



PARKSON HOLDINGS BERHAD

A Member of Lion Group

198201009470 (89194-P)

**Interim Financial Report
for the First Quarter Ended
30 September 2019**

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PARKSON HOLDINGS BERHAD

Registration No. 198201009470 (89194-P)
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2019

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | Note | 3 MONTHS ENDED | | | YEAR-TO-DATE ENDED | | |
|---|------|---------------------------------|---------------------|--------------|---------------------------------|---------------------|--------------|
| | | 30.9.2019 RM'000 (Note *) | 30.9.2018 RM'000 | Changes % | 30.9.2019 RM'000 (Note *) | 30.9.2018 RM'000 | Changes % |
| Gross sales proceeds | | 2,127,666 | 2,300,312 | -8 | 2,127,666 | 2,300,312 | -8 |
| Revenue | 7 | 887,446 | 924,120 | -4 | 887,446 | 924,120 | -4 |
| Other operating income | | 69,172 | 73,693 | | 69,172 | 73,693 | |
| Operating expenses | | (913,382) | (1,026,726) | | (913,382) | (1,026,726) | |
| Operating profit/(loss) | | 43,236 | (28,913) | >100 | 43,236 | (28,913) | >100 |
| Finance income | | 21,112 | 21,096 | | 21,112 | 21,096 | |
| Finance costs : | | | | | | | |
| - Lease interest (Note *) | | (85,155) | - | | (85,155) | - | |
| - Other interest expenses | | (35,615) | (36,053) | | (35,615) | (36,053) | |
| | | (120,770) | (36,053) | | (120,770) | (36,053) | |
| Share of results of associates | | 769 | 270 | | 769 | 270 | |
| Share of results of joint ventures | | 1,303 | 2,018 | | 1,303 | 2,018 | |
| Loss before tax | 23 | (54,350) | (41,582) | -31 | (54,350) | (41,582) | -31 |
| Income tax expense | 16 | (11,226) | (18,914) | | (11,226) | (18,914) | |
| Loss for the period | | (65,576) | (60,496) | -8 | (65,576) | (60,496) | -8 |
| Loss for the period attributable to : | | | | | | | |
| - Owners of the parent | | (44,620) | (43,010) | -4 | (44,620) | (43,010) | -4 |
| - Non-controlling interests | | (20,956) | (17,486) | | (20,956) | (17,486) | |
| | | (65,576) | (60,496) | | (65,576) | (60,496) | |
| Loss per share attributable to owners of the parent (sen) : | | | | | | | |
| - Basic | 21 | (4.18) | (4.03) | | (4.18) | (4.03) | |
| - Diluted | 21 | (4.18) | (4.03) | | (4.18) | (4.03) | |

Note *: The Group adopted MFRS 16: Leases on 1 July 2019. The impact arising from the adoption of MFRS 16 is disclosed in Note 1 to the interim financial statements.

(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 2019 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD

Registration No. 198201009470 (89194-P)
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

| | 3 MONTHS ENDED | | YEAR-TO-DATE ENDED | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30.9.2019 RM'000 | 30.9.2018 RM'000 | 30.9.2019 RM'000 | 30.9.2018 RM'000 |
| Loss for the period | (65,576) | (60,496) | (65,576) | (60,496) |
| <u>Other comprehensive loss</u> | | | | |
| - Foreign currency translation, representing item that may be reclassified subsequently to profit or loss | (124,483) | (126,200) | (124,483) | (126,200) |
| Total comprehensive loss for the period | (190,059) | (186,696) | (190,059) | (186,696) |
| Total comprehensive loss for the period attributable to : | | | | |
| - Owners of the parent | (111,032) | (109,904) | (111,032) | (109,904) |
| - Non-controlling interests | (79,027) | (76,792) | (79,027) | (76,792) |
| | (190,059) | (186,696) | (190,059) | (186,696) |

(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 2019 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD

Registration No. 198201009470 (89194-P)
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2019

