



POPULAR HOLDINGS LIMITED

(Co. Regn. No.: 199607187M)

SECOND QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 OCTOBER 2014

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

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Income Statement

	Group			Group		
	2 nd Quarter ended		Change %	Half year ended		Change %
	31-Oct-14 S\$'000	31-Oct-13 S\$'000		31-Oct-14 S\$'000	31-Oct-13 S\$'000	
Turnover	125,553	136,544	-8.0%	266,954	270,067	-1.2%
Cost of sales	(106,196)	(117,440)	-9.6%	(217,508)	(223,351)	-2.6%
Gross profit	19,357	19,104	1.3%	49,446	46,716	5.8%
Other operating income	1,205	704	71.2%	1,978	1,721	14.9%
Distribution and selling expenses	(2,861)	(3,954)	-27.6%	(6,246)	(7,279)	-14.2%
Administrative expenses	(15,253)	(14,775)	3.2%	(30,603)	(29,619)	3.3%
Other operating expenses	(489)	(537)	-8.9%	(825)	(4,193)	-80.3%
Profit from operations	1,959	542	261.4%	13,750	7,346	87.2%
Financial income	527	378	39.4%	969	792	22.3%
Financial expenses	(136)	(207)	-34.3%	(242)	(379)	-36.1%
Profit before tax	2,350	713	229.6%	14,477	7,759	86.6%
Income tax expense	(1,078)	(776)	38.9%	(3,780)	(2,478)	52.5%
Profit/(Loss) for the period, net of tax	1,272	(63)	N.M.	10,697	5,281	102.6%
Profit/(Loss) attributable to:						
Owners of the Company	1,253	(52)	N.M.	10,663	5,271	102.3%
Non-controlling interests	19	(11)	N.M.	34	10	240.0%
	1,272	(63)	N.M.	10,697	5,281	102.6%



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1(a)(ii) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Comprehensive Income

	Group			Group		
	2 nd Quarter ended			Half year ended		
	31-Oct-14	31-Oct-13	Change	31-Oct-14	31-Oct-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit/(Loss) for the period, net of tax	1,272	(63)	N.M.	10,697	5,281	102.6%
Other comprehensive income:						
Currency translation adjustments on foreign operations	941	(1,284)	N.M.	1,841	(2,187)	N.M.
Fair value adjustments	(27)	81	N.M.	(33)	79	N.M.
Other comprehensive income for the period, net of tax	914	(1,203)	N.M.	1,808	(2,108)	N.M.
Total comprehensive income for the period	2,186	(1,266)	N.M.	12,505	3,173	294.1%
Total comprehensive income attributable to:						
Owners of the Company	2,149	(1,238)	N.M.	12,456	3,160	294.2%
Non-controlling interests	37	(28)	N.M.	49	13	276.9%
	2,186	(1,266)	N.M.	12,505	3,173	294.1%

1(a)(iii) Profit before tax is arrived at after charging/(crediting) the following:

	Group			Group		
	2 nd Quarter ended			Half year ended		
	31-Oct-14	31-Oct-13	Change	31-Oct-14	31-Oct-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Allowance for doubtful debts - trade receivables	-	162	N.M.	65	183	-64.5%
Allowance for inventory obsolescence	1,445	2,042	-29.2%	3,315	2,727	21.6%
Amortisation of development costs	303	117	159.0%	479	234	104.7%
Depreciation of property, plant and equipment	2,222	2,339	-5.0%	4,372	4,725	-7.5%
Foreign exchange loss/(gain), net	117	(85)	N.M.	98	100	-2.0%
Gain on disposal of property, plant and equipment	(16)	(4)	300.0%	(20)	(149)	-86.6%
Impairment on properties held for sale	-	-	N.M.	-	3,114	N.M.
Interest expenses	34	192	-82.3%	82	313	-73.8%
Inventories written down	262	14	N.M.	303	48	531.3%
Property, plant and equipment written off	55	47	17.0%	68	52	30.8%
Write-back of allowance for doubtful debts - trade receivables	-	(47)	N.M.	(2)	(84)	-97.6%
Write-back of allowance for inventory obsolescence	(284)	(7)	N.M.	(390)	(10)	N.M.

