PARKSON HOLDINGS BERHAD

A Member of The Lion Group (89194-P)

Interim Financial Report

for the Fourth Quarter Ended

30 June 2017

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	Note	30.6.2017	30.6.2016	30.6.2017	30.6.2016
		RM'000	RM'000	RM'000	RM'000
Gross sales proceeds		**2,769,895**	**2,636,365**	**11,625,548**	**12,037,479**
Revenue	7	**973,509**	**884,475**	**3,960,390**	**3,884,082**
Other operating income		**94,219**	89,661	**338,467**	326,300
Operating expenses		**(1,059,401)**	(1,034,798)	**(4,423,431)**	(4,315,810)
Operating profit/(loss)		**8,327**	(60,662)	**(124,574)**	(105,428)
Finance income		**25,428**	14,875	**73,290**	77,961
Finance costs		**(29,312)**	(27,039)	**(116,316)**	(116,429)
Share of results of associates		**(1,629)**	(1,581)	**(4,360)**	(10,209)
Share of results of joint ventures		**2,026**	692	**8,096**	7,485
Exceptional items	23(k)	**(92,497)**	(63,733)	**389,133**	56,902
(Loss)/profit before tax	23	**(87,657)**	**(137,448)**	**225,269**	**(89,718)**
Income tax expense	16	**(63,373)**	(17,600)	**(338,151)**	(72,615)
Loss for the period		**(151,030)**	(155,048)	**(112,882)**	(162,333)
(Loss)/profit for the period attributable to :					
- **Owners of the parent**		**(96,033)**	**(102,059)**	**(119,178)**	**(95,741)**
- Non-controlling interests		**(54,997)**	(52,989)	**6,296**	(66,592)
		(151,030)	(155,048)	**(112,882)**	(162,333)
Loss per share attributable to owners of the parent (sen) :					
- Basic	21	**(9.00)**	(9.68)	**(11.18)**	(8.88)
- Diluted	21	**(9.00)**	(9.68)	**(11.18)**	(8.88)

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2017 RM'000	**30.6.2016** RM'000	**30.6.2017** RM'000	**30.6.2016** RM'000
Loss for the period	**(151,030)**	**(155,048)**	**(112,882)**	**(162,333)**
Other comprehensive (loss)/income				
Item that will not be reclassified to profit or loss :				
- Remeasurement of defined benefit plan, net of tax	**-**	(205)	**-**	(205)
Item that may be reclassified subsequently to profit or loss :				
- Foreign currency translation	**(16,339)**	(65,207)	**93,215**	(124,942)
Total comprehensive loss for the period	**(167,369)**	(220,460)	**(19,667)**	(287,480)
Total comprehensive (loss)/income for the period attributable to :				
- **Owners of the parent**	**(109,554)**	**(132,756)**	**(69,342)**	**(119,376)**
- Non-controlling interests	**(57,815)**	(87,704)	**49,675**	(168,104)
	(167,369)	(220,460)	**(19,667)**	(287,480)

(The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT 30.6.2017 RM'000	AS AT 30.6.2016 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,865,480**	3,546,223
Investment properties		**206,224**	205,910
Intangible assets		**1,346,260**	1,606,731
Land use rights		**287,245**	282,507
Investments in associates		**28,348**	31,270
Investments in joint ventures		**30,261**	33,485
Deferred tax assets		**150,440**	207,641
Receivables and other assets		**483,849**	488,496
Investment securities		**18,945**	18,945
		5,417,052	6,421,208
Current assets			
Inventories		**428,387**	494,942
Receivables		**507,038**	613,509
Investment securities		**241,808**	28,586
Deposits, cash and bank balances		**3,142,324**	1,904,651
		4,319,557	3,041,688
TOTAL ASSETS		**9,736,609**	**9,462,896**
EQUITY AND LIABILITIES			
Share capital		**4,151,005**	1,093,902
Other reserves		**(1,489,964)**	1,542,553
Accumulated losses		**(269,056)**	(153,986)
Equity attributable to owners of the parent		**2,391,985**	**2,482,469**
Non-controlling interests		**1,456,821**	1,443,535
Total equity		**3,848,806**	3,926,004
Non-current liabilities			
Deferred tax liabilities		**205,478**	162,188
Loans and borrowings	18	**175,052**	2,055,086
Long term payables		**624,072**	638,489
		1,004,602	2,855,763
Current liabilities			
Payables and other liabilities		**2,330,620**	2,132,673
Loans and borrowings	18	**2,521,708**	524,511
Tax payables		**30,873**	23,945
		4,883,201	2,681,129
Total liabilities		**5,887,803**	5,536,892
TOTAL EQUITY AND LIABILITIES		**9,736,609**	**9,462,896**
Net assets per share attributable to owners of the parent (RM)		**2.24**	2.38