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <u>Note</u> | AS AT 30.9.2019 RM'000 | AS AT 30.6.2019 RM'000 |
|--|-------------|------------------------------|------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 2,438,997 | 2,544,239 |
| Investment properties | | 199,901 | 200,485 |
| Right-of-use assets | 1 | 3,418,247 | - |
| Intangible assets | | 1,233,606 | 1,259,852 |
| Land use rights | | 248,334 | 255,750 |
| Investments in associates | | 23,044 | 25,587 |
| Investments in joint ventures | | 23,041 | 22,445 |
| Deferred tax assets | | 129,945 | 117,531 |
| Receivables | | 419,639 | 318,402 |
| Investment securities | | 20,408 | 23,414 |
| Time deposits | | 842,579 | 863,620 |
| | | 8,997,741 | 5,631,325 |
| Current assets | | | |
| Inventories | | 391,292 | 366,589 |
| Receivables | | 528,152 | 585,945 |
| Investment securities | | 280,330 | 314,278 |
| Deposits, cash and bank balances | | 1,483,633 | 1,637,779 |
| | | 2,683,407 | 2,904,591 |
| Non-current asset classified as held for sale | | 19,578 | - |
| | | 2,702,985 | 2,904,591 |
| TOTAL ASSETS | | 11,700,726 | 8,535,916 |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 4,151,005 | 4,151,005 |
| Other reserves | | (1,661,115) | (1,594,703) |
| Accumulated losses | | (554,034) | (509,414) |
| Equity attributable to owners of the parent | | 1,935,856 | 2,046,888 |
| Non-controlling interests | | 1,185,333 | 1,264,360 |
| Total equity | | 3,121,189 | 3,311,248 |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 136,389 | 141,373 |
| Loans and borrowings | 18 | 2,154,252 | 2,307,400 |
| Long term payables and provisions | | 80,146 | 572,214 |
| Lease liabilities | 1 | 3,684,374 | - |
| | | 6,055,161 | 3,020,987 |
| Current liabilities | | | |
| Payables, other liabilities and provisions | | 1,338,579 | 1,531,301 |
| Contract liabilities | | 434,315 | 448,261 |
| Loans and borrowings | 18 | 329,628 | 189,268 |
| Lease liabilities | 1 | 386,890 | - |
| Tax payables | | 34,964 | 34,851 |
| | | 2,524,376 | 2,203,681 |
| Total liabilities | | 8,579,537 | 5,224,668 |
| TOTAL EQUITY AND LIABILITIES | | 11,700,726 | 8,535,916 |
| Net assets per share attributable to owners of the parent (RM) | | 1.81 | 1.92 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD

Registration No. 198201009470 (89194-P)
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2019

(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 | Treasury shares RM'000 | Other reserves RM'000 | Accumulated losses RM'000 | | | |
| <u>30 September 2019</u> | | | | | | | |
| At 1 July 2019 | 4,151,005 | (20,903) | (1,573,800) | (509,414) | 2,046,888 | 1,264,360 | 3,311,248 |
| Total comprehensive loss for the period | - | - | (66,412) | (44,620) | (111,032) | (79,027) | (190,059) |
| At 30 September 2019 | 4,151,005 | (20,903) | (1,640,212) | (554,034) | 1,935,856 | 1,185,333 | 3,121,189 |
| <u>30 September 2018</u> | | | | | | | |
| At 1 July 2018 | 4,151,005 | (20,903) | (1,513,785) | (381,264) | 2,235,053 | 1,374,771 | 3,609,824 |
| Total comprehensive loss for the period | - | - | (66,894) | (43,010) | (109,904) | (76,792) | (186,696) |
| Acquisition of non-controlling interests in subsidiaries | - | - | - | (5,816) | (5,816) | 5,816 | - |
| Dividends to non-controlling interests | - | - | - | - | - | (3,084) | (3,084) |
| At 30 September 2018 | 4,151,005 | (20,903) | (1,580,679) | (430,090) | 2,119,333 | 1,300,711 | 3,420,044 |

(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 2019 and the accompanying explanatory notes attached to the interim financial statements)

