

PARKSON RETAIL ASIA LIMITED

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

Unaudited Financial Statements for the Fifth Quarter and Fifteen Months ended 30 September 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.

The Company had on 10 June 2021, announced the change of its financial year end from 30 June to 31 December. With this change, the Company's current financial year, which began on 1 July 2020, will cover an 18-month period ending 31 December 2021.

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			15 months ended		
	30.09.2021	30.09.2020	+/(-) %	30.09.2021	30.09.2020	+/(-) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	13,408	54,042	(75.2)	191,798	323,372	(40.7)
Other items of income						
- Finance income	257	627	(59.0)	4,056	4,861	(16.6)
- Other income	(57)	894	>(100)	71,719	17,682	>100
Items of expense						
- Changes in merchandise inventories and consumables	(6,269)	(21,443)	70.8	(70,642)	(128,428)	45.0
- Employee related expense	(7,052)	(10,464)	32.6	(48,808)	(64,012)	23.8
- Depreciation of right-of-use assets ("ROUA")	(10,315)	(12,943)	20.3	(57,800)	(69,979)	17.4
- Depreciation and amortisation expense	(2,984)	(4,714)	36.7	(20,101)	(26,126)	23.1
- Promotional and advertising expense	(102)	(328)	68.9	(1,671)	(5,076)	67.1
- Operating lease expenses	3,247	-	>100	5,812	(7,976)	>100
- Interest expense on lease liabilities	(4,750)	(6,611)	28.2	(28,786)	(35,452)	18.8
- Finance costs	254	(183)	>100	(810)	(1,385)	41.5
- Impairment of property, plant and equipment	1,278	-	-	(3,957)	(10,953)	63.9
- Impairment of ROUA	-	-	-	(36,215)	(40,840)	11.3
- Other expenses	(3,688)	(6,761)	45.5	(26,444)	(47,085)	43.8
Total expenses	(30,381)	(63,447)	52.1	(289,422)	(437,312)	33.8
Loss before tax	(16,773)	(7,884)	>(100)	(21,849)	(91,397)	76.1
Tax credit	920	1,966	(53.2)	4,526	484	>100
Loss for the quarter/period	(15,853)	(5,918)	>(100)	(17,323)	(90,913)	80.9
Net profit/(loss) attributable to:						
Owners of the Company	(15,875)	(5,916)	>(100)	(17,335)	(90,844)	80.9
Non-controlling interests	22	(2)	>100	12	(69)	>100
	(15,853)	(5,918)	>(100)	(17,323)	(90,913)	80.9

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

	Group			Group		
	Quarter ended			15 months ended		
	30.09.2021	30.09.2020	+/(-)	30.09.2021	30.09.2020	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Loss for the quarter/period	(15,853)	(5,918)	>(100)	(17,323)	(90,913)	80.9
Other comprehensive income/(loss):						
Foreign currency translation	(137)	1,259	>(100)	2,534	1,744	45.3
Net fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	-	(736)	>100
Total comprehensive loss	(15,990)	(4,659)	>(100)	(14,789)	(89,905)	83.6
Total comprehensive income/(loss) attributable to:						
Owners of the Company	(15,998)	(4,653)	>(100)	(14,800)	(89,828)	83.5
Non-controlling interests	8	(6)	>100	11	(77)	>100
	(15,990)	(4,659)	>(100)	(14,789)	(89,905)	83.6

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

	Group		Group	
	Quarter ended		15 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	S\$'000	S\$'000	S\$'000	S\$'000
The following items were included in arriving at loss before tax:				
Allowance for trade and other receivables	284	4	527	1,022
Depreciation of property, plant and equipment ("PPE")	2,980	4,688	20,002	25,790
Depreciation of right-of-use assets ("ROUA")	10,315	12,943	57,800	69,979
Interest expense on lease liabilities	4,750	6,611	28,786	35,452
Operating lease expenses	(3,247)	-	(5,812)	7,976
Impairment of PPE	(1,278)	-	3,957	10,953
Impairment of ROUA	-	-	36,215	40,840
PPE written off	195	1	2,055	2,439
Allowance for inventory shrinkages	74	659	570	1,025
Inventory written off	283	-	402	-
Effect on deconsolidation of a subsidiary	-	-	(67,559)	-

