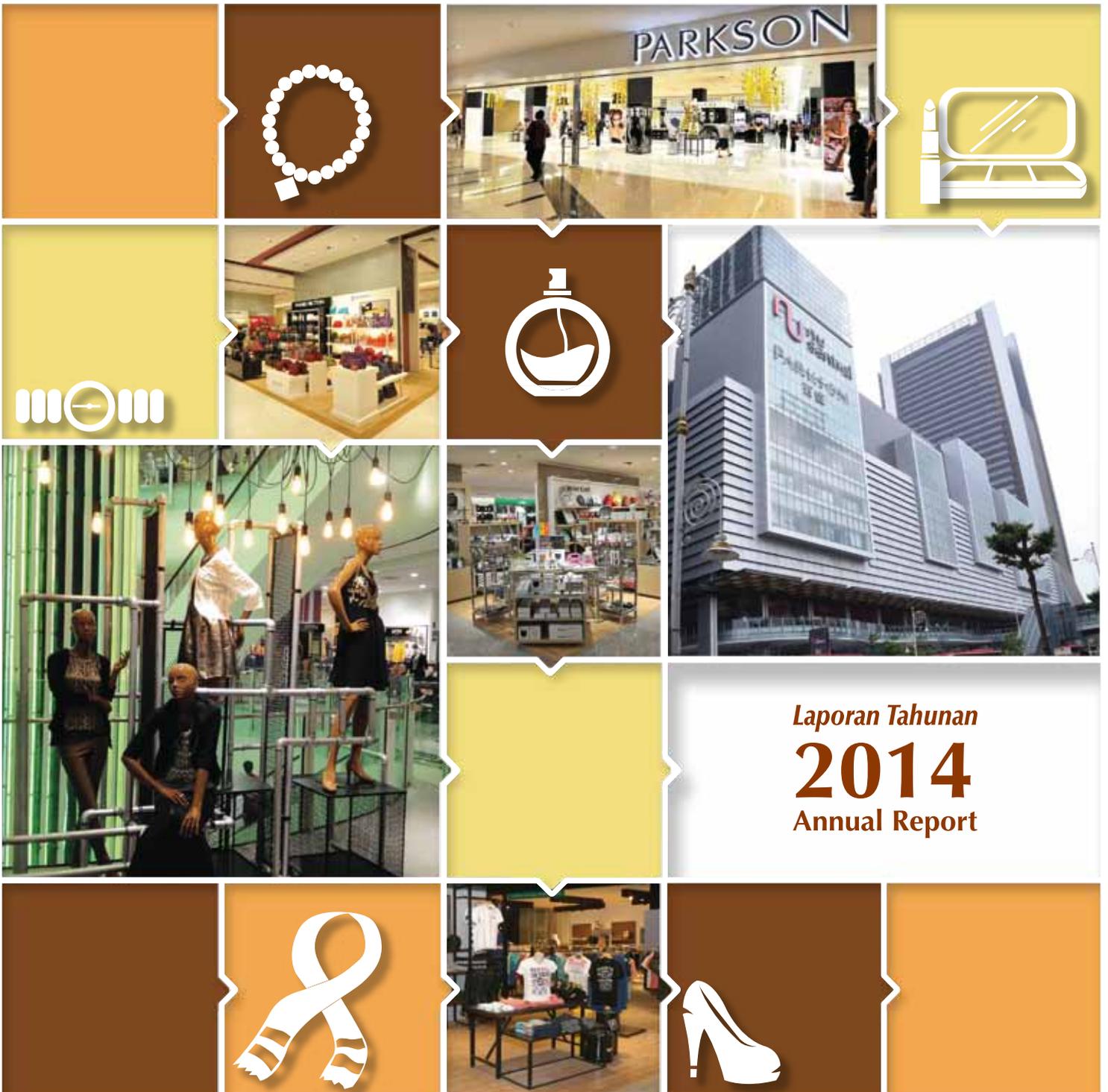




PARKSON HOLDINGS BERHAD

A Member of Lion Group

(89194-P)



Laporan Tahunan

2014

Annual Report

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-First Annual General Meeting of Parkson Holdings Berhad will be held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur on 19 November 2014 at 10.30 am for the following purposes:

AGENDA

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2014. **Note 3**
 2. To approve the payment of Directors' fees amounting to RM205,000 (2013 : RM215,000). **Resolution 1**
 3. To re-elect Directors:
 - In accordance with Article 98 of the Company's Articles of Association, Y. Bhg. Tan Sri Abdul Rahman bin Mamat retires by rotation and, being eligible, offers himself for re-election. **Resolution 2**
 - In accordance with Article 99 of the Company's Articles of Association, Mr Ooi Kim Lai who was appointed during the financial year retires and, being eligible, offers himself for re-election. **Resolution 3**
 4. To consider and, if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 as an ordinary resolution:
 - "THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Tan Sri William H.J. Cheng be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting of the Company." **Resolution 4**
 5. To re-appoint Mr Yeow Teck Chai as an independent non-executive Director of the Company. **Resolution 5**
 6. To re-appoint Auditors to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Resolution 6**
 7. Special Business
 - To consider and, if thought fit, pass the following ordinary resolutions:
 - 7.1 Authority to Directors to issue shares
 - "THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." **Resolution 7**
 - 7.2 Proposed Shareholders' Mandate for Recurrent Related Party Transactions
 - "THAT approval be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of the Circular to Shareholders of the Company dated 28 October 2014 ("Related Parties") which has been despatched to the shareholders of the Company, provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and
- THAT authority conferred by this ordinary resolution will only continue to be in force until:
- (i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

- (ii) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier; and

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

7.3 Proposed Renewal of Authority for Share Buy-Back

"THAT, subject to the Companies Act, 1965, the provisions of the Articles of Association of the Company, the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements, and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to buy-back such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

Resolution 9

- (i) the aggregate number of shares bought-back does not exceed 10% of the total issued and paid-up capital of the Company at any point of time; and
- (ii) the maximum funds to be allocated for the share buy-back shall not exceed the retained profits or the share premium account of the Company or both, based on its latest audited financial statements available up to the date of the share buy-back transaction

(hereinafter referred to as the "Proposed Share Buy-Back"); and

THAT authority conferred by this ordinary resolution shall commence immediately upon the passing of this resolution and will only continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever occurs first; and

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares of RM1.00 each in the Company so purchased by the Company as treasury shares and/or cancel them and to distribute the treasury shares as share dividends and/or resell the treasury shares; and

FURTHER, THAT authority be and is hereby unconditionally and generally given to the Directors of the Company to take all such steps as are necessary or expedient and/or enter into any and all agreements, arrangements and guarantee with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities."

8. To transact any other business for which due notice shall have been given.

By Order of the Board

CHAN POH LAN
LIM KWEE PENG
Secretaries

Kuala Lumpur
28 October 2014

Notes:

1. Proxy

- *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 12 November 2014 shall be eligible to attend the Meeting.*
- *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.*

Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

- *The instrument of proxy shall be deposited at the Office of the Registrar of the Company, Level 13, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.*
- *Completed Form of Proxy sent through facsimile transmission shall not be accepted.*

2. Circular to Shareholders dated 28 October 2014 ("Circular")

Details on the following are set out in the Circular enclosed together with the 2014 Annual Report:

- Part A - Proposed Shareholders' Mandate for Recurrent Related Party Transactions*
- Part B - Proposed Renewal of Authority for Share Buy-Back*

3. Agenda Item 1

This item of the Agenda is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 require that the Directors' Report and the Audited Financial Statements be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

4. Resolution 5

The Nomination Committee has assessed the independence of Mr Yeow Teck Chai who would have served on the Board as an independent non-executive Director of the Company for nine (9) years by August 2015 and the Board has recommended that the approval of the shareholders be sought to re-appoint Mr Yeow as an independent non-executive Director as Mr Yeow possesses the following attributes necessary in discharging his roles and functions as an independent non-executive Director of the Company:

- Fulfills the criteria of an independent Director as defined in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.*
- Challenges management in an effective and constructive manner.*
- Performs his duties as a Director without being subject to influence of management.*
- Participates in Board and Board committees deliberations and is objective in decision-making.*
- Exercises due care in all undertakings of the Group and carries out his professional duties in the interest of the Company and minority shareholders.*

5. *Resolution 7*

This approval will allow the Company to procure the renewal of the general mandate (“General Mandate”) which will empower the Directors of the Company to issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 12 December 2013 which will lapse at the conclusion of this Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for purposes of funding future investment projects, working capital and/or acquisitions.

6. *Resolution 8*

This approval will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with those related parties as set out in paragraph 3.2 of the Circular, which are necessary for the Group’s day-to-day operations undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group’s usual business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

7. *Resolution 9*

This approval will empower the Directors of the Company to purchase the Company’s shares up to 10% of the issued and paid-up capital of the Company at any point of time. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of the Directors standing for re-appointment at the Thirty-First Annual General Meeting of the Company are set out in the Directors’ Profile on pages 6 and 7 of the 2014 Annual Report.

CORPORATE INFORMATION

Board of Directors	: Y. Bhg. Tan Sri William H.J. Cheng (Chairman and Managing Director) Y. Bhg. Tan Sri Abdul Rahman bin Mamat Cik Zainab binti Dato' Hj. Mohamed Mr Yeow Teck Chai Mr Ooi Kim Lai
Secretaries	: Ms Chan Poh Lan Ms Lim Kwee Peng
Company No	: 89194-P
Registered Office	: Level 14, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Tel No : 03-21420155 Fax No : 03-21413448 Homepage: www.lion.com.my/parkson
Share Registrar	: Secretarial Communications Sdn Bhd Level 13, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Tel Nos : 03-21420155, 03-21418411 Fax No : 03-21428409
Auditors	: Ernst & Young Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
Principal Bankers	: JPMorgan Chase Bank CIMB Bank Berhad RHB Bank Berhad Industrial and Commercial Bank of China (Malaysia) Berhad
Stock Exchange Listing	: Bursa Malaysia Securities Berhad ("Bursa Securities")
Stock Name	: PARKSON
Bursa Securities Stock No	: 5657
Reuters Code	: PRKN.KL
ISIN Code	: MYL565700001

DIRECTORS' PROFILE

Tan Sri William H.J. Cheng

Non-Independent Chairman and Managing Director

Y. Bhg. Tan Sri William H.J. Cheng, a Malaysian, aged 71, was appointed to the Board on 30 March 1989. He was appointed the Managing Director and the Chairman of the Company on 16 August 2006 and 13 November 2006 respectively.

Tan Sri William Cheng has more than 40 years of experience in the business operations of the Lion Group encompassing retail, property development, mining, steel, tyre, motor, agriculture and computer.

Tan Sri William Cheng was the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("KLSCCCI") from 2003 to 2012. He is now a Life Honorary President of ACCCIM and KLSCCCI.

Tan Sri William Cheng's other directorships in public listed companies are as follows:

- Chairman of Lion Diversified Holdings Berhad and Lion Forest Industries Berhad
- Chairman and Managing Director of Lion Corporation Berhad

He is also the Chairman of Lion AMB Resources Berhad and ACB Resources Berhad, and a Founding Trustee of The Community Chest, a company limited by guarantee incorporated for charity purposes.

Tan Sri William Cheng has a direct shareholding of 317,372,208 ordinary shares of RM1.00 each and an indirect interest in 266,087,705 ordinary shares of RM1.00 each in the Company. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on page 178 of this Annual Report.

Tan Sri William Cheng is the uncle of Y. Bhg. Tan Sri Cheng Yong Kim, a major shareholder of the Company.

Tan Sri William Cheng attended all eight (8) Board Meetings of the Company held during the financial year ended 30 June 2014.

Tan Sri Abdul Rahman bin Mamat

Independent Non-Executive Director

Y. Bhg. Tan Sri Abdul Rahman bin Mamat, a Malaysian, aged 61, was appointed to the Board on 14 March 2011. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company.

Tan Sri Abdul Rahman graduated with a Bachelor of Economics (Honours) from University Malaya, Malaysia and has an Advanced Management Programme qualification from Harvard Business School, Boston, the United States of America.

Tan Sri Abdul Rahman joined the Ministry of International Trade and Industry ("MITI") as an Assistant Director on 18 April 1975 and served in various capacities in MITI for 35 years before retiring in December 2010 which included: (1) Deputy Trade Commissioner, Malaysian Trade Office, New York, the United States of America; (2) Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; (3) Economic Counsellor/Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission (ESCAP), Malaysian Trade Office, Bangkok, Thailand; (4) Special Assistant to the Minister of International Trade and Industry, Tan Sri Rafidah binti Abdul Aziz; (5) Chairman of Malaysia External Trade Development Corporation (MATRADE); (6) Director of Industries; (7) Senior Director, Policy and Industry, Services Division; (8) Deputy Secretary-General (Industry); and (9) Secretary-General of MITI.

During his tenure in MITI, he also served as MITI's representative on the board of various companies and corporations including Malaysian Investment Development Authority (MIDA), MATRADE, Johor Corporation, Regional Economic Development Authority (RECODA), Sarawak and Small and Medium Corporation, Malaysia (SME CORP), Pahang Economic Development Corporation and Malaysian Technology Development Corporation (MTDC).

Tan Sri Abdul Rahman has represented Malaysia in numerous international meetings, negotiations, conferences and symposiums and has also contributed towards formulating, implementing and monitoring policies and programmes on international trade and industrial growth as well as entrepreneurship development. He was an honorary member of the ASEAN Federation of Engineering Organisations, a Malaysian Leader for the High Level Task Force on ASEAN Economic Integration and is the Chairman of the Advisory Board of the International Council for SME & Entrepreneurship Malaysia.

He currently serves on the board of several private limited companies involved in manufacturing, retail and services sectors covering global logistics, petrochemical, healthcare and oil, gas and energy.

He is also a Director of Hiap Teck Venture Berhad and Dagang NeXchange Berhad, both public listed companies and a Trustee of Enactus Malaysia Foundation, a non-profit organisation aimed at grooming university students into future leaders.

Tan Sri Abdul Rahman attended seven (7) of the eight (8) Board Meetings of the Company held during the financial year ended 30 June 2014.

Zainab binti Dato' Hj. Mohamed

Independent Non-Executive Director

Cik Zainab binti Dato' Hj. Mohamed, a Malaysian, aged 57, was appointed to the Board on 23 November 2012. She is also the Chairman of the Company's Audit Committee and a member of the Nomination Committee, Remuneration Committee and Executive Share Option Scheme Committee of the Company.

Cik Zainab obtained her Diploma in Accountancy from Universiti Teknologi MARA (UiTM) in 1978 and studied at the London School of Accountancy, England for the Association of Chartered Certified Accountants qualification from 1979 to 1981. She is a Fellow Member of the Association of Chartered Certified Accountants and a Chartered Accountant with the Malaysian Institute of Accountants.

Cik Zainab has more than 30 years of experience in the audit and finance fields holding various positions in an audit firm, a commercial bank, an investment and holding company, a petroleum multinational company, a general insurance company and a solid waste management concessionaire.

Currently, she manages her own management and consultancy firm, ANZ Consultancy Services.

Cik Zainab attended seven (7) of the eight (8) Board Meetings of the Company held during the financial year ended 30 June 2014.

Yeow Teck Chai

Independent Non-Executive Director

Mr Yeow Teck Chai, a Malaysian, aged 64, was appointed to the Board on 16 August 2006. He is also the Chairman of the Nomination Committee and Executive Share Option Scheme Committee, and a member of the Audit Committee and Remuneration Committee of the Company.

Mr Yeow holds a Bachelor of Economics (Hons) from the University of Malaya.

Mr Yeow served the Malaysian Investment Development Authority ("MIDA") for 32 years and held the post of Deputy Director General prior to his retirement in August 2006. He was responsible for the promotion, coordination and development of the manufacturing and services sectors in MIDA. In 2011, Mr Yeow was appointed a council member of the Federation of Malaysian Manufacturers.

He is also a Director of Globetronics Technology Berhad, a public listed company.

Mr Yeow attended seven (7) of the eight (8) Board Meetings of the Company held during the financial year ended 30 June 2014.

Ooi Kim Lai

Non-Independent Non-Executive Director

Mr Ooi Kim Lai, a Malaysian, aged 47, was appointed to the Board on 12 May 2014. He is also a member of the Nomination Committee and Remuneration Committee of the Company.

Mr Ooi is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. Mr Ooi started his career in 1991 as an auditor in a public accounting firm and joined the Lion Group in 1993 as Group Accountant. He is presently the Group Chief Accountant and is responsible for the overall accounting and financial management of certain listed companies in Malaysia and overseas within the Group. He is actively involved in the corporate exercises of the Group including initial public offerings (IPOs), corporate restructuring, mergers and acquisitions, and undertakes investor relations by engaging with fund managers and analysts on various industries covering retail, steel, property, mining and services.

Mr Ooi has a direct shareholding of 170 ordinary shares of RM1.00 each in the Company.

Mr Ooi attended the one (1) Board Meeting of the Company held during the financial year ended 30 June 2014 subsequent to his appointment.

Save as disclosed above, none of the Directors has (i) any interest in shares in the Company or its subsidiaries; (ii) any family relationship with any Director and/or major shareholder of the Company; (iii) any conflict of interests with the Company; and (iv) any conviction for offences within the past ten (10) years.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“Board”) recognises the importance of practising and maintaining sound corporate governance to direct the businesses and practices of the Group towards enhancing business prosperity, sustainability and on-going value creation for its stakeholders. The Board is fully committed in ensuring that a high standard of corporate governance is practised and maintained throughout the Group as the underlying principles in discharging its roles and responsibilities.

The Board is pleased to present below the Governance Framework and how the Group has applied the guiding principles of good governance and the extent to which it has complied with the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 (“MCCG”). The principles and recommended best practices have been applied consistently throughout the financial year ended 30 June 2014 except where otherwise rationalised herein. The Board has also taken into account the requirements issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) under the various Guides.

Governance Framework



1. THE BOARD OF DIRECTORS (“BOARD”)

Roles and Responsibilities

The Board is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals and realising long-term shareholders’ values. The Board retains full and effective control of the Group’s strategic plans, overseeing the conduct of the Group’s businesses, implementing, reviewing and maintaining an appropriate system of risk, control and compliance management and ensuring the adequacy and integrity of the Group’s system of internal control. The Board is also responsible in ensuring financial integrity, setting the Group’s risk appetite, reviewing and approving material contracts or transactions, related party transactions, capital financing and succession planning and for the implementation of shareholders’ communications.

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the financial year ended 30 June 2014, eight (8) Board Meetings were held. While Mr Ooi Kim Lai who was appointed during the financial year attended the one (1) Board Meeting held subsequent to his appointment, all the other Director attended at least 50% of the total Board Meetings held during the financial year. Details of attendance and a brief profile of each member of the Board are set out in the Directors’ Profile section of this Annual Report.

