

PARKSON RETAIL ASIA LIMITED

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

Unaudited Financial Statements for the Third Quarter ended 31 March 2016

HIGHLIGHTS

	Group					
	Quarter ended			9 months ended		
	31.03.2016	31.03.2015	+/(-)	31.03.2016	31.03.2015	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	245,323	295,924	(17.1)	735,599	866,180	(15.1)
Revenue	98,415	116,578	(15.6)	294,557	344,088	(14.4)
Profit / (Loss) Before Tax	(7,470)	12,146	>(100.0)	48,350	37,062	30.5
Net Profit / (Loss) attributable to owners of the Company	(7,306)	7,984	>(100.0)	45,054	25,078	79.7

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

SSSG	Quarter ended		9 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Malaysia	-17.4%	+8.0%	-13.5%	-1.2%
Vietnam	-8.2%	-2.1%	-2.6%	-4.5%
Indonesia	+0.1%	+6.9%	+3.8%	+7.1%
Myanmar	-7.6%	+12.7%	-2.6%	+24.2%

The Malaysia operations recorded a decline in SSSG of -17.4% in the 3rd quarter financial year 2016 ("Q3 FY2016"). SSSG declined as sales for the corresponding quarter in FY2015 benefited from increase in consumer buying prior to the introduction of the Goods & Services Tax ("GST") on 1 April 2015. The decline in SSSG was compounded by subdued consumer sentiment as reported by the Malaysian Institute of Economic Research, where the country's consumer sentiment index ('CSI') remained below the 100-point confidence threshold for the seventh consecutive quarter. The CSI reading for the 1st quarter calendar year 2016 was at 72.9 points.

The Vietnam operations recorded a decline in SSSG of -8.2% in Q3 FY2016. The discretionary retail environment in Vietnam remains difficult for the reported quarter amidst an increasingly crowded retail scene.

The Indonesia operations recorded flat SSSG of +0.1% in Q3 FY2016. Consumer sentiment remained robust with Bank Indonesia reporting that the country's consumer confidence index ("CCI") for the 1st quarter calendar year 2016 remaining above the 100-point confidence threshold at 111.1 points. However, this CCI reading is below that recorded in the corresponding 1st quarter calendar year 2015 which was at 119.1 points.

The Myanmar operations recorded a decline in SSSG of -7.6% in Q3 FY2016. There are plans to close FMI Centre, where the store is located, for re-development and this has created uncertainty among some suppliers hence affecting sales. However, the landlord has not confirmed on the timing for the re-development.

Gross Sales Proceeds (“GSP”) for Q3 FY2016 declined by (17.1)% Year-over-Year (“YoY”) to S\$245.3 million, while GSP for the Year-To-Date (“YTD”) 9 months financial year 2016 (“YTD 9 months FY2016”) declined by (15.1)% YoY to S\$735.6 million. Group’s revenue for Q3 FY2016 declined by (15.6)% YoY to S\$98.4 million, while revenue for YTD 9 months FY2016 declined by (14.4)% YoY to S\$294.6 million. The decline in GSP and revenue, despite sales contribution from new stores, are due significantly to (i) negative SSSG recorded by the Malaysia and Vietnam operations and (ii) local currency weakness of the Malaysian Ringgit resulting in lower sales presented in the reporting currency of Singapore Dollars. On same store basis, GSP and revenue for YTD 9 months FY2016 declined by (18.4)% and (19.7)% respectively.

The Group recorded a pre-tax loss of S\$(7.5) million for Q3 FY2016. Among the factors contributing to the pre-tax loss for the quarter are (i) provision made on loans to managed stores of S\$4.9 million, (ii) the de-leveraging impact from the negative SSSG of the Malaysia and Vietnam operations and (iii) the initial loss-making periods associated with certain of the new stores and the new businesses. For the YTD 9 months FY2016, the Group recorded Profit Before Tax (“PBT”) of S\$48.4 million as compared to PBT of S\$37.1 million in the corresponding FY2015 period. There was a significant improvement in PBT for the YTD 9 months FY2016 due to the gain recognized on partial disposal of equity interest in Parkson Hanoi Co Ltd (“PHCL”) of S\$46.0 million. PHCL was a subsidiary of the Group and is now an associate company following this disposal. On same store basis (also excluding non-recurring items), PBT for YTD 9 months FY2016 declined by (74.3)% YoY to S\$9.4 million

A summary table detailing the segmental PBT for the YTD 9 months FY2016 is appended below.

