



PARKSON RETAIL ASIA LIMITED

(Co. Reg. No. 201107706H)
(Incorporated in the Republic of Singapore)

Unaudited Financial Statements for the First Quarter ended 30 September 2015

HIGHLIGHTS

	Group					
	Reported			Like for Like Comparable*		
	Quarter ended			Quarter ended		
	30.09.2015	30.09.2014	+/(-)	30.09.2015	30.09.2014	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	236,717	280,701	(15.7)	213,853	261,704	(18.3)
Revenue	92,690	109,991	(15.7)	82,066	102,154	(19.7)
Profit Before Tax	51,161	10,451	>100.0	6,218	11,329	(45.1)
Net Profit Attributable to Owners	49,461	6,869	>100.0	4,283	7,504	(42.9)

* The like-for-like comparable figures are provided for comparison purpose only, and do not form part of the financial statements prepared under the accounting standards nor under the disclosure requirements of the Singapore Exchange. These like-for-like comparable figures are computed on same store basis (also excluding the non-recurring item for Q1 FY2016).

The Group recorded the following Same Store Sales Growth ("SSSG"), by countries:

SSSG	Quarter ended	
	Q1 FY2016	Q1 FY2015
Malaysia	-15.2%	-4.4%
Vietnam	-3.6%	-5.5%
Indonesia	+9.6%	+5.7%
Myanmar	+6.1%	+33.2%

The Malaysia operations recorded a decline in SSSG of -15.2% in Q1 FY2016. The Malaysian Institute of Economic Research reported that the country's consumer sentiment index ("CSI") remained below the 100-point confidence threshold for the fifth consecutive quarter, with the CSI reading for the 3rd quarter calendar year 2015 at 70.2 points. The Malaysia operations encountered headwinds due, among others, to (i) transitional period of sales adjustment following the introduction of Goods & Services Tax ("GST") on 1 April 2015 and (ii) weak consumer sentiment resulting from the weakness in the local currency and political uncertainty.

The Vietnam operations recorded decline in SSSG of -3.6% in Q1 FY2016. The discretionary retail environment in Vietnam continued to be difficult for the reported quarter despite signs of economic recovery.

The Indonesia operations recorded SSSG of +9.6% in Q1 FY2016. Consumer sentiment remained robust with Bank Indonesia reporting the country's consumer confidence index for the 3rd quarter calendar year 2015 remaining above the 100-point confidence threshold at 106.7 points.

The Myanmar operations recorded SSSG of +6.1% in Q1 FY2016. The store in FMI Centre, Yangon recorded robust sales growth in its 3rd year of operations.

The Group's Gross Sales Proceeds ("GSP") and revenue for Q1 FY2016 both declined by (15.7)% Year-over-Year ("YoY") to S\$236.7 million and S\$92.7 million respectively. The decline in GSP and revenue, despite sales contribution from new stores, is significantly due to (i) negative SSSG recorded by the Malaysia and Vietnam operations and (ii) local currency weakness of the Malaysian Ringgit resulting in lower sales presented in the reporting currency of Singapore Dollars. On same store basis, GSP and revenue for Q1 FY2016 declined by (18.3)% and (19.7)% respectively. On same store basis and same currency basis, GSP and revenue for Q1 FY2016 declined by (10.4)% and (11.2)% respectively.

The Group recorded Profit Before Tax ("PBT") of S\$51.2 million in Q1 FY2016 as compared to PBT of S\$10.5 million in the comparative Q1 FY2015. There was a significant improvement in PBT due to the gain recognized on partial disposal of equity interest in Parkson Hanoi Co Ltd ("PHCL") of S\$46.0 million. PHCL was a subsidiary of the Group and is now an associate company following this disposal.

A summary table detailing the segmental PBT is appended below.

	Group		
	Quarter ended		
	30.09.2015	30.09.2014	+/(−)
PBT Summary	S\$'000	S\$'000	%
Like-for-like, on same store basis			
Malaysia	5,894	11,274	(47.7)
Vietnam	(412)	412	>(100.0)
Indonesia	(62)	276	>(100.0)
Myanmar	(218)	(209)	(4.3)
Share of profits of an associate (Sri Lanka)	-	18	(100.0)
Investment holding / Others	1,016	(442)	>100.0
PBT (same store basis)	6,218	11,329	(45.1)
PBT / (Losses) of new / closed / renovated stores			
Malaysia	(797)	430	>(100.0)
Vietnam	(220)	(1,308)	83.2
Non-recurring item			
Gain on partial disposal of equity interest in a former subsidiary, Parkson Hanoi Co Ltd	45,960	-	>100.0
Group PBT	51,161	10,451	>100.0

On same store basis, PBT for the Malaysia operations for Q1 FY2016 declined by (47.7)% due to the de-leveraging impact from the negative SSSG of -15.2%. On same store basis and same currency basis, PBT for the Malaysia operations recorded a decline of (40.4)%.

