

PARKSON RETAIL ASIA LIMITED

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

**Unaudited Financial Statements for the Third Quarter and Nine Months
ended 31 March 2021**

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

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			9 months ended		
	31.03.2021	31.03.2020	+/(-) %	31.03.2021	31.03.2020	+/(-) %
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	43,636	68,274	(36.1)	148,495	244,412	(39.2)
Other items of income						
- Finance income	579	491	17.9	1,832	901	>100
- Other income	693	823	(15.8)	2,399	2,567	(6.5)
Items of expense						
- Changes in merchandise inventories and consumables	(16,787)	(25,526)	34.2	(58,184)	(99,959)	41.8
- Employee related expense	(9,717)	(14,234)	31.7	(31,173)	(42,483)	26.6
- Depreciation of right-of-use assets ("ROUA")	(15,095)	(16,758)	9.9	(38,606)	(46,984)	17.8
- Depreciation and amortisation expense	(4,368)	(6,164)	29.1	(13,222)	(15,758)	16.1
- Promotional and advertising expense	(463)	(1,204)	61.5	(1,310)	(3,951)	66.8
- Operating lease expenses	(1,540)	(1,394)	(10.5)	(872)	(10,666)	91.8
- Interest expense on lease liabilities	(5,863)	(8,093)	27.6	(18,535)	(23,973)	22.7
- Finance costs	(139)	139	>(100)	(482)	(477)	(1.0)
- Impairment of property, plant and equipment	(7,243)	(22)	>(100)	(7,243)	(4,307)	(68.2)
- Impairment of ROUA	(30,701)	-	>(100)	(30,701)	-	>(100)
- Other expenses	(5,214)	(8,815)	40.9	(18,370)	(28,353)	35.2
Total expenses	(97,130)	(82,071)	(18.3)	(218,698)	(276,911)	21.0
Loss before tax	(52,222)	(12,483)	>(100)	(65,972)	(29,031)	>(100)
Tax credit	1,188	2,045	(41.9)	2,870	1,379	>100
Loss for the quarter/period	(51,034)	(10,438)	>(100)	(63,102)	(27,652)	>(100)
Net loss attributable to:						
Owners of the Company	(51,031)	(10,435)	>(100)	(63,096)	(27,646)	>(100)
Non-controlling interests	(3)	(3)	-	(6)	(6)	-
	(51,034)	(10,438)	>(100)	(63,102)	(27,652)	>(100)

The Consolidated Income Statement is inclusive of a subsidiary in Indonesia currently under “Suspension of Debt Payment Obligation” status (see Note 9) and accordingly, the assets were written down to their estimated recoverable amounts. Please refer to 1(a)(iii) for further details of the financial impact on the Group.

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

	Group			Group		
	Quarter ended			9 months ended		
	31.03.2021	31.03.2020	+/(-) %	31.03.2021	31.03.2020	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
Loss for the quarter/period	(51,034)	(10,438)	>(100)	(63,102)	(27,652)	>(100)
Other comprehensive income/(loss):						
Foreign currency translation	1,492	1,762	15.3	3,061	1,540	(98.8)
Total comprehensive loss	(49,542)	(8,676)	>(100)	(60,041)	(26,112)	>(100)
Total comprehensive loss attributable to:						
Owners of the Company	(49,544)	(8,675)	>(100)	(60,038)	(26,106)	>(100)
Non-controlling interests	2	(1)	>100	(3)	(6)	50.0
	(49,542)	(8,676)	>(100)	(60,041)	(26,112)	>(100)

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

	Group		Group	
	Quarter ended		9 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	\$'000	\$'000	\$'000	\$'000
The following items were included in arriving at loss before tax:				
Allowance for trade and other receivables	3	(116)	404	695
Depreciation of property, plant and equipment ("PPE")	4,343	6,090	13,145	15,520
Depreciation of right-of-use assets ("ROUA")	15,095	16,758	38,606	46,984
Interest expense on lease liabilities	5,863	8,093	18,535	23,973
Operating lease expenses	1,540	1,394	872	10,666
Impairment of PPE	2,756	22	2,756	4,307
PPE written off	970	-	1,177	116
Allowance for inventory shrinkages	553	685	701	1,131
Other than as disclosed above, included in the loss before tax were the following items that arose from a subsidiary in Indonesia, of which the assets were written down to their estimated recoverable amounts:				
Impairment of:				
ROUA	30,701	-	30,701	-
PPE	4,487	-	4,487	-
Intangible assets	273	-	273	-
Other receivables	875	-	875	-
Inventories	619	-	619	-
	36,955	-	36,955	-
Provision for winding down expenses*	3,582	-	3,582	-

* which included staff termination cost, Administrator's fee and professional fee.