1(b)(i) Statements of Financial Position

	Group		Company	
	30.09.2021	30.06.2020	30.09.2021	30.06.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	30,423	64,974	-	-
Right-of-use assets	179,393	258,919	-	-
Investment in subsidiaries	-	-	125,248	125,570
Deferred tax assets	6,472	3,176	-	-
Other receivables	8,888	10,544	-	-
Lease receivables	23,191	22,671	-	-
Prepayments	94	86	-	-
Intangible assets	98	474	-	-
Investment securities	182	183	-	-
	248,741	361,027	125,248	125,570
Current assets				
Inventories	20,724	41,274	-	-
Trade and other receivables	10,731	11,930	2,926	-
Lease receivables	1,245	2,714	-	-
Prepayments	771	1,267	-	12
Tax recoverable	4,527	1,829	-	-
Cash and short-term deposits	20,568	10,169	25	115
	58,566	69,183	2,951	127
Asset classified as held for sale	13,180	13,237	-	-
Total assets	320,487	443,447	128,199	125,697
Current liabilities				
Trade and other payables	103,176	97,685	12,384	6,858
Other liabilities	14,823	25,050	845	510
Contract liabilities	5,957	9,211	-	-
Provisions	1,579	1,447	-	-
Loan and borrowings	12,162	5,862	-	-
Lease liabilities	45,188	60,530	-	-
	182,885	199,785	13,229	7,368
Net current liabilities	(111,139)	(117,365)	(10,278)	(7,241)
Non-current liabilities				
Other payables	2,764	4,254	-	-
Provisions	5,110	6,882	-	-
Loan and borrowings	10,270	11,621	8,938	8,961
Lease liabilities	199,772	286,428	-	-
Deferred tax liabilities	435	437	435	437
	218,351	309,622	9,373	9,398
Total liabilities	401,236	509,407	22,602	16,766
Net (liabilities)/assets	(80,749)	(65,960)	105,597	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	(165,839)	(168,373)	(48,627)	(48,356)
Accumulated losses	(145,938)	(128,604)	(76,903)	(73,840)
	(80,650)	(65,850)	105,597	108,931
Non-controlling interests	(99)	(110)	-	-
Total equity	(80,749)	(65,960)	105,597	108,931

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

	Group					
	30.09.2021			30.06.2020		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand						
- Bank overdraft	433	-	433	2,599	-	2,599
- Banker's acceptance	2,192	-	2,192	1,943	-	1,943
- Loan from a subsidiary of the ultimate holding company	-	8,223	8,223	-	-	-
- Loan from a third party	-	1,314	1,314	-	1,320	1,320
	2,625	9,537	12,162	4,542	1,320	5,862
Amount repayable after one year						
- Loan from a third party	-	1,332	1,332	-	1,395	1,395
- Loan from ultimate holding company	-	8,938	8,938	-	10,226	10,226
	-	10,270	10,270	-	11,621	11,621

Bank overdraft and trade facilities are secured by short-term deposit of S\$5.0 million (12MFY2020: S\$2.4 million) and a corporate guarantee from a subsidiary.