On same store basis, the Vietnam operations recorded a pre-tax loss of S\$(0.4) million in Q1 FY2016 as compared to a pre-tax profit of S\$0.4 million in the comparative Q1 FY2015. The decline in results is due to decline in gross profit margin by 240 bps arising from aggressive promotions and the de-leveraging impact from the negative SSSG of -3.6%.

On same store basis, the Indonesia operations recorded a marginal pre-tax loss in Q1 FY2016 as compared to a pre-tax profit of S\$0.3 million in the comparative Q1 FY2015. The decline in results is significantly due to the absence of write-back of expired customer loyalty points of S\$0.9 million of prior years which was recognized in the comparative Q1 FY2015.

The store in Myanmar commenced operations in May 2013 and is in its 3rd year gestation period with SSSG of +6.1%.

The Group has ceased its equity accounting of results in the associate, Odel PLC, following the completion of the disposal of its entire interest in Odel PLC in November 2014.

Investment holding / Others recorded PBT of S\$1.0 million in Q1 FY2016 as compared to a pre-tax loss of S\$(0.4) million in the comparative Q1 FY2015. This is largely due to recognition of currency translation gain on bank deposits in Q1 FY2016.

The Group's cashflow generation remains robust with net cash generated from operations of S\$9.7 million for Q1 FY2016 despite faced with challenging environments. The Group balance sheet position continues to be healthy with total equity of S\$188.1 million as at 30 September 2015.

A summary table comparing the PBT variance YoY in percentage terms for the (i) reported numbers, (ii) same store numbers and (iii) same store, same currency numbers across the Group's 4 markets is appended below.

	Reported	Same store*	Same store, same currency*
PBT variance			
(comparing Q1 FY2016 vs Q1 FY2015)	+ / (-)	+ / (-)	+ / (-)
	%	%	%
Malaysia	(56.4)	(47.7)	(40.4)
Vietnam	>100.0	>(100.0)	>(100.0)
Indonesia	>(100.0)	>(100.0)	>(100.0)
Myanmar	(4.3)	(4.3)	(18.5)
Group	>100.0	(45.1)	(37.7)

* same store variance is also excluding the non-recurring item in Q1 FY2016



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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Consolidated Income Statement

	Group		
	Quarter ended		
	30.09.2015	30.09.2014	+/(.)
	S\$'000	S\$'000	%
Revenue	92,690	109,991	(15.7)
Other income	50,148	3,199	>100.0
Items of expense			
- Changes in merchandise inventories and consumables	(33,759)	(40,259)	(16.1)
- Employee benefits expense	(12,966)	(13,122)	(1.2)
- Depreciation and amortisation expenses	(5,429)	(5,179)	4.8
- Rental expenses	(26,285)	(29,011)	(9.4)
- Finance costs	(58)	(137)	(57.7)
- Other expenses	(13,180)	(15,049)	(12.4)
Total expenses	(91,677)	(102,757)	(10.8)
Share of profits of an associate	-	18	(100.0)
Profit before tax	51,161	10,451	>100.0
Taxation	(1,919)	(4,263)	(55.0)
Net profit for the period	49,242	6,188	>100.0
Net profit for the period attributable to:			
Owners of the Company	49,461	6,869	>100.0
Non-controlling interests	(219)	(681)	(67.8)
	49,242	6,188	>100.0

1(a)(ii) Consolidated Statement of Comprehensive Income

	Group		
	Quarter ended		
	30.09.2015	30.09.2014	+/(.)
	S\$'000	S\$'000	%
Net profit for the period	49,242	6,188	>100.0
Other comprehensive income/(loss):			
Foreign currency translation	(11,014)	1,825	>(100.0)
Total comprehensive income	38,228	8,013	>100.0
Total comprehensive income/(loss) attributable to:			
Owners of the Company	39,089	8,719	>100.0
Non-controlling interests	(861)	(706)	22.0
	38,228	8,013	>100.0