PBT Summary	Group		
	9 months ended		
	31.03.2016	31.03.2015	+/(−)
	S\$’000	S\$’000	%
Like-for-like, on same store basis			
Malaysia	19,222	33,635	(42.9)
Vietnam	(4,855)	4,347	>(100.0)
Indonesia	(3,155)	(2,364)	(33.5)
Myanmar	(916)	(416)	>(100.0)
Share of profits of an associate (Sri Lanka)	-	37	(100.0)
Investment holding / Others	(897)	1,322	>(100.0)
PBT (same store basis)	9,399	36,561	(74.3)
PBT / (Losses) of new / closed / renovated stores			
Malaysia	(2,714)	6,294	>(100.0)
Vietnam	(367)	(4,554)	91.9
Indonesia	(737)	-	(100.0)
PBT / (Losses) of new businesses	(3,191)	-	(100.0)
Non-recurring items			
Gain on partial disposal of equity interest in a former subsidiary, Parkson Hanoi Co Ltd	45,960	-	100.0
Gain on disposal of an associate, Odel PLC	-	1,379	(100.0)
Store closure costs	-	(2,618)	100.0
Group PBT	48,350	37,062	30.5

On same store basis, PBT for the Malaysia operations for YTD 9 months FY2016 declined by (42.9)% due to the de-leveraging impact from the negative SSSG of -13.5% and local currency weakness.

On same store basis, the Vietnam operations recorded a pre-tax loss of S\$(4.9) million due to the de-leveraging impact from the negative SSSG of -2.6% and provision made on loans to managed stores of S\$5.3 million.

On same store basis, the Indonesia operations recorded a pre-tax loss of S\$(3.2) million for YTD 9 months FY2016. The Indonesia results in the corresponding FY2015 period benefited from the write-back of expired customer loyalty points of prior years of S\$0.9 million which was not repeated in the current FY2016 period.

The store in Myanmar commenced operations in May 2013 and is in its 3rd year gestation period of operations. The store's performance was affected in Q3 FY2016 by the uncertainty due to the re-development of FMI Centre where the store is located. However, a new location has been secured and the new store is expected to open by March 2017.

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

Investment holding / Others recorded a pre-tax loss of S\$(0.9) million for YTD 9 months FY2016 as compared to a pre-tax profit of S\$1.3 million for the corresponding FY2015 period. This is largely due to the absence of currency translation gain on bank deposits of S\$2.1 million recognized in the corresponding FY2015 period.

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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			9 months ended		
	31.03.2016	31.03.2015	+/(-)	31.03.2016	31.03.2015	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	98,415	116,578	(15.6)	294,557	344,088	(14.4)
Other income	755	4,002	(81.1)	52,809	13,632	>100.0
Items of expense						
- Changes in merchandise inventories and consumables	(37,896)	(45,693)	(17.1)	(111,156)	(130,384)	(14.7)
- Employee benefits expense	(14,924)	(13,227)	12.8	(41,393)	(39,244)	5.5
- Depreciation and amortisation expenses	(6,068)	(4,874)	24.5	(16,818)	(15,221)	10.5
- Rental expenses	(27,194)	(28,569)	(4.8)	(79,217)	(87,007)	(9.0)
- Finance costs	(132)	(92)	43.5	(234)	(364)	(35.7)
- Other expenses	(20,426)	(15,979)	27.8	(50,198)	(48,475)	3.6
Total expenses	(106,640)	(108,434)	(1.7)	(299,016)	(320,695)	(6.8)
Share of profits of an associate	-	-	-	-	37	(100.0)
Profit / (loss) before tax	(7,470)	12,146	>(100.0)	48,350	37,062	30.5
Taxation	(93)	(4,400)	(97.9)	(4,036)	(14,039)	(71.3)
Net profit / (loss) for the period	(7,563)	7,746	>(100.0)	44,314	23,023	92.5
Net profit / (loss) for the period attributable to:						
Owners of the Company	(7,306)	7,984	>(100.0)	45,054	25,078	79.7
Non-controlling interests	(257)	(238)	8.0	(740)	(2,055)	(64.0)
	(7,563)	7,746	>(100.0)	44,314	23,023	92.5