1(c) Consolidated Statement of Cash Flows

	Group		Group	
	Quarter ended		15 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Loss before taxation	(16,773)	(7,884)	(21,849)	(91,397)
Adjustments for:				
- Depreciation of property, plant and equipment ("PPE")	2,980	4,688	20,002	25,790
- Impairment of PPE	(1,278)	-	3,957	10,953
- PPE written off	195	1	2,055	2,439
- (Gain)/Loss on disposal of PPE	(6)	3	117	108
- Amortisation of land use right	-	-	-	131
- Impairment of land use right	-	-	-	1,425
- Amortisation of intangible assets	4	26	99	205
- Impairment of intangible assets	-	-	182	255
- Intangible assets written off	-	-	80	-
- Depreciation of right-of-use assets ("ROUA")	10,315	12,943	57,800	69,979
- Impairment of ROUA	-	-	36,215	40,840
- Effect on deconsolidation of a subsidiary	-	-	(67,559)	-
- Allowance for trade and other receivables	284	4	527	1,022
- Allowance for inventory obsolescence	-	-	52	671
- Allowance for inventory shrinkages	74	659	570	1,025
- Inventory written off	283	-	402	-
- Net benefit expense from defined benefit plan	-	27	592	218
- Unrealised currency translation (gain)/loss	(2)	7	36	(357)
- Reversal of provision of onerous contract	-	-	-	(2,002)
- Income from expired gift vouchers	2	-	(791)	(802)
- Income from subleasing ROUA	-	-	-	(10,526)
- Income from rent concession on lease liabilities	-	-	-	(8,588)
- Interest expense on lease liabilities	4,750	6,611	28,786	35,452
- Finance costs	(254)	183	810	1,385
- Finance income	(257)	(627)	(4,056)	(4,861)
Operating cash flows before changes in working capital	317	16,641	58,027	73,365
Changes in working capital				
- Inventories	2,567	5,383	19,214	16,317
- Receivables and prepayments	224	(4,726)	(16,899)	6,525
- Payables and other liabilities	(10,542)	22,490	22,568	(37,979)
Cash flows (used in)/generated from operating activities	(7,434)	39,788	82,910	58,228
Interest received	49	570	1,328	1,477
Interest paid	-	(81)	(175)	(633)
Income tax paid	(757)	(707)	(2,249)	(2,785)
Net cash (used in)/generated from operating activities	(8,142)	39,570	81,814	56,287

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

	Group		Group	
	Quarter ended		15 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Investing activities				
Proceeds from disposal of PPE	22	3	419	127
Proceeds from disposal of asset classified as held for sale ("Proceeds from Disposal")	10,695	-	12,701	-
Purchase of PPE	(452)	(2,748)	(7,607)	(12,506)
Payment of restoration costs	-	-	-	(375)
Addition to intangible assets	-	-	-	(39)
Proceeds from net investment in sublease	-	-	-	2,073
Net cash outflow from deconsolidation of a subsidiary	-	-	(617)	-
Proceeds from Disposal held in an escrow account	(10,695)	-	(10,695)	-
Net cash used in investing activities	(430)	(2,745)	(5,799)	(10,720)
Financing activities				
Interest paid	(3,835)	(5,907)	(24,702)	(29,425)
Proceeds from bank borrowings	55	7,252	13,514	13,009
Repayment of bank borrowings	(55)	(5,345)	(13,422)	(11,603)
Loans from ultimate holding company	-	-	-	1,633
Repayment to ultimate holding company	-	-	-	(606)
Loan from a subsidiary of the ultimate holding company	181	-	8,223	-
Loan from a third party	-	-	-	1,309
Payment of principal portion of lease liabilities	(8,948)	(15,128)	(57,639)	(49,605)
Decrease/(increase) in pledged deposits	83	-	893	(733)
Net cash used in financing activities	(12,519)	(19,128)	(73,133)	(76,021)
Net (decrease)/increase in cash and cash equivalents	(21,091)	17,697	2,882	(30,454)
Cash and cash equivalents at beginning of financial quarter/period	25,780	5,209	5,209	52,953
Effects of currency translation on cash and cash equivalents	(218)	(1,961)	(3,620)	(1,554)
Cash and cash equivalents at end of financial quarter/period	4,471	20,945	4,471	20,945

	30.09.2021	30.09.2020
	S\$'000	S\$'000
Cash and cash equivalents comprise the following: -		
Cash at banks	14,626	6,647
Short-term bank deposits	5,942	18,830
Cash and short-term bank deposits	20,568	25,477
Less: Proceeds from Disposal held in an escrow account	(10,695)	-
Less: pledged deposits	(4,969)	(4,358)
Less: bank overdraft	(433)	(174)
	4,471	20,945

