of Gross Floor Area; 42 (30 June 2019 : 42) in Malaysia (462,000 sqm), 4 (30 June 2019 : 4) in Vietnam (71,000 sqm) and 15 (30 June 2019 : 15) in Indonesia (139,000 sqm).

Operating Results

Gross Sales Proceeds ("GSP") of the Group recorded a yoy decline of 71.9% for Q4FY2020 and 30.3% for 12MFY2020 and the components of GSP are as follows: -

	Group					
	Quarter ended			Year ended		
	30.06.2020	30.06.2019	+/(-)	30.06.2020	30.06.2019	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
GSP						
Sales of goods - direct sales	11,695	47,666	(75.5)	143,211	222,262	(35.6)
Sales of goods - concessionaire sales	53,905	181,107	(70.2)	479,669	669,487	(28.4)
Total merchandise sales	65,600	228,773	(71.3)	622,880	891,749	(30.2)
Consultancy / management service fees	36	163	(77.9)	389	788	(50.6)
Rental income	(319)	3,438	>(100)	8,778	13,531	(35.1)
Food and beverage	225	797	(71.8)	2,316	3,802	(39.1)
Total GSP	65,542	233,171	(71.9)	634,363	909,870	(30.3)

The decline in total merchandise sales by 71.3% for Q4FY2020 and 30.2% for 12MFY2020 was largely due to lower sales attained across the regions generally as a result of Covid-19 outbreak. Merchandise sales mix for 12MFY2020 remains largely concessionaire at 77.0% (12MFY2019: 75.1%) while contribution from direct sales was 23.0% (12MFY2019: 24.9%).

Consultancy and management service fees from managing a department store in Malaysia declined by 77.9% for Q4FY2020 and 50.6% for 12MFY2020 due to lower sales attained by the departmental store. Rental income decreased by >100% for Q4FY2020 and 35.1% for 12MFY2020 was mainly as a result of reduction in the Group's store count. Food and beverage operations registered a decline in sales by 71.8% for Q4FY2020 and 39.1% for 12MFY2020 was mainly as a result of the exit of food courts business.

Merchandise gross profit margin for 12MFY2020 stood at 24.5% (12MFY2019: 23.8%).

Financial Results

Revenue

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

	Group					
	Quarter ended			Year ended		
	30.06.2020	30.06.2019	+I(-)	30.06.2020	30.06.2019	+I(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Sales of goods - direct sales	11,695	47,666	(75.5)	143,211	222,262	(35.6)
Commission from concessionaire sales	13,847	42,052	(67.1)	115,202	158,161	(27.2)
Consultancy / management service fees	36	163	(77.9)	389	788	(50.6)
Rental income	(319)	3,438	>(100)	8,778	13,531	(35.1)
Food and beverage	225	797	(71.8)	2,316	3,802	(39.1)
Total Revenue	25,484	94,116	(72.9)	269,896	398,544	(32.3)

Other items of Income

Other income increased yoy by >100%, mainly due to recognition of income from subleasing right-of-use assets upon adoption of SFRS(I) 16 Leases.

Expenses

Total expenses of the Group declined yoy by 14.5% and analysis of major expenses is as follows: -

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables decreased yoy by 36.9%, largely in line with decline in revenue and net reduction in the Group's store count during the financial year.

Employee related expense (staff costs)

Staff costs declined yoy by 15.1%, in line with lesser headcount following the net reduction in the Group's store count during the financial year.

Amortisation expense of right-of-use assets

Amortisation expense arose from the adoption of SFRS(I) 16 Leases; the capitalisation of leases on 1 July 2019 as right-of-use assets and their subsequent amortisation on a straight line basis.

Depreciation and amortisation expense

Depreciation and amortisation expense declined yoy by 12.3%, mainly in line with the decline in property, plant and equipment due to impairment and write-off.

Promotional and advertising expense

Promotional and advertising expenses declined yoy by 41.9%, largely attributed to the shifting from traditional media (newspapers) to digital media, of which the latter is more cost efficient and is part of the Group's cost cutting exercise.

