

PARKSON RETAIL ASIA LIMITED

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

Unaudited Financial Statements for the Financial Year ended 30 June 2016

HIGHLIGHTS

	Group					
	Quarter ended			Year ended		
	30.06.2016	30.06.2015	+ / (-)	30.06.2016	30.06.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	232,147	211,387	9.8	967,746	1,077,567	(10.2)
Revenue	93,860	84,663	10.9	388,417	428,751	(9.4)
Profit / (Loss) Before Tax	(13,372)	(77,653)	(82.8)	34,978	(40,591)	>100.0
Net Profit / (Loss) attributable to owners of the Company	(11,979)	(59,766)	(80.0)	33,075	(34,688)	>100.0

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

SSSG	Quarter ended		Year ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Malaysia	+21.5%	-17.0%	-6.5%	-4.5%
Vietnam	-4.1%	-7.2%	-2.9%	-5.1%
Indonesia	+7.3%	+12.0%	+4.7%	+8.4%
Myanmar	-25.0%	+13.6%	-7.7%	+21.6%

The Malaysia operations recorded an increase in SSSG of +21.5% in the 4th quarter financial year 2016 (“Q4 FY2016”). SSSG increased due to (i) early festive buying arising from the shift in the Hari Raya calendar and (ii) the low base effect in the sales for the corresponding quarter in FY2015 where consumer buying declined significantly after the introduction of the Goods & Services Tax (“GST”) on 1 April 2015. The consumer sentiment in Malaysia remain subdued with the Malaysian Institute of Economic Research (“MIER”) reporting that the country’s consumer sentiment index (‘CSI’) remaining below the 100-point confidence threshold for the eighth consecutive quarter. The Group has initiated new concepts such as introduction of Korean apparels, affordable private labels, and shoe specialty stores to diversify our earnings. We have been consolidating our department store space by identifying non-performing stores with the view to closure upon tenancy expiry.

The Vietnam operations recorded a decline in SSSG of -4.1% in Q4 FY2016. The discretionary retail environment in Vietnam remains difficult for the reported quarter amidst an increasingly crowded retail scene.

The Indonesia operations recorded an increase in SSSG of +7.3% in Q4 FY2016. SSSG increased due to early festive buying arising from the shift in the Lebaran calendar. Consumer sentiment remained robust with Bank Indonesia reporting that the country’s consumer confidence index for the 2nd quarter calendar year 2016 remaining above the 100-point confidence threshold at 111.6 points.

The Myanmar operations recorded a decline in SSSG of -25.0% in Q4 FY2016. There are plans to close FMI Centre, where the store is located, for re-development. This impending closure has affected sales. However, the landlord has not confirmed on the timing for the re-development.

Gross Sales Proceeds (“GSP”) and revenue for Q4 FY2016 increased by 9.8% and 10.9% Year-over-Year (“YoY”) respectively to S\$232.1 million and S\$93.9 million. However, GSP and revenue for the financial year FY2016 declined by (10.2)% YoY and (9.4)% YoY respectively to S\$967.7 million and S\$388.4 million. GSP and revenue increased for Q4 FY2016 due significantly to the positive SSSG recorded by the Malaysia and Indonesia operations during the quarter. The declines in GSP and revenue for the year FY2016, despite sales contribution from new stores, are due significantly to (i) negative SSSG recorded by the Malaysia and Vietnam operations and (ii) local currency weakness of the Malaysian Ringgit resulting in lower sales presented in the reporting currency of Singapore Dollars.

The Group recorded a pre-tax loss of S\$(13.4) million for Q4 FY2016. Among the factors contributing to the pre-tax loss for the quarter are (i) impairment on fixed assets for two loss-making stores of S\$5.4 million, (ii) impairment on prepaid rental and rental deposit of S\$3.3 million, (iii) provision made on deposit for a managed store in Ho Chi Minh City of S\$2.2 million and (iv) the initial loss-making periods associated with certain of the new stores and the new businesses. For the year FY2016, the Group recorded Profit Before Tax (“PBT”) of S\$35.0 million as compared to pre-tax loss of S\$(40.6) million in the corresponding year FY2015. The Group recorded pre-tax profit for the year FY2016 due to the gain recognized on partial disposal of equity interest in Parkson Hanoi Co Ltd (“PHCL”) of S\$45.6 million. PHCL was a subsidiary of the Group and is now an associate company following this disposal. On same store basis (also excluding non-operational items), PBT for the year FY2016 declined by (46.9)% YoY to S\$17.4 million.

A summary table detailing the segmental PBT for the year FY2016 is appended below.