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 01.07.2020	231,676	(549)	(168,373)	(128,604)	(65,850)	(110)	(65,960)
Profit/(loss) for the period	-	-	-	(17,335)	(17,335)	12	(17,323)
Foreign currency translation	-	-	2,534	1	2,535	(1)	2,534
Total comprehensive income/(loss) for the period	-	-	2,534	(17,334)	(14,800)	11	(14,789)
At 30.09.2021	231,676	(549)	(165,839)	(145,938)	(80,650)	(99)	(80,749)
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	-	-	-	(90,844)	(90,844)	(67)	(90,911)
Net fair value loss on equity instruments at fair value through other comprehensive income	-	-	(736)	-	(736)	(2)	(738)
Foreign currency translation	-	-	1,751	1	1,752	(8)	1,744
Total comprehensive loss for the period	-	-	1,015	(90,843)	(89,828)	(77)	(89,905)
As at 30.09.2020	231,676	(549)	(167,111)	(134,519)	(70,503)	(116)	(70,619)

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

	Share capital	Treasury shares	Other reserves (Note A)	Accumulated losses	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
At 01.07.2020	231,676	(549)	(48,356)	(73,840)	108,931
Loss for the period	-	-	-	(3,063)	(3,063)
Foreign currency translation	-	-	(271)	-	(271)
Total comprehensive income/(loss) for the period	-	-	(271)	(3,063)	(3,334)
At 30.09.2021	231,676	(549)	(48,627)	(76,903)	105,597
At 01.07.2019	231,676	(549)	(47,891)	(44,359)	138,877
Loss for the period	-	-	-	(30,347)	(30,347)
Foreign currency translation	-	-	638	-	638
Total comprehensive income/(loss) for the period	-	-	638	(30,347)	(29,709)
As at 30.09.2020	231,676	(549)	(47,253)	(74,706)	109,168

Note A: Other reserves

	Group		Company	
	15 months ended		15 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign currency translation reserve	(49,386)	(50,658)	(48,627)	(47,253)
Fair value of financial assets at fair value through other comprehensive income	102	102	-	-
Capital redemption reserve	1	1	-	-
Acquisition reserve	(2,762)	(2,762)	-	-
Capital contribution from ultimate holding company	9,959	9,959	-	-
Merger reserve	(123,753)	(123,753)	-	-
	(165,839)	(167,111)	(48,627)	(47,253)

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

No. of shares	30.09.2021	30.09.2020
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.

	30.09.2021	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 which has been deconsolidated in the immediate preceding quarter.

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 period ending 31 December 2021.

6. Loss per ordinary share

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

	Group		Group	
	Quarter ended		15 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Basic and diluted (cent)	(2.36)	(0.88)	(2.57)	(13.48)
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/periods were the same.

7. Net (liabilities)/assets value per ordinary share

	Group		Company	
	30.09.2021	30.06.2020	30.09.2021	30.06.2020
Net (liabilities)/assets value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	(0.12)	(0.10)	0.16	0.16

8. Review of Group performance

Update on disclosure in relation to COVID-19 pandemic

Subsequent to the total lockdown implemented since 1 June 2021 and ended on 28 June 2021, the Malaysian Government introduced a National Recovery Plan (“NRP”) which consists of four (4) phases with phase four (4) enables the opening of most economic sectors. Each state was allowed to progress in the four (4) phases with different conditions to be met. Further, the Malaysian Government had on 15 August 2021 allowed several non-essential services to resume operations, including department stores. All the Parkson department stores had then resumed operations by 17 August 2021 (with certain restrictions).

In Vietnam, the Vietnamese Government had further extended the social distancing measures until 30 September 2021. From 23 August 2021, stricter measures were introduced, resulting in the closure of various activities including the department stores. As a result of this, only two (2) department stores were operating (only on essential services and with certain restrictions) up to 23 August 2021, and then remained closed up until 30 September 2021.