1(a)(iii) Additional information to the Consolidated Income Statement

	Group	
	Quarter ended	
	30.09.2015	30.09.2014
	S\$'000	S\$'000
Profit before income tax is arrived after (charging)/crediting:		
Included under items of Other Income		
Finance income	1,314	1,683
Gain on partial disposal of a former subsidiary (Note 1)	45,960	-

Note 1: On 16 June 2015, the Company announced that Parkson Vietnam Co Ltd, a wholly-owned subsidiary of the Company, entered into a capital assignment agreement with an external party to dispose of a 27.8% interest in the charter capital of Parkson Hanoi Co Ltd ("PHCL") for a cash consideration of US\$5,000. This capital assignment transaction of PHCL was completed on 17 August 2015 and a gain on partial disposal of PHCL of S\$45.96 million was recognized on completion. PHCL is now an associate of the Group following this disposal.

1(b)(i) Statements of Financial Position

	Group		Company	
	30.09.2015	30.06.2015	30.09.2015	30.06.2015
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	106,438	96,778	-	-
Land use right	8,435	8,227	-	-
Investments in subsidiaries	-	-	130,535	145,649
Investment in an associate	-	-	-	-
Deferred tax assets	7,225	7,231	-	-
Other receivables	21,715	21,761	22,304	23,161
Prepayments	8,751	8,944	-	-
Intangible assets	5,086	5,350	-	-
Derivatives	17	19	-	-
Investment securities	75	83	-	-
	157,742	148,393	152,839	168,810
Current assets				
Inventories	53,861	57,817	-	-
Investment securities	10,703	11,867	-	-
Trade and other receivables	23,528	17,440	38,706	32,462
Prepayments	5,101	5,234	22	21
Tax recoverable	4,312	2,271	-	-
Cash and short-term deposits	114,229	126,711	7,737	7,644
Assets of disposal group classified as held for sale	-	4,674	-	-
	211,734	226,014	46,465	40,127
Total assets	369,476	374,407	199,304	208,937
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	140,870	140,150	810	912
Other liabilities	32,958	26,111	-	-
Bank overdrafts	-	735	-	-
Tax payable	554	123	-	-
Liabilities of disposal group classified as held for sale	-	70,293	-	-
	174,382	237,412	810	912
Net current assets / (liabilities)	37,352	(11,398)	45,655	39,215
Non-current liabilities				
Other payables	6,963	6,949	-	-
	6,963	6,949	-	-
Total liabilities	181,345	244,361	810	912
Net assets	188,131	130,046	198,494	208,025
Equity attributable to owners of the Company				
Share capital	231,676	231,676	231,676	231,676
Other reserves	(167,408)	(157,036)	(52,755)	(30,278)
Retained earnings	123,212	73,751	19,573	6,627
Reserve of disposal group classified as held for sale	-	(386)	-	-
	187,480	148,005	198,494	208,025
Non-controlling interests	651	(17,959)	-	-
Total equity	188,131	130,046	198,494	208,025
Total equity and liabilities	369,476	374,407	199,304	208,937

1(b)(ii) Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

Group			
30.09.2015		30.06.2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	735

There are no non-current loans and borrowings as at 30.09.2015 and 30.06.2015.

1(c) Consolidated Statement of Cash Flows

	Group	
	Quarter ended	
	30.09.2015	30.09.2014*
	S\$'000	S\$'000
Operating activities		
Profit before tax	51,161	10,451
Adjustments for		
- Depreciation and amortisation expenses	5,429	5,179
- Finance costs	58	137
- Finance income	(1,314)	(1,683)
- Share of profits of an associate	-	(18)
- Unrealised currency translation gain	(1,254)	(18)
- Gain on partial disposal of a former subsidiary	(45,960)	-
- Others	475	(42)
Operating cash flows before changes in working capital	8,595	14,006
Changes in working capital		
- Inventories	(1,735)	498
- Receivables and prepayments	(20,622)	(2,774)
- Payables and other liabilities	25,008	8,976
Cash flows from operations	11,246	20,706
Finance income received	1,360	1,434
Finance costs paid	-	(1)
Income tax paid	(2,938)	(4,273)
Net cash generated from operating activities	9,668	17,866
Investing activities		
Purchase of property, plant and equipment	(12,718)	(5,452)
Addition of intangible assets	(52)	(37)
Investment in deposits of money market instruments	(72)	(328)
Dividend income from investment securities	34	86
Net cash used in investing activities	(12,808)	(5,731)
Net increase / (decrease) in cash and cash equivalents	(3,140)	12,135
Cash and cash equivalents at beginning of financial period	125,976	129,204
Effects of currency translation on cash and cash equivalents	(8,607)	438
Cash and cash equivalents at end of financial period	114,229	141,777

* certain comparative figures have been re-classified to conform to current period's presentation.

