PARKSON RETAIL ASIA LIMITED
(Co. Reg. No. 201107706H)
(Incorporated in the Republic of Singapore)

Unaudited Financial Statements for the Second Quarter ended 31 December 2012

HIGHLIGHTS

	Group								
	Reported			Reported			Adjusted Like for Like Comparable*		
	Quarter ended			6 months ended			6 months ended		
	31.12.2012	31.12.2011	+/(-)	31.12.2012	31.12.2011	+/(-)	31.12.2012	31.12.2011	+/(-)
	S$'000	S$'000	%	S$'000	S$'000	%	S$'000	S$'000	%
Gross Sales Proceeds	296,208	289,178	2.4	579,943	550,875	5.3	579,943	550,875	5.3
Revenue	122,109	119,430	2.2	235,982	225,500	4.6	235,982	225,500	4.6
Profit Before Tax	18,668	20,194	(7.6)	35,319	38,686	(8.7)	39,162 [1]	41,241 [2]	(5.0)
Net Profit attributable to owners of the Company	13,188	13,642	(3.3)	24,778	26,888	(7.8)	28,456 [1]	29,443 [2]	(3.4)

* The adjusted like for like comparable figures are provided for comparison purpose only to adjust for non-operational items, and do not form part of the financial statements prepared under the accounting standards nor under the disclosure requirements of the Singapore Exchange.

Notes:
1. Profits adjusted to exclude non-operational items for YTD 6 months FY2013 i.e. expenses related to the e-commerce start-up, brand-building expenses, acquisition-related costs for the equity stake in an associate, unrealized exchange loss on foreign currency deposits and head office corporate / business development expenses.
2. Profits adjusted to exclude non-operational items for the comparative YTD 6 months FY2012 i.e. Cambodia-related income, IPO expenses charged to income statement and head office corporate / business development expenses.

Total Gross Sales Proceeds ("GSP") for the 2nd quarter FY2013 ("Q2 FY2013") increased by 2.4% to S$296.2 million, while GSP for the Year-To-Date ("YTD") 6 months FY2013 increased by 5.3% to S$579.9 million.

Same Store Sales ("SSS") growth for Malaysia and Indonesia for Q2 FY2013 were at 2.8% and 4.5% comparing Year-over-Year ("YoY") respectively, while the Q2 FY2013 SSS growth for Vietnam was negative at (8.4)% YoY. For the YTD 6 months FY2013, SSS for Malaysia and Indonesia grew at 4.2% and 6.7% respectively, while the SSS for Vietnam recorded negative growth at (7.4)%. The SSS for Malaysia and Vietnam for the reported quarter was affected by the shift in the Chinese New Year and Tet calendar, whereby the lunar new year commences 18 days later in FY2013 as compared to FY2012. This shift in the Chinese New Year calendar has also, to a lesser extent, affected the SSS growth for Indonesia for Q2 FY2013. This will push the festive retail buying in these countries into the next reporting quarter which will benefit the Group sales for Q3 FY2013. The SSS growth for Indonesia for Q2 FY2013 was further affected by the lower sales of a store located at Plaza Semanggi, Jakarta due to the short-term impact from the opening of a nearby competing mall in the preceding quarter.

Profit Before Tax ("PBT") for Q2 FY2013 declined by (7.6)% to S$18.7 million, while PBT for the YTD 6 months FY2013 declined by (8.7)% to S$35.3 million. PBT declined due to lower profits from the Vietnam operations and incurrence of non-operational costs related to expenses for the e-commerce start-up, acquisition-related costs for the equity stake in an associate, unrealized exchange loss on foreign currency deposits, brand-building expenses and increased head office / business development expenses for opening of new markets. On a like for like comparable basis (i.e. excluding non-operational items), PBT for the YTD 6 months FY2013 declined by (5.0)% to S$39.2 million. A summary table is appended below detailing the segmental PBT details for the YTD 6 months FY2013.

	Group		
	6 months ended		
	31.12.2012	**31.12.2011**	**+/(-)**
PBT Summary	S$'000	S$'000	%
Malaysia	32,430	33,392	(2.9)
Indonesia	3,974	3,443	15.4
Vietnam	2,095	4,406	(52.5)
Share of profit of an associate (Sri Lanka)	663	-	>100
	39,162	41,241	(5.0)
Less : Non-operational costs	(3,843)	(2,555)	50.4
PBT	35,319	38,686	(8.7)

The PBT for the Malaysia operations for YTD 6 months FY2013 declined marginally by (2.9)% YoY due to the lower SSS growth caused by the shift in the Chinese New Year calendar.