Rental expense

Rental expense declined yoy by 92.3% as a result of the adoption of SFRS(I) 16 Leases. Without this adoption, the rental expense was estimated to be S\$87.0 million as compared with S\$107.8 million of the corresponding year. The decline was largely due to the Group's lesser store count during the financial year and rental rebate obtained from the landlords pursuant to the Covid-19 pandemic.

Interest expense on lease liabilities

Interest expense on lease liabilities arose from the adoption of SFRS(I) 16 Leases; the recognition of lease liabilities and its consequent interest expense.

Impairment of right of use assets

The impairment made was related to loss-making stores.

Impairment of property, plant and equipment / land use right

The impairment made was related to loss-making stores and the mark down of a property to its current market value.

Other expenses

Other expenses for 12MFY2020 comprise mainly (a) selling and distribution expenses amounted to S\$6.0 million, (b) general and administrative ("G&A") expenses amounted to S\$15.8 million and (c) other operating expenses amounted to S\$17.3 million. The decline in other expenses were mainly due to lesser store count during the financial year.

Pre-tax Loss

The Group recorded pre-tax loss of S\$52.1 million for Q4FY2020 (Q4FY2019 : S\$17.2 million) and S\$81.1 million for 12MFY2020 (12MFY2019 : S\$30.3 million). Without the adoption of SFRS(I) 16 Leases, the 12MFY2020's pre-tax loss of the Group would have been S\$34.8 million (as compared with S\$81.1 million), analysed as below:-

	S\$'000
Pre-tax loss	(81,096)
Add/(Deduct) SFRS(I) 16 Leases impact	
- Rental expense	(78,762)
- Right-of-use asset ("ROUA") amortisation	55,931
- Interest expense on lease liabilities	28,390
- Impairment of ROUA	40,778
Pre-tax loss excluding SFRS(I) 16 Leases impact	(34,759)

Please refer to the table on page 15 for its impact to the Consolidated Income Statement.

Tax expense

For 12MFY2020, the Group recorded current tax expense of S\$4.6 million as a subsidiary was in a taxable position. Arising from the adoption of SFRS(I) 16 Leases, there was a recognition of deferred tax income amounting to S\$2.9 million resulting in net tax expense of S\$1.7 million for 12MFY2020.

Impact of SFRS(I) 16 Leases on the consolidated income statement

The following table shows the adjustments recognised for each individual line item:

	Year ended 30.06.2020		
	Results without SFRS(I) 16	Impact of SFRS(I) 16	Results as reported
	\$'000	\$'000	\$'000
Revenue	269,896	-	269,896
Other items of income			
- Finance income	4,152	-	4,152
- Other income	18,891	-	18,891
Items of expense			
- Changes in merchandise inventories and consumables	(107,030)	-	(107,030)
- Employee related expense	(53,548)	-	(53,548)
- Amortisation of right-of-use assets	-	(55,931)	(55,931)
- Depreciation and amortisation expense	(21,660)	-	(21,660)
- Promotional and advertising expense	(4,748)	-	(4,748)
- Rental expense	(87,024)	78,762	(8,262)
- Interest expense on lease liability	-	(28,390)	(28,390)
- Finance costs	(1,047)	-	(1,047)
- Impairment of right of use assets	-	(40,778)	(40,778)
- Impairment of property, plant and equipment	(12,149)	-	(12,149)
- Impairment of land use right	(1,425)	-	(1,425)
- Other expenses	(39,067)	-	(39,067)
Total expenses	(327,698)	(46,337)	(374,035)
Loss before taxation	(34,759)	(46,337)	(81,096)
Tax expense	(4,564)	2,894	(1,670)
Loss for the year	(39,323)	(43,443)	(82,766)
Loss for the period attributable to:			
Owners of the Company	(39,256)	(43,443)	(82,699)
Non-controlling interests	(67)	-	(67)
	(39,323)	(43,443)	(82,766)

Group Balance Sheet

The financial statements of the Group have been prepared on a going concern basis notwithstanding that the Group incurred a net loss of S\$82.8 million for the current financial year (2019 : S\$34.6 million). The Group was in a net current liabilities ("NCL") position of S\$130.7 million as at 30 June 2020. NCL of the Group increased by 113.1% from its 30 June 2019 position as a result of the impact from adopting SFRS(I) 16 Leases whereby the Group has recognised S\$57.8 million of lease liabilities, classified as current. Excluding the current lease liabilities, the NCL position as at 30 June 2020 was S\$72.9 million. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The Company is currently in consultation with the ultimate holding company, Parkson Holdings Berhad ("PHB") for the financial support to the Group. As at 30 June 2020, PHB has advanced to the Group of an amount of S\$11.3 million.