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)
(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2017
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		← Attributable to owners of the parent					→		
30 June 2017									
At 1 July 2016		**1,093,902**	**3,105,643**	**(48,301)**	**(1,514,789)**	**(153,986)**	**2,482,469**	**1,443,535**	**3,926,004**
Total comprehensive income/ (loss) for the year		-	-	-	49,836	(119,178)	**(69,342)**	49,675	(19,667)
Employee share options lapsed		-	-	-	(4,108)	4,108	**-**	-	-
Purchase of treasury shares	5	-	-	(21,142)	-	-	**(21,142)**	(6,818)	(27,960)
Dividend paid - share dividend	6	-	(48,540)	48,540	-	-	**-**	-	-
Dividends to non-controlling interests		-	-	-	-	-	**-**	(29,571)	(29,571)
Transfer to share capital pursuant to Section 618(2) of the Companies Act 2016 *		3,057,103	(3,057,103)	-	-	-	**-**	-	-
At 30 June 2017		**4,151,005**	**-**	**(20,903)**	**(1,469,061)**	**(269,056)**	**2,391,985**	**1,456,821**	**3,848,806**
30 June 2016									
At 1 July 2015		**1,093,902**	**3,105,643**	**(141,885)**	**(1,508,023)**	**(37,181)**	**2,512,456**	**1,639,752**	**4,152,208**
Total comprehensive loss for the year		-	-	-	(23,430)	(95,946)	**(119,376)**	(168,104)	(287,480)
Transfer to capital reserves		-	-	-	874	(874)	**-**	-	-
Employee share options lapsed		-	-	-	(6,072)	6,072	**-**	-	-
Purchase of treasury shares		-	-	(45,375)	-	-	**(45,375)**	(31,314)	(76,689)
Cancellation of treasury shares by a subsidiary		-	-	-	20,781	(26,057)	**(5,276)**	-	(5,276)
Business combinations		-	-	-	-	-	**-**	6,248	6,248
Dilution of interest in a subsidiary		-	-	-	1,081	-	**1,081**	58,059	59,140
Contribution by non-controlling interests		-	-	-	-	-	**-**	295	295
Dividends to non-controlling interests		-	-	-	-	-	**-**	(61,401)	(61,401)
Dividend paid - share dividend		-	-	138,959	-	-	**138,959**	-	138,959
At 30 June 2016		**1,093,902**	**3,105,643**	**(48,301)**	**(1,514,789)**	**(153,986)**	**2,482,469**	**1,443,535**	**3,926,004**