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

	Group					
	Quarter ended			9 months ended		
	31.03.2016	31.03.2015	+/(-)	31.03.2016	31.03.2015	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit / (loss) for the period	(7,563)	7,746	>(100.0)	44,314	23,023	92.5
Other comprehensive income/(loss):						
Remeasurement of defined benefit plan	-	-	-	-	34	(100.0)
Foreign currency translation	2,084	(1,119)	>100.0	(4,643)	(454)	>(100.0)
Total comprehensive income / (loss)	(5,479)	6,627	>(100.0)	39,671	22,603	75.5
Total comprehensive income / (loss) attributable to:						
Owners of the Company	(5,230)	6,873	>(100.0)	41,058	24,756	65.9
Non-controlling interests	(249)	(246)	1.2	(1,387)	(2,153)	(35.6)
	(5,479)	6,627	>(100.0)	39,671	22,603	75.5

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

	Group			
	Quarter ended		9 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Profit / (loss) before tax is arrived after (charging)/crediting:				
Finance income	761	1,443	2,924	4,473
Gain on partial disposal of a former subsidiary (Note 1)	-	-	45,960	-
Gain on disposal of an associate	-	-	-	1,379
Store closure costs	-	(307)	-	(2,618)

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

1(b)(i) Statements of Financial Position

	Group		Company	
	31.03.2016	30.06.2015	31.03.2016	30.06.2015
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	136,924	96,778	-	-
Land use right	7,945	8,227	-	-
Investments in subsidiaries	-	-	140,527	145,649
Deferred tax assets	9,505	7,231	-	-
Other receivables	23,578	21,761	28,365	23,161
Prepayments	8,366	8,944	-	-
Intangible assets	5,167	5,350	-	-
Derivatives	18	19	-	-
Investment securities	80	83	-	-
	191,583	148,393	168,892	168,810
Current assets				
Inventories	70,453	57,817	-	-
Investment securities	13,473	11,867	-	-
Trade and other receivables	25,239	17,440	19,197	32,462
Prepayments	3,470	5,234	33	21
Tax recoverable	4,812	2,271	-	-
Cash and short-term deposits	69,643	126,711	10,191	7,644
Assets of disposal group classified as held for sale	-	4,674	-	-
	187,090	226,014	29,421	40,127
Total assets	378,673	374,407	198,313	208,937
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	167,732	140,150	1,017	912
Other liabilities	26,987	26,111	-	-
Bank overdrafts	-	735	-	-
Tax payable	563	123	-	-
Liabilities of disposal group classified as held for sale	-	70,293	-	-
	195,282	237,412	1,017	912
Net current assets / (liabilities)	(8,192)	(11,398)	28,404	39,215
Non-current liabilities				
Other payables	7,813	6,949	-	-
	7,813	6,949	-	-
Total liabilities	203,095	244,361	1,017	912
Net assets	175,578	130,046	197,296	208,025
Equity attributable to owners of the Company				
Share capital	231,676	231,676	231,676	231,676
Treasury shares	(549)	-	(549)	-
Other reserves	(161,032)	(157,036)	(37,844)	(30,278)
Retained earnings	105,259	73,751	4,013	6,627
Reserve of disposal group classified as held for sale	-	(386)	-	-
	175,354	148,005	197,296	208,025
Non-controlling interests	224	(17,959)	-	-
Total equity	175,578	130,046	197,296	208,025
Total equity and liabilities	378,673	374,407	198,313	208,937

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

Amount repayable in one year or less, or on demand

Group			
31.03.2016		30.06.2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	735

There are no non-current loans and borrowings as at 31.03.2016 and 30.06.2015.

