PARKSON RETAIL ASIA LIMITED

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

Unaudited Financial Statements for the First Quarter ended 30 September 2014

HIGHLIGHTS

	Group					
	Reported			Like for Like Comparable*		
	Quarter ended			Quarter ended		
	30.09.2014	30.09.2013	+/(-)	30.09.2014	30.09.2013	+/(-)
	S$'000	S$'000	%	S$'000	S$'000	%
Gross Sales Proceeds	280,701	276,137	1.7	263,858	275,618	(4.3)
Revenue	109,991	108,729	1.2	104,362	108,562	(3.9)
Profit Before Tax	10,451	14,505	(27.9)	13,854	14,628	(5.3)
Net Profit Attributable to Owners	6,869	10,266	(33.1)	9,511	10,359	(8.2)

* 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 (i.e. excluding the operating results of new stores and renovated stores for the financial periods Q1 FY2015 and Q1 FY2014).

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

	Quarter ended	
SSSG	Q1 FY2015	Q1 FY2014
Malaysia	-4.4%	-0.1%
Vietnam	-5.5%	-1.1%
Indonesia	+5.7%	+3.9%
Myanmar	+33.2%	n.a.

n.a. - not applicable

The Malaysia operations recorded a decline in SSSG of -4.4% for Q1 FY2015. The Malaysian Institute of Economic Research reported that the country's consumer sentiment index fell below the 100-point confidence threshold for the 3rd quarter calendar year 2014 at 98.0 points. Contributory factors affecting consumer sentiment on the downside included the country's central bank hike in overnight policy rate by 25 bps in July 2014 and the rise in the costs of living resulting from the government's implementation of subsidy rationalization programmes.

The Vietnam operations recorded decline in SSSG of -5.5% for Q1 FY2015. The discretionary retail environment in Vietnam continued to be difficult for the reported quarter despite signs of economic recovery.

The Indonesia operations recorded SSSG of +5.7% in Q1 FY2015. Consumer sentiment remained strong with Bank Indonesia reporting the country's consumer confidence index for the 3rd quarter calendar year 2014 remaining above the 100-point confidence threshold at 119.9 points.

The Myanmar operations recorded SSSG of +33.2% in Q1 FY2015. The store in FMI Centre, Yangon recorded strong ramp-up in sales after the 1st year of operations.
The Group's Gross Sales Proceeds ("GSP") increased by 1.7% YoY to S$280.7 million while the Group's revenue increased by 1.2% YoY to S$110.0 million for Q1 FY2015. The increases in GSP and revenue are due

to sales contribution from the 7 new stores and 3 renovated stores which were opened/re-opened during FY2014. On same store basis, GSP and revenue for Q1 FY2015 declined by (4.3)% and (3.9)% respectively. The declines in GSP and revenue on same store basis are largely attributable to (i) negative SSSG recorded by the Malaysia and Vietnam operations for the reported quarter of -4.4% and -5.5% respectively and (ii) local currency weakness of the Indonesian Rupiah. On same store basis and same currency basis, GSP and revenue for Q1 FY2015 recorded declines of (2.6)% and (2.3)% respectively.

The Group's Profit Before Tax ("PBT") declined by (27.9)% YoY to S$10.5 million for Q1 FY2015. 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 and (ii) the initial loss-making periods associated with certain of the new stores in their 1st year of operations. The decline in PBT was mitigated by improvement in gross profit margin by 70 bps to 23.8% for Q1 FY2015. On same store basis, PBT recorded lesser decline of (5.3)% to S$13.9 million. On same store basis and same currency basis, PBT recorded decline of (4.1)%.

A summary table detailing the segmental PBT is appended below.

	Group		
	Quarter ended		
PBT Summary	**30.09.2014**	**30.09.2013**	**+/(-)**
	S$'000	S$'000	%
Like-for-like, on same store basis			
Malaysia	12,043	12,627	(4.6)
Vietnam	(525)	(175)	>(100.0)
Indonesia	2,969	1,818	63.3
Myanmar	(209)	(207)	(1.0)
Share of profits of an associate (Sri Lanka)	18	300	(94.0)
Investment holding / Others	(442)	265	>(100.0)
PBT (same store basis)	13,854	14,628	(5.3)
PBT / (Losses) of new and renovated stores			
Malaysia	(339)	(123)	>(100.0)
Vietnam	(371)	-	>(100.0)
Indonesia	(2,693)	-	>(100.0)
Group PBT	10,451	14,505	(27.9)

On same store basis, PBT for the Malaysia operations for Q1 FY2015 declined by (4.6)% due to the sales decline with negative SSSG of -4.4%. On same store basis and same currency basis, PBT for the Malaysia operations recorded a decline of (4.7)%.