Property, plant and equipment as well as land use right declined to S\$71.6 million and S\$5.9 million respectively was mainly due to depreciation, impairment and write-off of assets. As announced on 27 July 2020, a subsidiary of the Group entered into a conditional Asset Transfer Agreement with a purchaser for the disposal of a property located in Hai Phong City, Vietnam for USD10.0 million

(equivalent to approximately S\$13.8 million) inclusive of value added tax. As at 30 June 2020, the net book value of the property was S\$13.2 million, included under property, plant and equipment and land use right.

Lease receivables (non-current and current) arose from the recognition of new finance sub-lease arrangements with tenants upon the adoption of SFRS(I) 16 Leases.

Right-of-use assets of S\$251.1 million arose from the adoption of SFRS(I) 16 Leases on 1 July 2019.

Inventories declined to S\$41.2 million, a group effort to manage inventories level.

Trade and other receivables (current) declined to S\$12.0 million was mainly due to reduction in credit card outstanding receivable and refund of tenancy deposit from landlord.

Cash and short-term deposits decreased to S\$10.2 million was mainly due to payments made to creditors and the opportunity loss on the Hari Raya Festive season in May 2020.

Trade and other payables (current) declined to S\$99.1 million, mainly due to settlement of debt.

Lease liabilities (current and non-current) of S\$339.9 million arose from the adoption of SFRS(I) 16 Leases on 1 July 2019.

Other liabilities (non-current) declined to Nil mainly due to reversal of accrued rental against right-of-use assets upon the adoption of SFRS(I) 16 Leases.

Company Balance Sheet

Investment in subsidiaries declined to S\$125.6 million due to impairment of cost of investment in a subsidiary.

Other receivables (non-current) declined to Nil as a result of impairment for the amount owing by a subsidiary.

Other payables (current) of S\$6.9 million was mainly in relation to amount owing to the ultimate holding company and a subsidiary.

Group Cash Flow

For 12MFY2020, The Group recorded net cash inflow of S\$25.6 million in operating activities while net cash used in investing activities was S\$8.0 million and the Group recorded net cash used in financing activities of S\$65.8 million. Net decrease in cash and cash equivalents was S\$48.2 million (FY2019 : net increase S\$14.0 million), mainly due to lower collection attained as a result of the Covid-19 pandemic and higher payments made to creditors.

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 ("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. No date has been fixed for the decision of the SIAC Arbitration.

As mentioned in the announcement dated 27 August 2019, even though the disputes between PCCO and the Lessor in relation to the Lease Agreement were at that time pending SIAC Arbitration in Singapore, on 12 December 2018, the Lessor filed a petition ("Case No. 2577") at the Phnom Penh Municipal Court of First Instance ("PPMCFI"). On 3 May 2019, PCCO filed a motion to challenge the jurisdiction of PPMCFI to hear the Case No. 2577 and, when such motion was dismissed by PPMCFI, PCCO filed an appeal to the Cambodian Appellate Court against the dismissal decision on 5 July 2019 ("Chomtoah Appeal"). On 25 October 2019, the Cambodian Appellate Court dismissed the Chomtoah Appeal.

PCCO then filed a motion dated 29 November 2019 in PPMCFI to transfer the Case No. 2577 to SIAC Arbitration jurisdiction ("Motion on Transfer"). On 16 December 2019, PPMCFI dismissed the Motion on Transfer. On 24 December 2019, PCCO filed an appeal to the Cambodian Appellate Court against the dismissal of Motion on Transfer ("Appeal on Transfer"). The Appeal on Transfer was fixed for hearing on 22 April 2020.