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Interim financial report for the first quarter ended 30 September 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | YEAR-TO-DATE ENDED | |
|--|---------------------|---------------------|
| | 30.9.2019 RM'000 | 30.9.2018 RM'000 |
| OPERATING ACTIVITIES | | |
| Loss before tax | (54,350) | (41,582) |
| Adjustments for : | | |
| Non-cash items | 170,515 | 54,423 |
| Non-operating items | 97,586 | 12,669 |
| Operating profit before working capital changes | 213,751 | 25,510 |
| Changes in working capital : | | |
| Net changes in assets | (92,287) | 30,835 |
| Net changes in liabilities | (95,993) | (47,123) |
| Others (mainly interest and tax paid) | (39,735) | (48,317) |
| | (14,264) | (39,095) |
| INVESTING ACTIVITIES | | |
| Changes in deposits with banks and investment securities | (7,405) | 92,112 |
| Others (mainly purchase of property, plant and equipment) | (11,257) | (18,013) |
| | (18,662) | 74,099 |
| FINANCING ACTIVITIES | | |
| Dividends paid to non-controlling interests | - | (3,084) |
| Loans and borrowings | (9,300) | (28,185) |
| Payment of lease liabilities | (140,994) | - |
| | (150,294) | (31,269) |
| Net changes in cash and cash equivalents | (183,220) | 3,735 |
| Effects of changes in exchange rates | (22,508) | (7,408) |
| Cash and cash equivalents at beginning of period | 1,040,420 | 853,766 |
| Cash and cash equivalents at end of period | 834,692 | 850,093 |
| Cash and cash equivalents at end of period comprise the following : | | |
| Deposits, cash and bank balances | 2,326,212 | 2,578,952 |
| Less : Bank overdrafts | (263) | (41,631) |
| Less : Deposits with banks with original maturity of more than three months when acquired | (1,491,257) | (1,687,228) |
| | 834,692 | 850,093 |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD

Registration No. 198201009470 (89194-P)
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Interim financial report for the first quarter ended 30 September 2019
(The figures have not been audited)

NOTES TO THE INTERIM FINANCIAL REPORT

1. Accounting policies and methods of computation

The condensed consolidated 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 condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2019. 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 2019.

The significant accounting policies adopted in the condensed consolidated financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2019 except for the adoption of the following standards effective for the financial period beginning 1 July 2019 :

Amendments to MFRS 9: Prepayment Features with Negative Compensation
MFRS 16: Leases
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015 - 2017 Cycle
IC Interpretation 23: Uncertainty over Income Tax Treatments

The adoption of the above-mentioned standards did not have a material impact on the financial statements of the Group, except for the following :

MFRS 16: Leases

MFRS 16 replaces the lease guidance including MFRS 117: Leases and its related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. At the commencement date of a lease, a lessee will recognise a liability to pay rental (i.e. the lease liability) with a corresponding assets representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). MFRS 16 requires lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019 and the comparative information for 2019 was not restated. The Group, on a lease-by-lease basis, measured the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 July 2019.

The Group has elected the following practical expedients :

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply MFRS 16 to all contracts that were previously identified as leases;
- to apply the exemptions for commitments expiring within 12 months and low value assets; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

1. **Accounting policies and methods of computation** (Cont'd.)**MFRS 16: Leases** (Cont'd.)

The impact arising from the adoption of MFRS 16 as at 1 July 2019 is as follows :

| | Increase/ (decrease) |
|--|---------------------------------|
| | RM'000 |
| Assets | |
| Right-of-use assets | 3,604,696 |
| Receivables and other assets | 121,719 |
| Deferred tax assets | (2,007) |
| Total assets | <u>3,724,408</u> |
| Liabilities | |
| Lease liabilities : | |
| - Non-current | 3,813,087 |
| - Current | 395,418 |
| Payables, other liabilities and provisions | (484,097) |
| Total liabilities | <u>3,724,408</u> |

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the financial year-to-date are as follows :

| | Right-of-use assets | Lease liabilities |
|-----------------------------|--------------------------------|------------------------------|
| | RM'000 | RM'000 |
| At 1 July 2019 | 3,604,696 | 4,208,505 |
| Decrease | (1,619) | - |
| Depreciation charge | (118,839) | - |
| Interest expense | - | 85,155 |
| Payments | - | (140,994) |
| Exchange differences | (65,991) | (81,402) |
| At 30 September 2019 | <u>3,418,247</u> | <u>4,071,264</u> |

1. **Accounting policies and methods of computation** (Cont'd.)

MFRS 16: Leases (Cont'd.)