* Pursuant to the Companies Act 2016 ("Act") which came into effect on 31 January 2017, all shares issued before or upon the commencement of this Act shall have no par or nominal value. Consequently, the amount standing to the credit of the share premium account becomes part of the Company's share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result thereof.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	30.6.2017	**30.6.2016**
	RM'000	RM'000
<u>OPERATING ACTIVITIES</u>		
Profit/(loss) before tax	**225,269**	(89,718)
Adjustments for :		
Non-cash items	**59,982**	280,733
Non-operating items	**39,290**	41,192
Operating profit before working capital changes	**324,541**	232,207
Changes in working capital :		
Net changes in assets	**160,146**	(185,979)
Net changes in liabilities	**44,162**	(19,838)
Others (mainly interest and tax paid)	**(270,165)**	(150,974)
	258,684	**(124,584)**
<u>INVESTING ACTIVITIES</u>		
Proceeds from disposal of a subsidiary	**1,497,560**	-
Acquisition of investments	**-**	(46,869)
Prepayment for acquisition of land and building	**-**	(207,821)
Changes in deposits with banks and money market instruments	**(1,538,933)**	651,485
Others (mainly purchase of property, plant and equipment)	**(282,269)**	(427,185)
	(323,642)	**(30,390)**
<u>FINANCING ACTIVITIES</u>		
Dividends paid to non-controlling interests	**(29,571)**	(61,401)
Purchase of treasury shares	**(27,960)**	(76,689)
Loans and borrowings	**(45,575)**	8,109
Others	**-**	295
	(103,106)	**(129,686)**
Net changes in cash and cash equivalents	**(168,064)**	(284,660)
Effects of changes in exchange rates	**35,365**	26,630
Cash and cash equivalents at beginning of year	**714,237**	972,267
Cash and cash equivalents at end of year	**581,538**	**714,237**
Cash and cash equivalents at end of year comprise the following :		
Deposits, cash and bank balances	**3,142,324**	1,904,651
Less : Bank overdrafts	**(42,491)**	(52,525)
Less : Deposits with banks with original maturity of more than three months when acquired	**(2,518,295)**	(1,137,889)
	581,538	**714,237**

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2016. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2016.

The significant accounting policies adopted in the interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2016 except for the adoption of the following standards effective for the financial period beginning 1 July 2016 :

Annual Improvements to MFRSs 2012-2014 Cycle
Amendments to MFRS 116, 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116, 141: Agriculture: Bearer Plants
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 127: Equity Method in Separate Financial Statements
Amendments to MFRS 101: Disclosure Initiative
Amendments to MFRS 10, 12, 128: Investment Entities: Applying the Consolidation Exception
MFRS 14: Regulatory Deferral Accounts

The adoption of the above mentioned standards did not have any significant effect on the financial performance, position or presentation of financials of the Group.

2. Comments about seasonal or cyclical factors

The Group's retail operations generally performed better with higher sales generated during the festive and holiday seasons.

3. Unusual items due to their nature, size or incidence

Other than as disclosed in Note 23, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year-to-date.

4. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter and financial year-to-date results.

5. Debt and equity securities

During the financial year-to-date :

i) The Group repurchased an aggregate principal amount of US$2 million (equivalent to approximately RM9 million) of its 4.5% bonds due in 2018 ("Bonds") and the balance of the Bonds as at 30 June 2017 was US$482.5 million (equivalent to approximately RM2.1 billion); and

ii) The Company repurchased a total of 28,277,900 ordinary shares of its total number of issued shares from the open market at an average price of RM0.75 per share. The total consideration paid for the repurchase including transaction costs amounting to RM21.14 million was financed by internally generated funds. The shares repurchased were being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

A total of 51,858,500 treasury shares were distributed as share dividend on 29 August 2016 on the basis of one (1) treasury share for every twenty (20) ordinary shares held in the Company, fractions of treasury shares being disregarded.

As at 30 June 2017, the number of treasury shares held after deducting the share dividend distributed were 26,721,880 shares.

Other than the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year-to-date.

6. Dividend paid

On 29 August 2016, a total of 51,858,500 treasury shares were distributed as share dividend in respect of the financial year ended 30 June 2016, as mentioned in Note 5.

7. Revenue and segmental information

The Group's revenue for the financial year-to-date was as follows :

	RM'000	RM'000
Concessionaire sales (gross)	9,393,740	
Less : Cost of concessionaire sales	(7,665,158)	
Commissions from concessionaire sales		1,728,582
Sales of goods - Direct sales		1,875,260
Others (including rental income and management service fees)		356,548
		3,960,390

7. Revenue and segmental information (Cont'd.)

The Group's segmental information for the financial year-to-date was as follows :

	Retailing					
	Malaysia	**People's Republic of China**	**Vietnam and Myanmar**	**Indonesia**	**Others**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	985,887	2,622,773	101,295	205,393	45,042	**3,960,390**
Results						
Segment loss	(481)	(41,868)	(5,411)	(28,194)	(48,620)	**(124,574)**
Finance income						**73,290**
Finance costs						**(116,316)**
Share of results of associates						**(4,360)**
Share of results of joint ventures						**8,096**
Exceptional items						**389,133**
Profit before tax						**225,269**
Total assets	695,578	8,137,941	143,747	221,744	537,599	**9,736,609**

8. Subsequent events

There were no material events subsequent to the end of the current quarter.