1(b)(i) Statements of Financial Position

	Group		Company	
	31.03.2021	30.06.2020	31.03.2021	30.06.2020
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	49,265	64,974	-	-
Right-of-use assets	182,599	258,919	-	-
Investment in subsidiaries	-	-	125,069	125,570
Deferred tax assets	6,064	3,176	-	-
Other receivables	9,031	10,544	-	-
Lease receivables	23,145	22,671	-	-
Prepayments	109	86	-	-
Intangible assets	105	474	-	-
Investment securities	182	183	-	-
	270,500	361,027	125,069	125,570
Current assets				
Inventories	23,688	41,274	-	-
Trade and other receivables	13,400	11,930	4,940	-
Lease receivables	940	2,714	-	-
Prepayments	2,065	1,267	12	12
Tax recoverable	3,284	1,829	-	-
Cash and short-term deposits	19,199	10,169	22	115
	62,576	69,183	4,974	127
Asset classified as held for sale	12,864	13,237	-	-
Total assets	345,940	443,447	130,043	125,697
Current liabilities				
Trade and other payables	110,183	97,685	12,154	6,858
Other liabilities	21,227	25,050	710	510
Contract liabilities	8,347	9,211	-	-
Provisions	5,667	1,447	-	-
Loan and borrowings	11,903	5,862	-	-
Lease liabilities	95,819	60,530	-	-
	253,146	199,785	12,864	7,368
Net current liabilities	(177,706)	(117,365)	(7,890)	(7,241)
Non-current liabilities				
Other payables	4,332	4,254	-	-
Provisions	6,248	6,882	-	-
Loan and borrowings	10,329	11,621	8,925	8,961
Lease liabilities	197,452	286,428	-	-
Deferred tax liabilities	434	437	434	437
	218,795	309,622	9,359	9,398
Total liabilities	471,941	509,407	22,223	16,766
Net (liabilities)/assets	(126,001)	(65,960)	107,820	108,931
Equity attributable to the owners of the Company				
Share capital	231,676	231,676	231,676	231,676
Treasury shares	(549)	(549)	(549)	(549)
Other reserves	(165,316)	(168,373)	(48,783)	(48,356)
Accumulated losses	(191,699)	(128,604)	(74,524)	(73,840)
	(125,888)	(65,850)	107,820	108,931
Non-controlling interests	(113)	(110)	-	-
Total equity	(126,001)	(65,960)	107,820	108,931

The Statements of Financial Position is inclusive of a subsidiary in Indonesia currently under “Suspension of Debt Payment Obligation” status (see Note 9) and accordingly, certain non-current assets and all the non-current liabilities of the subsidiary have been reclassified as current assets/liabilities.

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

	Group			
	31.03.2021		30.06.2020	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand				
- Bank overdraft	433	-	2,599	-
- Banker's acceptance	2,160	-	1,943	-
- Loan from a subsidiary of the ultimate holding company	-	8,027	-	-
- Loan from owner of a managed store (Vietnam)	-	1,283	-	1,320
	2,593	9,310	4,542	1,320
Amount repayable after one year				
- Loan from a third party	-	1,404	-	1,395
- Loan from ultimate holding company	-	8,925	-	10,226
	-	10,329	-	11,621

Bank overdraft and banker's acceptance are secured by short-term deposit of S\$5.4 million (6MFY2021: S\$3.7 million) and a corporate guarantee from a subsidiary.

1(c) Consolidated Statement of Cash Flows

	Group		Group	
	Quarter ended		9 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Loss before taxation	(52,222)	(12,483)	(65,972)	(29,031)
Adjustments for:				
- Depreciation of property, plant and equipment ("PPE")	4,343	6,090	13,145	15,520
- Impairment of PPE	7,243	22	7,243	4,307
- PPE written off	970	-	1,177	116
- (Gain)/Loss on disposal of PPE	(2)	56	15	46
- Amortisation of land use right	-	75	-	140
- Amortisation of intangible assets	25	(1)	77	98
- Impairment of intangible assets	273	-	273	-
- Depreciation of right-of-use assets ("ROUA")	15,095	16,758	38,606	46,984
- Impairment of ROUA	30,701	-	30,701	-
- Allowance for trade and other receivables	878	(116)	1,279	695
- Amortisation of deferred lease expenses	-	(197)	-	(56)
- Allowance for inventory obsolescence	24	10	52	27
- Allowance for inventory shrinkages	553	685	701	1,131
- Inventories written down	619	-	619	-
- Provision for winding down expenses*	3,582	-	3,582	-
- Net benefit expense from defined benefit plan	27	-	82	-
- Unrealised currency translation loss	15	(165)	38	(53)
- Dividend income from investment securities	-	-	-	(83)
- Interest on lease liabilities	5,863	8,093	18,535	23,973
- Finance costs	139	(139)	482	477
- Finance income	(579)	(491)	(1,832)	(901)
Operating cash flows before changes in working capital	17,547	18,197	48,803	63,390
Changes in working capital				
- Inventories	5,059	1,861	16,040	2,663
- Receivables and prepayments	3,220	3,614	(1,291)	8,826
- Payables and other liabilities	(14,656)	(42,452)	2,753	(41,816)
Cash flows generated from/(used in) operating activities	11,170	(18,780)	66,305	33,063
Interest received	79	391	212	840
Interest paid	(1)	-	(2)	-
Income tax refund/(paid)	145	(1,260)	(1,456)	(2,481)
Net cash generated from/(used in) operating activities	11,393	(19,649)	65,059	31,422