For the purpose of the consolidated statement of cash flows, consolidated cash and cash equivalents comprise of the following:

	Group	
	Quarter ended	
	30.09.2015	30.09.2014*
	S\$'000	S\$'000
Cash at bank	22,965	22,050
Short-term bank deposits	91,264	119,727
	114,229	141,777

* certain comparative figures have been re-classified to conform to current period's presentation.

1(d)(i) Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									Non-controlling Interests	Total Equity
	Share capital	Foreign currency translation reserve	Capital redemption reserve	Capital contribution from ultimate holding company	Merger reserve	Bargain purchase of non-controlling interests	Reserve classified as held for sale	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group											
Balance at 01.07.2015	231,676	(43,243)	1	9,959	(123,753)	-	(386)	73,751	148,005	(17,959)	130,046
Profit/(Loss) for the period	-	-	-	-	-	-	-	49,461	49,461	(219)	49,242
Loss of control over a subsidiary	-	-	-	-	-	-	386	-	386	19,471	19,857
Foreign currency translation	-	(10,372)	-	-	-	-	-	-	(10,372)	(642)	(11,014)
Balance at 30.09.2015	231,676	(53,615)	1	9,959	(123,753)	-	-	123,212	187,480	651	188,131
Balance at 01.07.2014 (restated)	231,676	(36,896)	1	9,959	(123,753)	439	-	152,472	233,898	154	234,052
Profit/(Loss) for the period	-	-	-	-	-	-	-	6,869	6,869	(681)	6,188
Foreign currency translation	-	1,850	-	-	-	-	-	-	1,850	(25)	1,825
Balance at 30.09.2014	231,676	(35,046)	1	9,959	(123,753)	439	-	159,341	242,617	(552)	242,065

Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Company</u>				
Balance at 01.07.2015	231,676	(30,278)	6,627	208,025
Profit for the period	-	-	12,946	12,946
Foreign currency translation	-	(22,477)	-	(22,477)
Balance at 30.09.2015	231,676	(52,755)	19,573	198,494
Balance at 01.07.2014	231,676	(11,710)	16,950	236,916
Profit for the period	-	-	339	339
Foreign currency translation	-	(57)	-	(57)
Balance at 30.09.2014	231,676	(11,767)	17,289	237,198

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

	30.09.2015	30.09.2014
	No. of Shares	No. of Shares
Issued Share Capital	677,300,000	677,300,000
Treasury Shares held	--	--
Shares to be issued pursuant to the exercise of all the outstanding share options	--	--

1(d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.09.2015	30.06.2015
Total number of issued shares excluding treasury shares	677,300,000	677,300,000

The Company did not hold any treasury shares as at 30 September 2015 and 30 June 2015.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those applied for in the most recent audited financial statements for the financial year ended 30 June 2015, except as explained in Note 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the applicable new and revised Financial Reporting Standards ("FRSs") that became effective for the financial year beginning on or after 1 July 2015. The adoption of these new and revised FRSs has no material impact to the Group.

6. Earnings per ordinary share

Earnings per ordinary share attributable to owners of the Company:-

	Group	
	Quarter ended	
	30.09.2015	30.09.2014
Basic and diluted (cents)	7.30	1.01
Based on weighted average number of shares ('000 shares)	677,300	677,300

There are no potential dilution effects on the ordinary shares of the Company. Accordingly, the basic and diluted earnings per share for the reported periods are the same.

7. Net Asset Value per ordinary share

	Group		Company	
	30.09.2015	30.06.2015	30.09.2015	30.06.2015
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	0.28	0.22	0.29	0.31

8. Review of Group Performance

Review of Business Environments

The Group recorded the following SSSG, by countries:

SSSG	Quarter ended	
	Q1 FY2016	Q1 FY2015
Malaysia	-15.2%	-4.4%
Vietnam	-3.6%	-5.5%
Indonesia	+9.6%	+5.7%
Myanmar	+6.1%	+33.2%

The Malaysia operations recorded a decline in SSSG of -15.2% in Q1 FY2016. The Malaysian Institute of Economic Research reported that the country's consumer sentiment index ("CSI") remained below the 100-point confidence threshold for the fifth consecutive quarter, with the CSI reading for the 3rd quarter calendar year 2015 at 70.2 points. The Malaysia operations encountered headwinds due, among others, to (i) transitional period of sales adjustment following the introduction of GST on 1 April 2015 and (ii) weak consumer sentiment resulting from the weakness in the local currency and political uncertainty.