1(c) Consolidated Statement of Cash Flows

	Group			
	Quarter ended		9 months ended	
	31.03.2016	31.03.2015^	31.03.2016	31.03.2015^
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit / (loss) before tax	(7,470)	12,146	48,350	37,062
Adjustments for				
- Depreciation and amortisation	6,068	4,874	16,818	15,221
- Finance costs	132	92	234	364
- Finance income	(761)	(1,443)	(2,924)	(4,473)
- Share of profits of an associate	-	-	-	(37)
- Gain on disposal of an associate	-	-	-	(1,379)
- Store closure costs (accrual portion)	-	(355)	-	1,956
- Unrealised currency translation (gain)/ loss	413	561	354	(168)
- Gain on partial disposal of a former subsidiary	-	-	(45,960)	-
- Others	5,219	(477)	5,901	(231)
Operating cash flows before changes in working capital	3,601	15,398	22,773	48,315
Changes in working capital				
- Inventories	(3,758)	8,144	(14,394)	5,834
- Receivables and prepayments	10,398	1,914	(23,978)	726
- Payables and other liabilities	(24,772)	(11,235)	41,482	23,147
Cash flows generated from / (used in) operations	(14,531)	14,221	25,883	78,022
Finance income received	790	1,548	2,510	4,129
Finance costs paid	-	-	-	(3)
Income tax paid	(2,784)	(3,823)	(8,602)	(11,906)
Net cash generated from / (used in) operating activities	(16,525)	11,946	19,791	70,242
Investing activities				
Purchase of property, plant and equipment	(22,230)	(12,801)	(54,744)	(27,756)
Proceed from disposal of an associate	-	-	-	27,919
Proceeds from partial disposal of a former subsidiary	-	-	7	-
Addition of intangible assets	(8)	(248)	(156)	(301)
Investment in deposits of money market instruments	(126)	(2,576)	(1,969)	(5,043)
Dividend income from investment securities	-	-	56	86
Net cash used in investing activities	(22,364)	(15,625)	(56,806)	(5,095)
Financing activities				
Purchase of treasury shares	(549)	-	(549)	-
Capital contribution from non-controlling interests	-	-	99	-
Dividends paid	-	(27,092)	(13,546)	(44,024)
Net cash used in financing activities	(549)	(27,092)	(13,996)	(44,024)
Net increase / (decrease) in cash and cash equivalents	(39,438)	(30,771)	(51,011)	21,123
Cash and cash equivalents at beginning of financial period	107,280	178,343	125,976	129,204
Effects of currency translation on cash and cash equivalents	1,801	(933)	(5,322)	(3,688)
Cash and cash equivalents at end of financial period	69,643	146,639	69,643	146,639

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

For the purposes of the consolidated statement of cash flows, consolidated cash and cash equivalents

comprise the following:

			Group	
			31.03.2016	31.03.2015^
			S\$'000	S\$'000
Cash at bank			21,572	15,884
Short-term bank deposits			48,071	130,755
			69,643	146,639

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

1(d)(i)

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										Non-controlling Interests	Total Equity
	Share capital	Treasury shares	Foreign currency translation reserve	Capital redemption reserve	Capital contribution from ultimate holding company	Merger reserve	Bargain purchase of non-controlling interests	Reserve classified as held for sale	Retained earnings	Total		
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 01.07.2015	231,676	-	(43,243)	1	9,959	(123,753)	-	(386)	73,751	148,005	(17,959)	130,046
Profit / (loss) for the period	-	-	-	-	-	-	-	-	45,054	45,054	(740)	44,314
Loss of control over a subsidiary	-	-	-	-	-	-	-	386	-	386	19,471	19,857
Contribution by non- controlling interests	-	-	-	-	-	-	-	-	-	-	99	99
Foreign currency translation	-	-	(3,996)	-	-	-	-	-	-	(3,996)	(647)	(4,643)
Dividends	-	-	-	-	-	-	-	-	(13,546)	(13,546)	-	(13,546)
Purchase of treasury shares	-	(549)	-	-	-	-	-	-	-	(549)	-	(549)
Balance as at 31.03.2016	231,676	(549)	(47,239)	1	9,959	(123,753)	-	-	105,259	175,354	224	175,578
Balance as at 01.07.2014 (restated)	231,676	-	(36,896)	1	9,959	(123,753)	439	-	152,472	233,898	154	234,052
Profit / (loss) for the period	-	-	-	-	-	-	-	-	25,078	25,078	(2,055)	23,023
Foreign currency translation	-	-	(356)	-	-	-	-	-	-	(356)	(98)	(454)
Remeasurement of defined benefit plan	-	-	-	-	-	-	-	-	34	34	-	34
Dividends	-	-	-	-	-	-	-	-	(44,024)	(44,024)	-	(44,024)
Balance as at 31.03.2015	231,676	-	(37,252)	1	9,959	(123,753)	439	-	133,560	214,630	(1,999)	212,631

Statement of Changes in Equity

	Share capital	Treasury shares	Foreign currency translation reserve	Retained earnings / (Accumulated losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
Balance at 01.07.2015	231,676	-	(30,278)	6,627	208,025
Profit for the period	-	-	-	10,932	10,932
Foreign currency translation	-	-	(7,566)	-	(7,566)
Dividends	-	-	-	(13,546)	(13,546)
Purchase of treasury shares	-	(549)	-	-	(549)
Balance at 31.03.2016	231,676	(549)	(37,844)	4,013	197,296
Balance at 01.07.2014	231,676	-	(11,710)	16,950	236,916
Profit for the period	-	-	-	33,619	33,619
Foreign currency translation	-	-	(11,448)	-	(11,448)
Dividends	-	-	-	(44,024)	(44,024)
Balance at 31.03.2015	231,676	-	(23,158)	6,545	215,063

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

	31.03.2016	31.03.2015
	No. of Shares	No. of Shares
Issued Share Capital	677,300,000	677,300,000
Treasury Shares held	3,500,000	--
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.

