PARKSON HOLDINGS BERHAD

A Member of The Lion Group (89194-P)

Interim Financial Report

for the Third Quarter Ended

31 March 2018

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the third quarter ended 31 March 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		3 MONTHS ENDED			YEAR-TO-DATE ENDED		
	Note	31.3.2018 RM'000	31.3.2017 RM'000	Changes %	31.3.2018 RM'000	31.3.2017 RM'000	Changes %
Gross sales proceeds		**2,975,539**	**3,139,328**	(5)	**8,562,091**	**8,855,653**	(3)
Revenue	7	**1,061,027**	**1,062,331**	(0.1)	**3,042,346**	**2,986,881**	2
Other operating income		**82,559**	78,540		**236,444**	244,248	
Operating expenses		**(1,109,332)**	(1,150,905)		**(3,263,192)**	(3,364,030)	
Operating profit/(loss)		**34,254**	(10,034)	>100	**15,598**	(132,901)	>100
Finance income		**23,346**	22,879		**77,720**	47,862	
Finance costs		**(31,233)**	(30,645)		**(92,285)**	(87,004)	
Share of results of associates		**1,574**	(1,112)		**1,640**	(2,731)	
Share of results of joint ventures		**2,286**	2,339		**7,047**	6,070	
Exceptional items	23(k)	**(1,049)**	(7,488)		**(36,709)**	481,630	
Profit/(loss) before tax	23	**29,178**	**(24,061)**	>100	**(26,989)**	**312,926**	(>100)
Income tax expense	16	**(26,367)**	(19,308)		**(56,361)**	(274,778)	
Profit/(loss) for the period		**2,811**	(43,369)	>100	**(83,350)**	38,148	(>100)
Profit/(loss) for the period attributable to :							
- **Owners of the parent**		**25,300**	**(33,242)**	>100	**(32,099)**	**(23,145)**	(39)
- Non-controlling interests		**(22,489)**	(10,127)		**(51,251)**	61,293	
		2,811	(43,369)		**(83,350)**	38,148	
Earnings/(loss) per share attributable to owners of the parent (sen) :							
- Basic	21	**2.37**	(3.11)		**(3.01)**	(2.17)	
- Diluted	21	**2.37**	(3.11)		**(3.01)**	(2.17)	

(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 third quarter ended 31 March 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.3.2018 RM'000	**31.3.2017** RM'000	**31.3.2018** RM'000	**31.3.2017** RM'000
Profit/(loss) for the period	**2,811**	**(43,369)**	**(83,350)**	**38,148**
Other comprehensive income/(loss)				
- Foreign currency translation, representing item that may be reclassified subsequently to profit or loss	**41,953**	(6,712)	**53,526**	109,554
Total comprehensive profit/(loss) for the period	**44,764**	(50,081)	**(29,824)**	147,702
Total comprehensive profit/(loss) for the period attributable to :				
- **Owners of the parent**	**40,698**	**(38,997)**	**(13,845)**	**40,212**
- Non-controlling interests	**4,066**	(11,084)	**(15,979)**	107,490
	44,764	(50,081)	**(29,824)**	147,702