The Vietnam operations recorded decline in SSSG of -3.6% in Q1 FY2016. The discretionary retail environment in Vietnam continued to be difficult for the reported quarter despite signs of economic recovery.

The Indonesia operations recorded SSSG of +9.6% in Q1 FY2016. Consumer sentiment remained robust with Bank Indonesia reporting the country's consumer confidence index for the 3rd quarter calendar year 2015 remaining above the 100-point confidence threshold at 106.7 points.

The Myanmar operations recorded SSSG of +6.1% in Q1 FY2016. The store in FMI Centre, Yangon recorded robust sales growth in its 3rd year of operations.

Review of Operational Results

The components of GSP for Q1 FY2016 are as follows:-

	Group		
	Quarter ended		
	30.09.2015	30.09.2014	+/(%)
	S\$'000	S\$'000	%
Gross Sales Proceeds			
Sale of goods - direct sales	42,368	49,874	(15.0)
Sale of goods - concessionaire sales	190,525	226,901	(16.0)
Total merchandise sales	232,893	276,775	(15.9)
Consultancy and management service fees	170	228	(25.4)
Rental income	3,654	3,698	(1.2)
Total gross sales proceeds	236,717	280,701	(15.7)

The Group's GSP declined by (15.7)% YoY to S\$236.7 million for Q1 FY2016. GSP declined for the quarter, despite sales contribution from new stores, due significantly to (i) negative SSSG recorded by the Malaysia and Vietnam operations of -15.2% and -3.6% respectively and (ii) local currency weakness of the Malaysian Ringgit resulting in lower sales presented in the reporting currency of Singapore Dollars. On same store basis and same currency basis, GSP for Q1 FY2016 declined by (10.4)% YoY.

The Group generated total merchandise sales of S\$232.9 million for Q1 FY2016, with concessionaire sales contributing 81.8% and direct sales contributing the balance of 18.2%. By product segments, the Fashion & Apparel category constitute 53.8% of the total merchandise sales, the Cosmetic & Accessories category constitute 27.9%, the Household, Electrical Goods & Others category constitute 14.6% while the remaining balance of 3.7% came from the Groceries & Perishables category.

The merchandise gross margin (a combination of the commission from concessionaires and direct sales margin) for Q1 FY2016 remained relatively flat YoY at 23.7%.

Review of Financial Results

Revenue and Other Income

The Group's revenue declined by (15.7)% YoY to S\$92.7 million for Q1 FY2016. The decline in revenue is in line with the decline in GSP as explained above. The components of revenue for Q1 FY2016 are as follows:-

	Group		
	Quarter ended		
	30.09.2015	30.09.2014	+/(-)
	S\$'000	S\$'000	%
Revenue			
Sale of goods - direct sales	42,368	49,874	(15.0)
Commission from concessionaire sales	46,498	56,191	(17.3)
Consultancy and management service fees	170	228	(25.4)
Rental income	3,654	3,698	(1.2)
Total revenue	92,690	109,991	(15.7)

Other income for Q1 FY2016 increased by >100.0% to S\$50.1 million. Other income increased substantially due to the gain on partial disposal of equity interest in a former subsidiary, Parkson Hanoi Co Ltd, of S\$46.0 million.

Expenses

Total expenses of the Group for Q1 FY2016 declined by (10.8)% YoY to S\$91.7 million. Analysis of the major operating expense items for Q1 FY2016 is as follows:

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables refer to the cost of direct sales. Cost of direct sales for Q1 FY2016 declined by (16.1)% to S\$33.8 million. This decline is in line with the decline in direct sales.

Employee benefits expense

Staff cost declined by (1.2)% to S\$13.0 million for Q1 FY2016. Staff cost declined, despite the increase in the number of stores, due to (i) local currency weakness of the Malaysian Ringgit resulting in lower staff cost for the Malaysia operations when presented in the reporting currency of Singapore Dollars and (ii) cost management initiatives for the Vietnam operations.

