



PARKSON RETAIL ASIA LIMITED

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

Unaudited Financial Statements for the Second Quarter ended 31 December 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			6 months ended		
	31.12.2016	31.12.2015	+ / (-)	31.12.2016	31.12.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	111,139	103,452	7.4	204,476	196,142	4.2
Other income	2,091	1,906	9.7	3,842	52,054	(92.6)
Items of expense						
- Changes in merchandise inventories and consumables	(45,516)	(39,501)	15.2	(82,715)	(73,260)	12.9
- Employee related expenses	(15,578)	(13,503)	15.4	(31,005)	(26,469)	17.1
- Depreciation and amortisation expenses	(6,768)	(5,321)	27.2	(13,052)	(10,750)	21.4
- Rental expenses	(29,072)	(25,738)	13.0	(56,937)	(52,023)	9.4
- Finance costs	(40)	(44)	(9.1)	(81)	(102)	(20.6)
- Other expenses	(16,846)	(16,592)	1.5	(31,427)	(29,772)	5.6
Total expenses	(113,820)	(100,699)	13.0	(215,217)	(192,376)	11.9
Profit / (Loss) before tax	(590)	4,659	>(100.0)	(6,899)	55,820	>(100.0)
Taxation	(2,053)	(2,024)	1.4	(1,338)	(3,943)	(66.1)
Net profit / (loss) for the period	(2,643)	2,635	>(100.0)	(8,237)	51,877	>(100.0)
Net profit / (loss) for the period attributable to:						
Owners of the Company	(2,236)	2,899	>(100.0)	(7,416)	52,360	>(100.0)
Non-controlling interests	(408)	(264)	54.5	(822)	(483)	70.2
	(2,644)	2,635	>(100.0)	(8,238)	51,877	>(100.0)

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

	Group					
	Quarter ended			6 months ended		
	31.12.2016	31.12.2015	+ / (-)	31.12.2016	31.12.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit/(loss) for the period	(2,644)	2,635	>(100.0)	(8,238)	51,877	>(100.0)
Other comprehensive income/(loss):						
Foreign currency translation	629	4,287	(85.3)	617	(6,727)	>100.0
Total comprehensive income/(loss)	(2,015)	6,922	>(100.0)	(7,621)	45,150	>(100.0)
Total comprehensive income/(loss) attributable to:						
Owners of the Company	(1,632)	7,199	>(100.0)	(6,843)	46,288	>(100.0)
Non-controlling interests	(383)	(277)	38.3	(778)	(1,138)	(31.6)
	(2,015)	6,922	>(100.0)	(7,621)	45,150	>(100.0)

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

	Group			
	Quarter ended		6 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Profit/(loss) before income tax is arrived at after (charging)/crediting:				
Finance income	237	849	759	2,163
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 recognised on completion. PHCL is now an associate of the Group following this disposal.

1(b)(i) Statements of Financial Position

	Group		Company	
	31.12.2016	30.06.2016	31.12.2016	30.06.2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	163,160	145,643	-	-
Land use right	8,207	7,891	-	-
Investments in subsidiaries	-	-	129,345	135,019
Investment in an associate	-	-	-	-
Deferred tax assets	9,863	9,096	-	-
Other receivables	24,924	23,939	32,522	31,094
Prepayments	4,913	5,613	-	-
Intangible assets	5,853	5,551	-	-
Derivatives	17	18	-	-
Investment securities	75	78	-	-
	217,012	197,829	161,867	166,113
Current assets				
Inventories	75,525	76,946	-	-
Trade and other receivables	27,411	20,687	20,701	23,155
Prepayments	2,292	5,030	23	13
Tax recoverable	7,408	4,076	-	-
Cash and short-term deposits	60,654	69,509	4,478	1,679
	173,290	176,248	25,202	24,847
Total assets	390,302	374,077	187,069	190,960
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	179,987	160,512	503	453
Other liabilities	34,222	26,452	-	-
Tax payable	430	647	-	-
	214,639	187,611	503	453
Net current assets / (liabilities)	(41,349)	(11,363)	24,699	24,394
Non-current liabilities				
Other payables	6,241	6,259	-	-
Other liabilities	22,652	22,487	-	-
Deferred tax liabilities	434	394	434	394
	29,327	29,140	434	394
Total liabilities	243,966	216,751	937	847
Net assets	146,336	157,326	186,132	190,113
Equity attributable to owners of the Company				
Share capital	231,676	231,676	231,676	231,676
Treasury shares	(549)	(549)	(549)	(549)
Other reserves	(162,944)	(163,517)	(50,622)	(42,472)
Retained earnings	79,528	90,313	5,627	1,458
	147,711	157,923	186,132	190,113
Non-controlling interests	(1,375)	(597)	-	-
Total equity	146,336	157,326	186,132	190,113
Total equity and liabilities	390,302	374,077	187,069	190,960

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

There are no loans and borrowings as at 31.12.2016 and 30.06.2016.

