



**Interim Financial Report**  
**for the Fourth Quarter Ended**  
**30 June 2018**

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# PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2018

(The figures have not been audited)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
		30.6.2018	30.6.2017	Changes	30.6.2018	30.6.2017	Changes
		RM'000	RM'000	%	RM'000	RM'000	%
<b>Gross sales proceeds</b>		<b>2,530,390</b>	<b>2,773,529</b>	(9)	<b>11,092,481</b>	<b>11,629,182</b>	(5)
<b>Revenue</b>	7	<b>939,679</b>	<b>977,143</b>	(4)	<b>3,982,025</b>	<b>3,964,024</b>	0.5
Other operating income		<b>81,450</b>	96,597		<b>317,894</b>	340,845	
Operating expenses		<b>(1,024,094)</b>	(1,082,465)		<b>(4,287,286)</b>	(4,446,495)	
Operating (loss)/profit		<b>(2,965)</b>	(8,725)	66	<b>12,633</b>	(141,626)	>100
Finance income		<b>24,687</b>	30,871		<b>102,407</b>	78,733	
Finance costs		<b>(37,363)</b>	(29,694)		<b>(129,648)</b>	(116,698)	
Share of results of associates		<b>322</b>	(1,629)		<b>1,962</b>	(4,360)	
Share of results of joint ventures		<b>1,147</b>	1,638		<b>8,194</b>	7,708	
Exceptional items	23(k)	<b>(36,570)</b>	(81,435)		<b>(73,279)</b>	400,195	
<b>(Loss)/profit before tax</b>	23	<b>(50,742)</b>	<b>(88,974)</b>	43	<b>(77,731)</b>	<b>223,952</b>	(>100)
Income tax expense	16	<b>(37,286)</b>	(62,585)		<b>(93,647)</b>	(337,363)	
Loss for the period		<b>(88,028)</b>	(151,559)	42	<b>(171,378)</b>	(113,411)	(51)
(Loss)/profit for the period attributable to :							
- <b>Owners of the parent</b>		<b>(71,894)</b>	<b>(97,753)</b>	26	<b>(103,993)</b>	<b>(120,898)</b>	14
- Non-controlling interests		<b>(16,134)</b>	(53,806)		<b>(67,385)</b>	7,487	
		<b>(88,028)</b>	(151,559)		<b>(171,378)</b>	(113,411)	
Loss per share attributable to owners of the parent (sen) :							
- Basic	21	<b>(6.74)</b>	(9.16)		<b>(9.74)</b>	(11.34)	
- Diluted	21	<b>(6.74)</b>	(9.16)		<b>(9.74)</b>	(11.34)	

*(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 fourth quarter ended 30 June 2018

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000
<b>Loss for the period</b>	<b>(88,028)</b>	<b>(151,559)</b>	<b>(171,378)</b>	<b>(113,411)</b>
<u>Other comprehensive income/(loss)</u>				
Item that will not be reclassified to profit or loss :				
- Remeasurement of defined benefit plan, net of tax	379	536	379	536
Item that may be reclassified subsequently to profit or loss :				
- Foreign currency translation	(129,142)	(20,646)	(75,616)	88,908
<b>Total comprehensive loss for the period</b>	<b>(216,791)</b>	<b>(171,669)</b>	<b>(246,615)</b>	<b>(23,967)</b>
Total comprehensive (loss)/profit for the period attributable to :				
- <b>Owners of the parent</b>	<b>(138,203)</b>	<b>(114,668)</b>	<b>(152,048)</b>	<b>(74,456)</b>
- Non-controlling interests	(78,588)	(57,001)	(94,567)	50,489
	<b>(216,791)</b>	<b>(171,669)</b>	<b>(246,615)</b>	<b>(23,967)</b>

(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 fourth quarter ended 30 June 2018

