



POPULAR HOLDINGS LIMITED

(Co. Regn. No.: 199607187M)

FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 JULY 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		
	3 months ended		
	31-Jul-14	31-Jul-13	Change
	S\$'000	S\$'000	%
Turnover	141,401	133,523	5.9%
Cost of sales	(111,312)	(105,911)	5.1%
Gross profit	30,089	27,612	9.0%
Other operating income	773	1,017	-24.0%
Distribution and selling expenses	(3,385)	(3,325)	1.8%
Administrative expenses	(15,350)	(14,844)	3.4%
Other operating expenses	(336)	(3,656)	-90.8%
Profit from operations	11,791	6,804	73.3%
Financial income	442	414	6.8%
Financial expenses	(106)	(172)	-38.4%
Profit before tax	12,127	7,046	72.1%
Income tax expense	(2,702)	(1,702)	58.8%
Profit for the period, net of tax	9,425	5,344	76.4%
Profit attributable to:			
Owners of the Company	9,410	5,323	76.8%
Non-controlling interests	15	21	-28.6%
	9,425	5,344	76.4%



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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		
	3 months ended		
	31-Jul-14	31-Jul-13	Change
	S\$'000	S\$'000	%
Profit for the period, net of tax	9,425	5,344	76.4%
Other comprehensive income:			
Currency translation adjustments on foreign operations	900	(903)	N.M.
Fair value adjustments	(6)	(2)	200.0%
Other comprehensive income for the period, net of tax	894	(905)	N.M.
Total comprehensive income for the period	10,319	4,439	132.5%
Total comprehensive income attributable to:			
Owners of the Company	10,307	4,398	134.4%
Non-controlling interests	12	41	-70.7%
	10,319	4,439	132.5%

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

	Group		
	3 months ended		
	31-Jul-14	31-Jul-13	Change
	S\$'000	S\$'000	%
Allowance for doubtful debts - trade receivables	65	21	209.5%
Allowance for inventory obsolescence	1,870	685	173.0%
Amortisation of development costs	176	117	50.4%
Depreciation of property, plant and equipment	2,150	2,386	-9.9%
Foreign exchange (gain)/loss, net	(19)	185	N.M.
Gain on disposal of property, plant and equipment	(4)	(145)	-97.2%
Impairment on properties held for sale	-	3,114	-100.0%
Interest expenses	48	121	-60.3%
Inventories written down	41	34	20.6%
Property, plant and equipment written off	13	5	160.0%
Write-back of allowance for doubtful debts - trade receivables	(2)	(37)	-94.6%
Write-back of allowance for inventory obsolescence	(106)	(3)	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-Jul-14 S\$'000	30-Apr-14 S\$'000	31-Jul-14 S\$'000	30-Apr-14 S\$'000
Share Capital and Reserves				
Share capital	92,170	92,170	92,170	92,170
Treasury shares	-	(10,307)	-	(10,307)
Reserves	135,457	136,568	4,900	12,817
Equity attributable to owners of the Company	227,627	218,431	97,070	94,680
Non-controlling interests	722	578	-	-
Total equity	228,349	219,009	97,070	94,680
Non-Current Assets				
Property, plant and equipment	66,523	67,555	3,335	3,657
Investments in subsidiaries	-	-	92,662	92,662
Investment in joint venture*	-	-	-	-
Goodwill on consolidation	1,256	1,256	-	-
Intangible asset	6,073	2,447	-	-
Other investments	243	248	-	-
Development costs	4,638	4,601	-	-
Deferred tax assets	4,067	3,721	212	212
Other receivables and deposits	5,992	5,941	-	-
	88,792	85,769	96,209	96,531
Current Assets				
Development properties	23,751	23,274	-	-
Properties held for sale	49,293	49,297	-	-
Inventories	104,648	102,210	-	-
Trade receivables	17,668	19,128	-	-
Other receivables and deposits	5,109	3,978	133	157
Prepayments	5,913	4,437	444	353
Due from subsidiaries (trade)	-	-	9,307	7,105
Due from subsidiaries (non-trade)	-	-	34,184	33,773
Due from affiliated companies (non-trade)	35	14	4	-
Tax recoverable	33	27	-	-
Fixed deposits	57,704	51,442	-	-
Cash and bank balances	59,463	57,328	2,129	3,191
	323,617	311,135	46,201	44,579
Assets classified as held for sale [#]	2,158	2,437	-	-
	325,775	313,572	46,201	44,579
Total Assets	414,567	399,341	142,410	141,110

* The investment in joint venture was fully impaired.

