



# PARKSON HOLDINGS BERHAD

A Member of Lion Group

Reg. No: 198201009470 (89194-P)

## **Interim Financial Report for the Second Quarter Ended 30 June 2023**

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## PARKSON HOLDINGS BERHAD

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

Interim financial report for the second quarter ended 30 June 2023

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			YEAR-TO-DATE ENDED		
		30.6.2023 RM'000	30.6.2022 RM'000 (Restated)	Changes %	30.6.2023 RM'000	30.6.2022 RM'000 (Restated)	Changes %
<b>Continuing operations</b>							
Gross sales proceeds		1,864,869	1,735,077	7	3,948,911	3,805,843	4
Revenue	7	832,173	714,502	16	1,669,967	1,542,546	8
Other operating income		92,928	76,793		171,930	156,546	
Operating expenses		(766,149)	(734,694)		(1,569,575)	(1,568,436)	
Operating profit		158,952	56,601	>100	272,322	130,656	>100
Finance income		13,281	13,715		26,745	27,426	
Finance costs	23(c)	(95,529)	(89,501)		(195,438)	(175,405)	
Share of results of associates		1,875	(4,904)		4,895	(3,233)	
Share of results of joint ventures		6,555	109		6,455	(780)	
Exceptional items	23(k)	(18,155)	(32,876)		5,601	(32,876)	
Profit/(loss) before tax	23	66,979	(56,856)	>100	120,580	(54,212)	>100
Income tax expense	16	(25,647)	(2,233)		(41,043)	(17,503)	
Profit/(loss) for the period from continuing operations		41,332	(59,089)	>100	79,537	(71,715)	>100
<b>Discontinued operations (#)</b>							
Profit/(loss) for the period from discontinued operations		190	(41)		177	(721)	
<b>Profit/(loss) for the period from continuing and discontinued operations</b>							
		41,522	(59,130)		79,714	(72,436)	
Profit/(loss) for the period attributable to :							
- Owners of the parent		19,343	(31,127)	>100	40,024	(39,760)	>100
- Non-controlling interests		22,179	(28,003)		39,690	(32,676)	
		41,522	(59,130)		79,714	(72,436)	
Earnings/(loss) per share attributable to owners of the parent (sen) :							
- Basic	21	1.68	(2.71)		3.48	(3.49)	
- Diluted	21	1.68	(2.71)		3.48	(3.49)	

(#) Relating to results of a subsidiary in Vietnam which had ceased operation.

*The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.*

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

Interim financial report for the second quarter ended 30 June 2023

(The figures have not been audited)

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	30.6.2023 RM'000	30.6.2022 RM'000 (Restated)	30.6.2023 RM'000	30.6.2022 RM'000 (Restated)
<b>Profit/(loss) for the period</b>	<b>41,522</b>	<b>(59,130)</b>	<b>79,714</b>	<b>(72,436)</b>
<u>Other comprehensive loss</u>				
- Foreign currency translation, representing item that may be reclassified subsequently to profit or loss	<b>(80,127)</b>	(83,357)	<b>(20,404)</b>	(54,789)
<b>Total comprehensive (loss)/income for the period</b>	<b>(38,605)</b>	(142,487)	<b>59,310</b>	(127,225)
Total comprehensive (loss)/income for the period attributable to :				
- <b>Owners of the parent</b>	<b>(22,118)</b>	<b>(74,115)</b>	<b>30,535</b>	<b>(66,792)</b>
- Non-controlling interests	<b>(16,487)</b>	(68,372)	<b>28,775</b>	(60,433)
	<b>(38,605)</b>	(142,487)	<b>59,310</b>	(127,225)

*The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.*

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Interim financial report for the second quarter ended 30 June 2023

