



PARKSON RETAIL ASIA LIMITED

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

Unaudited Financial Statements for the Third Quarter ended 31 March 2014

HIGHLIGHTS

	Group								
	Reported			Reported			Like-for-Like Comparable*		
	Quarter ended			9 months ended			9 months ended		
	31.03.2014	31.03.2013	+/(−)	31.03.2014	31.03.2013	+/(−)	31.03.2014	31.03.2013	+/(−)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds	269,664	279,299	(3.4)	831,843	857,835	(3.0)	800,544	828,589	(3.4)
Revenue	106,718	108,517	(1.7)	332,862	343,381	(3.1)	322,323	333,121	(3.2)
Profit Before Tax	11,209	14,017	(20.0)	43,724	49,336	(11.4)	46,675	48,808	(4.4)
Net Profit attributable to owners of the Company	7,567	9,780	(22.6)	31,387	34,558	(9.2)	33,638	34,178	(1.6)

* 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 closed stores during the YTD 9 months FY2014 and FY2013 periods).

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

SSSG	Quarter ended		9 months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Malaysia	+0.1%	+8.6%	+0.1%	+5.6%
Vietnam	-7.2%	+9.9%	-3.8%	-1.3%
Indonesia	+8.9%	+1.2%	+6.7%	+4.9%

The Malaysia operations continued to face a challenging retail environment in the 3rd quarter of financial year 2014 ("Q3 FY2014"), recording a relatively flat SSSG of +0.1%. Consumer sentiment in Malaysia remained weak with the consumer sentiment index ("CSI") as reported by the Malaysian Institute of Economic Research remaining below the 100-point threshold of confidence for the 1st quarter year 2014. The same CSI reading reported for the previous 4th quarter year 2013 showed that the CSI fell below the 100-point threshold for the first time in five years with a reading of 82.4. Consumer sentiment was impacted by inflationary pressures arising from the government's implementation of subsidy rationalization programmes and the central bank's tightening measures to curb household debt.

The Vietnam operations recorded SSSG of -7.2% for Q3 FY2014. Discretionary retail spending remained weak in Vietnam for the quarter despite signs of economic stability. The sales at the stores in Hanoi were especially affected by the significant increase in new retail space amid a weak retail environment.

The Indonesia operations continued to record strong SSSG in Q3 FY2014 at +8.9%. Consumer sentiment remained strong with Bank Indonesia reporting the country's consumer confidence index ("CCI") for the 1st quarter year 2014 remaining above the 100-point confidence threshold with a CCI reading of 117.0. The store in the island of Bali especially benefitted from increased tourist arrivals driven by the weak currency and improved flight connectivity.

Gross Sales Proceeds ("GSP") for Q3 FY2014 declined by (3.4)% Year-over-Year ("YoY") to S\$269.7 million, while GSP for the Year-To-Date ("YTD") 9 months financial year 2014 ("YTD 9 months FY2014") declined by (3.0)% YoY to S\$831.8 million. Group's revenue for Q3 FY2014 declined by (1.7)% YoY to S\$106.7 million, while revenue for YTD 9 months FY2014 declined by (3.1)% YoY to S\$332.9 million. The declines in GSP and revenue are attributable to a combination of factors i.e. (i) negative SSSG for the Vietnam operations at -7.2% for Q3 FY2014 and -3.8% for the YTD 9 months FY2014, (ii) local currency weakness especially of the Indonesian Rupiah which reduced the sales contribution from the foreign operations upon translation to the presentation currency in Singapore Dollar and (iii) impact of lost sales from 3 stores closed for renovation in Q1 FY2014 which have since re-opened during the financial period. There was also 1 store permanently closed in the previous Q4 FY2013 for which there was no corresponding sales figure for the current YTD 9 months FY2014 period. On same store basis and excluding currency impact, GSP and revenue for YTD 9 months FY2014 increased marginally by 0.3% and 0.6% respectively.

Profit Before Tax ("PBT") for Q3 FY2014 declined by (20.0)% YoY to S\$11.2 million, while PBT for the YTD 9 months FY2014 declined by (11.4)% YoY to S\$43.7 million. Among the factors contributing to the decline in PBT are (i) lower-than-expected SSSG recorded by the Malaysia and Vietnam operations for the current quarter and YTD period (relative to the costs pressure), (ii) the initial loss-making period associated with new stores opened in the current quarter and YTD period (including pre-opening expenses) before sales at these stores ramp-up and profitability commences (there were 5 new stores opened in the YTD 9 months FY2014 period vs 2 new stores opened in the comparative YTD period), (iii) the temporary closure of 3 stores for renovation in Malaysia resulting in the absence of gross profit contribution from these stores and (iv) local 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. However, the decline in PBT YoY was mitigated by the improvement in gross profit margin for Q3 FY2014 and YTD 9 months FY2014 by 80 bps and 70 bps respectively. On same store basis, PBT declined by a lesser (4.4)% YoY for the YTD 9 months FY2014 to S\$46.7 million. On same store basis and excluding currency impact, PBT for the YTD 9 months FY2014 declined marginally by (0.5)% YoY

A summary table detailing the segmental PBT for the YTD 9 months FY2014 is appended below.