	31.03.2016	30.06.2015
Total number of issued shares excluding treasury shares	673,800,000	677,300,000

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 financial period ended 31 March 2016.

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

The figures have not been audited nor reviewed.

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

Not applicable

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those applied for in the most recent audited financial statements for the financial year ended 30 June 2015, except as 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 ("FRS") that became effective for the financial year beginning on or after 1 July 2015. The adoption of these new and revised FRSs has no material impact to the Group.

6. Earnings / (loss) per ordinary share

Earnings / (loss) per ordinary share attributable to owners of the Company:-

	Group			
	Quarter ended		9 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Basic and diluted (cents)	(1.08)	1.18	6.65	3.70
Based on weighted average number of shares ('000)	676,690	677,300	677,098	677,300

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

7. Net Asset Value per ordinary share

	Group		Company	
	31.03.2016	30.06.2015	31.03.2016	30.06.2015
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	0.26	0.22	0.29	0.31

8. Review of Group Performance

Review of Business Environments

The Group recorded the following SSSG, by countries:

SSSG	Quarter ended		9 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Malaysia	-17.4%	+8.0%	-13.5%	-1.2%
Vietnam	-8.2%	-2.1%	-2.6%	-4.5%
Indonesia	+0.1%	+6.9%	+3.8%	+7.1%
Myanmar	-7.6%	+12.7%	-2.6%	+24.2%

The Malaysia operations recorded a decline in SSSG of -17.4% in Q3 FY2016. SSSG declined as sales for the corresponding quarter in FY2015 benefited from increase in consumer buying prior to the introduction of the Goods & Services Tax ("GST") on 1 April 2015. The decline in SSSG was compounded by subdued consumer sentiment as reported by the Malaysian Institute of Economic Research, where the country's consumer sentiment index ('CSI') remained below the 100-point confidence threshold for the seventh consecutive quarter. The CSI reading for the 1st quarter calendar year 2016 was at 72.9 points.

The Vietnam operations recorded a decline in SSSG of -8.2% in Q3 FY2016. The discretionary retail environment in Vietnam remains difficult for the reported quarter amidst an increasingly crowded retail scene.

The Indonesia operations recorded flat SSSG of +0.1% in Q3 FY2016. Consumer sentiment remained robust with Bank Indonesia reporting that the country's consumer confidence index ("CCI") for the 1st quarter calendar year 2016 remaining above the 100-point confidence threshold at 111.1 points. However, this CCI reading is below that recorded in the corresponding 1st quarter calendar year 2015 which was at 119.1 points.

The Myanmar operations recorded a decline in SSSG of -7.6% in Q3 FY2016. There are plans to close FMI Centre, where the store is located, for re-development and this has created uncertainty among some suppliers hence affecting sales. However, the landlord has not confirmed on the timing for the re-development.

Review of Operational Results

The components of GSP for Q3 FY2016 and YTD 9 months FY2016 are as follows:-

	Group					
	Quarter ended			9 months ended		
	31.03.2016	31.03.2015	+/(-)	31.03.2016	31.03.2015	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds						
Sale of goods - direct sales	47,528	55,772	(14.8)	140,889	163,248	(13.7)
Sale of goods - concessionaire sales	193,864	235,532	(17.7)	582,910	690,271	(15.6)
Total merchandise sales	241,392	291,304	(17.1)	723,799	853,519	(15.2)
Consultancy and management service fees	166	262	(36.6)	509	742	(31.4)
Rental income	3,765	4,358	(13.6)	11,291	11,919	(5.3)
Total gross sales proceeds	245,323	295,924	(17.1)	735,599	866,180	(15.1)

The Group's GSP declined by (17.1)% YoY to S\$245.3 million for Q3 FY2016 and declined by (15.1)% YoY to S\$735.6 million for YTD 9 months FY2016. GSP declined for the quarter and YTD period, despite sales contribution from new stores, due significantly to (i) negative SSSG recorded by the Malaysia and Vietnam operations and (ii) local currency weakness of the Malaysian Ringgit resulting in lower sales presented in the reporting currency of Singapore Dollars. On same store basis, the Group's GSP for YTD 9 months FY2016 declined by (18.4)% to S\$666.1 million.