PBT Summary	Group		
	Year ended		
	30.06.2016	30.06.2015	+ / (-)
	S\$'000	S\$'000	%
Like-for-like, on same store basis			
Malaysia	23,757	33,394	(28.9)
Vietnam	(547)	2,261	>(100.0)
Indonesia	(3,167)	(3,353)	(5.5)
Myanmar	(1,733)	(448)	>100.0
Share of profits of an associate (Sri Lanka)	-	39	(100.0)
Investment holding / Others	(945)	836	>(100.0)
PBT (same store basis)	17,365	32,729	(46.9)
PBT / (Losses) of new / closed / renovated stores			
Malaysia	(4,115)	6,228	>(100.0)
Vietnam	(358)	(4,183)	(91.4)
Indonesia	(1,267)	-	(100.0)
PBT / (Losses) of new businesses	(4,999)	(56)	>(100.0)
Non-operational items			
Gain on partial disposal of equity interest in a former subsidiary, Parkson Hanoi Co Ltd (net of goodwill impairment)	45,572	-	100.0
Provisions made on loans to and deposits for managed stores in Vietnam	(8,551)	(8,211)	4.1
Impairment on prepaid rental and rental deposit	(3,270)	-	(100.0)
Impairment on fixed assets	(5,399)	-	(100.0)
Gain on disposal of an associate, Odel PLC	-	1,379	(100.0)
Closure costs for the store at Landmark 72, Hanoi	-	(68,477)	100.0
Group PBT	34,978	(40,591)	>100.0

On same store basis, PBT for the Malaysia operations for the year FY2016 declined by (28.9)% due to the de-leveraging impact from the negative SSSG of -6.5% and local currency weakness.

On same store basis, the Vietnam operations recorded a pre-tax loss of S\$(0.5) million due significantly to the de-leveraging impact from the negative SSSG of -2.9%.

On same store basis, the Indonesia operations recorded a pre-tax loss of S\$(3.2) million for the year FY2016. The Indonesia results in the corresponding year FY2015 benefited from the write-back of expired customer loyalty points of prior years of S\$0.9 million which was not repeated in the current year FY2016.

The Myanmar operations was affected for the year FY2016 by the uncertainty arising from the re-development plans for FMI Centre where the store is located. However, a location for a replacement store has been secured and the new store is expected to open by March 2017.

The Group has ceased its equity accounting of results in the former associate, Odel PLC, following the completion of disposal of its entire equity interest in Odel PLC in November 2014.

Investment holding / Others recorded a pre-tax loss of S\$(0.9) million for the year FY2016 as compared to a pre-tax profit of S\$0.8 million for the corresponding year FY2015. This is largely due to the absence of currency translation gain on bank deposits of S\$2.4 million recognised in the corresponding year FY2015.

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Unaudited Financial Statements for the Financial Year ended 30 June 2016
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a)(i) Consolidated Income Statement

	Group					
	Quarter ended			Year ended		
	30.06.2016	30.06.2015	+ / (-)	30.06.2016	30.06.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	93,860	84,663	10.9	388,417	428,751	(9.4)
Other income	3,289	2,319	41.8	56,098	15,951	>100.0
Items of expense						
- Changes in merchandise inventories and consumables	(32,134)	(27,630)	16.3	(143,290)	(158,014)	(9.3)
- Employee benefits expense	(14,701)	(13,342)	10.2	(56,094)	(52,586)	6.7
- Depreciation and amortisation expenses	(5,735)	(5,254)	9.2	(22,553)	(20,475)	10.1
- Rental expenses	(30,243)	(24,811)	21.9	(109,460)	(111,818)	(2.1)
- Finance costs	(100)	(237)	(57.8)	(334)	(601)	(44.4)
- Other expenses	(27,608)	(93,363)	(70.4)	(77,806)	(141,838)	(45.1)
Total expenses	(110,521)	(164,637)	(32.9)	(409,537)	(485,332)	(15.6)
Share of profits of an associate	-	2	(100.0)	-	39	(100.0)
Profit / (loss) before tax	(13,372)	(77,653)	(82.8)	34,978	(40,591)	>100.0
Taxation	551	1,835	(70.0)	(3,485)	(12,204)	(71.4)
Net profit / (loss) for the period	(12,821)	(75,818)	(83.1)	31,493	(52,795)	>100.0
Net profit / (loss) for the period attributable to:						
Owners of the Company	(11,979)	(59,766)	(80.0)	33,075	(34,688)	>100.0
Non-controlling interests	(842)	(16,052)	(94.8)	(1,582)	(18,107)	(91.3)
	(12,821)	(75,818)	(83.1)	31,493	(52,795)	>100.0

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

	Group					
	Quarter ended			Year ended		
	30.06.2016	30.06.2015	+ / (-)	30.06.2016	30.06.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit / (loss) for the period	(12,821)	(75,818)	(83.1)	31,493	(52,795)	>100.0
Other comprehensive income/(loss):						
Remeasurement of defined benefit plan	(69)	(42)	64.3	(69)	(8)	>100.0
Foreign currency translation	(1,621)	(6,724)	(75.9)	(6,264)	(7,178)	(12.7)
Total comprehensive income / (loss)	(14,511)	(82,584)	(82.4)	25,160	(59,981)	>100.0
Total comprehensive income / (loss) attributable to:						
Owners of the Company	(13,686)	(66,624)	(79.5)	27,372	(41,868)	>100.0
Non-controlling interests	(825)	(15,960)	(94.8)	(2,212)	(18,113)	(87.8)
	(14,511)	(82,584)	(82.4)	25,160	(59,981)	>100.0