9. Changes in composition of the Group

There were no material changes in the composition of the Group during the financial year-to-date other than the following :

i) Incorporation of Parkson Yangon Company Limited in Myanmar by Parkson Retail Asia Limited which is in turn a 67.96% owned subsidiary of the Company.

ii) Incorporation of Shanghai Shihong Supermarket Co Ltd in the People's Republic of China ("PRC") by Shanghai Lion Parkson Management Consultant Co Ltd, a wholly-owned subsidiary of Parkson Retail Group Limited ("PRGL") which is in turn a 54.97% owned subsidiary of the Company.

iii) Incorporation of Shanghai Delight Food & Beverage Management Co Ltd in the PRC by Shanghai Hongqiao Parkson Development Co Ltd, a wholly-owned subsidiary of PRGL.

iv) Disposal of the entire equity interests in Beijing Huadesheng Property Management Co Ltd by Parkson Retail Development Co Ltd, a wholly-owned subsidiary of PRGL.

v) Dissolution of Tianjin Parkson Retail Development Co Ltd, a wholly-owned subsidiary of PRGL which was incorporated in the PRC.

vi) Incorporation of Chenzhou Shishang Parkson Retail Development Co Ltd and Hunan Changsha Shishang Parkson Retail Development Co Ltd in the PRC by Shanghai Xinzhuang Parkson Retail Development Co Ltd, a wholly-owned subsidiary of PRGL.

10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since 30 June 2016.

11. Performance review

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2017	**30.6.2016**	**30.6.2017**	**30.6.2016**
	RM'000	RM'000	RM'000	RM'000
Revenue				
Retailing :				
- Malaysia	**257,147**	211,800	**985,887**	885,409
- China	**617,921**	589,500	**2,622,773**	2,633,671
- Vietnam and Myanmar	**26,838**	26,431	**101,295**	108,427
- Indonesia	**58,920**	44,312	**205,393**	180,713
	960,826	872,043	**3,915,348**	3,808,220
Others	**12,683**	12,432	**45,042**	75,862
	973,509	**884,475**	**3,960,390**	**3,884,082**
Segment profit/(loss)				
Retailing :				
- Malaysia	**1,851**	4,231	**(481)**	36,142
- China	**22,796**	(41,787)	**(41,868)**	(90,652)
- Vietnam and Myanmar	**(2,141)**	(5,377)	**(5,411)**	(8,725)
- Indonesia	**658**	(1,896)	**(28,194)**	(14,375)
	23,164	(44,829)	**(75,954)**	(77,610)
Others	**(14,837)**	(15,833)	**(48,620)**	(27,818)
	8,327	**(60,662)**	**(124,574)**	**(105,428)**

For the financial year ended 30 June 2017 ("FYE 2017"), the Group's **Retailing** Division registered a revenue growth of 3% to RM3,915 million and reported an operating loss of RM76 million. Performance of our retailing operations in each location were as follows :

- Malaysia

  Benefiting from the shift in the Muslim's festive calendar, our local Parkson operations posted a positive same store sales ("SSS") growth of 15% and 3% respectively for the current quarter and FYE 2017. The positive SSS growth and contribution of new stores have enabled Parkson Malaysia to achieve a full year revenue growth of 11% to RM986 million. The operations however reported a marginal operating loss for the financial year-to-date compared with an operating profit a year ago mainly due to the losses incurred by the new stores and new ventures.