As a percentage of revenue, the staff cost ratio increased by 210 bps YoY to 14.0% for Q1 FY2016. The increase is significantly due to (i) negative SSSG recorded by the Malaysia and Vietnam operations resulting in lower staff productivity and (ii) staff costs for new stores where the sales are lower at the initial stages of operations.

Depreciation and amortisation expenses

Depreciation and amortisation for Q1 FY2016 increased by 4.8% to S\$5.4 million. The increase is primarily due to the inclusion of the depreciation costs for the new stores operating in Q1 FY2016.

As a percentage of revenue, depreciation and amortization expense ratio increased by 120 bps YoY to 5.9% for Q1 FY2016. The higher ratio for Q1 FY2016 is primarily due to (i) negative SSSG recorded by the Malaysia and Vietnam operations resulting in lower store productivity and (ii) depreciation incurred for new stores but where the sales are lower at the initial stages of operations.

Rental expenses

Rental expenses declined by (9.4)% to S\$26.3 million for Q1 FY2016. Rental expenses declined, despite the increase in the number of stores, due to (i) reduction in the turnover rent component following weaker sales, (ii) local currency weakness of the Malaysian Ringgit and (iii) closure of the Landmark store in Hanoi in January 2015.

As a percentage of revenue, the rental expense ratio increased by 200 bps YoY to 28.4% for Q1 FY2016. The higher ratio is significantly due to (i) new stores that are paying base rentals but where the sales are lower at the initial stages of operations and (ii) negative SSSG for Malaysia and Vietnam operations resulting in lower store productivity.

Other expenses

Other expenses consist mainly of (a) promotional and advertising expenses, (b) selling and distribution expenses and (c) general and administrative expenses which declined by (12.4)% to S\$13.2 million for Q1 FY2016. Other expenses declined in part due to (i) cost management initiatives e.g. targeted marketing programmes, (ii) local currency weakness of the Malaysian Ringgit and (iii) closure of the Landmark store in Hanoi in January 2015.

As a percentage of revenue, the other expenses ratio increased by 50 bps YoY to 14.2% for Q1 FY2016. The higher ratio is primarily due to (i) increase in other operating expenses related to the new stores operating in Q1 FY2016 where sales are lower at the initial stages of operations and (ii) negative SSSG for Malaysia and Vietnam operations resulting in lower store productivity.

Share of profits of an associate

The Group has ceased its equity accounting of results in the associate, Odel PLC, following the completion of the disposal of its entire interest in Odel PLC in November 2014.

PBT

The Group recorded PBT of S\$51.2 million in Q1 FY2016 as compared to PBT of S\$10.5 million in the comparative Q1 FY2015. There was a significant improvement in PBT due to the gain recognized on partial disposal of equity interest in Parkson Hanoi Co Ltd ("PHCL") of S\$46.0 million. PHCL was a subsidiary of the Group and is now an associate company following this disposal.

On same store basis (also excluding non-recurring item), PBT for Q1 FY2016 declined by (45.1)% YoY to S\$6.2 million. On same store basis and same currency basis, PBT for Q1 FY2016 declined by (37.7)% YoY.

As a percentage of revenue, the PBT ratio for Q1 FY2016 improved substantially due to gain recognized on partial disposal of PHCL.

Taxation

The Group effective tax rate for Q1 FY2016 is substantially lower than the statutory tax rates of the countries where the Group operates due to inclusion of the gain on partial disposal of PHCL which is a non-taxable item.

Net profit attributable to owners of the Company

The Group recorded a significant increase in attributable net profit of S\$49.5 million for Q1 FY2016 due to the gain on partial disposal of PHCL. As a percentage of revenue, the attributable net profit ratio for the reported quarter improved substantially due to this non-recurring item.

On same store basis (also excluding non-recurring item), attributable net profit for Q1 FY2016 declined by (42.9)% YoY to S\$4.3 million. On same store basis and same currency basis, attributable net profit for the reported quarter declined by (34.7)%.

Review of Group Balance Sheet

Property, plant and equipment increased to S\$106.4 million as at 30 September 2015 due to inclusion of the capital equipment for the 5 new stores operating in Q1 FY2016.

Trade and other receivables increased to S\$23.5 million as at 30 September 2015 due to impact of GST recoverable following the introduction of GST on 1 April 2015.

