



**PARKSON RETAIL ASIA LIMITED**

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

**Unaudited Financial Statements for the First Quarter ended 30 September 2016**

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

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

|  | <b>Group</b>         |                    |                |
|--|----------------------|--------------------|----------------|
|  | <b>Quarter ended</b> |                    |                |
|  | <b>30.09.2016</b>    | <b>30.09.2015*</b> | <b>+/(-) %</b> |
|  | S\$'000              | S\$'000            | %              |
| <b>Revenue</b>   | 93,337               | 92,690             | 0.7            |
| Other income   | 1,751                | 50,148             | (96.5)         |
| <b>Items of expense</b>                                    |                      |                    |                |
| - Changes in merchandise inventories and consumables       | (37,199)             | (33,759)           | 10.2           |
| - Employee related expenses                                | (15,427)             | (12,966)           | 19.0           |
| - Depreciation and amortisation expenses                   | (6,284)              | (5,429)            | 15.7           |
| - Rental expenses  | (27,865)             | (26,285)           | 6.0            |
| - Finance costs  | (41)                 | (58)               | (29.3)         |
| - Other expenses   | (14,581)             | (13,180)           | 10.6           |
| Total expenses   | (101,397)            | (91,677)           | 10.6           |
| <b>Profit / (Loss) before tax</b>                          | (6,309)              | 51,161             | >(100.0)       |
| Taxation   | 715                  | (1,919)            | >100.0         |
| <b>Net profit / (loss) for the period</b>                  | (5,594)              | 49,242             | >(100.0)       |
| <b>Net profit / (loss) for the period attributable to:</b> |                      |                    |                |
| Owners of the Company                                      | (5,180)              | 49,461             | >(100.0)       |
| Non-controlling interests                                  | (414)                | (219)              | 89.0           |
|  | (5,594)              | 49,242             | >(100.0)       |

\* Included in the results for the comparative quarter ended 30 September 2015 was gain on partial disposal of a former subsidiary amounted to S\$45,960,000.

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

|   | Group          |               |                    |
|---|----------------|---------------|--------------------|
|   | Quarter ended  |               |                    |
|   | 30.09.2016     | 30.09.2015    | + / (-)            |
|   | S\$'000        | S\$'000       | %                  |
| Net profit / (loss) for the period                          | (5,594)        | 49,242        | >(100.0)           |
| Other comprehensive income / (loss):                        |                |               |                    |
| Foreign currency translation                                | (12)           | (11,014)      | (99.9)             |
| <b>Total comprehensive income / (loss)</b>                  | <b>(5,606)</b> | <b>38,228</b> | <b>&gt;(100.0)</b> |
| <b>Total comprehensive income / (loss) attributable to:</b> |                |               |                    |
| Owners of the Company                                       | (5,211)        | 39,089        | >(100.0)           |
| Non-controlling interests                                   | (395)          | (861)         | (54.1)             |
|   | <b>(5,606)</b> | <b>38,228</b> | <b>&gt;(100.0)</b> |

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

|  | Group         |            |
|--|---------------|------------|
|  | Quarter ended |            |
|  | 30.09.2016    | 30.09.2015 |
|  | S\$'000       | S\$'000    |
| Profit / (Loss) before income tax is arrived after (charging)/crediting: |               |            |
| <b>Included under items of Other Income</b>                              |               |            |
| Finance income   | 522           | 1,314      |
| Gain on partial disposal of a former subsidiary (Note 1)                 | -             | 45,960     |

*Note 1: On 16 June 2015, the Company announced that Parkson Vietnam Co Ltd, a wholly-owned subsidiary of the Company, entered into a capital assignment agreement with an external party to dispose of a 27.8% interest in the charter capital of Parkson Hanoi Co Ltd ("PHCL") for a cash consideration of US\$5,000. This capital assignment transaction of PHCL was completed on 17 August 2015 and a gain on partial disposal of PHCL of S\$45.96 million was recognized on completion. PHCL is now an associate of the Group following this disposal.*