(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 third quarter ended 31 March 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT 31.3.2018 RM'000	AS AT 30.6.2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,708,910**	2,870,700
Investment properties		**205,132**	206,225
Intangible assets		**1,285,870**	1,344,811
Land use rights		**270,666**	287,245
Investments in associates		**18,300**	28,348
Investments in joint ventures		**25,656**	29,874
Deferred tax assets		**130,148**	162,672
Receivables and other assets		**391,440**	478,478
Investment securities		**18,945**	18,945
		5,055,067	5,427,298
Current assets			
Inventories		**427,328**	428,130
Receivables		**676,191**	517,232
Investment securities		**291,201**	241,808
Deposits, cash and bank balances		**2,981,602**	3,142,677
		4,376,322	4,329,847
TOTAL ASSETS		**9,431,389**	**9,757,145**
EQUITY AND LIABILITIES			
Share capital		**4,151,005**	4,151,005
Other reserves		**(1,472,423)**	(1,491,396)
Accumulated losses		**(301,113)**	(268,295)
Equity attributable to owners of the parent		**2,377,469**	**2,391,314**
Non-controlling interests		**1,435,316**	1,457,413
Total equity		**3,812,785**	3,848,727
Non-current liabilities			
Deferred tax liabilities		**157,398**	217,710
Loans and borrowings	18	**1,093,029**	175,052
Long term payables		**612,468**	615,845
		1,862,895	1,008,607
Current liabilities			
Payables and other liabilities		**2,299,666**	2,348,243
Loans and borrowings	18	**1,421,949**	2,521,709
Tax payables		**34,094**	29,859
		3,755,709	4,899,811
Total liabilities		**5,618,604**	5,908,418
TOTAL EQUITY AND LIABILITIES		**9,431,389**	**9,757,145**
Net assets per share attributable to owners of the parent (RM)		**2.23**	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 third quarter ended 31 March 2018
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	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
31 March 2018								
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	-	-	-	18,254	(32,099)	**(13,845)**	(15,979)	(29,824)
Transfer to capital reserves	-	-	-	719	(719)	**-**	-	-
Dividends to non-controlling interests	-	-	-	-	-	**-**	(6,118)	(6,118)
At 31 March 2018	**4,151,005**	**-**	**(20,903)**	**(1,451,520)**	**(301,113)**	**2,377,469**	**1,435,316**	**3,812,785**
31 March 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 period	-	-	-	63,357	(23,145)	**40,212**	107,490	147,702
Employee share options lapsed	-	-	-	(7,134)	7,134	**-**	-	-
Purchase of treasury shares	-	-	(21,142)	-	-	**(21,142)**	(6,818)	(27,960)
Dividends to non-controlling interests	-	-	-	-	-	**-**	(28,184)	(28,184)
Dividend paid - share dividend	-	(48,540)	48,540	-	-	**-**	-	-
Transfer to share capital pursuant to Section 618(2) of the Companies Act 2016 *	3,057,103	(3,057,103)	-	-	-	**-**	-	-
At 31 March 2017	**4,151,005**	**-**	**(20,903)**	**(1,458,566)**	**(169,997)**	**2,501,539**	**1,516,023**	**4,017,562**

* 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)

(Incorporated in Malaysia)

Interim financial report for the third quarter ended 31 March 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	31.3.2018 RM'000	**31.3.2017** RM'000
OPERATING ACTIVITIES		
(Loss)/profit before tax	**(26,989)**	312,926
Adjustments for :		
Non-cash items	**242,178**	(158,779)
Non-operating items	**5,879**	35,802
Operating profit before working capital changes	**221,068**	189,949
Changes in working capital :		
Net changes in assets	**(127,839)**	141,798
Net changes in liabilities	**195,165**	(2,036)
Others (mainly interest and tax paid)	**(95,074)**	(235,585)
	193,320	**94,126**
INVESTING ACTIVITIES		
Proceeds from disposal of a subsidiary	**-**	1,490,740
Changes in deposits with banks and investment securities	**797,758**	(1,476,721)
Others (mainly purchase of property, plant and equipment)	**(119,976)**	(223,114)
	677,782	**(209,095)**
FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	**(6,118)**	(28,184)
Purchase of treasury shares	**-**	(27,960)
Loans and borrowings	**(75,500)**	(119,042)
	(81,618)	**(175,186)**
Net changes in cash and cash equivalents	**789,484**	(290,155)
Effects of changes in exchange rates	**(23,301)**	45,680
Cash and cash equivalents at beginning of period	**581,890**	714,237
Cash and cash equivalents at end of period	**1,348,073**	**469,762**
Cash and cash equivalents at end of period comprise the following :		
Deposits, cash and bank balances	**2,981,602**	3,231,227
Less : Bank overdrafts	**(42,860)**	(49,854)
Less : Deposits with banks with original maturity of more than three months when acquired	**(1,590,669)**	(2,711,611)
	1,348,073	**469,762**

(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)

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

Other than as disclosed in Note 18, 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)	6,731,731	
Less : Cost of concessionaire sales	(5,519,745)	
Commissions from concessionaire sales		1,211,986
Sales of goods - Direct sales		1,563,377
Others (including rental income and management service fees)		266,983
		3,042,346

