



**PARKSON RETAIL ASIA LIMITED**

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

**Unaudited Financial Statements for the First Quarter ended 30 September 2013**

**HIGHLIGHTS**

	Group					
	Reported			Like for Like Comparable*		
	Quarter ended			Quarter ended		
	30.09.2013	30.09.2012	+ / (-)	30.09.2013	30.09.2012	+ / (-)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Gross Sales Proceeds	276,137	283,145	(2.5)	267,265	265,189	0.8
Revenue	108,729	113,363	(4.1)	105,425	106,611	(1.1)
Profit Before Tax	14,505	16,651	(12.9)	13,664	15,036	(9.1)
Net Profit Attributable to Owners	10,266	11,590	(11.4)	9,677	10,460	(7.5)

\* 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. There were 3 stores temporarily closed for renovation during the current Q1 FY2014 period. There was also 1 store permanently closed in the preceding Q4 FY2013 period. The operational results of these closed stores for the current Q1 FY2014 and the comparative Q1 FY2013 periods are excluded in arriving at the like for like comparable figures.

The Group encountered a challenging retail environment in Q1 FY2014.

Analysis of SSSG by country reveals the following:

SSSG	Quarter ended	
	Q1 FY2014	Q1 FY2013
Malaysia	-0.1%	+5.7%
Vietnam	-1.1%	-6.3%
Indonesia	+3.9%	+8.9%

The sluggishness in sales recorded by the Malaysia operations in the preceding quarter, as expected, continued into the current Q1 FY2014 with SSSG being relatively flat at -0.1%. Contributory factors affecting consumer sentiment on the downside included the Malaysian central bank's tightening measures to curb household debt and hike in the price of subsidized fuel during the quarter.

The recovery in retail spending is patchy for the Vietnam operations, especially for the stores in Hanoi, despite signs of economic stability. Nevertheless, the SSSG slowdown has reduced from -6.3% recorded in the comparative Q1 FY2013 to -1.1% in the current Q1 FY2014.

The consumption spending in Indonesia remains robust with the Group recording SSSG of +3.9% for Q1 FY2014. This is despite the inflationary pressure affecting consumer sentiment from the significant hike in the price of subsidized fuel in June 2013 coupled with the weakening of the Indonesian Rupiah during the quarter.

The Group's Gross Sales Proceeds ("GSP") declined by (2.5)% YoY to S\$276.1 million while the Group's revenue declined by (4.1)% YoY to S\$108.7 million for Q1 FY2014. The declines in GSP and revenue are attributable to (i) weak SSSG for Malaysia and Vietnam at -0.1% and -1.1% respectively, (ii) temporary closure of 3 stores in Malaysia during the current quarter as well as the permanent closure of 1 store in Malaysia in the preceding Q4 FY2013 and (iii) currency weakness especially of the Indonesian Rupiah during Q1 FY2014 which reduced the topline contribution from the foreign operations upon translation to the presentation currency in Singapore Dollar. On a like for like comparable basis (excluding the results of the closed stores), the Group's GSP would have increased marginally by 0.8% while Group's revenue would have declined marginally by (1.1)%. Further adjusting the like for like comparable figures to exclude the impact of currency fluctuations would result in Group's GSP increasing by 3.6% while Group's revenue would have increased by 1.7%.

The Group's Profit Before Tax ("PBT") declined by (12.9)% YoY to S\$14.5 million for Q1 FY2014. Among the factors leading to the decline in PBT are the weak SSSG recorded for the Malaysia and Vietnam operations for the current quarter at -0.1% and -1.1% respectively (relative to the costs pressure), the temporary closure of 3 stores for renovation in Malaysia resulting in absence of gross profit contribution from these stores and the currency weakness especially of the Indonesian Rupiah which reduced the PBT contribution from the foreign operations upon translation to the presentation currency in Singapore Dollar. On a like for like comparable basis (excluding the results of the closed stores), PBT declined by a lesser (9.1)% to S\$13.7 million. Further adjusting the like for like PBT figure to exclude the impact of currency fluctuations would result in Group PBT declining by a lesser (6.3)%.

A summary table detailing the segmental PBT is appended below.