(The figures have not been audited)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT 30.6.2023 RM'000	AS AT 31.12.2022 RM'000 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,888,013	1,906,538
Investment properties		442,622	452,447
Right-of-use assets		1,935,275	2,093,645
Intangible assets		1,196,527	1,180,468
Investments in associates		30,890	27,300
Investments in joint ventures		14,760	8,197
Deferred tax assets		196,581	187,266
Receivables		524,948	551,586
Investment securities		17,504	17,504
Time deposits		16,115	15,869
		<b>6,263,235</b>	<b>6,440,820</b>
<b>Current assets</b>			
Inventories		317,621	386,831
Receivables		609,188	480,248
Investment securities		53,854	68,477
Deposits, cash and bank balances		1,430,025	1,290,200
		<b>2,410,688</b>	<b>2,225,756</b>
Non-current assets classified as held for sale (@)		48,356	192,933
		<b>2,459,044</b>	<b>2,418,689</b>
<b>TOTAL ASSETS</b>		<b>8,722,279</b>	<b>8,859,509</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital</b>			
Share capital		2,160,580	2,160,580
<b>Other reserves</b>			
Other reserves		(1,520,199)	(1,512,314)
<b>Retained profits</b>			
Retained profits		828,618	790,198
<b>Equity attributable to owners of the parent</b>			
Equity attributable to owners of the parent		<b>1,468,999</b>	<b>1,438,464</b>
<b>Non-controlling interests</b>			
Non-controlling interests		960,169	931,599
<b>Total equity</b>			
Total equity		<b>2,429,168</b>	<b>2,370,063</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		153,776	175,903
Loans and borrowings	18	1,460,632	1,421,800
Long term payables and provisions		22,331	22,634
Lease liabilities		2,157,641	2,329,785
		<b>3,794,380</b>	<b>3,950,122</b>
<b>Current liabilities</b>			
Payables, other liabilities and provisions		1,172,831	1,266,211
Contract liabilities		399,454	414,305
Loans and borrowings	18	325,817	317,050
Lease liabilities		546,012	516,887
Tax payables		54,617	24,871
		<b>2,498,731</b>	<b>2,539,324</b>
<b>Total liabilities</b>		<b>6,293,111</b>	<b>6,489,446</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,722,279</b>	<b>8,859,509</b>
Net assets per share attributable to owners of the parent (RM)		<b>1.28</b>	<b>1.25</b>

(@) Relating to carrying amount of part of a leasehold land located in Melaka, Malaysia ("Melaka Land")  
(31.12.2022: Melaka Land and properties in Qingdao City, Shandong Province, the People's Republic of China).

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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Interim financial report for the second quarter ended 30 June 2023

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### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the parent →					
	Share capital RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
<b><u>30 June 2023</u></b>						
At 1 January 2023, as previously reported	2,160,580	(1,512,314)	835,827	1,484,093	968,972	2,453,065
Effects of adoption of amendments to MFRS 112 (Note 1)	-	-	(45,629)	(45,629)	(37,373)	(83,002)
<b>At 1 January 2023, restated</b>	<b>2,160,580</b>	<b>(1,512,314)</b>	<b>790,198</b>	<b>1,438,464</b>	<b>931,599</b>	<b>2,370,063</b>
Total comprehensive (loss)/income for the period	-	(9,489)	40,024	30,535	28,775	59,310
Transfer to capital reserves	-	1,604	(1,604)	-	-	-
Dividends to non-controlling interests	-	-	-	-	(205)	(205)
<b>At 30 June 2023</b>	<b>2,160,580</b>	<b>(1,520,199)</b>	<b>828,618</b>	<b>1,468,999</b>	<b>960,169</b>	<b>2,429,168</b>
<b><u>30 June 2022</u></b>						
At 1 January 2022, as previously reported	2,155,630	(1,409,122)	954,143	1,700,651	1,153,071	2,853,722
Effects of adoption of amendments to MFRS 112 (Note 1)	-	-	(55,909)	(55,909)	(45,793)	(101,702)
<b>At 1 January 2022, restated</b>	<b>2,155,630</b>	<b>(1,409,122)</b>	<b>898,234</b>	<b>1,644,742</b>	<b>1,107,278</b>	<b>2,752,020</b>
Total comprehensive loss for the period	-	(27,032)	(39,760)	(66,792)	(60,433)	(127,225)
Issue of share capital	4,950	-	-	4,950	-	4,950
<b>At 30 June 2022</b>	<b>2,160,580</b>	<b>(1,436,154)</b>	<b>858,474</b>	<b>1,582,900</b>	<b>1,046,845</b>	<b>2,629,745</b>