On same store basis, PBT for the Vietnam operations declined by >(100.0)% due to the de-leveraging impact from the negative SSSG of -5.5%.

On same store basis, PBT for the Indonesia operations increased by 63.3% due largely to the positive leverage impact from the increase in SSSG of +5.7% and write-back of expired customer loyalty points. On same store basis and same currency basis, PBT for the Indonesia operations for the reported quarter recorded increase of 83.6%.

The store in Myanmar commenced operations in May 2013 and is in a loss position for the reported quarter as it has yet to achieve the breakeven sales volume despite recording SSSG of +33.2%.

The Group's share of profits of the associate, Odel PLC, declined by (94.0)% due to increase in operating costs and the decline in interest income earned on the funds from the rights issue of shares which has been partly spent for business expansion purpose.

Investment holding / Others recorded a loss of S$(0.442) million for Q1 FY2015 as compared to a profit of S$0.265 million in the comparative quarter. This is due largely to recognition of currency translation gain of S$0.62 million in the comparative Q1 FY2014 which was not repeated for the current quarter.

The Group's cashflow generation remains healthy with net cash generated from operations of S$18.0 million for Q1 FY2015 despite being faced with challenging environments. The Group balance sheet position is strong with total equity of S$246.8 million as at 30 September 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 Q1 FY2015 vs Q1 FY2014)	+/(-)	+/(-)	+/(-)
	%	%	%
Malaysia	(6.4)	(4.6)	(4.7)
Vietnam	>(100.0)	>(100.0)	>(100.0)
Indonesia	(84.8)	63.3	83.6
Myanmar	(1.0)	(1.0)	(2.7)
Group	(27.9)	(5.3)	(4.1)

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Unaudited Financial Statements for the First Quarter ended 30 September 2014

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

1(a)(i) Consolidated Income Statement

	Group		
	Quarter ended		
	30.09.2014	30.09.2013*	+/(-)
	S$'000	S$'000	%
Revenue	109,991	108,729	1.2
Other income	3,199	3,331	(4.0)
Items of expense			
- Changes in merchandise inventories and consumables	(40,259)	(41,758)	(3.6)
- Employee benefits expense	(13,122)	(12,276)	6.9
- Depreciation and amortisation expenses	(5,179)	(4,913)	5.4
- Rental expenses	(29,011)	(24,764)	17.1
- Finance costs	(137)	(119)	15.1
- Other expenses	(15,049)	(14,025)	7.3
Total expenses	(102,757)	(97,855)	5.0
Share of profits of an associate	18	300	(94.0)
Profit before tax	10,451	14,505	(27.9)
Taxation	(4,263)	(4,688)	(9.1)
Net profit for the period	6,188	9,817	(37.0)
Net profit for the period attributable to:			
Owners of the Company	6,869	10,266	(33.1)
Non-controlling interests	(681)	(449)	51.7
	6,188	9,817	(37.0)

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

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

	Group		
	Quarter ended		
	30.09.2014	**30.09.2013**	**+/(-)**
	S$'000	S$'000	%
Net profit for the period	6,188	9,817	(37.0)
Other comprehensive income/(loss):			
Foreign currency translation	1,825	(9,673)	>100.0
Total comprehensive income	8,013	144	>100.0
Total comprehensive income/(loss) attributable to:			
Owners of the Company	8,719	601	>100.0
Non-controlling interests	(706)	(457)	54.5
	8,013	144	>100.0

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

	Group	
	Quarter ended	
	30.09.2014	**30.09.2013**
	S$'000	S$'000
Profit before income tax is arrived after (charging)/crediting:		
Finance income	1,683	1,396