The Group has at all times stay vigilant during the COVID-19 pandemic and continues to put in place the following measures, consistent with the previous quarters:-

- (i) sanitary masks are provided to stores’ staff and temperature screening at stores/head offices;
- (ii) hand sanitizers are provided at stores/head offices;
- (iii) employees are discouraged to travel interstate and to overseas and are subject to compliance with companies’ internal policies and procedures on travelling;
- (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 30 September 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.

Group Store Count

As at 30 September 2021, the Group's department store network comprised 39 (30 September 2020 : 46) stores spanning approximately 451,000 sqm of Gross Floor Area; 37 (30 September 2020 : 42) in Malaysia (413,000 sqm) and 2 (30 September 2020 : 4) in Vietnam (38,000 sqm).

Operating Results

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

	Group			Group		
	Quarter ended			15 months ended		
	30.09.2021	30.09.2020	+/(-)	30.09.2021	30.09.2020	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
GSP						
Sales of goods - direct sales	7,147	27,528	(74.0)	91,542	170,739	(46.4)
Sales of goods - concessionaire sales	23,362	102,896	(77.3)	376,744	582,565	(35.3)
Total merchandise sales	30,509	130,424	(76.6)	468,286	753,304	(37.8)
Consultancy / management service fees	7	74	(90.5)	255	463	(44.9)
Rental income	(109)	1,354	>(100)	6,183	9,566	(35.4)
Food and beverage	304	474	(35.9)	1,761	2,790	(36.9)
Total GSP	30,711	132,326	(76.8)	476,485	766,123	(37.8)

The yoy decline in total merchandise sales by 37.8%, largely due to lower sales attained across the regions as a result of the prolonged COVID-19 pandemic and the reduction in the Group's store count. Merchandise sales mix remained largely concessionaire at 80.5% (15MFY2020: 77.3%) while contribution from direct sales was 19.5% (15MFY2020: 22.7%).

Consultancy and management service fees from managing a department store in Malaysia declined yoy by 44.9% due to lower sales attained by the department store. Rental income decreased yoy by 35.4% due mainly to rent rebate granted to tenant, exit of tenant from department store and the reduction in the Group's store count. Food and beverage operations registered a yoy decline in sales by 36.9%, mainly affected by the prolonged COVID-19 pandemic.

Merchandise gross profit margin stood at 24.3% (15MFY2020: 24.2%).

Financial Results

Revenue

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

	Group			Group		
	Quarter ended			15 months ended		
	30.09.2021	30.09.2020	+/(-)	30.09.2021	30.09.2020	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Sales of goods - direct sales	7,147	27,528	(74.0)	91,542	170,739	(46.4)
Commission from concessionaire sales	6,059	24,612	(75.4)	92,057	139,814	(34.2)
Consultancy / management service fees	7	74	(90.5)	255	463	(44.9)
Rental income	(109)	1,354	>(100)	6,183	9,566	(35.4)
Food and beverage	304	474	(35.9)	1,761	2,790	(36.9)
Total Revenue	13,408	54,042	(75.2)	191,798	323,372	(40.7)

Other items of Income

Finance income declined yoy by 16.6%, due mainly to the decline in interest income.

Other income increased yoy by >100%, due mainly to the effect on deconsolidation of a subsidiary in Indonesia.

Expenses

Total expenses of the Group declined yoy by 33.8% and analysis of major expenses is as follows: -

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables decreased yoy by 45.0%, 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 23.8%, 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 yoy by 17.4% due mainly to lower ROUA as a result of impairment.

Depreciation and amortisation expense

Depreciation and amortisation expense decreased yoy by 23.1%, due mainly to lower property, plant and equipment as a result of impairment and write-off.

Promotional and advertising expense

Promotional and advertising expenses declined yoy by 67.1%, 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 expenses declined yoy by >100% was largely due to the Group's lesser store count and rent rebate obtained from the landlords pursuant to the COVID-19 pandemic.

Interest expense on lease liabilities

Interest expense on lease liabilities declined yoy by 18.8% due to the reduction in lease liabilities as a result of repayment.