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

	Group			
	Quarter ended		Year ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Profit / (loss) before tax is arrived after (charging)/crediting:				
Items of Other income				
Finance income	1,134	1,881	4,058	6,354
Gain on partial disposal of a former subsidiary, net of goodwill impairment (Note 1)	(388)	-	45,572	-
Gain on disposal of an associate, Odel PLC	-	-	-	1,379
Other income	2,543	438	6,468	8,218
	3,289	2,319	56,098	15,951
Items of Other expenses				
Closure costs for the store at Landmark 72, Hanoi	-	(68,477)	-	(68,477)
Provisions made on loans to and deposits for managed stores in Vietnam	(2,166)	(8,211)	(8,551)	(8,211)
Impairment on prepaid rental and rental deposit	(3,270)	-	(3,270)	-
Impairment on fixed assets	(5,399)	-	(5,399)	-
Other expenses	(16,773)	(16,675)	(60,586)	(65,150)
	(27,608)	(93,363)	(77,806)	(141,838)

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\$45.57 million was recognised on completion. PHCL is now an associate of the Group following this disposal.

1(b)(i) Statements of Financial Position

	Group		Company	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	146,923	96,778	-	-
Land use right	7,891	8,227	-	-
Investments in subsidiaries	-	-	135,019	145,649
Deferred tax assets	11,893	7,231	-	-
Other receivables	20,951	21,761	31,094	23,161
Prepayments	5,613	8,944	-	-
Intangible assets	5,551	5,350	-	-
Derivatives	18	19	-	-
Investment securities	78	83	-	-
	198,918	148,393	166,113	168,810
Current assets				
Inventories	77,900	57,817	-	-
Investment securities	-	11,867	-	-
Trade and other receivables	39,551	17,440	23,155	32,462
Prepayments	5,030	5,234	13	21
Tax recoverable	4,076	2,271	-	-
Cash and short-term deposits	69,509	126,711	1,679	7,644
Assets of disposal group classified as held for sale	-	4,674	-	-
	196,066	226,014	24,847	40,127
Total assets	394,984	374,407	190,960	208,937
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	184,793	140,150	453	912
Other liabilities	34,632	26,111	-	-
Bank overdrafts	-	735	-	-
Tax payable	647	123	-	-
Liabilities of disposal group classified as held for sale	-	70,293	-	-
	220,072	237,412	453	912
Net current assets / (liabilities)	(24,006)	(11,398)	24,394	39,215
Non-current liabilities				
Other payables	13,451	6,949	-	-
Deferred tax liabilities	394	-	394	-
	13,845	6,949	394	-
Total liabilities	233,917	244,361	847	912
Net assets	161,067	130,046	190,113	208,025
Equity attributable to owners of the Company				
Share capital	231,676	231,676	231,676	231,676
Treasury shares	(549)	-	(549)	-
Other reserves	(162,670)	(157,036)	(42,472)	(30,278)
Retained earnings	93,211	73,751	1,458	6,627
Reserve of disposal group classified as held for sale	-	(386)	-	-
	161,668	148,005	190,113	208,025
Non-controlling interests	(601)	(17,959)	-	-
Total equity	161,067	130,046	190,113	208,025
Total equity and liabilities	394,984	374,407	190,960	208,937

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

Amount repayable in one year or less, or on demand

Group			
30.06.2016		30.06.2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	735

There are no non-current loans and borrowings as at 30.06.2016 and 30.06.2015.

