



Interim Financial Report
for the Second Quarter Ended
31 December 2017

Condensed Consolidated Statement of Profit or Loss	1
Condensed Consolidated Statement of Other Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5
Notes to the Condensed Financial Statements	6 - 14

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
		31.12.2017 RM'000	31.12.2016 RM'000	Changes %	31.12.2017 RM'000	31.12.2016 RM'000	Changes %
Gross sales proceeds		3,098,701	3,172,330	(2)	5,586,552	5,716,325	(2)
Revenue	7	1,064,509	1,046,312	2	1,981,319	1,924,550	3
Other operating income		71,070	90,069		153,885	165,708	
Operating expenses		(1,108,670)	(1,182,276)		(2,153,860)	(2,213,125)	
Operating profit/(loss)		26,909	(45,895)	>100	(18,656)	(122,867)	85
Finance income		32,871	14,089		54,374	24,983	
Finance costs		(30,564)	(26,761)		(61,052)	(56,359)	
Share of results of associates		203	(1,701)		66	(1,619)	
Share of results of joint ventures		2,960	2,616		4,761	3,731	
Exceptional items	23(k)	(35,660)	489,118		(35,660)	489,118	
(Loss)/profit before tax	23	(3,281)	431,466	(>100)	(56,167)	336,987	(>100)
Income tax expense	16	(18,960)	(246,615)		(29,994)	(255,470)	
(Loss)/profit for the period		(22,241)	184,851	(>100)	(86,161)	81,517	(>100)
(Loss)/profit for the period attributable to :							
- Owners of the parent		(13,870)	72,665	(>100)	(57,399)	10,097	(>100)
- Non-controlling interests		(8,371)	112,186		(28,762)	71,420	
		(22,241)	184,851		(86,161)	81,517	
(Loss)/earnings per share attributable to owners of the parent (sen) :							
- Basic	21	(1.30)	6.76		(5.38)	0.95	
- Diluted	21	(1.30)	6.76		(5.38)	0.95	

(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 2017 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
(Loss)/profit for the period	(22,241)	184,851	(86,161)	81,517
<u>Other comprehensive income/(loss)</u>				
- Foreign currency translation, representing item that may be reclassified subsequently to profit or loss	(25,958)	47,452	11,573	116,266
Total comprehensive (loss)/profit for the period	(48,199)	232,303	(74,588)	197,783
Total comprehensive (loss)/profit for the period attributable to :				
- Owners of the parent	(29,792)	101,790	(54,543)	79,209
- Non-controlling interests	(18,407)	130,513	(20,045)	118,574
	(48,199)	232,303	(74,588)	197,783

(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 2017 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	AS AT 31.12.2017 RM'000	AS AT 30.6.2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,776,043	2,870,700
Investment properties		205,533	206,225
Intangible assets		1,298,685	1,344,811
Land use rights		277,027	287,245
Investments in associates		16,946	28,348
Investments in joint ventures		23,584	29,874
Deferred tax assets		130,554	162,672
Receivables and other assets		417,913	478,478
Investment securities		18,946	18,945
		5,165,231	5,427,298
Current assets			
Inventories		421,506	428,130
Receivables		583,544	517,232
Investment securities		999,560	241,808
Deposits, cash and bank balances		2,587,500	3,142,677
		4,592,110	4,329,847
TOTAL ASSETS		9,757,341	9,757,145
EQUITY AND LIABILITIES			
Share capital		4,151,005	4,151,005
Other reserves		(1,487,885)	(1,491,396)
Accumulated losses		(326,349)	(268,295)
Equity attributable to owners of the parent		2,336,771	2,391,314
Non-controlling interests		1,435,448	1,457,413
Total equity		3,772,219	3,848,727
Non-current liabilities			
Deferred tax liabilities		178,597	217,710
Loans and borrowings	18	124,760	175,052
Long term payables		608,109	615,845
		911,466	1,008,607
Current liabilities			
Payables and other liabilities		2,499,429	2,348,243
Loans and borrowings	18	2,543,586	2,521,709
Tax payables		30,641	29,859
		5,073,656	4,899,811
Total liabilities		5,985,122	5,908,418
TOTAL EQUITY AND LIABILITIES		9,757,341	9,757,145
Net assets per share attributable to owners of the parent (RM)		2.19	2.24