The Group generated total merchandise sales of S\$723.8 million for the YTD 9 months FY2016, with concessionaire sales contributing 80.5% and direct sales contributing the balance of 19.5%. By product

segment, the Fashion & Apparel category constitute 53.7% of the total merchandise sales, the Cosmetic & Accessories category constitute 28.6%, the Household, Electrical Goods & Others category constitute 14.1% while the remaining balance of 3.6% came from the Groceries & Perishables category.

The merchandise gross margin (a combination of the commission from concessionaires and direct sales margin) for Q3 FY2016 increased by 70 bps YoY to 23.4% and increased by 10 bps YoY to 23.7% for YTD 9 months FY2016.

Review of Financial Results

Revenue and Other Income

The Group's revenue declined by (15.6)% YoY to S\$98.4 million for Q3 FY2016 and declined by (14.4)% YoY to S\$294.6 million for YTD 9 months FY2016. The decline in revenues is in line with the decline in GSP as explained above. The components of revenue for Q3 FY2016 and YTD 9 months FY2016 are as follows:-

	Group					
	Quarter ended			9 months ended		
	31.03.2016	31.03.2015	+/(-)	31.03.2016	31.03.2015	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Sale of goods - direct sales	47,528	55,772	(14.8)	140,889	163,248	(13.7)
Commission from concessionaire sales	46,956	56,186	(16.4)	141,868	168,179	(15.6)
Consultancy and management service fees	166	262	(36.6)	509	742	(31.4)
Rental income	3,765	4,358	(13.6)	11,291	11,919	(5.3)
Total revenue	98,415	116,578	(15.6)	294,557	344,088	(14.4)

Other income for Q3 FY2016 declined by (81.1)% YoY to S\$0.8 million due significantly to absence of translation gain on foreign currency deposits and lesser interest income earned. Other income for YTD 9 months FY2016 increased YoY by >100.0% to S\$52.8 million due to the gain on partial disposal of equity interest in a former subsidiary, Parkson Hanoi Co Ltd, of S\$46.0 million.

Expenses

For Q3 FY2016 and YTD 9 months FY2016, total expenses of the Group declined by (1.7)% YoY to S\$106.6 million and by (6.8)% YoY to S\$299.0 million respectively. Analysis of the major operating expense items for Q3 FY2016 and YTD 9 months FY2016 is as follows:

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables refer to the cost of direct sales. Cost of direct sales for Q3 FY2016 and YTD 9 months FY2016 declined by (17.1)% to S\$37.9 million and by (14.7)% to S\$111.2 million respectively. These declines are in line with the decline in direct sales.

Employee benefits expense

Staff cost increased by 12.8% to S\$14.9 million for Q3 FY2016 and increased by 5.5% to S\$41.4 million for YTD 9 months FY2016. These increases are primarily due to the inclusion of staff costs for new stores operating in FY2016 period and yearly wage increase.

As a percentage of revenue, the staff cost ratios increased by 390 bps YoY to 15.2% for Q3 FY2016 and increased by 270 bps YoY to 14.1% for YTD 9 months FY2016. The increases in staff cost ratios are significantly due to (i) negative SSSG recorded by the Malaysia and Vietnam operations resulting in lower staff productivity and (ii) staff costs for new stores where the sales are lower at the initial stages of operations.

Depreciation and amortisation expenses

Depreciation and amortisation increased by 24.5% to S\$6.1 million for Q3 FY2016, and increased by 10.5% to S\$16.8 million for YTD 9 months FY2016. These increases are primarily due to the inclusion of the depreciation costs for the new stores operating in the FY2016 period.

As a percentage of revenue, depreciation and amortization expense ratios increased by 200 bps YoY to 6.2% for Q3 FY2016 and increased by 130 bps YoY to 5.7% for YTD 9 months FY2016. The higher ratios for Q3 FY2016 and YTD 9 months FY2016 are primarily due to (i) negative SSSG recorded by the Malaysia and Vietnam operations resulting in lower store productivity and (ii) depreciation incurred for new stores but where the sales are lower at the initial stages of operations.