The PBT for the Indonesia operations for YTD 6 months FY2013 remained strong, increasing by 15.4% YoY in Singapore Dollars term. In Rupiah term, PBT for Indonesia for the same period has increased by 25.5% YoY.

The PBT for the Vietnam operations for YTD 6 months FY2013 declined by (52.5)% YoY due to the weak consumer sentiment caused by the economic slowdown. The profit of the Vietnam operations was especially affected by the operating losses of a new store located at Landmark 72, Hanoi.

The non-operational costs for the YTD 6 months FY2013 of S$3.8 million relate to expenses for the e-commerce start-up, brand-building expenses, acquisition-related costs for the equity stake in an associate, unrealized exchange loss on foreign currency deposits and head office corporate / business development expenses.

The Group's cashflow generation remains strong with net cash generated from operations of S$78.2 million for the YTD 6 months FY2013. The Group balance sheet position continues to be healthy with total equity of S$241.6 million as at 31 December 2012.

Prospects

The Malaysia and Indonesia operations are expected to register continued growth for FY2013, largely due to positive contributions from stores expansion and resilient consumer sentiment in these countries. However, the Group will continue to face challenges for the remainder of FY2013, namely from the tough trading conditions in Vietnam and the losses in the e-commerce start-up. The Group is confident of overcoming such challenges. The strong financial position of the subsidiaries in Vietnam will allow for the Group to consolidate and grow its market leadership position there. The e-commerce start-up will allow for the Group to establish a multi-channel retail presence in Malaysia with a view to complement the Group's physical stores.

Barring any unforeseen circumstances, the Group is optimistic to achieve positive growth in its financial performance for the financial year ending 30 June 2013 on the back of expected strong recovery in revenue growth, especially for the Malaysia and Indonesia operations, in the 2^{nd} half of FY2013.

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Unaudited Financial Statements for the Second Quarter ended 31 December 2012

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		
	31.12.2012	31.12.2011*	+/(-)	31.12.2012	31.12.2011*	+/(-)
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	122,109	119,430	2.2	235,982	225,500	4.6
Other income	2,708	2,041	32.7	5,320	4,036	31.8
Items of expense						
- Changes in merchandise inventories and consumables	(51,471)	(48,971)	5.1	(96,440)	(91,155)	5.8
- Employee benefits expense	(10,774)	(11,155)	(3.4)	(22,404)	(21,892)	2.3
- Depreciation and amortisation expenses	(4,797)	(4,407)	8.8	(9,484)	(8,677)	9.3
- Rental expenses	(22,876)	(18,696)	22.4	(45,077)	(36,743)	22.7
- Finance costs	(164)	(133)	23.3	(240)	(257)	(6.6)
- Other expenses	(16,466)	(17,915)	(8.1)	(33,001)	(32,126)	2.7
Total expenses	(106,548)	(101,277)	5.2	(206,646)	(190,850)	8.3
Share of profit of an associate	399	-	>100	663	-	>100
Profit before tax	18,668	20,194	(7.6)	35,319	38,686	(8.7)
Taxation	(5,686)	(6,461)	(12.0)	(11,095)	(11,653)	(4.8)
Net profit for the period	12,982	13,733	(5.5)	24,224	27,033	(10.4)
Net profit for the period attributable to:						
Owners of the Company	13,188	13,642	(3.3)	24,778	26,888	(7.8)
Non-controlling interests	(206)	91	>(100)	(554)	145	>(100)
	12,982	13,733	(5.5)	24,224	27,033	(10.4)

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

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

	Group					
	Quarter ended			6 months ended		
	31.12.2012	31.12.2011*	+/(-)	31.12.2012	31.12.2011*	+/(-)
	S$'000	S$'000	%	S$'000	S$'000	%
Net profit for the period	12,982	13,733	(5.5)	24,224	27,033	(10.4)
Other comprehensive income/(loss):						
Foreign currency translation	(2,426)	2,037	>(100)	(3,055)	205	>(100)
Total comprehensive income	10,556	15,770	(33.1)	21,169	27,238	(22.3)
Total comprehensive income/(loss) attributable to:						
Owners of the Company	10,836	15,594	(30.5)	21,821	27,052	(19.3)
Non-controlling interests	(280)	176	>(100)	(652)	186	>(100)
	10,556	15,770	(33.1)	21,169	27,238	(22.3)