* relating to a subsidiary in Indonesia which included staff termination cost, Administrator's fee and professional fee.

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

	Group		Group	
	Quarter ended		9 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	\$'000	\$'000	\$'000	\$'000
Investing activities				
Proceeds from disposal of PPE	(30)	-	(30)	97
Purchase of PPE	(891)	(1,522)	(5,146)	(9,944)
Addition to intangible assets	-	(5)	-	(35)
Dividend income from investment securities	-	-	-	83
Net cash used in investing activities	(921)	(1,527)	(5,176)	(9,799)
Financing activities				
Interest paid	(5,244)	(4,026)	(17,013)	(14,267)
Proceeds from bank borrowings	502	1,800	13,495	5,742
Repayment of obligations under finance lease	-	(163)	-	(503)
Repayment of bank borrowings	(1,279)	(3,095)	(13,222)	(6,276)
Loans from ultimate holding company	-	(79)	-	1,025
Loan from a related party	8,027	-	8,027	-
Loan from a third party	-	19	-	1,393
Payment of principal portion of lease liabilities	(12,234)	(9,393)	(39,696)	(33,289)
Decrease/(increase) in pledged deposits	483	(249)	811	(743)
Net cash used in financing activities	(9,745)	(15,186)	(47,598)	(46,918)
Net increase/(decrease) in cash and cash equivalents	727	(36,362)	12,285	(25,295)
Cash and cash equivalents at beginning of financial quarter/period	15,019	64,566	5,209	52,953
Effects of currency translation on cash and cash equivalents	(2,412)	167	(4,160)	713
Cash and cash equivalents at end of financial quarter/period	13,334	28,371	13,334	28,371

	31.03.2021	31.03.2020
	\$'000	\$'000
Cash and cash equivalents comprise the following: -		
Cash at banks	5,335	5,433
Short-term bank deposits	13,864	25,331
Cash and short-term bank deposits	19,199	30,764
Less: pledged deposits	(5,432)	(2,393)
Less: bank overdraft	(433)	-
	13,334	28,371

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		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
At 01.07.2020	231,676	(549)	(168,373)	(128,604)	(65,850)	(110)	(65,960)
Loss for the period	-	-	-	(63,096)	(63,096)	(6)	(63,102)
Foreign currency translation	-	-	3,057	1	3,058	3	3,061
Total comprehensive loss for the period	-	-	3,057	(63,095)	(60,038)	(3)	(60,041)
At 31.03.2021	231,676	(549)	(165,316)	(191,699)	(125,888)	(113)	(126,001)
At 01.07.2019	231,676	(549)	(168,126)	(48,171)	14,830	(39)	14,791
Effect of adoption of SFRS(I) 16	-	-	-	4,495	4,495	-	4,495
At 01.07.2019 (restated)	231,676	(549)	(168,126)	(43,676)	19,325	(39)	19,286
Loss for the period	-	-	-	(27,646)	(27,646)	(6)	(27,652)
Foreign currency translation	-	-	1,540	-	1,540	-	1,540
Total comprehensive loss for the period	-	-	1,540	(27,646)	(26,106)	(6)	(26,112)
As at 31.03.2020	231,676	(549)	(166,586)	(71,322)	(6,781)	(45)	(6,826)