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2022 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	
	30.6.2023 RM'000	30.6.2022 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit/(loss) before tax :		
Continuing operations	120,580	(54,212)
Discontinued operations	177	(721)
Adjustments for :		
Non-cash items	251,551	299,571
Non-operating items	157,343	151,994
Operating profit before working capital changes	529,651	396,632
Changes in working capital :		
Net changes in assets	(1,985)	94,363
Net changes in liabilities	(20,068)	(129,565)
Others (mainly interest and tax paid)	(86,745)	(36,496)
	<b>420,853</b>	<b>324,934</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds received from non-current assets classified as held for sale	53,987	-
Changes in deposits with banks and investment securities	(34,051)	397,849
Others (mainly purchase of property, plant and equipment)	(24,520)	(49,238)
	<b>(4,584)</b>	<b>348,611</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid to non-controlling interests	(205)	-
Loans and borrowings	(40,132)	270,737
Payment of lease liabilities	(316,672)	(284,664)
Issue of share capital	-	4,950
	<b>(357,009)</b>	<b>(8,977)</b>
Net changes in cash and cash equivalents	59,260	664,568
Effects of changes in exchange rates	29,906	7,527
Cash and cash equivalents at beginning of period	1,251,268	807,145
Cash and cash equivalents at end of period	<b>1,340,434</b>	<b>1,479,240</b>
Cash and cash equivalents at end of period comprise the following :		
Deposits, cash and bank balances	1,446,140	1,587,972
Less : Bank overdrafts	(896)	(877)
Less : Deposits with banks with original maturity of more than three months when acquired	(104,810)	(107,855)
	<b>1,340,434</b>	<b>1,479,240</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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 Annual Audited Financial Statements of the Group for the financial year ended 31 December 2022. 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 31 December 2022.

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 31 December 2022 except for the adoption of the following standards effective for the financial period beginning 1 January 2023 :

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
  - Definition of Accounting Estimates
- Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

#### Amendments to MFRS 112 Income Taxes

The amendments clarify that the initial recognition exemption of deferred tax in MFRS 112 does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in MFRS 112.

Prior to the application of the amendments, the Group had recognised the deferred tax assets and liabilities arising from leases on a net basis. Following the requirements of the amendments, the Group has recognised deferred tax liabilities in relation to its right-of-use assets as at 1 January 2022 and has only recognised deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

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

The impact of the retrospective adjustments of the changes in accounting policies on the items and amounts in the consolidated financial statements for the comparative period, is as follows :

	<b>As previously reported</b>	<b>Effects</b>	<b>Restated</b>
	RM'000	RM'000	RM'000
<b>Condensed Consolidated Statement of Profit or Loss</b>			
<u>Year-to-date ended 30.6.2022</u>			
Income tax expense	(27,446)	9,943	(17,503)
Loss for the period from continuing operations	(81,658)	9,943	(71,715)
Loss for the period attributable to :			
- Owners of the parent	(45,226)	5,466	(39,760)
- Non-controlling interests	(37,153)	4,477	(32,676)
	<u>(81,658)</u>	<u>9,943</u>	<u>(71,715)</u>
<b>Condensed Consolidated Statement of Financial Position</b>			
<u>As at 1.1.2022</u>			
Deferred tax assets	200,170	(28,562)	171,608
Deferred tax liabilities	136,524	73,140	209,664
Retained profits	954,143	(55,909)	898,234
Non-controlling interests	1,153,071	(45,793)	1,107,278
	<u>1,153,071</u>	<u>(45,793)</u>	<u>1,107,278</u>
<u>As at 31.12.2022</u>			
Deferred tax assets	220,514	(33,248)	187,266
Deferred tax liabilities	126,149	49,754	175,903
Retained profits	835,827	(45,629)	790,198
Non-controlling interests	968,972	(37,373)	931,599
	<u>968,972</u>	<u>(37,373)</u>	<u>931,599</u>

**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 current reporting periods.

**4. Changes in estimates**

There were no changes in estimates that have had a material effect in the results for the current reporting periods.

**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 reporting periods.

**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)	2,753,464	
Less : Cost of concessionaire sales	<u>(2,278,944)</u>	
Commissions from concessionaire sales		474,520
Sales of goods - Direct sales		932,054
Others (including rental income, credit services and management service fees)		263,393
		<u><u>1,669,967</u></u>

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

	← Retailing People's Republic of →				Total continuing operations	Discontinued operations	Total
	Malaysia	China	Vietnam	Others			
	RM'000	RM'000	RM'000	RM'000			
Revenue	<u>399,833</u>	<u>1,232,385</u>	<u>3,847</u>	<u>33,902</u>	<u>1,669,967</u>	<u>-</u>	<u>1,669,967</u>
<b>Results</b>							
Segment profit/(loss)	113,523	171,260	(2,647)	(9,814)	<b>272,322</b>	177	<b>272,499</b>
Finance income					<b>26,745</b>	-	<b>26,745</b>
Finance costs					<b>(195,438)</b>	-	<b>(195,438)</b>
Share of results of associates					<b>4,895</b>	-	<b>4,895</b>
Share of results of joint ventures					<b>6,455</b>	-	<b>6,455</b>
Exceptional items					<b>5,601</b>	-	<b>5,601</b>
Profit before tax					<u><b>120,580</b></u>	<u>177</u>	<u><b>120,757</b></u>
Total assets	<u>996,312</u>	<u>7,021,157</u>	<u>120,409</u>	<u>581,965</u>	<u><b>8,719,843</b></u>	<u>2,436</u>	<u><b>8,722,279</b></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 31 December 2022.