1(c) Consolidated Statement of Cash Flows

	Group			
	Quarter ended		6 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit / (Loss) before tax	(590)	4,659	(6,899)	55,820
Adjustments for				
- Depreciation and amortisation	6,768	5,321	13,052	10,750
- Finance costs	40	44	81	102
- Finance income	(237)	(849)	(759)	(2,163)
- Allowance for doubtful debts	1,391	413	1,702	519
- Unrealised currency translation (gain)/ loss	(5)	1,195	(38)	(59)
- Gain on partial disposal of a former subsidiary	-	-	-	(45,960)
- Others	(211)	(206)	448	163
Operating cash flows before changes in working capital	7,156	10,577	7,587	19,172
Changes in working capital				
- Inventories	(413)	(8,901)	(1,114)	(10,636)
- Receivables and prepayments	(3,730)	(13,754)	(6,704)	(33,863)
- Payables and other liabilities	48,584	41,246	25,407	66,254
Cash flows from operations	51,597	29,168	25,176	40,927
Finance income received	155	360	603	1,720
Income tax paid	(2,478)	(2,880)	(5,097)	(5,818)
Net cash generated from operating activities	49,274	26,648	20,682	36,829
Investing activities				
Purchase of property, plant and equipment	(13,482)	(19,796)	(24,935)	(32,514)
Net cash outflow from partial disposal of a former subsidiary	-	-	-	(513)
Addition of intangible assets	(292)	(96)	(305)	(148)
Investment in deposits of money market instruments	-	(1,771)	-	(1,843)
Dividend income from investment securities	35	62	35	96
Net cash used in investing activities	(13,739)	(21,601)	(25,205)	(34,922)
Financing activities				
Capital contribution from non-controlling interests	-	99	-	99
Dividends paid	(3,369)	(13,546)	(3,369)	(13,546)
Net cash used in financing activities	(3,369)	(13,447)	(3,369)	(13,447)
Net increase / (decrease) in cash and cash equivalents	32,166	(8,400)	(7,892)	(11,540)
Cash and cash equivalents at beginning of financial period	29,156	114,229	69,509	125,976
Effects of currency translation on cash and cash equivalents	(668)	1,451	(963)	(7,156)
Cash and cash equivalents at end of financial period	60,654	107,280	60,654	107,280

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

	Group	
	31.12.2016	31.12.2015
	S\$'000	S\$'000
Cash at bank	28,314	46,884
Short-term bank deposits	32,340	60,396
	60,654	107,280

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
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	S\$'000
Balance at 01.07.2016	231,676	(549)	(49,724)	1	9,959	(123,753)	-	90,313	157,923	(597)	157,326
Profit / (loss) for the period	-	-	-	-	-	-	-	(7,416)	(7,416)	(822)	(8,238)
Foreign currency translation	-	-	573	-	-	-	-	-	573	44	617
Dividends	-	-	-	-	-	-	-	(3,369)	(3,369)	-	(3,369)
Balance at 31.12.2016	231,676	(549)	(49,151)	1	9,959	(123,753)	-	79,528	147,711	(1,375)	146,336
Balance 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 period	-	-	-	-	-	-	-	52,360	52,360	(483)	51,877
Loss of control over a subsidiary	-	-	-	-	-	-	386	-	386	19,471	19,857
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	99	99
Foreign currency translation	-	-	(6,072)	-	-	-	-	-	(6,072)	(655)	(6,727)
Dividends	-	-	-	-	-	-	-	(13,546)	(13,546)	-	(13,546)
Balance at 31.12.2015	231,676	-	(49,315)	1	9,959	(123,753)	-	112,565	181,133	473	181,606

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
Company					
Balance at 01.07.2016	231,676	(549)	(42,472)	1,458	190,113
Profit for the period	-	-	-	7,538	7,538
Foreign currency translation	-	-	(8,150)	-	(8,150)
Dividends	-	-	-	(3,369)	(3,369)
Balance at 31.12.2016	231,676	(549)	(50,622)	5,627	186,132
Balance at 01.07.2015	231,676	-	(30,278)	6,627	208,025
Profit for the period	-	-	-	12,935	12,935
Foreign currency translation	-	-	(16,825)	-	(16,825)
Dividends	-	-	-	(13,546)	(13,546)
Balance at 31.12.2015	231,676	-	(47,103)	6,016	190,589

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

	31.12.2016	31.12.2015
	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.