1(b)(i) Statements of Financial Position

	Group		Company	
	30.09.2014	30.06.2014	30.09.2014	30.06.2014
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	90,471	89,522	-	-
Land use right	8,068	7,913	-	-
Investments in subsidiaries	-	-	148,406	148,440
Investment in an associate	26,551	26,539	26,068	26,074
Other receivables	26,784	24,876	37,539	32,135
Prepayments	13,455	13,576	-	-
Intangible assets	5,654	5,737	-	-
Derivatives	20	20	-	-
Deferred tax assets	3,532	3,805	-	-
Investment securities	91	91	-	-
	174,626	172,079	212,013	206,649
Current assets				
Inventories	63,201	63,628	-	-
Trade and other receivables	25,764	23,514	23,012	27,493
Prepayments	5,793	6,126	19	22
Tax recoverable	3,291	2,515	-	-
Cash and short-term deposits	163,775	150,881	2,927	3,514
	261,824	246,664	25,958	31,029
Total assets	**436,450**	**418,743**	**237,971**	**237,678**
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	148,428	141,869	773	762
Other liabilities	30,110	26,995	-	-
Tax payable	276	790	-	-
	178,814	169,654	773	762
Net current assets	83,010	77,010	25,185	30,267
Non-current liabilities				
Other payables	10,625	10,094	-	-
Deferred tax liabilities	179	176	-	-
	10,804	10,270	-	-
Total liabilities	**189,618**	**179,924**	**773**	**762**
Net assets	**246,832**	**238,819**	**237,198**	**236,916**
Equity attributable to owners of the Company				
Share capital	231,676	231,676	231,676	231,676
Other reserves	(148,487)	(150,337)	(11,767)	(11,710)
Retained earnings	164,195	157,326	17,289	16,950
	247,384	**238,665**	**237,198**	**236,916**
Non-controlling interests	(552)	154	-	-
Total equity	246,832	238,819	237,198	236,916
Total equity and liabilities	**436,450**	**418,743**	**237,971**	**237,678**

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

There are no Group loans and borrowings as at 30.09.2014 and 30.06.2014.

1(c) Consolidated Statement of Cash Flows

		Group	
		Quarter ended	
		30.09.2014	30.09.2013*
		S$'000	S$'000
Operating activities			
Profit before tax		10,451	14,505
Adjustments for			
-	Depreciation and amortisation expenses	5,179	4,913
-	Finance costs	137	119
-	Finance income	(1,683)	(1,396)
-	Share of profits of an associate	(18)	(300)
-	Unrealised currency translation gain	(18)	(626)
-	Others	(42)	296
Operating cash flows before changes in working capital		14,006	17,511
Changes in working capital			
-	Inventories	498	(295)
-	Receivables and prepayments	(2,774)	4,060
-	Payables and other liabilities	8,976	8,410
Cash flows from operations		20,706	29,686
Finance income received		1,434	1,306
Finance costs paid		(1)	(2)
Income tax paid		(4,273)	(4,806)
Net cash generated from operating activities		17,866	26,184
Investing activities			
Purchase of property, plant and equipment		(5,452)	(6,826)
Addition of intangible assets		(37)	(5)
Dividend income from investment securities		86	-
Net cash used in investing activities		(5,403)	(6,831)
Net increase in cash and cash equivalents		12,463	19,353
Cash and cash equivalents at beginning of financial period		150,881	176,830
Effects of currency translation on cash and cash equivalents		431	(4,769)
Cash and cash equivalents at end of financial period		163,775	191,414

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

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

	Group	
	Quarter ended	
	30.09.2014	30.09.2013
	S$'000	S$'000
Cash at bank	22,050	17,276
Short-term bank deposits	141,725	174,138
	163,775	191,414

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		
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group										
Balance at 01.07.2014	**231,676**	**(36,983)**	**1**	**9,959**	**(123,753)**	**439**	**157,326**	**238,665**	**154**	**238,819**
Profit/(Loss) for the period	-	-	-	-	-	-	6,869	6,869	(681)	6,188
Foreign currency translation	-	1,850	-	-	-	-	-	1,850	(25)	1,825
Balance at 30.09.2014	**231,676**	**(35,133)**	**1**	**9,959**	**(123,753)**	**439**	**164,195**	**247,384**	**(552)**	**246,832**
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	-	-	-	-	-	-	10,266	10,266	(449)	9,817
Foreign currency translation	-	(9,665)	-	-	-	-	-	(9,665)	(8)	(9,673)
Balance at 30.09.2013	**231,676**	**(34,201)**	**1**	**9,959**	**(123,753)**	**439**	**171,276**	**255,397**	**2,029**	**257,426**

Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	Retained earnings	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	-	-	339	339
Foreign currency translation	-	(57)	-	(57)
Balance at 30.09.2014	**231,676**	**(11,767)**	**17,289**	**237,198**
Balance at 01.07.2013	**231,676**	**(4,250)**	**19,276**	**246,702**
Loss for the period	-	-	(1,080)	(1,080)
Foreign currency translation	-	(7,264)	-	(7,264)
Balance at 30.09.2013	**231,676**	**(11,514)**	**18,196**	**238,358**

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

	30.09.2014	30.09.2013
	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.

	30.09.2014	30.06.2014
Total number of issued shares excluding treasury shares	677,300,000	677,300,000

The Company did not hold any treasury shares as at 30 September 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 explained in Note 5 below.

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

The Group adopted the applicable new and revised Financial Reporting Standards ("FRSs") that became effective for the financial year beginning on or after 1 July 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	
	30.09.2014	30.09.2013
Basic and diluted (cents)	1.01	1.52
Based on weighted average number of shares ('000 shares)	677,300	677,300

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

7. Net Asset Value per ordinary share

	Group		Company	
	30.09.2014	30.06.2014	30.09.2014	30.06.2014
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S$)	0.37	0.35	0.35	0.35

8. Review of Group Performance

Review of Business Environments

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

	Quarter ended	
SSSG	**Q1 FY2015**	**Q1 FY2014**
Malaysia	-4.4%	-0.1%
Vietnam	-5.5%	-1.1%
Indonesia	+5.7%	+3.9%
Myanmar	+33.2%	n.a.

n.a. - not applicable

The Malaysia operations recorded a decline in SSSG of -4.4% for Q1 FY2015. The Malaysian Institute of Economic Research reported that the country's consumer sentiment index fell below the 100-point confidence threshold for the 3rd quarter calendar year 2014 at 98.0 points. Contributory factors affecting consumer sentiment on the downside included the country's central bank hike in overnight policy rate by 25 bps in July 2014 and the rise in the costs of living resulting from the government's implementation of subsidy rationalization programmes.

The Vietnam operations recorded decline in SSSG of -5.5% for Q1 FY2015. The discretionary retail environment in Vietnam continued to be difficult for the reported quarter despite signs of economic recovery.

The Indonesia operations recorded SSSG of +5.7% in Q1 FY2015. Consumer sentiment remained strong with Bank Indonesia reporting the country's consumer confidence index for the 3rd quarter calendar year 2014 remaining above the 100-point confidence threshold at 119.9 points.

The Myanmar operations recorded SSSG of +33.2% in Q1 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 Q1 FY2015 are as follows:-

	Group		
	Quarter ended		
	30.09.2014	**30.09.2013**	**+/(-)**
	S$'000	S$'000	%
Gross Sales Proceeds			
Sale of goods - direct sales	49,874	50,871	(2.0)
Sale of goods - concessionaire sales	226,901	220,992	2.7
Total merchandise sales	276,775	271,863	1.8
Consultancy and management service fees	228	274	(16.8)
Rental income	3,698	4,000	(7.6)
Total gross sales proceeds	280,701	276,137	1.7

The Group's GSP increased by 1.7% YoY to S$280.7 million for Q1 FY2015. GSP increased due to sales contribution from the 7 new stores and 3 renovated stores which were opened/re-opened during FY2014. On same store basis, the Group's GSP declined by (4.3)% to S$263.9 million due largely to (i) negative SSSG recorded by the Malaysia and Vietnam operations of -4.4% and -5.5% respectively and (ii) local currency weakness of the Indonesian Rupiah. On same store basis and same currency basis, GSP for Q1 FY2015 recorded decline of (2.6)%.

The Group generated total merchandise sales of S$276.8 million for Q1 FY2015, with concessionaire sales contributing 82.0% and direct sales contributing the balance of 18.0%. By product segments, the Fashion & Apparel category constituted 54.7% of the total merchandise sales, the Cosmetic & Accessories category constituted 26.6%, the Household, Electrical Goods & Others category constituted 15.1% 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 Q1 FY2015 increased by 70 bps YoY to 23.8%.