- China

  SSS growth for Parkson China declined marginally by 1% for the FYE 2017 as the retailing market in China remained challenging and competitive. Nevertheless, as a result of the considerable progress made in executing its transformation strategies, the Group posted positive signs of rebound by delivering a positive SSS growth of 2% with an operating profit of RM23 million for the current quarter. Full year operating loss has also narrowed considerably to RM42 million.

- Vietnam and Myanmar

  Parkson Vietnam reported a negative SSS growth of 14% for the FYE 2017 due to the difficult discretionary retail environment amidst a crowded retail scene; whilst contribution of the Myanmar operations remained negligible to the Group.

- Indonesia

  Our Indonesia operations delivered a positive SSS growth of 11% for the current quarter following the shift in the Muslim's festive calendar; whilst the full year performance was impacted by the disturbances caused by the political and societal uncertainties with a negative SSS growth of 2%. The operations however posted a higher revenue of RM205 million compared with RM181 million a year ago due to contribution of new stores. New stores' losses and assets impairment of RM7 million following the closure and downsizing of non-performing stores have resulted in the operations recording an operating loss of RM28 million for the financial year-to-date.

Results of the **Others** Division were mainly derived from the operation of food and beverage business, consumer financing business, edutainment and investment holding. Loss before tax for the FYE 2017 was mainly due to losses of certain new businesses and foreign exchange loss.

12. Comment on material change in profit

	Revenue	Operating Profit/(Loss)	Loss Before Tax
	RM'000	RM'000	RM'000
Current quarter (30 June 2017)	**973,509**	**8,327**	**(87,657)**
Immediate preceding quarter (31 March 2017)	1,062,331	(10,034)	(24,061)

For the current quarter under review, the Group's retailing operations in Malaysia and Indonesia benefited from the Muslim's festive season, while other regions experienced lower traffic flow in their retail stores in the absence of major festivities. The Group's revenue was 8% lower at RM974 million against RM1,062 million in the immediate preceding quarter.

Higher revenue from the Malaysia and Indonesia retailing operations coupled with improved operational efficiencies had enabled the Group to register an operating profit of RM8 million in the current quarter.

Included in the loss before tax in the current quarter were impairment losses on property, plant and equipment, intangible assets and others totalling RM92 million.

13. a) Prospects

Looking ahead, the Group is confident in the long term prospects of the retail market in **China** and recognises the changing retail industry and consumer trends. The Group remains positive about the business operations there and is excited by the many available opportunities. As part of the Group's unwavering commitment to the China market over the past 20 years, its priority remains to consolidate Parkson's leading market position as the preferred lifestyle retailer for consumers, as well as the preferred partner for brands.

The Group's operating environments in the **Southeast Asian** region are anticipated to remain challenging over fragile consumer sentiment. The Group will exercise vigilance in pursuing its strategies to transform Parkson into a lifestyle concept retail business. With our established footprint in the Southeast Asian department store industry, the Group is confident that the upcoming expansion, along with the addition of new offerings will bode well for the Group.

b) Forecast or target previously announced

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

14. Statement of the Board of Directors' opinion on achievement of forecast or target

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

15. Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

16. Income tax expense

Income tax expense comprises :	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2017	**30.6.2016**	**30.6.2017**	**30.6.2016**
	RM'000	RM'000	RM'000	RM'000
Current year income tax :				
- Arising in Malaysia	**15,493**	7,167	**19,507**	22,383
- Arising outside Malaysia	**47,880**	10,433	**318,644**	50,232
	63,373	17,600	**338,151**	72,615

Excluding the share of results of associates and joint ventures, the effective tax rate of the Group for the current quarter and financial year-to-date were higher than the Malaysian statutory tax rate mainly due to certain expenses which were not deductible for tax purposes and deferred tax not recognised in respect of the losses.

17. Corporate proposals

a) Status of corporate proposals

There were no corporate proposals pending completion as at the end of the reporting period.

b) Status of utilisation of proceeds

The disclosure requirements are not applicable.