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	AS AT 30.6.2018 RM'000	AS AT 30.6.2017 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,716,459	2,870,700
Investment properties		211,291	206,225
Intangible assets		1,273,895	1,344,811
Land use rights		266,853	287,245
Investments in associates		18,443	28,348
Investments in joint ventures		24,966	29,874
Deferred tax assets		125,478	162,672
Receivables and other assets		384,666	478,478
Investment securities		18,945	18,945
Time deposits		811,910	-
		<b>5,852,906</b>	<b>5,427,298</b>
<b>Current assets</b>			
Inventories		380,886	428,130
Receivables		556,039	517,232
Investment securities		375,371	241,808
Deposits, cash and bank balances		1,780,234	3,142,677
		<b>3,092,530</b>	<b>4,329,847</b>
<b>TOTAL ASSETS</b>		<b>8,945,436</b>	<b>9,757,145</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		4,151,005	4,151,005
Other reserves		(1,539,117)	(1,491,396)
Accumulated losses		(383,091)	(268,295)
Equity attributable to owners of the parent		<b>2,228,797</b>	<b>2,391,314</b>
Non-controlling interests		1,376,292	1,457,413
Total equity		<b>3,605,089</b>	<b>3,848,727</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		155,008	217,710
Loans and borrowings	18	2,008,889	175,052
Long term payables		593,841	615,845
		<b>2,757,738</b>	<b>1,008,607</b>
<b>Current liabilities</b>			
Payables and other liabilities		2,059,891	2,348,243
Loans and borrowings	18	490,450	2,521,709
Tax payables		32,268	29,859
		<b>2,582,609</b>	<b>4,899,811</b>
<b>Total liabilities</b>		<b>5,340,347</b>	<b>5,908,418</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,945,436</b>	<b>9,757,145</b>
Net assets per share attributable to owners of the parent (RM)		<b>2.09</b>	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 fourth quarter ended 30 June 2018  
(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			
<b>30 June 2018</b>								
<b>At 1 July 2017</b>	<b>4,151,005</b>	<b>-</b>	<b>(20,903)</b>	<b>(1,470,493)</b>	<b>(268,295)</b>	<b>2,391,314</b>	<b>1,457,413</b>	<b>3,848,727</b>
Total comprehensive loss for the year	-	-	-	(48,434)	(103,614)	(152,048)	(94,567)	(246,615)
Transfer to capital reserves	-	-	-	713	(713)	-	-	-
Acquisition of non-controlling interests in subsidiaries	-	-	-	-	(10,469)	(10,469)	9,512	(957)
Disposal and dilution of interests in subsidiaries	-	-	-	-	-	-	11,715	11,715
Dividends to non-controlling interests	-	-	-	-	-	-	(7,781)	(7,781)
<b>At 30 June 2018</b>	<b>4,151,005</b>	<b>-</b>	<b>(20,903)</b>	<b>(1,518,214)</b>	<b>(383,091)</b>	<b>2,228,797</b>	<b>1,376,292</b>	<b>3,605,089</b>
<b>30 June 2017</b>								
<b>At 1 July 2016</b>	<b>1,093,902</b>	<b>3,105,643</b>	<b>(48,301)</b>	<b>(1,514,789)</b>	<b>(153,986)</b>	<b>2,482,469</b>	<b>1,443,535</b>	<b>3,926,004</b>
Total comprehensive income/ (loss) for the year	-	-	-	45,906	(120,362)	(74,456)	50,489	(23,967)
Transfer from capital reserves	-	-	-	(51)	51	-	-	-
Employee share options lapsed	-	-	-	(7,209)	7,209	-	-	-
Purchase of treasury shares by :								
- The Company	-	-	(21,142)	-	-	(21,142)	-	(21,142)
- A subsidiary	-	-	-	5,650	(3,550)	2,100	(12,468)	(10,368)
Acquisition of non-controlling interests in subsidiaries	-	-	-	-	2,343	2,343	5,428	7,771
Dividends to non-controlling interests	-	-	-	-	-	-	(29,571)	(29,571)
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)	-	-	-	-	-	-
<b>At 30 June 2017</b>	<b>4,151,005</b>	<b>-</b>	<b>(20,903)</b>	<b>(1,470,493)</b>	<b>(268,295)</b>	<b>2,391,314</b>	<b>1,457,413</b>	<b>3,848,727</b>

\* 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 became 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 fourth quarter ended 30 June 2018

