



PARKSON RETAIL ASIA LIMITED

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

Unaudited Financial Statements for the Second Quarter ended 31 December 2014

HIGHLIGHTS

	Group								
	Reported Quarter ended			Reported 6 months ended			Like-for-Like Comparable* 6 months ended		
	31.12.2014	31.12.2013	+ / (-)	31.12.2014	31.12.2013	+ / (-)	31.12.2014	31.12.2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	289,555	286,042	1.2	570,256	562,179	1.4	532,411	559,230	(4.8)
Revenue	117,519	117,415	0.1	227,510	226,144	0.6	215,117	224,769	(4.3)
Profit Before Tax	14,465	18,010	(19.7)	24,916	32,515	(23.4)	32,409	32,617	(0.6)
Net Profit attributable to owners of the Company	10,225	13,554	(24.6)	17,094	23,820	(28.2)	22,549	23,891	(5.6)

* 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-operational items for FY2015 period comprising of gain on disposal of an associate and accrual of store closure costs).

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

SSSG	Quarter ended		6 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Malaysia	-6.7%	+0.2%	-5.6%	+0.1%
Vietnam	-5.8%	-2.7%	-5.7%	-2.0%
Indonesia	+8.8%	+7.3%	+7.3%	+5.8%
Myanmar	+28.9%	n.a.	+30.8%	n.a.

n.a. – not applicable

The Malaysia operations recorded a decline in SSSG of -6.7% for Q2 FY2015. The Malaysian Institute of Economic Research reported that the country's consumer sentiment index ("CSI") remained below the 100-point confidence threshold for the second consecutive quarter, with the CSI reading for the 4th quarter calendar year 2014 at 83 points. Contributory factors affecting consumer sentiment on the downside included the macro headwind impacting the Malaysian economy arising from the fall in the price of crude oil and the depreciating currency. Sales for Malaysia were also negatively affected by the worse-than-expected flood situation in the east coast of peninsula Malaysia and the reduced tourist arrivals from China.

The Vietnam operations recorded decline in SSSG of -5.8% for Q2 FY2015. The Group's operations in Vietnam encountered difficulties due to weak discretionary spending and compounded by the entry of competing retailers.

The Indonesia operations recorded SSSG of +8.8% in Q2 FY2015. Consumer sentiment remained strong with Bank Indonesia reporting the country's consumer confidence index for the 4th quarter calendar year 2014 remaining above the 100-point confidence threshold at 119.1 points.

The Myanmar operations recorded SSSG of +28.9% in Q2 FY2015. The store in FMI Centre, Yangon recorded strong ramp-up in sales after the 1st year of operations.

Gross Sales Proceeds (“GSP”) for Q2 FY2015 increased by 1.2% Year-over-Year (“YoY”) to S\$289.6 million, while GSP for the Year-To-Date (“YTD”) 6 months financial year 2015 (“YTD 6 months FY2015”) increased by 1.4% YoY to S\$570.3 million. Group’s revenue for Q2 FY2015 increased by 0.1% YoY to S\$117.5 million, while revenue for YTD 6 months FY2015 increased by 0.6% YoY to S\$227.5 million. The increases in GSP and revenue are due to sales contribution from the 8 new stores and 3 renovated stores operating in the FY2015 period, however, mitigated by the negative SSSG recorded by the Malaysia and Vietnam operations. On same store basis, GSP and revenue for YTD 6 months FY2015 declined by (4.8)% and (4.3)% respectively. On same store basis and same currency basis, GSP and revenue for YTD 6 months FY2015 declined by (3.7)% and (3.2)% respectively.

Profit Before Tax (“PBT”) for Q2 FY2015 declined by (19.7)% YoY to S\$14.5 million, while PBT for the YTD 6 months FY2015 declined by (23.4)% YoY to S\$24.9 million. Among the factors contributing to the decline in PBT are (i) the de-leveraging impact from the negative SSSG of the Malaysia and Vietnam operations, (ii) the initial loss-making periods associated with certain of the new stores in their 1st year of operations and (iii) the accrual of closure costs of S\$2.311 million for a store in Hanoi, Vietnam. However, the decline in PBT was mitigated by improvement in gross profit margin for Q2 FY2015 and YTD 6 months FY2015 by 50 basis points (“bps”) and by 60 bps respectively, and by the gain on disposal of an associate of S\$1.4 million. On same store basis (also excluding non-operational items), PBT for the YTD 6 months FY2015 declined by a lesser (0.6)% YoY to S\$32.4 million. On same store basis and same currency basis, PBT for the YTD 6 months FY2015 increased by 0.4% YoY.