**11. Performance review**

	INDIVIDUAL QUARTER			YEAR-TO-DATE ENDED		
	30.6.2023 RM'000	30.6.2022 RM'000	Changes %	30.6.2023 RM'000	30.6.2022 RM'000	Changes %
<b>Revenue</b>						
Retailing :						
- Malaysia	<b>198,634</b>	206,707	(4)	<b>399,833</b>	367,090	9
- China	<b>613,824</b>	493,026	25	<b>1,232,385</b>	1,146,562	7
- Vietnam	<b>1,707</b>	2,114	(19)	<b>3,847</b>	4,553	(16)
	<b>814,165</b>	701,847	16	<b>1,636,065</b>	1,518,205	8
Others	<b>18,008</b>	12,655	42	<b>33,902</b>	24,341	39
	<b>832,173</b>	<b>714,502</b>	16	<b>1,669,967</b>	<b>1,542,546</b>	8
<b>Segment profit/(loss)</b>						
Retailing :						
- Malaysia	<b>57,087</b>	77,160	(26)	<b>113,523</b>	112,481	1
- China	<b>113,677</b>	(10,108)	>100	<b>171,260</b>	32,034	>100
- Vietnam	<b>(1,863)</b>	(1,082)	(72)	<b>(2,647)</b>	(2,528)	(5)
	<b>168,901</b>	65,970	>100	<b>282,136</b>	141,987	99
Others	<b>(9,949)</b>	(9,369)	(6)	<b>(9,814)</b>	(11,331)	13
	<b>158,952</b>	<b>56,601</b>	>100	<b>272,322</b>	<b>130,656</b>	>100

For the 6 months ended 30 June 2023, the Group's **Retailing** division recorded an 8% higher revenue of RM1,636 million with operating profit increasing to RM282 million. Performance of our retailing operations in each location were as follows :

**- Malaysia**

For the 6 months ended 30 June 2023, the Group's Malaysia retailing operations registered a 9% improvement in revenue to RM400 million. This was attributable to the increasing stores' footfall in tandem with the full lifting of movement restrictions. Accordingly, the operations achieved a higher operating profit of RM114 million as compared with a year ago.

Parkson Malaysia had, during the current quarter under review, closed *Parkson The Spring Kuching* and *Parkson Nu Sentral* at the expiration of their lease commitments. As at 30 June 2023, the Group has 36 Parkson stores in Malaysia.

**11. Performance review** (Cont'd.)- China

The recovery of shopper traffic to our retailing stores following the full lifting of COVID-19 related prevention and control measures since end of 2022, coupled with the additional rental income source from an investment property in Beijing in this quarter, have enabled Parkson China to post an encouraging sales performance of RM1,232 million for the 6 months ended 30 June 2023.

In line with the higher sales, added with the continuous efforts in optimising operating efficiencies and cost control measures, an impressive operating profit of RM171 million was reported for the first half of this financial year.

As at 30 June 2023, the Group has a network coverage of 43 stores in 29 cities across China.

- Vietnam

The Group's only store in Vietnam, *Parkson Saigon Tourist Plaza*, recorded a revenue of RM4 million with operating loss of RM3 million for the 6 months ended 30 June 2023.

The subsidiary in Vietnam had on 28 April 2023, filed an application for the commencement of voluntary bankruptcy proceedings. The application is subject to the approval from the relevant authorities in Vietnam.

Results of the **Others** division were mainly derived from the consumer financing business, operation of food and beverage business, and investment holding. For the 6 months ended 30 June 2023, the Group's consumer financing business continued to increase its revenue and operating profit; whilst the bakery operation has gradually improve its performance. Operating losses for the current and preceding financial year-to-date included foreign exchange losses arising from the weakening of the Ringgit Malaysia against the United States Dollar.