Board Charter

The Board has established a Board Charter which is available on the corporate website. The Board Charter clearly sets out the principal role of the Board, the demarcation of the roles, functions, responsibilities and powers of the Board, the Board Committees and the management. It also defines the specific accountabilities and responsibilities of the Board to enhance coordination, communication and facilitation between the management and the Board and ultimately, to reinforce the overall accountability of both the Board and the management towards the Company and the stakeholders as well as to serve as reference criteria for the Board in the assessment of its own performance and of its individual Directors.

Directors' Code of Ethics

The Board in discharging its functions has observed the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia, the provisions of the Companies Act, 1965 and the principles of the MCCG.

The Group has put in place a Code of Ethics covering Code of Business Conduct for all employees of the Group, including the Whistleblower Policy, Sexual Harassment and Sustainability Policy & Framework of the Group and such codes, policies and ethics are briefed to all employees and accessible for reference within the Group.

Board Composition, Independence and Diversity Balance

The Board comprises five (5) Directors, four (4) of whom are non-executive. The current Board composition complies with the Bursa Securities Main Market Listing Requirements ("Listing Requirements"). The broad range of experience, skills and knowledge of the Directors effectively facilitate the discharge of the Board's stewardship.

The Group Chairman also assumes the position of the Group's Managing Director. He brings with him a wealth of over 40 years of experience in the business operations of the Group and possesses the calibre to ensure that policies and strategies approved by the Board are effectively implemented. In view of the vast experience of the Group Chairman/Managing Director, the Board considers the departure from the recommended practice of separating the functions as appropriate under the present circumstances.

In promoting diversity, gender and opportunities, the Board in its appointments and composition pays due recognition and weightage to the skills, experience and business acumen of the Directors. The Board reviews the appropriate mix of skills, experience and knowledge required of its members, in the context of the needs of the Group's businesses and strategies. The Board reviews its composition and size from time to time for appropriateness and the fulfillment of the gender diversity representation. The Board acknowledges the recommendation of MCCG pertaining to the establishment of boardroom gender diversity policy. The Board currently has a female Director.

Represented on the Board are three (3) independent non-executive Directors who bring their independent advice, views and judgement to bear on the decision-making process of the Group to ensure that a balanced and unbiased deliberation process is in place to safeguard the interests of other stakeholders. As and when a potential conflict of interest arises, it is mandatory practice for the Directors concerned to declare their interests and abstain from the decision-making process.

In line with the MCCG, the Board has adopted a nine (9)-year policy for independent Directors. The tenure of an independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent Director. In the event such Director is to be retained as an independent Director, the Board must first justify and obtain shareholders' approval.

The Board assisted by the Nomination Committee assessed the independent Directors on an annual basis with a view to ensuring that the independent Directors bring independent and objective judgement to the Board deliberations. The Board with the assistance of the Nomination Committee also assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director, including independent Directors, on an annual basis. All assessments and evaluations carried out by the Nomination Committee in discharging its duties were also properly documented.

In respect of the assessment for the financial year ended 30 June 2014, the Board was satisfied that the Board and the Board Committees have discharged their duties and responsibilities effectively. The Board was also satisfied that the Board composition in terms of size, the balance between executive, non-executive and independent Directors and mix of skills and experience was adequate.

Board Committees

The Board delegates certain functions to several committees, namely the Audit Committee, Nomination Committee, and Remuneration Committee, to support and assist in discharging its fiduciary duties and responsibilities. The respective committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board may form other committees delegated with specific authorities to act on its behalf whenever required. These committees operate under approved terms of reference or guidelines set out by the Board.

Supply of Information

The Board, as a whole and its members in their individual capacities, has unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information to enable them to obtain a comprehensive understanding of the issues to be deliberated upon. Senior management of the Group is also invited to attend Board meetings to provide their professional views, advice and explanation on specific items on the agenda in order for the Board to arrive at an informed decision.

Besides direct interactions with the management, external independent professional advisers are also made available at the Company's expense to render their independent views and advice to the Board, whenever deemed necessary and under appropriate circumstances.

Company Secretaries

The Company Secretaries advise the Board on its duties and obligations, and the appropriate requirements, disclosures and procedures to be complied with in relation thereto. The Company Secretaries are also responsible in ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

The appointment and removal of Company Secretaries are subject to the approval of the Board.

Nomination Committee

The Nomination Committee comprises three members all of whom are non-executive Directors with a majority being independent Directors. The Nomination Committee is chaired by Mr Yeow Teck Chai, an independent Director, who is also the senior independent Director identified by the Board.

The members and terms of reference of the Nomination Committee are presented on page 24 of this Annual Report.

The Nomination Committee is responsible for identifying, evaluating and nominating suitable candidates with the necessary mix of skills, experience and competencies to be appointed to the Board and Board Committees to ensure the effectiveness of the Board. The Nomination Committee annually reviews and assesses the effectiveness of the Board and the Board Committees as well as individual Directors based on the criteria set out by the Board and according to the fulfillment of the Board Committee's terms of reference.

The assessment criteria of the Board's evaluation/performance review process as well as the process and criteria to identify candidates for appointment as directors, and directors for re-election and re-appointment are set out in the Board Charter which is published on the Company's homepage at www.lion.com.my/parkson.

In assessing and recommending to the Board the suitable candidature of Directors, the Nomination Committee shall consider the competencies, commitment, contribution, performance and board diversity including the appropriateness and the fulfillment of the gender diversity representation and the required mix of skills, qualifications, expertise and experience, knowledge, professionalism and integrity which would contribute to the overall desired composition of the Board.

The Directors' mix of skills are set out in the respective Directors' Profile on pages 6 and 7 of this Annual Report.

The Nomination Committee met three (3) times during the financial year ended 30 June 2014 where all the members attended.

The Nomination Committee carried out the following duties in accordance with the terms of reference during the financial year under review:

- (i) Established the nomination and election process for the members of the Board which was guided by the broad Fit & Proper and Independence criteria.
- (ii) Established a set of quantitative and qualitative performance criteria to evaluate the performance of:
 - The Board as a whole
 - Each Director (Peer and Self-Assessment)
 - Board Committees
 - Directors' Independence
- (iii) Reviewed and assessed the effectiveness of the Board and the Board Committees as well as the individual Directors based on the criteria set out by the Board and according to the fulfillment of the Nomination Committee's terms of reference for recommendation to the Board
- (iv) Reviewed the retirement and re-election, re-appointment of Directors for Board's consideration.
- (v) Reviewed the training needs of the Directors.
- (vi) Recommended the appointment of Mr Ooi Kim Lai as a non-independent non-executive Director and a member of the Nomination Committee and Remuneration Committee of the Company.

Directors' Remuneration

The Company has adopted the objective as recommended by the MCCG in determining the remuneration of executive Directors so as to ensure that it attracts and retains the Directors needed to manage the Company and the Group effectively. Directors do not participate in decisions regarding their own remuneration. The responsibilities for developing a formal and transparent remuneration policy and determining the remuneration packages of executive Directors lie with the Remuneration Committee. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors. The members and terms of reference of the Remuneration Committee are presented on page 24 of this Annual Report.

Directors' fees are recommended by the Board for the approval by shareholders of the Company at the annual general meeting.

For confidentiality, the details of the Directors' remuneration are not disclosed for each individual Director. The transparency and accountability aspects of corporate governance applicable to Directors' remuneration recommended by the best practices of the MCCG are deemed appropriately served by the disclosures in the ensuing paragraphs.

The aggregate remuneration of Directors who served during the financial year ended 30 June 2014 are categorised as follows:

	Fees RM'000	Salaries & Other Emoluments RM'000	Total RM'000
Executive Director	276	686	962
Non-executive Directors*	155	–	155
	<u>431</u>	<u>686</u>	<u>1,117</u>

The number of Directors whose total remuneration fall into the respective bands are as follows:

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-executive*
25,000 & below	–	2
25,001 – 50,000	–	3
950,001 – 1,000,000	1	–

* Including a Director who retired at the previous Annual General Meeting.

Re-election of Directors

In accordance with the Articles of Association of the Company, one-third (1/3) of the Directors shall retire from office at every annual general meeting and all Directors shall retire from office at least once in every three (3) years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next annual general meeting following their appointment.

Directors' Training

All members of the Board have attended Bursa Securities' Mandatory Accreditation Programme.

The Directors are also encouraged to attend relevant external professional programmes as necessary to keep abreast of issues facing the changing business environment within which the Group operates.

During the financial year, the Directors had participated in the following seminars, briefing and advocacy sessions and training programmes ("Programmes") on topics/subjects in relation to corporate governance, business opportunities, and prospects in various industries and countries, risk management and internal controls, economic and regional issues, regulatory updates, requirements and compliance, finance, corporate social responsibility, and fraud and corruption risk management:

Name of Directors	Programmes
Tan Sri William H.J. Cheng	<ul style="list-style-type: none"> • The Lion Group In-house Directors' Training on Briefing on Agriculture Activities • The Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> 1. Crisis Communications & Handling – Building Resilience & Robustness for Corporate Governance under Current Sustainability Regime 2. Ethics & Integrity Transformation Strategy and Fraud & Corruption Risk Management • The Lion Group In-house Directors' Training on Competition Law: <ol style="list-style-type: none"> 1. Understanding Competition Act 2010 and Identifying the Relevant Markets 2. Exploring Cartel, Objects and Effect in Section 4 and the Abuse of Dominant Position in Section 10 3. Exclusive Distribution Agreements, Exclusive Dealing Agreements, Resale Price Maintenance and Case Studies 4. Exemptions, Penalties and Compliance • The Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> 1. Islamic Finance for Public Listed Companies 2. Shariah Compliance for Public Listed Companies & Bursa Suq Al-Sila – Islamic and Alternative Markets

Name of Directors	Programmes
Tan Sri Abdul Rahman bin Mamat	<ul style="list-style-type: none"> • Hiap Teck Venture Berhad In-house Directors' Training on Corporate Governance Principles and Recommendations Compliance • Bursa Malaysia – Briefing Session on Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition) – An update • The Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> 1. Islamic Finance for Public Listed Companies 2. Shariah Compliance for Public Listed Companies & Bursa Suq Al-Sila – Islamic and Alternative Markets
Zainab binti Dato' Hj. Mohamed	<ul style="list-style-type: none"> • Bursa Malaysia & Iclif – Nominating Committee Programme • Bursa Malaysia – Risk Management & Internal Control Workshops for Audit Committee Members • The Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> 1. Crisis Communications & Handling – Building Resilience & Robustness for Corporate Governance under Current Sustainability Regime 2. Ethics & Integrity Transformation Strategy and Fraud & Corruption Risk Management • The Lion Group In-house Directors' Training on Competition Law: <ol style="list-style-type: none"> 1. Understanding Competition Act 2010 and Identifying the Relevant Markets 2. Exploring Cartel, Objects and Effect in Section 4 and the Abuse of Dominant Position in Section 10 3. Exclusive Distribution Agreements, Exclusive Dealing Agreements, Resale Price Maintenance and Case Studies 4. Exemptions, Penalties and Compliance • Bursa Malaysia – Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers • The Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> 1. Islamic Finance for Public Listed Companies 2. Shariah Compliance for Public Listed Companies & Bursa Suq Al-Sila – Islamic and Alternative Markets
Yeow Teck Chai	<ul style="list-style-type: none"> • Bursa Malaysia – Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers • Bursa Malaysia & Iclif – Nominating Committee Programme • The Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> 1. Crisis Communications & Handling – Building Resilience & Robustness for Corporate Governance under Current Sustainability Regime 2. Ethics & Integrity Transformation Strategy and Fraud & Corruption Risk Management • Bursa Malaysia – Briefing Session on Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition) – An update
Ooi Kim Lai	<ul style="list-style-type: none"> • The Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> 1. Islamic Finance for Public Listed Companies 2. Shariah Compliance for Public Listed Companies & Bursa Suq Al-Sila – Islamic and Alternative Markets

In addition, the Company would arrange site visits for the Directors, whenever necessary, to enhance their understanding of the Group's businesses and have a better awareness of the risks associated with the Group's operations.

The Directors are also updated on a continuing basis by the Company Secretaries on new and/or revised requirements to the Listing Requirements as and when the same were advised by Bursa Securities ("Continuing Updates"), and the Malaysian Code on Corporate Governance.

The Board views the aforementioned Programmes attended and/or participated by the Directors, and the Continuing Updates provided to the Directors as adequate to enhance the Directors' skills and knowledge to carry out their duties as Directors.

The Board will, on a continuing basis, evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enable the Directors to sustain their active participation in board deliberations and effectively discharge their duties.

Newly appointed Directors are required to attend a familiarisation programme. This includes meeting key senior management to be briefed on the core businesses and operations of the Group. It also serves as a platform to establish effective channel of communication and interaction with management.

2. RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Board has oversight over the implementation and maintenance of the required effective communications and engagements with shareholders.

The annual general meeting is the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session at which shareholders may raise questions regarding the proposed resolutions at the meeting as well as on matters relating to the Group's businesses and affairs. The Chairman and the Board members are in attendance to respond to shareholders' queries.

The Group also values dialogues with institutional investors, fund managers and analysts. The Group has been practising open discussions with investors/fund managers/analysts upon request. In this regard, information is disseminated with strict adherence to the disclosure requirements of Bursa Securities.

The Company's homepage at www.lion.com.my/parkson provides easy access to corporate information pertaining to the Group and its activities.

The Board has identified the Company Secretaries to whom concerns may be conveyed and who would bring the same to the attention of the Board.

3. SUSTAINABILITY

The Board in discharging its governance role is guided by the Group's Sustainability Plans/Framework to ensure that the Group's and the Company's business strategies and businesses promote sustainability. This includes due attention and consideration of the Environmental, Social and Governance, and Risks and Compliance aspects of the businesses and operations which underpin its business sustainability. The sustainability activities of Environmental and Corporate Social Responsibilities carried out by the Group are set out in the Sustainability section of the Chairman's Statement on pages 31 and 32 of this Annual Report. The Governance aspects are set out herein whilst the Risks and Compliance aspects are also set out herein and in the Statement on Risk Management and Internal Control.

4. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's position, financial performance and future prospects to the Company's stakeholders through the annual financial statements, quarterly financial reports and corporate announcements which are in accordance with the Listing Requirements. The Board is also responsible in ensuring that the accounting records of the Group are properly kept. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to the adoption of the financial statements of the Group and of the Company, including timely and quality disclosure through appropriate corporate disclosure policies and procedures adopted.

The Audit Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group. The Audit Committee comprises three (3) Directors, all of whom are independent. The terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 19 to 23 of this Annual Report.

Directors' Responsibility in Financial Reporting

The Board is satisfied that for the financial year ended 30 June 2014, the financial statements presented give a true and fair view of the state of affairs, results and cash flows of the Group and of the Company. In preparing the financial statements, the Group has applied, on a consistent basis, the applicable approved accounting standards and the provisions of the Companies Act, 1965.

Internal Control

The Board has overall responsibility in maintaining a sound internal control system for the Group to achieve its objectives within an acceptable risk profile as well as safeguarding shareholders' investment and the Group's assets. An overview of the state of internal control within the Group is set out in the Statement on Risk Management and Internal Control on pages 17 and 18 of this Annual Report.

Relationship with the External Auditors

The Board has established a formal and transparent relationship with the external auditors through the Audit Committee. The Audit Committee assesses the suitability and independence of external auditors and recommends the appointment of the external auditors and their remuneration to the Board. The appointment of the external auditors is subject to the approval of shareholders at the annual general meeting whilst their remuneration is determined by the Board. The external auditors meet with the Audit Committee at least twice a year and attend the annual general meeting of the Company.

5. RECOGNISE AND MANAGE RISKS

Risk Management Framework

The Board regards risk management as an integral part of business operations. A Corporate Risk Management System implementing an Enterprise Wide Risk Management Framework (CRMS-ERM) was developed, enhanced and documented. The CRMS-ERM Manual sets out in a comprehensive manner the process adopted by the Group towards risk identification, evaluation, treatment, risks appetite setting, control, tracking and monitoring of strategic, business, financial and operational risks. The Risk Management Committee plays a pivotal role in overseeing the implementation of the risk management framework, periodically reviewing the risk management scorecards and reporting the status to the Audit Committee. The Risk Management Committee also assesses all material and key risks associated with the Group's businesses and operations as well as corporate proposals.

Internal Audit Function

The Board has established an internal audit function within the Group. The internal audit function is led by a Chief Internal Auditor who reports directly to the Audit Committee. The internal auditors attend all meetings of the Audit Committee and the detailed internal audit function is set out in the Audit Committee Report on pages 19 to 23 of this Annual Report.

Compliance Function

The Board has approved a Compliance Framework which lays down mechanisms and tools to ensure consistency and efficiency in identifying, managing and mitigating compliance risks within the Group. Reviews are conducted by the Group Compliance Function to assess the degree of compliance with statutory, regulatory and codes of ethics/standards requirements and internal standard operating procedures aligned to the business objectives. The Audit Committee is provided with compliance reports at agreed intervals to facilitate the Board with a holistic and overview of all compliance matters.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") acknowledges the importance of maintaining a sound system of internal control to safeguard the stakeholders' and shareholders' investments and the Group's assets. Guided by the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers*, Corporate Disclosure Guide and Corporate Governance Guide (2nd Edition), the Board is pleased to present the Statement on Risk Management and Internal Control of the Group (excluding associated companies, as the Board does not have control over their operations) pursuant to the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and integrity of these systems. However, in view of the inherent limitations in any system, such system of internal control is designed to manage rather than to eliminate risks that may impede the achievement of the Group's objectives. The system can therefore only provide reasonable and not absolute assurance against material misstatements, frauds or losses. The system of internal control covers enterprise risk management, financial, organisational, operational and compliance controls.

The Board confirms that there is an on-going process of identifying, evaluating and managing significant risks by the management. The process has been put in place for the year and is reviewed periodically by the Board through its Audit Committee's activities detailed in the Audit Committee Report.

The Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the on-going risk management model and structure established by the Group.

RISK MANAGEMENT

The Risk Management Committee continues to play a pivotal role in overseeing the implementation of the risk management framework, periodically reviewing the risk management processes and ensuring that on-going measures taken were adequate to manage, address or mitigate the identified risks and reporting the status to the Audit Committee.

The Board regards risk management as an integral part of business operations. A Corporate Risk Management System encompassing an Enterprise Wide Risk Management Framework (CRMS-ERM) was developed and enhanced to set out in a comprehensive manner the process adopted by the Group towards risk identification, evaluation, control and monitoring as well as in determining the Group's risks appetite. This includes and is not limited to business, strategic, financial, operational (people, processes, systems, compliance), fraud and reputational risks.