The assets classified as held for sale was in respect of one (30 April 2014: two) commercial property unit expected to be disposed of in the current financial year.



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Statements of Financial Position (Cont'd)

	Group		Company	
	31-Jul-14 S\$'000	30-Apr-14 S\$'000	31-Jul-14 S\$'000	30-Apr-14 S\$'000
Current Liabilities				
Trade payables	99,719	100,774	-	-
Other payables and accruals	51,575	44,349	2,541	3,617
Due to subsidiaries (non-trade)	-	-	1,826	1,840
Due to joint venture partners (non-trade)	649	649	-	-
Due to affiliated companies (non-trade)	14	14	-	-
Loan from subsidiaries	-	-	39,577	39,577
Short-term bank loans (unsecured)	14,740	16,724	1,300	1,300
Long-term bank loans (secured), current portion	536	583	-	-
Obligations under finance leases, current portion	9	-	-	-
Tax payable	3,750	1,930	96	96
	170,992	165,023	45,340	46,430
Net Current Assets/(Liabilities)	154,783	148,549	861	(1,851)
Non-Current Liabilities				
Long-term bank loans (secured), non-current portion	15,076	15,190	-	-
Obligations under finance leases, non-current portion	44	-	-	-
Deferred tax liabilities	106	119	-	-
	15,226	15,309	-	-
Total Liabilities	186,218	180,332	45,340	46,430
Net Assets	228,349	219,009	97,070	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 July 2014		As at 30 April 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
545	14,740	583	16,724

Amount repayable after one year

As at 31 July 2014		As at 30 April 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
15,120	-	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	
	3 months ended	
	31-Jul-14	31-Jul-13
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	12,127	7,046
Adjustments for:		
Allowance for doubtful debts - trade receivables	65	21
Allowance for inventory obsolescence	1,870	685
Amortisation of development cost	176	117
Depreciation of property, plant and equipment	2,150	2,386
Property, plant and equipment written off	13	5
Provision for sales returns	1,063	1,101
Gain on disposal of property, plant and equipment	(4)	(145)
Impairment on properties held for sale	-	3,114
Inventories written down	41	34
Write-back of allowance for doubtful debts - trade receivables	(2)	(37)
Write-back of allowance for inventory obsolescence	(106)	(3)
Interest expense	48	121
Interest income	(442)	(414)
Currency realignment	1,540	379
Operating cash flows before working capital changes	18,539	14,410
(Increase)/Decrease in:		
Development properties	(419)	(443)
Properties held for sale	4	3,844
Inventories	(4,416)	(12,185)
Trade receivables	1,394	(2,764)
Other receivables, deposits and prepayments	(2,658)	(1,887)
Due from affiliated companies	(21)	(22)
Due from associated company	-	625
Increase/(Decrease) in:		
Trade payables	(1,055)	147
Other payables and accruals	3,239	1,897
Due to affiliated companies	-	(5)
Due to joint venture partners	-	(88)
Cash flows generated from operations	14,607	3,529
Interest received	442	414
Interest paid	(137)	(257)
Income taxes paid	(1,247)	(2,370)
Net cash flows generated from operating activities	13,665	1,316



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Consolidated Statement of Cash Flows (Cont'd)

