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PRESS RELEASE

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Parkson Retail Asia achieves net profit of S\$6.9 million

- Gross Sales Proceeds (“**GSP**”) and revenue increased 1.7% and 1.2% respectively
- Same-Store Sales Growth (“**SSSG**”) in Myanmar grew by 33.2%
- Indonesia’s SSSG improved to 5.7% with consumer sentiment remaining strong
- Merchandise gross margin improved to 23.8%
- New stores undergoing gestation period before profitability commences

First quarter ended 30 September 2014

S\$ million	1Q FY2015	1Q FY2014	Change (%)	*1Q FY2015	*1Q FY2014	Change (%)
Gross Sales Proceeds	280.7	276.1	1.7	263.9	275.6	(4.3)
Revenue	110.0	108.7	1.2	104.4	108.6	(3.9)
Profit Before Tax	10.5	14.5	(27.9)	13.9	14.6	(5.3)
Net Profit Attributable to Owners	6.9	10.3	(33.1)	9.5	10.4	(8.2)

** Figures are on a like-for-like comparable basis 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).*

Singapore, 13 November 2014 – Parkson Retail Asia Limited (“Parkson” or the “Company”, and together with its subsidiaries, the “Group”), a leading and award-winning Asian department store operator listed on the Mainboard of the Singapore Exchange, announced today a net profit of S\$6.9 million earned in the first quarter of the financial year ending 30 June 2015 (“**1QFY2015**”). This represents a 33.1% Year-on-Year (“**Y-o-Y**”) decline from S\$10.3 million in the corresponding period of the previous financial year (“**1QFY2014**”). However, on a same store basis, net profit would have registered an 8.2% decline. On a same store basis and same currency basis, net profit declined by 7.0%.

PARKSON RETAIL ASIA LIMITED

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Group Chief Executive Officer of Parkson, Mr. Toh Peng Koon said: “In the midst of a challenging environment in the retail industry, we are pleased to have managed to achieve growth in our overall gross sales proceeds and revenue. While we see improvements in markets such as Indonesia and Myanmar, certain markets are facing headwinds, including Malaysia and Vietnam. Our bottomline was affected by the losses incurred by our new stores due to their gestation period. It is necessary to make such investments in order to build a larger and stronger base for the Group. We look forward to the sales performance of these new stores normalising towards profitability in the near future.”

Financial Review for 1QFY2015

Recorded 1QFY2015 GSP increased to S\$280.7 million from S\$276.1 million in 1QFY2014. Overall, the Group’s revenue was S\$110.0 million for 1QFY2015, an improvement from S\$108.7 million in 1QFY2014. The increase in GSP and revenue was attributed to sales contribution from the 7 new stores and 3 renovated stores which were opened/re-opened during FY2014. On a same store basis, GSP would have registered a 4.3% drop while revenue would have decreased by 3.9% due to negative Same Store Sales (“**SSS**”) recorded by the Malaysia and Vietnam operations and local currency weakness of the Indonesian Rupiah. On a same store basis and same currency basis, GSP and revenue for 1QFY2015 would have declined by 2.6% and 2.3% respectively.

The discretionary retail environment in Vietnam remained difficult in 1QFY2015 despite signs of economic recovery. In Malaysia, the consumer sentiment index (“**CSI**”) fell below the 100-point confidence threshold for the third quarter calendar year 2014. This was due to the impact of the country’s central bank tightening of interest rate and increase in the costs of living resulting from the government’s subsidy rationalisation programmes. These factors led to an overall weaker 1QFY2015 SSS of negative 4.4% in Malaysia and negative 5.5% in Vietnam. The overall SSS was buffered by improved 1QFY2015 SSS growth of 5.7% in Indonesia compared with 3.9% in 1QFY2014. Indonesia is experiencing robust consumer sentiment with the CSI remaining above the 100-point confidence threshold. The store in Myanmar recorded strong SSS growth of 33.2% with ramp-up of sales after the first year of operations.

Recorded 1QFY2015 profit before tax (“**PBT**”) declined by 27.9% Y-o-Y to S\$10.5 million. This was due to losses incurred by new stores during their gestation period and the de-leveraging impact from the negative SSS of the Malaysia and Vietnam operations. The decline in PBT was mitigated by improvement in gross profit margin by 70 bps to 23.8% in 1QFY2015. On a same store basis, PBT recorded a decline of 5.3%. On a same store basis and same currency basis, PBT recorded a decline of 4.1%.

Strong balance sheet

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. Group cash balance stood at \$163.8 million as at 30 September 2014.

On 4 November this year, the Group completed the divestment of its 47.46% equity interest (comprising 129,150,864 shares) in Odel PLC at LKR22 per share. The total cash consideration was LKR2,841,319,008 (approximately S\$27.6 million). This divestment was made pursuant to a mandatory offer made by Softlogic Holdings PLC Group.

Commenting on the Group's outlook for the year, Mr. Toh Peng Koon said: "Despite the macro environment displaying mixed signals of development, we remain focused on enhancing our fundamentals. With our strong balance sheet, we are able to ride out the gestation period of the new stores and overcome the current challenges experienced in Malaysia and Vietnam. At the same time, we are constantly prepared for opportunities to expand our footprint in the key regions of our operations. We remain committed to maximising shareholder returns."

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About Parkson Retail Asia Limited

Parkson Retail Asia Limited (“Parkson” or the “Company”) is a Southeast Asia-based department store operator with an extensive network of 63 stores (including one supermarket) as at 30 September 2014, spanning approximately 726,752 sqm of retail space across cities in Malaysia, Vietnam, Indonesia, and Myanmar. Collaborating with numerous international brands such as Polo Ralph Lauren Children, Burberry Kids, Eto, Lacoste, Timberland, La Mer, Chanel, Christian Dior and Swarovski, Parkson offers consumers in the middle and upper-middle income segment a wide range of merchandise.

Established in 1987, Parkson operates an efficient and competitive business model through a blend of concessionaire sales model, anchor tenant, customised product mix and state-of-the-art management tools.