CONTROL AND MONITORING PROCESS

The Board is committed to maintaining a strong internal control structure for the proper conduct of the Group's business operations. The key elements include:

- An operational structure and organisational chart with defined lines of responsibility and delegation of authority together with a hierarchical structure of reporting and accountability
- Internal policies and standard operating procedures that are regularly updated to reflect changing risks or resolve operational deficiencies including to clearly define limits of authority governing financial and transactions approvals
- A detailed budgeting process which requires all business units to prepare budget and business plan on an annual basis
- Review of key business variables and the monitoring of the achievements of the Group's performance on a quarterly basis by the Board and the Audit Committee

- Confirmation of the effectiveness of internal control and risk assessment process by the General Manager or other Senior Management staff of key operating companies by way of completion of the Risk Management and Internal Control – Self-Assessment Questionnaire (RMIC-SAQ) on an annual basis
- Compliance Risk Self-Assessment (CRSA) based on CRSA Methodology (Risk Based) and Corporate Performance (based on Balanced Scorecard perspectives) and Risks Scorecards of the operating companies on a half-yearly basis
- Compliance Matrices detailing all and regularly updated compliances – Group’s Policies and Procedures, Standard Operating Procedures and industry specific statutory and regulatory compliances requirements
- A compliance programme reviewed by the Audit Committee on an annual basis addressing all the critical and high risk compliance areas of statutory, regulatory, codes and internal ethics/standards/policies and procedures. Periodically reported by the compliance function to the Compliance Committee to monitor and address on-going changes and implementations in the legislative and regulatory requirements affecting the Group
- Periodic examination of business processes and systems of internal control by the internal audit function which regularly submits its reports to the Audit Committee
- Adequate insurance and physical safeguards on major assets are in place to ensure assets of the Group are sufficiently covered
- A Code of Ethics for all employees which defines the ethical standards and conduct at work
- A Whistleblower Policy established under the Human Resource Policy Manual which defines the rights of informants and also the protections accorded them. The channels of escalation are also documented to encourage and enable concerned parties to report any wrongdoings so that they can be properly addressed
- A Group Policy on Code of Business Practices, Competition and Sexual Harassment
- A Competition Policy and Risk Assessment addressing the Competition Act 2010 and the Personal Data Protection Act 2010, and training programmes in place under the compliance function to address these legislation requirements impacting the Group’s businesses and operations
- A Crisis Management Communication Policy and process established under the Corporate Communication to guide the handling of external communications in the event of crisis/disasters
- A Business Continuity Management business impact and implementation road map to enhance the business resilience and robustness in contingencies, crisis management and disaster recovery management
- A Group Sustainability Framework and Plans (2014-2016) providing the roadmap to enhance Governance, Social and Environmental engagements of the stakeholders

CONCLUSION

The Board is of the view that the system of risk management and internal control in place is generally satisfactory and sufficient to safeguard all stakeholders’ interest.

AUDIT COMMITTEE REPORT

COMPOSITION

As at the date of this Annual Report, the composition of the Audit Committee is as follows:

- **Members**

Cik Zainab binti Dato' Hj. Mohamed
(Chairman, Independent Non-Executive Director)

Y. Bhg. Tan Sri Abdul Rahman bin Mamat
(Independent Non-Executive Director)

Mr Yeow Teck Chai
(Independent Non-Executive Director)

The composition of the Audit Committee complies with Chapter 15 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

- **Secretaries**

The Secretaries of Parkson Holdings Berhad, Ms Chan Poh Lan and Ms Lim Kwee Peng, are also Secretaries of the Audit Committee.

- **Membership**

The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, all of whom shall be non-executive Directors with a majority of them being independent Directors. The composition of the Audit Committee shall fulfill the requirements as prescribed in the Listing Requirements. The members of the Audit Committee shall elect a chairman among themselves who is an independent Director.

- **Meetings and Minutes**

The Audit Committee shall meet at least four (4) times annually and the Chief Internal Auditor and the Chief Financial Officer shall normally be invited to attend the meetings. A majority of independent Directors present shall form a quorum. The Audit Committee shall meet with the external auditors without the executive Board members being present at least twice a year.

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and the Board. The Chairman of the Audit Committee shall report on each meeting to the Board.

TERMS OF REFERENCE

- **Responsibilities**

- (a) Assessing the risks and control environment.
- (b) Overseeing financial reporting.
- (c) Evaluating the internal and external audit process.
- (d) Reviewing conflict of interest situations and related party transactions.

- **Authority**

In conducting its duties and responsibilities, the Audit Committee shall have:

- (a) the authority to investigate any matter within its terms of reference.
- (b) full and unrestricted access to any information pertaining to the Company and the Group including the right to invite other Directors and/or Management of the Company to attend any particular Audit Committee meeting to discuss specific issues.
- (c) direct communication channels with the external and internal auditors.
- (d) the right to obtain independent professional or other advice as necessary.

- **Duties**

The duties of the Audit Committee are:

- (a) To consider the appointment, resignation and dismissal of external auditors, their audit fee, review their suitability, competence, independence and non-audit engagement services.
- (b) To discuss with the external auditors, prior to the commencement of audit, the nature and scope of audit, obtain their written assurance of independence and to ensure co-ordination of audit where more than one audit firm is involved.
- (c) To review and assess the financial statements prior to the approval of the Board, ensuring:
 - going concern assumption
 - compliance with accounting standards, timeliness disclosure and regulatory compliance requirements
 - changes in accounting policies and practices and ensuring a true and fair view of the Group's and the Company's financial position and performance
 - significant issues arising from audit
 - understanding of Management's representations
- (d) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss, and to discuss with the independent non-executive Directors in private (excluding the attendance of other Directors and Management/Executive of the Company) arising from the above matters.
- (e) To review the external auditors' management letter and management's response thereto.
- (f) To establish the following with the internal audit function:
 - review the adequacy of the scope, functions, competency, performances and resources requirements of the internal audit function and that it has the necessary authority and independence to carry out its work
 - review internal audit programme
 - ensure co-ordination of external audit with internal audit
 - consider the major findings of internal audit reviews/investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function
- (g) To review any related party transaction and conflict of interests situation that may arise within the Company and the Group.
- (h) To consider the appointment of independent advisers for corporate proposals involving related parties.
- (i) To assess the quality and effectiveness of the system of internal control and efficiency of operations, and to review the risk policy and implementation of the risk management framework. Continually reviewing and monitoring the effectiveness of control systems and sound risk management.
- (j) To promptly report to Bursa Securities on any matter where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
- (k) To perform any other such function as may be directed by the Board.

ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year under review, eight (8) Audit Committee Meetings were held. Except for Y. Bhg. Tan Sri Abdul Rahman bin Mamat and Mr Yeow Teck Chai who were absent for one (1) Meeting, the Chairman of the Audit Committee attended all the eight (8) Meetings held in the financial year.

The Audit Committee carried out its duties in accordance with its Terms of Reference during the year.

The main activities undertaken by the Audit Committee during the year were as follows:

- **Financial Results**
 - (a) Reviewed the interim unaudited financial statements of the Group prior to recommending them for approval by the Board.
 - (b) Reviewed the annual financial statements of the Group prior to submission to the Board for its consideration and approval focusing particularly on changes in or implementation of major accounting policies, significant and unusual events and compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board (“MASB”) and other legal requirements.
- **Internal Audit**
 - (a) Reviewed the annual audit plan to ensure adequate scope and coverage on the activities of the Group, taking into consideration the assessment of key risk areas.
 - (b) Reviewed the audit programmes, resource requirements and skill levels of the internal auditors for the year and assessed the performance of the internal audit function.
 - (c) Reviewed the internal audit reports, audit recommendations made and management’s response to these recommendations and actions taken to improve the system of internal control and procedures.
 - (d) Monitored the implementation of the audit recommendations to ensure that all key risks and controls have been addressed.
 - (e) Reviewed the Risk Management and Internal Control – Self-Assessment ratings submitted by the respective operations management.
- **External Audit**
 - (a) Reviewed with external auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB.
 - (b) Reviewed with external auditors the results of the audit and the audit report in particular, accounting issues and significant audit adjustments arising from the external audit.
 - (c) Reviewed with external auditors the memorandum of comments and recommendations arising from their study and evaluation of the system of internal and accounting controls together with management’s response to the findings of the external auditors.
 - (d) Evaluated the performance of the external auditors and made recommendations to the Board on their appointment and remuneration.
 - (e) Convened meetings with the external auditors without executive Board members and management being present to discuss issues arising from their review.

- **Corporate Governance**

- (a) **Compliance**

- (i) Monitored the progress implementation and shortfall, if any, of the Compliance Program/Work Plan for the financial year ended 30 June 2014 (“2014 Compliance Program/Work Plan”). The 2014 Compliance Program/Work Plan identified for implementation, the necessary policies, procedures, processes, awareness and competencies training to be used as management tools and support to give the reasonable assurance of due compliance, compliance risk management, updating and reviewing of existing and new compliance across the laws, regulatory requirements, standards/code of ethics and internal policies and procedures of all the key operating companies and functions.
 - (ii) Ensured that all material non-compliances/breaches of regulatory and/or statutory requirements were reported vide a Compliance Risk Self-Assessment declaration by the Chief Executive Officer, Chief Financial Officer, Heads of Business/Operations, Group Treasurer, Chief Accountant and Company Secretary.

- (b) **Sustainability**

- Reviewed the sustainability Plans/Framework for the financial years 2014 to 2016 which covered the following:

- (i) corporate strategy and sustainability strategy.
 - (ii) sustainability initiatives.
 - (iii) sustainability measures.
 - (iv) structure, processes, people and infrastructure.
 - (v) non-financial reporting and assurance.

- **Risk Management**

- Reviewed the Corporate Risk Management System encompassing an Enterprise Wide Risk Management Framework which set out in a comprehensive manner the process adopted by the Group towards risk identification, evaluation, control and monitoring as well as in determining the Group’s risks appetite linked to the Corporate Performance System (based on the Balanced Scorecards perspectives).

- **Related Party Transactions**

- Reviewed related party transactions entered into by the Group. Reviewed recurrent related party transactions of a revenue or trading nature on a quarterly basis for compliance under the Shareholders’ Mandate.

INTERNAL AUDIT FUNCTION

The internal audit function is undertaken by the Group Management Audit Department (“GMA Department”). Its principal activity is to perform regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively.

The purpose, authority and responsibility of the internal audit function as well as the nature of the assurance activities provided by the function are articulated in the Internal Audit Charter.

In discharging its function, the GMA Department adopts the *International Standards for the Professional Practice of Internal Auditing* as well as established auditing guidelines to enhance its competency and proficiency.

A risk-based audit plan is tabled to the Audit Committee for approval on an annual basis. The audit plan covers key operational and financial activities that are significant to the overall performance of the Group and is developed to ensure adequate coverage on a regular basis. Key risk areas are continuously identified and prioritised to ascertain the scope of the audit activities through the adoption by the operation management of the Risk Management and Internal Control – Self-Assessment Questionnaire and the Strategic Corporate Risk Management Scorecard.

During the financial year, the internal auditors had conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Safeguarding of assets
- Compliance with set policies and procedures
- Identification of opportunities to improve the operations and processes
- Investigations and special audit reviews

The internal auditors also established follow-up review to monitor and to ensure that internal audit recommendations are effectively implemented.

The internal audit activities have been carried out according to the internal audit plan approved by the Audit Committee for the financial year.

The total cost incurred in managing the internal audit function of the Group for the financial year was RM326,000.

NOMINATION COMMITTEE

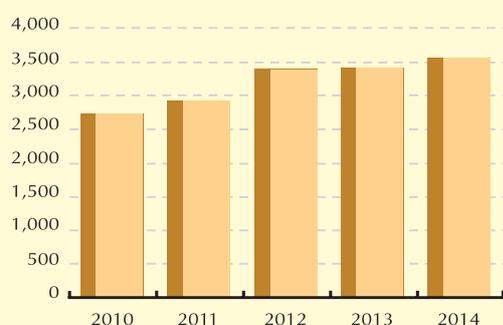
Chairman	:	Mr Yeow Teck Chai <i>(Independent Non-Executive Director)</i>
Members	:	Cik Zainab binti Dato' Hj. Mohamed <i>(Independent Non-Executive Director)</i> Mr Ooi Kim Lai <i>(Non-Independent Non-Executive Director)</i>
Terms of Reference	:	<ul style="list-style-type: none">• To recommend to the Board, candidates for directorships in Parkson Holdings Berhad• To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder• To recommend to the Board, Directors to fill the seats on Board Committees• To assist the Board in reviewing on an annual basis, the required mix of skills and experience and other qualities, including core competencies which non-executive Directors should bring to the Board• To assess, on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, based on the process and procedure laid out by the Board

REMUNERATION COMMITTEE

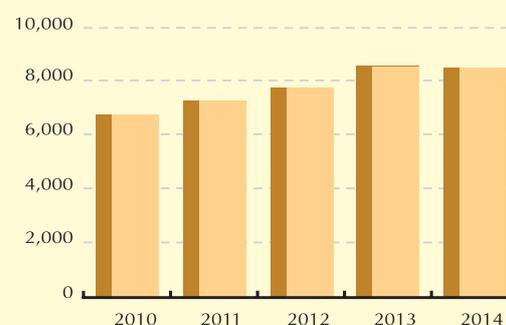
Chairman	:	Tan Sri Abdul Rahman bin Mamat <i>(Independent Non-Executive Director)</i>
Members	:	Mr Yeow Teck Chai <i>(Independent Non-Executive Director)</i> Cik Zainab binti Dato' Hj. Mohamed <i>(Independent Non-Executive Director)</i> Mr Ooi Kim Lai <i>(Non-Independent Non-Executive Director)</i>
Terms of Reference	:	<ul style="list-style-type: none">• To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary• To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time

5 YEARS GROUP FINANCIAL HIGHLIGHTS

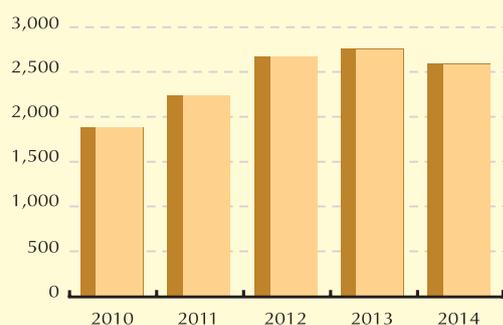
Financial years ended 30 June		2010	2011	2012	2013	2014
Gross sales proceeds	(RM'000)	8,617,870	9,493,726	11,196,311	11,347,650	11,583,344
Revenue	(RM'000)	2,722,256	2,925,082	3,422,858	3,454,958	3,553,882
Profit before tax	(RM'000)	704,173	805,267	887,663	614,872	384,171
Profit after tax	(RM'000)	533,598	606,622	668,712	434,938	240,388
Net profit attributable to owners of the parent	(RM'000)	285,128	348,404	380,076	238,204	139,049
Total assets	(RM'000)	6,738,500	7,270,943	7,745,347	8,538,377	8,468,803
Net assets	(RM'000)	1,882,680	2,236,090	2,666,088	2,759,151	2,588,824
Total borrowings	(RM'000)	2,024,013	1,950,361	1,260,791	1,579,689	1,718,621
Earnings per share	(Sen)	28.0	32.3	34.9	22.0	13.1
Net assets per share	(Sen)	183	205	246	255	250
Dividends (Paid and Proposed):						
• Cash dividend:						
- Rate	(Sen)	6.0	15.0	16.0	18.0	–
- Amount (net of tax)	(RM'000)	64,803	162,398	173,918	195,141	–
• Share dividend	(No. of shares)	1 for 100	–	–	–	3 for 50



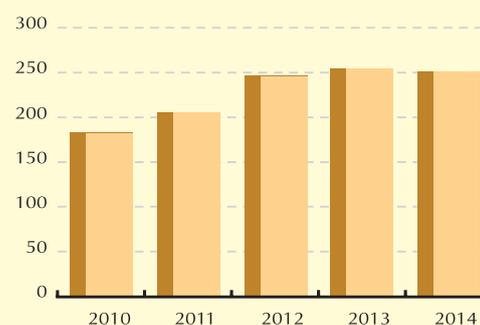
REVENUE RM Million



TOTAL ASSETS RM Million



NET ASSETS RM Million



NET ASSETS PER SHARE Sen

PARKSON NETWORK, AS AT 30 JUNE 2014



CHAIRMAN'S STATEMENT



TAN SRI WILLIAM H.J. CHENG
Chairman

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of Parkson Holdings Berhad for the financial year ended 30 June 2014.

FINANCIAL PERFORMANCE

The financial year under review has been a challenging year for most retailers in all the countries the Group operates in. Amidst the continuous global macroeconomic uncertainties and the Chinese government's effort in transforming its economic development model, the People's Republic of China ("PRC" or "China") reported a moderate economic growth of 7.7% in 2013, which was the slowest since 1999. In Southeast Asia, the retail markets were generally more resilient resulting from the expanding middle income segment and rapid urbanisation.

Given the relatively challenging operating environment, the Group had registered the following weaker set of operating results for the financial year ended 30 June 2014:

- Marginally higher gross sales proceeds of RM11.6 billion, up by about 2% as compared to RM11.3 billion in the previous year;
- Lower profit before tax of RM384 million, down by about 38% as compared to RM615 million in the previous year; and
- Lower net earnings of RM139 million, down by about 42% as compared to RM238 million in the previous year.

Leveraging on its widespread network across China and Southeast Asia, coupled with the Group's strong financial position and healthy cash balances, the Group will continue to make necessary adjustments to its strategies in order to stay ahead in the challenging and fast changing operating environment. This position of strength will also allow the Group to explore merger and acquisition opportunities.

CORPORATE DEVELOPMENTS

During and subsequent to the financial year, the Group had undertaken the following significant corporate events:

- (i) Completed the acquisition of 31% to 50% equity interest respectively in the Watatime Group of companies, a well-known watch retailer, in January 2014.
- (ii) Completed the acquisition of 60% equity interest in Giftmate Sdn Bhd ("Giftmate") in August 2014. Giftmate's principal operations are in the area of producing branded premium and OEM premium gift related products which include items like "GoldArt" and "Zhuai Mao".
- (iii) Completed the acquisition of 50% equity interest in Valino International Apparel Sdn Bhd ("Valino") in October 2014. Valino specialises in menswear and owns the "Kent" brand from Indonesia targeting young fashion office and leisure wear. It also markets "Geoffrey Beene", a modern classic office wear from the United States of America ("USA").



- (iv) Completed the acquisition of 60% equity interest in AUM Hospitality Sdn Bhd together with its group of companies (“AUM Group”) in October 2014. The AUM Group’s principal operations are in the food and beverage industry. There are 12 brands under AUM Group which include amongst others, “Johnny Rockets” and “Quiznos” from the USA, “Bumbu Desa” from Indonesia, “The Library Coffee Bar” and “The Library Restaurant & Bar” owned by the AUM Group.
- (v) Proposed disposal by the Group of its property known as KL Festival City Mall for a cash consideration of RM349 million (“Proposed Disposal”). KL Festival City Mall is a 3-level shopping mall with a basement car park situated along Jalan Genting Klang, Setapak, Kuala Lumpur.