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

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

	Group			
	Quarter ended		6 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	S$'000	S$'000	S$'000	S$'000
Profit before income tax is arrived at after (charging)/crediting:				
Finance income	1,305	1,185	2,729	2,162
IPO expense charged to income statement	-	(2,006)	-	(2,006)

1(b)(i) Statements of Financial Position

	Group		Company	
	31.12.2012	30.06.2012	31.12.2012	30.06.2012
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	78,998	79,502	-	-
Land use right	8,142	8,494	-	-
Investments in subsidiaries	-	-	155,506	155,506
Investment in an associate	27,875	-	27,364	-
Other receivables	27,505	27,211	-	-
Prepayments	13,317	11,592	-	-
Intangible assets	7,317	7,513	-	-
Derivatives	21	21	-	-
Deferred tax assets	843	594		
Investment securities	93	93	-	-
	164,111	135,020	182,870	155,506
Current assets				
Inventories	60,126	58,231	-	-
Trade and other receivables	24,884	28,766	18,879	33,957
Prepayments	4,885	3,035	-	-
Tax recoverable	1,734	1,226	-	-
Cash and short-term deposits	210,670	190,346	28,363	77,111
	302,299	281,604	47,242	111,068
Total assets	**466,410**	**416,624**	**230,112**	**266,574**
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	200,471	143,656	427	16,200
Other liabilities	14,487	23,234	-	-
Loans and borrowings	1	61	-	-
Tax payable	2,823	1,329	-	-
	217,782	168,280	427	16,200
Net current assets	84,517	113,324	46,815	94,868
Non-current liabilities				
Other payables	6,078	7,020	-	-
Deferred tax liabilities	924	548	-	-
	7,002	7,568	-	-
Total liabilities	**224,784**	**175,848**	**427**	**16,200**
Net assets	**241,626**	**240,776**	**229,685**	**250,374**
Equity attributable to owners of the Company				
Share capital	231,676	231,676	231,676	231,676
Other reserves	(139,104)	(136,147)	(1,856)	(2,526)
Retained earnings/(losses)	146,754	142,295	(135)	21,224
	239,326	**237,824**	**229,685**	**250,374**
Non-controlling interests	2,300	2,952	-	-
Total equity	241,626	240,776	229,685	250,374
Total equity and liabilities	**466,410**	**416,624**	**230,112**	**266,574**

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

Amount repayable in one year or less, or on demand

Group			
31.12.2012		**30.6.2012**	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
1	-	5	56

There are no non-current loans and borrowings as at 30.12.2012 and 30.06.2012.

Details of any collateral

	Group	
	31.12.2012	**30.6.2012**
	S$'000	**S$'000**
Borrowings		
Amount repayable in one year or less, or on demand		
Finance lease liabilities	1	5

As at 31 December 2012, the Group's finance lease liabilities of S$1,000 (30 June 2012: S$5,000) are secured by charge over leased assets (motor vehicles).

1(c) Consolidated Statement of Cash Flows

	Group			
	Quarter ended		6 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	S$'000	S$'000	S$'000	S$'000
Operating activities				
Profit before tax	18,668	20,194	35,319	38,686
Adjustments for				
- Depreciation and amortisation	4,797	4,407	9,484	8,677
- Finance costs	164	133	240	257
- Finance income	(1,305)	(1,185)	(2,729)	(2,162)
- Share of profits of an associate	(399)	-	(663)	-
- Unrealised currency translation (gain)/ loss	(181)	56	333	107
- Others	563	-	2,233	-
Operating cash flows before changes in working capital	22,307	23,605	44,217	45,565
Changes in working capital				
- Inventories	(2,314)	(5,365)	(3,789)	(6,039)
- Receivables and prepayments	1,375	(15,506)	(1,603)	(22,667)
- Payables and other liabilities	19,172	40,674	45,664	63,807
Cash flows from operations	40,540	43,408	84,489	80,666
Finance income received	1,312	1,317	2,589	2,162
Finance costs paid	(131)	(133)	(146)	(257)
Income tax paid	(4,997)	(6,084)	(8,686)	(8,867)
Net cash generated from operating activities	36,724	38,508	78,246	73,704
Investing activities				
Purchase of property, plant and equipment	(8,403)	(11,859)	(10,751)	(15,783)
Addition of intangible assets	(41)		(136)	-
Investment in an associate	(12,438)	-	(27,364)	-
Dividends received from an associate	152	-	152	-
Net cash used in investing activities	(20,730)	(11,859)	(38,099)	(15,783)
Financing activities				
Repayment of finance lease obligations	(2)	(2)	(4)	(4)
Net IPO proceeds	-	72,003	-	72,003
Dividends paid	(20,319)	-	(20,319)	-
Net cash generated from/ (used in) financing activities	(20,321)	72,001	(20,323)	71,999
Net increase in cash and cash equivalents	(4,327)	98,650	19,824	129,920
Cash and cash equivalents at beginning of financial period	214,813	126,326	190,290	95,095
Effects of currency translation on cash and cash equivalents	184	348	556	309
Cash and cash equivalents at end of financial period	210,670	225,324	210,670	225,324