1(c) **Consolidated Statement of Cash Flows**

	Group			
	Quarter ended		Year ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit / (loss) before tax	(13,372)	(77,653)	34,978	(40,591)
Adjustments for				
- Depreciation and amortisation	5,735	5,254	22,553	20,475
- Finance costs	100	237	334	601
- Finance income	(1,134)	(1,881)	(4,058)	(6,354)
- Share of profits of an associate	-	(2)	-	(39)
- Gain on disposal of an associate	-	-	-	(1,379)
- Provision for contingent expenses in relation to closure of a store	-	64,729	-	64,729
- Unrealised currency translation (gain)/ loss	(272)	(247)	82	(415)
- Gain on partial disposal of a former subsidiary, net of goodwill impairment	388	-	(45,572)	-
- Provisions made on loans to and deposits for managed stores in Vietnam	2,166	8,211	8,551	8,211
- Impairment on prepaid rental and rental deposit	3,270	-	3,270	-
- Impairment on fixed assets	5,399	-	5,399	-
- Others	1,578	5,769	1,094	7,497
Operating cash flows before changes in working capital	3,858	4,417	26,631	52,735
Changes in working capital				
- Inventories	(8,534)	(4,882)	(22,928)	952
- Receivables and prepayments	(19,506)	(4,240)	(43,484)	(3,514)
- Payables and other liabilities	32,446	(20,090)	73,928	3,057
Cash flows generated from / (used in) operations	8,264	(24,795)	34,147	53,230
Finance income received	615	1,950	3,125	6,079
Finance costs paid	-	-	-	(3)
Income tax paid	(802)	(2,610)	(9,404)	(14,516)
Net cash generated from / (used in) operating activities	8,077	(25,455)	27,868	44,790
Investing activities				
Purchase of property, plant and equipment, net	(19,553)	(4,608)	(74,297)	(32,364)
Proceed from disposal of an associate	-	-	-	27,919
Proceeds from partial disposal of a former subsidiary	-	-	7	-
Addition of intangible assets	(587)	(74)	(743)	(375)
Investment in / (Proceeds from) deposits of money market instruments	13,090	13,588	11,121	8,545
Dividend income from investment securities	-	-	56	84
Net cash from / (used in) investing activities	(7,050)	8,906	(63,856)	3,809
Financing activities				
Purchase of treasury shares	-	-	(549)	-
Capital contribution from non-controlling interests	-	-	99	-
Dividends paid	-	-	(13,546)	(44,025)
Net cash used in financing activities	-	-	(13,996)	(44,025)
Net increase / (decrease) in cash and cash equivalents	1,027	(16,549)	(49,984)	4,574
Cash and cash equivalents at beginning of financial period	69,643	146,639	125,976	129,204
Effects of currency translation on cash and cash equivalents	(1,161)	(4,114)	(6,483)	(7,802)
Cash and cash equivalents at end of financial period	69,509	125,976	69,509	125,976

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

	Group	
	30.06.2016	30.06.2015
	S\$'000	S\$'000
Cash at bank	27,573	19,697
Short-term bank deposits	41,936	106,279
	69,509	125,976

1(d)(i)

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										Non-controlling Interests	Total Equity
	Share capital	Treasury shares	Foreign currency translation reserve	Capital redemption reserve	Capital contribution from ultimate holding company	Merger reserve	Bargain purchase of non-controlling interests	Reserve classified as held for sale	Retained earnings	Total		
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 01.07.2015	231,676	-	(43,243)	1	9,959	(123,753)	-	(386)	73,751	148,005	(17,959)	130,046
Profit / (loss) for the year	-	-	-	-	-	-	-	-	33,075	33,075	(1,582)	31,493
Loss of control over a subsidiary	-	-	-	-	-	-	-	386	-	386	19,471	19,857
Contribution by non- controlling interests	-	-	-	-	-	-	-	-	-	-	99	99
Foreign currency translation	-	-	(5,634)	-	-	-	-	-	-	(5,634)	(630)	(6,264)
Remeasurement of defined benefit plan	-	-	-	-	-	-	-	-	(69)	(69)	-	(69)
Dividends	-	-	-	-	-	-	-	-	(13,546)	(13,546)	-	(13,546)
Purchase of treasury shares	-	(549)	-	-	-	-	-	-	-	(549)	-	(549)
Balance as at 30.06.2016	231,676	(549)	(48,877)	1	9,959	(123,753)	-	-	93,211	161,668	(601)	161,067
Balance as at 01.07.2014 (restated)	231,676	-	(36,896)	1	9,959	(123,753)	439	-	152,472	233,898	154	234,052
Profit / (loss) for the year	-	-	-	-	-	-	-	-	(34,688)	(34,688)	(18,107)	(52,795)
Foreign currency translation	-	-	(8,165)	-	-	-	-	-	-	(8,165)	(6)	(8,171)
Cumulative exchange differences on disposal of an associate	-	-	993	-	-	-	-	-	-	993	-	993
Remeasurement of defined benefit plan	-	-	-	-	-	-	-	-	(8)	(8)	-	(8)
Reserve of disposal group classified as held for sale	-	-	825	-	-	-	(439)	(386)	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(44,025)	(44,025)	-	(44,025)
Balance as at 30.06.2015	231,676	-	(43,243)	1	9,959	(123,753)	-	(386)	73,751	148,005	(17,959)	130,046

Statement of Changes in Equity

	Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation reserve S\$'000	Retained earnings / (Accumulated losses) S\$'000	Total S\$'000
Company					
Balance at 01.07.2015	231,676	-	(30,278)	6,627	208,025
Profit for the year	-	-	-	8,377	8,377
Foreign currency translation	-	-	(12,194)	-	(12,194)
Dividends	-	-	-	(13,546)	(13,546)
Purchase of treasury shares	-	(549)	-	-	(549)
Balance at 30.06.2016	231,676	(549)	(42,472)	1,458	190,113
Balance at 01.07.2014	231,676	-	(11,710)	16,950	236,916
Profit for the year	-	-	-	33,702	33,702
Foreign currency translation	-	-	(18,568)	-	(18,568)
Dividends	-	-	-	(44,025)	(44,025)
Balance at 30.06.2015	231,676	-	(30,278)	6,627	208,025

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

	30.06.2016	30.06.2015
	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.

