



**PARKSON HOLDINGS BERHAD**

A Member of Lion Group

198201009470 (89194-P)

**Interim Financial Report  
for the First Quarter Ended  
30 September 2020**

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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 2020

(The figures have not been audited)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
		30.9.2020	30.9.2019	Changes	30.9.2020	30.9.2019	Changes
		RM'000	RM'000	%	RM'000	RM'000	%
<b>Gross sales proceeds</b>		<b>1,915,816</b>	<b>2,127,666</b>	-10	<b>1,915,816</b>	<b>2,127,666</b>	-10
<b>Revenue</b>	7	<b>812,102</b>	<b>887,446</b>	-8	<b>812,102</b>	<b>887,446</b>	-8
Other operating income		<b>68,790</b>	69,172		<b>68,790</b>	69,172	
Operating expenses		<b>(814,932)</b>	(913,382)		<b>(814,932)</b>	(913,382)	
Operating profit		<b>65,960</b>	43,236	53	<b>65,960</b>	43,236	53
Finance income		<b>14,663</b>	21,112		<b>14,663</b>	21,112	
Finance costs	23(c)	<b>(105,351)</b>	(120,770)		<b>(105,351)</b>	(120,770)	
Share of results of associates		<b>1,187</b>	769		<b>1,187</b>	769	
Share of results of joint ventures		<b>(1,403)</b>	1,303		<b>(1,403)</b>	1,303	
<b>Loss before tax</b>	23	<b>(24,944)</b>	<b>(54,350)</b>	54	<b>(24,944)</b>	<b>(54,350)</b>	54
Income tax expense	16	<b>(4,975)</b>	(11,226)		<b>(4,975)</b>	(11,226)	
<b>Loss for the period</b>		<b>(29,919)</b>	<b>(65,576)</b>	54	<b>(29,919)</b>	<b>(65,576)</b>	54
Loss for the period attributable to :							
- <b>Owners of the parent</b>		<b>(21,729)</b>	<b>(44,620)</b>	51	<b>(21,729)</b>	<b>(44,620)</b>	51
- Non-controlling interests		<b>(8,190)</b>	(20,956)		<b>(8,190)</b>	(20,956)	
		<b>(29,919)</b>	<b>(65,576)</b>		<b>(29,919)</b>	<b>(65,576)</b>	
Loss per share attributable to owners of the parent (sen) :							
- Basic	21	<b>(2.04)</b>	(4.18)		<b>(2.04)</b>	(4.18)	
- Diluted	21	<b>(2.04)</b>	(4.18)		<b>(2.04)</b>	(4.18)	

*(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 2020 and the accompanying explanatory notes attached to the interim financial statements)*

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Registration No. 198201009470 (89194-P)

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Interim financial report for the first quarter ended 30 September 2020

(The figures have not been audited)

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000
<b>Loss for the period</b>	<b>(29,919)</b>	<b>(65,576)</b>	<b>(29,919)</b>	<b>(65,576)</b>
<u>Other comprehensive income/(loss)</u>				
- Foreign currency translation, representing item that may be reclassified subsequently to profit or loss	<b>86,039</b>	(124,483)	<b>86,039</b>	(124,483)
<b>Total comprehensive income/(loss) for the period</b>	<b>56,120</b>	<b>(190,059)</b>	<b>56,120</b>	<b>(190,059)</b>
Total comprehensive income/(loss) for the period attributable to :				
- <b>Owners of the parent</b>	<b>23,490</b>	<b>(111,032)</b>	<b>23,490</b>	<b>(111,032)</b>
- Non-controlling interests	<b>32,630</b>	(79,027)	<b>32,630</b>	(79,027)
	<b>56,120</b>	<b>(190,059)</b>	<b>56,120</b>	<b>(190,059)</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 2020 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 2020