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

	Group	
	31.12.2012	31.12.2011
	S$'000	S$'000
Cash at bank	84,779	36,766
Short-term bank deposits	125,891	188,558
	210,670	225,324

1(d)(i) Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	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	Non-controlling Interests	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group										
Balance at 01.07.2012	**231,676**	**(22,793)**	**1**	**9,959**	**(123,753)**	**439**	**142,295**	**237,824**	**2,952**	**240,776**
Profit for the period	-	-	-	-	-	-	24,778	24,778	(554)	24,224
Foreign currency translation	-	(2,957)	-	-	-	-	-	(2,957)	(98)	(3,055)
Dividends		-	-	-	-	-	(20,319)	(20,319)	-	(20,319)
Balance at 31.12.2012	**231,676**	**(25,750)**	**1**	**9,959**	**(123,753)**	**439**	**146,754**	**239,326**	**2,300**	**241,626**
Balance at 01.07.2011	**159,279**	**(19,378)**	**1**	**9,903**	**(123,753)**	**439**	**96,826**	**123,317**	**3,583**	**126,900**
Profit for the period	-	-	-	-	-	-	26,888	26,888	145	27,033
Foreign currency translation	-	371	-	(207)	-	-	-	164	41	205
Issuance of shares pursuant to the IPO	75,200	-	-	-	-	-	-	75,200	-	75,200
IPO expenses taken to equity	(3,197)	-	-	-	-	-	-	(3,197)	-	(3,197)
Balance at 31.12.2011	**231,282**	**(19,007)**	**1**	**9,696**	**(123,753)**	**439**	**123,714**	**222,372**	**3,769**	**226,141**

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 01.07.2012	**231,676**	**(2,526)**	**21,224**	**250,374**
Loss for the year	-	-	(1,040)	(1,040)
Foreign currency translation	-	670	-	670
Dividends	-	-	(20,319)	(20,319)
Balance at 31.12.2012	**231,676**	**(1,856)**	**(135)**	**229,685**
Balance at 01.07.2011	**159,279**	**209**	**(82)**	**159,406**
Loss for the year	-	-	(1,931)	(1,931)
Foreign currency translation	-	18	-	18
Issuance of shares pursuant to the IPO	75,200	-	-	75,200
IPO expenses taken to equity	(3,197)	-	-	(3,197)
Balance at 31.12.2011	**231,282**	**227**	**(2,013)**	**229,496**

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

	31.12.2012	**31.12.2011**
	No. of Shares	**No. of Shares**
Issued Share Capital	677,300,000	677,300,000 (Note 1)
Treasury Shares held	-	-
Shares to be issued pursuant to the exercise of all the outstanding share options	-	-

Note 1:

	No. of shares
Pre-IPO share capital	597,300,000
Issuance of new shares pursuant to IPO	80,000,000
Issued Share Capital as at 31.12.2011	677,300,000

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.

	31.12.2012	30.6.2012
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 2012 and 30 June 2012.