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the parent →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital * RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000	Accumulated losses RM'000			
31 December 2017								
At 1 July 2017	4,151,005	-	(20,903)	(1,470,493)	(268,295)	2,391,314	1,457,413	3,848,727
Total comprehensive income/ (loss) for the period	-	-	-	2,856	(57,399)	(54,543)	(20,045)	(74,588)
Transfer to capital reserves	-	-	-	655	(655)	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	(1,920)	(1,920)
At 31 December 2017	4,151,005	-	(20,903)	(1,466,982)	(326,349)	2,336,771	1,435,448	3,772,219
31 December 2016								
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 for the period	-	-	-	69,112	10,097	79,209	118,574	197,783
Employee share options lapsed	-	-	-	(6,963)	6,963	-	-	-
Purchase of treasury shares	-	-	(20,473)	-	-	(20,473)	(6,857)	(27,330)
Dividends to non-controlling interests	-	-	-	-	-	-	(12,881)	(12,881)
Dividend paid - share dividend	-	(48,540)	48,540	-	-	-	-	-
At 31 December 2016	1,093,902	3,057,103	(20,234)	(1,452,640)	(136,926)	2,541,205	1,542,371	4,083,576

* 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 2017 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)

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Interim financial report for the second quarter ended 31 December 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	31.12.2017 RM'000	31.12.2016 RM'000
OPERATING ACTIVITIES		
(Loss)/profit before tax	(56,167)	336,987
Adjustments for :		
Non-cash items	187,440	(252,186)
Non-operating items	1,851	29,264
Operating profit before working capital changes	133,124	114,065
Changes in working capital :		
Net changes in assets	(31,245)	58,277
Net changes in liabilities	193,149	273,906
Others (mainly interest and tax paid)	(42,509)	(68,297)
	252,519	377,951
INVESTING ACTIVITIES		
Proceeds from disposal of a subsidiary	-	1,490,740
Changes in deposits with banks and investment securities	(274,688)	(1,576,465)
Others (mainly purchase of property, plant and equipment)	(88,647)	(149,945)
	(363,335)	(235,670)
FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	(1,920)	(12,881)
Purchase of treasury shares	-	(27,330)
Loans and borrowings	103,036	(154,024)
	101,116	(194,235)
Net changes in cash and cash equivalents	(9,700)	(51,954)
Effects of changes in exchange rates	(12,718)	44,907
Cash and cash equivalents at beginning of period	581,890	714,237
Cash and cash equivalents at end of period	559,472	707,190
Cash and cash equivalents at end of period comprise the following :		
Deposits, cash and bank balances	2,587,500	3,575,141
Less : Bank overdrafts	(42,823)	(52,035)
Less : Deposits with banks with original maturity of more than three months when acquired	(1,985,205)	(2,815,916)
	559,472	707,190

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2017

(The figures have not been audited)

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 2017. 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 2017.

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 2017 except for the adoption of the following standards effective for the financial period beginning 1 July 2017 :

- Amendments to MFRS 12 (Annual Improvements to MFRSs 2014-2016 Cycle)
- Amendments to MFRS 107: Disclosure Initiative
- Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above-mentioned standards did not have a material impact on the financial statements 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

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

6. Dividend paid

There were no dividends paid during the current quarter and financial year-to-date.