	31.12.2016	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 31 December 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 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 ("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		6 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Basic and diluted (cents)	(0.33)	0.43	(1.10)	7.73
Based on weighted average number of shares ('000)	673,800	677,300	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	
	31.12.2016	30.06.2016	31.12.2016	30.06.2016
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	0.22	0.23	0.28	0.28

8. Review of Group Performance

Review of Business Environments

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

SSSG	Quarter ended		6 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Malaysia	+4.2%	-7.3%	-0.8%	-11.2%
Vietnam	-11.3%	-0.4%	-10.9%	-2.0%
Indonesia	-2.2%	+1.4%	-7.7%	+5.5%
Myanmar	-29.5%	-5.2%	-28.9%	-0.1%

Malaysia operations recorded SSSG of +4.2% in Q2 FY2017. Sales for the Malaysia operations benefited from increase promotions during the quarter. This is despite subdued consumer sentiment where the Malaysian Institute of Economic Research reported that the country’s consumer sentiment index remained below the 100-point confidence threshold for the tenth consecutive quarter.

Vietnam operations recorded a decline in SSSG of -11.3% in Q2 FY2017. The discretionary retail environment in Vietnam remains difficult for the reported quarter amidst an increasingly crowded retail scene. We have closed another non-performing store in Vietnam during the reported quarter. We have also settled amicably with the landlords with regards to our store closures in Vietnam.

Indonesia operations recorded a decline in SSSG of -2.2% in Q2 FY2017. Sales for the Indonesia operations especially Jakarta stores were impacted by disturbances caused by demonstrations against the Governor of the capital city during the quarter.

Myanmar operations recorded a decline in SSSG of -29.5% in Q2 FY2017. The landlord of FMI Centre, where the store is located, has served notice to vacate the property by 1st quarter calendar year 2017 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 Gross Sales Proceeds (“GSP”) for Q2 FY2017 and YTD 6 months FY2017 are as follows: -

	Group					
	Quarter ended			6 months ended		
	31.12.2016	31.12.2015	+/(-) %	31.12.2016	31.12.2015	+/(-) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Gross Sales Proceeds						
Sale of goods - direct sales	59,035	50,993	15.8	106,914	93,361	14.5
Sale of goods - concessionaire sales	199,813	198,521	0.7	368,994	389,046	(5.2)
Total merchandise sales	258,848	249,514	3.7	475,908	482,407	(1.3)
Consultancy and management service fees	108	173	(37.6)	203	343	(40.8)
Rental income	4,192	3,872	8.3	7,708	7,526	2.4
Others	208	-	>100.0	289	-	>100.0
Total gross sales proceeds	263,356	253,559	3.9	484,108	490,276	(1.3)

The Group’s GSP increased by 3.9% YoY to S\$263.4 million for Q2 FY2017 but declined by (1.3)% YoY to S\$484.1 million for YTD 6 months FY2017. GSP increased for the quarter due to sales contribution from new stores and new businesses, and positive SSSG recorded by the Malaysia operations during the reported quarter which benefited from increase promotions. However, GSP declined for the YTD 6 months FY2017 due to the overall negative SSSG recorded by the Group operations for the 6 months period.

The Group generated total merchandise sales of S\$475.9 million for the YTD 6 months FY2017, with concessionaire sales contributing 77.5% and direct sales contributing the balance of 22.5%. By product segment, the Fashion & Apparel category constitute 52.4% of the total merchandise sales, the Cosmetic & Accessories category constitute 30.0%, the Household, Electrical Goods & Others category

constitute 14.1% while the remaining balance of 3.5% came from the Groceries & Perishables category.

The merchandise gross margins (a combination of the commission from concessionaires and direct sales margin) for Q2 FY2017 declined by 40 bps YoY to 23.6%, however, increased by 10 bps YoY to 23.9% for YTD 6 months FY2017. Gross margin for the quarter was affected by increase promotions in the Malaysia operations.