Impairment of right-of-use assets ("ROUA")

For the 15MFY2021, this was mainly related to impairment of ROUA of a subsidiary in Indonesia which was placed under the "Suspension of Debt Payment Obligation" status and thereafter the bankruptcy proceedings.

Other expenses

Other expenses for 15MFY2021 comprised mainly (a) selling and distribution expenses amounted to S\$4.5 million, (b) general and administrative expenses amounted to S\$9.0 million and (c) other operating expenses amounted to S\$12.9 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

The Group recorded loss before tax for 15MFY2021 of S\$21.8 million compared with S\$91.4 million of the corresponding period, largely due to the effect on deconsolidation of a subsidiary in Indonesia amounted to S\$67.6 million.

Tax expense

For 15MFY2021, the Group attained a net tax credit of S\$4.5 million, mainly due to the recognition of deferred tax income pursuant to the adoption of SFRS(I) 16 Leases.

Group Statement of Financial Position

The Group was in a net current liabilities ("NCL") position of S\$111.1 million as at 30 September 2021. NCL of the Group decreased by 5.3% from S\$117.4 million as at 30 June 2020 to S\$111.1 million as at 30 September 2021 due mainly to the deconsolidation of a subsidiary in Indonesia. The negative equity of the Group has increased to S\$80.7 million as at 30 September 2021 from S\$66.0 million as at 30 June 2020 in view of the losses attained by the Group for the current period.

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 successful recovery from the COVID-19 pandemic, 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\$30.4 million due mainly to depreciation and impairment.

Right-of-use assets declined to S\$179.4 million due mainly to depreciation and impairment.

Deferred tax assets increased to S\$6.5 million due to the recognition of deferred tax income pursuant to the adoption of SFRS(I) 16 Leases.

Inventories declined to S\$20.7 million due mainly to the deconsolidation of a subsidiary in Indonesia, the Group's effort to contain inventories, and was fairly in line with the Group's decline in revenue.

Tax recoverable increased to S\$4.5 million due mainly to over provision of tax expense in prior years.

Cash and short-term deposits increased to S\$20.6 million due mainly to the proceeds from the disposal of a property in Vietnam.

Assets classified as held for sale was as announced on 27 July 2020, a wholly-owned subsidiary of the Group 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 ("Disposal"). Accordingly, the said land use right and building were classified as asset held for sale. As announced on 4 October 2021, the Disposal had been completed on 1 October 2021.

Trade and other payables (current) increased to S\$103.2 million due mainly to balance payment received from the purchaser of the asset classified as held for sale held in an escrow account, pending completion to the asset transfer agreement(s).

Other liabilities (current) declined to S\$14.8 million due mainly to the deconsolidation of a subsidiary in Indonesia.

Contract liabilities (current) declined to S\$6.0 million due mainly to the reduction in deferred revenue from gift vouchers and customer loyalty award.

Loans and borrowings (current) increased to S\$12.2 million due to additional loan obtained from a subsidiary of the ultimate holding company.

Lease liabilities (current) decreased to S\$45.2 million due mainly to the deconsolidation of a subsidiary in Indonesia.

Lease liabilities (non-current) declined to S\$199.8 million due mainly to the deconsolidation of a subsidiary in Indonesia.

Company Statement of Financial Position

Trade and other receivables (current) increased to S\$2.9 million due mainly to additional loan to subsidiaries.

Trade and other payables (current) increased to S\$12.4 million due mainly to additional loan from the ultimate holding company.

Group Cash Flow

For the 15MFY2021, the Group recorded net cash inflow in operating activities of S\$81.8 million while net cash used in investing activities was S\$5.8 million and the Group recorded net cash used in financing activities of S\$73.1 million, resulting in a net increase in cash and cash equivalents of S\$2.9 million (15MFY2020 : net decrease in cash and cash equivalents of S\$30.5 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

Further to the previous quarterly announcement made on 13 August 2021, PCCO's application for the recognition and enforcement of the SIAC Award was heard at the Cambodia Court of Appeal on 10 November 2021. The Cambodia Court of Appeal has fixed 29 November 2021 to deliver its decision.