A summary table detailing the segmental PBT for the YTD 6 months FY2015 is appended below:

PBT Summary	Group		
	6 months ended		
	31.12.2014	31.12.2013	+/(-)
	S\$'000	S\$'000	%
Like-for-like, on same store basis			
Malaysia	27,889	29,827	(6.5)
Vietnam	(560)	15	>(100.0)
Indonesia	4,537	2,677	69.5
Myanmar	(304)	(345)	11.9
Share of profits of an associate (Sri Lanka)	37	680	(94.6)
Investment holding / Others	810	(237)	>100.0
PBT (same store basis)	32,409	32,617	(0.6)
PBT of new and renovated stores			
Malaysia	(855)	(102)	>(100.0)
Vietnam	(796)	-	>(100.0)
Indonesia	(4,910)	-	>(100.0)
Non-operational items			
Gain on disposal of an associate	1,379	-	>100.0
Accrual of store closure costs	(2,311)	-	>(100.0)
Group PBT	24,916	32,515	(23.4)

On same store basis, PBT for the Malaysia operations for YTD 6 months FY2015 declined by (6.5)% due largely to the sales decline with negative SSSG of -5.6%. On same store basis and same currency basis, PBT for the Malaysia operations recorded a decline of (6.0)%.

On same store basis, PBT for the Vietnam operations declined by >(100.0)% due to the de-leveraging impact from the negative SSSG of -5.7% for the YTD 6 month FY2015.

On same store basis, PBT for the Indonesia operations increased by 69.5% due largely to the positive leverage impact from the increase in SSSG of +7.3% and write-back of expired customer loyalty points. On same store basis and same currency basis, PBT for the Indonesia operations recorded an increase of 80.8%.

The store in Myanmar commenced operations in May 2013 and is in a loss position as it has yet to achieve the breakeven sales volume despite recording SSSG of +30.8%.

The Group's share of profits of the associate, Odel PLC, declined by (94.6)% due to increase in operating costs and the decline in interest income earned on funds from the rights issue of shares which has been partly spent for business expansion purpose. The Company has completed the disposal of its entire equity interest of 47.46% in Odel PLC on 4 November 2014.

Investment holding / Others recorded a profit of S\$0.81 million for YTD 6 months FY2015 as compared to a loss of S\$(0.237) million in the comparative FY2014 period. This is due largely to recognition of currency translation gain of S\$1.6 million for the reported FY2015 period.

The Group's cashflow generation remains healthy with net cash generated from operations of S\$57.7 million for the YTD 6 months FY2015 despite faced with challenging environments. The Group balance sheet position continues to be strong with total equity of S\$237.9 million as at 31 December 2014.

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.

PBT variance	Reported	Same store*	Same store, same currency*
(comparing YTD 6 months FY2015 vs YTD 6 months FY2014)	+ / (-)	+ / (-)	+ / (-)
	%	%	%
Malaysia	(9.1)	(6.5)	(6.0)
Vietnam	>(100.0)	>(100.0)	>(100.0)
Indonesia	>(100.0)	69.5	80.8
Myanmar	11.4	11.9	10.3
Group	(23.4)	(0.6)	0.4

* same store variance is also excluding non-operational items for FY2015 period comprising gain on disposal of an associate (S\$1.379 million) and accrual of store closure costs (S\$2.311 million)