1(b)(i) Statements of Financial Position

|   | Group           |                 | Company        |                |
|---|-----------------|-----------------|----------------|----------------|
|   | 30.09.2016      | 30.06.2016      | 30.09.2016     | 30.06.2016     |
|   | S\$'000         | S\$'000         | S\$'000        | S\$'000        |
| <b>ASSETS</b>                                       |                 |                 |                |                |
| <b>Non-current assets</b>                           |                 |                 |                |                |
| Property, plant and equipment                       | 152,482         | 145,643         | -              | -              |
| Land use right                                      | 7,946           | 7,891           | -              | -              |
| Investments in subsidiaries                         | -               | -               | 132,315        | 135,019        |
| Investment in an associate                          | -               | -               | -              | -              |
| Deferred tax assets                                 | 9,667           | 9,096           | -              | -              |
| Other receivables                                   | 24,684          | 23,939          | 31,862         | 31,094         |
| Prepayments   | 5,545           | 5,613           | -              | -              |
| Intangible assets                                   | 5,590           | 5,551           | -              | -              |
| Derivatives   | 17              | 18              | -              | -              |
| Investment securities                               | 77              | 78              | -              | -              |
|   | 206,008         | 197,829         | 164,177        | 166,113        |
| <b>Current assets</b>                               |                 |                 |                |                |
| Inventories   | 76,431          | 76,946          | -              | -              |
| Trade and other receivables                         | 20,698          | 20,687          | 23,995         | 23,155         |
| Prepayments   | 5,180           | 5,030           | 21             | 13             |
| Tax recoverable                                     | 6,907           | 4,076           | -              | -              |
| Cash and short-term deposits                        | 29,156          | 69,509          | 1,396          | 1,679          |
|   | 138,372         | 176,248         | 25,412         | 24,847         |
| <b>Total assets</b>                                 | <b>344,380</b>  | <b>374,077</b>  | <b>189,589</b> | <b>190,960</b> |
| <b>EQUITY AND LIABILITIES</b>                       |                 |                 |                |                |
| <b>Current liabilities</b>                          |                 |                 |                |                |
| Trade and other payables                            | 136,435         | 160,512         | 467            | 453            |
| Other liabilities                                   | 26,722          | 26,452          | -              | -              |
| Tax payable   | 389             | 647             | -              | -              |
|   | 163,546         | 187,611         | 467            | 453            |
| <b>Net current assets / (liabilities)</b>           | <b>(25,174)</b> | <b>(11,363)</b> | <b>24,945</b>  | <b>24,394</b>  |
| <b>Non-current liabilities</b>                      |                 |                 |                |                |
| Other payables                                      | 6,177           | 6,259           | -              | -              |
| Other liabilities                                   | 22,493          | 22,487          | -              | -              |
| Deferred tax liabilities                            | 444             | 394             | 444            | 394            |
|   | 29,114          | 29,140          | 444            | 394            |
| <b>Total liabilities</b>                            | <b>192,660</b>  | <b>216,751</b>  | <b>911</b>     | <b>847</b>     |
| <b>Net assets</b>                                   | <b>151,720</b>  | <b>157,326</b>  | <b>188,678</b> | <b>190,113</b> |
| <b>Equity attributable to owners of the Company</b> |                 |                 |                |                |
| Share capital                                       | 231,676         | 231,676         | 231,676        | 231,676        |
| Treasury shares                                     | (549)           | (549)           | (549)          | (549)          |
| Other reserves                                      | (163,548)       | (163,517)       | (46,306)       | (42,472)       |
| Retained earnings                                   | 85,133          | 90,313          | 3,857          | 1,458          |
|   | 152,712         | 157,923         | 188,678        | 190,113        |
| <b>Non-controlling interests</b>                    | <b>(992)</b>    | <b>(597)</b>    | <b>-</b>       | <b>-</b>       |
| <b>Total equity</b>                                 | <b>151,720</b>  | <b>157,326</b>  | <b>188,678</b> | <b>190,113</b> |
| <b>Total equity and liabilities</b>                 | <b>344,380</b>  | <b>374,077</b>  | <b>189,589</b> | <b>190,960</b> |

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

There are no loans and borrowings as at 30.09.2016 and 30.06.2016.