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)	4,404,093	
Less : Cost of concessionaire sales	<u>(3,605,233)</u>	
Commissions from concessionaire sales		798,860
Sales of goods - Direct sales		1,005,478
Others (including rental income and management service fees)		176,981
		<u><u>1,981,319</u></u>

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

	← Retailing →					Total
	Malaysia	People's Republic of China	Vietnam and Myanmar	Indonesia	Others	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	<u>505,393</u>	<u>1,319,216</u>	<u>45,494</u>	<u>85,521</u>	<u>25,695</u>	<u>1,981,319</u>
Results						
Segment (loss)/profit	(19,789)	32,303	(7,777)	(13,400)	(9,993)	(18,656)
Finance income						54,374
Finance costs						(61,052)
Share of results of associates						66
Share of results of joint ventures						4,761
Exceptional items						(35,660)
Loss before tax						<u>(56,167)</u>
Total assets	<u>737,005</u>	<u>8,181,863</u>	<u>137,443</u>	<u>157,206</u>	<u>543,824</u>	<u>9,757,341</u>

8. Subsequent events

Other than as disclosed in Notes 18 and 19, 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 Anshan Parkson Retail Development Co Ltd in the People's Republic of China ("PRC") by Releomont (Hong Kong) Limited, a wholly-owned subsidiary of Parkson Retail Group Limited ("PRGL") which is in turn a 54.97% owned subsidiary of the Company.
- ii) Acquisition by Oroleon (Hong Kong) Limited, a wholly-owned subsidiary of PRGL, of 100% equity interest in Kencana Cahaya Resources Sdn Bhd (now known as Parkson Retail Laos Holdings Sdn Bhd).
- iii) Incorporation of Shanghai Delight Food Co Ltd in the PRC by Shanghai Delight Food & Beverage Management Co Ltd, a wholly-owned subsidiary of PRGL.

10. Changes in contingent liabilities and contingent assets

Other than as disclosed in Note 19, there were no material changes in contingent liabilities or contingent assets since 30 June 2017.

11. Performance review

	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
	31.12.2017 RM'000	31.12.2016 RM'000	Changes %	31.12.2017 RM'000	31.12.2016 RM'000	Changes %
<u>Revenue</u>						
Retailing :						
- Malaysia	284,924	269,781	6	505,393	484,576	4
- China	701,464	687,279	2	1,319,216	1,271,428	4
- Vietnam and Myanmar	23,534	26,087	(10)	45,494	49,727	(9)
- Indonesia	41,297	52,186	(21)	85,521	97,849	(13)
	1,051,219	1,035,333	2	1,955,624	1,903,580	3
Others	13,290	10,979	21	25,695	20,970	23
	1,064,509	1,046,312	2	1,981,319	1,924,550	3
<u>Segment profit/(loss)</u>						
Retailing :						
- Malaysia	7,460	13,573	(45)	(19,789)	1,889	(>100)
- China	31,365	(36,476)	>100	32,303	(85,240)	>100
- Vietnam and Myanmar	(3,553)	(1,009)	(>100)	(7,777)	(2,735)	(>100)
- Indonesia	(5,049)	(6,366)	21	(13,400)	(12,245)	(9)
	30,223	(30,278)	>100	(8,663)	(98,331)	91
Others	(3,314)	(15,617)	79	(9,993)	(24,536)	59
	26,909	(45,895)	>100	(18,656)	(122,867)	85

For the first half of the current financial year, the Group's **Retailing** Division registered a 3% growth in revenue to RM1,956 million and reported an operating loss of RM9 million. Performance of our retailing operations in each location were as follows :

- Malaysia

Our local Parkson operations achieved a 4% revenue growth to RM505 million for the 6 months ended 31 December 2017 due to contribution of new stores. The operations, however, reported a negative same store sales ("SSS") growth of 4% for the first half of the current financial year largely due to the absence of Hari Raya buying following the shift in festive calendar. Hence, a higher operating loss of RM20 million was reported compared with a year ago.

Parkson Malaysia has 45 stores as at 31 December 2017 after opening 2 new stores in the cities of Kuantan and Johor Bahru; whilst 2 underperforming stores were closed down during the financial year-to-date.

- China

Parkson China, the major contributor of the Group's retailing operations, has seen encouraging returns from its transformation strategies. The operations posted a positive SSS growth of 3% and 2% respectively for the current quarter and financial year-to-date with revenue increasing by 4% to RM1,319 million for the current 6 months under review. The higher revenue together with improved operating efficiencies have enabled Parkson China to report an operating profit of RM32 million against a loss of RM85 million a year ago.