	<b>Group</b>		
	<b>Quarter ended</b>		
	<b>30.09.2013</b>	<b>30.09.2012</b>	<b>+/(-)</b>
<b>PBT Summary</b>	S\$'000	S\$'000	%
Malaysia (excluding results of closed stores)	11,663	12,843	(9.2)
Vietnam	(175)	875	>(100.0)
Indonesia	1,818	2,098	(13.3)
Myanmar	(208)	-	>(100.0)
Share of profits of an associate (Sri Lanka)	300	264	13.6
Investment holding / Others	266	(1,044)	>100.0
PBT (like for like comparable excluding results of closed stores)	13,664	15,036	(9.1)
Malaysia (results of closed stores)	841	1,615	(47.9)
Group PBT	14,505	16,651	(12.9)

The PBT for the Malaysia operations for Q1 FY2014 declined by (9.2)% due significantly to the weak SSSG which was relatively flat at -0.1% (relative to the costs pressure). On a same currency basis, PBT for the Malaysia operations for Q1 FY2014 would have recorded a lesser decline of (7.3)%.

The Vietnam operations recorded a loss of S\$(0.175) million for Q1 FY2014 due to sales decline with negative SSSG of -1.1% and compounded by costs pressure.

The PBT for the Indonesia operations for Q1 FY2014 declined by (13.3)% due significantly to pre-opening expenses incurred on the new store at Bekasi and the translation effect of the weaken Indonesian Rupiah. On a same currency basis and excluding the pre-opening expenses, PBT for the Indonesia operations increased by 2.6% YoY.

The store in Myanmar commenced operations in May 2013 and a loss of S\$(0.208) million was incurred in Q1 FY2014 due largely to the accrual of pre-opening expenses and the operational gestation period.

The Group's share of profits of the associate, Odel PLC, increased by 13.6% to S\$0.3 million. The profits of Odel PLC increase due largely to the increased interest income earned on the funds from the rights issue of shares completed in December 2012.

Investment holding / Others recorded a profit of S\$0.266 million for Q1 FY2014 as compared to a loss of S\$(1.044) million in the comparative Q1 FY2013. This is due to recognition of translation gain on foreign currency deposits of S\$0.626 million in Q1 FY2014 as compared to a translation loss of S\$(0.514) million recorded in the comparative Q1 FY2013.

The Group's cashflow generation remains healthy with net cash generated from operations of S\$26.2 million for Q1 FY2014 despite being faced with challenging environments. The Group balance sheet position is strong with total equity of S\$258.0 million as at 30 September 2013.

### Prospect

Consumer discretionary spending in Malaysia and particularly Indonesia will pick-up in the coming Q2 FY2014 period contributed by the year-end festive and holiday spending. We expect our Malaysia and Indonesia operations to register improvement in performance for the next reporting quarter due to the anticipated pick-up in spending as well as the re-opening of the 3 temporarily closed stores in Malaysia. The start of the Visit Malaysia Year 2014 in the 2<sup>nd</sup> half of FY2014 will see increase tourists spending which will benefit our Malaysia operations. The recovery in performance for our Vietnam operations remains patchy but we anticipate gradual improvement in consumer discretionary spending for Vietnam leading to improvement in performance for our Vietnam operations in the 2<sup>nd</sup> half of FY2014.

Overall, the Group is of the view that operating results will improve in the coming quarters.



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**Unaudited Financial Statements for the First Quarter ended 30 September 2013**

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

**1(a)(i) Consolidated Income Statement**

	<b>Group</b>		
	<b>Quarter ended</b>		
	<b>30.09.2013</b>	<b>30.09.2012*</b>	<b>+ / (-)</b>
	S\$'000	S\$'000	%
<b>Revenue</b>	108,729	113,363	(4.1)
Other income	3,331	2,612	27.5
<b>Items of expense</b>			
- Changes in merchandise inventories and consumables	(41,758)	(44,969)	(7.1)
- Employee benefits expense	(12,381)	(11,630)	6.5
- Depreciation and amortisation expenses	(4,907)	(4,687)	4.7
- Rental expenses	(24,764)	(23,843)	3.9
- Finance costs	(119)	(64)	85.9
- Other expenses	(13,926)	(14,395)	(3.3)
Total expenses	(97,855)	(99,588)	(1.7)
Share of profits of an associate	300	264	13.6
<b>Profit before tax</b>	14,505	16,651	(12.9)
Taxation	(4,688)	(5,409)	(13.3)
<b>Net profit for the period</b>	9,817	11,242	(12.7)
<b>Net profit for the period attributable to:</b>			
Owners of the Company	10,266	11,590	(11.4)
Non-controlling interests	(449)	(348)	29.0
	9,817	11,242	(12.7)