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	YEAR-TO-DATE ENDED	
	30.6.2018 RM'000	30.6.2017 RM'000
<b>OPERATING ACTIVITIES</b>		
(Loss)/profit before tax	(77,731)	223,952
Adjustments for :		
Non-cash items	352,729	61,011
Non-operating items	17,085	34,617
Operating profit before working capital changes	292,083	319,580
Changes in working capital :		
Net changes in assets	(39,533)	162,846
Net changes in liabilities	(83,942)	31,250
Others (mainly interest and tax paid)	(133,730)	(130,035)
	<b>34,878</b>	<b>383,641</b>
<b>INVESTING ACTIVITIES</b>		
Net cash inflow on disposal and dilution of interests in subsidiaries	1,260	1,497,560
Changes in deposits with banks and investment securities	571,877	(1,538,933)
Others (mainly purchase of property, plant and equipment)	(278,076)	(401,418)
	<b>295,061</b>	<b>(442,791)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid to non-controlling interests	(7,781)	(29,571)
Purchase of treasury shares	-	(27,960)
Loans and borrowings	(25,409)	(51,031)
	<b>(33,190)</b>	<b>(108,562)</b>
Net changes in cash and cash equivalents	296,749	(167,712)
Effects of changes in exchange rates	(26,239)	35,365
Cash and cash equivalents at beginning of year	581,890	714,237
Cash and cash equivalents at end of year	<b>852,400</b>	<b>581,890</b>
Cash and cash equivalents at end of year comprise the following :		
Deposits, cash and bank balances	2,592,144	3,142,677
Less : Bank overdrafts	(33,465)	(42,492)
Less : Deposits with banks with original maturity of more than three months when acquired	(1,706,279)	(2,518,295)
	<b>852,400</b>	<b>581,890</b>

(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 fourth quarter ended 30 June 2018

(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

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)	8,688,686	
Less : Cost of concessionaire sales	<u>(7,110,456)</u>	
Commissions from concessionaire sales		1,578,230
Sales of goods - Direct sales		2,047,987
Others (including rental income and management service fees)		355,808
		<u><u><b>3,982,025</b></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	
Revenue	<u>1,030,878</u>	<u>2,651,156</u>	<u>83,877</u>	<u>160,531</u>	<u>55,583</u>	<u><b>3,982,025</b></u>
<b>Results</b>						
Segment profit/(loss)	(47,000)	110,675	(17,746)	(19,633)	(13,663)	<b>12,633</b>
Finance income						<b>102,407</b>
Finance costs						<b>(129,648)</b>
Share of results of associates						<b>1,962</b>
Share of results of joint ventures						<b>8,194</b>
Exceptional items						<b>(73,279)</b>
Loss before tax						<u><b>(77,731)</b></u>
Total assets	<u>642,421</u>	<u>7,543,341</u>	<u>119,705</u>	<u>134,858</u>	<u>505,111</u>	<u><b>8,945,436</b></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 ("Shanghai Delight F&B"), 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.
- vii) Disposal of 15% equity interest in Vertigo Dot My Sdn Bhd ("Vertigo") by Entity C Sdn Bhd ("Entity C"), a wholly-owned subsidiary of AUM Hospitality Sdn Bhd ("AUMH") which in turn was a then wholly-owned subsidiary of the Company ("Disposal of Vertigo"). Following the Disposal of Vertigo, the shareholding of Entity C in Vertigo was reduced from 60% to 45% and consequent thereupon, Vertigo and its wholly-owned subsidiaries ceased to be subsidiaries of the Company.
- viii) Disposal of 80% equity interest in AUMH by Prime Yield Holdings Limited ("Prime Yield"), a wholly-owned subsidiary of the Company ("Disposal of AUMH"). Following the Disposal of AUMH, the shareholding of Prime Yield in AUMH was reduced from 100% to 20% and consequent thereupon, AUMH and its subsidiaries ceased to be subsidiaries of the Company, and AUMH became an associate of the Company.
- ix) Incorporation of Shanghai Lion Cosmetics Co Ltd in the PRC by Parkson Investment Holdings Co Ltd ("Parkson Investment"), a wholly-owned subsidiary of PRGL.
- x) Voluntary dissolution of Zhongshan Parkson Retail Development Co Ltd, a wholly-owned subsidiary of PRGL.
- xi) Incorporation of Shanghai Parkson Food & Beverage Management Co Ltd in the PRC by Parkson Investment.
- xii) Incorporation of Kunming Hogan Food & Beverage Management Co Ltd in the PRC by Shanghai Delight F&B.
- xiii) Disposal of the entire 70% equity interest in Super Gem Resources Sdn Bhd by Parkson Corporation Sdn Bhd, a wholly-owned subsidiary of Parkson Retail Asia Limited which is in turn a 67.96% 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		
	30.6.2018 RM'000	30.6.2017 RM'000	Changes %	30.6.2018 RM'000	30.6.2017 RM'000	Changes %
<u>Revenue</u>						
Retailing :						
- Malaysia	257,718	257,178	0.2	1,030,878	985,918	5
- China	604,991	617,922	(2)	2,651,156	2,622,774	1
- Vietnam and Myanmar	18,624	26,838	(31)	83,877	101,295	(17)
- Indonesia	43,242	58,920	(27)	160,531	205,393	(22)
	924,575	960,858	(4)	3,926,442	3,915,380	0.3
Others	15,104	16,285	(7)	55,583	48,644	14
	939,679	977,143	(4)	3,982,025	3,964,024	0.5
<u>Segment profit/(loss)</u>						
Retailing :						
- Malaysia	(17,198)	(3,289)	(>100)	(47,000)	(5,621)	(>100)
- China	23,454	22,796	3	110,675	(41,868)	>100
- Vietnam and Myanmar	(6,406)	(2,144)	(>100)	(17,746)	(5,414)	(>100)
- Indonesia	102	658	(84)	(19,633)	(28,194)	30
	(48)	18,021	(>100)	26,296	(81,097)	>100
Others	(2,917)	(26,746)	89	(13,663)	(60,529)	77
	(2,965)	(8,725)	66	12,633	(141,626)	>100