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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			6 months ended		
	31.12.2014	31.12.2013	+/(-) %	31.12.2014	31.12.2013	+/(-) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	117,519	117,415	0.1	227,510	226,144	0.6
Other income	6,431	2,975	>100.0	9,630	6,306	52.7
Items of expense						
- Changes in merchandise inventories and consumables	(44,432)	(46,581)	(4.6)	(84,691)	(88,339)	(4.1)
- Employee benefits expense	(12,895)	(11,702)	10.2	(26,017)	(24,083)	8.0
- Depreciation and amortisation expenses	(5,168)	(4,966)	4.1	(10,347)	(9,873)	4.8
- Rental expenses	(29,427)	(24,818)	18.6	(58,438)	(49,582)	17.9
- Finance costs	(135)	(111)	21.6	(272)	(230)	18.3
- Other expenses	(17,447)	(14,582)	19.6	(32,496)	(28,508)	14.0
Total expenses	(109,504)	(102,760)	6.6	(212,261)	(200,615)	5.8
Share of profits of an associate	19	380	(95.0)	37	680	(94.6)
Profit before tax	14,465	18,010	(19.7)	24,916	32,515	(23.4)
Taxation	(5,376)	(4,948)	8.6	(9,639)	(9,636)	0.0
Net profit for the period	9,089	13,062	(30.4)	15,277	22,879	(33.2)
Net profit for the period attributable to:						
Owners of the Company	10,225	13,554	(24.6)	17,094	23,820	(28.2)
Non-controlling interests	(1,136)	(492)	>100.0	(1,817)	(941)	93.1
	9,089	13,062	(30.4)	15,277	22,879	(33.2)

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

	Group					
	Quarter ended			6 months ended		
	31.12.2014	31.12.2013	+/(-)	31.12.2014	31.12.2013	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit for the period	9,089	13,062	(30.4)	15,277	22,879	(33.2)
Other comprehensive income/(loss):						
Remeasurement of defined benefit plan	34	-		34	-	>100.0
Foreign currency translation	(1,160)	(2,654)	(56.3)	665	(12,327)	>100.0
Total comprehensive income	7,963	10,408	(23.5)	15,976	10,552	51.4
Total comprehensive income attributable to:						
Owners of the Company	9,164	10,920	(16.1)	17,883	11,521	55.2
Non-controlling interests	(1,201)	(512)	>100.0	(1,907)	(969)	96.8
	7,963	10,408	(23.5)	15,976	10,552	51.4

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

	Group			
	Quarter ended		6 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Profit before income tax is arrived at after (charging)/crediting:				
Finance income	1,347	1,303	3,030	2,699
Gain on disposal of an associate	1,379	-	1,379	-
Accrual of store closure costs	(2,311)	-	(2,311)	-

1(b)(i) Statements of Financial Position

	Group		Company	
	31.12.2014	30.06.2014	31.12.2014	30.06.2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	95,112	89,522	-	-
Land use right	8,282	7,913	-	-
Investments in subsidiaries	-	-	154,078	148,440
Investment in an associate	-	26,539	-	26,074
Other receivables	26,898	24,876	22,716	32,135
Prepayments	13,224	13,576	-	-
Intangible assets	5,656	5,737	-	-
Derivatives	20	20	-	-
Deferred tax assets	3,248	3,805	-	-
Investment securities	88	91	-	-
	152,528	172,079	176,794	206,649
Current assets				
Inventories	64,467	63,628	-	-
Trade and other receivables	26,380	23,514	33,193	27,493
Prepayments	4,209	6,126	42	22
Tax recoverable	1,734	2,515	-	-
Cash and short-term deposits	201,808	150,881	36,662	3,514
	298,598	246,664	69,897	31,029
Total assets	451,126	418,743	246,691	237,678
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	161,819	141,869	814	762
Other liabilities	38,679	26,995	-	-
Tax payable	1,222	790	-	-
	201,720	169,654	814	762
Net current assets	96,878	77,010	69,083	30,267
Non-current liabilities				
Other payables	11,359	10,094	-	-
Deferred tax liabilities	184	176	-	-
	11,543	10,270	-	-
Total liabilities	213,263	179,924	814	762
Net assets	237,863	238,819	245,877	236,916
Equity attributable to owners of the Company				
Share capital	231,676	231,676	231,676	231,676
Other reserves	(149,582)	(150,337)	(18,880)	(11,710)
Retained earnings	157,522	157,326	33,081	16,950
	239,616	238,665	245,877	236,916
Non-controlling interests	(1,753)	154	-	-
Total equity	237,863	238,819	245,877	236,916
Total equity and liabilities	451,126	418,743	246,691	237,678

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

There are no Group loans and borrowings as at 31.12.2014 and 30.06.2014.