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 2012, 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 2012. 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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Basic and diluted (cents)	1.95	2.19	3.66	4.31
Based on weighted average number of shares ('000)	677,300	623,822	677,300	623,822

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	
	31.12.2012	**30.6.2012**	**31.12.2012**	**30.6.2012**
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S$)	0.35	0.35	0.34	0.37

8. Review of Group Performance

Review of Business Environments

The SSS growth for Malaysia for Q2 FY2013 and YTD 6 months FY2013 were at 2.8% YoY and 4.2% YoY respectively. The SSS growth for Malaysia for Q2 FY2013 was lower due in part to the shift in the Chinese New Year calendar whereby the lunar new year will start 18 days later in FY2013 as compared to FY2012. This will push the festive retail buying into the January month which will benefit the SSS for Malaysia for Q3 FY2013. Consequently, the shift in the Chinese New Year calendar has also affected the SSS growth for Malaysia for the YTD 6 months FY2013 which recorded growth at 4.2%. The SSS growth for Malaysia for YTD 6 months FY2013 was also held back by the ‘normalisation’ of sales at the store in One Utama Shopping Centre due to the re-opening (after renovation) of another department store at the old wing of the shopping centre and the entry of a new competing department store within the same shopping centre. The overall consumer sentiment remains robust in Malaysia supported by investment growth and liquidity.

The Vietnam economy continues to experience strong headwinds. Policy measures to tame inflation and reduce the trade deficit have led to decelerating credit growth which has lowered investment and slowed economic growth for the year 2012. This has adversely impacted consumer sentiment, resulting in negative SSS for Vietnam for Q2 FY2013 and YTD 6 months FY2013 at (8.4)% YoY and (7.4)% YoY respectively. The SSS for Vietnam for Q2 FY2013 was also affected by the shift in the start of the Tet calendar which, similar to the Chinese New Year calendar, will commence 18 days later in FY2013. This will also push the festive retail buying in Vietnam into the next quarter Q3 FY2013.

The SSS growth for Indonesia for Q2 FY2013 and YTD 6 months FY2013 were at 4.5% YoY and 6.7% YoY respectively. The SSS growth for Indonesia was affected by the lower sales of a store located at Plaza Semanggi, Jakarta due to the short-term impact from the opening of a nearby competing mall in the preceding quarter. Excluding the sales of the store at Plaza Semanggi, the SSS growth for Indonesia for Q2 FY2013 and YTD 6 months FY2013 were at 8.5% and 9.4% respectively. The SSS growth was also, to a lesser extent, affected by the shift in the Chinese New Year calendar which will push the festive retail buying into the next reporting quarter Q3 FY2013. The Indonesian economy continues to be strong, supported by continued growth in private consumption and investment.

The Group’s 47.46% investment in Odel PLC (“Odel”) continues to perform well with Odel recording SSS growth of 17.0% YoY in Q2 FY2013. The Sri Lanka economy remains strong with robust consumption spending.

Review of Operational Results

The Group recorded GSP of S$296.2 million for Q2 FY2013, representing a growth of 2.4% YoY. GSP for the YTD 6 months FY2013 was S$579.9 million, representing a growth of 5.3% YoY. The components of GSP for Q2 FY2013 and YTD 6 months FY2013 are as follows:-

	Group					
	Quarter ended			6 months ended		
	31.12.2012	31.12.2011	+/(-)	31.12.2012	31.12.2011	+/(-)
	S$'000	S$'000	%	S$'000	S$'000	%
Gross Sales Proceeds						
Sale of goods - direct sales	64,282	61,680	4.2	119,675	113,919	5.1
Sale of goods - concessionaire sales	229,574	225,133	2.0	455,511	431,780	5.5
Total merchandise sales	293,856	286,813	2.5	575,186	545,699	5.4
Consultancy and management service fees	323	388	(16.8)	644	752	(14.4)
Rental income	2,029	1,977	2.6	4,113	4,424	(7.0)
Total gross sales proceeds	296,208	289,178	2.4	579,943	550,875	5.3

The key contributors to the GSP growth for Q2 FY2013 include (i) SSS growth for Malaysia and Indonesia at 2.8% and 4.5% YoY respectively and (ii) the inclusion of the sales performance of new stores during the period Q2 FY2013. The key contributors to the GSP growth for the YTD 6 months FY2013 are attributable to (i) SSS growth for Malaysia and Indonesia at 4.2% and 6.7% YoY respectively and (ii) the inclusion of the sales performance of new stores during the YTD 6 months FY2013 period, however, offset by the negative SSS recorded by the Vietnam operations of (7.4)%.