As at 31 December 2017, the Group has a network coverage of 48 stores in 30 cities in China.

- Vietnam and Myanmar

Parkson Vietnam reported a negative SSS growth of 5% for the first half of the financial year amid intense competition; whilst contribution of the Myanmar operations remained negligible to the Group.

The Group has 7 stores in Vietnam and 1 store in Myanmar as at the reporting date.

11. Performance review (Cont'd.)- Indonesia

For the 6 months ended 31 December 2017, our Indonesia operations recorded a negative SSS growth of 8% with a lower revenue of RM86 million. These were largely impacted by the absence of festive spending following the shift in the Lebaran celebration. Hence, the operations reported an operating loss of RM13 million.

Following the closure of 2 stores in Jakarta during the first half of the financial year, the Group owned and operated 15 stores as at 31 December 2017 in Indonesia.

Results of the **Others** Division were mainly derived from the operation of the food and beverage business, consumer financing business and investment holding. For the 6 months ended 31 December 2017, the Group's consumer financing business carried under *Parkson Credit* continued to increase its revenue and profitability. The improved profitability of *Parkson Credit* together with lower losses from other businesses have resulted in the division to record a lower operating loss as compared with a year ago.

12. Comment on material change in profit

	Current Quarter	Immediate Preceding Quarter	
	31.12.2017	30.9.2017	Changes
	RM'000	RM'000	%
Revenue	1,064,509	916,810	16
Operating profit/(loss)	26,909	(45,565)	>100
Loss before tax	(3,281)	(52,886)	94

For the current quarter under review, the Group's revenue increased by 16% to RM1,065 million mainly due to higher consumer spending during the year-end festivities and holiday seasons. The higher revenue coupled with the continued operational efficiencies had enabled the Group to turn profitable with an operating profit of RM27 million.

After accounting for the impairment losses of RM36 million, the Group recorded a loss before tax of RM3 million for the current quarter under review.

13. a) Prospects

The Group's retailing operations will benefit from the higher consumer spending during the Chinese New Year festivities in the next quarter.

The Group remains confident in our China retailing operations and believes that the Group's transformation strategies focusing on diversified retail formats coupled with stores' network optimisation and products offering enhancement, are keeping the Group on the right track. While the Group's operating environment in the Southeast Asian region is anticipated to remain challenging over subdued consumer sentiment and stiff competition, the Group will continue to monitor its strategy execution as well as stores' performance.

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

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Income tax expense comprises :				
Current year income tax :				
- Arising in Malaysia	6,633	3,212	6,672	798
- Arising outside Malaysia	12,327	243,403	23,322	254,672
	18,960	246,615	29,994	255,470

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 loans and borrowings as at the end of the reporting period were as follows :

	AS AT 31.12.2017		AS AT 31.12.2016	
	Foreign		Foreign	
	Currency '000	RM'000	Currency '000	RM'000
Non-current				
<u>Secured</u>				
- Hire purchase liabilities	-	1,405	-	616
- Term loans and bank loans :				
RM denominated	-	-	-	1,492
US\$ denominated	7,000	28,495	10,901	48,814
HK\$ denominated	59,608	31,043	-	-
- Notes : US\$ denominated (#)	-	-	484,500	2,161,916
		<u>60,943</u>		<u>2,212,838</u>
<u>Unsecured</u>				
- Term loans : US\$ denominated	15,000	63,817	15,000	65,785
Total non-current loans and borrowings		<u>124,760</u>		<u>2,278,623</u>
Current				
<u>Secured</u>				
- Hire purchase liabilities	-	1,308	-	200
- Bankers' acceptance	-	6,473	-	-
- Term loans and bank loans :				
RM denominated	-	-	-	543
US\$ denominated	37,151	151,055	33,750	151,132
HK\$ denominated	656,103	341,675	340,812	196,787
- Notes : US\$ denominated (#)	484,500	1,970,252	-	-
		<u>2,470,763</u>		<u>348,662</u>
<u>Unsecured</u>				
- Revolving financing-i	-	30,000	-	30,000
- Bank overdraft	-	42,823	-	52,035
		<u>72,823</u>		<u>82,035</u>
Total current loans and borrowings		<u>2,543,586</u>		<u>430,697</u>
Total loans and borrowings		<u>2,668,346</u>		<u>2,709,320</u>