1(c) Consolidated Statement of Cash Flows

	Group			
	Quarter ended		6 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before tax	14,465	18,010	24,916	32,515
Adjustments for				
- Depreciation and amortisation	5,168	4,966	10,347	9,873
- Finance costs	135	111	272	230
- Finance income	(1,347)	(1,303)	(3,030)	(2,699)
- Share of profits of an associate	(19)	(380)	(37)	(680)
- Gain on disposal of an associate	(1,379)	-	(1,379)	-
- Accrual of store closure costs	2,311	-	2,311	-
- Unrealised currency translation (gain)/ loss	(711)	323	(729)	(303)
- Others	288	1,489	246	1,791
Operating cash flows before changes in working capital	18,911	23,216	32,917	40,727
Changes in working capital				
- Inventories	(2,808)	(8,375)	(2,310)	(8,670)
- Receivables and prepayments	1,586	(2,557)	(1,188)	1,503
- Payables and other liabilities	24,847	31,449	33,823	39,859
Cash flows from operations	42,536	43,733	63,242	73,419
Finance income received	1,147	1,217	2,581	2,523
Finance costs paid	(2)	(13)	(3)	(15)
Income tax paid	(3,810)	(4,364)	(8,083)	(9,170)
Net cash generated from operating activities	39,871	40,573	57,737	66,757
Investing activities				
Purchase of property, plant and equipment	(9,503)	(10,972)	(14,955)	(17,798)
Proceed from disposal of an associate	27,919	-	27,919	-
Addition of intangible assets	(16)	(87)	(53)	(92)
Dividend income from investment securities	-	-	86	-
Dividends received from an associate	-	148	-	148
Net cash generated from / (used in) investing activities	18,400	(10,911)	12,997	(17,742)
Financing activities				
Dividends paid	(16,932)	(18,287)	(16,932)	(18,287)
Net cash used in financing activities	(16,932)	(18,287)	(16,932)	(18,287)
Net increase in cash and cash equivalents	41,339	11,375	53,802	30,728
Cash and cash equivalents at beginning of financial period	163,775	191,414	150,881	176,830
Effects of currency translation on cash and cash equivalents	(3,306)	(2,943)	(2,875)	(7,712)
Cash and cash equivalents at end of financial period	201,808	199,846	201,808	199,846

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

	Group	
	31.12.2014	31.12.2013
	S\$'000	S\$'000
Cash at bank	60,625	29,388
Short-term bank deposits	141,183	170,458
	201,808	199,846

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	Retained earnings	Total		
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 01.07.2014	231,676	(36,983)	1	9,959	(123,753)	439	157,326	238,665	154	238,819
Profit / (loss) for the period	-	-	-	-	-	-	17,094	17,094	(1,817)	15,277
Foreign currency translation	-	755	-	-	-	-	-	755	(90)	665
Remeasurement of defined benefit plan	-	-	-	-	-	-	34	34	-	34
Dividends	-	-	-	-	-	-	(16,932)	(16,932)	-	(16,932)
Balance at 31.12.2014	231,676	(36,228)	1	9,959	(123,753)	439	157,522	239,616	(1,753)	237,863
Balance at 01.07.2013 (restated)	231,676	(24,536)	1	9,959	(123,753)	439	161,010	254,796	2,486	257,282
Profit / (loss) for the period	-	-	-	-	-	-	23,820	23,820	(941)	22,879
Foreign currency translation	-	(12,299)	-	-	-	-	-	(12,299)	(28)	(12,327)
Dividends	-	-	-	-	-	-	(18,287)	(18,287)	-	(18,287)
Balance at 31.12.2013	231,676	(36,835)	1	9,959	(123,753)	439	166,543	248,030	1,517	249,547

Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	Retained earnings / (Accumulated losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Balance at 01.07.2014	231,676	(11,710)	16,950	236,916
Profit for the period	-	-	33,063	33,063
Foreign currency translation	-	(7,170)	-	(7,170)
Dividends	-	-	(16,932)	(16,932)
Balance at 31.12.2014	231,676	(18,880)	33,081	245,877
Balance at 01.07.2013	231,676	(4,250)	19,276	246,702
Loss for the period	-	-	(1,579)	(1,579)
Foreign currency translation	-	(9,694)	-	(9,694)
Dividends	-	-	(18,287)	(18,287)
Balance at 31.12.2013	231,676	(13,944)	(590)	217,142

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

	31.12.2014	31.12.2013
	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.