Note: N.M. - Not meaningful



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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Statements of Financial Position

	Group		Company	
	31-Oct-14	30-Apr-14	31-Oct-14	30-Apr-14
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital and Reserves				
Share capital	92,170	92,170	92,170	92,170
Treasury shares	-	(10,307)	-	(10,307)
Reserves	129,635	136,568	8,809	12,817
Equity attributable to owners of the Company	221,805	218,431	100,979	94,680
Non-controlling interests	759	578	-	-
Total equity	222,564	219,009	100,979	94,680
Non-Current Assets				
Property, plant and equipment	71,096	67,555	3,048	3,657
Investments in subsidiaries	-	-	92,662	92,662
Investment in joint venture*	-	-	-	-
Goodwill on consolidation	1,256	1,256	-	-
Intangible asset	6,254	2,447	-	-
Other investments	215	248	-	-
Development costs	5,858	4,601	-	-
Deferred tax assets	4,275	3,721	212	212
Other receivables and deposits	5,507	5,941	-	-
	94,461	85,769	95,922	96,531
Current Assets				
Development properties	24,410	23,274	-	-
Properties held for sale	46,804	49,297	-	-
Inventories	110,081	102,210	-	-
Trade receivables	18,408	19,128	-	-
Other receivables and deposits	5,865	3,978	142	157
Prepayments	4,875	4,437	401	353
Due from subsidiaries (trade)	-	-	10,535	7,105
Due from subsidiaries (non-trade)	-	-	34,346	33,773
Due from affiliated companies (non-trade)	45	14	2	-
Tax recoverable	37	27	-	-
Fixed deposits	52,773	51,442	-	-
Cash and bank balances	44,161	57,328	2,444	3,191
	307,459	311,135	47,870	44,579
Assets classified as held for sale [#]	-	2,437	-	-
	307,459	313,572	47,870	44,579
Total Assets	401,920	399,341	143,792	141,110

* The investment in joint venture was fully impaired.

The assets classified as held for sale were in respect of two commercial property units which have been disposed of in the current financial period.



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Statements of Financial Position (Cont'd)

	Group		Company	
	31-Oct-14	30-Apr-14	31-Oct-14	30-Apr-14
	S\$'000	S\$'000	S\$'000	S\$'000
Current Liabilities				
Trade payables	94,852	100,774	-	-
Other payables and accruals	52,133	44,349	2,142	3,617
Due to subsidiaries (non-trade)	-	-	2,077	1,840
Due to joint venture partners (non-trade)	742	649	-	-
Due to affiliated companies (non-trade)	-	14	-	-
Loan from subsidiaries	-	-	37,208	39,577
Short-term bank loans (unsecured)	12,425	16,724	1,300	1,300
Long-term bank loans (secured), current portion	459	583	-	-
Obligations under finance leases, current portion	9	-	-	-
Tax payable	3,627	1,930	86	96
	164,247	165,023	42,813	46,430
Net Current Assets/(Liabilities)	143,212	148,549	5,057	(1,851)
Non-Current Liabilities				
Long-term bank loans (secured), non-current portion	14,961	15,190	-	-
Obligations under finance leases, non-current portion	42	-	-	-
Deferred tax liabilities	106	119	-	-
	15,109	15,309	-	-
Total Liabilities	179,356	180,332	42,813	46,430
Net Assets	222,564	219,009	100,979	94,680



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1(b)(ii) Aggregate amount of group's borrowing and debt securities

Amount repayable in one year or less, or on demand

As at 31 October 2014		As at 30 April 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
468	12,425	583	16,724

Amount repayable after one year

As at 31 October 2014		As at 30 April 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
15,003	-	15,190	-

Details of any collateral

The Group's borrowings are secured by properties owned by its subsidiaries and assets under fixed term lease financing.