(The figures have not been audited)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	<b>AS AT 30.9.2020</b>	<b>AS AT 30.6.2020</b>
		RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,139,725	2,147,635
Investment properties		384,656	375,490
Right-of-use assets		2,862,025	2,982,042
Land use rights		226,619	226,815
Intangible assets		1,271,990	1,263,604
Investments in associates		27,927	26,599
Investments in joint ventures		16,665	17,929
Deferred tax assets		175,101	157,606
Receivables		489,368	526,038
Investment securities		16,696	16,697
Time deposits		380,708	377,652
		<b>7,991,480</b>	<b>8,118,107</b>
<b>Current assets</b>			
Inventories		369,231	360,533
Receivables		468,714	416,534
Investment securities		174,309	142,977
Deposits, cash and bank balances		1,471,948	1,376,751
		<b>2,484,202</b>	<b>2,296,795</b>
Non-current assets classified as held for sale		39,471	40,644
		<b>2,523,673</b>	<b>2,337,439</b>
<b>TOTAL ASSETS</b>		<b>10,515,153</b>	<b>10,455,546</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		4,151,005	4,151,005
Other reserves		(1,586,370)	(1,631,589)
Accumulated losses		(947,721)	(932,472)
Equity attributable to owners of the parent		<b>1,616,914</b>	<b>1,586,944</b>
Non-controlling interests		1,063,092	1,036,942
Total equity		<b>2,680,006</b>	<b>2,623,886</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		150,516	150,182
Loans and borrowings	18	1,470,003	1,491,164
Long term payables and provisions		85,476	85,227
Lease liabilities		3,366,637	3,434,947
		<b>5,072,632</b>	<b>5,161,520</b>
<b>Current liabilities</b>			
Payables, other liabilities and provisions		1,275,630	1,181,840
Contract liabilities		441,550	406,767
Loans and borrowings	18	535,872	540,202
Lease liabilities		480,938	514,001
Tax payables		28,525	27,330
		<b>2,762,515</b>	<b>2,670,140</b>
<b>Total liabilities</b>		<b>7,835,147</b>	<b>7,831,660</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,515,153</b>	<b>10,455,546</b>
Net assets per share attributable to owners of the parent (RM)		<b>1.52</b>	<b>1.49</b>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)*

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**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			
<b><u>30 September 2020</u></b>							
At 1 July 2020	4,151,005	(20,903)	(1,610,686)	(932,472)	1,586,944	1,036,942	2,623,886
Total comprehensive income/ (loss) for the period	-	-	45,219	(21,729)	23,490	32,630	56,120
Dilution of equity interest in a subsidiary	-	-	-	6,480	6,480	(6,480)	-
<b>At 30 September 2020</b>	<b>4,151,005</b>	<b>(20,903)</b>	<b>(1,565,467)</b>	<b>(947,721)</b>	<b>1,616,914</b>	<b>1,063,092</b>	<b>2,680,006</b>
<b><u>30 September 2019</u></b>							
At 1 July 2019	4,151,005	(20,903)	(1,573,800)	(495,158)	2,061,144	1,273,131	3,334,275
Total comprehensive loss for the period	-	-	(66,412)	(44,620)	(111,032)	(79,027)	(190,059)
<b>At 30 September 2019</b>	<b>4,151,005</b>	<b>(20,903)</b>	<b>(1,640,212)</b>	<b>(539,778)</b>	<b>1,950,112</b>	<b>1,194,104</b>	<b>3,144,216</b>

*(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 2020 and the accompanying explanatory notes attached to the interim financial statements)*

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	30.9.2020 RM'000	30.9.2019 RM'000
<b>OPERATING ACTIVITIES</b>		
Loss before tax	(24,944)	(54,350)
Adjustments for :		
Non-cash items	145,634	170,515
Non-operating items	90,904	97,586
Operating profit before working capital changes	211,594	213,751
Changes in working capital :		
Net changes in assets	(9,003)	(92,287)
Net changes in liabilities	132,382	(73,895)
Others (mainly interest and tax paid)	(25,613)	(39,735)
	<b>309,360</b>	<b>7,834</b>
<b>INVESTING ACTIVITIES</b>		
Changes in deposits with banks and investment securities	142,074	(7,405)
Others (mainly purchase of property, plant and equipment)	(32,149)	(11,257)
	<b>109,925</b>	<b>(18,662)</b>
<b>FINANCING ACTIVITIES</b>		
Loans and borrowings	14,611	(9,300)
Payment of lease liabilities	(169,060)	(163,092)
	<b>(154,449)</b>	<b>(172,392)</b>
Net changes in cash and cash equivalents	264,836	(183,220)
Effects of changes in exchange rates	7,380	(22,508)
Cash and cash equivalents at beginning of period	973,314	1,040,420
Cash and cash equivalents at end of period	<b>1,245,530</b>	<b>834,692</b>
Cash and cash equivalents at end of period comprise the following :		
Deposits, cash and bank balances	1,852,656	2,326,212
Less : Bank overdrafts	(555)	(263)
Less : Deposits with banks with original maturity of more than three months when acquired	(606,571)	(1,491,257)
	<b>1,245,530</b>	<b>834,692</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 2020 and the accompanying explanatory notes attached to the interim financial statements)