	Group		
	9 months ended		
PBT Summary	31.03.2014	31.03.2013	+/(−)
	S\$'000	S\$'000	%
Like-for-like, on same store basis			
Malaysia	40,855	40,905	(0.1)
Vietnam	810	3,509	(76.9)
Indonesia	4,763	5,361	(11.2)
Share of profits of an associate (Sri Lanka)	894	689	29.8
Investment holding / Others	(647)	(1,656)	60.9
PBT (same store basis)	46,675	48,808	(4.4)
PBT / (Losses) of new and closed stores			
Malaysia	(212)	707	>(100.0)
Vietnam	(265)	-	>(100.0)
Indonesia	(1,880)	(97)	>(100.0)
Myanmar	(594)	(82)	>(100.0)
Group PBT	43,724	49,336	(11.4)

On same store basis, PBT for the Malaysia operations for YTD 9 months FY2014 remained flat YoY. The Malaysia operations recorded improvement in gross profit margin by 90 bps due to reduced discounting and lesser stock shrinkages, and lower operating expenses. On same store and same currency basis, PBT for the Malaysia operations for YTD 9 months FY2014 recorded an increase of 2.9%,

On same store basis, PBT for the Vietnam operations for YTD 9 months FY2014 declined by (76.9)% due to the negative SSSG of -3.8% and compounded by costs pressure and the losses at the Landmark 72 store in Hanoi.

On same store basis, PBT for the Indonesia operations for YTD 9 months FY2014 declined by (11.2)% due significantly to lower write-back of retirement benefits provision of S\$0.6 million in the current period and translation effect of the weaken Rupiah to the presentation currency in Singapore Dollar. On same store and same currency basis, PBT for the Indonesia operations for YTD 9 months FY2014 recorded an increase of 2.8%.

The store in Myanmar opened for business in May 2013 and the loss of S\$(0.594) million incurred for the YTD 9 months FY2014 was due to pre-opening expenses incurred and operational gestation period.

The Group's share of profits of the associate, Odel PLC, increased by 29.8% to S\$0.89 million. The profits of Odel PLC increase due to the increased interest income earned on the funds from the rights issue of shares completed in December 2012.

Investment holding / Others recorded a decline in loss position by 60.9% for the YTD 9 months FY2014 to S\$(0.647) million. This was largely due to the net exchange gain of S\$0.4 million on foreign currency deposits recognised in the current period as compared to net exchange loss in the comparative period and the absence of non-recurring costs e.g. acquisition-related cost of the associate which was recorded in the comparative period.

The Group's cashflow generation remains strong with net cash generated from operations of S\$42.9 million for the YTD 9 months FY2014. The Group balance sheet position continues to be healthy with total equity of S\$259.9 million as at 31 March 2014.

A summary table comparing the PBT variance in percentage terms for the (i) reported numbers, (ii) same store numbers and (iii) same store, same currency numbers across the Group's 3 main markets is appended below.

PBT variance (comparing YTD 9 months FY2014 vs YTD 9 months FY2013)	Reported	Same store	Same store, same currency
	+ / (-)	+ / (-)	+ / (-)
	%	%	%
Malaysia	(2.3)	(0.1)	2.9
Vietnam	(84.5)	(76.9)	(77.2)
Indonesia	(45.2)	(11.2)	2.8
Group	(11.4)	(4.4)	(0.5)

Prospect

The Group anticipates some drag to its performance going into the final Q4 FY2014 quarter due to the anticipated reduction in the Chinese tourist arrivals into Malaysia arising from the MH370 incident and the continued weakness of the stores in Hanoi, Vietnam. This drag will be partly mitigated by an expected improvement in gross profit margin in the Q4 FY2014 quarter. Local currency weakness of the countries where the Group operates remains a risk to the Group's financials which are presented in Singapore Dollar. However, the Group expects to remain profitable for the Q4 FY2014 quarter.

Dividend

The Board of Directors has approved the payment of a special interim dividend of 3.0 cents per share (tax exempt, one-tier).