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

	Share capital \$'000	Treasury shares \$'000	Other reserves (Note A) \$'000	Accumulated losses \$'000	Equity, total \$'000
Company					
At 01.07.2020	231,676	(549)	(48,356)	(73,840)	108,931
Loss for the period	-	-	-	(684)	(684)
Foreign currency translation	-	-	(427)	-	(427)
Total comprehensive income/(loss) for the period	-	-	(427)	(684)	(1,111)
At 31.03.2021	231,676	(549)	(48,783)	(74,524)	107,820
At 01.07.2019	231,676	(549)	(47,891)	(44,359)	138,877
Loss for the period	-	-	-	(800)	(800)
Foreign currency translation	-	-	1,126	-	1,126
Total comprehensive income/(loss) for the period	-	-	1,126	(800)	326
As at 31.03.2020	231,676	(549)	(46,765)	(45,159)	139,203

	Group		Company	
	9 months ended		9 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	\$'000	\$'000	\$'000	\$'000
Foreign currency translation reserve	(48,863)	(50,869)	(48,783)	(46,765)
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)	-	-
	(165,316)	(166,586)	(48,783)	(46,765)

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

No. of shares	31.03.2021	31.03.2020
Issued share capital	677,300,000	677,300,000
Treasury shares held	3,500,000	3,500,000
Shares to be issued pursuant to the exercise of all the outstanding share options	-	-

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

	31.03.2021	30.06.2020
Total number of issued shares excluding treasury shares	673,800,000	673,800,000

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the current quarter.

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

The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation to the financial statements for the current quarter as in the most recent audited financial statements for the financial year ended 30 June 2020, save for as disclosed in Note 5 and a subsidiary in Indonesia currently under "Suspension of Debt Payment Obligation" status. Accordingly, the assets were written down to their estimated recoverable amounts. Certain non-current assets and all the non-current liabilities have been reclassified as current assets/liabilities.

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: -

	Group		Group	
	Quarter ended		9 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Basic and diluted (cent)	(7.57)	(1.55)	(9.36)	(4.10)
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 ordinary share for the reported quarters were the same.

7. Net asset value per ordinary share

	Group		Company	
	31.03.2021	30.06.2020	31.03.2021	30.06.2020
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (\$)	(0.187)	(0.098)	0.160	0.162

8. Review of Group performance

Update on disclosure in relation to COVID-19 pandemic

Up to 31 March 2021, all the stores across the regions where the Group operated were opened for business.

In Indonesia, most of the provinces were still under partial lockdown or some forms of lockdown while in Malaysia, the movement control order 2.0 (“MCO 2.0”) implemented on 13 January 2021 ended on 4 March 2021. Conditional movement control order was subsequently implemented on 5 March 2021 in place of MCO 2.0.

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 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/period ended 31 March 2021. Nevertheless, the Group has taken proactive steps, amongst others, to reduce costs including salary reduction and negotiation with landlords for rent waiver/reduction. To weather the COVID-19 impact, the Group has continued to implement the following action plans under its Business Continuity Plan (BCP):-

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

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

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

Business Environment

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

	Quarter ended		9 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	Malaysia	-19.7%	-27.1%	-27.2%
Vietnam	-8.0%	-55.0%	-24.1%	-32.3%

The two countries’ operations recorded negative SSSG, largely affected by the prolonged COVID-19 pandemic. As disclosed earlier, the subsidiary in Indonesia is currently under “Suspension of Debt Payment Obligation” status and the stores are under the “winding down” position and excluded from the SSSG computation as well as the Group’s department store network.

There were closures of two (2) stores in Malaysia and one (1) store in Vietnam during the financial period ended 31 March 2021.

As at 31 March 2021, the Group’s department store network (excluding Indonesia’s stores) comprised 43 (30 June 2020 : 46) stores spanning approximately 504,000 sqm of Gross Floor Area; 40 (30 June 2020 : 42) in Malaysia (443,000 sqm) and 3 (30 June 2020 : 4) in Vietnam (61,000 sqm).

Operating Results

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

	Group			Group		
	Quarter ended			9 months ended		
	31.03.2021	31.03.2020	+/(-) %	31.03.2021	31.03.2020	+/(-) %
GSP	\$'000	\$'000	%	\$'000	\$'000	%
Sales of goods - direct sales	20,617	33,369	(38.2)	74,071	131,516	(43.7)
Sales of goods - concessionaire sales	85,639	124,678	(31.3)	282,030	425,764	(33.8)
Total merchandise sales	106,256	158,047	(32.8)	356,101	557,280	(36.1)
Consultancy / management service fees	55	102	(46.1)	196	353	(44.5)
Rental income	1,772	3,417	(48.1)	5,092	9,097	(44.0)
Food and beverage	345	554	(37.7)	1,152	2,091	(44.9)
Total GSP	108,428	162,120	(33.1)	362,541	568,821	(36.3)

The yoy decline in total merchandise sales by 36.1%, largely due to lower sales attained across the regions as a result of the prolonged COVID-19 pandemic and reduction in the Group’s store count. Merchandise sales mix remained largely concessionaire at 79.2% (9MFY2020: 76.4%) while contribution from direct sales was 20.8% (9MFY2020: 23.6%).