The Group generated total merchandise sales of S$575.2 million for the YTD 6 months FY2013, with concessionaire sales contributing 79.2% and direct sales contributing the balance of 20.8%. By product segment, the Fashion & Apparel category constitute 55.6% of the total merchandise sales, the Cosmetic & Accessories category constitute 27.1%, the Household, Electrical Goods & Others category constitute 14.2% while the remaining balance of 3.1% came from the Groceries & Perishables category.

The merchandise gross margin (a combination of the commission from concessionaires and direct sales margin) for Q2 FY2013 and YTD 6 months FY2013 reduced by 50 bps YoY to 23.2% and by 30 bps YoY to 23.4% respectively.

Review of Financial Results

Revenue and Other Income

The Group recorded revenue of S$122.1 million for Q2 FY2013, representing an increase of 2.2% YoY. Revenue for the YTD 6 months FY2013 was S$236.0 million, representing an increase of 4.6% YoY. These revenues increases are mainly a result of increase in commission from concessionaire sales and direct sales revenue which are in line with the increase in GSP as explained above. The components of revenues for Q2 FY2013 and YTD 6 months FY2013 are as follows:-

	Group					
	Quarter ended			6 months ended		
	31.12.2012	31.12.2011	+/(-)	31.12.2012	31.12.2011	+/(-)
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue						
Sale of goods - direct sales	64,282	61,680	4.2	119,675	113,919	5.1
Commission from concessionaire sales	55,475	55,385	0.2	111,550	106,405	4.8
Consultancy and management service fees	323	388	(16.8)	644	752	(14.4)
Rental income	2,029	1,977	2.6	4,113	4,424	(7.0)
Total revenue	122,109	119,430	2.2	235,982	225,500	4.6

Other income for Q2 FY2013 and YTD 6 months FY2013 increased by 32.7% to S$2.7 million and 31.8% to S$5.3 million respectively. The components of other income include finance income of S$1.3 million for Q2 FY2013 and S$2.7 million for YTD 6 months FY2013.

Expenses

For Q2 FY2013 and YTD 6 months FY2013, total expenses of the Group increased by 5.2% YoY to S$106.5 million and 8.3% YoY to S$206.6 million respectively. Analysis of the major operating expense items for Q2 FY2013 and YTD 6 months FY2013 are as follows:

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables refer to the cost of sales for the direct sales. Cost of sales for Q2 FY2013 and YTD 6 months FY2013 increased by 5.1% to S$51.5 million and 5.8% to S$96.4 million respectively. These increases are in line with the increase in direct sales.

Employee benefits expense

Staff cost reduced by (3.4)% to S$10.8 million for Q2 FY2013. Staff cost reduced for the quarter due to efficient deployment of staff in the Indonesia operations resulting in reduced headcount and lower staff costs (e.g. lower bonus provision) in the Vietnam operations in line with the lower operating profits. For the YTD 6 months FY2013, staff cost increased by 2.3% to S$22.4 million attributable generally to inclusion of the staff costs for new stores opened in FY2013 and for the e-commerce start-up, and yearly wage increase.

As a percentage of revenue, the staff cost ratios reduced by 50 bps YoY to 8.8% for Q2 FY2013 and by 20 bps YoY to 9.5% for YTD 6 months FY2013. Staff cost ratios reduced due to better costs management, especially pertaining to the Indonesia operations which saw reduced headcount and the Vietnam operations which recorded lower staff costs in line with lower profitability.

Depreciation and amortisation expenses

Depreciation and amortisation increased by 8.8% to S$4.8 million for Q2 FY2013, and by 9.3% to S$9.5 million for YTD 6 months FY2013. These increases are primarily due to the inclusion of the depreciation costs for the new stores opened in FY2013 and amortization of intangible assets.

As a percentage of revenue, depreciation and amortization expense ratios increased by 20 bps YoY to 3.9% for Q2 FY2013 and by 20 bps YoY to 4.0% for YTD 6 months FY2013. The higher ratios for Q2 FY2013 and YTD 6 months FY2013 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 22.4% to S$22.9 million for Q2 FY2013, and by 22.7% to S$45.1 million for YTD 6 months FY2013. The increases are significantly due to the inclusion of the rental costs for the new stores opened in FY2013.