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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			9 months ended		
	31.03.2014	31.03.2013*	+/(-)	31.03.2014	31.03.2013*	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	106,718	108,517	(1.7)	332,862	343,381	(3.1)
Other income	3,573	3,216	11.1	9,879	9,716	1.7
Items of expense						
- Changes in merchandise inventories and consumables	(40,361)	(41,635)	(3.1)	(128,700)	(138,075)	(6.8)
- Employee benefits expense	(12,991)	(12,195)	6.5	(37,074)	(34,599)	7.2
- Depreciation and amortisation expenses	(5,261)	(4,993)	5.4	(15,134)	(14,477)	4.5
- Rental expenses	(26,091)	(25,055)	4.1	(75,673)	(73,905)	2.4
- Finance costs	(116)	(52)	>100.0	(346)	(174)	98.9
- Other expenses	(14,476)	(13,812)	4.8	(42,984)	(43,220)	(0.5)
Total expenses	(99,296)	(97,742)	1.6	(299,911)	(304,450)	(1.5)
Share of profits of an associate	214	26	>100.0	894	689	29.8
Profit before tax	11,209	14,017	(20.0)	43,724	49,336	(11.4)
Taxation	(3,966)	(4,553)	(12.9)	(13,602)	(15,648)	(13.1)
Net profit for the period	7,243	9,464	(23.5)	30,122	33,688	(10.6)
Net profit for the period attributable to:						
Owners of the Company	7,567	9,780	(22.6)	31,387	34,558	(9.2)
Non-controlling interests	(324)	(316)	2.5	(1,265)	(870)	45.4
	7,243	9,464	(23.5)	30,122	33,688	(10.6)

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

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

	Group					
	Quarter ended			9 months ended		
	31.03.2014	31.03.2013	+/(-)	31.03.2014	31.03.2013	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit for the period	7,243	9,464	(23.5)	30,122	33,688	(10.6)
Other comprehensive gain/(loss):						
Foreign currency translation	2,515	521	>100.0	(9,812)	(2,534)	>100.0
Total comprehensive income	9,758	9,985	(2.3)	20,310	31,154	(34.8)
Total comprehensive income/(loss) attributable to:						
Owners of the Company	10,059	10,288	(2.2)	21,580	32,109	(32.8)
Non-controlling interests	(301)	(303)	(0.7)	(1,270)	(955)	33.0
	9,758	9,985	(2.3)	20,310	31,154	(34.8)

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

	Group			
	Quarter ended		9 months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Profit before tax is arrived after (charging)/crediting:				
Finance income	1,736	1,608	4,435	4,337

1(b)(i) Statements of Financial Position

	Group		Company	
	31.03.2014	30.06.2013	31.03.2014	30.06.2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	88,426	77,046	-	-
Land use right	8,100	8,173	-	-
Investments in subsidiaries	-	-	147,220	153,122
Investment in an associate	27,127	27,611	25,926	27,157
Other receivables	25,526	23,823	25,134	20,311
Prepayments	16,572	18,586	-	-
Intangible assets	6,218	7,205	-	-
Derivatives	20	21	-	-
Deferred tax assets	2,995	2,080	-	-
Investment securities	90	93	-	-
	175,074	164,638	198,280	200,590
Current assets				
Inventories	60,421	58,209	-	-
Trade and other receivables	24,628	29,130	20,442	25,320
Prepayments	4,488	4,785	-	-
Tax recoverable	3,953	4,033	-	-
Cash and short-term deposits	164,433	176,830	641	21,373
	257,923	272,987	21,083	46,693
Total assets	432,997	437,625	219,363	247,283
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	135,643	147,515	706	581
Other liabilities	27,841	23,256	-	-
Tax payable	1,630	1,529	-	-
	165,114	172,300	706	581
Net current assets	92,809	100,687	20,377	46,112
Non-current liabilities				
Other payables	7,888	7,299	-	-
Deferred tax liabilities	101	155	-	-
	7,989	7,454	-	-
Total liabilities	173,103	179,754	706	581
Net assets	259,894	257,871	218,657	246,702
Equity attributable to owners of the Company				
Share capital	231,676	231,676	231,676	231,676
Other reserves	(147,712)	(137,905)	(13,593)	(4,250)
Retained earnings	174,714	161,614	574	19,276
	258,678	255,385	218,657	246,702
Non-controlling interests	1,216	2,486	-	-
Total equity	259,894	257,871	218,657	246,702
Total equity and liabilities	432,997	437,625	219,363	247,283

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

There are no Group loans and borrowings as at 31.03.2014 and 30.06.2013.