Consultancy and management service fees from managing a department store in Malaysia declined yoy by 44.5% due to lower sales attained by the department store. Rental income decreased yoy by 44.0% due mainly to rent rebate granted to tenant, exit of tenant from department store and reduction in the Group’s store count. Food and beverage operations registered a yoy decline in sales by 44.9%, mainly affected by the prolonged COVID-19 pandemic.

Merchandise gross profit margin stood at 23.7% (9MFY2020: 24.0%).

Financial Results

Revenue

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

	Group			Group		
	Quarter ended			9 months ended		
	31.03.2021	31.03.2020	+/(-)	31.03.2021	31.03.2020	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue						
Sales of goods - direct sales	20,617	33,369	(38.2)	74,071	131,516	(43.7)
Commission from concessionaire sales	20,847	30,832	(32.4)	67,984	101,355	(32.9)
Consultancy / management service fees	55	102	(46.1)	196	353	(44.5)
Rental income	1,772	3,417	(48.1)	5,092	9,097	(44.0)
Food and beverage	345	554	(37.7)	1,152	2,091	(44.9)
Total Revenue	43,636	68,274	(36.1)	148,495	244,412	(39.2)

Other items of Income

Finance income increased yoy by >100%, due mainly to recognition of income from subleasing right-of-use assets.

Expenses

Total expenses of the Group declined yoy by 21.0% and analysis of major expenses is as follows: -

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables decreased yoy by 41.8%, largely in line with the decline in revenue, reduction in the Group's store count and the Group's effort to contain inventories.

Employee related expense (staff costs)

Staff costs declined yoy by 26.6%, in line with lesser headcount following the reduction in the Group's store count and was part of the Group's cost cutting exercise.

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

Depreciation expense of ROUA declined by 17.8% due mainly to lower ROUA as a result of impairment in prior year.

Depreciation and amortisation expense

Depreciation and amortisation expense decreased yoy by 16.1%, due mainly to lower property, plant and equipment as a result of impairment and write-off in prior year(s).

Promotional and advertising expense

Promotional and advertising expenses declined yoy by 66.8%, largely attributed to the shifting from the 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 91.8% was largely due to the Group's lesser store count and rent rebate obtained from the landlords pursuant to the COVID-19 pandemic.

Other expenses

Other expenses for 9MFY2021 comprised mainly (a) selling and distribution expenses amounted to S\$3.4 million, (b) general and administrative ("G&A") expenses amounted to S\$6.5 million and (c) other operating expenses amounted to S\$8.5 million. The decrease was due mainly to the Group's lesser store count and was part of the Group's cost cutting exercise.

Loss before tax

Excluding the financial impact arising from the impairment of assets and the provision for winding down expenses by a subsidiary in Indonesia, the Group recorded lower loss before tax for 9MFY2021 of S\$25.4 million compared with S\$29.0 million of the corresponding period, largely due to the reduced loss of its operations in Vietnam, as disclosed in Note 14 on page 18.

The Group recorded loss before tax for 9MFY2021 of S\$66.0 million compared with S\$29.0 million of the corresponding period due to the impairment of assets and the provision for winding down expenses by a subsidiary in Indonesia amounting to S\$37.0 million and S\$3.6 million respectively.

Tax expense

For 9MFY2021 and applying the Group tax relief, the Group recorded nil current tax expense. The Group attained net tax credit of S\$2.9 million pursuant to recognition of deferred tax income on SFRS(I) 16 Leases.

Group Statement of Financial Position

The Group was in a net current liabilities ("NCL") position of S\$177.7 million as at 31 March 2021. NCL of the Group increased by 51.4% from S\$117.4 million of 30 June 2020 due mainly to reclassification of non-current liabilities to current liabilities by a subsidiary in Indonesia. The negative equity of the Group has enlarged to S\$126.0 million as at 31 March 2021 from S\$66.0 million as at 30 June 2020 in view of the net loss of S\$63.1 million incurred by the Group.

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\$49.3 million due mainly to depreciation and impairment by a subsidiary in Indonesia.

Right-of-use assets declined to S\$182.6 million due mainly to depreciation and impairment by a subsidiary in Indonesia.

Deferred tax assets increased to S\$6.1 million due to recognition of deferred tax income on SFRS(I) 16 Leases.

Inventories declined to S\$23.7 million due mainly to the Group's effort to contain inventories, and was fairly in line with the Group's decline in revenue.