For the financial year ended 30 June 2018 ("FYE 2018"), the Group's **Retailing** Division registered a marginal growth in revenue to RM3,926 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 achieved a 5% revenue growth to RM1,031 million for the FYE 2018 due to contribution of new retail stores. The operations however, reported a negative same store sales ("SSS") growth of 2% for the financial year-to-date largely due to the more festive buying days a year ago following the shift of Hari Raya festive calendar. A higher operating loss of RM47 million was recorded attributed to the impact 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 4 new Parkson stores whilst 5 underperforming stores were closed down during the financial year-to-date. Parkson Malaysia has 44 stores as at 30 June 2018.

- China

Parkson China, the major contributor of the Group's retailing operation, has seen solid progress from the execution of its transformation strategies focusing on diversified retail formats and brand enhancement. The operations posted a marginal positive SSS growth with revenue increasing to RM2,651 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 RM111 million against a loss of RM42 million a year ago.

For the FYE 2018, Parkson China had launched 2 new stores (including the first Parkson Beauty specialty store) whilst 4 underperforming stores were closed to optimise its store network. As at 30 June 2018, the Group has a network coverage of 47 stores over 30 cities in China.

## 11. Performance review (Cont'd.)

### - Vietnam and Myanmar

The Group's Vietnam operations recorded a negative SSS growth of 8% for the financial year-to-date amidst the crowded retail scene. Intensive promotional activities have been carried out to capture sales resulting in margin erosion and hence, higher operating loss. Contribution of the Myanmar operations remained negligible to the Group.

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

### - Indonesia

Compared with the high base due to the shift in the Lebaran festive calendar a year ago, our Indonesia operations reported a negative SSS growth of 4% for the FYE 2018. Further affected by the downsizing of a store in Jakarta as well as the aftermath of the volcano eruption in Bali in December 2017, our Indonesia operations reported a lower revenue of RM161 million for the financial year-to-date. Operating loss has, however, narrowed to RM20 million compared with RM28 million 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 30 June 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 ("F&B") 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 current financial year. The improved profitability of *Parkson Credit* together with lower losses from the F&B business following the closure of non-performing outlets 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

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>	
	<b>30.6.2018</b>	<b>31.3.2018</b>	<b>Changes</b>
	RM'000	RM'000	%
Revenue	939,679	1,061,027	(11)
Operating (loss)/profit	(2,965)	34,254	(>100)
(Loss)/profit before tax	(50,742)	29,178	(>100)

For the current quarter under review, despite the Group's retailing operations in Malaysia and Indonesia benefited from the Muslim's festive shopping in June 2018, the other regions experienced lower traffic flow in their retail stores in the absence of major festivities. Accordingly, the Group's revenue decreased by 11% to RM940 million with an operating loss of RM3 million.

**13. a) Prospects**

In light of the more challenging, yet booming consumption market environment in **China**, the Group will continue to explore the feasibility to seize market opportunities and strongly believes that its efforts in executing transformation strategies, including diversification of retail formats, operational optimisation and cost rationalisation efforts, will further reinforce the Group's position as a leading lifestyle retailer.

On the **Southeast Asian** front, while the clarity in the new government's policies in Malaysia will be the key to sustainable consumer confidence, the upcoming general election in Indonesia is likely to impact consumer sentiment there. The operating environment in Vietnam is anticipated to remain challenging with the influx of retail players. The Group will continue to drive topline growth proactively whilst exercising prudence on its strategies.