## 1(c) Consolidated Statement of Cash Flows

|   | <b>Group</b>         |                   |
|---|----------------------|-------------------|
|   | <b>Quarter ended</b> |                   |
|   | <b>30.09.2016</b>    | <b>30.09.2015</b> |
|   | S\$'000              | S\$'000           |
| <b>Operating activities</b>                                     |                      |                   |
| Profit / (Loss) before tax                                      | (6,309)              | 51,161            |
| Adjustments for   |                      |                   |
| - Depreciation and amortisation expenses                        | 6,284                | 5,429             |
| - Finance costs   | 41                   | 58                |
| - Finance income  | (522)                | (1,314)           |
| - Allowance for doubtful debts                                  | 311                  | 106               |
| - Unrealised currency translation gain                          | (33)                 | (1,254)           |
| - Gain on partial disposal of a former subsidiary               | -                    | (45,960)          |
| - Others  | 659                  | 369               |
| <b>Operating cash flows before changes in working capital</b>   | <b>431</b>           | <b>8,595</b>      |
| Changes in working capital                                      |                      |                   |
| - Inventories   | (701)                | (1,735)           |
| - Receivables and prepayments                                   | (2,974)              | (20,109)          |
| - Payables and other liabilities                                | (23,177)             | 25,008            |
| <b>Cash flows (used in) / from operations</b>                   | <b>(26,421)</b>      | <b>11,759</b>     |
| Finance income received   | 448                  | 1,360             |
| Income tax paid   | (2,619)              | (2,938)           |
| <b>Net cash (used in) / generated from operating activities</b> | <b>(28,592)</b>      | <b>10,181</b>     |
| <b>Investing activities</b>                                     |                      |                   |
| Purchase of property, plant and equipment                       | (11,453)             | (12,718)          |
| Addition of intangible assets                                   | (13)                 | (52)              |
| Investment in deposits of money market instruments              | -                    | (72)              |
| Dividend income from investment securities                      | -                    | 34                |
| Net cash outflow from partial disposal of a former subsidiary   | -                    | (513)             |
| <b>Net cash used in investing activities</b>                    | <b>(11,466)</b>      | <b>(13,321)</b>   |
| <b>Net decrease in cash and cash equivalents</b>                | <b>(40,058)</b>      | <b>(3,140)</b>    |
| Cash and cash equivalents at beginning of financial period      | 69,509               | 125,976           |
| Effects of currency translation on cash and cash equivalents    | (295)                | (8,607)           |
| <b>Cash and cash equivalents at end of financial period</b>     | <b>29,156</b>        | <b>114,229</b>    |

For the purpose of the consolidated statement of cash flows, consolidated cash and cash equivalents comprise of the following:

|                          | <b>Group</b>         |                   |
|--------------------------|----------------------|-------------------|
|                          | <b>Quarter ended</b> |                   |
|                          | <b>30.09.2016</b>    | <b>30.09.2015</b> |
|                          | S\$'000              | S\$'000           |
| Cash at bank             | 18,006               | 22,965            |
| Short-term bank deposits | 11,150               | 91,264            |
|                          | <b>29,156</b>        | <b>114,229</b>    |

1(d)(i) Consolidated Statement of Changes in Equity

|                                   | Attributable to owners of the Company |                 |                                      |                            |  |                |                                     |                   |          |                           |              |
|-----------------------------------|---------------------------------------|-----------------|--------------------------------------|----------------------------|--|----------------|-------------------------------------|-------------------|----------|---------------------------|--------------|
|                                   | Share capital                         | Treasury shares | Foreign currency translation reserve | Capital redemption reserve | Capital contribution from ultimate holding company | Merger reserve | Reserve classified as held for sale | Retained earnings | Total    | Non-controlling Interests | Total Equity |
|                                   | S\$'000                               | S\$'000         | S\$'000                              | S\$'000                    | S\$'000  | S\$'000        | S\$'000                             | S\$'000           | S\$'000  | S\$'000                   | S\$'000      |
| <b>Group</b>                      |                                       |                 |                                      |                            |  |                |                                     |                   |          |                           |              |
| <b>Balance at 01.07.2016</b>      | 231,676                               | (549)           | (49,724)                             | 1                          | 9,959  | (123,753)      | -                                   | 90,313            | 157,923  | (597)                     | 157,326      |
| Profit(Loss) for the period       | -                                     | -               | -                                    | -                          | -  | -              | -                                   | (5,180)           | (5,180)  | (414)                     | (5,594)      |
| Foreign currency translation      | -                                     | -               | (31)                                 | -                          | -  | -              | -                                   | -                 | (31)     | 19                        | (12)         |
| <b>Balance at 30.09.2016</b>      | 231,676                               | (549)           | (49,755)                             | 1                          | 9,959  | (123,753)      | -                                   | 85,133            | 152,712  | (992)                     | 151,720      |
| <b>Balance at 01.07.2015</b>      | 231,676                               | -               | (43,243)                             | 1                          | 9,959  | (123,753)      | (386)                               | 73,751            | 148,005  | (17,959)                  | 130,046      |
| Profit(Loss) for the period       | -                                     | -               | -                                    | -                          | -  | -              | -                                   | 49,461            | 49,461   | (219)                     | 49,242       |
| Loss of control over a subsidiary | -                                     | -               | -                                    | -                          | -  | -              | 386                                 | -                 | 386      | 19,471                    | 19,857       |
| Foreign currency translation      | -                                     | -               | (10,372)                             | -                          | -  | -              | -                                   | -                 | (10,372) | (642)                     | (11,014)     |
| <b>Balance at 30.09.2015</b>      | 231,676                               | -               | (53,615)                             | 1                          | 9,959  | (123,753)      | -                                   | 123,212           | 187,480  | 651                       | 188,131      |