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## 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 2020. 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 2020.

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 2020 except for the adoption of the following standards effective for the financial period beginning 1 July 2020 :

- Amendments to MFRS 2: Share-based Payments
- Amendments to MFRS 3: Business Combinations
- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources
- Amendments to MFRS 14: Regulatory Deferral Accounts
- Amendments to MFRS 101: Presentation of Financial Statements
- Amendments to MFRS 9, 139 and 7: Interest Rate Benchmark Reform
- Amendments to MFRS 101 and 108: Definition of Material
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS 134: Interim Financial Reporting
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets
- Amendments to MFRS 138: Intangible Assets
- Amendments to IC Interpretation 12: Service Concession Arrangements
- Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
- Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration
- Amendments to IC Interpretation 132: Intangible Assets - Web Site Costs

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

### 2. Comments about seasonal or cyclical factors

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

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

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

#### 4. Changes in estimates

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

#### 5. Debt and equity securities

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

#### 6. Dividend paid

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

#### 7. Revenue and segmental information

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

	RM'000	RM'000
Concessionaire sales (gross)	1,341,447	
Less : Cost of concessionaire sales	<u>(1,103,714)</u>	
Commissions from concessionaire sales		237,733
Sales of goods - Direct sales		506,545
Others (including rental income, credit services and management service fees)		67,824
		<u><b>812,102</b></u>

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

	← Retailing →					Total
	People's Republic of					
	Malaysia	China	Vietnam	Indonesia	Others	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	<u>152,406</u>	<u>633,485</u>	<u>7,338</u>	<u>7,958</u>	<u>10,915</u>	<b>812,102</b>
<u>Results</u>						
Segment profit/(loss)	9,176	68,110	(4,369)	(8,980)	2,023	<b>65,960</b>
Finance income						<b>14,663</b>
Finance costs						<b>(105,351)</b>
Share of results of associates						<b>1,187</b>
Share of results of joint ventures						<b>(1,403)</b>
Loss before tax						<u><b>(24,944)</b></u>
Total assets	<u>943,470</u>	<u>8,671,551</u>	<u>225,567</u>	<u>202,459</u>	<u>472,106</u>	<b>10,515,153</b>



**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 2020.

**11. Performance review**

	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
	30.9.2020 RM'000	30.9.2019 RM'000	Changes %	30.9.2020 RM'000	30.9.2019 RM'000	Changes %
<b>Revenue</b>						
Retailing :						
- Malaysia	152,406	204,559	-25	152,406	204,559	-25
- China	633,485	630,836	0.4	633,485	630,836	0.4
- Vietnam	7,338	9,184	-20	7,338	9,184	-20
- Indonesia	7,958	29,789	-73	7,958	29,789	-73
	801,187	874,368	-8	801,187	874,368	-8
Others	10,915	13,078	-17	10,915	13,078	-17
	812,102	887,446	-8	812,102	887,446	-8
<b>Segment profit/(loss)</b>						
Retailing :						
- Malaysia	9,176	260	>100	9,176	260	>100
- China	68,110	55,749	22	68,110	55,749	22
- Vietnam	(4,369)	(6,436)	32	(4,369)	(6,436)	32
- Indonesia	(8,980)	(4,302)	- >100	(8,980)	(4,302)	- >100
	63,937	45,271	41	63,937	45,271	41
Others	2,023	(2,035)	>100	2,023	(2,035)	>100
	65,960	43,236	53	65,960	43,236	53

For the 3 months ended 30 September 2020, the Group's **Retailing** division recorded a lower revenue of RM801 million whilst operating profit increased to RM64 million from RM45 million a year ago. Performance of our retailing operations in each location were as follows:

- Malaysia

For the 3 months ended 30 September 2020, the execution of strict social distancing measures to combat the spread of COVID-19 virus had led to a drop in shopper traffic. Accordingly, Parkson Malaysia recorded a decline in revenue by 25% to RM152 million compared with RM205 million a year ago.