\* 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		
	30.09.2013	30.09.2012	+ / (-)
	S\$'000	S\$'000	%
Net profit for the period	9,817	11,242	(12.7)
Other comprehensive loss:			
Foreign currency translation	(9,673)	(629)	>100.0
<b>Total comprehensive income</b>	144	10,613	(98.6)
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company	601	10,985	(94.5)
Non-controlling interests	(457)	(372)	22.8
	144	10,613	(98.6)

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

	Group	
	Quarter ended	
	30.09.2013	30.09.2012
	S\$'000	S\$'000
Profit before income tax is arrived after (charging)/crediting:		
Finance income	1,396	1,424

1(b)(i) Statements of Financial Position

	Group		Company	
	30.09.2013	30.06.2013	30.09.2013	30.06.2013
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	74,703	77,046	-	-
Land use right	8,149	8,173	-	-
Investments in subsidiaries	-	-	148,608	153,122
Investment in an associate	27,126	27,611	26,372	27,157
Other receivables	23,746	23,823	18,328	20,311
Prepayments	16,898	18,586	-	-
Intangible assets	6,109	7,205	-	-
Derivatives	20	21	-	-
Deferred tax assets	1,921	2,080	-	-
Investment securities	91	93	-	-
	158,763	164,638	193,308	200,590
<b>Current assets</b>				
Inventories	56,436	58,209	-	-
Trade and other receivables	24,420	29,130	24,712	25,320
Prepayments	3,931	4,785	-	-
Tax recoverable	4,104	4,033	-	-
Cash and short-term deposits	191,414	176,830	20,913	21,373
	280,305	272,987	45,625	46,693
<b>Total assets</b>	<b>439,068</b>	<b>437,625</b>	<b>238,933</b>	<b>247,283</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	147,659	147,515	575	581
Other liabilities	25,153	23,256	-	-
Tax payable	1,226	1,529	-	-
	174,038	172,300	575	581
<b>Net current assets</b>	<b>106,267</b>	<b>100,687</b>	<b>45,050</b>	<b>46,112</b>
<b>Non-current liabilities</b>				
Other payables	6,915	7,299	-	-
Deferred tax liabilities	100	155	-	-
	7,015	7,454	-	-
<b>Total liabilities</b>	<b>181,053</b>	<b>179,754</b>	<b>575</b>	<b>581</b>
<b>Net assets</b>	<b>258,015</b>	<b>257,871</b>	<b>238,358</b>	<b>246,702</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	231,676	231,676	231,676	231,676
Other reserves	(147,570)	(137,905)	(11,514)	(4,250)
Retained earnings	171,880	161,614	18,196	19,276
	255,986	255,385	238,358	246,702
<b>Non-controlling interests</b>	<b>2,029</b>	<b>2,486</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>258,015</b>	<b>257,871</b>	<b>238,358</b>	<b>246,702</b>
<b>Total equity and liabilities</b>	<b>439,068</b>	<b>437,625</b>	<b>238,933</b>	<b>247,283</b>

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

There are no Group loans and borrowings as at 30.09.2013 and 30.06.2013.