As a percentage of revenue, the rental expense ratios increased by 310 bps YoY to 18.7% for Q2 FY2013, and by 280 bps YoY to 19.1% for YTD 6 months FY2013. The higher ratios are significantly due to new stores that are paying fixed rentals but where the sales are lower at the initial stages of operations.

Other expenses

Other expenses mainly consist of (a) promotional and advertising expenses; (b) selling and distribution expenses and (c) general and administrative expenses which reduced by (8.1)% to S$16.5 million for Q2 FY2013 and increased by 2.7% to S$33.0 million for YTD 6 months FY2013. Other expenses for YTD 6 months FY2013 increased by 2.7% generally due to (i) other expenses for new stores operating in FY2013 and for the e-commerce start-up, (ii) acquisition-related costs for the equity stake in an associate, (iii) unrealized exchange loss on foreign currency deposits, (iv) brand-building expenses and (v) increased head office corporate / business development expenses.

As a percentage of revenue, the other expenses ratios reduced by 150 bps YoY to 13.5% for Q2 FY2013 and by 20 bps YoY to 14.0% for YTD 6 months FY2013. The reduction in the other expenses ratios is significantly contributed by better costs management initiatives in view of the challenging environments, especially in the Vietnam operations.

PBT

PBT declined by (7.6)% to S$18.7 million for Q2 FY2013. As a percentage of revenue, PBT ratio reduced by 160 bps YoY to 15.3% for Q2 FY2013. Among the major factors leading to the decline in PBT for Q2 FY2013 are the operating losses of a new store located at Landmark 72, Hanoi and expenses related to the e-commerce start-up.

For the YTD 6 months FY2013, PBT declined by (8.7)% to S$35.3 million. As a percentage of revenue, PBT ratio for YTD 6 months FY2013 reduced by 210 bps YoY to 15.0%. The factors leading to the decline in PBT for the YTD 6 months FY2013 include the operating losses of a new store located at Landmark 72, Hanoi, expenses related to the e-commerce start-up, acquisition-related costs for the equity stake in an associate, unrealized exchange loss on foreign currency deposits, brand-building expenses and increased head office / business development expenses for opening of new markets.

On a like for like comparable basis (i.e. excluding non-operational items), PBT declined by (5.0)% to S$39.2 million for the YTD 6 months FY2013.

Taxation

The effective tax rate for YTD 6 months FY2013 was higher at 31.4% principally due to losses incurred by the new store located at Landmark 72, Hanoi, whereby the local tax regulation does not allow for set-off of tax losses against taxable profits between Group companies.

Net profit attributable to owners of the Company

Attributable net profit for Q2 FY2013 and YTD 6 months FY2013 were lower by (3.3)% YoY to S$13.2 million and by (7.8)% YoY to S$24.8 million respectively. As a percentage of revenue, the attributable net profit ratio for Q2 FY2013 reduced by 60 bps YoY to 10.8% while the attributable net profit ratio for YTD 6 months FY2013 reduced by 140 bps to 10.5%.

On a like for like comparable basis, attributable net profit declined by (3.4)% to S$28.5 million for the YTD 6 months FY2013.

Review of Financial Resources

The Group's financial position remains healthy, with a working capital of S$84.5 million as at 31 December 2012. In line with the increase in year-end holiday sales, the current trade and other payables increased from S$143.7 million as at 30 June 2012 to S$200.5 million as at 31 December 2012. The Group balance sheet position remains strong with total equity of S$241.6 million as at 31 December 2012.

The Group's net cash generated from operations for the YTD 6 months FY2013 was S$78.2 million despite being faced with a challenging environment. The Group cash balance as at 31 December 2012 remained strong at S$210.7 million.

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

Not applicable.

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.

Seasonal Factors
The Group's performance for the next reporting period Q3 FY2013 will benefit from the increased festive retail buying arising from the Chinese New Year and Tet festivals which will especially benefit the Malaysia and Vietnam operations and to a lesser extent, the Indonesia operations.

Store Openings
The Group's strategy has been to expand its store network across countries where there is continued expansion or potential for expansion of the middle class income segment of the population. The Group has scheduled to open 6 new stores in FY2013 across the countries of Malaysia, Vietnam, Indonesia and Myanmar, of which 2 of these stores were opened in November 2012 at Plaza Merdeka, Kuching in Malaysia and at Solo Paragon, Surakarta in Indonesia.

