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PRESS RELEASE

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Parkson Retail Asia reports 3QFY2014 net profit of S$7.6 million

- ***Consumer sentiments remain strong in Indonesia;***
- ***Uptrend still intact despite challenging retail environments in Malaysia and Vietnam; Two more stores expected to open in 4QFY2014;***
- ***Gestation period required for new stores before sales ramp up;***
- ***Temporary closure of three stores for renovation, in line with business initiatives to enhance sales performance when stores reopen;***
- ***Special Interim Dividend of 3.0 Singapore cents for 3QFY2014 in view of strong cash position.***

Financial year ending 30 June

S$ million	3Q FY2014	3Q FY2013	Change (%)	9M FY2014	9M FY2013	Change (%)
Gross Sales Proceeds	269.7	279.3	(3.4)	831.8	857.8	(3.0)
Revenue	106.7	108.5	(1.7)	332.9	343.4	(3.1)
Profit before tax	11.2	14.0	(20.0)	43.7	49.3	(11.4)
Net profit attributable to the owners of the Company	7.6	9.8	(22.6)	31.4	34.6	(9.2)

Singapore, 8 May 2014 – Singapore Exchange Mainboard-listed ("SGX-ST") **Parkson Retail Asia Limited** ("**Parkson**" or the "**Company**", and together with its subsidiaries, the "**Group**"), a leading Southeast Asia-based department store operator, announced today a net profit of S$7.6 million for the third quarter of the financial year ending 30 June 2014 ("**3QFY2014**"). This represents a decline of22.6% Year-on-Year ("**Y-o-Y**") from S$9.8 million in the corresponding period of the previous financial year ("**3QFY2013**"). For the first nine months of the financial year ending 30 June 2014 ("**9MFY2014**"), net profit declined 9.2% Y-o-Y to S$31.4 million from S$34.6 million. On a same store basis excluding currency impact, 9MFY2014 net profit increased 2.5% Y-o-Y.

Commenting on the company's performance, the Group Chief Executive Officer, Mr. Toh Peng Koon said: "The retail environment in Malaysia has been affected by the broader consumer sentiment while the increase in retail space has affected sales in our Vietnam stores. Indonesia has continued to do well with our store in Bali benefiting from increased tourist arrivals due to the weaker currency and improved flight connectivity.

"We've also opened more stores over the nine-month period of our financial year, compared to the same period last year. While in their gestation period, the new stores will take time to stabilise and ramp up sales. In line with our business initiatives to refresh certain stores to enhance sales performance, we closed three stores in Malaysia during the first quarter of our financial year, which impacted sales. The stores have since reopened. But overall, our markets remain on the uptrend as the middle-class populations grow and become more affluent. The current market weaknesses are cyclical in nature and we continue to make adjustments at the ground-level to capture value at every turn."

Financial review for 3QFY2014 and 9MFY2014

Parkson's 3QFY2014 gross sales proceeds (**"GSP"**) and revenue declined 3.4% and 1.7% Y-o-Y respectively to S$269.7 million and S$106.7 million. 3FY2014 profit before tax ("**PBT**") declined 20.0% Y-o-Y to S$11.2 million. The decline was due to weaker SSS growth in Malaysia and Vietnam. In Malaysia, the consumer sentiment index **("CSI")** fell below the 100-point threshold of confidence for the first time in five years in the fourth quarter of 2013, and remained under in the first quarter of 2014. Vietnam suffered from an overhang of new retail space in a weak retail spending environment despite signs of economic stability. These factors led to an overall weaker 3QFY2014 Same-Store Sales ("**SSS**") of 0.1% in Malaysia and negative 7.2% in Vietnam. The overall SSS growth was buffered by strong 3QFY2014 SSS growth of 8.9% in Indonesia compared with 1.2% in 3QFY2013, which is seeing robust consumer sentiment with CSI remaining above the 100-point threshold.

In addition, PBT was affected by initial expenses incurred by five new stores opened during 9MFY2014, compared to only two in the same period last financial year (**"9MFY2013"**). Lost sales from the closure of three stores in Malaysia for renovation in the first quarter of the current financial year ("**1QFY2014**") and the currency weakness of the Indonesian Rupiah against the Singapore dollar also accounted for the drop in figures.

For 9MFY2014, GSP and revenue declined 3.0% and 3.1% Y-o-Y respectively to S$831.8 million and S$332.9 million. 9MFY2014 PBT declined 11.4% Y-o-Y to S$43.7 million. On a same store basis and excluding the currency impact, 9MFY2014 GSP and revenues increased 0.3% and 0.6% Y-o-Y respectively while 9MFY2014 PBT declined 0.5% Y-o-Y.