## 1(c) Consolidated Statement of Cash Flows

	<b>Group</b>	
	<b>Quarter ended</b>	
	<b>30.09.2013</b>	<b>30.09.2012*</b>
	S\$'000	S\$'000
<b>Operating activities</b>		
Profit before tax	14,505	16,651
Adjustments for		
- Depreciation and amortisation expenses	4,907	4,687
- Finance costs	119	64
- Finance income	(1,396)	(1,424)
- Share of profit of an associate	(300)	(264)
- Unrealised currency translation (gain)/loss	(626)	514
- Others	302	1,682
<b>Operating cash flows before changes in working capital</b>	<b>17,511</b>	<b>21,910</b>
Changes in working capital		
- Inventories	(295)	(1,475)
- Receivables and prepayments	4,060	(2,978)
- Payables and other liabilities	8,410	26,492
<b>Cash flows from operations</b>	<b>29,686</b>	<b>43,949</b>
Finance income received	1,306	1,277
Finance costs paid	(2)	(15)
Income tax paid	(4,806)	(3,689)
<b>Net cash generated from operating activities</b>	<b>26,184</b>	<b>41,522</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(6,826)	(2,348)
Addition of intangible assets	(5)	(95)
Investment in an associate	-	(14,926)
<b>Net cash used in investing activities</b>	<b>(6,831)</b>	<b>(17,369)</b>
<b>Financing activities</b>		
Repayment of finance lease obligations	-	(2)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(2)</b>
<b>Net increase in cash and cash equivalents</b>	<b>19,353</b>	<b>24,151</b>
Cash and cash equivalents at beginning of financial period	176,830	190,290
Effects of currency translation on cash and cash equivalents	(4,769)	372
<b>Cash and cash equivalents at end of financial period</b>	<b>191,414</b>	<b>214,813</b>

\* 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:

	<b>Group</b>	
	<b>Quarter ended</b>	
	<b>30.09.2013</b>	<b>30.09.2012</b>
	S\$'000	S\$'000
Cash at bank	17,276	39,422
Short-term bank deposits	174,138	175,391
	<b>191,414</b>	<b>214,813</b>

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
<b>Group</b>										
<b>Balance at 01.07.2013</b>	<b>231,676</b>	<b>(24,551)</b>	<b>1</b>	<b>9,959</b>	<b>(123,753)</b>	<b>439</b>	<b>161,614</b>	<b>255,385</b>	<b>2,486</b>	<b>257,871</b>
Profit/(Loss) for the period	-	-	-	-	-	-	10,266	10,266	(449)	9,817
Foreign currency translation	-	(9,665)	-	-	-	-	-	(9,665)	(8)	(9,673)
<b>Balance at 30.09.2013</b>	<b>231,676</b>	<b>(34,216)</b>	<b>1</b>	<b>9,959</b>	<b>(123,753)</b>	<b>439</b>	<b>171,880</b>	<b>255,986</b>	<b>2,029</b>	<b>258,015</b>
<b>Balance at 01.07.2012</b>	<b>231,676</b>	<b>(22,793)</b>	<b>1</b>	<b>9,959</b>	<b>(123,753)</b>	<b>439</b>	<b>142,295</b>	<b>237,824</b>	<b>2,952</b>	<b>240,776</b>
Profit/(Loss) for the period	-	-	-	-	-	-	11,590	11,590	(348)	11,242
Foreign currency translation	-	(605)	-	-	-	-	-	(605)	(24)	(629)
<b>Balance at 30.09.2012</b>	<b>231,676</b>	<b>(23,398)</b>	<b>1</b>	<b>9,959</b>	<b>(123,753)</b>	<b>439</b>	<b>153,885</b>	<b>248,809</b>	<b>2,580</b>	<b>251,389</b>

**Statement of Changes in Equity**

	Share capital	Foreign currency translation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>				
<b>Balance at 01.07.2013</b>	<b>231,676</b>	<b>(4,250)</b>	<b>19,276</b>	<b>246,702</b>
Loss for the year	-	-	(1,080)	(1,080)
Foreign currency translation	-	(7,264)	-	(7,264)
<b>Balance at 30.09.2013</b>	<b>231,676</b>	<b>(11,514)</b>	<b>18,196</b>	<b>238,358</b>
<b>Balance at 01.07.2012</b>	<b>231,676</b>	<b>(2,526)</b>	<b>21,224</b>	<b>250,374</b>
Loss for the year	-	-	(1,039)	(1,039)
Foreign currency translation	-	681	-	681
<b>Balance at 30.09.2012</b>	<b>231,676</b>	<b>(1,845)</b>	<b>20,185</b>	<b>250,016</b>



**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**

	<b>30.09.2013</b>	<b>30.09.2012</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
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.**

	<b>30.09.2013</b>	<b>30.06.2013</b>
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 2013 and 30 June 2013.