The Group completed the partial disposal of PHCL on 17 August 2015 resulting in the de-consolidation of PHCL as a subsidiary. PHCL is now treated as an associate of the Group. Following the de-consolidation of PHCL, the assets, liabilities and reserve of the disposal group have been reversed as at 30 September 2015. The non-controlling interests increased to S\$0.7 million following the de-consolidation of PHCL. The minority interests of PHCL had to previously share the negative equity position of PHCL prior to the de-consolidation.

Other liabilities increased to S\$33.0 million as at 30 September 2015 due to higher accrued liability on capital expenditure for new stores.

The Group's financial position remains robust with total equity of S\$188.1 million as at 30 September 2015.

The Group generated robust net cash from operations for Q1 FY2016 of S\$9.7 million despite faced with challenging environments. The Group cash balance as at 30 September 2015 remained healthy at S\$124.9 million (including money market funds of S\$10.7 million classified separately as current portion of investment securities).

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Group's commentary of its core business as outlined in paragraph 10 in the preceding quarterly results announcement dated 20 August 2015 was largely in line with the operating environment encountered in the reported quarter.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Malaysia's consumer sentiment in the next reporting quarter Q2 FY2016 is expected to remain subdued due to the increase in cost of living and domestic uncertainty. However, the year-end festive spending will provide buffer amid the challenging environment.

Vietnam's discretionary retail environment is expected to remain challenging in Q2 FY2016 amid increase in the competitive landscape, however, anticipated to gradually improve in the 2nd half FY2016 due to economic growth.

The Group's performance in Indonesia is expected to remain robust in line with rising domestic demand from the growing middle class population.

11. Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

No interim dividend has been declared for the quarter ended 30 September 2015.

PART II - ADDITIONAL DISCLOSURE

13. Segmental revenue and results for geographical segments.

Group	Malaysia	Vietnam	Indonesia	Myanmar	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Period ended 30.09.2015						
Gross Sales Proceeds	158,750	32,525	44,239	1,203	-	236,717
Revenue	68,145	8,375	15,700	470	-	92,690
Profit/(Loss) before tax	5,097	(632)	(62)	(218)	-	4,185
Gain on partial disposal of a former subsidiary	-	45,960	-	-	-	45,960
Investment holding/Others					1,016	1,016
Total Profit/(Loss) Before Tax	5,097	45,328	(62)	(218)	1,016	51,161
Period ended 30.09.2014						
Gross Sales Proceeds	198,822	37,090	43,494	1,295	-	280,701
Revenue	82,762	10,614	16,187	428	-	109,991
Profit/(Loss) before tax	11,704	(896)	276	(209)	-	10,875
Investment holding/Others					(442)	(442)
Share of profits of an associate					18	18
Total Profit/(Loss) Before Tax	11,704	(896)	276	(209)	(424)	10,451

14. Interested person transactions for the period ended 30 September 2015.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
Lion Forest Industries Berhad Group ⁽¹⁾	-	739
Parkson Holdings Berhad Group ⁽²⁾	-	1,198
Bonuskad Loyalty Sdn Bhd ⁽³⁾	-	1,795
PT Monica Hijaulestari ⁽⁴⁾	-	1,177

Notes:

- (1) Purchases of building materials, light fittings, products, procurement of energy conservation services and sale of gift vouchers.
- (2) Sale of gift vouchers, purchase of merchandises and net concessionaire sales.
- (3) Marketing fees payable for bonus points issued and amounts receivable for points redemption made by cardholders.
- (4) Purchases of merchandise.

15. Disclosure on the use of IPO proceeds

As at 30 September 2015, the Company has utilized:

- S\$49.2 million for the purpose of store openings in Malaysia, Indonesia and Vietnam;
- S\$3.9 million for the purpose of information technology investment;
- S\$12.4 million to subscribe for the rights issue of shares in Odel PLC, a former associate company; and
- S\$2.6 million as capital contribution to a joint-venture company established to operate department stores in Myanmar.

These amounts were utilised in accordance with the stated use as disclosed in the Company's prospectus dated 27 October 2011 and the announcement on 3 December 2012 pertaining to the revision in utilisation of the IPO proceeds.

16. Confirmation by Directors

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results of Parkson Retail Asia Limited for the first quarter ended 30 September 2015, to be false or misleading.

**BY ORDER OF THE BOARD
PARKSON RETAIL ASIA LIMITED**

Tan Sri William Cheng Heng Jem
Executive Chairman

Singapore
13 November 2015