	30.06.2016	30.06.2015
Total number of issued shares excluding treasury shares	673,800,000	677,300,000

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 year ended 30 June 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 year as those applied for in the most recent audited financial statements for the financial year ended 30 June 2015, except as mentioned 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 ("FRS") that became effective for the financial year beginning on or after 1 July 2015. The adoption of these new and revised FRSs has no material impact to the Group.

6. Earnings / (loss) per ordinary share

Earnings / (loss) per ordinary share attributable to owners of the Company:-

	Group			
	Quarter ended		Year ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Basic and diluted (cents)	(1.78)	(8.82)	4.89	(5.12)
Based on weighted average number of shares ('000)	673,800	677,300	676,278	677,300

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

7. Net Asset Value per ordinary share

	Group		Company	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	0.24	0.19	0.28	0.31

8. Review of Group Performance

Review of Business Environments

The Group recorded the following SSSG, by countries:

SSSG	Quarter ended		Year ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Malaysia	+21.5%	-17.0%	-6.5%	-4.5%
Vietnam	-4.1%	-7.2%	-2.9%	-5.1%
Indonesia	+7.3%	+12.0%	+4.7%	+8.4%
Myanmar	-25.0%	+13.6%	-7.7%	+21.6%

The Malaysia operations recorded an increase in SSSG of +21.5% in the 4th quarter financial year 2016 ("Q4 FY2016"). SSSG increased due to (i) early festive buying arising from the shift in the Hari Raya calendar and (ii) the low base effect in the sales for the corresponding quarter in FY2015 where consumer buying declined significantly after the introduction of the Goods & Services Tax ("GST") on 1 April 2015. The consumer sentiment in Malaysia remain subdued with the Malaysian Institute of Economic Research ("MIER") reporting that the country's consumer sentiment index ('CSI') remaining below the 100-point confidence threshold for the eighth consecutive quarter. The CSI reading for the 2nd quarter calendar year 2016 was at 78.5 points.

The Vietnam operations recorded a decline in SSSG of -4.1% in Q4 FY2016. The discretionary retail environment in Vietnam remains difficult for the reported quarter amidst an increasingly crowded retail scene.

The Indonesia operations recorded an increase in SSSG of +7.3% in Q4 FY2016. SSSG increased due to early festive buying arising from the shift in the Lebaran calendar. Consumer sentiment remained robust with Bank Indonesia reporting that the country's consumer confidence index for the 2nd quarter calendar year 2016 remaining above the 100-point confidence threshold at 111.6 points.

The Myanmar operations recorded a decline in SSSG of -25.0% in Q4 FY2016. There are plans to close FMI Centre, where the store is located, for re-development and this has created uncertainty among suppliers hence affecting sales. However, the landlord has not confirmed on the timing for the re-development.

Review of Operational Results

The components of GSP for Q4 FY2016 and the year FY2016 are as follows:-

	Group					
	Quarter ended			Year ended		
	30.06.2016	30.06.2015	+ / (-)	30.06.2016	30.06.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds						
Sale of goods - direct sales	45,101	35,523	27.0	185,990	198,771	(6.4)
Sale of goods - concessionaire sales	182,845	170,438	7.3	765,755	860,709	(11.0)
Total merchandise sales	227,946	205,961	10.7	951,745	1,059,480	(10.2)
Consultancy and management service fees	89	210	(57.6)	598	952	(37.2)
Rental income	4,075	5,216	(21.9)	15,366	17,135	(10.3)
Others	37	-	100.0	37	-	100.0
Total gross sales proceeds	232,147	211,387	9.8	967,746	1,077,567	(10.2)

The Group's GSP increased by 9.8% YoY to S\$232.1 million for Q4 FY2016 but declined by (10.2)% YoY to S\$967.7 million for the year FY2016. GSP increased for the quarter due significantly to the positive SSSG recorded by the Malaysia and Indonesia operations during the quarter. GSP declined for the year FY2016, despite sales contribution from new stores, due significantly to (i) negative SSSG recorded by the Malaysia and Vietnam operations and (ii) local currency weakness of the Malaysian Ringgit resulting in lower sales presented in the reporting currency of Singapore Dollars.

The Group generated total merchandise sales of S\$951.7 million for the year FY2016, with concessionaire sales contributing 80.5% and direct sales contributing the balance of 19.5%. By product segment, the Fashion & Apparel category constitute 54.1% of the total merchandise sales, the Cosmetic & Accessories category constitute 28.3%, the Household, Electrical Goods & Others category constitute 14.0% while the remaining balance of 3.6% came from the Groceries & Perishables category.

The merchandise gross margin (a combination of the commission from concessionaires and direct sales margin) for Q4 FY2016 increased by 10 bps YoY to 25.2% and increased by 30 bps YoY to 24.1% for the year FY2016.