**12. Comment on material change in profit**

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>	
	<b>30.6.2023</b>	<b>31.3.2023</b>	<b>Changes</b>
	RM'000	RM'000	%
Revenue	832,173	837,794	-1
Operating profit	158,952	113,370	40
Profit before tax	66,979	53,601	25

For the current quarter under review, an uptick in consumer spending in Malaysia during the Muslim celebrations in April 2023 and the rental income contribution from an investment property in China, have partially alleviated the generally softer consumer sentiments across the Group's retailing regions. Compared with the strong consumer spending during the Chinese New Year festivities in the immediate preceding quarter, the Group reported a marginally lower revenue of RM832 million.

The increased rental income source of Parkson China, along with the Group's efforts in optimising operational efficiencies, have enabled the Group to register a 25% higher profit before tax of RM67 million.

**13. a) Prospects**

For the third quarter ending 30 September 2023, notwithstanding the gradual recovery in stores' footfall following the resumption of cross province and cross border travel in China, the Group's retailing operations are expected to experience low traffic flow in the absence of major festivities.

The Group continues to stay focused on increasing stores' productivity and implementing cost improvements strategies, besides continuing to diversify the income sources to fully seize the opportunities, and promote long-term sustainable development of its businesses.

**b) Forecast or target previously announced**

The disclosure requirements are not applicable for the current reporting periods.

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

The disclosure requirements are not applicable for the current reporting periods.

**15. Profit forecast or profit guarantee**

No profit forecast or profit guarantee was published.

**16. Income tax expense**

Income tax expense/(credit) comprises :	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	30.6.2023 RM'000	30.6.2022 RM'000 (Restated)	30.6.2023 RM'000	30.6.2022 RM'000 (Restated)
Current and deferred income tax :				
- Arising in Malaysia	12,491	16,318	23,750	24,722
- Arising outside Malaysia	13,156	(14,085)	17,293	(7,219)
	<u>25,647</u>	<u>2,233</u>	<u>41,043</u>	<u>17,503</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 higher than the Malaysian statutory tax rate mainly due to certain expenses which were not deductible for tax purposes.

**17. Corporate proposals****a) Status of corporate proposals**

Date of Announcements	Subject	Status
9.9.2022 11.10.2022 13.10.2022 28.10.2022 15.2.2023	Proposed disposal by Qingdao No. 1 Parkson Co., Ltd., an indirect 95.91% owned subsidiary of Parkson Retail Group Limited ("PRGL") which is in turn a 54.97% owned subsidiary of the Company, of the properties in Qingdao City, Shandong Province, the People's Republic of China ("PRC") with an aggregate construction area of approximately 76,013 square metres, at the consideration of Rmb280 million (equivalent to approximately RM180 million) ("Disposal").	The shareholders' approval for PRGL on the Disposal had been obtained on 28 October 2022.  The Disposal is pending the fulfilment of conditions precedent.

17. **Corporate proposals** (Cont'd.)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 30.6.2023		AS AT 30.6.2022	
	Foreign Currency '000	RM'000	Foreign Currency '000	RM'000
<b>Non-current</b>				
<u>Secured</u>				
- Term loans and bank loans :				
HK\$ denominated	2,467,600	1,460,632	2,567,600	1,443,087
Rmb denominated	-	-	21,006	13,805
Total non-current loans and borrowings		<u>1,460,632</u>		<u>1,456,892</u>
<b>Current</b>				
<u>Secured</u>				
- Bankers' acceptance	-	4,612	-	5,044
- Revolving financing	-	130,459	-	91,003
- Term loans and bank loans :				
HK\$ denominated	100,000	59,503	100,000	56,104
US\$ denominated	28,000	130,347	29,000	127,626
Rmb denominated	-	-	10,000	6,572
- Bank overdrafts	-	893	-	874
		<u>325,814</u>		<u>287,223</u>
<u>Unsecured</u>				
- Term loan : US\$ denominated	-	-	1,000	4,398
- Bank overdrafts	-	3	-	3
		<u>3</u>		<u>4,401</u>
Total current loans and borrowings		<u>325,817</u>		<u>291,624</u>
Total loans and borrowings		<u>1,786,449</u>		<u>1,748,516</u>

Exchange rates used :

As at 30.6.2023 - HK\$1.00: RM0.59 ; US\$1.00: RM4.66

As at 30.6.2022 - HK\$1.00: RM0.56 ; US\$1.00: RM4.40 ; Rmb1.00: RM0.66

**19. Changes in material litigation**

There were no changes in the material litigations since 31 December 2022 other than the following :

On 2 April 2021, Parkson Corporation Sdn Bhd ("PCSB"), a wholly-owned subsidiary of Parkson Retail Asia Limited ("PRA") which is in turn a 67.96% owned subsidiary of the Company, was served with a Writ of Summons and Statement of Claim filed by Millennium Mall Sdn Bhd ("MMSB"), the lessor of "M Square Mall", in the Kuala Lumpur High Court ("Court") in relation to an alleged breach of a settlement agreement which MMSB alleged was purportedly entered into between PCSB and MMSB on 21 July 2020 ("Suit").