The Proposed Disposal is pending completion.

REVIEW OF OPERATIONS

The Group is principally engaged in the operation of the “Parkson” and “Centro” brands department stores. Its stores offer a wide range of internationally renowned brands of fashion and lifestyle related merchandise focusing on four main categories namely, *Fashion & Apparel*, *Cosmetics & Accessories*, *Household & Electrical* and *Groceries & Perishables*, targeting the young and contemporary market segment.

The retail businesses of the Group are located in Malaysia, China, Vietnam, Myanmar, Indonesia and Sri Lanka. The year witnessed the growth of its portfolio from 128 stores at the beginning of the financial year to 140 stores as at 30 June 2014.

The number of owned and managed stores and the performance in each location are as follows:

(As at 30 June)	Number of Stores	
	2014	2013
Malaysia (Parkson)	39	38
China (Parkson)	57	55
Vietnam & Myanmar (Parkson)	10	9
Indonesia (Centro & Parkson)	14	9
	120	111
Sri Lanka (Odel) (An associate)	20	17
	140	128





(RM'Million)	Revenue		Segment Profit/(loss)	
	2014	2013	2014	2013
Retail operations in:				
- Malaysia	861	872	106	104
- China	2,401	2,309	222	442
- Vietnam & Myanmar	115	109	(10)	4
- Indonesia	139	131	6	13
	3,516	3,421	324	563
Property & investment holding	43	39	4	7
Less: Inter-segment	(5)	(5)	-	-
	3,554	3,455	328	570

("Segment profit/(loss)" refers to operating profit/(loss) before employee share-based payments, interests, share of results of associates and joint ventures and income tax expense)

Malaysia (Parkson)

For the current financial year, Parkson Malaysia recorded a relatively flat same store sales ("SSS") growth of -0.1% (2013: +4.5%) as local consumer sentiments were impacted by the inflationary pressures arising from the government's implementation of subsidy rationalisation and the central bank's tightening of measures to curb household debts. The reduction in Chinese tourist arrivals into Malaysia due to the MH370 incident and the kidnappings off the coast of Sabah as well as the temporary closure of three performing Parkson stores for major renovation, have also led to some drag in our performance.

During the year under review, in a move to extend its operations and network, Parkson Malaysia took up anchor tenant status in Nu Sentral mall, Kuala Lumpur. This new store has increased our domestic network coverage to 39 stores.

Given the slower growth in the saturated local retail market, Parkson Malaysia will aim to strengthen its presence via enhancing brand awareness and loyalty, refurbish existing stores, monitor closely changes to the merchandise gross margins and make necessary adjustments to its marketing and promotional strategies to protect its margin performance.

China (Parkson)

Parkson China is one of the few nationwide department store chain operators in China. The Parkson brand was introduced to the Beijing market in the early 1990's and has now expanded to operate and manage 57 stores in 37 major cities across PRC.

For the year under review, the retail market in China remained challenging amidst the continuous macro and micro headwinds. The continuing slowdown in domestic economic growth, rising competition from new retail formats and austerity drive by the Chinese government have continued to affect the consumption sentiments of the Chinese consumers as well as the business operations of many retailers in China. Together with the temporary closure of our Shanghai flagship store for major remodeling and the short-term disruption brought about by the on-going subway construction to the business operations of certain key flagship stores, a weaker set of results was posted by the Division.

To keep abreast with the challenges in the operating environment, the Group had undertaken, amongst others, the following business plans and strategies:

- Revamp and Remodel

The Group has been revamping and remodeling its existing flagship stores as part of its continuous efforts to enhance store image and improve productivity. Such strategy has been generally successful with the majority of flagship stores showing noticeable improvement in their performance thereafter. During the year under review, the major remodeling programme of the Shanghai flagship store was fully completed. The Group will continue to make the necessary upgrade and revamp to other flagship stores going forward in order to enhance the stores' competitiveness.

- New Stores Opening and Mall Operation

The Group will continue its refined expansionary strategy with lesser but bigger new stores to be opened in the existing markets or nearby cities to better utilise the Group's advantageous positions. Average size of new stores will be increased gradually to enhance its offering of value merchandise and complementary services to better serve its customers. To maintain its competitive edge and to diversify its income stream, the Group will invest into shopping mall development and operation to provide a fully integrated shopping and entertainment experience to its customers.

- Branding

Leveraging on its widespread network across China, the Group will continue to explore potential collaborations with international renowned brands on exclusive basis with an aim to introduce new and distinctive brands to its customers with the latest range of products in the market ahead of its competitors. These collaborations will enable the Group to build a successful brands portfolio to further strengthen its core competencies, and to shield its vulnerability to the structural challenges that the department store operators are facing.

- Customer Loyalty Card Programme and Others

The Group will further strengthen its customer loyalty card programme by seeking differentiation and customisation to further widen its customer base, and to realign the floor space allocation in order to improve productivity and increase rental income. The Group will also exploit the digital marketing platform to achieve better marketing results and continue to take necessary action on the underperforming stores to avoid further losses.

Vietnam & Myanmar (Parkson)

For the current financial year, the Vietnamese operations recorded a negative SSS growth of 4% (2013: -1%) with discretionary retail spending remaining weak despite signs of economic stability. The Parkson stores in Hanoi were especially affected by the significant increase in new retail space amidst a weak retail environment. Various measures have been taken to address the weak operating environment, including introduction of new mid-level price point merchandise in line with the lower spending preference of consumers, launching of targeted promotional activities to drive sales and reduction of operating costs via cost management initiatives.

Following the opening of another Parkson store in Ho Chi Minh City during the financial year, as at 30 June 2014, Parkson Vietnam has a network of 9 stores (inclusive of 3 managed stores) located in the top three major cities i.e. Ho Chi Minh City (6 stores), Hanoi (2 stores) and Hai Phong (1 store).

The Parkson store in Myanmar has been in operation for more than 12 months since its commencement in May 2013 and is seeing a good ramp-up in sales growth. The market here has shown great potential and our first-mover presence in Yangon makes us well-placed to capture opportunities in the country. Plans are in place to expand the business by increasing the existing retail space and opening more stores in the next few years.

Indonesia (Parkson, Centro & Kem Chicks)

The growing middle class and rising affluence have continued to drive the Indonesian economy and the Division's performance. Its rebranding programme and expansion plan have made good progress and enabled Parkson Indonesia to enjoy a steady SSS growth of 6.0% (2013: 5.6%) in the current financial year. However, due to the weakening of the Indonesian Rupiah and the new stores' losses, operating profits declined by 54% to RM6 million for the year under review.

The Group's dual-brand strategy in Indonesia, with our "Parkson-branded" stores targeting the middle-upper/premium segment and the "Centro-branded" stores targeting the middle segment of the consumer market, was realised with the opening of the first two "Parkson-branded" stores in Medan and Jakarta. Together with the three "Centro-branded" stores opened during the year, it has increased our network coverage to 14 stores as at 30 June 2014. These openings reflect our confidence in Indonesia's growth potential and the increasing role Indonesia will play in the Group's operations. The country's strong emerging middle-class consumers will continue to support the growth in discretionary retail spending.

Property & Investment Holding

For the year under review, the Division which mainly constitutes KL Festival City Mall operation, remained resilient by reporting a full year revenue of RM43 million. Operating profit was however lower as compared with a year ago due largely to the higher branding and corporate expenses incurred.

As mentioned in item (v) under “Corporate Developments”, the Group is proposing to dispose of the KL Festival City Mall for a cash consideration of RM349 million. The disposal is in line with the Group’s overall strategy as KL Festival City Mall which has a net lettable area of approximately 0.5 million square feet is deemed rather small to drive the Group’s expansion plans to establish “premium” shopping malls (with net lettable areas of approximately 1 million square feet).

The proposed disposal of KL Festival City Mall will result in a one-off gain of approximately RM110 million and a net cash inflow of approximately RM340 million to the Group, which can be utilised for the investing activities of the Group in its brands business and “premium” shopping mall development.

DIVIDENDS

In respect of the financial year ending/ended 30 June:

- (i) **2015:** A total of 61,703,857 treasury shares were distributed as share dividend on 8 August 2014 on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.
- (ii) **2014:** A total of 61,078,145 treasury shares were distributed as share dividend on 25 April 2014 on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.
- (iii) **2013:** The Company had paid a total of 18 sen cash dividend to shareholders. Net dividend paid amounted to approximately RM195 million.

SUSTAINABILITY

The Group is moving towards a more comprehensive Sustainability reporting based on the Global Reporting Initiative (GRI) to address the challenges, opportunities and interests of our workplace, marketplace, community and the environment. This reflects our commitment towards good corporate governance and the sustainability of our business operations.

Community

In the course of conducting its business operations, the Group is mindful of its responsibilities as a corporate citizen in contributing to society while enhancing the bottom-line and stakeholders’ value. The Group is focused on helping the community to advance through education and medical care via the two Foundations established by the Lion Group of Companies of which the Group is a member.

The Lion-Parkson Foundation disburses funds for various needs such as education, charity and scientific research; and every year, offers scholarships to undergraduates in the local universities. The Lion Group Medical Assistance Fund provides financial assistance to the less fortunate suffering from critical illnesses who require medical treatment including surgery, purchase of medical equipment and medication. The Fund also sponsors community health programmes such as medical camps, and the purchase of dialysis machines for Dialysis Centres providing subsidised treatment to those suffering from kidney failure.



The Group also organises its yearly Back-To-School Charity Drive with Parkson stores nationwide providing collection bins for the public to donate essential school items such as uniforms, shoes and stationery, which are distributed to needy school children throughout the country. Parkson is also working with its business associates such as the cosmetics houses to contribute certain portion of the sale of the associates' products in Parkson stores to charitable causes.

Environment

Under its *Parkson Cares My Park* programme, the Group has adopted parks in various states with the objective to maintain the parks for the enjoyment and benefit of the surrounding communities. The programme involves restoration, enhancement and upgrading facilities to improve the condition of the parks and recreational amenities in promoting a green environment and healthier lifestyle for the public.

Parkson's commitment to preserving the environment is also reflected in its line of environmentally friendly woven bags made from recycled plastic bottles and participation in the 'No Plastic Bag Day' adopted by several states to reduce the use of plastic bags.

Marketplace

2014 saw the implementation of the Personal Data Protection Act, 2010 upholding the privacy of personal data in all our operations and dealings with the public. In moving towards greater transparency, we had also strengthened our policies governing our business dealings, conduct of employees and business continuity management via our Sustainability Framework. In preparation for the implementation of the Goods and Services Tax ("GST") in 2015, the Group has undertaken the necessary impact analysis and preparatory steps to ensure due compliance when GST comes into force.

Workplace

The Group's efforts to attract, retain and motivate employees are pursued under five Human Resource ("HR") strategic focus areas or pillars i.e. Rewards, Talent Development, Capability Building, HR Operational Excellence and Employee Engagement.

Salary and benefits are continuously bench-marked so as to remain relevant and competitive. The performance management process is being revamped to create a strong performance culture with linkage between business and individual performance and the reward outcomes.

Learning and Development is emphasised at all levels with the support of CeDR Corporate Consulting Sdn Bhd, the Group's training provider, with focus on Competence Development and Continuing Education. Continuous learning is actively promoted as the basis for employee growth within the Group with mandatory minimum annual learning hours per employee.

Under HR Operational Excellence, the Group has embarked on a project to implement a unified and common HR Information System (HRIS) and payroll. This will further streamline and modernise the Group's People Processes whilst empowering managers and employees in managing both operational and strategic HR processes.

The Group continues to emphasise employee engagement activities ranging from business town-hall sessions, "lunch and learn" to social and recreational pursuits. These in turn create a fully engaged workforce who are happily motivated and effective team-players.

PROSPECTS

The Group anticipates **China's** domestic consumption will gain more forward momentum in line with the Chinese government's economic rebalancing programmes to maintain a sustainable growth in the country. Nevertheless, the competition landscape of the maturing retail sector and department store industry in China will grow increasingly challenging. In view of the challenges ahead, the Group will continue to make adjustments to its business strategies with an aim to turn these challenges into opportunities.

On the **Southeast Asian** retail scene, the challenges mentioned above are expected to continue in the near future. However, the expanding middle income segment, rapid urbanisation and growing aspirations of the young demographics coupled with the Group's on-going strategy adjustments, will allow the Group to mitigate these challenges.

BOARD OF DIRECTORS

The Board would like to extend its warm welcome to Mr Ooi Kim Lai on his appointment as a Director of the Company during the financial year. The Board is confident that the Company will benefit from his invaluable experience and expertise.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to extend my sincere thanks to all our valued customers, suppliers, financiers, business associates, Government authorities and shareholders for their continued support, co-operation and confidence in the Group.

I would also like to convey my sincere appreciation and gratitude to my fellow Directors for their invaluable guidance and contribution throughout the year as well as to record my appreciation to our employees at all levels for their dedication, commitment and contribution to the Group.

TAN SRI WILLIAM H.J. CHENG
Chairman



PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Parkson Holdings Berhad bagi tahun kewangan berakhir 30 Jun 2014.

PRESTASI KEWANGAN

Tahun kewangan ini merupakan tahun yang mencabar bagi kebanyakan peruncit di negara-negara di mana Kumpulan beroperasi. Di tengah-tengah ketidaktentuan ekonomi makro global yang berterusan dan usaha kerajaan China dalam mengubah model pembangunan ekonomi, Republik Rakyat China ("PRC" atau "China") melaporkan pertumbuhan ekonomi sederhana sebanyak 7.7% pada tahun 2013, iaitu kadar pertumbuhan paling perlahan sejak 1999. Di Asia Tenggara, pasaran runcit secara amnya lebih berdaya tahan hasil daripada segmen pendapatan pertengahan yang semakin berkembang dan perbandaran yang pesat.

Memandangkan persekitaran operasi yang agak mencabar, Kumpulan telah mencatatkan keputusan operasi yang lemah bagi tahun kewangan berakhir 30 Jun 2014:

- Hasil jualan kasar yang lebih tinggi sebanyak RM11.6 bilion, meningkat kira-kira 2% berbanding RM11.3 bilion pada tahun sebelumnya;
- Keuntungan sebelum cukai yang lebih rendah sebanyak RM384 juta, penurunan kira-kira 38% berbanding RM615 juta pada tahun sebelumnya; dan
- Pendapatan bersih yang lebih rendah sebanyak RM139 juta, pengurangan kira-kira 42% berbanding RM238 juta pada tahun sebelumnya.

Dengan memanfaatkan rangkaian meluas di seluruh China dan Asia Tenggara, ditambah dengan kedudukan kewangan dan baki tunai Kumpulan yang kukuh, Kumpulan akan terus membuat pelarasan yang perlu dalam strategi untuk kekal berada di hadapan dalam persekitaran operasi yang mencabar dan pantas berubah. Kedudukan yang kukuh ini juga akan membolehkan Kumpulan untuk menerokai peluang penggabungan dan pengambilalihan.

PERKEMBANGAN KORPORAT

Semasa dan selepas tahun kewangan, Kumpulan telah melaksanakan langkah korporat penting seperti berikut:

- (i) Memuktamadkan pengambilalihan 31% hingga 50% kepentingan ekuiti dalam syarikat-syarikat Kumpulan Watatime, peruncit jam tangan terkenal pada bulan Januari 2014.
- (ii) Memuktamadkan pengambilalihan 60% kepentingan ekuiti dalam Giftmate Sdn Bhd ("Giftmate") pada bulan Ogos 2014. Operasi utama Giftmate adalah dalam pengeluaran produk premium berjenama dan produk berkaitan cenderung premium OEM termasuk produk seperti "GoldArt" dan "Zhuai Mao".
- (iii) Memuktamadkan pengambilalihan 50% kepentingan ekuiti dalam Valino International Apparel Sdn Bhd ("Valino") pada bulan Oktober 2014. Valino adalah pakar dalam pakaian lelaki dan memiliki jenama "Kent" dari Indonesia yang mensasarkan fesyen pakaian pejabat dan pakaian biasa untuk golongan muda. Ia juga memasarkan "Geoffrey Beene", fesyen pakaian pejabat klasik moden dari Amerika Syarikat ("AS").
- (iv) Memuktamadkan pengambilalihan 60% kepentingan ekuiti dalam AUM Hospitality Sdn Bhd bersama-sama dengan kumpulan syarikat-syarikatnya ("Kumpulan AUM") pada bulan Oktober 2014. Operasi utama Kumpulan AUM adalah dalam industri makanan dan minuman. Terdapat 12 jenama di bawah Kumpulan AUM termasuk antara lain, "Johnny Rockets" dan "Quiznos" dari AS, "Bumbu Desa" dari Indonesia, "The Library Coffee Bar" dan "The Library Restaurant & Bar" yang dimiliki oleh Kumpulan AUM.
- (v) Cadangan pelupusan hartanah yang dikenali sebagai KL Festival City Mall oleh Kumpulan pada pertimbangan tunai berjumlah RM349 juta ("Cadangan Pelupusan"). KL Festival City Mall adalah pusat beli-belah 3-tingkat dengan tempat letak kereta bawah tanah di Jalan Genting Klang, Setapak, Kuala Lumpur.



Cadangan Pelupusan ini belum selesai.

KAJIAN OPERASI

Kumpulan pada dasarnya terbabit dalam operasi gedung beli-belah jenama "Parkson" dan "Centro". Gedung beli-belah itu menawarkan pelbagai fesyen dan barangan berkaitan gaya hidup berjenama terkenal antarabangsa yang memfokuskan kepada empat kategori utama iaitu *Fesyen & Pakaian, Kosmetik & Aksesori, Kelengkapan Rumah & Barangan Elektrik* dan *Barangan Makanan & Barangan Mudah Rosak*, dengan menyasarkan segmen pasaran muda dan kontemporari.

Perniagaan runcit Kumpulan terletak di Malaysia, China, Vietnam, Myanmar, Indonesia dan Sri Lanka. Tahun ini menyaksikan pertumbuhan portfolio daripada 128 gedung pada awal tahun kewangan kepada 140 gedung pada 30 Jun 2014.