Review of Financial Results

Revenue and Other Income

The Group's revenue increased by 7.4% YoY to S\$111.1 million for Q2 FY2017 and increased by 4.2% YoY to S\$204.5 million for YTD 6 months FY2017. The components of revenue for Q2 FY2017 and YTD 6 months FY2017 are as follows: -

	Group					
	Quarter ended			6 months ended		
	31.12.2016	31.12.2015	+/(-) %	31.12.2016	31.12.2015	+/(-) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue						
Sale of goods - direct sales	59,035	50,993	15.8	106,914	93,361	14.5
Commission from concessionaire sales	47,596	48,414	(1.7)	89,362	94,912	(5.8)
Consultancy and management service fees	108	173	(37.6)	203	343	(40.8)
Rental income	4,192	3,872	8.3	7,708	7,526	2.4
Others	208	-	>100.0	289	-	>100.0
Total revenue	111,139	103,452	7.4	204,476	196,142	4.2

Other income for YTD 6 months FY2017 declined by (92.6)% to S\$3.8 million. Other income for the comparative YTD 6 months FY2016 benefited from the gain on partial disposal of equity interest in a former subsidiary, Parkson Hanoi Co Ltd, of S\$46.0 million.

Expenses

For Q2 FY2017 and YTD 6 months FY2017, total expenses of the Group increased by 13.0% YoY to S\$113.8 million and by 11.9% YoY to S\$215.2 million respectively. Analysis of the major operating expense items for Q2 FY2017 and YTD 6 months 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 Q2 FY2017 and YTD 6 months FY2017 increased by 15.2% to S\$45.5 million and by 12.9% to S\$82.7 million respectively. These increases are in line with the increases in direct sales.

Employee related expense

Staff cost increased by 15.4% to S\$15.6 million for Q2 FY2017 and increased by 17.1% to S\$31.0 million for YTD 6 months FY2017. These increases are primarily due to the inclusion of staff costs for new stores and new businesses operating in FY2017 period and yearly wage increase.

As a percentage of revenue, the staff cost ratios increased by 90 bps YoY to 14.0% for Q2 FY2017 and increased by 170 bps to 15.2% for YTD 6 months FY2017. The increases in staff cost ratios are significantly due to (i) weak SSSG recorded by the Group operations resulting in lower staff productivity and (ii) staff costs for new stores and new businesses where the sales are lower at the initial stages of operations.

Depreciation and amortisation expenses

Depreciation and amortisation increased by 27.2% to S\$6.8 million for Q2 FY2017, and increased by 21.4% to S\$13.1 million for YTD 6 months FY2017. These increases are primarily due to the inclusion of the depreciation costs for the new stores and new businesses operating in the FY2017 period.

As a percentage of revenue, depreciation and amortisation expenses ratios increased by 100 bps YoY to 6.1% for Q2 FY2017 and increased by 90 bps YoY to 6.4% for YTD 6 months FY2017. The higher ratios for Q2 FY2017 and YTD 6 months FY2017 are primarily due to (i) weak SSSG recorded by the Group operations resulting in lower store productivity and (ii) depreciation incurred for new stores and new businesses where the sales are lower at the initial stages of operations.

Rental expenses

Rental expenses increased by 13.0% to S\$29.1 million for Q2 FY2017, and increased by 9.4% to S\$56.9 million for YTD 6 months FY2017. Rental expenses increased in line with the increase in the number of stores.

As a percentage of revenue, the rental expense ratios increased by 130 bps YoY to 26.2% for Q2 FY2017 and increased by 130 bps YoY to 27.8% for YTD 6 months FY2017. The higher ratios for Q2 FY2017 and YTD 6 months FY2017 are significantly due to (i) new stores that are paying base rentals where the sales are lower at the initial stages of operations and (ii) weak 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 remained relatively flat at S\$16.8 million for Q2 FY2017 and increased by 5.6% to S\$31.4 million for YTD 6 months FY2017. Other expenses for YTD 6 months FY2017 increased in line with the increase in the number of stores.

As a percentage of revenue, the other expenses ratios declined by 80 bps YoY to 15.2% for Q2 FY2017 but increased by 20 bps YoY to 15.4% for YTD 6 months FY2017. The higher ratio for YTD 6 months FY2017 is contributed by weak SSSG for the Group operations resulting in lower store productivity.

PBT / (Losses)

The Group recorded pre-tax losses in Q2 FY2017 and YTD 6 months FY2017 of S\$(0.6) million and S\$(6.9) million respectively. As a percentage of revenue, PBT ratio declined significantly to -0.5% and -3.4% for Q2 FY2016 and YTD 6 months FY2017 respectively. Factors contributing to the pre-tax losses for the quarter include (i) provision made on loans to managed stores of S\$1.4 million and (ii) loss-making periods associated with certain of the new stores and new businesses. Pre-tax losses recorded for the YTD 6 months FY2017 was also due to the de-leveraging impact from the overall negative SSSG recorded by the Group operations.

Taxation

The Group incurred tax expenses of S\$1.3 million for YTD 6 months FY2017, despite recording pre-tax losses, as tax regulations in the countries where the Group operates generally do not permit set-off of tax losses against taxable profits between Group companies.