**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**

	<b>3 MONTHS ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>	<b>30.6.2018</b>	<b>30.6.2017</b>
	RM'000	RM'000	RM'000	RM'000
Income tax expense comprises :				
Current year income tax :				
- Arising in Malaysia	<b>7,518</b>	16,183	<b>15,546</b>	20,197
- Arising outside Malaysia	<b>29,768</b>	46,402	<b>78,101</b>	317,166
	<b>37,286</b>	62,585	<b>93,647</b>	337,363

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 30.6.2018		AS AT 30.6.2017	
	Foreign Currency		Foreign Currency	
	'000	RM'000	'000	RM'000
<b>Non-current</b>				
<u>Secured</u>				
- Hire purchase liabilities	-	715	-	405
- Term loans and bank loans :				
RM denominated	-	-	-	487
US\$ denominated	(@) 487,284	1,966,738	17,901	76,946
HK\$ denominated	-	-	59,608	32,826
		<u>1,967,453</u>		<u>110,664</u>
<u>Unsecured</u>				
- Term loans : US\$ denominated	10,000	41,436	15,000	64,388
Total non-current loans and borrowings		<u>2,008,889</u>		<u>175,052</u>
<b>Current</b>				
<u>Secured</u>				
- Hire purchase liabilities	-	1,356	-	140
- Bankers' acceptance	-	5,076	-	-
- Term loans and bank loans :				
RM denominated	-	-	-	547
US\$ denominated	30,401	122,731	27,500	118,170
HK\$ denominated	532,036	273,622	458,676	252,584
- Notes : US\$ denominated (#)	-	-	484,500	2,077,776
		<u>402,785</u>		<u>2,449,217</u>
<u>Unsecured</u>				
- Term loans : US\$ denominated	5,000	20,200	-	-
- Revolving financing	-	34,000	-	30,000
- Bank overdrafts	-	33,465	-	42,492
		<u>87,665</u>		<u>72,492</u>
Total current loans and borrowings		<u>490,450</u>		<u>2,521,709</u>
Total loans and borrowings		<u>2,499,339</u>		<u>2,696,761</u>

Exchange rates used :

As at 30.6.2018 - US\$1.00: RM4.04 ; HK\$1.00: RM0.51

As at 30.6.2017 - US\$1.00: RM4.29 ; HK\$1.00: RM0.55

(#) 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.

(@) During the financial year-to-date, a loan amounting to US\$487.3 million was drawn down from Bank of Beijing by the PRGL Group for the purpose of settlement of the Notes 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 RM0.61) ("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 RM212.28 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 RM3.11 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 RM61.00 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.

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. The Company had subsequently on 30 May 2018, announced that the Group had on 29 May 2018, received Rmb90 million (equivalent to approximately RM54.9 million) in respect of the Initial Compensation and the balance of Rmb10 million (equivalent to approximately RM6.1 million) is being withheld pending tax clearance.

**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	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Loss attributable to owners of the parent (RM'000)	<b>(71,894)</b>	(97,753)	<b>(103,993)</b>	(120,898)
Weighted average number of ordinary shares in issue ('000)	<b>1,067,180</b>	1,067,180	<b>1,067,180</b>	1,066,011
Basic loss per share (sen)	<b>(6.74)</b>	(9.16)	<b>(9.74)</b>	(11.34)

### 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 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	
	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000
a) Interest income	24,687	30,871	102,407	78,733
b) Other income including investment income	81,450	92,357	305,295	336,605
c) Interest expense	(37,363)	(29,694)	(129,648)	(116,698)
d) Depreciation and amortisation	(66,290)	(75,245)	(276,125)	(384,313)
e) Provision for and write off of receivables	(2,276)	(7,202)	(8,937)	(14,734)
f) Provision for and write off of inventories	(3,960)	(24,291)	(3,960)	(24,291)
g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
h) Impairment of assets	(940)	-	(940)	(11,630)
i) Foreign exchange gain/(loss)	(433)	1,064	12,599	(4,580)
j) Gain/(Loss) on derivatives	(1,607)	4,240	(1,607)	4,240
k) Exceptional items :	(36,570)	(81,435)	(73,279)	400,195
- Gain on disposal and dilution of interests in subsidiaries	18,702	-	18,702	828,087
- Impairment loss on :				
Property, plant and equipment and others	(43,140)	(51,699)	(43,454)	(77,485)
Intangible assets	-	(14,752)	(24,217)	(323,703)
Investments in associates and joint ventures	(1,470)	-	(12,599)	-
Other receivables	(10,662)	(14,984)	(11,711)	(26,704)