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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Cash Flows

	Group		Group	
	2 nd Quarter ended		Half year ended	
	31-Oct-14	31-Oct-13	31-Oct-14	31-Oct-13
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	2,350	713	14,477	7,759
Adjustments for:				
Allowance for doubtful debts - trade receivables	-	162	65	183
Allowance for inventory obsolescence	1,445	2,042	3,315	2,727
Amortisation of development cost	303	117	479	234
Depreciation of property, plant and equipment	2,222	2,339	4,372	4,725
Property, plant and equipment written off	55	47	68	52
Provision for sales returns	842	715	1,905	1,816
Gain on disposal of property, plant and equipment	(16)	(4)	(20)	(149)
Impairment on properties held for sale	-	-	-	3,114
Inventories written down	262	14	303	48
Write-back of allowance for doubtful debts - trade receivables	-	(47)	(2)	(84)
Write-back of allowance for inventory obsolescence	(284)	(7)	(390)	(10)
Interest expense	34	192	82	313
Interest income	(527)	(378)	(969)	(792)
Currency realignment	81	(634)	463	(255)
Operating cash flows before working capital change:	6,767	5,271	24,148	19,681
(Increase)/Decrease in:				
Development properties	(543)	(175)	(962)	(618)
Properties held for sale	2,589	9,356	2,593	13,200
Inventories	(6,894)	4,038	(11,310)	(8,147)
Trade receivables	(740)	(6,470)	654	(9,234)
Other receivables, deposits and prepayments	767	2,504	(1,891)	617
Due from affiliated companies	(10)	(5)	(31)	(27)
Due from associated company	-	-	-	625
Increase/(Decrease) in:				
Trade payables	(4,867)	(6,439)	(5,922)	(6,292)
Other payables and accruals	278	(2,066)	3,517	(169)
Due to affiliated companies	(14)	12	(14)	7
Due to joint venture partners	93	63	93	(25)
Cash flows (used in)/generated from operations	(2,574)	6,089	10,875	9,618
Interest received	527	378	969	792
Interest paid	(276)	(279)	(413)	(536)
Income taxes paid	(1,413)	(2,168)	(2,660)	(4,538)
Net cash flows (used in)/generated from operating activities	(3,736)	4,020	8,771	5,336



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Consolidated Statement of Cash Flows (Cont'd)

	Group		Group	
	2nd Quarter ended		Half year ended	
	31-Oct-14	31-Oct-13	31-Oct-14	31-Oct-13
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	2,174	12	2,461	185
Purchase of property, plant and equipment	(6,656)	(2,440)	(7,547)	(4,983)
Purchase of intangible assets	(670)	-	(1,379)	-
Increase in development costs	(1,398)	(1,317)	(1,638)	(1,625)
Net cash outflow on acquisition of non-controlling interests	-	-	(2)	-
Net cash flows used in investing activities	(6,550)	(3,745)	(8,105)	(6,423)
Cash flows from financing activities				
Proceeds from long-term bank loans	-	-	-	166
Purchase of treasury shares	-	(585)	(977)	(1,707)
Repayment of short-term bank loan	(2,315)	-	(4,299)	-
Repayment of long-term bank loans	(192)	(2,662)	(353)	(2,836)
Repayment of obligations under finance leases	(2)	(17)	(14)	(64)
Dividends paid	(7,971)	(8,143)	(7,971)	(8,143)
Net cash flows used in financing activities	(10,480)	(11,407)	(13,614)	(12,584)
Net decrease in cash and cash equivalents	(20,766)	(11,132)	(12,948)	(13,671)
Effects of exchange rates changes on cash and cash equivalents	533	(503)	1,112	(1,789)
Cash and cash equivalents as at beginning of the period	117,167	112,544	108,770	116,369
Cash and cash equivalents as at end of the period	96,934	100,909	96,934	100,909

Note to Consolidated Statement of Cash Flows:

Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following amounts:

	Group		Group	
	2nd Quarter ended		Half year ended	
	31-Oct-14	31-Oct-13	31-Oct-14	31-Oct-13
	S\$'000	S\$'000	S\$'000	S\$'000
Fixed deposits	52,773	42,859	52,773	42,859
Cash and bank balances	44,161	58,050	44,161	58,050
Cash and cash equivalents	96,934	100,909	96,934	100,909



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statements of Changes in Equity