	Group	
	3 months ended	
	31-Jul-14	31-Jul-13
	S\$'000	S\$'000
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	287	173
Purchase of property, plant and equipment	(891)	(2,543)
Purchase of intangible assets	(709)	-
Increase in development costs	(240)	(308)
Net cash outflow on acquisition of non-controlling interests	(2)	-
Net cash flows used in investing activities	(1,555)	(2,678)
Cash flows from financing activities		
Proceeds from long-term bank loans	-	166
Purchase of treasury shares	(977)	(1,122)
Repayment of short-term bank loan	(1,984)	-
Repayment of long-term bank loans	(161)	(174)
Repayment of obligations under finance leases	(12)	(47)
Net cash flows used in financing activities	(3,134)	(1,177)
Net increase/(decrease) in cash and cash equivalents	8,976	(2,539)
Effects of exchange rates changes on cash and cash equivalents	(579)	(1,286)
Cash and cash equivalents as at beginning of the period	108,770	116,369
Cash and cash equivalents as at end of the period	117,167	112,544

Note to Consolidated Statement of Cash Flows:

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

	Group	
	3 months ended	
	31-Jul-14	31-Jul-13
	S\$'000	S\$'000
Fixed deposits	57,704	48,396
Cash and bank balances	59,463	64,148
Cash and cash equivalents	117,167	112,544



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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						Premium paid on acquisition of non-controlling interests	Non-controlling interests	Total equity	
Group	Share capital	Treasury shares	Translation reserve	Accumulated profits	Fair value adjustment reserve	Legal reserve	Total			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
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
Balance as at 1 May 2013	92,170	(5,136)	(19,465)	156,863	(86)	290	(714)	223,922	630	224,552
Profit for the period, net of tax	—	—	—	5,323	—	—	—	5,323	21	5,344
Other comprehensive income for the period	—	—	(923)	—	(2)	—	—	(925)	20	(905)
Total comprehensive income for the period	—	—	(923)	5,323	(2)	—	—	4,398	41	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	671	227,869



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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
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



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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	
	3 months ended	
	31-Jul-14	31-Jul-13
Balance at beginning of period	841,105,755	841,105,755
Cancelled during the period	(44,015,000)	—
Balance at end of period	797,090,755	841,105,755

Treasury shares

	Number of shares	
	3 months ended	
	31-Jul-14	31-Jul-13
Balance at beginning of period	40,339,000	20,700,000
Purchased during the period	3,676,000	4,011,000
Cancelled during the period	(44,015,000)	—
Balance at end of period	—	24,711,000

During the quarter ended 31 July 2014, the Company purchased a total of 3,676,000 (31 July 2013: 4,011,000) of its ordinary shares by way of on-market purchase for a total cash consideration of S\$1.0 million (31 July 2013: S\$1.1 million). These shares were initially held as treasury shares and recorded separately in shareholders' equity. During the quarter ended 31 July 2014, the Company cancelled all of its 44,015,000 treasury shares.

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-Jul-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

During the quarter ended 31 July 2014, the Company cancelled all of its 44,015,000 treasury shares which amounted to S\$11.3 million.

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		Change %
	31-Jul-14 Cents	31-Jul-13 Cents	
Earnings per ordinary share based on weighted average number of ordinary shares in issue during the period	1.18	0.65	81.5%
- Weighted average number of ordinary shares in issue during the period	797,695,354	819,298,038	
Earnings per ordinary share on a fully diluted basis	1.18	0.65	81.5%
- Weighted average number of ordinary shares in issue during the period	797,695,354	819,298,038	

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-Jul-14 Cents	30-Apr-14 Cents	
Net asset value per ordinary share (cents) based on existing issued capital as at the end of the period/year	28.56	27.28	4.7%

	Company		Change %
	31-Jul-14 Cents	30-Apr-14 Cents	
Net asset value per ordinary share (cents) based on existing issued capital as at the end of the period/year	12.18	11.82	3.0%



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

For the 3 months ended 31 July 2014 ("1QFY2015"), the Group's turnover rose by \$7.9 million (or 5.9%), from \$133.5 million to \$141.4 million mainly due to higher turnover achieved by the Retail and Distribution and Publishing and e-Learning Divisions.

Property Division: No property unit was sold in 1QFY2015 as compared to two units of Ei8ht Raja sold in the previous corresponding quarter ("1QFY2014").