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	773,160	2,046,165	65,253	117,289	40,479	**3,042,346**
Results						
Segment profit/(loss)	(29,802)	87,221	(11,340)	(19,735)	(10,746)	**15,598**
Finance income						**77,720**
Finance costs						**(92,285)**
Share of results of associates						**1,640**
Share of results of joint ventures						**7,047**
Exceptional items						**(36,709)**
Loss before tax						**(26,989)**
Total assets	711,140	7,929,364	121,020	135,608	534,257	**9,431,389**

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.

iv) Voluntary dissolution of CodeCG Sdn Bhd, a dormant wholly-owned subsidiary of PRGL.

v) Incorporation of Parkson Lao Sole Co Ltd in the Lao People's Democratic Republic by Parkson Retail Laos Holdings Sdn Bhd, a wholly-owned subsidiary of PRGL.

vi) Disposal of the entire 60% equity interest in Dalian Tianhe Parkson Shopping Mall Company Limited by Serbadagang Holdings Sdn Bhd, a wholly-owned subsidiary of the Company.

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		
	31.3.2018	**31.3.2017**	**Changes**	**31.3.2018**	**31.3.2017**	**Changes**
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Retailing :						
- Malaysia	**267,767**	244,164	10	**773,160**	728,740	6
- China	**726,949**	733,424	(1)	**2,046,165**	2,004,852	2
- Vietnam and Myanmar	**19,759**	24,730	(20)	**65,253**	74,457	(12)
- Indonesia	**31,768**	48,624	(35)	**117,289**	146,473	(20)
	1,046,243	1,050,942	(0.4)	**3,001,867**	2,954,522	2
Others	**14,784**	11,389	30	**40,479**	32,359	25
	1,061,027	**1,062,331**	(0.1)	**3,042,346**	**2,986,881**	2
Segment profit/(loss)						
Retailing :						
- Malaysia	**(10,013)**	(4,221)	(>100)	**(29,802)**	(2,332)	(>100)
- China	**54,918**	20,576	>100	**87,221**	(64,664)	>100
- Vietnam and Myanmar	**(3,563)**	(535)	(>100)	**(11,340)**	(3,270)	(>100)
- Indonesia	**(6,335)**	(16,607)	62	**(19,735)**	(28,852)	32
	35,007	(787)	>100	**26,344**	(99,118)	>100
Others	**(753)**	(9,247)	92	**(10,746)**	(33,783)	68
	34,254	**(10,034)**	>100	**15,598**	**(132,901)**	>100

11. Performance review (Cont'd.)

For the 9 months ended 31 March 2018, the Group's **Retailing** Division registered a 2% growth in revenue to RM3,002 million and turned profitable with an operating profit of RM26 million. Performance of our retailing operations in each location were as follows :

- Malaysia

  Parkson Malaysia delivered a positive same store sales ("SSS") growth of 5% for the current quarter on account of improved consumer sentiment and impressive sales performance of stores at popular tourist destinations; whilst reported a marginal negative SSS growth of 1% for the financial year-to-date largely due to the absence of Hari Raya buying following the shift in festive calendar. The operations, however, achieved a 6% revenue growth to RM773 million for the 9 months ended 31 March 2018 due to contribution of new retail stores.

  Our local Parkson operations posted a higher operating loss of RM30 million compared with a year ago due to the impacts from the gestation period for new retail stores and the margin erosion resulting from the promotional activities.

  The operations continued to extend its market presence with the opening of 3 new Parkson stores whilst 4 underperforming stores were closed down during the financial year-to-date. Parkson Malaysia has 44 stores as at 31 March 2018.

- China

  Parkson China, the key contributor of the Group's retailing operation, continued to register impressive performance. Transformation strategies focusing on diversified retail formats and brand enhancement have yielded good results as seen from the positive SSS growth of 2% with revenue increasing to RM2,046 million for the financial year-to-date.

  The higher revenue coupled with improved operating efficiencies have enabled Parkson China to report an operating profit of RM87 million against a loss of RM65 million a year ago.

  As at 31 March 2018, 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 7% for the 9 months ended 31 March 2018 amid intense competition; whilst contribution of the Myanmar operations remained negligible to the Group.

  In this quarter, Parkson Vietnam closed a non-performing managed store in Ho Chi Minh City. As at the reporting date, the Group has 6 stores in Vietnam and 1 store in Myanmar.