← Attributable to owners of the Company →

	Share capital	Treasury shares	Translation reserve	Accumulated profits	Fair value adjustment reserve	Legal reserve	Premium paid on acquisition of non-controlling interests	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group										
Balance as at 1 May 2014	92,170	(10,307)	(22,405)	159,277	88	322	(714)	218,431	578	219,009
Profit for the period, net of tax	-	-	-	9,410	-	-	-	9,410	15	9,425
Other comprehensive income for the period	-	-	903	-	(6)	-	-	897	(3)	894
Total comprehensive income for the period	-	-	903	9,410	(6)	-	-	10,307	12	10,319
Purchase of treasury shares	-	(977)	-	-	-	-	-	(977)	-	(977)
Cancellation of treasury shares	-	11,284	-	(11,284)	-	-	-	-	-	-
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	(134)	(134)	132	(2)
Balance as at 31 July 2014	92,170	-	(21,502)	157,403	82	322	(848)	227,627	722	228,349
Profit for the period, net of tax	-	-	-	1,253	-	-	-	1,253	19	1,272
Other comprehensive income for the period	-	-	923	-	(27)	-	-	896	18	914
Total comprehensive income for the period	-	-	923	1,253	(27)	-	-	2,149	37	2,186
Dividend paid	-	-	-	(7,971)	-	-	-	(7,971)	-	(7,971)
Balance as at 31 October 2014	92,170	-	(20,579)	150,685	55	322	(848)	221,805	759	222,564



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Statements of Changes in Equity (Cont'd)

← Attributable to owners of the Company →

Premium
paid on
acquisition
of non-
controlling
interests

	Share capital S\$'000	Treasury shares S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Fair value adjustment reserve S\$'000	Legal reserve S\$'000	Non- controlling interests S\$'000	Total S\$'000	Total equity S\$'000
Group									
Balance as at 1 May 2013	92,170	(5,136)	(19,465)	156,863	(86)	290	(714)	223,922	224,552
Profit for the period, net of tax	—	—	—	5,323	—	—	—	5,323	5,344
Other comprehensive income for the period	—	—	(923)	—	(2)	—	—	(925)	(905)
Total comprehensive income for the period	—	—	(923)	5,323	(2)	—	—	4,398	4,439
Purchase of treasury shares	—	(1,122)	—	—	—	—	—	(1,122)	(1,122)
Balance as at 31 July 2013	92,170	(6,258)	(20,388)	162,186	(88)	290	(714)	227,198	227,869
Profit for the period, net of tax	—	—	—	(52)	—	—	—	(52)	(63)
Other comprehensive income for the period	—	—	(1,267)	—	81	—	—	(1,186)	(1,203)
Total comprehensive income for the period	—	—	(1,267)	(52)	81	—	—	(1,238)	(1,266)
Dividend paid, net	—	—	—	(8,143)	—	—	—	(8,143)	(8,143)
Purchase of treasury shares	—	(585)	—	—	—	—	—	(585)	(585)
Balance as at 31 October 2013	92,170	(6,843)	(21,655)	153,991	(7)	290	(714)	217,232	217,875



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Statements of Changes in Equity (Cont'd)

	Share capital	Treasury shares	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Balance as at 1 May 2014	92,170	(10,307)	12,817	94,680
Profit for the period, net of tax, representing total comprehensive income for the period	—	—	3,367	3,367
Purchase of treasury shares	—	(977)	—	(977)
Cancellation of treasury shares	—	11,284	(11,284)	—
Balance as at 31 July 2014	92,170	—	4,900	97,070
Profit for the period, net of tax, representing total comprehensive income for the period	—	—	11,800	11,800
Dividend paid, net	—	—	(7,971)	(7,971)
Balance as at 31 October 2014	92,170	—	8,809	100,979

	Share capital	Treasury shares	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Balance as at 1 May 2013	92,170	(5,136)	15,158	102,192
Profit for the period, net of tax, representing total comprehensive income for the period	—	—	2,314	2,314
Purchase of treasury shares	—	(1,122)	—	(1,122)
Balance as at 31 July 2013	92,170	(6,258)	17,472	103,384
Profit for the period, net of tax, representing total comprehensive income for the period	—	—	7,632	7,632
Purchase of treasury shares	—	(585)	—	(585)
Dividend paid, net	—	—	(8,143)	(8,143)
Balance as at 31 October 2013	92,170	(6,843)	16,961	102,288



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- 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 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**

Share capital

	Number of shares			
	2 nd Quarter ended		Half year ended	
	31-Oct-14	31-Oct-13	31-Oct-14	31-Oct-13
Balance at beginning of period	797,090,755	841,105,755	841,105,755	841,105,755
Cancelled during the period	—	—	(44,015,000)	—
Balance at end of period	797,090,755	841,105,755	797,090,755	841,105,755