1(c) Consolidated Statement of Cash Flows

	Group			
	Quarter ended		9 months ended	
	31.03.2014	31.03.2013*	31.03.2014	31.03.2013*
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before tax	11,209	14,017	43,724	49,336
Adjustments for				
- Depreciation and amortisation	5,261	4,993	15,134	14,477
- Finance costs	116	52	346	174
- Finance income	(1,736)	(1,608)	(4,435)	(4,337)
- Share of profits of an associate	(214)	(26)	(894)	(689)
- Unrealised currency translation (gain)/ loss	40	138	(263)	471
- Others	(40)	(5,329)	1,751	(3,075)
Operating cash flows before changes in working capital	14,636	12,237	55,363	56,357
Changes in working capital				
- Inventories	3,134	7,780	(5,536)	3,991
- Receivables and prepayments	338	(8,854)	1,841	(10,477)
- Payables and other liabilities	(38,241)	(35,073)	1,618	10,591
Cash flows generated from / (used in) operations	(20,133)	(23,910)	53,286	60,462
Finance income received	1,657	1,411	4,180	4,000
Finance costs paid	(36)	(15)	(51)	(44)
Income tax paid	(5,319)	(4,392)	(14,489)	(13,078)
Net cash generated from / (used in) operating activities	(23,831)	(26,906)	42,926	51,340
Investing activities				
Purchase of property, plant and equipment	(12,688)	(2,113)	(30,486)	(12,864)
Addition of intangible assets	(215)	(106)	(307)	(242)
Capital contribution from minority interests of a subsidiary	-	1,116	-	1,116
Investment in an associate	-	-	-	(27,364)
Dividends received from an associate	-	-	148	152
Net cash used in investing activities	(12,903)	(1,103)	(30,645)	(39,202)
Financing activities				
Repayment of finance lease obligations	-	(1)	-	(5)
Dividends paid	-	-	(18,287)	(20,319)
Net cash used in financing activities	-	(1)	(18,287)	(20,324)
Net decrease in cash and cash equivalents	(36,734)	(28,010)	(6,006)	(8,186)
Cash and cash equivalents at beginning of financial period	199,846	210,670	176,830	190,290
Effects of currency translation on cash and cash equivalents	1,321	(59)	(6,391)	497
Cash and cash equivalents at end of financial period	164,433	182,601	164,433	182,601

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

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

	Group	
	31.03.2014	31.03.2013
	S\$'000	S\$'000
Cash at bank	16,105	19,856
Short-term bank deposits	148,328	162,745
	164,433	182,601

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 01.07.2013	231,676	(24,551)	1	9,959	(123,753)	439	161,614	255,385	2,486	257,871
Profit for the period	-	-	-	-	-	-	31,387	31,387	(1,265)	30,122
Foreign currency translation	-	(9,807)	-	-	-	-	-	(9,807)	(5)	(9,812)
Dividends	-	-	-	-	-	-	(18,287)	(18,287)	-	(18,287)
Balance at 31.03.2014	231,676	(34,358)	1	9,959	(123,753)	439	174,714	258,678	1,216	259,894
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	-	-	-	-	-	-	34,558	34,558	(870)	33,688
Foreign currency translation	-	(2,449)	-	-	-	-	-	(2,449)	(85)	(2,534)
Capital contribution	-	-	-	-	-	-	-	-	1,116	1,116
Dividends	-	-	-	-	-	-	(20,319)	(20,319)	-	(20,319)
Balance at 31.03.2013	231,676	(25,242)	1	9,959	(123,753)	439	156,534	249,614	3,113	252,727

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 01.07.2013	231,676	(4,250)	19,276	246,702
Loss for the period	-	-	(415)	(415)
Foreign currency translation	-	(9,343)	-	(9,343)
Dividends	-	-	(18,287)	(18,287)
Balance at 31.03.2014	231,676	(13,593)	574	218,657
Balance at 01.07.2012	231,676	(2,526)	21,224	250,374
Loss for the period	-	-	(1,729)	(1,729)
Foreign currency translation	-	612	-	612
Dividends	-	-	(20,319)	(20,319)
Balance at 31.03.2013	231,676	(1,914)	(824)	228,938

- 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**

	31.03.2014	31.03.2013
	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.**

	31.03.2014	30.06.2013
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 March 2014 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 in the most recent audited financial statements for the financial year ended 30 June 2013, 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 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		9 months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Basic and diluted (cents)	1.12	1.44	4.63	5.10
Based on weighted average number of shares ('000)	677,300	677,300	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	
	31.03.2014	30.06.2013	31.03.2014	30.06.2013
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (S\$)	0.38	0.38	0.32	0.36

8. Review of Group Performance

Review of Business Environments

The Group recorded the following SSSG, by countries:

SSSG	Quarter ended		9 months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Malaysia	+0.1%	+8.6%	+0.1%	+5.6%
Vietnam	-7.2%	+9.9%	-3.8%	-1.3%
Indonesia	+8.9%	+1.2%	+6.7%	+4.9%

The Malaysia operations continued to face a challenging retail environment in Q3 FY2014, recording a relatively flat SSSG of +0.1%. Consumer sentiment in Malaysia remained weak with the consumer sentiment index ("CSI") as reported by the Malaysian Institute of Economic Research remaining below the 100-point threshold of confidence for the 1st quarter year 2014. The same CSI reading reported for the previous 4th quarter year 2013 showed that the CSI fell below the 100-point threshold for the first time in five years with a reading of 82.4. Consumer sentiment was impacted by inflationary pressures arising from the government's implementation of subsidy rationalization programmes and the central bank's tightening measures to curb household debt.