- Indonesia

  Our Indonesia operations were affected by the absence of festive spending resulting from the shift in the Lebaran celebration and the aftermath of the volcano eruption in Bali in December 2017. These had led to a negative SSS growth of 6% for the financial year-to-date with a lower revenue of RM117 million. Operating loss has, however, narrowed considerably compared with a year ago following the closure and downsizing of underperforming stores as part of the Group's continuous effort to optimise store effectiveness.

  The Group owned and operated 15 stores as at 31 March 2018 in Indonesia following the closure of 2 stores in Jakarta during the financial year-to-date.

Results of the **Others** Division were mainly derived from the operation of the food and beverage business, consumer financing business and investment holding. The Group's consumer financing business carried out under *Parkson Credit* remained strong with increasing revenue and profitability during the 9 months ended 31 March 2018. The improved profitability of *Parkson Credit* together with foreign exchange gain arising from the strengthening of the Ringgit Malaysia against the United States Dollar have enabled the division to record lower operating losses for the current quarter and financial year-to-date.

12. Comment on material change in profit

	Current Quarter 31.3.2018 RM'000	Immediate Preceding Quarter 31.12.2017 RM'000	Changes %
Revenue	1,061,027	1,064,509	(0.3)
Operating profit	34,254	26,909	27
Profit/(loss) before tax	29,178	(3,281)	>100

While the Group's China retail stores benefited from the higher traffic flow during the Chinese New Year festivities, the Group's other retail regions reported weaker sales in the current quarter after several spending sprees e.g. Christmas and year-end promotions in the immediate preceding quarter. Accordingly, the Group's revenue decreased marginally to RM1,061 million.

Continued efforts in optimising store productivity and implementing cost rationalisation have however resulted in the Group recording a higher operating profit of RM34 million for the current quarter under review. Loss before tax in the immediate preceding quarter included assets impairment.

13. a) Prospects

For the final quarter of the financial year, the Group's retailing operations in Malaysia and Indonesia are anticipated to benefit from the Muslim's festive shopping in June 2018, while other regions will experience lower traffic flow in their retail stores in the absence of major festivities.

The Group sees ample opportunities and positive signs ahead with the emergence of "new retail" in China. While the Group has yielded many encouraging returns from its new retail initiatives, the Group is committed to delivering its transformation strategies in close alignment with the evolving retail markets, and focusing on store network optimisation and products offering enhancement. On the Southeast Asia front, the Group remains cautiously optimistic as the resilience of the Group's performance hinges on the extent of consumer sentiment recovery. The Group will continue to drive topline growth proactively whilst exercising prudence on operating costs and new investments.

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 31.3.2018 RM'000	3 MONTHS ENDED 31.3.2017 RM'000	YEAR-TO-DATE ENDED 31.3.2018 RM'000	YEAR-TO-DATE ENDED 31.3.2017 RM'000
Current year income tax :				
- Arising in Malaysia	**1,356**	3,216	**8,028**	4,014
- Arising outside Malaysia	**25,011**	16,092	**48,333**	270,764
	26,367	19,308	**56,361**	274,778

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 31.3.2018		AS AT 31.3.2017	
	Foreign Currency '000	RM'000	Foreign Currency '000	RM'000
Non-current				
Secured				
- Hire purchase liabilities	-	1,066	-	535
- Term loans and bank loans :				
RM denominated	-	-	-	638
US$ denominated	(@) 261,700	1,011,473	10,901	48,102
HK$ denominated	59,608	29,418	90,842	51,536
- Notes : US$ denominated (#)	-	-	484,500	2,135,964
		1,041,957		2,236,775
Unsecured				
- Term loans : US$ denominated	12,500	51,072	15,000	65,785
Total non-current loans and borrowings		1,093,029		2,302,560
Current				
Secured				
- Hire purchase liabilities	-	1,337	-	195
- Bankers' acceptance	-	9,744	-	-
- Term loans and bank loans :				
RM denominated	-	-	-	543
US$ denominated	32,901	127,271	33,750	149,090
HK$ denominated	656,103	326,162	309,578	176,788
- Notes : US$ denominated (#)	225,561	872,917	-	-
		1,337,431		326,616
Unsecured				
- Term loans : US$ denominated	2,500	9,658	-	-
- Revolving financing	-	32,000	-	30,000
- Bank overdraft	-	42,860	-	49,854
		84,518		79,854
Total current loans and borrowings		1,421,949		406,470
Total loans and borrowings		2,514,978		2,709,030