**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 the most recent audited financial statements for the financial year ended 30 June 2013, 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 financial year beginning on or after 1 July 2013. 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	
	30.09.2013	30.09.2012
Basic and diluted (cents)	1.52	1.71
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	
	30.09.2013	30.06.2013	30.09.2013	30.06.2013
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	0.38	0.38	0.35	0.36

## 8. Review of Group Performance

### Review of Business Environments

The Group encountered a challenging retail environment in Q1 FY2014.

Analysis of SSSG by country reveals the following:

SSSG	Quarter ended	
	Q1 FY2014	Q1 FY2013
Malaysia	-0.1%	+5.7%
Vietnam	-1.1%	-6.3%
Indonesia	+3.9%	+8.9%

The sluggishness in sales recorded by the Malaysia operations in the preceding quarter, as expected, continued into the current Q1 FY2014 with SSSG being relatively flat at -0.1%. Contributory factors affecting consumer sentiment on the downside included the Malaysian central bank's tightening measures to curb household debt and hike in the price of subsidized fuel during the quarter.

The recovery in retail spending is patchy for the Vietnam operations, especially for the stores in Hanoi, despite signs of economic stability. Nevertheless, the SSSG slowdown has reduced from -6.3% recorded in the comparative Q1 FY2013 to -1.1% in the current Q1 FY2014.

The consumption spending in Indonesia remains robust with the Group recording SSSG of +3.9% for Q1 FY2014. This is despite the inflationary pressure affecting consumer sentiment from the significant hike in the price of subsidized fuel in June 2013 coupled with the weakening of the Indonesian Rupiah during the quarter.

The Group's associate, Odel PLC, recorded a negative SSSG of -2.4% for Q1 FY2014. Contributory factors include the significant increase in electricity tariff in the preceding quarter affecting consumer sentiment and reduction in the significant inbound tourist spending from India due to the depreciated Indian Rupee.

## Review of Operational Results

The components of GSP for Q1 FY2014 are as follows:-

	Group		
	Quarter ended		
	30.09.2013	30.09.2012*	+/(-)
	S\$'000	S\$'000	%
<b>Gross Sales Proceeds</b>			
Sale of goods - direct sales	50,871	55,073	(7.6)
Sale of goods - concessionaire sales	220,992	224,026	(1.4)
Total merchandise sales	271,863	279,099	(2.6)
Consultancy and management service fees	274	321	(14.6)
Rental income	4,000	3,725	7.4
Total gross sales proceeds	276,137	283,145	(2.5)

\* certain comparative figures have been re-classified to conform to current period's presentation, mainly related to the presentation requirement under IFRIC 13 – Accounting for customer loyalty programmes.

The Group recorded GSP of S\$276.1 million for Q1 FY2014, representing a decline of (2.5)% YoY. GSP declined due to a combination of reasons i.e. (i) weak SSSG for the Malaysia and Vietnam operations of -0.1% and -1.1% respectively, (ii) temporary closure of 3 stores in Malaysia during the current quarter for renovation as well as the permanent closure of 1 store in Malaysia in the preceding 4Q FY2013 and (iii) currency weakness especially of the Indonesian Rupiah during the quarter which reduced the sales contribution from the foreign operations upon translation to the presentation currency in Singapore Dollar.

On a like for like comparable basis (excluding the results of the closed stores), the Group's GSP would have increased marginally by 0.8% while Group's revenue would have declined marginally by (1.1)%. Further adjusting the like for like comparable figures to exclude the impact of currency fluctuations would result in Group's GSP increasing by 3.6% while Group's revenue would have increased by 1.7%.

The Group generated total merchandise sales of S\$271.9 million for Q1 FY2014, with concessionaire sales contributing 81.3% and direct sales contributing the balance of 18.7%. By product segments, the Fashion & Apparel category constituted 55.7% of the total merchandise sales, the Cosmetic & Accessories category constituted 26.4%, the Household, Electrical Goods & Others category constituted 14.3% 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 FY2014 remained unchanged YoY at 23.1%.