The Vietnam operations recorded SSSG of -7.2% for Q3 FY2014. Discretionary retail spending remained weak in Vietnam for the quarter despite signs of economic stability. The sales at the stores in Hanoi were especially affected by the significant increase in new retail space amid a weak retail environment.

The Indonesia operations continued to record strong SSSG in Q3 FY2014 at +8.9%. Consumer sentiment remained strong with Bank Indonesia reporting the country's consumer confidence index ("CCI") for the 1st quarter year 2014 remaining above the 100-point confidence threshold with a CCI reading of 117.0. The store in the island of Bali especially benefitted from increased tourist arrivals driven by the weak currency and improved flight connectivity.

The Group's associate, Odel PLC, recorded improvement in SSSG of +8.0% for Q3 FY2014. There was normalization of sales growth in the current quarter as compared to the weak consumer spending in the comparative Q3 FY2013 quarter due to the introduction of Goods and Service Tax in Sri Lanka effective January 2013.

Business Initiatives

The Group has embarked on a number of initiatives across the geographies where it operates to address the challenging retail environments, particularly in the Vietnam and Malaysia markets. These include measures to strengthen Parkson's core operations and enhancing Parkson's store network. On-going measures to strengthen our core operations include (i) continued investment in staff training to enhance service standard, (ii) enhancing marketing approach through targeted promotions and collaborative promotions with banks, (iii) focusing on gross margin improvement through negotiations with suppliers and concessionaires, (iv) increasing the range of middle-price point merchandise especially in Vietnam where the retail market is weak, and (v) continued focus on costs management. On-going measures to enhance our store network include (i) continually searching for suitable locations for opening of new stores and (ii) periodic refurbishment of stores to provide an improved and refreshed shopping experience (for the YTD 9 months FY2014, we had undertaken major refurbishment to 3 of our stores in Malaysia).

Review of Operational Results

The Group recorded GSP of S\$269.7 million for Q3 FY2014, representing a decline of (3.4)% YoY. GSP for the YTD 9 months FY2014 was S\$831.8 million, representing a decline of (3.0)% YoY. The components of GSP for Q3 FY2014 and YTD 9 months FY2014 are as follows:-

	Group					
	Quarter ended			9 months ended		
	31.03.2014	31.03.2013*	+/(−)	31.03.2014	31.03.2013*	+/(−)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Sales Proceeds						
Sale of goods - direct sales	51,082	51,392	(0.6)	161,932	170,277	(4.9)
Sale of goods - concessionaire sales	214,897	223,654	(3.9)	658,136	674,776	(2.5)
Total merchandise sales	265,979	275,046	(3.3)	820,068	845,053	(3.0)
Consultancy and management service fees	277	293	(5.5)	835	937	(10.9)
Rental income	3,408	3,960	(13.9)	10,940	11,845	(7.6)
Total gross sales proceeds	269,664	279,299	(3.4)	831,843	857,835	(3.0)

* 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.

GSP declined for Q3 FY2014 and YTD 9 months FY2014 periods due to a combination of factors i.e. (i) negative SSSG for the Vietnam operations at -7.2% for Q3 FY2014 and -3.8% for the YTD 9 months FY2014, (ii) local currency weakness especially of the Indonesian Rupiah which reduced the sales contribution from the foreign operations upon translation to the presentation currency in Singapore Dollar and (iii) impact of lost sales from 3 stores closed for renovation in Q1 FY2014 which have since re-opened during the financial period. There was also 1 store permanently closed in the previous Q4 FY2013 for which there was no corresponding sales figure for the current YTD 9 months FY2014 period. On same store basis and excluding currency impact, GSP for YTD 9 months FY2014 increased marginally by 0.3% YoY.

The Group generated total merchandise sales of S\$820.1 million for the YTD 9 months FY2014, with concessionaire sales contributing 80.3% and direct sales contributing the balance of 19.7%. By product segment, the Fashion & Apparel category constitute 53.7% of the total merchandise sales, the Cosmetic & Accessories category constitute 27.9%, the Household, Electrical Goods & Others category constitute 15.0% while the remaining balance of 3.4% came from the Groceries & Perishables category.

The merchandise gross margin (a combination of the commission from concessionaires and direct sales margin) for Q3 FY2014 and YTD 9 months FY2014 increased by 80 bps YoY to 23.6% and by 70 bps YoY to 23.5% respectively. Gross margin improved due to reduced discounting and lesser stock shrinkages. Gross margin recorded marginal decline quarter-over-quarter, reducing by 10 bps from 23.7% in Q2 FY2014 to 23.6% in the current quarter.