	31.12.2014	30.6.2014
Total number of issued shares excluding treasury shares	677,300,000	677,300,000

The Company did not hold any treasury shares as at 31 December 2014 and 30 June 2014.

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 2014, except as mentioned 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 2014. 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		6 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Basic and diluted (cents)	1.51	2.00	2.52	3.52
Based on weighted average number of shares ('000)	677,300	677,300	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	
	31.12.2014	30.6.2014	31.12.2014	30.6.2014
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	0.35	0.35	0.36	0.35

8. Review of Group Performance

Review of Business Environments

The Group recorded the following SSSG, by countries:

SSSG	Quarter ended		6 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Malaysia	-6.7%	+0.2%	-5.6%	+0.1%
Vietnam	-5.8%	-2.7%	-5.7%	-2.0%
Indonesia	+8.8%	+7.3%	+7.3%	+5.8%
Myanmar	+28.9%	n.a.	+30.8%	n.a.

n.a. – not applicable

The Malaysia operations recorded a decline in SSSG of -6.7% for Q2 FY2015. The Malaysian Institute of Economic Research reported that the country's consumer sentiment index ("CSI") remained below the 100-point confidence threshold for the second consecutive quarter, with the CSI reading for the 4th quarter calendar year 2014 at 83 points. Contributory factors affecting consumer sentiment on the downside included the macro headwind impacting the Malaysian economy arising from the fall in the price of crude oil and the depreciating currency. Sales for Malaysia were also negatively affected by the worse-than-expected flood situation in the east coast of peninsula Malaysia and the reduced tourist arrivals from China.

The Vietnam operations recorded decline in SSSG of -5.8% for Q2 FY2015. The Group's operations in Vietnam encountered difficulties due to weak discretionary spending and compounded by the entry of competing retailers.

The Indonesia operations recorded SSSG of +8.8% in Q2 FY2015. Consumer sentiment remained strong with Bank Indonesia reporting the country's consumer confidence index for the 4th quarter calendar year 2014 remaining above the 100-point confidence threshold at 119.1 points.

The Myanmar operations recorded SSSG of +28.9% in Q2 FY2015. The store in FMI Centre, Yangon recorded strong ramp-up in sales after the 1st year of operations.

Review of Operational Results

The components of GSP for Q2 FY2015 and YTD 6 months FY2015 are as follows:-

	Group					
	Quarter ended			6 months ended		
	31.12.2014	31.12.2013	+/(-)	31.12.2014	31.12.2013	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds						
Sale of goods - direct sales	57,602	59,979	(4.0)	107,476	110,850	(3.0)
Sale of goods - concessionaire sales	227,838	222,247	2.5	454,739	443,239	2.6
Total merchandise sales	285,440	282,226	1.1	562,215	554,089	1.5
Consultancy and management service fees	252	284	(11.3)	480	558	(14.0)
Rental income	3,863	3,532	9.4	7,561	7,532	0.4
Total gross sales proceeds	289,555	286,042	1.2	570,256	562,179	1.4

The Group's GSP increased by 1.2% YoY to S\$289.6 million for Q2 FY2015 and increased by 1.4% YoY to S\$570.3 million for YTD 6 months FY2015. GSP for the quarter and YTD periods increased due to sales contribution from the 8 new stores and 3 renovated stores operating in the FY2015 period, however, mitigated by the negative SSSG recorded by the Malaysia and Vietnam operations. On same store basis, the Group's GSP for YTD 6 months FY2015 declined by (4.8)% to S\$532.4 million due significantly to (i) negative SSSG recorded by the Malaysia and Vietnam operations of -5.6% and -5.7% respectively and (ii) local currency weakness of the Indonesian Rupiah. On same store basis and same currency basis, GSP for YTD 6 months FY2015 recorded a decline of (3.7)%.

The Group generated total merchandise sales of S\$562.2 million for the YTD 6 months FY2015, with concessionaire sales contributing 80.9% and direct sales contributing the balance of 19.1%. By product segment, the Fashion & Apparel category constitute 53.1% of the total merchandise sales, the Cosmetic & Accessories category constitute 28.1%, the Household, Electrical Goods & Others category constitute 15.3% while the remaining balance of 3.5% came from the Groceries & Perishables category.