Treasury shares

	Number of shares			
	2 nd Quarter ended		Half year ended	
	31-Oct-14	31-Oct-13	31-Oct-14	31-Oct-13
Balance at beginning of period	—	24,711,000	40,339,000	20,700,000
Purchased during the period	—	2,084,000	3,676,000	6,095,000
Cancelled during the period	—	—	(44,015,000)	—
Balance at end of period	—	26,795,000	—	26,795,000

During the quarter ended 31 October 2014, the Company purchased a total of Nil (31 October 2013: 2,084,000) of its ordinary shares by way of on-market purchase for a total cash consideration of Nil (31 October 2013: S\$0.6 million). These shares were held as treasury shares and were recorded separately in shareholders' equity.

- 1(d)(iii) To show 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**

	Number of shares	
	As at	
	31-Oct-14	30-Apr-14
Total number of issued shares	797,090,755	841,105,755
Less: Treasury shares	—	(40,339,000)
Total number of issued shares, excluding treasury shares	797,090,755	800,766,755

- 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**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

- 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 by the Company's auditors.



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

Not applicable.

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

The accounting policies have been consistently applied by the Group and the Company and are consistent with the audited financial statements as at 30 April 2014. The Group and Company have adopted all new and revised standards which are effective for annual financial periods beginning on or after 1 May 2014. The adoption of these new standards did not have any effect on the financial performance or position of the Group and Company.

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.

There were no changes in the accounting policies and methods of computation during the period.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group			Group		
	2 nd Quarter ended		Change	Half year ended		Change
	31-Oct-14	31-Oct-13		31-Oct-14	31-Oct-13	
	Cents	Cents	%	Cents	Cents	%
Earnings per ordinary share based on weighted average number of ordinary shares in issue during the period	0.16	(0.01)	N.M.	1.34	0.65	106.2%
- Weighted average number of ordinary shares in issue during the period	797,090,755	814,429,146		797,393,052	819,863,593	
Earnings per ordinary share on a fully diluted basis	0.16	(0.01)	N.M.	1.34	0.65	106.2%
- Weighted average number of ordinary shares in issue during the period	797,090,755	814,429,146		797,393,052	819,863,593	

Basic EPS is calculated based on the net profit attributable to equity holders of the Company set out in 1(a)(i) above divided by the weighted average number of ordinary shares in issue during the financial period.

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Change
	31-Oct-14	30-Apr-14	
	Cents	Cents	%
Net asset value per ordinary share (cents) based on existing issued capital as at the end of the period/year	27.83	27.28	2.0%

	Company		Change
	31-Oct-14	30-Apr-14	
	Cents	Cents	%
Net asset value per ordinary share (cents) based on existing issued capital as at the end of the period/year	12.67	11.82	7.2%



8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

2nd Quarter Ended 31 October 2014

For the 3 months ended 31 October 2014 ("2QFY2015"), the Group's turnover dropped by \$11.0 million (or 8.0%), from \$136.5 million to \$125.5 million. This was largely due to less revenue achieved in the Property and Retail & Distribution Divisions.

Property Division: Only one unit of Ei8ht Raja was sold for \$2.5 million in 2QFY2015 as compared to two units of 18 Shelford for a total consideration of \$8.8 million in the previous corresponding quarter ("2QFY2014").

Retail and Distribution Division: The drop in turnover by \$5.2 million (or 4.6%) from \$112.6 million to \$107.4 million was mainly due to extension of the Malaysian government's book voucher ("BB1M") redemption period in 2QFY2014 and the Singapore Gadget & Write Fair event which was held in 2QFY2014 but was not held in 2QFY2015.

Publishing and e-Learning Division: Turnover increased by \$0.5 million (or 3.3%) from \$15.2 million to \$15.7 million due to the adoption of our secondary school textbook series in Hong Kong and increased revenue from our assessment / supplementary titles.

Gross profit has, however, increased by \$0.3 million (or 1.3%) from \$19.1 million to \$19.4 million due to tighter control over cost by management. The Group maintained its gross margin at 15.4% for 2QFY2015 (14.0% for 2QFY2014).

Other operating income increased by \$0.5 million to \$1.2 million mainly due to a one-off gain on the completion of the disposal of two commercial property units of \$0.3 million recognised in 2QFY2015 and higher rental income from book fair and road shows of \$0.2 million.