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

The Group recorded attributable net losses of S\$(2.2) million and S\$(7.4) million for Q2 FY2017 and YTD 6 months FY2017 respectively. These losses are significantly due to de-leveraging impact from the weak SSSG recorded by the Group operations and the losses incurred by certain of the new stores and new businesses.

Review of Group Balance Sheet

Property, plant and equipment increased to S\$163.2 million as at 31 December 2016 mainly due to addition of new stores.

Trade and other receivables (current) increased to S\$27.4 million primarily due to higher receivables from credit card companies arising from year-end holiday sales. Prepayments declined to S\$4.9 million (non-current) and S\$2.3 million (current) respectively due in part to the amortisation of prepaid rentals for stores.

In line with the year-end holiday sales and the resulting increase in merchandise buying and concessionaire sales collection, trade and other payables (current) increased to S\$180.0 million as at 31 December 2016. Other liabilities (current) increased to S\$34.2 million due to higher accrued liability on capital expenditure for new stores.

Non-controlling interests increased to S\$1.4 million as at 31 December 2016 due to the sharing of additional losses by the minority shareholders.

The Group was in a net current liabilities (NCL) position of S\$41.3 million as at the reporting date. The NCL position was as a result of the Group's investments in new stores and new businesses, whilst contribution from these investments have yet to achieve optimal level due to gestation periods.

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

Except for Indonesia where its Q2 FY2017 results were impacted by disturbances caused by demonstrations against the Governor of the capital city, the Group's commentary of its core business as outlined in paragraph 10 in the preceding quarterly results announcement dated 10 November 2016 was generally 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.

Malaysia's performance in the next reporting quarter is expected to remain muted over the fragile consumer sentiment.

Vietnam's performance is expected to remain challenging over increasing competition in the local retail scene.

Indonesia's operations in the next reporting quarter may be undermined by the changing retail landscape in Jakarta as well as uncertainties arising from the ongoing blasphemy trial of Jakarta's Governor and the upcoming gubernatorial election of the capital city on 15 February 2017.

Our existing store at FMI Centre, Yangon will be closed in Q3 FY2017 due to redevelopment of the property by the landlord. A replacement store is scheduled to open later in the financial year.

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 period ended 31 December 2016.

PART II - ADDITIONAL DISCLOSURE

13. Group Performance by Geographical Segment

Group	Malaysia	Vietnam	Indonesia	Myanmar	Unallocated *	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
6 months ended 31.12.2016						
Gross Sales Proceeds	335,062	57,111	89,895	1,750	290	484,108
Revenue	155,676	15,626	32,164	720	290	204,476
Profit/(Loss) before tax	1,517	(1,826)	(3,949)	(241)	-	(4,499)
Investment holding/Others	-	-	-	-	(2,400)	(2,400)
Total Profit/(Loss) Before Tax	1,517	(1,826)	(3,949)	(241)	(2,400)	(6,899)
6 months ended 31.12.2015						
Gross Sales Proceeds	331,932	67,062	88,815	2,467	-	490,276
Revenue	146,693	17,128	31,384	937	-	196,142
Profit/(Loss) before tax	11,492	(531)	(879)	(533)	-	9,549
Investment holding/Others	-	-	-	-	311	311
<i>Non-operational item:</i>						
- Gain on partial disposal of a former subsidiary	-	45,960	-	-	-	45,960
Total Profit/(Loss) Before Tax	11,492	45,429	(879)	(533)	311	55,820

*Unallocated figures are derived from edutainment, food and beverages and investment holding companies.

14. Interested person transactions for the 6 months period ended 31 December 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 Corporation Berhad Group ⁽¹⁾	-	199
Lion Forest Industries Berhad Group ⁽²⁾	-	402
Parkson Holdings Berhad Group ⁽³⁾	357	2,736
Secom (M) Sdn Bhd ⁽⁴⁾	-	260
Bonuskad Loyalty Sdn Bhd ⁽⁵⁾	-	3,640
PT Monica Hijaulestari ⁽⁶⁾	-	1,663

Notes:

- (1) Purchase of equipment, furniture and fittings.
- (2) Purchase of building materials, light fittings and merchandises, procurement of energy conservation services, purchase of merchandise and sale of gift vouchers.
- (3) (i) Royalty expenses, service charge income and rental income totaling S\$0.357 million;
(ii) Sale of gift vouchers, purchase of merchandises and net concessionaire sales totaling S\$2.736 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) Purchase of merchandise.

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 second quarter and half-year ended 31 December 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
14 February 2017