Rental expenses

Rental expenses declined by (4.8)% to S\$27.2 million for Q3 FY2016, and declined by (9.0)% to S\$79.2 million for YTD 9 months FY2016. Rental expenses declined, despite the increase in the number of stores, due to (i) reduction in the turnover rent component following weaker sales, (ii) local currency weakness of the Malaysian Ringgit and (iii) closure of the Landmark store in Hanoi in January 2015.

As a percentage of revenue, the rental expense ratios increased by 310 bps YoY to 27.6% for Q3 FY2016, and increased by 160 bps YoY to 26.9% for YTD 9 months FY2016. The higher ratios are significantly due to (i) new stores that are paying base rentals but where the sales are lower at the initial stages of operations and (ii) negative SSSG for Malaysia and Vietnam operations resulting in lower store productivity.

Other expenses

Other expenses consist mainly of (a) promotional and advertising expenses; (b) selling and distribution expenses and (c) general and administrative expenses which increased by 27.8% to S\$20.4 million for Q3 FY2016 and increased by 3.6% to S\$50.2 million for YTD 9 months FY2016. The significant increase in other expenses for Q3 FY2016 is due mainly to provision made on loans to a managed store in Hanoi of S\$3.4 million.

As a percentage of revenue, the other expenses ratios increased by 720 bps YoY to 20.8% for Q3 FY2016 and increased by 300 bps YoY to 17.1% for YTD 9 months FY2016. The higher ratios are contributed by (i) provision made on loans to managed stores (ii) increase in other operating expenses related to the new stores operating in FY2016 period where sales are lower at the initial stages of operations and (iii) negative SSSG recorded by the Malaysia and Vietnam operations resulting in lower store productivity.

Share of profits of an associate

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

PBT

The Group recorded a pre-tax loss of S\$(7.5) million for Q3 FY2016. Among the factors contributing to the pre-tax loss for the quarter are (i) provision made on loans to managed stores of S\$4.9 million, (ii) the de-leveraging impact from the negative SSSG of the Malaysia and Vietnam operations and (iii) the initial loss-making periods associated with certain of the new stores and the new businesses. For the YTD 9 months FY2016, the Group recorded PBT of S\$48.4 million as compared to PBT of S\$37.1 million in the corresponding FY2015 period. There was a significant improvement in PBT for the YTD 9 months FY2016 due to gain recognized on partial disposal of equity interest in Parkson Hanoi Co Ltd ("PHCL") of S\$46.0 million. PHCL was a subsidiary of the Group and is now an associate company following this disposal.

On same store basis (also excluding non-recurring items), PBT for YTD 9 months FY2016 declined by (74.3)% YoY to S\$9.4 million.

Taxation

The Group's effective tax rate for YTD 9 months FY2016 is substantially lower than the statutory tax rates of the countries where the Group operates due to inclusion of the gain on partial disposal of PHCL which is non-taxable.

Net profit / (loss) attributable to owners of the Company

The Group recorded attributable net loss of S\$(7.3) million for Q3 FY2016. For the YTD 9 months FY2016, attributable net profit recorded significant increase to S\$45.1 million due to the gain on partial disposal of PHCL of S\$46.0 million.

Review of Group Balance Sheet

Property, plant and equipment increased to S\$136.9 million as at 31 March 2016 due to inclusion of the capital equipment for new stores operating in the FY2016 period.

Inventories increased to RM70.5 million as at 31 March 2016 arising from the Group's investments in private label and agency line apparels and in line with the increase in store count. The current portion of trade and other receivables increased to S\$25.2 million due to higher receivables from credit card companies and higher GST recoverable on input tax, both increases arising from the Lunar New Year festive sales. The current portion of prepayments declined to RM3.5 million due to amortisation of prepaid rentals for the stores in Indonesia. Cash and short-term deposits (including investment securities) declined to S\$83.1 million due to lower sales, higher spending on capital equipment and investments in new businesses.

The Group completed the partial disposal of PHCL on 17 August 2015 resulting in the de-consolidation of PHCL as a subsidiary. PHCL is now treated as an associate of the Group. Following the de-consolidation of PHCL, the assets, liabilities and reserve of the disposal group have been reversed. The non-controlling interests increased to S\$0.2 million following the de-consolidation of PHCL. The minority interests of PHCL had to previously share the negative equity position of PHCL prior to the de-consolidation.

The current portion of trade and other payables increased to S\$167.7 million as at 31 March 2016 following the Lunar New Year festive sales and the resulting increase in merchandise buying and concessionaire sales collection. Trade and other payables also increased due to higher GST payable on output tax following the festive sales.