**Statement of Changes in Equity**

|                              | Share capital | Treasury shares | Foreign currency translation reserve | Retained earnings | Total    |
|------------------------------|---------------|-----------------|--------------------------------------|-------------------|----------|
|                              | S\$'000       | S\$'000         | S\$'000                              | S\$'000           | S\$'000  |
| <b>Company</b>               |               |                 |                                      |                   |          |
| <b>Balance at 01.07.2016</b> | 231,676       | (549)           | (42,472)                             | 1,458             | 190,113  |
| Profit for the period        | -             | -               | -                                    | 2,399             | 2,399    |
| Foreign currency translation | -             | -               | (3,834)                              | -                 | (3,834)  |
| <b>Balance at 30.09.2016</b> | 231,676       | (549)           | (46,306)                             | 3,857             | 188,678  |
| <b>Balance at 01.07.2015</b> | 231,676       | -               | (30,278)                             | 6,627             | 208,025  |
| Profit for the period        | -             | -               | -                                    | 12,946            | 12,946   |
| Foreign currency translation | -             | -               | (22,477)                             | -                 | (22,477) |
| <b>Balance at 30.09.2015</b> | 231,676       | -               | (52,755)                             | 19,573            | 198,494  |

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

|   | 30.09.2016    | 30.09.2015    |
|---|---------------|---------------|
|   | No. of Shares | No. of Shares |
| Issued Share Capital  | 677,300,000   | 677,300,000   |
| Treasury Shares held  | 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 period and as at the end of the immediately preceding year.

|   | 30.09.2016  | 30.06.2016  |
|---|-------------|-------------|
| 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 were no sales, transfers, disposal, cancellation and/or use of treasury shares during the financial period ended 30 September 2016.

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

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 adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those applied for in the most recent audited financial statements for the financial year ended 30 June 2016, except as explained in Note 5 below.

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 adopted the applicable new and revised Financial Reporting Standards ("FRSs") that became effective for the financial year beginning on or after 1 July 2016. The adoption of these new and revised FRSs has no material impact to the Group.

## 6. Earnings per ordinary share

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

|  | Group         |            |
|--|---------------|------------|
|  | Quarter ended |            |
|  | 30.09.2016    | 30.09.2015 |
| Basic and diluted (cents)                                | (0.77)        | 7.30       |
| Based on weighted average number of shares ('000 shares) | 673,800       | 677,300    |

There are no potential dilution effects on the ordinary shares of the Company. Accordingly, the basic and diluted earnings per share for the reported periods are the same.

## 7. Net Asset Value per ordinary share

|   | Group      |            | Company    |            |
|---|------------|------------|------------|------------|
|   | 30.09.2016 | 30.06.2016 | 30.09.2016 | 30.06.2016 |
| Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S\$) | 0.23       | 0.23       | 0.28       | 0.28       |

## 8. Review of Group Performance

### Review of Business Environments

The Group recorded the following SSSG, by countries:

| SSSG      | Quarter ended |           |
|-----------|---------------|-----------|
|           | Q1 FY2017     | Q1 FY2016 |
| Malaysia  | -6.6%         | -15.2%    |
| Vietnam   | -10.3%        | -3.6%     |
| Indonesia | -13.1%        | +9.6%     |
| Myanmar   | -28.2%        | +6.1%     |

The Malaysia operations recorded a decline in SSSG of -6.6% in Q1 FY2017. Sales for the Malaysia operations were affected by 11 days of less festive buying in Q1 FY2017 as compared to the same quarter of FY2016. This is due to the shift in the Hari Raya calendar. The Malaysian Institute of Economic Research reported that the country's consumer sentiment index remained below the 100-point confidence threshold for the ninth consecutive quarter.