Review of Financial Results

Revenue and Other Income

The Group recorded revenue of S$110.0 million for Q1 FY2015, representing an increase of 1.2% YoY. The increase in revenue is in line with the increase in GSP as explained above. The components of revenue for Q1 FY2015 are as follows:-

	Group		
	Quarter ended		
	30.09.2014	**30.09.2013**	**+/(-)**
	S$'000	S$'000	%
Revenue			
Sale of goods - direct sales	49,874	50,871	(2.0)
Commission from concessionaire sales	56,191	53,584	4.9
Consultancy and management service fees	228	274	(16.8)
Rental income	3,698	4,000	(7.6)
Total revenue	109,991	108,729	1.2

Other income for Q1 FY2015 declined by (4.0)% to S$3.2 million. The components of other income include finance income of S$1.7 million for Q1 FY2015. Other income declined for the reported quarter due to absence of translation gain on foreign currency deposits recorded in the comparative quarter.

Expenses

For Q1 FY2015, total expenses of the Group increased by 5.0% YoY to S$102.8 million. Analysis of the major operating expense items for Q1 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 Q1 FY2015 declined by (3.6)% to S$40.3 million. This decline is in line with the decline in direct sales.

Employee benefits expense

Staff cost increased by 6.9% to S$13.1 million for Q1 FY2015. The increase is due primarily to the inclusion of the staff costs for the 7 new stores operating in Q1 FY2015 and yearly wage increase.

As a percentage of revenue, the staff cost ratio increased by 60 bps YoY to 11.9% for Q1 FY2015. The increase is significantly 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 5.4% to S$5.2 million for Q1 FY2015. The increase is primarily due to the inclusion of the depreciation costs for the new stores operating in Q1 FY2015.

As a percentage of revenue, depreciation and amortization expense ratio increased by 20 bps YoY to 4.7% for Q1 FY2015. The higher ratio for Q1 FY2015 is 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 17.1% to S$29.0 million for Q1 FY2015. The increase is significantly due to inclusion of the rental costs for the new stores operating in Q1 FY2015.

As a percentage of revenue, the rental expense ratio increased by 360 bps YoY to 26.4% for Q1 FY2015. The higher ratio is 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 7.3% to S$15.0 million for Q1 FY2015. The increase is significantly due to costs attributable to the new and renovated stores operating in Q1 FY2015 (e.g. utilities, packaging costs).

As a percentage of revenue, the other expenses ratio increased by 80 bps YoY to 13.7% for Q1 FY2015. The higher ratio is primarily due to increase in other operating expenses related to the new stores operating in 1Q FY2015 where sales are lower at the initial stages of operations.

Share of profits of an associate

Share of profits of Odel PLC declined by (94.0)% to S$0.018 million for Q1 FY2015 due to increase in operating costs and the decline in interest income earned on the funds from the rights issue of shares which has been partly spent for business expansion purpose.

PBT

PBT declined by (27.9)% to S$10.5 million for Q1 FY2015. As a percentage of revenue, PBT ratio reduced by 380 bps YoY to 9.5% for Q1 FY2015. 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 and (ii) the initial loss-making periods associated with certain of the new stores in their 1st year of operations. The decline in PBT was mitigated by improvement in gross profit margin by 70 bps to 23.8% for Q1 FY2015.

On same store basis, PBT recorded lesser decline of (5.3)% to S$13.9 million. On same store basis and same currency basis, PBT recorded decline of (4.1)%.

Taxation

The Group effective tax rate for Q1 FY2015 was 40.8%. 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 for Q1 FY2015 declined by (33.1)% YoY to S$6.9 million. As a percentage of revenue, the attributable net profit ratio for the reported quarter declined by 320 bps YoY to 6.2%.

On same store basis, attributable net profit for Q1 FY2015 declined by (8.2)% YoY to S$9.5 million. On same store basis and same currency basis, attributable net profit for the reported quarter declined by (7.0)%.

Review of Group Balance Sheet

Among the major variances, the current portion of Other liabilities increased to S$30.1 million as at 30 September 2014 due to higher accrued liability on capital expenditure for the higher number of stores opened and planned for opening. The non-controlling interests declined to negative S$0.552 million due largely 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$83.0 million and total equity of S$246.8 million as at 30 September 2014.