The non-current portion of other payables increased to S\$7.8 million due to higher deferred rental sum arising from the straight-line treatment of rental for the newer stores.

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 operations recorded weaker-than-expected sales during the reported quarter Q3 FY2016. The consumer sentiment in Malaysia remained weak in Q3 FY2016 as measured by the CSI reading of the Malaysian Institute of Economic Research and this had impacted discretionary spending. The Vietnam operations recorded lesser sales in Q3 FY2016 amidst an increasingly crowded retail scene whereas the Indonesia operations were affected by the reduced consumer sentiment as reported by Bank Indonesia.

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's performance for the next reporting quarter Q4 FY2016 will continue to face challenges, especially for the Malaysia operations. Results for the Malaysia operations in the final quarter are expected to remain lackluster due to drag from the performance of new stores and new businesses during their gestation period. Nevertheless, the shift in the Hari Raya / Lebaran calendar may provide a lift to the Group's performances in Malaysia and Indonesia towards the tail end of Q4 FY2016.

11. Dividend

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No interim dividend has been declared for the financial period ended 31 March 2016.

PART II - ADDITIONAL DISCLOSURE

13. Group Performance by Geographical Segment

	Malaysia	Vietnam	Indonesia	Myanmar	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
9 months ended 31.03.2016						
Gross Sales Proceeds	502,022	102,106	127,844	3,627	-	735,599
Revenue	221,348	26,112	45,723	1,374	-	294,557
Profit/(Loss) before tax	13,317	(5,222)	(3,892)	(916)	-	3,287
Investment holding / Others	-	-	-	-	(897)	(897)
<i>Non-recurring item:</i>						
- Gain on partial disposal of a former subsidiary	-	45,960	-	-	-	45,960
Total profit/(loss) before tax	13,317	40,738	(3,892)	(916)	(897)	48,350
9 months ended 31.03.2015						
Gross Sales Proceeds	616,436	121,574	123,843	4,327	-	866,180
Revenue	263,662	33,942	45,055	1,429	-	344,088
Profit/(Loss) before tax	39,929	(207)	(2,364)	(416)	-	36,942
Investment holding / Others	-	-	-	-	1,322	1,322
Share of profits of an associate	-	-	-	-	37	37
<i>Non-recurring items:</i>						
- Gain on disposal of an associate	-	-	-	-	1,379	1,379
- Store closure costs	-	(2,618)	-	-	-	(2,618)
Total profit/(loss) before tax	39,929	(2,825)	(2,364)	(416)	2,738	37,062

14. Interested person transactions for the 9 months period ended 31 March 2016

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 Corporation Berhad Group ⁽¹⁾	-	197
Lion Forest Industries Berhad Group ⁽²⁾	-	1,698
Parkson Holdings Berhad Group ⁽³⁾	148	5,952
Secom (M) Sdn Bhd ⁽⁴⁾	-	402
Bonuskad Loyalty Sdn Bhd ⁽⁵⁾	-	5,672
PT Monica Hijaulestari ⁽⁶⁾	-	3,294
PT Tozy Bintang Sentosa ⁽⁷⁾	-	219

Notes:

- (1) Purchase of equipment, furniture and fittings and sale of gift vouchers.
- (2) Purchase of building materials, light fittings, merchandises, procurement of energy conservation services and sale of gift vouchers.
- (3) (i) Royalty expenses totaling S\$0.148 million;
(ii) Rental of retail space, sale of gift vouchers, purchase of merchandises and net concessionaire sales totaling S\$5.952 million.
- (4) Purchase of security equipment and procurement of security services.
- (5) Marketing fees payable for bonus points issued and amounts receivable for points redemption made by cardholders.
- (6) Purchases of merchandise.
- (7) Rental of office and warehouse.

15. Disclosure on the use of IPO proceeds

The Company has fully utilised its IPO proceeds as at the previous financial quarter ended 31 December 2015, as follows:

- S\$49.2 million for the purpose of store openings in Malaysia, Indonesia and Vietnam;
- S\$5.0 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 third quarter and nine months ended 31 March 2016, to be false or misleading.

17. Confirmation that the issuer has procured undertakings from all its Directors and Executive Officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD PARKSON RETAIL ASIA LIMITED

Tan Sri William Cheng Heng Jem
Executive Chairman

Singapore
12 May 2016