The Vietnam operations recorded a decline in SSSG of -10.3% in Q1 FY2017. The discretionary retail environment in Vietnam remains difficult for the reported quarter amidst an increasingly crowded retail scene.

The Indonesia operations recorded a decline in SSSG of -13.1% in Q1 FY2017. Sales for the Indonesia operations were also affected by less festive buying days in Q1 FY2017 due to the shift in the Lebaran calendar.

The Myanmar operations recorded a decline in SSSG of -28.2% in Q1 FY2017. The landlord of FMI Centre, where the store is located, has served notice to vacate the property by Q3 FY2017 for purposes of re-development. This impending closure has affected sales. However, a location for a replacement store has been secured which is scheduled to open later in the financial year.

## Review of Operational Results

The components of GSP for Q1 FY2017 are as follows:-

|   | Group         |            |        |
|---|---------------|------------|--------|
|   | Quarter ended |            |        |
|   | 30.09.2016    | 30.09.2015 | +/( -) |
|   | S\$'000       | S\$'000    | %      |
| <b>Gross Sales Proceeds</b>             |               |            |        |
| Sale of goods - direct sales            | 47,879        | 42,368     | 13.0   |
| Sale of goods - concessionaire sales    | 169,181       | 190,525    | (11.2) |
| Total merchandise sales                 | 217,060       | 232,893    | (6.8)  |
| Consultancy and management service fees | 95            | 170        | (44.1) |
| Rental income                           | 3,516         | 3,654      | (3.8)  |
| Others                                  | 81            | -          | >100.0 |
| Total gross sales proceeds              | 220,752       | 236,717    | (6.7)  |

The Group's GSP for Q1 FY2017 declined by (6.7)% YoY to S\$220.8 million. The decline in GSP, despite sales contribution from new stores, is significantly due to negative SSSG recorded by the Group operations.

The Group generated total merchandise sales of S\$217.1 million for Q1 FY2017, with concessionaire sales contributing 77.9% and direct sales contributing the balance of 22.1%. By product segments, the Fashion & Apparel category constitute 51.7% of the total merchandise sales, the Cosmetic & Accessories category constitute 30.3%, the Household, Electrical Goods & Others category constitute 14.3% while the remaining balance of 3.7% came from the Groceries & Perishables category.

The merchandise gross margin (a combination of the commission from concessionaires and direct sales margin) for Q1 FY2017 increased by 50 bps YoY to 24.2%.

## Review of Financial Results

### Revenue and Other Income

The Group's revenue for Q1 FY2017 increased by 0.7% YoY due to improvement in concessionaire sales margin by 30 bps. The components of revenue for Q1 FY2017 are as follows:-

|   | Group         |            |        |
|---|---------------|------------|--------|
|   | Quarter ended |            |        |
|   | 30.09.2016    | 30.09.2015 | +/( -) |
|   | S\$'000       | S\$'000    | %      |
| <b>Revenue</b>                          |               |            |        |
| Sale of goods - direct sales            | 47,879        | 42,368     | 13.0   |
| Commission from concessionaire sales    | 41,766        | 46,498     | (10.2) |
| Consultancy and management service fees | 95            | 170        | (44.1) |
| Rental income                           | 3,516         | 3,654      | (3.8)  |
| Others                                  | 81            | -          | >100.0 |
| Total revenue                           | 93,337        | 92,690     | 0.7    |

Other income for Q1 FY2017 declined by (96.5)% to S\$1.8 million. Other income for the comparative Q1 FY2016 benefitted from the gain on partial disposal of equity interest in a former subsidiary, Parkson Hanoi Co Ltd, of S\$46.0 million.

## Expenses

Total expenses of the Group for Q1 FY2017 increased by 10.6% YoY to S\$101.4 million. Analysis of the major operating expense items for Q1 FY2017 is as follows:

### *Changes in merchandise inventories and consumables*

Changes in merchandise inventories and consumables refer to the cost of direct sales. Cost of direct sales for Q1 FY2017 increased by 10.2% to S\$37.2 million. This increase is in line with the increase in direct sales.