Review of Financial Results

Revenue and Other Income

The Group recorded revenue of S\$106.7 million for Q3 FY2014, representing a decline of (1.7)% YoY. Revenue for the YTD 9 months FY2014 was S\$332.9 million, representing a decline of (3.1)% YoY. The decline in revenues is in line with the decline in merchandise sales and gross sales proceeds as explained above. On same store basis and excluding currency impact, revenue for YTD 9 months FY2014 increased marginally by 0.6% YoY. The components of revenues for Q3 FY2014 and YTD 9 months FY2014 are as follows:-

	Group					
	Quarter ended			9 months ended		
	31.03.2014	31.03.2013*	+/(-)	31.03.2014	31.03.2013*	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Sale of goods - direct sales	51,082	51,392	(0.6)	161,932	170,277	(4.9)
Commission from concessionaire sales	51,951	52,872	(1.7)	159,155	160,322	(0.7)
Consultancy and management service fees	277	293	(5.5)	835	937	(10.9)
Rental income	3,408	3,960	(13.9)	10,940	11,845	(7.6)
Total revenue	106,718	108,517	(1.7)	332,862	343,381	(3.1)

* 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 Q3 FY2014 and YTD 9 months FY2014 increased YoY by 11.1% to S\$3.6 million and by 1.7% to S\$9.9 million respectively. The components of other income include finance income of S\$1.7 million for Q3 FY2014 and S\$4.4 million for YTD 9 months FY2014.

Expenses

Total expenses of the Group increased marginally by 1.6% YoY to S\$99.3 million in Q3 FY2014. However, for the YTD 9 months FY2014, total expenses declined marginally by (1.5)% YoY to S\$299.9 million. Analysis of the major operating expense items for Q3 FY2014 and YTD 9 months FY2014 are 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 Q3 FY2014 and YTD 9 months FY2014 declined by (3.1)% to S\$40.4 million and by (6.8)% to S\$128.7 million respectively. These declines are in line with the decline in direct sales and also reflective of the lesser stock shrinkages in the current period.

Employee benefits expense

Staff cost increased by 6.5% to S\$13.0 million for Q3 FY2014 and increased by 7.2% to S\$37.1 million for YTD 9 months FY2014. These increases are primarily due to the inclusion of staff costs for new stores operating in FY2014 period, yearly wage increase and lesser write-back of retirement benefits provision by S\$0.6 million in the current period.

As a percentage of revenue, the staff cost ratios increased by 100 bps YoY to 12.2% for Q3 FY2014 and increased by 100 bps YoY to 11.1% for YTD 9 months FY2014. Staff cost ratios increased due to (i) staff costs for new stores where the sales are lower at the initial stages of operations, (ii) staff costs of the stores temporarily closed for renovation where these staffs are re-deployed to other stores but without corresponding sales contribution of these closed stores, (iii) decline in SSSG for the Vietnam operations resulting in lower staff productivity and (iv) lesser write-back of retirement benefits provision by S\$0.6 million in the current period.

Depreciation and amortisation expenses

Depreciation and amortisation increased by 5.4% to S\$5.3 million for Q3 FY2014, and increased by 4.5% to S\$15.1 million for YTD 9 months FY2014. These increases are primarily due to the inclusion of the depreciation costs for the new stores and renovated stores operating in FY2014 period.

As a percentage of revenue, depreciation and amortization expense ratios increased by 30 bps YoY to 4.9% for Q3 FY2014 and increased by 30 bps YoY to 4.5% for YTD 9 months FY2014. The higher ratios for Q3 FY2014 and YTD 9 months FY2014 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 4.1% to S\$26.1 million for Q3 FY2014, and increased by 2.4% to S\$75.7 million for YTD 9 months FY2014. These increases are significantly due to the inclusion of base rentals for the new stores and higher service charges incurred for the Indonesian stores in FY2014 period, however, mitigated by absence of rental costs for the closed stores in the current period.

As a percentage of revenue, the rental expense ratios increased by 130 bps YoY to 24.4% for Q3 FY2014, and increased by 120 bps YoY to 22.7% for YTD 9 months FY2014. Rental expense ratios increased due to (i) new stores that are paying base rentals but where the sales are lower at the initial stages of operations and (ii) the decline in SSSG for the Vietnam operations resulting in lower store productivity.

Other expenses

Other expenses mainly consist of (a) promotional and advertising expenses; (b) selling and distribution expenses and (c) general and administrative expenses which increased by 4.8% to S\$14.5 million for Q3 FY2014, however, remained relatively flat at S\$43.0 million for the YTD 9 months FY2014. Other expenses remained flat for the YTD 9 months FY2014, notwithstanding the higher costs attributable to the new stores opened in the current period, due to the absence of non-recurring costs spent in the comparative YTD period i.e. mainly pertaining to brand building expenses, acquisition-related costs for the equity stake in an associate and net exchange loss on foreign currency deposits.