The merchandise gross margins (a combination of the commission from concessionaires and direct sales margin) for Q2 FY2015 and YTD 6 months FY2015 increased by 50 bps YoY to 24.2% and by 60 bps YoY to 24.0% respectively. Gross margin improved due to reduced discounting and lesser stock shrinkages.

Review of Financial Results

Revenue and Other Income

The Group's revenue increased by 0.1% YoY to S\$117.5 million for Q2 FY2015 and increased by 0.6% YoY to S\$227.5 million for YTD 6 months FY2015. The marginal increase in revenues is in line with the increase in GSP as explained above. The components of revenue for Q2 FY2015 and YTD 6 months FY2015 are as follows:-

	Group					
	Quarter ended			6 months ended		
	31.12.2014	31.12.2013	+/(-)	31.12.2014	31.12.2013	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Sale of goods - direct sales	57,602	59,979	(4.0)	107,476	110,850	(3.0)
Commission from concessionaire sales	55,802	53,620	4.1	111,993	107,204	4.5
Consultancy and management service fees	252	284	(11.3)	480	558	(14.0)
Rental income	3,863	3,532	9.4	7,561	7,532	0.4
Total revenue	117,519	117,415	0.1	227,510	226,144	0.6

Other income for Q2 FY2015 and YTD 6 months FY2015 increased YoY by >100.0% to S\$6.4 million and by 52.7% to S\$9.6 million respectively. Other income increased for the reported periods due significantly to currency translation gains and gain on disposal of shares in an associate, Odel PLC.

Expenses

For Q2 FY2015 and YTD 6 months FY2015, total expenses of the Group increased by 6.6% YoY to S\$109.5 million and by 5.8% YoY to S\$212.3 million respectively. Analysis of the major operating expense items for Q2 FY2015 and YTD 6 months FY2015 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 Q2 FY2015 and YTD 6 months FY2015 declined by (4.6)% to S\$44.4 million and by (4.1)% to S\$84.7 million respectively. These declines are in line with the decline in direct sales.

Employee benefits expense

Staff cost increased by 10.2% to S\$12.9 million for Q2 FY2015 and increased by 8.0% to S\$26.0 million for YTD 6 months FY2015. These increases are primarily due to the inclusion of staff costs for new stores operating in FY2015 period and yearly wage increase.

As a percentage of revenue, the staff cost ratios increased by 110 bps YoY to 11.0% for Q2 FY2015 and increased by 90 bps YoY to 11.4% for YTD 6 months FY2015. Staff cost ratios increased due to (i) staff costs for new stores where the sales are lower at the initial stages of operations and (ii) negative SSSG recorded for the Malaysia and Vietnam operations resulting in lower staff productivity.

Depreciation and amortisation expenses

Depreciation and amortisation increased by 4.1% to S\$5.2 million for Q2 FY2015, and increased by 4.8% to S\$10.3 million for YTD 6 months FY2015. These increases are primarily due to the inclusion of the depreciation costs for the new stores operating in FY2015 period.

As a percentage of revenue, depreciation and amortization expense ratios increased by 20 bps YoY to 4.4% for Q2 FY2015 and increased by 10 bps YoY to 4.5% for YTD 6 months FY2015. The higher ratios for Q2 FY2015 and YTD 6 months FY2015 are primarily due to depreciation incurred for new stores but where the sales are lower at the initial stages of operations.

Rental expenses

Rental expenses increased by 18.6% to S\$29.4 million for Q2 FY2015, and increased by 17.9% to S\$58.4 million for YTD 6 months FY2015. These increases are significantly due to inclusion of rental costs for the 8 new stores operating in FY2015 period.

As a percentage of revenue, the rental expense ratios increased by 390 bps YoY to 25.0% for Q2 FY2015, and increased by 380 bps YoY to 25.7% for YTD 6 months FY2015. The higher ratios are significantly due to new stores that are paying base rentals but where the sales are lower at the initial stages of operations.