Review of Financial Results

Revenue and Other Income

The Group's revenue increased by 10.9% YoY to S\$93.9 million for Q4 FY2016 but declined by (9.4)% YoY to S\$388.4 million for the year FY2016. The revenue movements are in line with the trend in GSP as explained above. The components of revenue for Q4 FY2016 and the year FY2016 are as follows:-

	Group					
	Quarter ended			Year ended		
	30.06.2016	30.06.2015	+/(-) %	30.06.2016	30.06.2015	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Sale of goods - direct sales	45,101	35,523	27.0	185,990	198,771	(6.4)
Commission from concessionaire sales	44,558	43,714	1.9	186,426	211,893	(12.0)
Consultancy and management service fees	89	210	(57.6)	598	952	(37.2)
Rental income	4,075	5,216	(21.9)	15,366	17,135	(10.3)
Others	37	-	100.0	37	-	100.0
Total revenue	93,860	84,663	10.9	388,417	428,751	(9.4)

Other income for Q4 FY2016 increased by 41.8% to S\$3.3 million due significantly to higher write-back of expired gift vouchers and higher participation income from suppliers for promotional activities. Other income for the year FY2016 increased by >100.0% to S\$56.1 million due to the gain on partial disposal of equity interest in a former subsidiary, Parkson Hanoi Co Ltd, of S\$45.6 million.

Expenses

For Q4 FY2016 and the year FY2016, total expenses of the Group declined by (32.9)% YoY to S\$110.5 million and by (15.6)% YoY to S\$409.5 million respectively. Analysis of the major operating expense items for Q4 FY2016 and the year FY2016 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 Q4 FY2016 increased by 16.3% to S\$32.1 million but for the year FY2016 declined by (9.3)% to S\$143.3 million. These movements are in line with the trend in direct sales.

Employee benefits expense

Staff cost increased by 10.2% to S\$14.7 million for Q4 FY2016 and increased by 6.7% to S\$56.1 million for the year FY2016. These increases are primarily due to the inclusion of staff costs for new stores operating in FY2016 period and yearly wage increase.

As a percentage of revenue, the staff cost ratios declined by 10 bps YoY to 15.7% for Q4 FY2016 but increased by 210 bps YoY to 14.4% for the year FY2016. Staff cost ratio declined for the quarter due significantly to higher staff productivity for the Malaysia and Indonesia operations from the improved SSSG for Q4 FY2016 due to early festive buying arising from the shift in the Hari Raya / Lebaran calendar. Staff cost ratio for the year FY2016 increased due significantly to (i) negative SSSG recorded by the Malaysia and Vietnam 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 increased by 9.2% to S\$5.7 million for Q4 FY2016, and increased by 10.1% to S\$22.6 million for the year FY2016. These increases are primarily due to the inclusion of the depreciation costs for the new stores operating in the FY2016 period.

As a percentage of revenue, depreciation and amortization expense ratios declined by 10 bps YoY to 6.1% for Q4 FY2016 but increased by 100 bps YoY to 5.8% for the year FY2016. The decline in ratio for the quarter is significantly due to higher capex productivity for the Malaysia and Indonesia operations arising from the improved SSSG for Q4 FY2016 due to early festive buying arising from the shift in the Hari Raya / Lebaran calendar. The higher ratio for the year FY2016 is primarily due to (i) negative SSSG recorded by the Malaysia and Vietnam 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 21.9% to S\$30.2 million for Q4 FY2016, but declined by (2.1)% to S\$109.5 million for the year FY2016. Rental expenses increased for the quarter due significantly to the inclusion of rental costs for the new stores operating in Q4 FY2016. Rental expenses declined for the year FY2016, despite the increase in the number of stores, due to (i) reduction in the turnover rent component following weaker sales for the year, (ii) local currency weakness of the Malaysian Ringgit and (iii) closure of the Landmark store in Hanoi in January 2015.

As a percentage of revenue, the rental expense ratios increased by 290 bps YoY to 32.2% for Q4 FY2016, and increased by 210 bps YoY to 28.2% for the year FY2016. The higher ratios are 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 year for Malaysia and Vietnam 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 declined by (70.4)% to S\$27.6 million for Q4 FY2016 and declined by (45.1)% to S\$77.8 million for the year FY2016. Other expenses were higher in the comparative FY2015 periods due significantly to contingent expenses recorded in Q4 FY2015 related to the closure of a store at Landmark 72, Hanoi of S\$64.8 million comprising of possible compensation payable to the landlord in the event of legal claim.

As a percentage of revenue, the other expenses ratios for Q4 FY2016 and the year FY2016 declined substantially YoY due to the incurrance of the abovementioned contingent expenses in the comparative FY2015 periods.

Share of profits of an associate

The Group has ceased its equity accounting of results in the former associate, Odel PLC, following the completion of the disposal of its entire equity interest in Odel PLC in November 2014.