### *Employee-related expense*

Staff cost increased by 19.0% to S\$15.4 million for Q1 FY2017. This increase is primarily due to the inclusion of staff costs for new stores operating in FY2017 period and yearly wage increase.

As a percentage of revenue, the staff cost ratio increased by 250 bps YoY to 16.5% for Q1 FY2017. The increase is significantly due to (i) negative SSSG recorded by the Group operations resulting in lower staff productivity and (ii) staff costs for new stores where the sales are lower at the initial stages of operations.

### *Depreciation and amortisation expenses*

Depreciation and amortisation for Q1 FY2017 increased by 15.7% to S\$6.3 million. The increase is primarily due to the inclusion of the depreciation costs for the new stores operating in Q1 FY2017.

As a percentage of revenue, depreciation and amortization expense ratio increased by 80 bps YoY to 6.7% for Q1 FY2017. The higher ratio for Q1 FY2017 is primarily due to (i) negative SSSG recorded by the Group operations resulting in lower store productivity and (ii) depreciation incurred for new stores but where the sales are lower at the initial stages of operations.

### *Rental expenses*

Rental expenses increased by 6.0% to S\$27.9 million for Q1 FY2017. Rental expenses increased in line with the increase in the number of stores, however, mitigated by the reduction in the turnover rent component following weaker sales.

As a percentage of revenue, the rental expense ratio increased by 150 bps YoY to 29.9% for Q1 FY2017. The higher ratio is significantly due to (i) new stores that are paying base rentals but where the sales are lower at the initial stages of operations and (ii) negative SSSG for the Group operations resulting in lower store productivity.

### *Other expenses*

Other expenses consist mainly of (a) promotional and advertising expenses, (b) selling and distribution expenses and (c) general and administrative expenses which increased by 10.6% to S\$14.6 million for Q1 FY2017. Other expenses increased in line with the increase in the number of stores.

As a percentage of revenue, the other expenses ratio increased by 140 bps YoY to 15.6% for Q1 FY2017. The higher ratio is primarily due to (i) increase in other operating expenses related to the new stores operating in Q1 FY2017 where sales are lower at the initial stages of operations and (ii) negative SSSG for the Group operations resulting in lower store productivity.

### PBT / (Losses)

The Group recorded pre-tax loss of S\$(6.3) million in Q1 FY2017 as compared to PBT of S\$51.2 million in the comparative Q1 FY2016. PBT for the comparative Q1 FY2016 benefitted from the gain recognized on partial disposal of equity interest in Parkson Hanoi Co Ltd (“PHCL”) of S\$46.0 million. PHCL was a subsidiary of the Group and is now an associate company following this disposal.

As a percentage of revenue, the PBT ratio for Q1 FY2017 deteriorated substantially due to the absence of gain recognized on partial disposal of PHCL which was recorded in the comparative Q1 FY2016.

### Taxation

The Group recorded a tax benefit of S\$0.7 million for Q1 FY2017 arising from deferred tax benefit recognised on losses incurred by some of the subsidiary companies.

### Net profit / (losses) attributable to owners of the Company

The Group recorded attributable net loss of S\$(5.2) million for Q1 FY2017 due to the deleveraging impact from the negative SSSG recorded by the Group operations and the losses incurred by new stores and new businesses.

### Review of Group Balance Sheet

Cash and short-term deposits declined to S\$29.2 million due significantly to payment of trade creditors following the merchandise buying and concessionaire sales collection for the Hari Raya / Lebaran festivity.

Trade and other payables declined to S\$136.4 million following settlement of sums owing after the Hari Raya / Lebaran festivity.

The Group has net current liabilities of S\$25.2 million as at the reporting date due to the Group’s substantial investments in new stores and businesses, whilst contributions from new stores and businesses have yet to achieve optimal level due to gestation period.

**9. 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 of its core business as outlined in paragraph 10 in the preceding quarterly results announcement dated 18 August 2016 was largely in line with the operating environment encountered in the reported quarter.

**10. 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 fragile consumer sentiment in Malaysia and increasing competition in Vietnam will impact the Group’s performance in the next financial quarter. Nevertheless, the year-end festive spending would provide some support amid the challenging operating environment.