The following table shows the impact of MFRS 16 on the statement of profit or loss :

| | 3 MONTHS / YEAR-TO-DATE ENDED 30.9.2019 | | |
|---------------------------------------|--|------------------------------|------------------------------------|
| | Results without MFRS 16 | Impact of MFRS 16 | Results as reported |
| | RM'000 | RM'000 | RM'000 |
| Revenue | 896,437 | (8,991) | 887,446 |
| Other operating income | 68,522 | 650 | 69,172 |
| Operating expenses | (961,765) | 48,383 | (913,382) |
| Operating profit | 3,194 | 40,042 | 43,236 |
| Finance income | 16,873 | 4,239 | 21,112 |
| Finance costs | (35,615) | (85,155) | (120,770) |
| Share of results of associates | 1,781 | (1,012) | 769 |
| Share of results of joint ventures | 1,461 | (158) | 1,303 |
| Loss before tax | (12,306) | (42,044) | (54,350) |
| Income tax expense | (23,990) | 12,764 | (11,226) |
| Loss for the period | (36,296) | (29,280) | (65,576) |
| Loss for the period attributable to : | | | |
| - Owners of the parent | (27,462) | (17,158) | (44,620) |
| - Non-controlling interests | (8,834) | (12,122) | (20,956) |
| | (36,296) | (29,280) | (65,576) |

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) | 1,523,397 | |
| Less : Cost of concessionaire sales | <u>(1,240,220)</u> | |
| Commissions from concessionaire sales | | 283,177 |
| Sales of goods - Direct sales | | 529,379 |
| Others (including rental income and management service fees) | | <u>74,890</u> |
| | | <u>887,446</u> |

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

| | ← Retailing → | | | | | Total RM'000 |
|------------------------------------|------------------|----------------------------------|----------------|----------------|----------------|--------------------------|
| | Malaysia | People's Republic of China | Vietnam | Indonesia | Others | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Revenue | <u>204,559</u> | <u>630,836</u> | <u>9,184</u> | <u>29,789</u> | <u>13,078</u> | <u>887,446</u> |
| Results | | | | | | |
| Segment profit/(loss) | 260 | 55,749 | (6,436) | (4,302) | (2,035) | 43,236 |
| Finance income | | | | | | 21,112 |
| Finance costs | | | | | | (120,770) |
| Share of results of associates | | | | | | 769 |
| Share of results of joint ventures | | | | | | 1,303 |
| Loss before tax | | | | | | <u>(54,350)</u> |
| Total assets | <u>1,427,490</u> | <u>9,122,989</u> | <u>316,477</u> | <u>307,067</u> | <u>526,703</u> | <u>11,700,726</u> |

8. Subsequent events

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

9. Changes in composition of the Group

There were no material changes in the composition of the Group during the financial year-to-date.

10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since 30 June 2019.

11. Performance review

| | 3 MONTHS ENDED | | | YEAR-TO-DATE ENDED | | |
|------------------------------|---------------------|---------------------|--------------|---------------------|---------------------|--------------|
| | 30.9.2019 RM'000 | 30.9.2018 RM'000 | Changes % | 30.9.2019 RM'000 | 30.9.2018 RM'000 | Changes % |
| <u>Revenue</u> | | | | | | |
| Retailing : | | | | | | |
| - Malaysia | 204,559 | 235,191 | -13 | 204,559 | 235,191 | -13 |
| - China | 630,836 | 627,010 | 1 | 630,836 | 627,010 | 1 |
| - Vietnam and Myanmar | 9,184 | 16,817 | -45 | 9,184 | 16,817 | -45 |
| - Indonesia | 29,789 | 30,884 | -4 | 29,789 | 30,884 | -4 |
| | 874,368 | 909,902 | -4 | 874,368 | 909,902 | -4 |
| Others | 13,078 | 14,218 | -8 | 13,078 | 14,218 | -8 |
| | 887,446 | 924,120 | -4 | 887,446 | 924,120 | -4 |
| <u>Segment profit/(loss)</u> | | | | | | |
| Retailing : | | | | | | |
| - Malaysia | 260 | (18,424) | >100 | 260 | (18,424) | >100 |
| - China | 55,749 | 9,729 | >100 | 55,749 | 9,729 | >100 |
| - Vietnam and Myanmar | (6,436) | (6,561) | 2 | (6,436) | (6,561) | 2 |
| - Indonesia | (4,302) | (5,969) | 28 | (4,302) | (5,969) | 28 |
| | 45,271 | (21,225) | >100 | 45,271 | (21,225) | >100 |
| Others | (2,035) | (7,688) | 74 | (2,035) | (7,688) | 74 |
| | 43,236 | (28,913) | >100 | 43,236 | (28,913) | >100 |

For the 3 months ended 30 September 2019, the Group's **Retailing** Division recorded a lower revenue of RM874 million but with operating profit increasing to RM45 million from a loss of RM21 million a year ago. Performance of our retailing operations in each location were as follows :

- Malaysia

For the 3 months ended 30 September 2019, Parkson Malaysia recorded a negative same store sales ("SSS") growth of 1% as a result of generally softer retail market sentiment. The negative SSS growth coupled with the closure of stores over the years had resulted in the operations recording a lower revenue of RM205 million for the current quarter under review as compared with the preceding year corresponding quarter.