Cash and short-term deposits increased to S\$19.2 million, largely due to higher collections attained and timing of payment to creditors.

Asset classified as held for sale was as announced on 27 July 2020, a wholly-owned subsidiary of the Group ("Parkson Haiphong Co Ltd or PHCL") had entered into a conditional Asset Transfer Agreement

with a purchaser for the disposal of the plot of land use right and building in Haiphong City, Vietnam for USD10.0 million (equivalent to approximately S\$13.8 million) inclusive of value added tax. Consequently, the said land use right and building were classified as asset held for sale. As announced on 8 February 2021, the purchaser and PHCL had entered into an amended and restated asset transfer agreement (“ARATA”) to amend some of the terms of the original asset transfer agreement. Accordingly, the long stop date for fulfilment or waiver of the conditions precedent has been extended to fall 120 days from the date of the ARATA.

Trade and other payables (current) increased to S\$110.2 million due mainly to reclassification of non-current liabilities to current liabilities by a subsidiary in Indonesia and timing of payment to creditors.

Other liabilities (current) declined to S\$21.2 million due mainly to settlement of rent / land tax payable to the landlord by a subsidiary in Vietnam.

Provisions (current) increased to S\$5.7 million due mainly to the provision of winding down expenses by a subsidiary in Indonesia.

Loans and borrowings (current) increased to S\$11.9 million due to additional loan obtained from a subsidiary of the ultimate holding company.

Lease liabilities (current) increased to S\$95.8 million due mainly to reclassification of non-current liabilities to current liabilities by a subsidiary in Indonesia.

Lease liabilities (non-current) declined to S\$197.5 million due mainly to reclassification of non-current liabilities to current liabilities by a subsidiary in Indonesia.

Company Statement of Financial Position

Trade and other receivables (current) increased to S\$4.9 million due mainly to additional loans to subsidiaries.

Trade and other payables (current) increased to S\$12.2 million due mainly to additional loans from the ultimate holding company.

Group Cash Flow

The Group recorded net cash inflow in operating activities of S\$65.1 million while net cash used in investing activities was S\$5.2 million and the Group recorded net cash used in financing activities of S\$47.6 million, resulting in a net increase in cash and cash equivalents of S\$12.3 million (9MFY2020 : net decrease in cash and cash equivalents of S\$25.3 million). This was mainly resulted from the positive working capital changes, as disclosed in the consolidated statement of cash flows.

9. Material litigations

Parkson (Cambodia) Co Ltd

There has been no further update since the previous quarterly announcement made on 4 February 2021.

Parkson Corporation Sdn Bhd

1. Millenium Mall Sdn Bhd

The Company refers to its announcements made on 27 August 2019, 20 September 2019, 30 September 2019, 1 October 2019, 24 October 2019, 31 October 2019, 12 November 2019, 14 February 2020, 15 May 2020, 27 August 2020, 30 October 2020, 1 December 2020, 4 February 2021 and 6 April 2021 (“Previous Announcements”) and all capitalised terms used here shall have the same meanings ascribed to them in the Previous Announcements.

On 2 April 2021, PCSB was served with a Writ of Summons and Statement of Claim filed by MMSB in the Kuala Lumpur High Court ("Court") in relation to an alleged breach of a settlement agreement which MMSB alleges was purportedly entered into between PCSB and MMSB on 21 July 2020 ("Suit"). MMSB is claiming for, amongst others, the following reliefs: -

- (a) PCSB to pay RM57,648,870 (equivalent to approximately S\$18.6 million applying an illustrative exchange rate of S\$1.00 : RM3.10 ("Relevant Exchange Rate")) as costs for the restoration of the demised premises to MMSB;
- (b) Monthly rental of RM333,333 (equivalent to approximately S\$0.1 million applying the Relevant Exchange Rate) from November 2020 up to and including one month after the date of judgment by the Court;
- (c) Interest at 5% per annum to be calculated on a day-to-day basis on the abovementioned restoration costs and rental from the date of judgment by the Court until the date of full and final settlement;
- (d) Costs of the proceedings to be paid by PCSB to MMSB; and
- (e) Any other reliefs which the Court deems fit.

On 26 April 2021, PCSB has filed Notice of Application to strike out the Suit.

PCSB is of the view that there was no settlement reached between the parties to begin with, and therefore, there could not have been a breach of any settlement agreement. Further, PCSB has been advised by its Malaysian legal counsel that the filing of the Suit amounts to an abuse of process of the court as this attempts to circumvent the pending arbitration that had commenced. Based on the legal advice received, PCSB has taken the view that it has a good defence to the Suit and has therefore, instructed its solicitors to defend against the Suit.