Exchange rates used :
As at 31.3.2018 - US$1.00: RM3.86 ; HK$1.00: RM0.49
As at 31.3.2017 - US$1.00: RM4.41 ; HK$1.00: RM0.57

(#) On 3 May 2013, Parkson Retail Group Limited ("PRGL"), a 54.97% owned subsidiary of the Company, issued US$500 million 4.50% 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 remained outstanding. PRGL has accepted all the tendered Notes for repurchase.

PRGL had redeemed all of the outstanding principal amount of the Notes on 3 May 2018 (being the maturity date of the Notes) at a redemption price equal to 100% of the outstanding principal amount of the Notes, which was US$225,561,000, plus accrued interest of US$5,075,122.50.

(@) On 24 January 2018, a loan amounting to US$261.7 million was drawn down from the Bank of Beijing by the PRGL Group for the purpose of settlement of the Offer as disclosed in (#) above.

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 the dividends 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) ("Initial Compensation") 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.

The Company had on 29 March 2018, announced that the Proposed Disposal of the DTP Subject Equity had been completed on 26 March 2018 ("Completion"). Following the Completion, Dalian Tianhe Parkson ceased to be a subsidiary of the Company.

On 3 May 2018, the Company had announced that pursuant to the written notice from Hefei Parkson dated 30 April 2018 to Serbadagang requesting for an extension of time from 30 April 2018 to 31 May 2018 to pay the Initial Compensation to Serbadagang, which is currently pending the approval of the relevant PRC Government's authority, Serbadagang had agreed to extend the period for the Initial Compensation to be paid on or before 31 May 2018 ("Extension of Time"). PRGL had also made a similar announcement on 3 May 2018 on the Extension of Time.

20. Dividend proposed

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

21. Earnings/(loss) per share

Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(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	
	31.3.2018	**31.3.2017**	**31.3.2018**	**31.3.2017**
Profit/(loss) attributable to owners of the parent (RM'000)	**25,300**	(33,242)	**(32,099)**	(23,145)
Weighted average number of ordinary shares in issue ('000)	**1,067,180**	1,067,285	**1,067,180**	1,065,623
Basic earnings/(loss) per share (sen)	**2.37**	(3.11)	**(3.01)**	(2.17)

Diluted

The basic earnings/(loss) per share and the diluted earnings/(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 2017 was not qualified.

23. Profit/(loss) before tax

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

		3 MONTHS ENDED		YEAR-TO-DATE ENDED	
		31.3.2018	**31.3.2017**	**31.3.2018**	**31.3.2017**
		RM'000	RM'000	RM'000	RM'000
a)	Interest income	**23,346**	22,879	**77,720**	47,862
b)	Other income including investment income	**74,526**	78,540	**223,412**	244,248
c)	Interest expense	**(31,233)**	(30,645)	**(92,285)**	(87,004)
d)	Depreciation and amortisation	**(63,838)**	(76,759)	**(209,835)**	(309,068)
e)	Provision for and write off of receivables	**(1,904)**	(2,909)	**(6,661)**	(7,532)
f)	Provision for and write off of inventories	**-**	-	**-**	-
g)	Gain/(Loss) on disposal of quoted or unquoted investments or properties	**-**	-	**-**	-
h)	Impairment of assets	**-**	(7,444)	**-**	(13,532)
i)	Foreign exchange gain/(loss)	**8,033**	2,009	**13,032**	(5,644)
j)	Gain/(Loss) on derivatives	**-**	-	**-**	-
k)	Exceptional items :	**(1,049)**	(7,488)	**(36,709)**	481,630
	- Gain on disposal of a subsidiary	**-**	-	**-**	802,301
	- Impairment loss on intangible assets	**-**	-	**(24,531)**	(308,951)
	- Impairment loss on investment in an associate	**-**	-	**(11,129)**	-
	- Impairment loss on other receivables	**(1,049)**	(7,488)	**(1,049)**	(11,720)