Other expenses

Other expenses consist mainly of (a) promotional and advertising expenses; (b) selling and distribution expenses and (c) general and administrative expenses which increased by 19.6% to S\$17.4 million for Q2 FY2015 and increased by 14.0% to S\$32.5 million for YTD 6 months FY2015. The increases are significantly due to costs attributable to the new stores operating in FY2015 period (e.g. utilities, packaging costs) and the accrual of closure costs of S\$2.311 million for a store in Hanoi, Vietnam.

As a percentage of revenue, the other expenses ratios increased by 230 bps YoY to 14.8% for Q2 FY2015 and increased by 160 bps YoY to 14.3% for YTD 6 months FY2015. The higher ratios are contributed by increase in other operating expenses related to the new stores operating in FY2015 period where sales are lower at the initial stages of operations and the accrual of store closure costs.

Share of profits of an associate

Share of profits of Odel PLC declined by (95.0)% to S\$0.019 million for Q2 FY2015 and declined by (94.6)% to S\$0.037 million for YTD 6 months FY2015. Share of profits declined due to increase in operating costs and decrease in interest income earned on funds from the rights issue of shares which have been partly spent for business expansion purpose.

As previously announced, the Company has completed the disposal of its entire equity interest of 47.46% in Odel PLC on 4 November 2014.

PBT

PBT declined by (19.7)% YoY to S\$14.5 million for Q2 FY2015. As a percentage of revenue, PBT ratio reduced by 300 bps YoY to 12.3% for Q2 FY2015. For the YTD 6 months FY2015, PBT declined by (23.4)% YoY to S\$24.9 million. As a percentage of revenue, PBT ratio for YTD 6 months FY2015 declined by 340 bps YoY to 11.0%. Among the factors contributing to the decline in PBT for the quarter and YTD periods are (i) the de-leveraging impact from the negative SSSG of the Malaysia and Vietnam operations, (ii) the initial loss-making periods associated with certain of the new stores in their 1st year of operations and (iii) the accrual of closure costs of S\$2.311 million for a store in Hanoi, Vietnam. However, the decline in PBT was mitigated by improvement in gross profit margin for Q2 FY2015 and YTD 6 months FY2015 by 50 bps and 60 bps respectively, and by the gain on disposal of an associate of S\$1.4 million..

On same store basis (also excluding non-operational items), PBT for YTD 6 months FY2015 declined by a lesser (0.6)% YoY to S\$32.4 million. On same store basis and same currency basis, PBT for the YTD 6 months FY2015 increased by 0.4% YoY.

Taxation

The Group effective tax rate for YTD 6 months FY2015 was 38.7%. The effective tax rate is higher than the statutory tax rates of the countries where the Group operates due significantly to loss-making companies in Vietnam, whereby the local tax regulation do not allow for set-off of tax losses between Group companies.

Net profit attributable to owners of the Company

Attributable net profit declined by (24.6)% YoY to S\$10.2 million for Q2 FY2015 and declined by (28.2)% YoY to S\$17.1 million for YTD 6 months FY2015. As a percentage of revenue, the attributable net profit ratio declined by 280 bps to 8.7% for Q2 FY2015 and declined by 300 bps to 7.5% for YTD 6 months FY2015.

On same store basis (also excluding non-operational items), attributable net profit for the YTD 6 months FY2015 declined by (5.6)% YoY to S\$22.5 million. On same store basis and same currency basis, attributable net profit for the YTD 6 months FY2015 declined by (4.6)% YoY.

Review of Group Balance Sheet

The equity accounting for the investment in an associate has ceased as at the reported balance sheet date as the Company has divested its entire equity interest of 47.46% in Odel PLC on 4 November 2014.

The current portion of trade and other receivables increased to S\$26.4 million due significantly to higher receivables from credit card companies resulting from the year-end holiday sales. The current portion of prepayments declined to S\$4.2 million due to amortization of the prepaid rentals for stores in Indonesia.

In line with the year-end holiday sales and the resulting increase in merchandise buying and concessionaire sales collection, the current portion of trade and other payables increased from S\$141.9 million as at 30 June 2014 to S\$161.8 million as at 31 December 2014. The current portion of other liabilities increased to S\$38.7 million due to higher accrued liability for capital expenditure on the higher number of stores opened and planned for opening, and the accrual of closure costs for a store in Hanoi, Vietnam. The non-current portion of other payables increased to S\$11.4 million due to higher deferred rental amount arising from the straight-line treatment of rental for the new stores.