Distribution & selling expenses decreased by \$1.1 million (or 27.6%) to \$2.9 million due to the absence of the Gadgets & Write Fair for 2QFY2015 and higher sponsorship income received in Malaysia.

Administrative expenses increased by \$0.5 million (or 3.2%) to \$15.3 million mainly due to increase in manpower costs to support the expanded retail and publishing businesses.

Financial income increased by \$0.1 million to \$0.5 million due to a higher interest income from fixed deposits while financial expenses decreased by \$0.1 million to \$0.1 million due to lower interest expense as the construction loan of Ei8ht Raja had been fully repaid.

With a higher profit before tax, income tax expense increased by \$0.3 million to \$1.1 million.

1st Half ended 31 October 2014

For the six months ended 31 October 2014 ("1HFY2015"), the Group's turnover decreased by \$3.1 million (or 1.2%) from \$270.1 million to \$267.0 million mainly due to the Property Division. The decrease is offset by the growth of the other divisions.



Statement of Comprehensive Income (cont'd)

Property Division: Revenue for the Property Division decreased by \$10.7 million in 1HFY2015 to \$2.5 million. Only one unit in Ei8ht Raja was sold during the period as compared to four units during the corresponding period ("1HFY2014"). Despite the Group's best efforts, and as at 31 October 2014, there still remain 21 unsold units in Ei8ht Raja. Only five units were sold since obtaining the Temporary Occupation Permit ("TOP") in May 2013.

Retail & Distribution Division: Revenue grew by \$4.5 million (or 2.0%) in 1HFY2015 from \$220.1 million to \$224.6 million. Sales growth was mainly from new retail stores opened, organic growth from existing retail stores and higher revenue from the BB1M programme. As at 31 October 2014, the Group operated a total of 163 outlets (As at 31 October 2013: 159 outlets).

Publishing & e-Learning Division: Revenue increased by \$3.1 million (or 8.5%), from \$36.7 million to \$39.8 million, primarily driven by growth in the adoption of our new textbook series (from Primary to Secondary) and increase in revenue from new publication of assessment / supplementary titles in Hong Kong.

Gross profit increased by \$2.7 million from \$46.7 million to \$49.4 million. With tighter control over costs, the Group improved its gross margin from 17.3% to 18.5% despite rising rental costs and manpower shortages.

Other operating income increased by \$0.3 million to \$2.0 million mainly due to a one-off gain on the completion of the disposal of two commercial property units recognised in 1HFY2015 and higher rental income from book fair and road shows. The increase was negated by a one-off gain on disposal of motor vehicles in 1HFY2014.

Decrease in distribution & selling expenses by \$1.0 million to \$6.2 million was largely due to the absence of the Gadgets & Write Fair for 1HFY2015 resulting in a drop in advertising and promotion expenses.

Administrative expenses increased by \$1.0 million to \$30.6 million primarily caused by an increase in manpower costs to support the expanded retail and publishing businesses.

The decrease in other operating expenses by \$3.4 million to \$0.8 million was mostly due to an impairment loss of \$3.1 million being recorded in 1HFY2014. No impairment on the Group's properties was required for 1HFY2015.

Financial income increased by \$0.2 million to \$1.0 million due to a higher interest income from fixed deposits. Financial expenses decreased by \$0.2 million to \$0.2 million mainly due to lower interest expense as the construction loan of Ei8ht Raja was fully repaid.

With a higher profit before tax, income tax expense increased by \$1.3 million to \$3.8 million.

Statement of Financial Position

Increase in Property, Plant and Equipment of \$3.5 million from \$67.6 million to \$71.1 million was mainly due to the construction of our Singapore headquarters.

Increase in intangible assets by \$3.8 million to \$6.3 million was due to additional license fee paid/payable to BBC Worldwide to use some of its brand names and intellectual properties to operate English language learning centres in Mainland China and Hong Kong.

The Group's development costs increased by \$1.3 million to \$5.9 million largely due to costs incurred in the development of new digital teaching and learning components in Greater China.



Statement of Financial Position (cont'd)

The increase in development properties by \$1.1 million to \$24.4 million was in respect of construction costs incurred in the development of Permai Residences. The decrease of \$2.5 million for properties held for sale was attributed to the sale of one Ei8ht Raja unit.