Indonesia’s performance is expected to be satisfactory for the next financial quarter.

As previously announced, we will close our store at FMI Centre, Yangon in Q3 FY2017 due to redevelopment of the property by the landlord. A replacement store is scheduled to open later in the financial year.

We will continue to monitor the performance of stores which includes, inter alia, revisiting the pace of opening of new stores, working on closing non-performing stores, and aggressively renegotiating with landlords for rental relief.

**11. 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.

**12. If no dividend has been declared/recommended, a statement to that effect**

No interim dividend has been declared for the quarter ended 30 September 2016.

**PART II - ADDITIONAL DISCLOSURE**

**13. Segmental revenue and results for geographical segments.**

| <b>Group</b>                                    | <b>Malaysia</b> | <b>Vietnam</b> | <b>Indonesia</b> | <b>Myanmar</b> | <b>Unallocated *</b> | <b>Total</b>   |
|---|-----------------|----------------|------------------|----------------|----------------------|----------------|
|   | S\$'000         | S\$'000        | S\$'000          | S\$'000        | S\$'000              | S\$'000        |
| <b>Period ended 30.09.2016</b>                  |                 |                |                  |                |                      |                |
| <b>Gross Sales Proceeds</b>                     | 150,662         | 26,593         | 42,547           | 869            | 81                   | 220,752        |
| <b>Revenue</b>                                  | 70,164          | 7,508          | 15,215           | 369            | 81                   | 93,337         |
| Profit/(Loss) before tax                        | (3,196)         | (300)          | (1,894)          | (158)          | -                    | (5,548)        |
| Investment holding/Others                       |                 |                |                  |                | (761)                | (761)          |
| <b>Total Profit/(Loss) Before Tax</b>           | <b>(3,196)</b>  | <b>(300)</b>   | <b>(1,894)</b>   | <b>(158)</b>   | <b>(761)</b>         | <b>(6,309)</b> |
| <b>Period ended 30.09.2015</b>                  |                 |                |                  |                |                      |                |
| <b>Gross Sales Proceeds</b>                     | 158,750         | 32,525         | 44,239           | 1,203          | -                    | 236,717        |
| <b>Revenue</b>                                  | 68,145          | 8,375          | 15,700           | 470            | -                    | 92,690         |
| Profit/(Loss) before tax                        | 5,097           | (632)          | (62)             | (218)          | -                    | 4,185          |
| Gain on partial disposal of a former subsidiary | -               | 45,960         | -                | -              | -                    | 45,960         |
| Investment holding/Others                       |                 |                |                  |                | 1,016                | 1,016          |
| <b>Total Profit/(Loss) Before Tax</b>           | <b>5,097</b>    | <b>45,328</b>  | <b>(62)</b>      | <b>(218)</b>   | <b>1,016</b>         | <b>51,161</b>  |

\* Unallocated figures are derived from edutainment and corporate level activities.

**14. Interested person transactions for the period ended 30 September 2016.**

| 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 shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |
|--|--|--|
|  | S\$'000  | S\$'000  |
| Lion Forest Industries Berhad Group <sup>(1)</sup> | -  | 479  |
| Parkson Holdings Berhad Group <sup>(2)</sup>       | 195  | 1,376  |
| Bonuskad Loyalty Sdn Bhd <sup>(3)</sup>            | -  | 1,555  |
| PT Monica Hijaulestari <sup>(4)</sup>              | -  | 845  |
| Secom (M) Sdn Bhd <sup>(5)</sup>                   | -  | 158  |

Notes:

- (1) Purchases of building materials, light fittings, products, procurement of energy conservation services and sale of gift vouchers.
- (2) (i) Royalty expenses, service charge income and rental income totaling S\$0.195 million;  
(ii) Sale of gift vouchers, purchase of merchandises and net concessionaire sales totaling S\$1.376 million.
- (3) Marketing fees payable for bonus points issued and amounts receivable for points redemption made by cardholders.
- (4) Purchases of merchandise.
- (5) Purchase of security equipment and procurement of security services.

**15. 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 first quarter ended 30 September 2016, to be false or misleading.

**16. 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.

**BY ORDER OF THE BOARD  
PARKSON RETAIL ASIA LIMITED**

Tan Sri William Cheng Heng Jem  
Executive Chairman

Singapore  
10 November 2016