Bilangan gedung yang dimiliki dan diuruskan serta prestasi di setiap lokasi adalah seperti berikut:

(Sehingga 30 Jun)	Bilangan Gedung Beli-Belah	
	2014	2013
Malaysia (Parkson)	39	38
China (Parkson)	57	55
Vietnam & Myanmar (Parkson)	10	9
Indonesia (Centro & Parkson)	14	9
	120	111
Sri Lanka (Odel) (Sebuah syarikat sekutu)	20	17
	140	128



(RM'Juta)	Pendapatan		Segmen Untung/(Rugi)	
	2014	2013	2014	2013
Operasi peruncitan di:				
- Malaysia	861	872	106	104
- China	2,401	2,309	222	442
- Vietnam & Myanmar	115	109	(10)	4
- Indonesia	139	131	6	13
	3,516	3,421	324	563
Hartanah & pegangan pelaburan	43	39	4	7
Tolak: Antara segmen	(5)	(5)	-	-
	3,554	3,455	328	570



("Segmen untung/(rugi)" merujuk kepada keuntungan/(kerugian) operasi sebelum pembayaran saham pekerja, faedah, bahagian daripada keputusan syarikat sekutu dan usaha sama serta perbelanjaan cukai pendapatan)

Malaysia (Parkson)

Pada tahun kewangan semasa, Parkson Malaysia secara relatifnya mencatatkan jualan gedung sama ("SSS") yang mendatar sebanyak -0.1% (2013: + 4.5%) berikutan sentimen pengguna tempatan yang terjejas oleh tekanan inflasi yang berpunca daripada langkah kerajaan melaksanakan rasionalisasi subsidi dan bank pusat yang mengetatkan pemberian kredit bagi membendung hutang isi rumah. Penurunan jumlah pelancong China ke Malaysia berikutan insiden MH370 dan penculikan di perairan Sabah serta penutupan sementara tiga gedung Parkson untuk kerja pengubahsuaian besar-besaran juga telah menjejaskan prestasi kita.

Pada tahun dalam kajian, sejajar usaha meluaskan operasi dan rangkaian, Parkson Malaysia mengambil status penyewa utama di pusat beli-belah Nu Sentral, Kuala Lumpur. Gedung baru ini telah meningkatkan liputan rangkaian domestik kepada 39 gedung.

Berikutan pertumbuhan yang lebih perlahan dalam pasaran runcit tempatan yang tepu, Parkson Malaysia akan berusaha untuk mengukuhkan kehadirannya melalui usaha meningkatkan kesedaran dan kesetiaan jenama, membaik pulih gedung sedia ada, memantau rapi perubahan pada margin kasar barangan dan membuat penyesuaian yang diperlukan dalam strategi pemasaran dan promosi bagi mengekalkan prestasi margin.

China (Parkson)

Parkson China adalah salah satu daripada beberapa pengendali rangkaian gedung beli-belah di China. Jenama Parkson telah diperkenalkan kepada pasaran Beijing pada awal tahun 1990-an dan kini berkembang dengan mengendali dan menguruskan 57 gedung di 37 bandar utama di seluruh pasaran PRC.

Pada tahun dalam kajian, pasaran runcit di China kekal mencabar dalam situasi makro dan mikro yang bersaing sengit. Kelembapan berterusan dalam pertumbuhan ekonomi domestik, persaingan yang semakin meningkat daripada peruncit format baru dan langkah penjimatan oleh kerajaan China terus menjejaskan sentimen pengguna serta operasi perniagaan kebanyakan peruncit di China. Ditambah dengan penutupan sementara gedung utama kita di Shanghai untuk pemodelan semula dan gangguan jangka pendek susulan pembinaan laluan bawah tanah di operasi perniagaan gedung utama tertentu, Bahagian ini telah mencatatkan keputusan yang lebih lemah.

Untuk berdepan dengan cabaran dalam persekitaran operasi, Kumpulan telah melaksanakan, antara lain, rancangan dan strategi perniagaan berikut:

- Mengubah suai dan Pemodelan Semula

Kumpulan telah mengubah suai dan membuat pemodelan semula gedung utama sedia ada sebagai sebahagian daripada usaha berterusan untuk meningkatkan imej gedung serta meningkatkan produktiviti. Strategi itu secara umumnya telah berjaya berikutan majoriti gedung utama menunjukkan peningkatan prestasi yang ketara selepas itu. Pada tahun dalam kajian, program pemodelan semula gedung utama kita di Shanghai telah siap sepenuhnya. Kumpulan akan terus melaksanakan penambah baikkan yang perlu dan mengubah suai gedung utama lain pada masa depan dalam usaha meningkatkan daya saing.

- Pembukaan Gedung Baru dan Operasi Pusat Beli-Belah

Kumpulan akan meneruskan strategi pengembangan dengan mengurangkan bilangan pembukaan gedung baru tetapi akan membuka gedung bersaiz lebih besar di pasaran sedia ada atau bandar berdekatan untuk memanfaatkan kedudukan Kumpulan. Saiz purata gedung baru akan ditambah secara beransur-ansur untuk meningkatkan nilai penawaran barangan dan perkhidmatan sokongan yang lebih baik kepada para pelanggan. Untuk mengekalkan daya saing dan mempelbagaikan aliran pendapatan, Kumpulan akan melabur dalam pembangunan dan operasi pusat beli-belah untuk menyediakan pengalaman beli-belah dan hiburan yang bersepadu kepada para pelanggan.

- Penjenamaan

Dengan memanfaatkan rangkaian meluas di seluruh China, Kumpulan akan terus menerokai potensi kerjasama eksklusif dengan jenama terkenal antarabangsa untuk memperkenalkan jenama baru dan berciri tersendiri kepada para pelanggan di mana rangkaian produk terbaru akan berada di pasaran lebih awal daripada pesaingnya. Kerjasama ini akan membolehkan Kumpulan membina portfolio jenama yang berjaya untuk mengukuhkan lagi kecekapan teras dan melindungi daripada terdedah kepada cabaran struktural yang dihadapi oleh pengendali gedung beli-belah.

- Program Kad Kesetiaan Pelanggan dan Lain-lain

Kumpulan akan terus mengukuhkan program kad kesetiaan pelanggan dengan mencari kelainan dan penyesuaian untuk menambah asas pelanggan, dan menyelaraskan peruntukan ruang lantai bagi meningkatkan produktiviti dan pendapatan sewa. Kumpulan juga akan mengeksploitasi platform pemasaran digital untuk mencapai keputusan pemasaran yang lebih baik dan terus mengambil tindakan yang perlu terhadap gedung berprestasi rendah bagi mengelakkan kerugian selanjutnya.

Vietnam & Myanmar (Parkson)

Bagi tahun kewangan semasa, operasi Vietnam mencatatkan pertumbuhan negatif SSS sebanyak 4% (2013: -1%) dengan perbelanjaan runcit mengikut budi bicara yang masih lemah walaupun adanya tanda-tanda kestabilan ekonomi. Gedung-gedung Parkson di Hanoi terutamanya telah terjejas oleh peningkatan ketara bagi ruang niaga baru dalam persekitaran runcit yang lemah. Pelbagai langkah telah diambil untuk menangani persekitaran operasi yang lemah, termasuk pengenalan barangan titik harga peringkat pertengahan baru selaras dengan keutamaan pengguna berbelanja untuk lebih rendah, melancarkan aktiviti promosi yang disasarkan untuk memacu jualan dan pengurangan kos operasi melalui inisiatif pengurusan kos.



Berikutan pembukaan satu lagi gedung Parkson di Bandaraya Ho Chi Minh pada tahun kewangan ini, pada 30 Jun 2014, Parkson Vietnam mempunyai rangkaian 9 gedung (termasuk 3 gedung yang diuruskan) yang terletak di tiga bandar utama terpenting iaitu Bandaraya Ho Chi Minh (6 gedung), Hanoi (2 gedung) dan Hai Phong (1 gedung).

Gedung Parkson di Myanmar telah beroperasi selama lebih dari 12 bulan sejak bulan Mei 2013 dan kita melihat pertumbuhan jualan yang memberangsangkan. Pasaran di sini telah menunjukkan potensi yang besar dan kehadiran penggerak pertama kita di Yangon meletakkan kita pada kedudukan yang baik untuk menguasai peluang di negara ini. Perancangan telah dibuat untuk mengembangkan perniagaan dengan meningkatkan ruang niaga sedia ada dan membuka lebih banyak gedung dalam tempoh beberapa tahun akan datang.

Indonesia (Parkson, Centro & Kem Chicks)

Pertumbuhan dalam kelas pertengahan dan peningkatan kemewahan terus memacu ekonomi Indonesia dan prestasi Bahagian ini. Program penjenamaan semula dan rancangan pengembangan telah membuahkan hasil yang baik dan membolehkan Parkson Indonesia menikmati pertumbuhan SSS yang stabil sebanyak 6.0% (2013: 5.6%) pada tahun kewangan semasa. Walau bagaimanapun, disebabkan kelemahan Rupiah Indonesia dan kerugian gedung-gedung baru, keuntungan operasi merosot sebanyak 54% kepada RM6 juta pada tahun yang dikaji.

Strategi dwi-jenama Kumpulan di Indonesia, di mana gedung jenama "Parkson" menyasarkan pasaran pengguna segmen pertengahan-atas / premium manakala jenama "Centro" menyasarkan segmen pertengahan telah terlaksana dengan pembukaan dua gedung jenama "Parkson", masing-masing di Medan dan Jakarta. Bersama-sama dengan tiga gedung baru jenama "Centro" yang dibuka pada tahun ini, liputan rangkaian kita telah meningkat kepada 14 buah gedung pada 30 Jun 2014. Pembukaan gedung-gedung ini menyerlahkan keyakinan kita terhadap potensi pertumbuhan di Indonesia dan peranan lebih besar yang dimainkan oleh perniagaan di Indonesia dalam operasi Kumpulan. Pengguna kelas pertengahan yang semakin kukuh di negara ini akan terus menyokong pertumbuhan perbelanjaan runcit mengikut budi bicara.

Hartanah & Pegangan Pelaburan

Pada tahun dalam kajian, Bahagian menerusi operasi KL Festival City Mall, kekal berdaya tahan dengan melaporkan pendapatan setahun penuh sebanyak RM43 juta. Keuntungan operasi bagaimanapun lebih rendah berbanding tahun lalu kerana menanggung perbelanjaan penjenamaan dan korporat yang lebih tinggi.

Seperti yang dinyatakan pada perkara (v) di bawah "Perkembangan Korporat", Kumpulan bercadang untuk melupuskan KL Festival City Mall untuk pertimbangan tunai sebanyak RM349 juta. Pelupusan ini adalah selaras dengan strategi keseluruhan Kumpulan di mana KL Festival City Mall yang mempunyai ruang boleh sewa bersih kira-kira 0.5 juta kaki persegi dianggap kecil untuk memacu rancangan pengembangan Kumpulan untuk menubuhkan pusat beli-belah "premium" (dengan ruang boleh sewa bersih kira-kira 1 juta kaki persegi).

Cadangan pelupusan KL Festival City Mall akan menghasilkan keuntungan sekali sahaja sebanyak kira-kira RM110 juta dan aliran masuk tunai bersih sebanyak kira-kira RM340 juta kepada Kumpulan, yang boleh diperuntukkan untuk aktiviti pelaburan Kumpulan dalam perniagaan jenama dan membangunkan pusat beli-belah "premium".

DIVIDEN

Sehubungan dengan tahun kewangan berakhir 30 Jun:

- (i) **2015:** Sejumlah 61,703,857 saham perbendaharaan telah diagihkan sebagai dividen saham pada 8 Ogos 2014 pada dasar tiga (3) saham perbendaharaan untuk setiap lima puluh (50) saham biasa bernilai RM1.00 setiap satu yang dipegang dalam Syarikat, pecahan saham perbendaharaan tidak diambil kira.
- (ii) **2014:** Sejumlah 61,078,145 saham perbendaharaan telah diagihkan sebagai dividen saham pada 25 April 2014 pada dasar tiga (3) saham perbendaharaan untuk setiap lima puluh (50) saham biasa bernilai RM1.00 setiap satu yang dipegang dalam Syarikat, pecahan saham perbendaharaan tidak diambil kira.
- (iii) **2013:** Syarikat telah membayar dividen tunai sebanyak 18 sen kepada para pemegang saham. Dividen bersih yang dibayar berjumlah kira-kira RM195 juta.

KELESTARIAN

Kumpulan kini berusaha melaksanakan pelaporan kelestarian secara lebih komprehensif berdasarkan Inisiatif Pelaporan Global (GRI) dalam menangani cabaran, peluang dan kepentingan tempat kerja, pasaran, komuniti serta alam sekitar. Ini menggambarkan komitmen kita ke arah tadbir urus korporat yang baik dan kemapanan operasi perniagaan.

Komuniti

Dalam melaksanakan operasi perniagaan, Kumpulan sedar akan tanggungjawabnya sebagai warga korporat untuk menyumbang kepada masyarakat, di samping meningkatkan keuntungan dan nilai pemegang kepentingan. Kumpulan memberi tumpuan kepada usaha membantu masyarakat mencapai kemajuan melalui pendidikan dan rawatan perubatan menerusi dua buah Yayasan yang diasaskan oleh Syarikat-syarikat Kumpulan Lion di mana Kumpulan adalah ahli.

Yayasan Lion-Parkson mengagihkan dana untuk pelbagai keperluan seperti pendidikan, kebajikan dan penyelidikan saintifik; dan setiap tahun, menawarkan biasiswa kepada mahasiswa universiti tempatan. Tabung Bantuan Perubatan Kumpulan Lion pula menyediakan bantuan kewangan kepada golongan kurang bernasib baik yang menderita penyakit kritikal dan memerlukan rawatan perubatan termasuk pembedahan, pembelian peralatan perubatan dan ubat-ubatan. Tabung ini juga menaja program kesihatan masyarakat seperti kem perubatan dan pembelian mesin dialisis untuk pusat dialisis yang menyediakan rawatan subsidi kepada para pesakit buah pinggang.

Kumpulan juga menganjurkan acara amal 'Kembali Ke Sekolah' di mana gedung-gedung Parkson di seluruh negara menyediakan tong/tempat untuk orang ramai menderma peralatan sekolah seperti pakaian seragam, kasut dan alat tulis untuk diagihkan kepada kanak-kanak sekolah yang memerlukan di seluruh negara. Parkson juga bekerjasama dengan sekutu perniagaannya seperti syarikat-syarikat kosmetik di mana sebahagian daripada hasil jualan produknya di gedung Parkson disumbangkan untuk tujuan amal.



Alam Sekitar

Di bawah program *Parkson Cares My Park*, Kumpulan telah menjadikan taman-taman di beberapa negeri sebagai taman anagkat dengan memulihara taman tersebut untuk manfaat dan kegunaan komuniti setempat. Program ini termasuk kerja-kerja memulih, menambah baik dan meningkatkan kemudahan di taman dan kemudahan rekreasi seiring mempromosikan persekitaran hijau dan gaya hidup yang lebih sihat untuk orang ramai.

Iltizam Parkson dalam memulihara alam sekitar terpancar jelas dengan pengenalan beg tenunan mesra alam yang dibuat daripada botol plastik kitar semula dan pembabitian dalam "Hari Tiada Beg Plastik" yang dilaksanakan di beberapa negeri untuk mengurangkan penggunaan beg plastik.

Dalam Pasaran

Tahun 2014 menyaksikan Akta Perlindungan Data Peribadi 2010 dikuatkuasakan untuk menjamin kerahsiaan data peribadi dalam semua operasi kita dan urusan dengan orang ramai. Bagi mencapai tahap ketelusan yang lebih baik, kita juga memperkukuhkan dasar-dasar yang mentadbir urusan perniagaan kita, tata laku pekerja dan pengurusan kesinambungan perniagaan melalui Rangka Kerja Kelestarian. Sebagai persediaan kepada pelaksanaan Cukai Barangan dan Perkhidmatan "GST" pada tahun 2015, Kumpulan telah menjalankan analisis kesan yang perlu dan mengambil langkah-langkah persediaan untuk memastikan pematuhannya apabila "GST" itu mula dikuatkuasakan.

Tempat Kerja

Usaha Kumpulan untuk menarik, mengekal dan memotivasikan pekerja dilakukan di bawah lima bidang tumpuan strategik atau tunggak Sumber Manusia ("HR") iaitu Ganjaran, Pembangunan Bakat, Pembangunan Keupayaan atau Kapasiti, Kecemerlangan Operasi HR dan Penglibatan Pekerja.

Tanda aras gaji dan faedah dibuat secara berterusan agar kekal relevan dan berdaya saing. Proses pengurusan prestasi sedang dirombak untuk mewujudkan budaya prestasi yang kukuh dengan mengaitkan perniagaan, prestasi individu dan hasil ganjarannya.

Pembelajaran dan Pembangunan Diri diberikan penekanan di semua peringkat kakitangan menerusi CeDR Corporate Consulting Sdn Bhd, penyedia latihan Kumpulan, dengan tumpuan membangunkan kecekapan dan pembelajaran secara berterusan. Pembelajaran secara berterusan ini digalakkan secara aktif sebagai asas pertumbuhan pekerja di dalam Kumpulan dengan menetapkan tempoh mandatori pembelajaran tahunan yang minimum bagi setiap pekerja.

Bagi mencapai kecemerlangan operasi HR, Kumpulan telah memulakan pelaksanaan projek untuk menyeragam dan menempatkan Sistem Maklumat HR (HRIS) dan senarai gaji pada satu platform yang sama. Langkah ini akan memperkemas dan memodenkan lagi proses berkaitan sumber manusia Kumpulan sambil memberikan kuasa kepada para pengurusan dan pekerja dalam mengendalikan proses operasi dan strategik HR.

Kumpulan sentiasa menekankan kepada aktiviti yang membawa kepada penglibatan pekerja seperti sesi perbincangan perniagaan secara "town hall", "lunch and learn" dan kegiatan sosial dan rekreasi. Kesemua ini mewujudkan tenaga kerja bermotivasi dan kerja berpasukan yang efektif.

PROSPEK

Kumpulan menjangkakan penggunaan domestik di **China** akan mencapai momentum lebih maju sejajar dengan program pengimbangan semula ekonomi oleh kerajaan China untuk mengekalkan pertumbuhan yang mampan di negara ini. Walau bagaimanapun, landskap persaingan bagi sektor runcit dan industri gedung beli-belah yang matang di Negara China akan kekal semakin mencabar. Memandangkan cabaran di masa hadapan, Kumpulan akan terus meminda strategi perniagaan dengan tujuan untuk menukarkan cabaran kepada peluang.

Bagi persekitaran runcit di **Asia Tenggara**, cabaran yang dinyatakan di atas dijangka berterusan untuk masa terdekat. Walau bagaimanapun, segmen pendapatan sederhana yang semakin meningkat, pertumbuhan perbandaran yang pesat dan aspirasi demografi golongan muda yang semakin berkembang ditambah dengan pelarasan dalam strategi Kumpulan yang berterusan, akan membolehkan Kumpulan menangani cabaran di atas.