2. PKNS-Andaman Development Sdn Bhd

The Company refers to its announcements made on 26 December 2019, 14 February 2020, 15 May 2020, 22 May 2020, 27 August 2020, 30 October 2020, 1 February 2021 and 4 February 2021 ("Previous Announcements") and all capitalised terms used here shall have the same meanings ascribed to them in the Previous Announcements.

On 16 February 2021, PCSB received a notice of appeal from PKNS, informing that PKNS had filed an appeal against the decision given by the High Court of Malaya on 29 January 2021 allowing PCSB's application to strike out the Suit.

Parkson Vietnam Co Ltd

There has been no further update since the previous quarterly announcement made on 4 February 2021.

PT Tozy Sentosa

The Company refers to its announcement made on 1 February 2021, 4 February 2021, 26 March 2021 and 31 March 2021 ("Previous Announcement") and all capitalised terms used here shall have the same meanings ascribed to them in the Previous Announcement.

Further to the previous quarterly announcement made on 4 February 2021, 5 out of the Claimants (which in total were 28) had on 3 March 2021 filed a "Suspension of Debt Payment Obligation" (*Penundaan Kewajiban Pembayaran Utang*) (PKPU) application against PT Tozy with the Commercial Court.

The total amount claimed by the PKPU Applicants is approximately IDR4,882.9 million (approximately S\$0.46 million based on an exchange rate of S\$1 : IDR10,692). While negotiations with the Claimants have not progressed successfully and no settlement or instalment repayment arrangement has been agreed to, PT Tozy has not received any court application or further legal notices in respect of the

remaining 23 claimants, and remains prepared to continue its engagement with all parties for amicable resolution.

Subsequently on 31 March 2021, the PKPU Application was heard and the Commercial Court has granted PT Tozy temporary PKPU status (*PKPU Sementara*) until 17 May 2021 (inclusive).

Anthony L.P. Hutapea, S.H., M.H. and Fitri Safitri, S.H. have been collectively appointed as the PKPU Administrators. The PKPU Administrators are responsible for overseeing the debt restructuring arrangements between PT Tozy and all of its creditors (who will be requested to submit their debts to the PKPU Administrators), and PT Tozy's proposed composition plan for the settlement of outstanding debts owing to these creditors. While PT Tozy is under PKPU status, the PKPU Administrators have oversight and supervisory control over matters relating to the payment by PT Tozy of its debts owing to its creditors, as well as any actions which relate to a transfer in the form of sale and purchase of PT Tozy's assets. PT Tozy's existing management will continue to manage PT Tozy and its existing store operations.

PT Tozy (under the supervision of the PKPU Administrators) will have to propose a composition plan for the settlement of outstanding debts owed to all of the creditors of PT Tozy (who have submitted their debts to the PKPU Administrators), and table such proposal at a meeting of the said creditors, who will be accorded voting rights on the proposal corresponding to their respective receivable amounts. Such proposed composition plan will be approved if the said creditors representing not less than half of the voting rights and not less than two-thirds of the total amount of submitted debts vote in support of it. If PT Tozy is unable to obtain such approval for the proposed composition plan within the temporary PKPU timeline mentioned in paragraph (a), PT Tozy may seek creditors' approval for further extension(s) (which can be for up to a maximum of 270 days from the date of grant of temporary PKPU status), subject to the Commercial Court. Following such extension being approved, PT Tozy's temporary PKPU status will be changed to permanent. In the event that the requisite creditors' approval is not successfully obtained within the timeline (taking into account any approved extension(s)), the Commercial Court will revoke PT Tozy's PKPU status and commence bankruptcy proceedings for PT Tozy. On the other hand, if the proposed composition plan is approved, the Commercial Court will revoke the PKPU status and the appointment of the PKPU Administrators will cease, and PT Tozy will be obliged to make debt repayments in accordance with the approved composition plan.

The creditors of PT Tozy have submitted their respective claims to the PKPU Administrators, which in total amounted to IDR822,063 million (equivalent to S\$76.9 million using the exchange rate of S\$1 = IDR10,692 ("Relevant Exchange Rate")). After the due process of verification of claims by PT Tozy, total claims by the creditors have been revised to IDR456,988 million (equivalent to S\$42.7 million using the Relevant Exchange rate). PT Tozy has proposed the same amount in its composition plan with regards to repayment to the creditors. As at 31 March 2021, debts owing to the creditors recorded by PT Tozy was IDR457,014 million (equivalent to S\$42.7 million using the Relevant Exchange Rate).