Continuous efforts in optimising stores' effectiveness and savings arising from stores' rationalisation have enabled the operations to report improvement in operating profit of RM0.3 million (without the impact of MFRS 16, an operating loss of RM8 million would have been recorded).

Parkson Malaysia has 42 stores as at 30 September 2019.

- China

Parkson China posted a marginal growth in revenue to RM631 million for the 3 months ended 30 September 2019. The higher revenue coupled with improved operating efficiencies have resulted in operating profit for the current quarter increasing to RM56 million (without the impact of MFRS 16, an operating profit of RM24 million would have been recorded).

In this quarter, Parkson China closed 2 underperforming stores as part of the Group's continuous effort to optimise store network. As at 30 September 2019, the Group has a network coverage of 42 stores in 28 cities across China.

11. Performance review (Cont'd.)

- Vietnam and Myanmar

The Group's Vietnam operations continued to witness intense competition amidst the proliferation of new retail players in the market, resulting in a negative SSS growth of 14% for the 3 months ended 30 September 2019. The ongoing renovation of a major store has further affected sales performance resulting in the operations recording a lower revenue of RM9 million for the current quarter and an operating loss of RM6 million.

As at 30 September 2019, the Group has 4 stores in Vietnam. The Group had closed down its only store in Myanmar in December 2018.

- Indonesia

Our Indonesia operations recorded a negative SSS growth of 8% mainly due to the aftermath of earthquake occurrences resulting in lesser tourist visits to our stores. The weaker footfall of a store resulting from renovation works underwent in the mall and the downsizing of another store, have further impacted the sales performance. For the 3 months ended 30 September 2019, our Indonesia operations reported a lower revenue of RM30 million with a lower operating loss of RM4 million.

The Group owned and operated 15 stores in Indonesia as at 30 September 2019.

Results of the **Others** Division were mainly derived from the consumer financing business, operation of food and beverage ("F&B") business and investment holding. For the current reporting period, the Group's consumer financing business carried out by *Parkson Credit* continued to post increasing revenue and profitability. On the F&B business, our *Hogan Bakery* operations registered revenue growth with improving operating efficiencies, whilst certain loss-making F&B outlets and food courts were closed down after due consideration.

12. Comment on material change in profit

| | Current Quarter | Immediate Preceding Quarter | Changes |
|-----------------------------------|----------------------------|--|----------------|
| | 30.9.2019 | 30.6.2019 | |
| | RM'000 | RM'000 | % |
| Revenue | 887,446 | 953,540 | -7 |
| Operating profit | 43,236 | 55,050 | -21 |
| Loss before tax (As reported) | (54,350) | (17,797) | - >100 |
| Loss before tax (Without MFRS 16) | (12,306) | (17,797) | 31 |

The Group's retailing operations experienced lower traffic flow in the absence of major festivities for the current quarter under review. Compared with the strong consumer spending during the Muslim festive season in Malaysia and Indonesia in the immediate preceding quarter, the Group's revenue was 7% lower at RM887 million with a lower operating profit.

For the current quarter under review, the Group reported a higher loss before tax of RM54 million, primarily attributable to the adoption of MFRS 16. The new standard had resulted in a higher charge of expenses in the initial years of the lease, with decreasing impact during the latter part of the lease term. Without the impact of MFRS 16, the Group would have recorded a lower loss before tax of RM12 million for the current quarter as disclosed in Note 1 above.

13. a) Prospects

The Group's performance in the next quarter ending 31 December 2019 is expected to benefit from the year-end festivities and holiday seasons.