On 22 April 2020, PCCO Cambodian lawyers were informed that on 27 March 2020, PPMCFI granted default judgment against PCCO in Case No. 2577 ("Default Judgment") to, inter alia:

- i. forfeit the security deposit and all advanced rental payments paid by PCCO to the Lessor amounting to USD4,488,750; and
- ii. order PCCO to pay damages of USD144,504,960 to the Lessor, being the rental fee for the whole period of the lease under the Lease Agreement.

Concurrently on 22 April 2020, the Appeal on Transfer was heard by the Cambodian Appellate Court. On 29 April 2020, the Cambodian Appellate Court dismissed the Appeal on Transfer substantially on grounds PPMCFI already granted a Default Judgment.

On 4 May 2020, PCCO filed a petition to PPMCFI to set aside the Default Judgment, inter alia, on the grounds that statements made by Lessor in its oral argument was not delivered to PCCO. Additionally, on 21 May 2020, PCCO had filed a motion to challenge the PPMCFI judge. This motion was not granted in favour of PCCO via a decision of the PPMCFI dated 9 June 2020. On 26 June 2020, PCCO filed an appeal to the Cambodia Appellate Court against the decision of the PPMCFI dated 9 June 2020.

Accordingly, in respect of Case No. 2577, the case is pending at the Cambodia Appellate Court for its decision on whether the PCCO motion to challenge the PPMCFI judge is to be allowed and the pre-trial proceedings at the PPMCFI (previously announced by the Company on 21 May 2020 to be held on 26 May 2020) will be conducted only after the Cambodia Appellate Court issues its decision.

The Board of Directors wishes to highlight that 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 Group's maximum potential exposure resulting from the Default Judgment will therefore be limited to its capital contribution in PCCO which has been fully provided for in the audited financial statements for the financial year ended 30 June 2017. As stated in the announcement dated 15 November 2018, the Group had in its audited financial statements for the financial years ended 30 June 2016, 30 June 2017 and 30 June 2018 recognised the impairment losses in connection with, inter alia, the full amounts of prepaid rental, rental deposit and property, plant and equipment in respect of the relevant store in Cambodia. Accordingly, the Default Judgment whether successfully set aside, reversed or appealed against by PCCO, did not give rise to any material impact on the earnings per share and the net tangible assets per share of the Group for the financial year ended 30 June 2020.

Parkson Corporation Sdn Bhd ("PCSB")

1. Millenium Mall Sdn Bhd

There has been no further update since the previous quarterly announcement made on 15 May 2020.

2. PKNS Andaman Development Sdn Bhd

Further to the previous quarterly announcement made 15 May 2020, on 22 May 2020, PCSB filed an application to strike out the Suit on the grounds that the Suit (i) discloses no reasonable cause of action; (ii) is scandalous, frivolous and vexatious; and/or (iii) is an abuse of process of court. The Court has fixed the hearing for the striking out application on 9 September 2020.

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

Further to the previous quarterly announcement made on 15 May 2020, on 29 May 2020, a letter of demand on Judgment in Default was issued to LOL by PCSB to demand for payment of the Judgment Sum of RM4.686 million and to-date no payment has been made by LOL to PCSB. The amount has been fully impaired in the financial years ended 2019 and 2020.

4. Superb Apparel Supply Sdn Bhd ("SASSB")

Further to the previous quarterly announcement made on 15 May 2020, on 27 February 2020, a letter of demand on Judgment in Default was issued to SASSB by PCSB to demand for payment of the Judgment Sum of RM1.659 million and to-date no payment has been made by SASSB to PCSB. The amount has been fully impaired in the financial years ended 2019 and 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 15 May 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 new financial year is expected to remain challenging amid the competition faced by the Group, the volatility of global economy and the prolonged Covid-19 outbreak. In particular, the Covid-19 outbreak has already had a material adverse impact on the financial results/cash flows of the Group for the financial year ended 30 June 2020. The Group has, nevertheless, taken various measures to weather the impact of the Covid-19 outbreak and the challenges ahead, and will continue to do so to improve its results.