The non-controlling interests declined to negative S\$1.8 million due to sharing of the negative equity position of a 70%-owned subsidiary in Vietnam.

The Group's financial position remains healthy, with a working capital of S\$96.9 million and total equity of S\$237.9 million as at 31 December 2014.

The Group generated healthy net cash from operations for YTD 6 months FY2015 of S\$57.7 million despite faced with challenging environments. The Group cash balance as at 31 December 2014 remained strong at S\$201.8 million.

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 business as outlined in paragraph 10 in the preceding quarterly results announcement dated 13 November 2014 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.

The Malaysia operations for the next reporting quarter may encounter muted consumer sentiment, however, we expect the Group's performance to be buffered by the consumer buying prior to the introduction of the Goods and Services Tax on 1 April 2015.

The Indonesia operations for the next Q3 FY2015 is expected to be encouraging due to the country's continued economic growth and strong increase in the middle class population.

A major drag on the Group's performance in Vietnam has been removed with the closure of the Landmark-Keangnam store located in Hanoi, Vietnam on 2 January 2015. The management is negotiating with the landlord of the Landmark-Keangnam store to arrive at a settlement.

11. Dividend

(a) Current Financial Period Reported On

Name of Dividend	Special interim
Dividend Type	Cash
Dividend per Ordinary Share	4.0 cents, (one-tier) tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Paid on 7 January 2015.

(d) Books closure date

Record date was on 30 December 2014 at 5.00pm.

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

Not applicable.

PART II - ADDITIONAL DISCLOSURE

13. Group Performance by Geographical Segment

Group	Malaysia	Vietnam	Indonesia	Myanmar	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
6 months ended 31.12.2014						
Gross Sales Proceeds	401,280	79,683	86,438	2,855	-	570,256
Revenue	172,738	22,552	31,290	930	-	227,510
Profit/(Loss) before tax	27,034	(1,356)	(373)	(304)	-	25,001
Investment holding/Others	-	-	-	-	810	810
Share of profits of an associate	-	-	-	-	37	37
<i>Non-operational items:</i>						
- Gain on disposal of an associate	-	-	-	-	1,379	1,379
- Accrual of store closure costs	-	(2,311)	-	-	-	(2,311)
Total Profit/(Loss) Before Tax	27,034	(3,667)	(373)	(304)	2,226	24,916
6 months ended 31.12.2013						
Gross Sales Proceeds	409,117	77,194	73,675	2,193	-	562,179
Revenue	176,423	21,205	27,617	899	-	226,144
Profit/(Loss) before tax	29,725	15	2,677	(345)	-	32,072
Investment holding/Others	-	-	-	-	(237)	(237)
Share of profits of an associate	-	-	-	-	680	680
Total Profit/(Loss) Before Tax	29,725	15	2,677	(345)	443	32,515

14. Interested person transactions for the 6 months period ended 31 December 2014

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⁾	-	516
Parkson Holdings Berhad Group ⁽²⁾	101	1,203
Secom (M) Sdn Bhd ⁽³⁾	-	117
Bonuskad Loyalty Sdn Bhd ⁽⁴⁾	-	5,109
PT Monica Hijaulestari ⁽⁵⁾	-	2,709
PT Tozy Bintang Sentosa ⁽⁶⁾	-	123

Notes:

- (1) Purchase of building materials, light fittings, merchandises and procurement of energy conservation services.
- (2) (i) Royalty expenses totaling S\$0.101 million;
(ii) Rental of retail space, purchase of merchandises and net concessionaire sales totaling S\$1.203 million..
- (3) Purchase of security equipment and procurement of security services.
- (4) Marketing fees payable for bonus points issued and amounts receivable for points redemption made by cardholders.
- (5) Purchase of merchandise.
- (6) Rental of office and warehouse.

15. Disclosure on the use of IPO proceeds

As at 31 December 2014, the Company has utilised:

- S\$29.1 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 second quarter and half-year ended 31 December 2014, to be false or misleading.

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

Toh Peng Koon
Executive Director and Chief Executive Officer

Singapore, 9 February 2015