As a percentage of revenue, the other expenses ratios increased by 80 bps YoY to 13.6% for Q3 FY2014 and increased by 30 bps YoY to 12.9% for YTD 9 months FY2014. The higher ratios are contributed by increase promotions and other expenses related to new stores operating in FY2014 period (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 for Q3 FY2014 to S\$0.214 million and increase for YTD 9 months FY2014 to S\$0.894 million. Share of profits increased for YTD 9 months FY2014 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.

PBT

PBT declined by (20.0)% YoY to S\$11.2 million for Q3 FY2014. As a percentage of revenue, PBT ratio reduced by 240 bps YoY to 10.5% for Q3 FY2014. For the YTD 9 months FY2014, PBT declined by (11.4)% YoY to S\$43.7 million. As a percentage of revenue, PBT ratio for YTD 9 months FY2014 declined by 130 bps YoY to 13.1%. Among the factors contributing to the decline in PBT are (i) the lower-than-expected SSSG recorded by the Malaysia and Vietnam operations for the current quarter and YTD period (relative to the costs pressure), (ii) the initial loss-making period associated with new stores opened in the current quarter and YTD period (including pre-opening expenses) before sales at these stores ramp-up and profitability commences (there were 5 new stores opened in the YTD 9 months FY2014 period vs 2 new stores opened in the comparative YTD period), (iii) the temporary closure of 3 stores for renovation in Malaysia resulting in the absence of gross profit contribution from these stores and (iv) local 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. However, the decline in PBT YoY was mitigated by the improvement in gross profit margin for Q3 FY2014 and YTD 9 months FY2014 by 80 bps and 70 bps respectively.

On same store basis, PBT declined by a lesser (4.4)% YoY for the YTD 9 months FY2014 to S\$46.7 million. On same store basis and excluding currency impact, PBT for the YTD 9 months FY2014 declined marginally by (0.5)% YoY .

Taxation

The Group effective tax rate for YTD 9 months FY2014 declined marginally to 31.1%. 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 attributable to owners of the Company

Attributable net profit for Q3 FY2014 declined by (22.6)% YoY to S\$7.6 million, For YTD 9 months FY2014, attributable net profit declined by (9.2)% YoY to S\$31.4 million. As a percentage of revenue, the attributable net profit ratios declined by 190bps YoY to 7.1% for Q3 FY2014 and by 70 bps to 9.4% for the YTD 9 months FY2014.

On same store basis, attributable net profit for the YTD 9 months FY2014 declined by a lesser (1.6)% YoY to S\$33.6 million. On same store basis and excluding currency impact, attributable net profit for the YTD 9 months FY2014 increased by 2.5% YoY.

Review of Group Balance Sheet

Property, plant and equipment increased to S\$88.4 million as at 31 March 2014 due to addition of assets related to new stores opened in the current YTD period. The non-current portion of Prepayments declined to S\$16.6 million due to re-classification of advance rentals to the current portion and local currency weakness especially of the Indonesia Rupiah reducing the translated amount of the prepayments shown in Singapore dollars. Intangible assets declined to S\$6.2 million due to amortisation impact and local currency weakness of the Indonesian Rupiah.

The current portion of the Trade and other receivables declined to S\$24.6 million as at 31 March 2014 due to lower sales and improved timing of settlement from banks on the credit card sales. The current portion of Other liabilities increased to S\$27.8 million due to higher accrued liability for capital expenditure attributable to increase store openings.

The Group's financial position remains healthy, with a working capital of S\$92.8 million as at 31 March 2014. The Group balance sheet position remains strong with total equity of S\$259.9 million as at 31 March 2014.

The Group's net cash generated from operations for the YTD 9 months FY2014 was S\$42.9 million despite being faced with challenging environments. The Group cash balance as at 31 March 2014 remained strong at S\$164.4 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 in the preceding Q2 FY2014 quarterly results announcement has issued the following prospect statement :

"The discretionary retail spending in Malaysia remains resilient despite significant headwinds to consumer sentiment, while the retail spending in Indonesia continues to be strong. The Group anticipates gradual improvement in discretionary retail spending in Vietnam in the 2nd half FY2014. Local currency weakness of the countries where the Group operates remains a risk to the Group's financials which are presented in Singapore Dollar. However, the Group is of the view that operating results will improve YoY for the 2nd half FY2014."

The Group encountered weaker-than-expected discretionary retail spending for the Malaysia and Vietnam operations in the current Q3 FY2014. The longer gestation period associated with the new stores in Indonesia also affected the Group's performance. These impacted the Group's results for Q3 FY2014 with the attributable net profit declining by (22.6)% YoY to S\$7.6 million.

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.