Current other receivables and deposits increased by \$1.9 million to \$5.9 million mainly due to higher deposits paid for rental of retail space. The increase is also due to refundable input GST for the construction costs incurred for the Singapore headquarters.

Inventories increased by \$7.9 million to \$110.1 million, mainly due to purchase of additional inventories in preparation for the school re-opening season in Singapore and for new stores opened during 1HFY2015.

Trade payables decreased by \$5.9 million to \$94.9 million mainly due to timing differences in payment to suppliers.

Other payables and accruals increased by \$7.8 million to \$52.1 million mainly due to license fee payable to BBC Worldwide of \$2.3 million and higher accruals of operating expenses and manpower cost.

Short term bank loans decreased by \$4.3 million to \$12.4 million due to partial repayment made during the period as the need for working capital of Greater China eased.

Statement of Cash Flows

2nd Quarter ended 31 October 2014

Net cash used in operating activities was \$3.7 million mainly for payment to trade payables and purchasing of inventories. This was slightly offset by the sale of one unit of Ei8ht Raja. The utilisation of \$6.6 million for investing activities was mainly due to construction costs of the Singapore headquarters, while the utilisation of S\$10.5 million in financing activities was mainly due to repayment of short term bank loans and payment of dividends.

1st Half ended 31 October 2014

Net cash flow generated from operating activities improved by \$3.4 million to \$8.8 million, mainly due to higher operating profit.

Net cash used in investing activities of \$8.1 million was mainly due to construction costs of the Singapore headquarters and payment made to BBC Worldwide. The utilisation of S\$13.6 million in financing activities was mainly due to repayment of short term bank loans and payment of dividends.

As a result, there was a net decrease in cash and cash equivalent of \$12.9 million for 1HFY2015. Approximately 31.5% of the Group's total current assets were cash and cash equivalents, which remained at \$96.9 million as at end of the financial period.

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

Not applicable. No forecast or prospect statement were made in previous results announcement.



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

The Group remains cautious of unexpected economic upheavals in the global economy which may adversely affect consumer sentiment. The Group is also closely monitoring the continuing regulation of the property sector in Singapore.

On the property front, following successive rounds of property cooling measures, including the introduction of the Total Debt Servicing Ratio (TDSR) and the Additional Buyer's Stamp Duty (ABSD) earlier in 2013, market sentiment for residential property in Singapore, particularly the high-end ones, continues to show much weakness, in terms of consumer demand and pricing. The Group encounters marked difficulties in marketing and selling the unsold units in its property developments because of the current challenging market environment.

If the Group is unable to sell all the unsold units within the time frame required under the Qualifying Certificate conditions issued in respect of its development properties, it would incur additional expenses for the extension of time to sell the unsold units. As at 31 October 2014, 21 units (of a total 26 units) of Ei8ht Raja remained unsold. Under the Qualifying Certificate issued in respect of Ei8ht Raja, all units must be sold within 2 years from 28 May 2013, the date of the issue of the Temporary Occupation Permit. Any extension of the time to sell the unsold units would be subject to significant extension charges as follows:

- (a) 8% per annum on the acquisition cost of the development property for the first year of extension;
- (b) 16% per annum on the acquisition cost of the development property for the second year of extension; and
- (c) 24% per annum on the acquisition cost of the development property for the third and subsequent years of extension,

pro-rated based on the number of unsold units of the development.

Permai Residences should be completed by end of 2015. The Group would face the same challenges should the current market conditions persist.

Inflationary and structural cost pressure on manpower and rental may not ease in the immediate term. The Group will continue to maximise operational efficiency so as to negate the adverse effects of such cost pressures.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period report on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable



POPULAR HOLDINGS LIMITED

(Co. Regn. No.: 199607187M)

12 If no Dividends has been declared/recommended, a statement to that effect

Not applicable.

13 Interested person transactions

No Interested Person Transactions ("IPT") mandate has been obtained. There was no IPT exceeding S\$100,000 for the period under review.

14 Negative assurance

The Board of Directors of the Company confirms to the best of their knowledge that nothing has come to their attention which may render the second quarter results ended 31 October 2014 to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

Chou Cheng Ngok
Executive Director
10 December 2014