LEMBAGA PENGARAH

Lembaga Pengarah ingin mengalu-alukan pelantikan Encik Ooi Kim Lai sebagai Pengarah Syarikat pada tahun kewangan. Lembaga Pengarah yakin bahawa Syarikat akan mendapat manfaat daripada pengalaman dan kepakaran beliau.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada semua pelanggan, pembekal, pembiaya, rakan perniagaan, pihak berkuasa Kerajaan dan pemegang saham atas sokongan, kerjasama dan keyakinan berterusan mereka terhadap Kumpulan.

Saya juga ingin merakamkan penghargaan dan terima kasih kepada rakan-rakan Pengarah atas bimbingan dan sumbangan mereka yang tidak ternilai di sepanjang tahun dan juga kepada semua warga kerja di segenap peringkat atas dedikasi, komitmen dan sumbangan mereka kepada Kumpulan.

TAN SRI WILLIAM H.J. CHENG
Pengerusi

主席报告

我谨代表董事部，欣然提呈百盛控股有限公司截至2014年6月30日会计年度常年报告和经审计的财务报表。

财务表现

在本会计年度，在本集团营业的所有国家，大部分零售商都面对挑战的年头。在全球宏观经济继续不确定，以及中国政府致力于使其经济发展模式转型的情况下，中国在2013年取得中度的经济增长7.7%，是自1999年以来的最低增长率。在东南亚，零售市场普遍上更具活力，主要是由于中产阶级的增长以及迅速城市化。

在面对相对挑战性的营运环境之下，在2014年6月30日结束的会计年度，本集团取得较弱的营业业绩：

- 销售所得款额略为增加，共116亿令吉，比上一年度的113亿令吉增加约2%；
- 较低的税前盈利，共3亿8千400万令吉，比上一年度的6亿1千500万令吉减少约38%；以及
- 较低的净利润，共1亿3千900万令吉，比上一年度的2亿3千800万令吉减少约42%。

本集团利用在中国各地和东南亚各地的广泛联络网，以及强大的财务地位和健全的现金余额，将继续对其策略进行所需的调整，以便走在挑战性和迅速变化的营运环境的前头。这种实力强大的地位，也使到本集团能够探讨合并和收购的机会。

企业发展

在本会计年度期间及期后，本集团进行下述的重大企业事项：

- 在2014年1月，分别完成收购Watatime集团的31%至50%股权。该集团是著名的手表零售商。
- 在2014年8月，完成收购Giftmate Sdn Bhd的60%股权。Giftmate的主要业务是生产有品牌的优质礼品，以及原设备制造相关的优质礼品，其品牌礼品包括“GoldArt”和“拽猫”。
- 在2014年10月，完成收购Valino International Apparel Sdn Bhd的50%股权。Valino专门制造男装衣服，拥有印尼品牌“Kent”，目标针对年轻人时髦的上班衣着和休闲衣着。它也销售“Geoffrey Beene”品牌，源自美国新潮优秀上班衣着的品牌。
- 在2014年10月，完成收购AUM Hospitality Sdn Bhd及其集团属下的公司的60%股权。AUM集团的主要业务是在食品与饮料业。在AUM集团属下有12种品牌，包括源自美国的“Johnny Rockets”和“Quiznos”，印尼的“Bumbu Desa”，以及由AUM集团拥有的“The Library Coffee Bar”和“The Library Restaurant & Bar”。
- 集团建议脱售其拥有的产业名为吉隆坡百乐广场，现金价格是3亿4千900万令吉。该产业是一座3层的购物商场，拥有地下停车场，坐落在吉隆坡文良港的Genting Klang路。

这项建议中的脱售有待完成。

业务检讨

本集团主要是从事“百盛”和“Centro”品牌的百货公司的业务。本集团提供一系列与时尚及生活方式有关的国际知名牌子的商品，主要集中在四类商品：时装与服装、化妆品与装饰品、家庭用品与电器用品以及食品杂货和生鲜商品，目标瞄准年轻人和当代市场领域。

本集团的零售业务分布在马来西亚、中国、越南、缅甸、印尼和斯里兰卡。本年度见证其业务的成长，百货公司从本会计年度开始时的128间增加至2014年6月30日的140间。



本集团在每一个地点所拥有和管理的百货公司的数目及其业务表现如下：

(在6月30日)	百货商店数目	
	2014	2013
马来西亚(百盛)	39	38
中国(百盛)	57	55
越南和缅甸(百盛)	10	9
印尼(Centro和百盛)	14	9
	120	111
斯里兰卡(Odel)(联号公司)	20	17
	140	128



(单位：百万令吉)	营业额		部门利润/(亏损)	
	2014	2013	2014	2013
百货业务营业地点：				
- 马来西亚	861	872	106	104
- 中国	2,401	2,309	222	442
- 越南和缅甸	115	109	(10)	4
- 印尼	139	131	6	13
	3,516	3,421	324	563
产业及投资控股	43	39	4	7
减去：部门之间的交易	(5)	(5)	-	-
	3,554	3,455	328	570

(“部门利润/(亏损)”是指在扣除雇员股份开支、利息、分享联号公司和合营公司的业绩以及所得税开支之前的营业利润/(亏损))



马来西亚 (百盛)

在本会计年度，马来西亚百盛取得相对持平的同店销售增长，即-0.1% (2013年度：+4.5%)，因为本地消费者的情绪受到通货膨胀压力的影响，而通货膨胀的压力，来自政府实行津贴合理化以及中央银行采取紧缩措施抑制家庭债务。由于马航MH370事件，以及沙巴州海岸发生绑架事件造成中国游客减少，以及百盛的3家百货公司进行大装修而暂时停止营业，也导致我们的表现受到一些影响。

在本会计年度，马来西亚百盛为了扩展业务和网络，成为吉隆坡Nu Sentral的主要租户，这家百货公司使我们国内的百货公司增加到39间。

由于已经达到饱和的本地零售市场增长缓慢，马来西亚百盛将致力于加强其势力，包括提升品牌觉醒度和忠诚度，装修现有的百货公司，密切监督商品毛赚幅的变化，以及对其他行销与促销策略进行所需的调整，以保障其赚幅表现。

中国 (百盛)

中国百盛是在中国少有的几家全国性百货公司连锁店经营者之一。百盛品牌是在1990年代初期被介绍到北京市场，现在扩展到中国全国各地的37个大城市经营和管理57家百货公司。

在本会计年度，由于继续有宏观和微观的逆风，中国的零售市场仍然具挑战性。中国国内的经济成长继续放缓、来自新零售方式日益增加的竞争以及中国政府采取节约措施，已持续影响到中国消费者的消费情绪和中国许多零售商的营业。加上我们在上海的旗舰百货公司由于进行大规模改建而暂时关闭，以及某些旗舰百货公司所在地兴建地铁对它们的营业造成短暂干扰，使到这个组的业绩疲弱。

为了应付营业环境的挑战，本集团采取包括以下的商业计划和策略：

- 翻新和改建

本集团翻新和改建现有的旗舰百货公司，作为继续努力以提高百货公司的形象和改善生产力的一部分。这项策略基本上奏效，在翻新和改建之后，大多数旗舰百货公司的业绩都有显著的改善。在本会计年度，上海旗舰百货公司的主要改建计划已全部完成。本集团将继续对其他旗舰百货公司进行所需的提升和翻新以便提升这些百货公司的竞争能力。

- 开设百货公司和购物商场营运

本集团将延续精细的扩张策略，在现有市场或邻近的城市开设数目较少但较大型的新百货公司，以更好的利用本集团的优势地位。新百货公司的平均规模将逐渐增加，以加强提供有价值的商品和辅助服务，为顾客提供更好的服务。为了维持竞争优势和使收入来源多元化，本集团将投资在购物商场发展与营运，为顾客提供全面综合性购物和娱乐经验。

- 品牌

本集团将善用在中国各地的广泛网络，继续探讨在独家的基础上与国际知名品牌进行合作的潜能，目的是要走在竞争者的前头，在市场上的一系列新产品中，向顾客们介绍新的和与众不同的品牌。这类合作将使本集团能够建立成功的品牌组合，以进一步加强其核心能力，并抵御百货公司经营者所面对的结构挑战。

- 会员卡计划和其他

本集团将进一步加强其会员卡计划，通过寻求差异化及客制化，以进一步扩大顾客群，同时对店面的空间进行重新分配，以便改善生产力和增加租金收入。本集团也将利用数码行销平台，以取得更好的行销业绩，以及继续对表现欠佳的百货公司采取所需的行动，以避免亏损进一步扩大。

越南和缅甸 (百盛)

在本会计年度，越南的业绩取得-4%的同店销售增长（2013年：-1%），因为尽管迹象显示经济稳定，零售开支仍然疲弱。在河内的百盛百货公司尤其受到影响，因为尽管在疲弱的零售环境之下，新的零售店面却显著增加。本集团已经采取各种措施应付疲弱的营业环境，包括推介新的中级价格商品以配合顾客选择较低的开销，推出针对目标的促销活动以推动销售，以及通过成本管理计划以削减营业成本。

本会计年度，通过在胡志明市开设一间新百盛公司，截至2014年6月30日，越南百盛总共有9间百货公司（包括3间管理的百货公司），坐落在越南的三大城市，即胡志明市（6间）、河内（2间）以及海防（1间）。

缅甸的百盛百货公司在2013年5月开始营业，迄今已经经营超过12个月，其销售增长上升。这市场具有很大的潜能，而且我们最先在仰光开设百货公司，使到我们处于适当的地位可在缅甸获得更好的发展机会。我们已经拟订计划，以增加现有的零售店面，以及在未来几年在缅甸开设更多的百货公司。

印尼 (百盛, Centro和Kem Chicks)

印尼的中产阶级和富裕的人数日益增加，继续推动印尼的经济以及本组的表现。本组采取改变面貌的计划以及扩充的计划取得良好的进展，使到印尼百盛在本会计年度取得稳健的6.0%同店销售增长（2013年：5.6%）。不过，由于印尼盾币值疲弱，以及新开设的百货公司蒙受亏损，本年度的营业利润减少54%至600万令吉。

本集团在印尼实行的双品牌策略，用我们的“百盛品牌”百货公司把目标对准中上层 / 上层，以及用“Centro品牌”百货公司针对中产阶级消费者市场，随着在棉兰和雅加达开设的首两间“百盛品牌”百货公司得以实现。在本会计年度，通过新增的3间“Centro品牌”百货公司，使到在2014年6月30日，本集团在印尼的百货公司增加到14间。这些百货公司的开张，突显了我们对印尼的成长潜能具有信心，以及印尼在本集团的业务中扮演更重要的角色。印尼强大的正在崛起中的中产阶级消费者，将继续支持具有自由购买力的零售开销之增长。



产业与投资控股

产业与投资控股组以经营吉隆坡百乐广场的业务为主。在本会计年度，本组仍然富有活力，全年的营业额共4千300万令吉。不过，与上一年度比较，营业利润较低，主要是由于品牌开支及企业开支更高所致。

正如在上述“企业发展”第(v)项所提到的，本集团建议以现金3亿4千900万令吉脱售吉隆坡百乐广场。这项脱售符合本集团的全面策略，因为吉隆坡百乐广场被视为太小，其净可出租面积只有大约50万平方尺，不足以推动本集团要建立高档购物商场的扩充计划，即购物商场的净可出租面积是大约100万平方尺。

建议中出售吉隆坡百乐广场的计划，将为本集团带来大约1亿1千万令吉的一次性盈利，以及大约3亿4千万令吉的现金，这现金可以让本集团进行品牌业务和展开高档购物商场发展的投资活动。

股息

就6月30日将结束/已结束的会计年度：

- (i) **2015:** 在2014年8月8日，总共发出61,703,857股库存股作为股票股息，分发的基础按在公司持有的每股1.00令吉的普通股每50股发给3股库存股，库存股不足1股者不算。
- (ii) **2014:** 在2014年4月25日，总共发出61,078,145股库存股作为股票股息，分发的基础按在公司持有的每股1.00令吉的普通股每50股发给3股库存股，库存股不足1股者不算。
- (iii) **2013:** 公司发给总共18仙的现金股息给股东。付出的净股息是大约1亿9千500万令吉。

可持续性

本集团正朝向根据“全球报告倡议”的报告成为具有更加全面可持续性的企业，以处理对我们的工作场所、市场、社区和环境的关注与利益。这反映出我们的决心，要朝向成为良好的企业管理方法和使我们的商业业务具有可持续性。

社区

在进行商业业务的过程中，本集团牢记着作为企业公民的责任，在加强盈利和股权价值的同时，对社会作出贡献。本集团是通过金狮集团（本公司是其成员公司之一）所成立的两个基金专注于教育和医药方面照顾社区。

金狮-百盛基金分发基金供给各种需要的用途，诸如：教育、慈善与科学研究；且每年提供奖学金给在本地大学攻读的本科生。金狮集团医药援助基金，提供财务援助给需要医药治疗的不幸者，包括动手术、购买医药器材以及药品。此项基金也赞助社区健康活动，诸如举办医药营和替洗肾中心购买洗肾机及提供治疗津贴金。

本集团也继续主办常年的“回校慈善运动”，在全国各地的百盛百货公司放置收集箱，让公众人士捐献基本的学校用品，诸如校服、鞋子和文具，然后分发给全国各地有需要的学童。百盛也和其商业伙伴（诸如化妆品公司）合作，要它们把在百盛百货公司内的档位销售产品的收入的一部分捐作慈善用途。



环境

本集团在“百盛关心我的公园”的计划下，在各州“领养”公园，目的是要维持有关公园，让周围的社区享用和受惠。这项计划涉及修复、加强和提升设施，以改善公园和休闲设施的情况，促进绿色环境，为公众人士带来更健康的生活方式。

百盛之矢志保护环境，也反映在它使用利用再循环的塑胶瓶制成的环保机织袋，以及参与几个州推行的“无塑胶袋日”，以减少对塑胶袋的使用。

市场

我们在2014年推行“2010年保护个人资料法案”，在我们的所有业务以及和公众人士来往方面，捍卫个人资料的隐私权。在朝向更大程度的透明度方面，我们也通过我们的“持续性架构”以加强监督我们的商业来往、雇员行为和商业持续管理的各种政策。在准备于2015年执行消费税方面，本集团已经采取了所需的影响分析和各种准备步骤，以确保在消费税实施时加以遵循。

工作场所

本集团致力于在人力资源的五个策略关注领域或支柱之下，吸引、留住和激发雇员。这五个领域是：酬劳、才能开发、能力塑造、人力资源业务杰出表现以及员工敬业度。

薪金和福利的持续标杆，以便保持適切和具有竞争性。表现管理程序正在加以改进，以创造一种强劲的表现文化，使业务和个人表现以及酬劳的结果挂钩。

在CeDR企业咨询公司（本集团一家提供训练的公司）的支援之下，各阶层（雇员）都注重学习与开发，集中在能力开发与不断学习。不断学习受到积极鼓励，成为雇员在本集团成长的基础，每名雇员都受到强制，必须接受最低时数的常年学习。

在人力资源业务杰出项目之下，本集团着手一项计划，以实行统一和共同的人力资源系统和薪酬结算。这进一步使集团的人力程序精简化和现代化，同时授权经理人员和雇员管理人力程序的运作与策略。

本集团不断强调员工敬业度活动，包括从参加业务性市政厅会议，“午餐与学习”到参与社交活动与休闲活动。这反过来培养了一支敬业的职工队伍，他们愉快的受到激发，也是善于合作共事的员工。

展望

在**中国**政府推行经济再平衡计划以维持该国的可持续成长，本集团预期，中国的国内消费将持续冲劲。无论如何，日益成熟的中国零售业部门和百货公司行业，竞争前景更具有挑战性。有鉴于未来的挑战，本集团将继续对其商业策略进行调整，务求将有关挑战转变成商机。

在**东南亚**的零售业领域，上述挑战预料将会在最近的将来持续。不过，随着中产阶级人数增加，迅速城市化，以及年轻人的欲望增大，加上本集团持续采取的策略调整，将纾解本集团所面对的上述挑战。

董事部

董事会热烈欢迎黄金来先生在本会计年度受委任为本公司的董事。董事会深信，本公司将会从他宝贵的经验和专门知识中受惠。

鸣谢

我谨代表董事部，真诚感谢所有尊贵的客户、供应商、银行家、商业伙伴、政府机构以及股东们，感谢他们继续给予本集团支持与合作，及对本集团有信心。

我也要真诚感谢董事们，在过去一年来给予的可贵指导和所作的贡献。也要感谢我们的各级雇员的献身精神及对本集团的贡献。

主席
丹斯里锺廷森

FINANCIAL STATEMENTS

2014

For The Financial Year Ended 30 June 2014

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and of the Group during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit/(loss) for the year	240,388	(1,395,894)
Profit/(loss) for the year attributable to:		
Owners of the parent	139,049	(1,395,894)
Non-controlling interests	101,339	–
	<u>240,388</u>	<u>(1,395,894)</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than an allowance made for impairment loss on amounts due from subsidiaries which resulted in a loss of RM1,394,000,000 (2013: RM3,777,000,000) to the Company as disclosed in Note 21 to the financial statements.

DIVIDENDS

The amount of share dividends paid by the Company since 30 June 2013 were as follows:

- (a) In respect of the financial year ended 30 June 2014, a total of 61,078,145 treasury shares were distributed as share dividend on 25 April 2014 on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded; and
- (b) In respect of the financial year ending 30 June 2015, a total of 61,703,857 treasury shares were distributed as share dividend on 8 August 2014 on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.

The Directors do not recommend the payment of a final dividend in respect of the current financial year.

DIRECTORS

The Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri William H.J. Cheng
 Tan Sri Abdul Rahman Bin Mamat
 Zainab binti Dato' Hj. Mohamed
 Yeow Teck Chai
 Ooi Kim Lai (Appointed on 12 May 2014)
 Cheng Sin Yeng (Retired on 12 December 2013)

In accordance with Article 98 of the Company's Articles of Association, Y. Bhg. Tan Sri Abdul Rahman Bin Mamat retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 99 of the Company's Articles of Association, Mr Ooi Kim Lai who was appointed during the financial year retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Tan Sri William H.J. Cheng retires and offers himself for re-appointment as Director of the Company to hold office until the next Annual General Meeting.