Retail and Distribution Division: Turnover grew by \$9.6 million (or 8.9%), from \$107.6 million to \$117.2 million, mainly attributed to sales generated from new retail stores, organic growth from existing retail stores and higher sales from the Malaysian government's book voucher programme due to the delay in distribution of book vouchers in the previous financial year. As at 31 July 2014, the Group operated a total of 165 outlets (As at 31 July 2013: 161 outlets).

Publishing and e-Learning Division: Turnover increased by \$2.7 million (or 12.6%), from \$21.5 million to \$24.2 million, primarily driven by increased adoption of our primary and secondary school textbook series in Hong Kong and increased revenues from our assessment / supplementary titles, particularly JumpStart.

Gross profit increased by \$2.5 million (or 9.1%) from \$27.6 million to \$30.1 million, in tandem with the increase in turnover. With tight control over costs, the Group attained a healthy gross margin of 21.3% despite rising rental costs of retail space and manpower shortage across the regions. In 1QFY2015, additional allowance for inventory obsolescence of \$1.0 million was made on inventories from mega events held in the previous financial year. The Group plans to digest these inventories in various book fairs to be held in the current financial year.

Other operating income decreased by \$0.2 million to \$0.8 million mainly due to the decrease in grant income received by \$0.1 million for 1QFY2015 and the absence of one-off gain on the disposal of motor vehicles of \$0.1 million recognised in 1QFY2014.

Distribution and selling expenses were maintained at \$3.4 million.

Administrative expenses increased by \$0.5 million to \$15.4 million, primarily caused by an increase in manpower costs to support the expanded retail and publishing businesses.

Other operating expenses decreased by \$3.3 million to \$0.3 million as a one-off impairment loss of \$3.1 million on two 18 Shelford units was recognised in 1QFY2014.

Finance expenses decreased by \$0.1 million for 1QFY2015 as the construction loan for Ei8ht Raja was fully repaid in February 2014.

With higher profit before tax, income tax expense increased by \$1.0 million to \$2.7 million with the effective income tax rate maintained at 22.3%.



Statement of Financial Position

Intangible assets increased by \$3.6 million to \$6.1 million. The increase was in respect of 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.

Increase in development properties by \$0.5 million to \$23.8 million was in respect of construction costs incurred in the development of Permai Residences.

Inventories increased by \$2.4 million to \$104.6 million mainly due to higher inventories holdings in preparation for school reopening in Hong Kong.

Trade receivables decreased by \$1.5 million to \$17.7 million, mainly due to collection of outstanding claims in relation to the Malaysian book voucher programme.

Current other receivables and deposits increased by \$1.1 million to \$5.1 million mainly due to higher deposits paid for rental of retail space.

Prepayments increased by \$1.5 million to \$5.9 million mainly due to rental paid in advance to secure venues for BookFest@Singapore as well as expenses paid in advance for BookFest@Malaysia.

Assets classified as held for sale decreased by \$0.3 million due to the completion of the disposal of one commercial property unit. The remaining balance of \$2.2 million was in respect of one remaining commercial property unit expected to be disposed of in the current financial year.

Other payables and accruals increased by \$7.2 million to \$51.6 million mainly due to license fee payable to BBC Worldwide of \$2.9 million and higher accruals of operating expenses with additional stores and increased manpower as well as higher advance receipts of sponsorship and booth rental income from BookFest@Malaysia.

Short term bank loans decreased by \$2.0 million to \$14.7 million due to partial repayment made during the quarter as the need for working capital eased.

Statement of Cash Flows

Net cash flows generated from operating activities improved by \$12.3 million to \$13.7 million, mainly due to improvements in profit before tax, lower income taxes paid and better control over inventories.

Approximately 36.2% of the Group's total current assets were cash and cash equivalents, which remained at \$117.2 million as at end of the financial period.



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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 and the continuing regulation of the property sector.

Inflationary cost pressure on manpower and rental may not ease in the immediate term. The Group will continue to improve operational efficiency so as to negate the adverse effect of inflationary cost pressure.

Being in a strong financial position, the Group is confident of weathering the uncertainties.

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

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.



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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 first quarter results ended 31 July 2014 to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

Chou Cheng Ngok
Executive Director
12 September 2014