PBT

The Group recorded a pre-tax loss of S\$(13.4) million for Q4 FY2016. Among the factors contributing to the pre-tax loss for the quarter are (i) impairment on fixed assets for two loss-making stores of S\$5.4 million, (ii) impairment on prepaid rental and rental deposit of S\$3.3 million, (iii) provision made on deposit for a managed store in Ho Chi Minh City of S\$2.2 million and (iv) the initial loss-making periods associated with certain of the new stores and the new businesses. For the year FY2016, the Group recorded PBT of S\$35.0 million as compared to pre-tax loss of S\$(40.6) million in the corresponding year FY2015. The Group recorded pre-tax profit for the year FY2016 due to the gain recognized on partial disposal of equity interest in Parkson Hanoi Co Ltd ("PHCL") of S\$45.6 million. PHCL was a subsidiary of the Group and is now an associate company following this disposal.

On same store basis (also excluding non-operational items), PBT for the year FY2016 declined by (46.9)% YoY to S\$17.4 million.

Taxation

The Group's effective tax rate for the year FY2016 is substantially lower than the statutory tax rates of the countries where the Group operates due to inclusion of the gain on partial disposal of PHCL which is a capital item for tax purpose.

Net profit / (loss) attributable to owners of the Company

The Group recorded attributable net loss of S\$(12.0) million for Q4 FY2016. For the year FY2016, the Group recorded attributable net profit of S\$33.1 million due to the gain recognised on partial disposal of PHCL of S\$45.6 million.

Review of Group Balance Sheet

Property, plant and equipment increased to S\$146.9 million as at 30 June 2016 due to inclusion of the capital equipment for new stores and new businesses operating in the year FY2016. The non-current portion of prepayments declined to S\$5.6 million due to write-down of the prepaid rental for the proposed store in Cambodia pending re-negotiation of rental terms.

Inventories increased to RM77.9 million as at 30 June 2016 arising from the Group's investments in private label and agency line apparels and in line with the increase in store count. The current portion of trade and other receivables increased to S\$39.6 million due to higher receivables from credit card companies and higher GST recoverable on input tax, both increases arising from the early festive buying arising from the shift in the Hari Raya / Lebaran calendar. Cash and short-term deposits (including investment securities) declined to S\$69.5 million due to lower annual sales, higher spending on capital equipment and investments in new businesses.

The Group completed the partial disposal of PHCL on 17 August 2015 resulting in the de-consolidation of PHCL as a subsidiary. PHCL is now treated as an associate of the Group. Following the de-consolidation of PHCL, the assets, liabilities and reserve of the disposal group have been reversed. The non-controlling interests declined to S\$(0.6) million following the de-consolidation of PHCL. The minority interests of PHCL had to previously share the negative equity position of PHCL prior to the de-consolidation.

The current portion of trade and other payables increased to S\$184.8 million as at 30 June 2016 due significantly to the shift in the Hari Raya / Lebaran calendar and the resulting increase in merchandise buying and concessionaire sales collection. Trade and other payables also increased due to higher GST payable on output tax resulting from early festive buying arising from the shift in the Hari Raya calendar.

The non-current portion of other payables increased to S\$13.5 million due to higher deferred rental sum arising from the straight-line treatment of rental for the newer stores.

The Company commenced shares buy-back in FY2016 and recorded treasury shares amount of S\$0.549 million as at 30 June 2016.

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 12 May 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 Group's operating environment is expected to remain challenging for the next reporting quarter Q1 FY2017. There will be less festive buying days in Q1 FY2017 due to the shift in the Hari Raya / Lebaran calendar which will impact the Malaysia and Indonesia operations. Consumer sentiment in the Group's biggest market, Malaysia, is likely to remain subdued amidst uncertain economic conditions. The Vietnam operations will continue to face keen competition among retailers.

The Group will monitor the situation closely and adjust its strategy accordingly. The Group has initiated new concepts such as introduction of Korean apparels, affordable private labels, and shoe specialty stores to diversify our earnings. We have been consolidating our department store space by identifying non-performing stores with the view to closure upon tenancy expiry.

11. Dividend

(a) Current Financial Period Reported On

Name of Dividend	Final (proposed)
Dividend Type Dividend per Ordinary Share	Cash 0.5 cent, (one-tier) tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	(i) Special interim	(ii) Final
Dividend Type Dividend per Ordinary Share	Cash 4.0 cents, (one-tier) tax exempt	Cash 2.0 cents, (one-tier) tax exempt

(c) Date payable

The proposed final dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company and the payment date is to be announced later.

(d) Books closure date

Notice will be given at a later date on the closure of the Transfer Books and register of Members of the Company to determine members' entitlement to the final dividend.

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

Not applicable.