Continuous efforts in optimising store productivity and implementing cost rationalisation have resulted in the operations registering a higher operating profit of RM9 million for the current reporting period.

Parkson Malaysia has 42 stores as at 30 September 2020.

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

### - China

Facing the continuous challenges of market changes including the lingering effects of the pandemic, Parkson China registered a marginal growth in revenue to RM633 million for the 3 months ended 30 September 2020. This was attributed to the Group's efforts in expanding its income sources, and promotions via online platforms and social media channel to stimulate consumers' spending. The higher revenue coupled with improved operating efficiencies have resulted in operating profit increasing to RM68 million for the current quarter under review.

In this quarter, Parkson China launched a new store in Tongren City, Guizhou Province. As at 30 September 2020, the Group has a network coverage of 42 stores in 28 cities across China.

### - Vietnam

Since the onset of the COVID-19 pandemic which continues to affect shopper traffic to the Group's retailing stores, a lower revenue of RM7 million was reported for the 3 months ended 30 September 2020. The operations, however, registered a lower operating loss of RM4 million on the back of continuous efforts in optimising operational efficiency.

As at 30 September 2020, the Group has 4 stores in Vietnam.

### - Indonesia

While the competitive retail scenes and the generally lower consumer spending sentiment continued to exert pressure on the Group's operations in Indonesia, the prolonged COVID-19 pandemic has further impacted negatively on the Group's performance. With certain of the Group's retailing stores operating under restricted operating hours, revenue contracted significantly to RM8 million for the 3 months ended 30 September 2020 as compared with RM30 million a year ago. Consequently, a higher operating loss of RM9 million was reported.

The Group operated 14 stores in Indonesia as at 30 September 2020 after the closure of an underperforming store in Jakarta in July 2020.

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 3 months ended 30 September 2020, the Group's consumer financing business continued to post encouraging revenue and operating profit; whilst the F&B operations reported a lower revenue with improving operating efficiencies following the closure of certain loss-making outlets. Included in the operating profit in the current quarter under review was a foreign exchange gain of RM2 million arising from the strengthening of the Ringgit Malaysia against the United States Dollar.

## 12. Comment on material change in profit

	<u>Current Quarter</u>	<u>Immediate Preceding Quarter</u>	<u>Changes</u>
	30.9.2020	30.6.2020	
	RM'000	RM'000	%
Revenue	812,102	677,986	20
Loss before tax	(24,944)	(234,572)	89

The Group reported a revenue growth of 20% after a slump in consumer spending caused by the COVID-19 pandemic in the immediate preceding quarter. While our Parkson China continued to pick up through the quarter with encouraging revenue growth, the retailing operations in Malaysia began recovering favourably after the lockdown period in the last quarter.

Higher loss before tax in the immediate preceding quarter was mainly due to the inclusion of impairment loss on assets.

**13. a) Prospects**

While the retailing operations in China is seeing an improvement in shopper traffic and recovering favourably, the operating environment in the Southeast Asian region continues to be challenging in light of the competition and cautious consumer sentiment amid the pandemic. Nevertheless, the Group's performance in the next quarter is expected to benefit from the year-end festivities and holiday seasons.

In the face of operational disruption, the Group has taken various measures to mitigate risks and negative impact of the pandemic, focusing its priorities on enhancing product offerings, optimising operational efficiency and productivity as well as cost rationalisation. At the same time, the Group remains committed to adopting an active and cautious strategy and to diversify its business development by exploring various operation models to broaden its income sources, in order to drive the Group's long term and sustainable development.