## Review of Financial Results

### Revenue and Other Income

The Group recorded revenue of S\$108.7 million for Q1 FY2014, representing a decline of (4.1)% YoY. The revenue decline is a result of the decline in commissions from concessionaire sales and direct sales revenue which is in line with the decline in GSP as explained above. The components of revenue for Q1 FY2014 are as follows:-

	Group		
	Quarter ended		
	30.09.2013	30.09.2012*	+/( -)
	S\$'000	S\$'000	%
<b>Revenue</b>			
Sale of goods - direct sales	50,871	55,073	(7.6)
Commission from concessionaire sales	53,584	54,244	(1.2)
Consultancy and management service fees	274	321	(14.6)
Rental income	4,000	3,725	7.4
Total revenue	108,729	113,363	(4.1)

\* certain comparative figures have been re-classified to conform to current period's presentation, mainly related to the presentation requirement under IFRIC 13 – Accounting for customer loyalty programmes.

Other income for Q1 FY2014 increased by 27.5% to S\$3.3 million. The components of other income include finance income of S\$1.4 million for Q1 FY2014.

### Expenses

For Q1 FY2014, total expenses of the Group declined marginally by (1.7)% YoY to S\$97.9 million. Analysis of the major operating expense items for Q1 FY2014 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 FY2014 declined by (7.1)% to S\$41.8 million. This decline is in line with the decline in direct sales.

#### *Employee benefits expense*

Staff cost increased by 6.5% to S\$12.4 million for Q1 FY2014. The increase is due primarily to the inclusion of the staff costs for new stores operating in Q1 FY2014 and yearly wage increase.

As a percentage of revenue, the staff cost ratio increased by 110 bps YoY to 11.4% for Q1 FY2014. 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) staff costs of the stores temporarily closed for renovation where these staffs are re-deployed to other stores but without the corresponding sales contribution of these closed stores.

#### *Depreciation and amortisation expenses*

Depreciation and amortisation increased by 4.7% to S\$4.9 million for Q1 FY2014. The increase is primarily due to the inclusion of the depreciation costs for the new stores operating in Q1 FY2014.

As a percentage of revenue, depreciation and amortization expense ratio increased by 40 bps YoY to 4.5% for Q1 FY2014. The higher ratio for Q1 FY2014 is primarily due to depreciation incurred for new stores but where the sales are lower at the initial stages of operations.

### *Rental expenses*

Rental expense increased by 3.9% to S\$24.8 million for Q1 FY2014. The increase is significantly due to inclusion of the rental costs for the new stores operating in Q1 FY2014.

As a percentage of revenue, the rental expense ratio increased by 180 bps YoY to 22.8% for Q1 FY2014. 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 declined by (3.3)% to S\$13.9 million for Q1 FY2014. The decline is significantly due to the absence of one-off expenses incurred in the comparative Q1 FY2013 period e.g. related to the acquisition-related costs for the equity stake in the associate, Odel PLC and brand-building expenses.

As a percentage of revenue, the other expenses ratio increased by 10 bps YoY to 12.8% for Q1 FY2014. The higher ratio for Q1 FY2014 is primarily due to increase promotions for the Vietnam operations and other expenses related to the new stores operating in 1Q FY2014 (e.g. packing and labeling costs) where sales are lower at the initial stages of operations.

### Share of profits of an associate

Share of profits of Odel PLC increased by 13.6% for Q1 FY2014 despite the decline in SSSG of -2.4% YoY. The profits of Odel PLC increased due largely to increased interest income earned on the funds of approx. LKR2.5 billion (or S\$24.0 million) raised from the rights issue of shares completed in December 2012.

### Profit Before Tax

Profit Before Tax ("PBT") declined by (12.9)% or S\$2.1 million to S\$14.5 million for Q1 FY2014. As a percentage of revenue, PBT ratio reduced by 140 bps YoY to 13.3% for Q1 FY2014. Among the factors leading to the decline in PBT are the weak SSSG recorded for the Malaysia and Vietnam operations for the current quarter at -0.1% and -1.1% respectively (relative to the costs pressure), the temporary closure of 3 stores for renovation in Malaysia resulting in the absence of gross profit contribution from these stores and the currency weakness especially of the Indonesian Rupiah which reduced the PBT contribution from the foreign operations upon translation to the presentation currency in Singapore Dollar.

On a like for like comparable basis (excluding the results of the closed stores), PBT declined by a lesser (9.1)% to S\$13.7 million. Further adjusting the like for like PBT figure to exclude the impact of currency fluctuations would result in PBT declining by a lesser (6.3)%.