Parkson Corporation Sdn Bhd

1. Millenium Mall Sdn Bhd

Further to the previous quarterly announcement made on 13 August 2021, the Court has fixed the hearing for PCSB's application to strike out the Suit on 6 January 2022.

2. PKNS-Andaman Development Sdn Bhd

Further to the previous quarterly announcement made on 13 August 2021, on 28 October 2021, the Court of Appeal has fixed the next case management on 23 November 2021 for PKNS's solicitors to update the Court of Appeal on the filing of the amended memorandum of appeal and to fix the hearing date.

Parkson Unlimited Beauty Sdn Bhd

There has been no further update since the previous quarterly announcement made on 13 August 2021.

Further to the previous quarterly announcement made on 13 August 2021, PVC received a notice from VIAC dated 21 October 2021 to attend to the summon relating to the settlement of the dispute on 23 November 2021 at VIAC, Ho Chi Minh City.

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

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

The Group's commentary on its core business as outlined in Note 10 in the preceding quarterly results announcement dated 13 August 2021 was generally in line with the operating environment encountered in the current quarter.

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

The Group's operating environment for the financial period ending 31 December 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, carrying out tactical promotional activities as well as cost control and cash flows management. With regards to the cash flows management, the Group is constantly negotiating with landlords for rental rebates, strategising the timing of payment to suppliers/landlords, 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	Retail Stores									
	Malaysia		Vietnam		Indonesia		Others		Total	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020
15 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	417,372	615,471	37,736	49,452	19,567	98,357	1,810	2,843	476,485	766,123
Revenue	171,753	272,703	10,445	13,636	7,790	34,190	1,810	2,843	191,798	323,372
Pre-tax Results										
Department stores	(11,906)	(6,194)	(8,938)	(35,878)	(53,579)	(29,314)	-	-	(74,423)	(71,386)
Lifestyle retail stores	(8,853)	(11,435)	-	-	-	-	-	-	(8,853)	(11,435)
	(20,759)	(17,629)	(8,938)	(35,878)	(53,579)	(29,314)	-	-	(83,276)	(82,821)
Other business										
- food and beverage	-	-	-	-	-	-	(983)	(3,527)	(983)	(3,527)
Corporate expenses	-	-	-	-	-	-	(5,149)	(5,049)	(5,149)	(5,049)
Effect on deconsolidation of a subsidiary	-	-	-	-	-	-	67,559	-	67,559	-
Reported pre-tax results	(20,759)	(17,629)	(8,938)	(35,878)	(53,579)	(29,314)	61,427	(8,576)	(21,849)	(91,397)

15. Interested person transactions for the financial period ended 30 September 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")	-	3,708
Parkson Holdings Berhad Group ⁽²⁾	Associate of Tan Sri William Cheng	503 ^{(i)*}	2,002 ⁽ⁱⁱ⁾
Lion Posim Berhad ⁽³⁾	Associate of Tan Sri William Cheng	-	336
Visionwell Sdn Bhd ⁽⁴⁾	Associate of Tan Sri William Cheng	-	423

Notes:

- (1) (a) Marketing fee payable for bonus points issued and amount received/receivable for point redemption made by cardholders totaling S\$3.401 million; and
(b) Purchase of equipment, furniture and fittings, security equipment and procurement of security service totaling S\$0.307 million;
- (2) (i) (a) Interest expense of S\$0.345 million in relation to loan obtained from the ultimate holding company; and
(b) Royalty expense totaling S\$0.158 million.
(ii) (a) Rental income and store management fee totaling S\$0.310 million; and
(b) Net purchase of merchandise and concessionaire sales totaling S\$1.692 million.
- (3) Purchase of building materials and merchandise, sale of gift voucher and rental income.
- (4) Rental of office space.

* The Company had on 14 October 2021 made an announcement that the aggregate value of the IPTs represented 3.90% of the average daily market capitalisation for June 2020 of S\$12,919,695.

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 fifth quarter ended 30 September 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
12 November 2021