New Store Openings

The Group has opened 5 stores during the YTD 9 months FY2014 period, with 3 stores opened in the cities of Jakarta and Medan, Indonesia, 1 store opened in Ho Chi Minh City, Vietnam and 1 store opened in Kuala Lumpur, Malaysia. A further 2 new stores are planned to be opened in Q4 FY2014 in Indonesia with total gross floor area of approx. 26,056 sq.m.

The associate company, Odel PLC, has also opened 3 stores in the cities of Colombo, Negombo and Galle, Sri Lanka during the the YTD 9 months FY2014 period bringing the total store count for Odel PLC at 20 stores.

Prospect

The Group anticipates some drag to its performance going into the final Q4 FY2014 quarter due to the anticipated reduction in the Chinese tourist arrivals into Malaysia arising from the MH370 incident and the continued weakness of the stores in Hanoi, Vietnam. This drag will be partly mitigated by an expected improvement in gross profit margin in the Q4 FY2014 quarter. Local currency weakness of the countries where the Group operates remains a risk to the Group's financials which are presented in Singapore Dollar. However, the Group expects to remain profitable for the Q4 FY2014 quarter.

11. Dividend

(a) Current Financial Period Reported On

Name of Dividend	Special interim
Dividend Type Dividend per Ordinary Share	Cash 3.0 cents, (tax exempt, one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

The special interim dividend ("Dividend") will be paid on 20 June 2014.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on 06 June 2014 for the purpose of determining shareholders' entitlement to the Dividend of 3.0 cents per share.

Duly completed registrable transfer received by the Company's Share Registrar, B.A.C.S. Private Limited of 63 Cantonment Road, Singapore 089758, up to 5.00pm on 05 June 2014 will be registered to determine shareholders' entitlement to the Dividend. In respect of shares in the securities accounts with The Central Depository (Pte) Limited ("CDP"), the Dividend will be paid by the Company to CDP which will distribute the dividend to holders of the securities accounts.

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

Not applicable.

PART II - ADDITIONAL DISCLOSURE

13. Group Performance by Geographical Segment

	Malaysia	Vietnam	Indonesia	Myanmar	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
9 months ended 31.03.2014						
Gross Sales Proceeds	600,509	120,571	107,287	3,476	-	831,843
Revenue	258,331	32,684	40,500	1,347	-	332,862
Profit/(Loss) before tax	40,643	545	2,883	(594)	-	43,477
Investment holding / Others					(647)	(647)
Share of profits of an associate					894	894
Total profit/(loss) before tax	40,643	545	2,883	(594)	247	43,724
9 months ended 31.03.2013						
Gross Sales Proceeds	634,435	119,970	103,430	-	-	857,835
Revenue	270,713	33,167	39,501	-	-	343,381
Profit/(Loss) before tax	41,611	3,510	5,264	(82)	-	50,303
Investment holding / Others					(1,656)	(1,656)
Share of profits of an associate					689	689
Total profit/(loss) before tax	41,611	3,510	5,264	(82)	(967)	49,336

14. Interested person transactions for the 9 months period ended 31 March 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 Corporation Berhad Group ⁽¹⁾	-	114
Lion Forest Industries Berhad Group ⁽²⁾	-	1,103
Lion Industries Corporation Berhad Group ⁽³⁾	-	116
Parkson Holdings Berhad Group ⁽⁴⁾	138	1,449
Secom (M) Sdn Bhd ⁽⁵⁾	-	229
Bonuskad Loyalty Sdn Bhd ⁽⁶⁾	-	7,730
WatchMart (M) Sdn Bhd ⁽⁷⁾	-	138
PT Monica Hijaulestari ⁽⁸⁾	-	2,881
PT Tozy Bintang Sentosa ⁽⁹⁾	-	195

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, purchases of light fittings and procurement of energy conservation services from Posim EMS Sdn Bhd and purchases of merchandise from Brands Pro Management Sdn Bhd.
- (3) Sale of gift vouchers to Amsteel Mills Marketing Sdn Bhd and Amsteel Mills Sdn Bhd.
- (4) (i) Royalty expenses payable to Smart Spectrum Limited totaling S\$0.138 million;
(ii) Rental of retail space from Festival City Sdn Bhd, sale of gift cards to Festival City Sdn Bhd and concessionaire agreements with Park Avenue Fashion Sdn Bhd totaling S\$1.449 million.
- (5) Purchase of security equipment and procurement of security services.
- (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.
- (9) Rental of office and warehouse.

15. Disclosure on the use of IPO proceeds

As at 31 March 2014, the Company has utilized:

- S\$10.9 million for the purpose of store openings in Malaysia, Indonesia and Vietnam;
- S\$2.9 million for the purpose of information technology investment;
- 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 third quarter and nine months ended 31 March 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, 8 May 2014