PCSB is of the view that there was no settlement reached between the parties to begin with, and therefore, there could not have been a breach of any settlement agreement.

On 26 April 2021, PCSB had filed a Notice of Application to strike out the Suit ("Striking Out Application"). The Court had on 6 January 2022 allowed the Striking Out Application with costs of RM10,000 being awarded to PCSB ("Court's Decision").

MMSB had on 17 January 2022, filed an appeal to the Court of Appeal against the Court's Decision.

On 20 February 2023, PCSB and MMSB had entered into a settlement agreement for the full and final settlement of all disputes and claims between PCSB and MMSB in relation to the sub-lease arrangements between PCSB and MMSB ("Sub-lease Arrangements") ("Settlement Agreement"). Pursuant to the terms of the Settlement Agreement, it had been agreed, amongst others, that :

- a) PCSB shall pay a lump sum of RM10.4 million to MMSB, without admission as to liability, within 14 days from the date of the Settlement Agreement; and
- b) PCSB and MMSB shall relinquish, waive, release and/or discharge each other from all claims, debts and liabilities whatsoever in connection with and/or arising from the existing legal and arbitration proceedings involving PCSB and MMSB in relation to the Sub-lease Arrangements, and MMSB shall not in the future institute any proceedings and/or action against PCSB in relation to the Sub-lease Arrangements.

PCSB had on 2 March 2023 fully paid the RM10.4 million to MMSB and the parties had discontinued the entire Suit on 7 March 2023.

**20. Dividend proposed**

The Board of Directors does not recommend any dividend for the current reporting periods.

**21. Earnings/(loss) per share ("EPS" / "LPS")****Basic**

Basic EPS/LPS is calculated by dividing the profit/(loss) for the period attributable to owners of the parent by the weighted average number of ordinary shares of the Company in issue during the reporting periods.

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	30.6.2023	30.6.2022 (Restated)	30.6.2023	30.6.2022 (Restated)
Profit/(loss) attributable to owners of the parent (RM'000)	19,343	(31,127)	40,024	(39,760)
Weighted average number of ordinary shares in issue ('000)	1,148,902	1,148,902	1,148,902	1,138,957
Basic EPS/LPS (sen)	1.68	(2.71)	3.48	(3.49)

**21. EPS / LPS** (Cont'd.)**Diluted**

The basic EPS/LPS and the diluted EPS/LPS are the same for the periods 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 31 December 2022 was not qualified.

**23. Profit/(loss) before tax**

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

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
a) Interest income	13,281	13,715	26,745	27,426
b) Other income including investment income	92,928	76,793	171,930	156,546
c) Interest expenses :				
- Lease interest	(61,338)	(69,270)	(123,847)	(141,032)
- Other interest expenses	(34,191)	(20,231)	(71,591)	(34,373)
	(95,529)	(89,501)	(195,438)	(175,405)
d) Depreciation and amortisation :				
- Right-of-use assets	(90,859)	(100,978)	(181,917)	(200,377)
- Others	(47,396)	(39,888)	(82,257)	(83,437)
	(138,255)	(140,866)	(264,174)	(283,814)
e) Provision for and write off of receivables	(3,940)	(849)	(6,220)	(2,533)
f) Provision for and write off of inventories	1,125	-	(321)	-
g) Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
h) Impairment of assets	-	-	-	-
i) Foreign exchange gain/(loss)	(10,008)	(7,321)	(9,160)	(8,129)
j) Gain/(loss) on derivatives	-	-	-	-
k) Exceptional items :	(18,155)	(32,876)	5,601	(32,876)
- Gain on disposal of properties (*)	-	-	23,756	-
- Impairment loss on :				
Property, plant and equipment and others	(2,738)	(2,503)	(2,738)	(2,503)
Right-of-use assets	(15,417)	(25,365)	(15,417)	(25,365)
Intangible assets	-	(5,008)	-	(5,008)

(\*) : Relating to disposal of properties in Qingdao City, Shandong Province, the PRC as disclosed in Note 17(a), following registration of title transfer of the properties from the Group to the purchaser.