### Taxation

The Group effective tax rate for Q1 FY2014 remained stable at 32.3% YoY. The effective tax rate is higher than the statutory tax rates of the countries where the Group operates due significantly to the losses incurred by the store located at Landmark 72, Hanoi, whereby the local tax regulation do not allow for set-off of tax losses between Group companies.

### Net profit for the period

Net profit for Q1 FY2014 was lower by (12.7)% YoY to S\$9.8 million. As a percentage of revenue, the net profit ratio for Q1 FY2014 reduced by 90 bps YoY to 9.0%.

On a like for like comparable basis (excluding the results of the closed stores), net profit declined by a lesser (8.7)% to S\$9.2 million.

### Review of Financial Resources

The Group's financial position remains strong, with a working capital of S\$106.3 million and total equity of S\$258.0 million as at 30 September 2013.

The Group generated healthy net cash from operations for Q1 FY2014 of S\$26.2 million despite being faced with challenging environments. The Group cash balance as at 30 September 2013 remained strong at S\$191.4 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 Q2 FY2014 will benefit from the Christmas and year-end holiday spending across all the countries where the Group operates.

### Store Openings

The Group has opened one (1) store in the city of Bekasi, Indonesia in Q1 FY2014. A further 10 new stores are planned to be opened in the remainder of the financial year FY2014 across the countries of Malaysia, Vietnam, Indonesia and Cambodia with total gross floor area of approximately 144,776 sq.m.

### Temporary store closures

The Group has closed three (3) stores for renovation during the Q1 FY2014 period. These stores are scheduled to be re-opened in the next reporting quarter Q2 FY2014 which will benefit the results going forward.

### Prospect

Consumer discretionary spending in Malaysia and particularly Indonesia will pick-up in the coming Q2 FY2014 period contributed by the year-end festive and holiday spending. We expect our Malaysia and Indonesia operations to register improvement in performance for the next reporting quarter due to the anticipated pick-up in spending as well as the re-opening of the 3 temporarily closed stores in Malaysia. The start of the Visit Malaysia Year 2014 in the 2<sup>nd</sup> half of FY2014 will see increase tourists spending which will benefit our Malaysia operations. The recovery in performance for our Vietnam operations remains patchy but we anticipate gradual improvement in consumer discretionary spending for Vietnam leading to improvement in performance for our Vietnam operations in the 2<sup>nd</sup> half of FY2014.

Overall, the Group is of the view that operating results will improve in the coming quarters.

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 2013.

**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
<b>Period ended 30.09.2013</b>						
<b>Gross Sales Proceeds</b>	200,166	36,346	38,640	985	-	276,137
<b>Revenue</b>	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
<b>Total Profit/(Loss) Before Tax</b>	12,504	(175)	1,818	(208)	566	14,505
<b>Period ended 30.09.2012</b>						
<b>Gross Sales Proceeds</b>	209,596	36,717	36,832	-	-	283,145
<b>Revenue</b>	88,701	10,614	14,048	-	-	113,363
Profit before tax	14,458	875	2,098	-	-	17,431
Investment holding/Others					(1,044)	(1,044)
Share of profits of an associate					264	264
<b>Total Profit/(Loss) Before Tax</b>	14,458	875	2,098	-	(780)	16,651

**14. Interested person transactions for the period ended 30 September 2013.**

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 <sup>(1)</sup>	-	124
Parkson Holdings Berhad Group <sup>(2)</sup>	-	473
Bonuskad Loyalty Sdn Bhd <sup>(3)</sup>	-	2,377
PT Monica Hijaulestari <sup>(4)</sup>	-	1,096

Notes:

- (1) 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.
- (2) Rental of retail space from Festival City Sdn Bhd and concessionaire agreements with Park Avenue Fashion Sdn Bhd.
- (3) Marketing fees payable for bonus points issued and amounts receivable for points redemption made by cardholders.
- (4) Purchases of "The Body Shop" products.

**15. Disclosure on the use of IPO proceeds**

As at 30 September 2013, the Company has utilized:

- S\$6.5 million for the purpose of store openings in Indonesia;
- S\$12.4 million to subscribe for the rights issue of shares in an associate company, Odel PLC; 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 first quarter ended 30 September 2013, to be false or misleading.

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

Toh Peng Koon  
Executive Director and Chief Executive Officer

Singapore, 14 November 2013