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	
Year ended	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19
	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	501,281	696,204	39,724	69,440	90,999	138,758	-	1,457	-	-	2,359	4,011	634,363	909,870
Revenue	224,696	326,237	11,259	19,827	31,582	47,758	-	711	-	-	2,359	4,011	269,896	398,544
Pre-tax Results														
Department stores	(6,566)	9,170	(32,485)	(8,714)	(25,107)	(8,614)	-	(1,460)	-	-	-	-	(64,158)	(9,618)
Lifestyle retail stores	(9,780)	(12,142)	-	-	-	-	-	-	-	-	-	-	(9,780)	(12,142)
	(16,346)	(2,972)	(32,485)	(8,714)	(25,107)	(8,614)	-	(1,460)	-	-	-	-	(73,938)	(21,760)
Other business														
- food and beverage	-	-	-	-	-	-	-	-	-	-	(3,363)	(2,971)	(3,363)	(2,971)
Corporate expenses	-	-	-	-	-	-	11	-	(697)	(271)	(3,109)	(5,315)	(3,795)	(5,586)
Reported pre-tax results	(16,346)	(2,972)	(32,485)	(8,714)	(25,107)	(8,614)	11	(1,460)	(697)	(271)	(6,472)	(8,286)	(81,096)	(30,317)
<u>Included in the pre-tax results are as follows:</u>														
Impairment of PPE	(2,780)	(10,362)	(6,410)	-	(2,338)	(1,507)	-	-	-	-	(621)	(241)	(12,149)	(12,110)
Impairment of land use right	-	-	(1,425)	-	-	-	-	-	-	-	-	-	(1,425)	-
SFRS(I) 16 Leases impact	(6,885)	-	(26,359)	-	(12,054)	-	-	-	-	-	(1,039)	-	(46,337)	-
	(9,665)	(10,362)	(34,194)	-	(14,392)	(1,507)	-	-	-	-	(1,660)	(241)	(59,911)	(12,110)

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

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920
	S\$'000	S\$'000
Lion Corporation Berhad ⁽¹⁾	-	5,179
Parkson Holdings Berhad Group ⁽²⁾	508 ⁽ⁱ⁾	4,032 ⁽ⁱⁱ⁾
Lion Posim Berhad (formerly known as Lion Forest Industries Berhad) ⁽³⁾	-	469
Visionwell Sdn Bhd ⁽⁴⁾	-	307

Notes:

- (1) (a) Marketing fee payable for bonus points issued and amount received/receivable for point redemption made by cardholders totaling S\$4.892 million;
(b) Purchase of security equipment and procurement of security service totaling S\$0.272 million;
(c) Purchase of office equipment, furniture and fittings as well as sale of gift voucher totaling S\$0.015 million.
- (2) (i) (a) Interest expense of S\$0.344 million in relation to loan from the ultimate holding company;
(b) Royalty expense totaling S\$0.158 million;
(c) Service charge for credit services and sale of equipment, furniture and fittings and computer software totaling \$0.006 million.
- (ii) (a) Rental income and store management fee totaling S\$0.436 million;
(b) Net purchase of merchandise and concessionaire sales, rental of office space as well as sale of gift voucher totaling S\$3.596 million.
- (3) Purchase of building materials and merchandise, sale of gift voucher and rental income.
- (4) Rental of office space.

The Group has made a separate announcement for interested person transactions ("IPT") on 24 August 2020 in view that the aggregate value of the IPT other than those conducted under the shareholders' mandate pursuant to Rule 920 and excluding transactions less than S\$100,000 represented approximately 3.63% of the Group's net tangible assets of S\$13.969 million as at 30 June 2019.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ms. Cheng Hui Yen, Natalie	36	- Daughter of Tan Sri Cheng Heng Jem (Executive Chairman and Substantial Shareholder) - Sister of Ms Cheng Hui Yuen, Vivien (Executive Director)	Director of Merchandising (since June 2015)	-

17. Confirmation by Directors

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

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

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

For and on behalf of the Board
PARKSON RETAIL ASIA LIMITED

Tan Sri William Cheng Heng Jem
Executive Chairman

Singapore
27 August 2020