The Group generated healthy net cash from operations for Q1 FY2015 of S$18.0 million despite being faced with challenging environments. The Group cash balance as at 30 September 2014 remained strong at S$163.8 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 21 August 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 and Indonesia operations may encounter some challenges in the next reporting quarter Q2 FY2015. Consumer sentiment index ("CSI") in Malaysia may continue to be muted arising from the increase costs of living. However, we expect the Group's performance in Malaysia to be buffered due to consumer buying prior to the introduction of Goods and Services Tax in April 2015.

For Indonesia, it is anticipated that there will be a significant fuel price hike in Indonesia based on press reports, leading to a dampener in CSI for the country. Nevertheless, the CSI in Indonesia is expected to be encouraging due to continued economic growth and increase in the middle class population.

The Group's operations in Vietnam is expected to remain difficult in Q2 FY2015 due to the challenging discretionary retail environment and compounded by the entry of competing retailers. We aim to mitigate the challenges in Vietnam by improving store productivity and prudent costs management.

11. Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No interim dividend has been declared for the quarter ended 30 September 2014.

PART II - ADDITIONAL DISCLOSURE

13. Segmental revenue and results for geographical segments.

Group	Malaysia	Vietnam	Indonesia	Myanmar	Unallocated	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Period ended 30.09.2014						
Gross Sales Proceeds	198,822	37,090	43,494	1,295	-	280,701
Revenue	82,762	10,614	16,187	428	-	109,991
Profit/(Loss) before tax	11,704	(896)	276	(209)	-	10,875
Investment holding/Others					(442)	(442)
Share of profits of an associate					18	18
Total Profit/(Loss) Before Tax	11,704	(896)	276	(209)	(424)	10,451
Period ended 30.09.2013						
Gross Sales Proceeds	200,166	36,346	38,640	985	-	276,137
Revenue	83,377	10,242	14,664	446	-	108,729
Profit/(Loss) before tax	12,504	(175)	1,818	(208)	-	13,939
Investment holding/Others					266	266
Share of profits of an associate					300	300
Total Profit/(Loss) Before Tax	12,504	(175)	1,818	(208)	566	14,505

14. Interested person transactions for the period ended 30 September 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)	-	165
Parkson Holdings Berhad Group (2)	-	513
Bonuskad Loyalty Sdn Bhd (3)	-	2,411
PT Monica Hijaulestari (4)	-	1,160

Notes:
(1) Purchases of building materials, light fittings, products and procurement of energy conservation services.
(2) Rental of retail space and net concessionaire sales.
(3) Marketing fees payable for bonus points issued and amounts receivable for points redemption made by cardholders.
(4) Purchases of products.

15. Disclosure on the use of IPO proceeds

As at 30 September 2014, the Company has utilized:

- S$24.2 million for the purpose of store openings in Malaysia, Indonesia and Vietnam;
- S$3.9 million for the purpose of information technology investment;
- S$12.4 million to subscribe for the rights issue of shares in Odel PLC, a former associate company; and
- S$2.6 million as capital contribution to a joint-venture company established to operate department stores in Myanmar.

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

16. Material Event Occurring After The Reporting Period

On 11 September 2014, Softlogic Holdings PLC together with Softlogic Retail (Private) Limited (collectively, "Softlogic") acquired 122,894,000 shares or 45.16% of the issued and paid up share capital in Odel PLC ("Odel") at prices between LKR21.80 and LKR22.00 per share from Otara Del Gunewardene, Ruchi Hubert Gunewardene and Ajit Damon Gunewardene and from the open market. The Company held an equity interest of 47.46% in Odel as at 30 September 2014.

Pursuant to the Sri Lanka Company Take-Overs and Mergers Code (1995) (amended in 2003), Softlogic made a mandatory offer on 15 September 2014 for all the remaining shares of Odel at LKR22.00 per share.

The Company received the mandatory offer document from Softlogic dated 22 September 2014 and has announced on 10 October 2014 that it will take up the mandatory offer by Softlogic.

The sale of the Group's entire 129,150,864 shares in Odel representing an equity interest of 47.46% at LKR22 per share for a total cash consideration of LKR2,841,319,008 (approximately SGD27.6 million) pursuant to the mandatory offer was completed on 4 November 2014.

17. Confirmation by Directors

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results of Parkson Retail Asia Limited for the first quarter ended 30 September 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
13 November 2014