18. Borrowings and debt securities

The Group's borrowings as at the end of the reporting period were as follows :

	Short Term	**Long Term**	**Total**
	RM'000	RM'000	RM'000
Secured	2,449,217	110,664	2,559,881
Unsecured	72,491	64,388	136,879
	2,521,708	175,052	2,696,760

The Group's borrowings were denominated in the following currencies :

	Foreign Currency	
	'000	RM'000
- Ringgit Malaysia	-	74,072
- US Dollar	542,901	2,337,278
- Hong Kong Dollar	518,283	285,410
		2,696,760

19. Changes in material litigation

There were no material changes in the material litigations since 30 June 2016 other than the following :

a) Hefei Parkson Xiaoyao Plaza Company Limited ("Hefei Parkson"), an indirect wholly-owned subsidiary of Parkson Retail Group Limited ("PRGL") established in the People's Republic of China ("PRC") which is in turn a 54.97% owned subsidiary of the Company, is involved as one of the defendants in a litigation. The plaintiff, Dalian Tianhe Building Company Limited ("Plaintiff") which is an independent third party, alleged that (i) Shenzhen Xinhui Industrial Company Limited ("Xinhui"), an independent third party, held the 51% equity interests of Anshan Tianxing Parkson Shopping Centre Company Limited ("Anshan Majority Interests"), a wholly-owned subsidiary of PRGL, as the nominee of Dalian Tianhe Parkson Shopping Centre Company Limited ("Dalian Tianhe Parkson") (a company which is 60% owned by Serbadagang Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, and 40% owned by the Plaintiff); and (ii) the disposal of the Anshan Majority Interests through the equity interests transfer agreement entered into between Xinhui and Hefei Parkson on 12 April 2004 whereby the transfer by Xinhui of the Anshan Majority Interests to Hefei Parkson ("Relevant SPA") was made without the agreement of the board of directors of Dalian Tianhe Parkson.

According to the judgement dated 28 February 2017 given by the Dalian Intermediate Court in respect of the Plaintiff's Allegations ("Judgement"), the Dalian Intermediate Court ruled that (i) the Relevant SPA is void; (ii) Hefei Parkson shall return the Anshan Majority Interests to Xinhui within 10 days after the Judgement has come into effect; and (iii) Dalian Tianhe Parkson shall return the consideration for the transfer of the Anshan Majority Interests in the amount of Rmb5,100,000 to Hefei Parkson within 10 days after the Judgement has come into effect.

PRGL's legal adviser had advised that (i) the Judgement will not come into effect if Hefei Parkson appeals within the period prescribed by the PRC laws and, if Hefei Parkson appeals, the Plaintiff’s claims will be determined by the court of appeal; and (ii) even if the Relevant SPA is void from the beginning, the Plaintiff must initiate separate legal proceedings should it wish to make any claims in respect of the fact that the Relevant SPA was void from the beginning.

PRGL was of the view that the Plaintiff's claim was of no merit and in this regard, Hefei Parkson had submitted an appeal against the Judgement to the Dalian Intermediate Court on 18 March 2017, which was within the period prescribed by the PRC laws.

b) Parkson Retail Development Co Ltd ("PRD") and Parkson Investment Holdings Co Ltd ("Parkson Investment"), both indirect wholly-owned subsidiaries of PRGL established in the PRC, are involved in a litigation wherein PRD had received (i) a notice of assistance in enforcement dated 14 July 2016 issued by the Intermediate People's Court of Suzhou, Jiangsu Province ("Court of Suzhou") together with (ii) a civil judgement dated 7 June 2016 issued by the Court of Suzhou in relation to a dispute in connection with a loan agreement of which (aa) China Construction Bank Corporation, Changshou Branch ("Plaintiff") is the plaintiff; and (bb) Changshou Hang Lung Properties Co Ltd ("Landlord") (the landlord of the premises located at Hang Lung Centre in Changshou, Jiangsu ("Premises"), which are used by PRD as department store), PRD, Parkson Investment and three other parties are defendants (collectively, the "Defendants") ("Litigation").