Mr Yeow Teck Chai who has served on the Board as an independent non-executive Director for more than eight years, retires at the forthcoming Annual General Meeting and the Company shall seek shareholders' approval for his re-appointment as an independent non-executive Director.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as shown in Note 8(b) to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares in the Company during and at the end of the financial year are as follows:

	Number of ordinary shares of RM1.00 each			
	1.7.2013	Acquired	Disposed	30.6.2014
Tan Sri William H.J. Cheng				
Direct interest	218,439,012	39,611,640	–	258,050,652
Indirect interest	300,324,984	16,971,177	(25,005,000)	292,291,161

	Number of ordinary shares of RM1.00 each			
	12.5.2014 ^	Acquired	Disposed	30.6.2014
Ooi Kim Lai				
Direct interest	161	–	–	161

DIRECTORS' INTERESTS (continued)

The interests of the Directors in office at the end of the financial year in shares in the related corporations during and at the end of the financial year are as follows:

	Nominal value per ordinary share	1.7.2013	Number of shares		30.6.2014
			Acquired	Disposed	
Tan Sri William H.J. Cheng Direct Interest					
Parkson Retail Asia Limited ("Parkson Asia")	*	500,000	–	–	500,000
Tan Sri William H.J. Cheng Indirect Interest					
Kiara Innovasi Sdn Bhd	RM1.00	3,000,000	–	–	3,000,000
Parkson Asia	*	457,983,300	–	–	457,983,300
Parkson Retail Group Limited	HK\$0.02	1,448,270,000	–	–	1,448,270,000
Parkson Myanmar Investment Company Pte Ltd	*	2,100,000	–	–	2,100,000
	Currency	1.7.2013	Acquired	Disposed	30.6.2014
Investments in the People's Republic of China					
Chongqing Wanyou Parkson Plaza Co Ltd	Rmb	21,000,000	3,500,000	–	24,500,000
Dalian Tianhe Parkson Shopping Centre Co Ltd	Rmb	60,000,000	–	–	60,000,000
Guizhou Shenqi Parkson Retail Development Co Ltd	Rmb	10,200,000	–	–	10,200,000
Qingdao No. 1 Parkson Co Ltd	Rmb	223,796,394	–	–	223,796,394
Wuxi Sanyang Parkson Plaza Co Ltd	Rmb	48,000,000	–	–	48,000,000
Xinjiang Youhao Parkson Development Co Ltd	Rmb	10,200,000	–	–	10,200,000
Investment in Vietnam					
Parkson Hanoi Co Ltd	US\$	6,720,000	–	–	6,720,000

^ Date of appointment as Director.

* Shares in companies incorporated in Singapore do not have a par value.

Save as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during and at the end of the financial year.

TREASURY SHARES

During the financial year, the Company repurchased a total of 108,196,200 of its issued ordinary shares from the open market at an average price of RM2.80 per share. The total consideration paid for the repurchase including transaction costs was RM303,100,000. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

A total of 61,078,145 treasury shares were distributed as share dividend on 25 April 2014 on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.

As at 30 June 2014, the Company held 59,507,686 treasury shares with a carrying amount of RM166,672,000 with further details disclosed in Note 28 to the financial statements.

EXECUTIVE SHARE OPTION SCHEME (“ESOS”)

The ESOS of the Company became effective on 7 May 2008 and will expire on 6 May 2018 upon its renewal for a further period of five years from 7 May 2013 to 6 May 2018. The main features of the ESOS are set out in Note 30 to the financial statements.

The persons to whom the options have been granted have no right to participate, by virtue of the options, in any share issue of any other company.

The movements in the number of options granted, exercised and lapsed pursuant to the ESOS during the financial year are as follows:

Grant date	Subscription price per share	Number of options				30.6.2014
		1.7.2013	Granted	Exercised	Lapsed	
7 April 2010	RM5.31	70,000	–	–	–	70,000

OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss, the statements of other comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in respect of these financial statements; and
 - (ii) the values attributed to the current assets in these financial statements misleading.

OTHER STATUTORY INFORMATION (continued)

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made, except as disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 37 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 September 2014.

TAN SRI WILLIAM H.J. CHENG
Chairman and Managing Director

OOI KIM LAI
Director

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **Tan Sri William H.J. Cheng** and **Ooi Kim Lai**, being two of the Directors of **Parkson Holdings Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 53 to 173 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2014 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 45 to the financial statements on page 174 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 September 2014.

TAN SRI WILLIAM H.J. CHENG
Chairman and Managing Director

OOI KIM LAI
Director

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Tan Sri William H.J. Cheng**, the Director primarily responsible for the financial management of **Parkson Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 53 to 174 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Tan Sri William H.J. Cheng** at Kuala Lumpur in the Federal Territory on 24 September 2014.

TAN SRI WILLIAM H.J. CHENG

Before me,

W626
HAJJAH JAMILAH ISMAIL
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PARKSON HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Parkson Holdings Berhad, which comprise the statements of financial position as at 30 June 2014 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 53 to 173.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report the following:

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) we have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) we are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) the auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 45 to the financial statements on page 174 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants (“MIA Guidance”) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

LOW KHUNG LEONG
No. 2697/01/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia
24 September 2014

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Revenue	4	3,553,882	3,454,958	–	180,000
Other items of income					
Other income	5	294,724	319,289	229	13
Items of expense					
Purchase of goods and changes in inventories		(1,151,414)	(1,128,597)	–	–
Employee benefits expense	6	(448,898)	(404,115)	(743)	(898)
Depreciation and amortisation		(275,507)	(217,546)	(27)	(27)
Promotional and advertising expenses		(104,657)	(111,256)	–	–
Rental expenses		(865,318)	(780,081)	–	–
Allowance for impairment loss on amounts due from subsidiaries	21	–	–	(1,394,000)	(3,777,000)
Other expenses	8(d)	(677,845)	(578,113)	(3,355)	(2,060)
Operating profit/(loss)		324,967	554,539	(1,397,896)	(3,599,972)
Finance income	7	119,920	114,352	2,096	1,711
Finance costs	7	(80,124)	(74,171)	(88)	(5)
Share of results of associates		2,334	532	–	–
Share of results of joint ventures		17,074	19,620	–	–
Profit/(loss) before tax	8	384,171	614,872	(1,395,888)	(3,598,266)
Income tax expense	9	(143,783)	(179,934)	(6)	(153)
Profit/(loss) for the year		240,388	434,938	(1,395,894)	(3,598,419)
Profit/(loss) for the year attributable to:					
Owners of the parent		139,049	238,204	(1,395,894)	(3,598,419)
Non-controlling interests		101,339	196,734	–	–
		240,388	434,938	(1,395,894)	(3,598,419)
Earnings per share attributable to owners of the parent (sen)					
Basic	11(a)	13.09	21.97		
Diluted	11(b)	13.09	21.97		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Profit/(loss) for the year	240,388	434,938	(1,395,894)	(3,598,419)
Other comprehensive income/(loss)				
Net gain/(loss) on available-for-sale financial assets:				
- Gain on fair value changes	-	5,809	-	-
- Transfer to profit or loss upon disposal	-	(4,096)	-	-
Loss on fair value changes in hedging instruments on cash flow hedges	-	(26,007)	-	-
Share of other comprehensive income of an associate	54	-	-	-
Foreign currency translation	(2,734)	87,635	-	-
Other comprehensive (loss)/income for the year, net of tax, representing items that may be reclassified subsequently to profit or loss	(2,680)	63,341	-	-
Total comprehensive income/(loss) for the year	237,708	498,279	(1,395,894)	(3,598,419)
Total comprehensive income/(loss) for the year attributable to:				
Owners of the parent	140,253	269,060	(1,395,894)	(3,598,419)
Non-controlling interests	97,455	229,219	-	-
	237,708	498,279	(1,395,894)	(3,598,419)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	2014 RM'000	2013 RM'000 (Restated)	As at 1.7.2012 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	12	2,090,548	2,150,278	1,716,488
Investment properties	13	109,036	259,247	173,951
Intangible assets	14	1,336,182	1,344,035	1,309,512
Land use rights	15	255,163	262,379	281,737
Investments in associates	17	69,282	68,917	1,163
Investments in joint ventures	18	33,976	20,953	22,520
Deferred tax assets	19	120,447	98,836	61,949
Other assets	20	428,838	182,443	364,391
Investment securities	22	30,233	30,233	43,416
Derivatives	23	1,270	52	52
		<u>4,474,975</u>	<u>4,417,373</u>	<u>3,975,179</u>
Current assets				
Inventories	24	325,759	290,223	278,177
Trade and other receivables	25	809,743	834,135	510,255
Tax recoverable		6,957	10,106	6,481
Deposits, cash and bank balances	26	2,626,096	2,986,540	2,975,255
		<u>3,768,555</u>	<u>4,121,004</u>	<u>3,770,168</u>
Non-current assets classified as held for sale	27	225,273	–	–
		<u>3,993,828</u>	<u>4,121,004</u>	<u>3,770,168</u>
Total assets		<u>8,468,803</u>	<u>8,538,377</u>	<u>7,745,347</u>
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	28	1,093,902	1,093,902	1,093,902
Share premium	28	3,536,816	3,731,416	3,731,416
Treasury shares	28	(166,672)	(58,172)	(45,684)
Other reserves	29	(1,944,620)	(2,018,313)	(2,492,398)
Retained profits		69,398	10,318	378,852
		<u>2,588,824</u>	<u>2,759,151</u>	<u>2,666,088</u>
Non-controlling interests		<u>1,604,685</u>	<u>1,625,336</u>	<u>1,534,135</u>
Total equity		<u>4,193,509</u>	<u>4,384,487</u>	<u>4,200,223</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014 (continued)

	Note	2014 RM'000	2013 RM'000 (Restated)	As at 1.7.2012 RM'000 (Restated)
Equity and liabilities (continued)				
Non-current liabilities				
Deferred tax liabilities	19	141,050	134,122	119,714
Loans and borrowings	31	1,575,169	1,579,669	1,245,822
Long term payables	33	322,630	214,959	122,953
Derivative financial instruments designated as hedging instruments		–	–	14,798
		2,038,849	1,928,750	1,503,287
Current liabilities				
Trade and other payables and other liabilities	34	2,063,338	2,184,252	1,996,557
Loans and borrowings	31	143,452	20	171
Tax payables		29,655	40,868	45,109
		2,236,445	2,225,140	2,041,837
Total liabilities		4,275,294	4,153,890	3,545,124
Total equity and liabilities		8,468,803	8,538,377	7,745,347

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	2014 RM'000	2013 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	54	81
Intangible assets	14	28	28
Investments in subsidiaries	16	23,951	23,951
Amounts due from subsidiaries	21	2,411,962	3,866,799
		<u>2,435,995</u>	<u>3,890,859</u>
Current assets			
Trade and other receivables	25	14,418	17,813
Amounts due from subsidiaries	21	3,612	229,048
Tax recoverable		419	–
Deposits, cash and bank balances	26	8,904	21,918
		<u>27,353</u>	<u>268,779</u>
Total assets		<u>2,463,348</u>	<u>4,159,638</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	28	1,093,902	1,093,902
Share premium	28	3,536,816	3,731,416
Treasury shares	28	(166,672)	(58,172)
Other reserves	29	2,905,969	2,905,969
Accumulated losses		(4,911,049)	(3,515,155)
Total equity		<u>2,458,966</u>	<u>4,157,960</u>
Non-current liability			
Loans and borrowings	31	46	69
Current liabilities			
Trade and other payables and other liabilities	34	4,311	1,480
Amount due to a subsidiary		3	36
Loans and borrowings	31	22	20
Tax payables		–	73
		<u>4,336</u>	<u>1,609</u>
Total liabilities		<u>4,382</u>	<u>1,678</u>
Total equity and liabilities		<u>2,463,348</u>	<u>4,159,638</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Note	← Attributable to owners of the parent →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	← Non-distributable →				Retained profits RM'000			
	Share capital RM'000 (Note 28)	Share premium RM'000 (Note 28)	Treasury shares RM'000 (Note 28)	Other reserves RM'000 (Note 29)				
At 1 July 2013, restated	1,093,902	3,731,416	(58,172)	(2,018,313)	10,318	2,759,151	1,625,336	4,384,487
Total comprehensive income for the year	-	-	-	1,204	139,049	140,253	97,455	237,708
Transactions with owners								
Transfer to capital reserves	-	-	-	2,052	(2,052)	-	-	-
Employee share options lapsed	-	-	-	(196)	196	-	-	-
Purchase of treasury shares	28	-	(303,100)	-	-	(303,100)	(32,229)	(335,329)
Transfer to merger deficit	-	-	-	68,082	(68,082)	-	-	-
Equity-settled share option arrangements granted by a subsidiary	-	-	-	1,799	-	1,799	1,653	3,452
Cancellation of treasury shares by a subsidiary	-	-	-	752	(10,031)	(9,279)	-	(9,279)
Dividends to non-controlling interests	-	-	-	-	-	-	(87,530)	(87,530)
Dividend paid to shareholders of the Company - share dividend	10	(194,600)	194,600	-	-	-	-	-
Total transactions with owners	-	(194,600)	(108,500)	72,489	(79,969)	(310,580)	(118,106)	(428,686)
At 30 June 2014	1,093,902	3,536,816	(166,672)	(1,944,620)	69,398	2,588,824	1,604,685	4,193,509

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (continued)

Note	← Attributable to owners of the parent →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	← Non-distributable →				Retained profits RM'000			
	Share capital RM'000 (Note 28)	Share premium RM'000 (Note 28)	Treasury shares RM'000 (Note 28)	Other reserves RM'000 (Note 29)				
At 1 July 2012, as previously stated	1,093,902	3,731,416	(45,684)	(2,492,398)	398,852	2,686,088	1,534,135	4,220,223
Effects of prior year adjustment	44	-	-	-	(20,000)	(20,000)	-	(20,000)
At 1 July 2012, restated	1,093,902	3,731,416	(45,684)	(2,492,398)	378,852	2,666,088	1,534,135	4,200,223
Total comprehensive income for the year	-	-	-	30,856	238,204	269,060	229,219	498,279
Transactions with owners								
Transfer to capital reserves	-	-	-	2,294	(2,294)	-	-	-
Dilution of interest in subsidiaries	16(b)	-	-	7,357	16,082	23,439	(23,439)	-
Employee share options lapsed	-	-	-	(11,217)	11,217	-	-	-
Employee share options exercised	-	-	-	(1)	14	13	12	25
Purchase of treasury shares	28	-	(12,488)	-	-	(12,488)	-	(12,488)
Transfer to merger deficit	-	-	-	436,616	(436,616)	-	-	-
Equity-settled share option arrangements granted by a subsidiary	-	-	-	8,180	-	8,180	7,695	15,875
Contributions by non-controlling interests	-	-	-	-	-	-	3,632	3,632
Dividends to non-controlling interests	-	-	-	-	-	-	(125,918)	(125,918)
Dividend paid to shareholders of the Company - cash dividends	10	-	-	-	(195,141)	(195,141)	-	(195,141)
Total transactions with owners	-	-	(12,488)	443,229	(606,738)	(175,997)	(138,018)	(314,015)
At 30 June 2013, restated	1,093,902	3,731,416	(58,172)	(2,018,313)	10,318	2,759,151	1,625,336	4,384,487

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Note	← Non-distributable →				(Accumulated losses)/ Retained profits RM'000	Total equity RM'000
	Share capital RM'000 (Note 28)	Share premium RM'000 (Note 28)	Treasury shares RM'000 (Note 28)	Other reserves RM'000 (Note 29)		
At 1 July 2013	1,093,902	3,731,416	(58,172)	2,905,969	(3,515,155)	4,157,960
Total comprehensive loss for the year	-	-	-	-	(1,395,894)	(1,395,894)
Transactions with owners						
Purchase of treasury shares	28	-	(303,100)	-	-	(303,100)
Dividend paid - share dividend	10	(194,600)	194,600	-	-	-
Total transactions with owners		(194,600)	(108,500)	-	-	(303,100)
At 30 June 2014	1,093,902	3,536,816	(166,672)	2,905,969	(4,911,049)	2,458,966
At 1 July 2012	1,093,902	3,731,416	(45,684)	2,905,969	278,405	7,964,008
Total comprehensive loss for the year	-	-	-	-	(3,598,419)	(3,598,419)
Transactions with owners						
Purchase of treasury shares	28	-	(12,488)	-	-	(12,488)
Dividend paid - cash dividends	10	-	-	-	(195,141)	(195,141)
Total transactions with owners		-	(12,488)	-	(195,141)	(207,629)
At 30 June 2013	1,093,902	3,731,416	(58,172)	2,905,969	(3,515,155)	4,157,960

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Cash flows from operating activities				
Profit/(loss) before tax	384,171	614,872	(1,395,888)	(3,598,266)
Adjustments for:				
Allowance for impairment loss on amounts due from subsidiaries	–	–	1,394,000	3,777,000
Depreciation and amortisation	275,507	217,546	27	27
Amortisation of deferred lease expenses and income, net	1,860	781	–	–
Property, plant and equipment written off	227	545	–	–
Impairment loss on:				
- Property, plant and equipment	1,387	–	–	–
- Goodwill	2,400	3,000	–	–
Allowance for/(reversal of) impairment loss on receivables, net	3,591	(815)	–	–
Write down/(reversal) of inventories	101	(77)	–	–
Employee share-based payments	3,452	15,875	–	–
Defined benefit plan	252	(1,221)	–	–
Unrealised exchange gain	(5,249)	(4,711)	–	–
Loss on disposal of property, plant and equipment	7,076	1,623	–	–
Net fair value loss on derivative	1,982	–	–	–
Gain on disposal of investment securities	–	(4,655)	–	–
Share of results of associates	(2,334)	(532)	–	–
Share of results of joint ventures	(17,074)	(19,620)	–	–
Interest expense	80,124	74,171	88	5
Interest income	(119,920)	(114,352)	(2,096)	(1,711)
Dividend income from:				
- A subsidiary	–	–	–	(180,000)
- Investment securities	(1,200)	(1,409)	–	–
Operating profit/(loss) before working capital changes	616,353	781,021	(3,869)	(2,945)
Changes in working capital:				
Inventories	(32,052)	(7,227)	–	–
Receivables and other assets	(101,163)	(122,028)	290,270	22,926
Payables	(33,207)	215,737	2,798	(89)
Cash flows generated from operations	449,931	867,503	289,199	19,892
Taxes paid	(168,054)	(222,563)	(498)	(89)
Interest paid	(79,451)	(51,664)	(88)	(5)
Interest received	107,380	103,387	1,494	808
Net cash flows generated from operating activities	309,806	696,663	290,107	20,606

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (continued)

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(291,595)	(365,174)	-	-
Additions to investment properties	(10,801)	(95,869)	-	-
Additions to intangible assets	(1,054)	(3,690)	-	-
Proceeds from disposal of property, plant and equipment	10,442	4,808	-	-
Proceeds from disposal of investment securities	-	20,209	-	-
Acquisition of an associate	-	(68,036)	-	-
Acquisition of joint ventures	(16,300)	-	-	-
Prepayment for acquisition of land and building	(110,366)	(206,880)	-	-
Dividends received from:				
- A subsidiary	-	-	-	180,000
- An associate	758	701	-	-
- A joint venture	19,919	22,816	-	-
- Investment securities	1,200	1,409	-	-
Purchase of call option	(3,200)	-	-	-
Changes in deposits with banks	100,604	(17,541)	-	-
Net cash flows (used in)/generated from investing activities	(300,393)	(707,247)	-	180,000
Cash flows from financing activities				
Dividends paid to:				
- Shareholders of the Company	-	(195,141)	-	(195,141)
- Non-controlling interests	(87,530)	(125,918)	-	-
Issuance of shares by a subsidiary	-	25	-	-
Contributions by non-controlling interests	-	3,632	-	-
Purchase of treasury shares	(335,329)	(12,900)	(303,100)	(12,488)
Proceeds from loans and borrowings	143,430	1,750,086	-	-
Repayment of loans, borrowings and derivative liability	-	(1,493,171)	-	-
Hire purchase principal payments	(21)	(32)	(21)	(20)
Net cash flows used in financing activities	(279,450)	(73,419)	(303,121)	(207,649)
Net decrease in cash and cash equivalents	(270,037)	(84,003)	(13,014)	(7,043)
Effects of changes in exchange rates	11,549	19,990	-	-
Cash and cash equivalents at 1 July	1,238,078	1,302,091	21,918	28,961
Cash and cash equivalents at 30 June (Note 26)	979,590	1,238,078	8,904	21,918

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and the principal place of business of the Company are both located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 16. There have been no significant changes in the nature of the principal activities of the Company and of the Group during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 September 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and amended MFRSs which are mandatory for financial periods beginning on or after 1 January 2013 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2013, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2013.