Corporate Development
The Group's associate company, Odel PLC, had on 10 December 2012 completed a one-for-one rights issue of ordinary shares at LKR 20.00 per share, raising total proceeds of LKR 2,543.6 million (approx. S$24.0 million) to fund the development and expansion of Odel PLC in Sri Lanka. The Company had subscribed for its full entitlement to the rights shares. The Company now owns a total of 129,150,864 shares in Odel PLC, representing 47.46% of the share capital in Odel PLC.

Prospects
The Malaysia and Indonesia operations are expected to register continued growth for FY2013, largely due to positive contributions from stores expansion and resilient consumer sentiment in these countries. However, the Group will continue to face challenges for the remainder of FY2013, namely from the tough trading conditions in Vietnam and the losses in the e-commerce start-up. The Group is confident of overcoming such challenges. The strong financial position of the subsidiaries in Vietnam will allow for the Group to consolidate and grow its market leadership position there. The e-commerce start-up will allow for the Group to establish a multi-channel retail presence in Malaysia with a view to complement the Group's physical stores.

Barring any unforeseen circumstances, the Group is optimistic to achieve positive growth in its financial performance for the financial year ending 30 June 2013 on the back of expected strong recovery in revenue growth, especially for the Malaysia and Indonesia operations, in the 2nd half of FY2013.

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 31 December 2012.

PART II - ADDITIONAL DISCLOSURE

13. Group Performance by Geographical Segment

Group	Malaysia	Vietnam	Indonesia	Unallocated	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Period ended 31.12.2012					
Gross Sales Proceeds	429,052	79,834	71,057	-	579,943
Revenue	185,578	23,880	26,524	-	235,982
Profit before tax	32,430	2,095	3,974	-	38,499
Non-operational costs*	(2,627)	-	-	(1,216)	(3,843)
Share of profit of an associate				663	663
Total Profit Before Tax	29,803	2,095	3,974	(553)	35,319
Period ended 31.12.2011					
Gross Sales Proceeds	406,368	78,023	66,484		550,875
Revenue	177,412	21,493	26,595		225,500
Profit before tax	33,392	4,406	3,443	-	41,241
Non-operational costs**	(711)	-	-	(1,844)	(2,555)
Total Profit Before Tax	32,681	4,406	3,443	(1,844)	38,686

* Non-operational costs for YTD 6 months FY2013 relate to expenses for the e-commerce start-up, brand-building expenses, acquisition-related costs for the equity stake in an associate, unrealized exchange loss on foreign currency deposits and head office corporate / business development expenses.

** Non-operational costs for the comparative period YTD 6 months FY2012 relate to IPO expenses charged to income statement and head office corporate / business development expenses, net of Cambodia-related income.

14. Interested person transactions for the 6 months period ended 31 December 2012

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)	-	121
Lion Forest Industries Berhad Group (2)	-	322
Parkson Holdings Berhad Group (3)	-	970
Secom (M) Sdn Bhd (4)	-	121
1st Avenue Mall Sdn Bhd (5)	-	552
Bonuskad Loyalty Sdn Bhd (6)	-	2,314
WatchMart (M) Sdn Bhd (7)	-	144
PT Monica Hijaulestari (8)	-	1,955

Notes:

(1) Purchases of equipment, furniture and fittings from Lion Trading & Marketing Sdn Bhd and sale of gift vouchers to Megasteel Sdn Bhd.

(2) Purchases of building materials from Posim Marketing Sdn Bhd and purchases of light fittings and procurement of energy conservation services from Posim EMS Sdn Bhd.

(3) Rental of retail space from Festival City Sdn Bhd and concessionaire agreements with Park Avenue Fashion Sdn Bhd.

(4) Purchase of security equipment and procurement of security services.

(5) Rental of retail space.

(6) Marketing fees payable for the bonus points issued and amounts receivable for points redemption made by cardholders.

(7) Purchases of merchandise.

(8) Purchases of "The Body Shop" products.

15. Disclosure on the use of IPO proceeds

As at 31 December 2012, the Company has utilised S$5.5 million for the purpose of store openings in Indonesia and S$12.4 million to subscribe for the rights issue of shares in an associate company, Odel PLC. 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 2012, to be false or misleading.

BY ORDER OF THE BOARD
PARKSON RETAIL ASIA LIMITED

Datuk Cheng Yoong Choong
Group Managing Director

Singapore, 7 February 2013