Exchange rates used :

As at 31.12.2017 - US\$1.00: RM4.07 ; HK\$1.00: RM0.52

As at 31.12.2016 - US\$1.00: RM4.48 ; HK\$1.00: RM0.58

(#) On 3 May 2013, Parkson Retail Group Limited ("PRGL"), a 54.97% owned subsidiary of the Company, issued US\$500 million 4.50 per cent. Notes due 2018 ("Notes") which are listed on The Stock Exchange of Hong Kong Limited.

On 9 January 2018, PRGL commenced a tender offer to purchase for cash any and all of its outstanding Notes ("Offer"). As at 9 January 2018, the outstanding principal amount of the Notes was US\$484.5 million. The Offer expired on 19 January 2018 ("Expiration Deadline").

As at the Expiration Deadline, US\$258,939,000 of the principal amount of the Notes, representing approximately 53.44% of the total aggregate principal amount of the outstanding Notes, had been validly tendered and not been withdrawn. Following the settlement of the Offer, US\$225,561,000 of the principal amount of the Notes will remain outstanding. PRGL has accepted all the tendered Notes for repurchase.

19. Changes in material litigation

There were no material changes in the material litigations since 30 June 2017 other than the following :

- i) Parkson Retail Development Co Ltd ("PRD") and Parkson Investment Holdings Co Ltd ("Parkson Investment"), both indirect wholly-owned subsidiaries of PRGL established in the People's Republic of China ("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 to freeze the bank deposits of the Defendants 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.

- ii) The Company had on 12 February 2018 announced that Serbadagang Holdings Sdn Bhd ("Serbadagang"), a wholly-owned subsidiary of East Crest International Limited which is in turn a wholly-owned subsidiary of the Company, had on 1 February 2018 entered into a settlement agreement ("Settlement Agreement") with (a) Dalian Tianhe Building Company Limited ("DT Building"), (b) Hefei Parkson Xiaoyao Plaza Company Limited ("Hefei Parkson"), a wholly-owned subsidiary of PRGL, (c) Shenzhen Xinhui Industrial Company Limited ("Xinhui"), (d) Dalian Tianhe Parkson Shopping Mall Company Limited ("Dalian Tianhe Parkson") which is 60% owned by Serbadagang and 40% owned by DT Building, and (e) Dashang Group Company Limited ("Dashang") to settle the following litigations :

- the litigation between DT Building as the plaintiff and Hefei Parkson as one of the defendants, in relation to the ownership of the 51% equity interest in Anshan Tianxing Parkson Shopping Centre Company Limited ("Anshan Parkson") ("Anshan Majority Interests") ("Hefei Parkson Litigation"); and
- the litigations between Serbadagang as the plaintiff and DT Building as one of the defendants, in relation to (i) Serbadagang's claims for its entitlement to the profits of Dalian Tianhe Parkson and (ii) a department store of Dalian Tianhe Parkson in Shenyang, Liaoning Province, the PRC ("Serbadagang Litigations").

Pursuant to the Settlement Agreement :

- (1) Serbadagang shall transfer its entire 60% equity interest in Dalian Tianhe Parkson ("DTP Subject Equity") to Dashang at a consideration of Rmb1 (equivalent to approximately RM0.62) ("Disposal Consideration") and, subject to Serbadagang transferring the DTP Subject Equity to Dashang and performing its other obligations under the Settlement Agreement including DT Building, Dalian Tianhe Parkson and Xinhui shall abandon their claims in relation to the ownership of the Anshan Majority Interests and the rights attaching thereto [including without limitation the relevant dividends in relation to the period from year 2003 to the year ended 31 December 2017, the amount of approximately Rmb348 million (equivalent to approximately RM215.8 million) (unaudited) ("Relevant Dividends") which represents the sum of (i) the amount of the aggregated dividends paid on the Anshan Majority Interests in respect of those financial years of Anshan Parkson during the said period where had been paid; and (ii) the 51% of the aggregated distributable profits of Anshan Parkson in respect of those financial years of Anshan Parkson during the said period where Anshan Parkson had distributable profits but no dividend had been declared or paid], while Hefei Parkson shall abandon its request for the return of the consideration of Rmb5,100,000 (equivalent to approximately RM3.16 million);