The Group will continue executing its strategies focusing on diversified retail formats, enhanced brands and product offerings, as well as operational optimisation. The Group is committed to continuously improving its performance and will constantly review and align its business strategies in the face of challenging market conditions amid severe competition in the retailing regions of the Group.

b) Forecast or target previously announced

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

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

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

15. Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

16. Income tax expense

| | 3 MONTHS ENDED | | YEAR-TO-DATE ENDED | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 30.9.2019 RM'000 | 30.9.2018 RM'000 | 30.9.2019 RM'000 | 30.9.2018 RM'000 |
| Income tax expense/(credit) comprises : | | | | |
| Current and deferred income tax : | | | | |
| - Arising in Malaysia | (4,449) | 783 | (4,449) | 783 |
| - Arising outside Malaysia | 15,675 | 18,131 | 15,675 | 18,131 |
| | 11,226 | 18,914 | 11,226 | 18,914 |

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 lower 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 30.9.2019 | | AS AT 30.9.2018 | |
|--|-----------------------------|------------------|-----------------------------|------------------|
| | Foreign Currency '000 | RM'000 | Foreign Currency '000 | RM'000 |
| Non-current | | | | |
| <u>Secured</u> | | | | |
| - Hire purchase liabilities | - | 312 | - | 363 |
| - Term loans and bank loans : | | | | |
| RM denominated | - | 56,882 | - | - |
| US\$ denominated | 504,284 | 2,097,058 | 487,284 | 2,016,301 |
| HK\$ denominated | - | - | 198,000 | 104,805 |
| Total non-current loans and borrowings | | <u>2,154,252</u> | | <u>2,121,469</u> |
| Current | | | | |
| <u>Secured</u> | | | | |
| - Hire purchase liabilities | - | 433 | - | 1,383 |
| - Bankers' acceptance | - | 5,723 | - | 6,057 |
| - Revolving financing | - | 15,000 | - | - |
| - Term loans and bank loans : | | | | |
| RM denominated | - | 18,467 | - | - |
| US\$ denominated | 7,000 | 29,310 | 30,401 | 125,879 |
| HK\$ denominated | 491,000 | 260,432 | 258,608 | 136,887 |
| | | <u>329,365</u> | | <u>270,206</u> |
| <u>Unsecured</u> | | | | |
| - Term loans : US\$ denominated | - | - | 15,000 | 62,361 |
| - Revolving financing | - | - | - | 37,000 |
| - Bank overdrafts | - | 263 | - | 41,631 |
| | | <u>263</u> | | <u>140,992</u> |
| Total current loans and borrowings | | <u>329,628</u> | | <u>411,198</u> |
| Total loans and borrowings | | <u>2,483,880</u> | | <u>2,532,667</u> |

Exchange rates used :

As at 30.9.2019 - US\$1.00: RM4.19 ; HK\$1.00: RM0.53

As at 30.9.2018 - US\$1.00: RM4.14 ; HK\$1.00: RM0.53

19. Changes in material litigation

There were no material changes in the material litigations since 30 June 2019.

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 ("EPS")**Basic**

Basic EPS 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 | |
|--|-----------------------|------------------|---------------------------|------------------|
| | 30.9.2019 | 30.9.2018 | 30.9.2019 | 30.9.2018 |
| Loss attributable to owners of the parent (RM'000) | (44,620) | (43,010) | (44,620) | (43,010) |
| Weighted average number of ordinary shares in issue ('000) | 1,067,180 | 1,067,180 | 1,067,180 | 1,067,180 |
| Basic EPS (sen) | (4.18) | (4.03) | (4.18) | (4.03) |

Diluted

The basic EPS and the diluted EPS 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 2019 was not qualified.

23. Loss before tax

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

| | 3 MONTHS ENDED | | YEAR-TO-DATE ENDED | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30.9.2019 RM'000 | 30.9.2018 RM'000 | 30.9.2019 RM'000 | 30.9.2018 RM'000 |
| a) Interest income | 21,112 | 21,096 | 21,112 | 21,096 |
| b) Other income including investment income | 69,172 | 72,888 | 69,172 | 72,888 |
| c) Interest expenses : | | | | |
| - Lease interest (Note 1) | (85,155) | - | (85,155) | - |
| - Other interest expenses | (35,615) | (36,053) | (35,615) | (36,053) |
| | (120,770) | (36,053) | (120,770) | (36,053) |
| d) Depreciation and amortisation : | | | | |
| - Right-of-use assets (Note 1) | (118,839) | - | (118,839) | - |
| - Others | (47,358) | (58,416) | (47,358) | (58,416) |
| | (166,197) | (58,416) | (166,197) | (58,416) |
| e) Provision for and write off of receivables | (3,734) | (1,715) | (3,734) | (1,715) |
| 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) | (441) | (3,188) | (441) | (3,188) |
| j) Gain/(loss) on derivatives | - | 805 | - | 805 |
| k) Exceptional items | - | - | - | - |