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PARKSON RETAIL GROUP LIMITED

百盛商業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3368)

**UNAUDITED QUARTERLY RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

The Board of Directors (the “Board”) of Parkson Retail Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries together with its jointly-controlled entities and an associate (hereinafter collectively referred to as the “Group”) for the quarter ended 31 March 2012.

The unaudited quarterly results of the Group are released in conjunction with the announcement of the quarterly results of Parkson Holdings Berhad, the holding company of the Company in Malaysia pursuant to the Bursa Malaysia Main Board Listing Requirements. This announcement is made pursuant to paragraph 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

HIGHLIGHTS

Total gross sales proceeds (“GSP”) for the quarter increased by 6.5% to RMB4,872.8 million.

Same store sales (“SSS”)⁽¹⁾ growth for the quarter was 2.0%.

Merchandise gross margin for the quarter remains flat at 18.0%.

Profit attributable to shareholders for the quarter decreased by 4.9% to RMB312.3 million.

(1) Year on year change in total gross sales proceeds for stores in operation throughout the entire comparative period after adjusting for the impacts from the change of contractual relationship with certain suppliers of jewelry products from concessionaire contract to lease agreements and excluding the performance of Shanghai Hongqiao store which is in preparation for closure in the second half of the year due to the expiry of lease agreement

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR

	Quarter Ended 31 March		Year to Date Ended 31 March	
	2012	2011	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross Sales Proceeds	4,872,794	4,573,389	4,872,794	4,573,389
Revenues	1,274,950	1,195,395	1,274,950	1,195,395
Other operating revenues	168,727	145,329	168,727	145,329
Total operating revenues	1,443,677	1,340,724	1,443,677	1,340,724
Operating expenses				
Purchases of goods and changes in inventories	378,698	354,916	378,698	354,916
Staff costs	118,079	94,549	118,079	94,549
Depreciation and amortization	71,434	55,396	71,434	55,396
Rental expenses	207,161	165,077	207,161	165,077
Other operating expenses	262,540	209,063	262,540	209,063
Total operating expenses	1,037,912	879,001	1,037,912	879,001
Profit from operations	405,765	461,723	405,765	461,723
Finance income / (costs), net	25,178	(7,266)	25,178	(7,266)
Share of profit from an associate	71	68	71	68
Profit from operations before income tax	431,014	454,525	431,014	454,525
Income tax	108,310	115,283	108,310	115,283
Net profit for the period	322,704	339,242	322,704	339,242
Attributable to:				
Equity holders of the parent	312,251	328,385	312,251	328,385
Minority interests	10,453	10,857	10,453	10,857

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2012 <i>Unaudited</i> <i>RMB'000</i>	As at 31 December 2011 <i>Audited</i> <i>RMB'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	2,693,953	2,682,993
Investment properties	49,847	50,149
Lease prepayments	484,355	487,683
Intangible assets	2,171,585	2,171,670
Investment in an associate	2,275	2,204
Prepayment for purchase of land and buildings	422,760	422,760
Other assets	21,646	25,254
Available-for-sale investments	28,614	24,685
Derivative financial instruments designated as hedging instruments	-	2,855
Deferred tax assets	82,731	72,173
Total non-current assets	5,957,766	5,942,426
CURRENT ASSETS		
Inventories	274,886	278,346
Trade receivables	9,420	13,548
Prepayment, deposits and other receivables	762,423	725,081
Investment in principal guaranteed deposits with licensed banks	3,115,245	2,710,857
Time deposits with licensed banks	376,844	702,416
Cash and cash equivalents	1,352,966	1,690,004
Total current assets	5,891,784	6,120,252
CURRENT LIABILITIES		
Trade payables	(1,660,630)	(1,982,069)
Customer deposits, other payables and accruals	(1,510,512)	(1,763,349)
Tax payable	(157,490)	(136,584)
Total current liabilities	(3,328,632)	(3,882,002)
NET CURRENT ASSETS	2,563,152	2,238,250
TOTAL ASSETS LESS CURRENT LIABILITIES	8,520,918	8,180,676

	As at	As at
	31 March	31 December
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES		
Long term payables	(146,725)	(133,750)
Deferred tax liabilities	(229,330)	(230,204)
Term loan facilities	(2,471,961)	(2,467,446)
Derivative financial instruments designated as hedging instruments	(37,566)	(8,683)
Total non-current liabilities	(2,885,582)	(2,840,083)
NET ASSETS	5,635,336	5,340,593
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	58,354	58,354
Reserves	5,494,021	5,209,731
	5,552,375	5,268,085
Minority interests	82,961	72,508
TOTAL EQUITY	5,635,336	5,340,593

UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

	For the three months ended 31/03/2012 RMB'000
Net cash inflow / (outflow) from operating activities	<u>(223,576)</u>
Net cash inflow / (outflow) from investing activities	<u>(113,462)</u>
Net cash inflow / (outflow) from financing activities	<u>-</u>
Net changes in cash & cash equivalents	(337,078)
Cash and cash equivalents at the beginning of the period	1,690,004
Cash and cash equivalents at the end of the period	<u>1,352,966</u>
Time deposits with licensed banks	<u>376,844</u>
Investment in principal guaranteed deposits with licensed banks	<u>3,115,245</u>
Cash and cash equivalents and deposits with licensed banks as at the end of the period	<u>4,845,055</u>

Operation and Financial Review

GSP for the quarter increased by 6.5% to RMB4,872.8 million compared to the same period of last year. Concessionaire sales contributed approximately 90.2% of the merchandise sales with the balance of 9.8% came from the direct sales. The Fashion & Apparel category made up approximately 47.4% of the total merchandise sales, the Cosmetics & Accessories category contributed approximately 41.3%, the Household & Electrical category contributed approximately 4.5% and the balance of approximately 6.8% came from the Groceries and Perishables category. Operating revenues for the quarter increased by 7.7% to RMB1,443.7 million. The Group recorded a SSS growth of 2.0% for the quarter.

Despite weaker market condition, merchandise margin for the quarter remains stable at 18.0% compared to the same period of last year. Profit from operations for the quarter decreased by 12.1% to RMB405.8 million. As a percentage to GSP, profit from operations ratio for the quarter declined 1.8% to 8.3%.

Profit before tax for the quarter decreased by 5.2% to RMB431.0 million. The Group recorded net finance incomes of RMB25.2 million for the quarter due to the combination of lower financing cost after refinancing the high yield notes with syndicated loans that carry lower interest rate and higher finance incomes in line with the increase deposit rate in the PRC.

Profit attributable to our shareholders for the quarter decreased by 4.9% to RMB312.3 million.

Acknowledgement

I would like to take this opportunity to thank the Board, management and all our staff for their hard work and dedication. I would also like to thank the shareholders and our loyal customers for their strong support to the Group.

By Order of the Board
PARKSON RETAIL GROUP LIMITED
Cheng Yoong Choong
Managing Director

16 May 2012

As at the date of this announcement, the Executive Directors of the Company are Datuk Cheng Yoong Choong and Mr. Chew Fook Seng, the Non-executive Director is Tan Sri Cheng Heng Jem and the Independent Non-executive Directors are Mr. Ko Tak Fai, Desmond, Mr. Werner Josef Studer and Mr. Yau Ming Kim, Robert.