19. Changes in material litigation (Cont'd.)

Pursuant to the Settlement Agreement : (cont'd.)

- (2) in consideration of Serbadagang transferring the DTP Subject Equity to Dashang at the Disposal Consideration, DT Building, Dalian Tianhe Parkson and Xinhui shall abandon their claims in relation to the ownership of the Anshan Majority Interests, Hefei Parkson shall pay the Relevant Dividends (or any part thereof) to Serbadagang as compensation, the exact amount of compensation shall be negotiated and agreed between Hefei Parkson and Serbadagang;
- (3) DT Building shall submit the Settlement Agreement to the People's High Court of Liaoning ("Liaoning High Court") for the Liaoning High Court to prepare the relevant civil settlement document and, subject to the completion of the transfer of the DTP Subject Equity, DT Building and Dalian Tianhe Parkson shall be deemed to have abandoned their claims in the Hefei Parkson Litigation; and
- (4) Serbadagang shall apply to the Liaoning High Court to abandon its claims in the Serbadagang Litigations pursuant to the proposed settlement.

The Settlement Agreement was required to be approved by the court of the PRC in order for it to come into effect and such approval was granted by the Liaoning High Court on 10 February 2018. In respect thereto, Serbadagang had on 10 February 2018 entered into a compensation agreement ("Compensation Agreement") with Hefei Parkson pursuant to the Settlement Agreement, wherein Hefei Parkson and Serbadagang agreed that :

- (1) Hefei Parkson shall pay Rmb100 million (equivalent to approximately RM62.00 million) to Serbadagang on or before 30 April 2018; and
- (2) Serbadagang shall further negotiate with Hefei Parkson on a possible additional compensation ("Possible Additional Compensation"). The Possible Additional Compensation is subject to Serbadagang and Hefei Parkson entering into a legally binding agreement on or before 30 June 2018.

20. Dividend proposed

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

21. (Loss)/earnings per share**Basic**

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit 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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
(Loss)/profit attributable to owners of the parent (RM'000)	(13,870)	72,665	(57,399)	10,097
Weighted average number of ordinary shares in issue ('000)	1,067,180	1,074,663	1,067,180	1,064,810
Basic (loss)/earnings per share (sen)	(1.30)	6.76	(5.38)	0.95

Diluted

The basic (loss)/earnings per share and the diluted (loss)/earnings 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 2017 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	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
a) Interest income	32,871	14,089	54,374	24,983
b) Other income including investment income	67,772	90,069	148,886	165,708
c) Interest expense	(30,564)	(26,761)	(61,052)	(56,359)
d) Depreciation and amortisation	(71,957)	(142,138)	(145,997)	(232,309)
e) Provision for and write off of receivables	(2,599)	(1,903)	(4,757)	(4,623)
f) Provision for and write off of inventories	-	-	-	-
g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
h) Impairment of assets	-	-	-	-
i) Foreign exchange gain/(loss)	3,298	(4,419)	4,999	(7,653)
j) Gain/(Loss) on derivatives	-	-	-	-
k) Exceptional items :	(35,660)	489,118	(35,660)	489,118
- Gain on disposal of a subsidiary	-	802,301	-	802,301
- Impairment loss on intangible assets	(24,531)	(308,951)	(24,531)	(308,951)
- Impairment loss on investment in an associate	(11,129)	-	(11,129)	-
- Impairment loss on other receivables	-	(4,232)	-	(4,232)