**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	
	30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000
Income tax expense/(credit) comprises :				
Current and deferred income tax :				
- Arising in Malaysia	(5,152)	(4,449)	(5,152)	(4,449)
- Arising outside Malaysia	10,127	15,675	10,127	15,675
	<u>4,975</u>	<u>11,226</u>	<u>4,975</u>	<u>11,226</u>

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 30.9.2020		AS AT 30.9.2019	
	Foreign Currency	RM'000	Foreign Currency	RM'000
	'000		'000	
<b>Non-current</b>				
<u>Secured</u>				
- Term loans and bank loans :				
RM denominated	-	-	-	56,882
US\$ denominated	-	-	504,284	2,097,058
HK\$ denominated	2,688,000	1,442,136	-	-
Rmb denominated	38,850	23,718	-	-
		<u>1,465,854</u>		<u>2,153,940</u>
<u>Unsecured</u>				
- Term loan : US\$ denominated	1,000	4,149	-	-
Total non-current loans and borrowings		<u>1,470,003</u>		<u>2,153,940</u>
<b>Current</b>				
<u>Secured</u>				
- Bankers' acceptance	-	11,595	-	5,723
- Revolving financing	-	92,528	-	15,000
- Term loans and bank loans :				
RM denominated	-	-	-	18,467
US\$ denominated	29,000	120,370	7,000	29,310
HK\$ denominated	576,000	308,992	491,000	260,432
Rmb denominated	3,000	1,832	-	-
		<u>535,317</u>		<u>328,932</u>
<u>Unsecured</u>				
- Bank overdrafts	-	555	-	263
Total current loans and borrowings		<u>535,872</u>		<u>329,195</u>
Total loans and borrowings		<u>2,005,875</u>		<u>2,483,135</u>

Exchange rates used :

As at 30.9.2020 - US\$1.00: RM4.15 ; HK\$1.00: RM0.54 ; Rmb1.00: RM0.61

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

**19. Changes in material litigation**

There were no material changes in the material litigations since 30 June 2020.

**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	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
Loss attributable to owners of the parent (RM'000)	<b>(21,729)</b>	(44,620)	<b>(21,729)</b>	(44,620)
Weighted average number of ordinary shares in issue ('000)	<b>1,067,180</b>	1,067,180	<b>1,067,180</b>	1,067,180
Basic EPS (sen)	<b>(2.04)</b>	(4.18)	<b>(2.04)</b>	(4.18)

**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 has issued an unqualified audit opinion and the Auditors' report on the financial statements for the financial year ended 30 June 2020 included a paragraph on material uncertainty related to going concern of the Group. The Auditors highlighted that the Group reported a net loss for the financial year ended 30 June 2020, and as at that date, the Group's current liabilities exceeded its current assets; and that the Group's financial performance and operations were impacted by strict quarantine measures and movement control restrictions, caused by the COVID-19 pandemic, that have resulted in temporary closures of certain retailing stores in its key markets during the financial year ended 30 June 2020.

**23. Loss before tax**

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

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000
a) Interest income	14,663	21,112	14,663	21,112
b) Other income including investment income	67,043	69,172	67,043	69,172
c) Interest expenses :				
- Lease interest	(86,471)	(85,155)	(86,471)	(85,155)
- Other interest expenses	(18,880)	(35,615)	(18,880)	(35,615)
	(105,351)	(120,770)	(105,351)	(120,770)
d) Depreciation and amortisation :				
- Right-of-use assets	(112,449)	(118,839)	(112,449)	(118,839)
- Others	(48,620)	(47,358)	(48,620)	(47,358)
	(161,069)	(166,197)	(161,069)	(166,197)
e) Provision for and write off of receivables	(1,162)	(3,734)	(1,162)	(3,734)
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)	1,747	(441)	1,747	(441)
j) Gain/(loss) on derivatives	-	-	-	-
k) Exceptional items	-	-	-	-

**24. Material event**

The Company had on 15 October 2020 ("Announcement Date"), announced that it has triggered one of the prescribed criteria pursuant to Paragraph 8.04 and Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Main LR").

Nevertheless, the Company is not designated as a PN17 company and is not required to comply with the obligations of PN17 classification pursuant to the requirements of the Main LR for a period of 12 months from the Announcement Date, under the PN17 relief measures available to affected listed issuers granted by Bursa Securities pursuant to its letter dated 16 April 2020.

Upon the expiry of the 12 months from the Announcement Date, the Company will re-assess and announce whether it continues to trigger any of the prescribed criteria in PN17 of the Main LR.