PART II - ADDITIONAL DISCLOSURE

13. Segmental revenue and results for geographical segment

Group	Malaysia	Vietnam	Indonesia	Myanmar	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Year ended 30.06.2016						
Gross Sales Proceeds	662,866	128,476	171,824	4,580	-	967,746
Revenue	291,227	34,642	60,744	1,804	-	388,417
Segment Results:						
Depreciation and amortisation	(13,988)	(2,495)	(5,096)	(974)	-	(22,553)
Rental expenses	(67,767)	(16,089)	(24,435)	(1,169)	-	(109,460)
Finance income	2,870	544	469	10	165	4,058
Finance costs	(85)	(178)	(71)	-	-	(334)
Gain on partial disposal of equity interest in PHCL, net of goodwill impairment	-	45,572	-	-	-	45,572
Provisions made on loans to and deposits for managed stores	-	(8,551)	-	-	-	(8,551)
Impairment on prepaid rental and rental deposit	-	-	-	-	(3,270)	(3,270)
Impairment on fixed assets	(1,858)	-	(3,541)	-	-	(5,399)
Taxation	(6,158)	722	2,622	-	(671)	(3,485)
Segment profit / (loss)	6,627	36,838	(5,353)	(1,733)	(4,886)	31,493
Year ended 30.06.2015						
Gross Sales Proceeds	751,123	157,133	163,749	5,562	-	1,077,567
Revenue	322,250	45,175	59,422	1,904	-	428,751
Segment Results:						
Depreciation and amortisation	(11,328)	(4,103)	(4,754)	(290)	-	(20,475)
Rental expenses	(68,510)	(19,015)	(23,243)	(1,050)	-	(111,818)
Finance income	4,776	1,011	513	-	54	6,354
Finance costs	(44)	(557)	-	-	-	(601)
Gain on disposal of an associate	-	-	-	-	1,379	1,379
Store closure cost (Landmark store)	-	(68,477)	-	-	-	(68,477)
Provisions made on deposits for managed stores	-	(8,211)	-	-	-	(8,211)
Taxation	(13,427)	(585)	2,049	-	(241)	(12,204)
Segment profit / (loss)	26,195	(79,195)	(1,304)	(448)	1,957	(52,795)

^ Unallocated figures recorded at corporate level.

14. Factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to note 8 of this announcement.

15. Breakdown of sales.

		Year ended		+ / (-)
		30.06.2016	30.06.2015	
Group		S\$'000	S\$'000	%
(a)	Revenue reported for 1st half year	196,142	227,510	(13.8)
(b)	Operating profit after tax before deducting minority interests reported for 1st half year	51,877	15,277	>100.0
(c)	Revenue reported for 2nd half year	192,275	201,241	(4.5)
(d)	Operating profit after tax before deducting minority interests reported for 2nd half year	(20,384)	(68,072)	(70.1)

16. Breakdown of total annual dividend.

Group	Year ended	
	30.06.2016	30.06.2015
	S\$'000	S\$'000
Ordinary	13,546	44,025
Preference	-	-
Total	13,546	44,025

17. If the Group has obtained a general mandate from shareholders for interested person transactions, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no interested person transactions mandate has been obtained, a statement to that effect.

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 Corporation Berhad Group ⁽¹⁾	-	308
Lion Forest Industries Berhad Group ⁽²⁾	-	1,912
Parkson Holdings Berhad Group ⁽³⁾	790	6,745
Secom (M) Sdn Bhd ⁽⁴⁾	-	465
Bonuskad Loyalty Sdn Bhd ⁽⁵⁾	-	7,625
PT Monica Hijaulestari ⁽⁶⁾	-	4,159
PT Tozy Bintang Sentosa ⁽⁷⁾	-	319

Notes:

- (1) Purchase of equipment, furniture and fittings and sale of gift vouchers.
- (2) Purchase of building materials, light fittings, merchandises, procurement of energy conservation services and sale of gift vouchers.
- (3) (i) Royalty expenses, service charge income and rental income totaling S\$0.790 million;
(ii) Sale of gift vouchers, purchase of merchandises and net concessionaire sales totaling S\$6.745 million.
- (4) Purchase of security equipment and procurement of security services.
- (5) Marketing fees payable for bonus points issued and amounts receivable for points redemption made by cardholders.
- (6) Purchases of merchandise.
- (7) Rental expense for office and warehouse.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ms. Cheng Hui Yen, Natalie	32	<ul style="list-style-type: none"> - Daughter of Tan Sri Cheng Heng Jem (Executive Chairman and Substantial Shareholder) - Sister of Ms Cheng Hui Yuen, Vivien (Executive Director) 	Director of Merchandising (since June 2015)	-

19. Disclosure on the use of IPO proceeds

The Company has fully utilised its IPO proceeds as at the previous financial quarter ended 31 December 2015, as follows:

- S\$49.2 million for the purpose of store openings in Malaysia, Indonesia and Vietnam;
- S\$5.0 million for the purpose of information technology investment;
- S\$12.4 million to subscribe for the rights issue of shares in Odel PLC, a former associate company; and
- S\$2.6 million as capital contribution to a joint-venture company established to operate department stores in Myanmar.

These amounts were utilised in accordance with the stated use as disclosed in the Company's prospectus dated 27 October 2011 and the announcement on 3 December 2012 pertaining to the revision in utilisation of the IPO proceeds.

20. 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
18 August 2016