The Group's share of profits in its associate, Odel PLC, increased for 3QFY2014 to S$0.214 million and S$0.894 million for 9MFY2014 due to an increase in interest income raised on the funds from a rights issue in December 2012. Odel PLC recorded an improvement in SSS growth of 8.0% for 3QFY2014 due to the nominalisation of sales as compared to 3QFY2013 which saw weak consumer spending from the introduction of Goods and Service Tax in Sri Lanka effective January 2013.

Healthy cash and equity position

Parkson's financial position remained healthy with a working capital of S$92.8 million and total equity of S$259.9 million as at 31 March 2014.

Despite the challenging environment, the Group's cash generation remains strong with net cash generated from operations for 9MFY2014 of S$42.9 million.

Cash and cash equivalents stood at S$164.4 million as at 31 March 2014.

Earnings per ordinary share, based on the weighted average number of 677,300,000 shares, was 1.12 cents and 4.63 cents, for 3QFY2014 and 9MFY2014, while net asset value per share stood at S$0.38 as at 31 March 2014.

Special Interim Dividend

In view of Parkson's strong cash position, the Board has approved a special interim dividend of 3.0 Singapore cents per share for 3QFY2014. In the previous financial year ("**FY2013**"), the group distributed a total of 2.7 Singapore cents per share in final dividends, representing a payout ratio of 46% of profit attributable to shareholders.

Mr Toh said: "Generous dividend payouts are a testament to our commitment to reward shareholders, as well as a reflection of the management's disciplined approach to balancing cash requirements with working capital needs. Given that ours is a cash-generative business, we are glad to share the fruits of our labour with our loyal shareholders and thank them for their confidence in us over the years."

The Share Transfer Books and the Register of Members of the Company will be closed on 6 June 2014 for the purpose of determining shareholders entitlement to the dividend.

Business Initiatives

Parkson has embarked on a series of initiatives to address the challenging retail environments by strengthening its core operations and enhancing store networks. Among the initiatives are:

- Continued investment in staff training to raise service standards;
- Enhanced marketing approach through targeted promotions and collaborative promotions with banks;
- Negotiating with suppliers and concessionaires to improve gross margin;
- Increasing the range of middle-price merchandise, especially in Vietnam, to cater to a wider consumer base;
- Continued focus on costs management.

In addition, the Group continues to seek out attractive locations with good traffic to open its stores. It is also renovating its stores to refresh store experience and increase sales contribution when they reopen.

For 9MFY2014, the Group undertook renovations of three stores in Malaysia.

Store Openings

The Group has opened five stores during 9MFY2014, with three stores opened in the cities of Jakarta and Medan, Indonesia; one store in Ho Chi Minh City, Vietnam; and one store in Kuala Lumpur, Malaysia. Odel PLC opened three stores in the cities of Colombo, Negombo and Galle, Sri Lanka during the same period to bring their total store count to 20 stores.

In line with the Group's strategy to tap into areas of strong middle-class income growth, the Group is scheduled to open two new stores in the fourth quarter of the current financial year ("**4QFY2014**") in Indonesia with a total gross floor area of approximately 26,056 sqm.

Outlook

The anticipated reduction in Chinese tourist arrivals into Malaysia arising from the MH370 incident is expected to dampen performance in 4QFY2014. Vietnam will continue to see challenging conditions while the local currency weakness in our markets will remain a risk to our performance. However, there is an expected improvement in gross profit margin in 4QFY2014 with the Group expecting to remain profitable for 4QFY2014.

Commenting on the Group's outlook for the rest of the year, Mr. Toh said: "We have built up a cash generative business based on our asset-light concessionaire sales model and disciplined cash management. With our strong cash balance and excess cash above our cost of capital, we are able to swiftly and prudently deploy our capital to capture opportunities and strengthen our existing store network. Our existing stores retain a good percentage of footfall and market share in the retail space despite cyclical weakness. The reopening of our renovated stores will lead to improvement in our performance. We continue to open more stores to shore up our existing network and are confident that we will be able to capture the long-term market potential in the eventual market rebound."

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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 61 stores (including one supermarket) as at 31 March 2014, spanning approximately 699,000 sqm of retail space across cities in Malaysia, Vietnam, Indonesia and Myanmar. In addition, Parkson has a presence in Sri Lanka through the Company's equity stake of 47.46% in a leading retailer, Odel PLC. Parkson collaborates with numerous international brands such as Polo Ralph Lauren Children, Burberry Kids, Etro, Lacoste, Timberland, La Mer, Chanel, Christian Dior and Swarovski, to offer 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. Parkson was admitted to the Mainboard of the Singapore Exchange on 3 November 2011, in conjunction with its successful initial public offering ("Offering") of 147 million shares.