Subsequently, at a creditors' meeting conducted on 10 May 2021 ("Creditors' Meeting"), creditors of PT Tozy did not approve the proposed composition plan for the settlement of outstanding debts owing to the creditors of PT Tozy. A further extension of time was also not approved by the creditors. In view of this, PT Tozy has been advised by the Indonesia legal counsel to expect that, at PT Tozy's upcoming hearing with the Commercial Court (which is scheduled for 17 May 2021), the Commercial Court will make an order to revoke PT Tozy's temporary PKPU status and commence bankruptcy proceedings for PT Tozy. Given the outcome of the Creditors' Meeting as stated above, PT Tozy plans to wind down its operations and to prepare the company for bankruptcy proceedings which shall be conducted by a receiver to be appointed by the Commercial Court. Arising from this, the Company expects to cease its entire operations in Indonesia.

PT Tozy has made the assessment on impairment of its assets to reflect their respective estimated recoverable amounts and arrived at an impairment of assets of S\$37.0 million, and provided for winding down expenses of S\$3.6 million (both as disclosed earlier) for the financial period ended 31 March 2021. PT Tozy will continue to assess its position in Indonesia and make further assessment based on the latest development, where appropriate.

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 4 February 2021 was generally in line with the operating environment encountered in the current quarter save for a subsidiary in Indonesia which was granted "Suspension of Debt Payment Obligation" on 31 March 2021 and accordingly its assets were written down to their estimated recoverable amounts resulting in an impairment of assets and provision for winding down expenses of S\$37.0 million and S\$3.6 million respectively. The said subsidiary is currently winding down its operations in Indonesia.

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 prolonged COVID-19 pandemic and weak consumers' sentiment. Nevertheless, the Group has adopted various measures to mitigate the negative impact of the COVID-19 pandemic by focusing its priorities on enhancing product offerings, optimising operational efficiency and productivity at department stores as well as cost control and cash flows management. With regards to cash flows management, the Group is constantly strategising the timing of payment to suppliers, negotiating with landlords for rental rebates, and trimming the non-essential services.

12. Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable as the Group is in a loss position.

PART II - ADDITIONAL DISCLOSURE

14. Group Performance by Geographical Segment

Group	Malaysia		Vietnam		Indonesia		Others		Total	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
9 months ended	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross Sales Proceeds	311,179	444,979	31,396	34,574	18,785	87,144	1,181	2,124	362,541	568,821
Revenue	131,533	202,030	8,802	10,525	6,979	29,733	1,181	2,124	148,495	244,412
Pre-tax Results										
Department stores	(324)	541	(3,493)	(11,693)	(53,304)	(8,657)	-	-	(57,121)	(19,809)
Lifestyle retail stores	(5,233)	(4,349)	-	-	-	-	-	-	(5,233)	(4,349)
	(5,557)	(3,808)	(3,493)	(11,693)	(53,304)	(8,657)	-	-	(62,354)	(24,158)
Other business										
- food and beverage	-	-	-	-	-	-	(580)	(1,718)	(580)	(1,718)
Corporate expenses	-	-	-	-	-	-	(3,038)	(3,155)	(3,038)	(3,155)
Reported pre-tax results	(5,557)	(3,808)	(3,493)	(11,693)	(53,304)	(8,657)	(3,618)	(4,873)	(65,972)	(29,031)

15. Interested person transactions for the financial period ended 31 March 2021

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 S\$'000
Lion Corporation Berhad ⁽¹⁾	Associate of Tan Sri William Cheng Heng Jem, a director and controlling shareholder of the Company ("Tan Sri William Cheng")	-	2,842
Parkson Holdings Berhad Group ⁽²⁾	Associate of Tan Sri William Cheng	318 ⁽ⁱ⁾	1,482 ⁽ⁱⁱ⁾
Lion Posim Berhad ⁽³⁾	Associate of Tan Sri William Cheng	-	288
Vision Well Sdn Bhd ⁽⁴⁾	Associate of Tan Sri William Cheng	-	255

Notes:

- (1) (a) Marketing fee payable for bonus points issued and amount received/receivable for point redemption made by cardholders totaling S\$2.645 million; and
(b) Purchase of equipment, furniture and fittings, security equipment and procurement of security service totaling S\$0.197 million;
- (2) (i) (a) Interest expense of S\$0.212 million in relation to loan obtained from the ultimate holding company; and
(b) Royalty expense totaling S\$0.106 million.
(ii) (a) Rental income and store management fee totaling S\$0.232 million; and
(b) Net purchase of merchandise and concessionaire sales totaling S\$1.250 million.
- (3) Purchase of building materials and merchandise, sale of gift voucher and rental income.
- (4) Rental of office space.

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 financial results of Parkson Retail Asia Limited for the third quarter ended 31 March 2021 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
11 May 2021