PRGL had on 25 July 2017 received the judgement in relation to the review by the Court of Suzhou on the Litigation ("Review Judgement"). According to the Review Judgement, among other things, (1) the Landlord was ordered to pay (i) the principal and interests; and (ii) legal costs in the amounts specified in the Review Judgement to the Plaintiff; (2) the Plaintiff shall be entitled to collect from PRD the rental in respect of the Premises payable by it to the Landlord should the Landlord fails to observe the order set out in item (1) above; and (3) any party who disagreed with the decisions of the Court of Suzhou may submit an appeal within 15 days after the Review Judgement has been served on it.

PRGL understands that the Plaintiff's application for an order on preservation of properties and requested that the bank deposits of the Defendants be frozen, was effectively dismissed by the Court of Suzhou as a result of the Review Judgement.

Other than as disclosed in item (2) above, there is no remedy which concerns either PRD or Parkson Investment under the Review Judgement.

20. Dividend proposed

The Board of Directors does not recommend any dividend for the current quarter and financial year-to-date.

21. Loss per share

Basic

Basic loss per share is calculated by dividing the loss for the period attributable to owners of the parent by the weighted average number of ordinary shares of the Company in issue during the financial period.

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2017	**30.6.2016**	**30.6.2017**	**30.6.2016**
Loss attributable to owners of the parent (RM'000)	**(96,033)**	(102,059)	**(119,178)**	(95,741)
Weighted average number of ordinary shares in issue ('000)	**1,067,180**	1,054,035	**1,066,011**	1,077,769
Basic loss per share (sen)	**(9.00)**	(9.68)	**(11.18)**	(8.88)

Diluted

The basic loss per share and the diluted loss per share are the same for the period as the Company has no dilutive potential ordinary shares as at the end of the reporting period.

22. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2016 was not qualified.

23. (Loss)/profit before tax

(Loss)/profit before tax is arrived at after crediting/(charging) the following income/(expenses) :

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2017	**30.6.2016**	**30.6.2017**	**30.6.2016**
	RM'000	RM'000	RM'000	RM'000
a) Interest income	**25,428**	14,875	**73,290**	77,961
b) Other income including investment income	**89,979**	87,585	**334,227**	323,493
c) Interest expense	**(29,312)**	(27,039)	**(116,316)**	(116,429)
d) Depreciation and amortisation	**(75,560)**	(79,750)	**(384,628)**	(319,765)
e) Provision for and write off of receivables	**(6,605)**	(8,616)	**(14,137)**	(10,194)
f) Provision for and write off of inventories	**(19,111)**	(5,987)	**(19,111)**	(5,987)
g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	**-**	-	**-**	-
h) Impairment of assets	**-**	(1,859)	**(13,532)**	(1,859)
i) Foreign exchange gain/(loss)	**688**	2,076	**(4,956)**	2,807
j) Gain/(Loss) on derivatives	**4,240**	(3,669)	**4,240**	(3,669)
k) Exceptional items :	**(92,497)**	(63,733)	**389,133**	56,902
- Gain on disposal of a subsidiary	**-**	-	**828,087**	-
- Gain on dilution of interest in a subsidiary	**-**	-	**-**	139,221
- Impairment loss on :				
Property, plant and equipment, investment properties and others	**(60,771)**	(19,558)	**(86,557)**	(19,558)
Intangible assets	**(13,356)**	(26,915)	**(322,307)**	(26,915)
Other receivables	**(18,370)**	(17,260)	**(30,090)**	(35,846)

24. Disclosure of realised and unrealised profits/losses

	AS AT 30.6.2017	**AS AT 30.6.2016**
	RM'000	RM'000
Total (accumulated losses)/retained profits of Parkson Holdings Berhad and its subsidiaries :		
- Realised	**(252,995)**	(203,008)
- Unrealised	**(268)**	55,990
Total share of (accumulated losses)/retained profits from associates :		
- Realised	**(12,365)**	(6,742)
- Unrealised	**1,236**	1,173
Total share of (accumulated losses)/retained profits from joint ventures :		
- Realised	**(4,888)**	(1,622)
- Unrealised	**224**	223
Total Group accumulated losses	**(269,056)**	(153,986)