Description		Effective for annual periods beginning on or after
MFRS 3	Business Combinations (IFRS 3 issued by IASB in March 2004)	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

Description	Effective for annual periods beginning on or after
IC Interpretation 20	1 January 2013
Stripping Costs in the Production Phase of a Surface Mine	
Amendments to MFRS 1	1 January 2013
First-time Adoption of MFRSs - Government Loans	
Amendment to MFRS 1	1 January 2013
First-time Adoption of MFRSs (Annual Improvements 2009-2011 Cycle)	
Amendments to MFRS 7	1 January 2013
Disclosures - Offsetting Financial Assets and Financial Liabilities	
Amendments to MFRS 10	1 January 2013
Consolidated Financial Statements: Transition Guidance	
Amendments to MFRS 11	1 January 2013
Joint Arrangements: Transition Guidance	
Amendments to MFRS 12	1 January 2013
Disclosure of Interests in Other Entities: Transition Guidance	
Amendment to MFRS 101	1 January 2013
Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	
Amendment to MFRS 116	1 January 2013
Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	
Amendment to MFRS 132	1 January 2013
Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	
Amendment to MFRS 134	1 January 2013
Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	
Amendment to IC Interpretation 2	1 January 2013
Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	

Adoption of the above standards did not have any effect on the financial performance or position of the Group and of the Company, except for those discussed below:

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control being defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor that owns less than 50% of the voting shares in an investee has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

The change in accounting of the Group's investments have been applied in accordance with the relevant transitional provisions as set out in MFRS 10 as if the acquisitions had been accounted for in accordance with MFRS 3 at the date of acquisition.

The above change in accounting policy has not affected the amounts reported in the Group's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

MFRS 11 Joint Arrangements

MFRS 11 replaces MFRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly controlled entity (“JCE”) using proportionate consolidation. Instead, JCE that meets the definition of a joint venture entity (“JV”) must be accounted for using the equity method.

The application of MFRS 11 impacted the Group’s accounting of its interest in a joint venture, Xinjiang Youhao Parkson Development Co Ltd (Note 18). The Group has a 51% equity interest in the said JV, an operator of department stores in the People’s Republic of China. Prior to the adoption of MFRS 11, the said JV was classified as a JCE and the Group’s share of the assets, liabilities, revenue, income and expenses was proportionately consolidated in the consolidated financial statements. Upon adoption of MFRS 11, the Group has determined its interest in the said JV to be classified as a joint venture under MFRS 11 and it is required to be accounted for using the equity method (Note 2.6). The transition was applied retrospectively as required by MFRS 11 and the comparative information for the preceding years were restated.

MFRS 11 has been applied in accordance with the relevant transitional provisions set out in MFRS 11. The initial investment as at 1 July 2012 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated.

The application of the new standard did not impact the financial position, profit or loss and cash flows of the Company.

The above change in accounting policy has affected the amounts reported in the Group’s consolidated financial statements, as shown in Notes 2.2(i) to 2.2(iv) below.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group’s financial position or performance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

Application of MFRS 13 did not impact the fair value measurement of the Group and of the Company. Additional disclosures where required, are provided in the individual notes relating to the assets whose fair values were determined.

Revised MFRS 119 Employee Benefits

On 1 July 2013, the Group adopted the Revised MFRS 119 Employee Benefits.

For defined benefit plans, the revised MFRS 119 requires all actuarial gains and losses to be recognised in other comprehensive income and unvested past service costs to be recognised immediately in profit or loss when incurred.

Prior to adoption of the revised MFRS 119, the Group recognised actuarial gains and losses as income or expense when the net cumulative unrecognised gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognised unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised MFRS 119, the Group changed its accounting policy to recognise all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

The revised MFRS 119 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

MFRS 128 Investments in Associates and Joint Ventures

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

(i) Impact of the application of the above new standards and a prior year adjustment on net assets and equity of the Group as at 1 July 2012 and 30 June 2013

Group	1 July 2012				30 June 2013				
	as previously reported RM'000	MFRS 11 adjustments RM'000	Prior year adjustment RM'000 (Note 44)	1 July 2012 as restated RM'000	as previously reported RM'000	MFRS 11 adjustments RM'000	MFRS 119 adjustments RM'000	Prior year adjustment RM'000 (Note 44)	30 June 2013 as restated RM'000
Non-current assets									
Property, plant and equipment	1,719,704	(3,216)	-	1,716,488	2,153,419	(3,141)	-	-	2,150,278
Investments in associates	1,163	-	-	1,163	70,270	(1,353)	-	-	68,917
Investments in joint ventures	-	22,520	-	22,520	-	20,953	-	-	20,953
Other non-current assets	2,235,008	-	-	2,235,008	2,177,225	-	-	-	2,177,225
Current assets									
Inventories	280,476	(2,299)	-	278,177	292,470	(2,247)	-	-	290,223
Trade and other receivables	512,523	(2,268)	-	510,255	838,335	(4,200)	-	-	834,135
Tax recoverable	6,481	-	-	6,481	10,106	-	-	-	10,106
Deposits, cash and bank balances	3,030,992	(55,737)	-	2,975,255	3,044,017	(57,477)	-	-	2,986,540
Non-current liabilities									
Long term payables	(122,953)	-	-	(122,953)	(214,799)	-	(160)	-	(214,959)
Other non-current liabilities	(1,380,334)	-	-	(1,380,334)	(1,713,791)	-	-	-	(1,713,791)
Current liabilities									
Trade and other payables and other liabilities	(2,017,557)	41,000	(20,000)	(1,996,557)	(2,210,364)	46,112	-	(20,000)	(2,184,252)
Other current liabilities	(45,280)	-	-	(45,280)	(40,888)	-	-	-	(40,888)
Total equity	4,220,223	-	(20,000)	4,200,223	4,406,000	(1,353)	(160)	(20,000)	4,384,487
Non-controlling interests	(1,534,135)	-	-	(1,534,135)	(1,625,336)	-	-	-	(1,625,336)
Equity attributable to owners of the parent	2,686,088	-	(20,000)	2,666,088	2,780,664	(1,353)	(160)	(20,000)	2,759,151

(ii) Impact of the application of the above new standards on net assets and equity of the Group

	30 June 2014		
	MFRS 11 adjustments RM'000	MFRS 119 adjustments RM'000	Total adjustments RM'000
(Decrease)/increase in:			
Property, plant and equipment	(2,899)	-	(2,899)
Investments in joint ventures	18,320	-	18,320
Inventories	(2,078)	-	(2,078)
Trade and other receivables	(2,640)	-	(2,640)
Deposits, cash and bank balances	(54,930)	-	(54,930)
Trade and other payables and other liabilities	44,227	(1)	44,227

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

(iii) Impact of the application of the above new standards on profit of the Group

	← 30 June 2014 →		
	MFRS 11 adjustments RM'000	MFRS 119 adjustments RM'000	Total adjustments RM'000
(Decrease)/increase in:			
Revenue	(50,876)	–	(50,876)
Purchase of goods and changes in inventories	14,138	–	14,138
Other income	(3,347)	–	(3,347)
Items of expenses	20,837	(1)	20,837
Finance income	(2,776)	–	(2,776)
Income tax expense	4,306	–	4,306
Share of results of joint ventures	17,718	–	17,718
Profit for the year	–	–	–

	← 30 June 2013 →		
	MFRS 11 adjustments RM'000	MFRS 119 adjustments RM'000	Total adjustments RM'000
(Decrease)/increase in:			
Revenue	(47,565)	–	(47,565)
Purchase of goods and changes in inventories	14,311	–	14,311
Other income	(5,392)	–	(5,392)
Items of expenses	19,442	(159)	19,283
Finance income	(2,935)	–	(2,935)
Income tax expense	2,519	–	2,519
Share of results of:			
Associates	(1,345)	–	(1,345)
Joint ventures	19,620	–	19,620
Profit for the year	(1,345)	(159)	(1,504)

- (1) The changes in accounting policies have been applied retrospectively. The effects of adoption on the comparative figures are disclosed in Note 2.2(i). The Group has determined that it is impractical to determine the amount of the adjustment for the current period upon adoption of the revised MFRS 119.

There was no material impact of the application of the above new standards on cash flows of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description		Effective for annual periods beginning on or after
Amendments to MFRS 10, 12, 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendment to MFRS 2	Share-based Payment (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2011-2013 Cycle)	1 July 2014
Amendment to MFRS 8	Operating Segments (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 13	Fair Value Measurement (Annual Improvements to MFRSs 2011-2013 Cycle)	1 July 2014
Amendment to MFRS 116	Property, Plant and Equipment (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
Amendment to MFRS 124	Related Party Disclosures (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 138	Intangible Assets (Annual Improvements to MFRSs 2010-2012 Cycle)	1 July 2014
Amendment to MFRS 140	Investment Property (Annual Improvements to MFRSs 2011-2013 Cycle)	1 July 2014
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

Description		Effective for annual periods beginning on or after
Amendments to MFRS 116, 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116, 141	Agriculture: Bearer Plants	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	To be announced
MFRS 9	Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7, and MFRS 139	To be announced

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9 Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2.4 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its investment with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its investment with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of other vote holders;
- (ii) potential voting rights held by the Company, other vote holders or other parties;
- (iii) rights arising from other contractual arrangements; and
- (iv) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary is consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full except for unrealised losses, which are not eliminated when there are indications of impairment.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income ("OCI") and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost, is regarded as the cost on initial recognition of an investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Basis of consolidation (continued)

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the 'acquired' entity is reflected within equity as merger reserve/deficit. The profit or loss reflect the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

At each reporting date, the Group's retained profits for the immediate preceding financial year in relation to the entities under common control, after adjusting for proposed/declared dividend as at that date will be transferred to merger deficit.

2.6 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investments in associates and joint ventures (continued)

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition, the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and OCI of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.7 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2% - 8%
Office equipment and vehicles	10% - 25%
Furniture, fittings and other equipment	10% - 20%
Renovations	10% - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.9 Investment properties

Investment properties and investment properties under construction ("IPUC") are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. These investment properties are depreciated to write off the value over the unexpired lease terms ranging from 1.9% to 2.4% (2013: 1.9% to 2.4%) per annum. IPUC are not depreciated as they are not yet ready for their intended use.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

- **Customer relationships**

Customer relationships which were acquired in a business combination are amortised on a straight-line basis over their estimated useful lives of 5 years.

- **Computer software**

Computer software of the Group is amortised on a straight-line basis over their estimated useful lives ranging from 3 to 8 years.

- **Club memberships**

Club memberships are amortised on a straight-line basis over their estimated useful lives ranging from 25 to 99 years.

2.11 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised over their lease terms which ranged from 42 to 45 (2013: 42 to 45) years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued when the revaluation was taken to OCI. In this case, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually as at 30 June and also when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or groups of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held-for-trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. More information on receivables are disclosed in Note 25.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

Available-for-sale ("AFS") financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss as finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

Investments in equity investments whose fair values cannot be reliably measured are recognised at cost less impairment loss.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Derecognition (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(b) Impairment of financial assets (continued)

AFS financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payable, other payables, loans and borrowings including financial guarantee contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(c) Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Other financial liabilities

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the EIR method.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, with a maturity of three months or less. These may also include bank overdrafts (if any) that form an integral part of the cash management process.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of merchandise and consumables are determined using the weighted average method. The cost of merchandise and consumables comprise cost of purchase.

In determination of closing inventories, cost is calculated based on weighted average and retail inventory method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.18 Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognise as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "other income". Alternatively, they are deducted in reporting the related expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risk and interest rate risk respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk);
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as described below:

Fair value hedges

The change in the fair value of an interest rate hedging derivative is recognised in profit or loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss as finance costs.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term to maturity. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in OCI as hedging reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

2.20 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within twelve months after the reporting period; or
- (iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (i) it is expected to be settled in the normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Pursuant to the relevant laws and regulations in the respective countries, the subsidiaries of the Group operating with employees are required to participate in the retirement benefit schemes organised by the local jurisdiction whereby the Group is required to contribute a certain percentage of the salaries of its employees to the retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to pay the ongoing required contributions. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions made to the defined contribution retirement benefits scheme are charged to profit or loss in the period in which the related service is performed.

(b) Defined benefit plan

The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 13/2003. The said provisions, which are unfunded, are estimated using actuarial calculations based on the report prepared by an independent firm of actuaries.

Actuarial gains or losses are recognised in OCI when incurred. The unvested past service costs are recognised as an expense in the period they occur.

The related estimated liability for employee benefits is the aggregate of the present value of the defined benefit obligations at the end of the reporting period.

(c) Employee share option plans

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognised together with a corresponding increase in share option reserve in equity over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The share option reserve is transferred to retained profits upon expiry of the share options. When the options are exercised, the share option reserve is transferred to share premium if new shares are issued, or to treasury shares if the options are satisfied by the issuance of treasury shares.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

The lessee shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Foreign currency (continued)

(b) Foreign currency transactions (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in OCI and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in OCI. Exchange differences arising from such non-monetary items are also recognised directly in OCI.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to OCI. On disposal of a foreign operation, the cumulative amount recognised in OCI and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.24 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

The specific recognition criteria described below must also be met before revenue is recognised.

(a) Sale of goods

Revenue on sale of goods is recognised net of sales taxes and discounts upon the transfer of significant risks and rewards of ownership of goods to the customer, usually on the delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Commissions from concessionaire sales

Commissions from concessionaire sales are recognised upon the sale of goods by the concessionaire.

(c) Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included as finance income in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Revenue recognition (continued)

(d) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts and when the services are rendered.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(f) Promotion income and sales commissions

Promotion income and minimum guaranteed sales commissions are recognised according to the underlying contract terms with concessionaires and as these services have been provided in accordance therewith.

(g) Management, consultancy and credit card fees

Management, consultancy and credit card fees are recognised net of service taxes and discounts when the services are rendered.

(h) Revenue from customer loyalty award

Revenue from customer loyalty award is recognised when the obligation in respect of the award is fulfilled.

(i) Dividend income

Dividend income is recognised when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

2.25 Customer loyalty award

The Group operates loyalty programmes which allow customers to accumulate points when they purchase products in the Group's stores. The points can be redeemed for free or discounted goods from the Group's stores.

The Group allocates consideration received from the sale of goods to the goods sold and the points issued that are expected to be redeemed.

The consideration allocated to the points issued is measured at the fair value of the points. It is recognised as a liability (deferred revenue) in the statements of financial position and recognised as revenue when the points are redeemed, have expired or are no longer expected to be redeemed. The amount of revenue recognised is based on the number of points that have been redeemed, relative to the total number expected to be redeemed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in OCI or directly in equity.

(b) Deferred tax

Deferred tax is provided for using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred in a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.

2.27 Segmental reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Ordinary share capital and share issuance expenses

Equity instruments are any contracts that evidence a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.29 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Share options exercised during the reporting period are satisfied with treasury shares.

2.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Fair value measurement

The Group measures financial instruments, such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.32 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale. Any differences are included in the statement of profit or loss.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Non-current assets are not depreciated or amortised once classified as held for sale. Additional disclosures are provided in Note 27.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(ii) Operating lease commitments - the Group as lessee

The Group has entered into commercial property leases for its retail stores business. The commercial properties combined leases of land and buildings. At the inception of lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of relevant properties and so accounts for them as operating leases.

(iii) Tax provisions

Determining tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is assessed periodically to take into account all the changes in tax legislation and practices.

(iv) De facto control over Odel PLC ("Odel")

The Group considers that it has no control over Odel even though it owns 47.5% of the voting rights. Although the Group is the single largest shareholder of Odel, 45% equity interests are held by 3 family shareholders. It may be possible that the 3 family shareholders to obtain some support from the remaining 7.5% shareholders to outvote the Group. In addition, the Group is not actively involved in the relevant activities of Odel, with 3 out of 8 directors appointed by the Group in Odel's board of directors.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

(ii) Share-based payment

The Group measures the cost of equity-settled transactions with employees by reference to fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and valuation models used are disclosed in Note 30.

(iii) Operating lease commitments - the Group as lessee

The Group has entered into commercial property leases for its retail stores business. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of relevant properties and so accounts for them as operating leases. A 5% difference in the minimum lease payments would result in approximately 10% (2013: 9%) variance in the profit for the year.

(iv) Useful lives of plant and equipment

Plant and equipment are depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 4 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A 10% difference in the average useful lives of these assets from management's estimates would result in approximately 9% (2013: 5%) variance in the profit for the year.

(v) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and of the Company's loans and receivables at the reporting date are disclosed in Note 25.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(vi) Impairment of goodwill and other intangibles

Goodwill, brands and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill and customer loyalty award are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and brands and sensitivity analysis to changes in the assumptions are disclosed in Note 14.

(vii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future sales, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence, there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

During the financial year, the Group did not recognise any unused tax losses (2013: RM7,610,000) based on management assessment on the probability that taxable profits will be available against which the losses can be utilised. Following this assessment, management reversed a total of RM11,414,000 (2013: RM3,624,000) unused tax losses in the current financial year which are not anticipated to realise.

The carrying value of recognised and unrecognised deferred tax assets of the Group are disclosed in Note 19 and Note 9 respectively.

(viii) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(ix) Defined benefit plan

The cost of defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making certain assumptions which include discount rates, future salary increases and retirement age. Due to the complexity of the valuation, the underlying assumptions and its long term nature, defined benefit obligations are sensitive to changes in assumptions above. Further details are disclosed in Note 33(iii).

4. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Sales of goods - direct sales	1,387,436	1,352,776	-	-
Commissions from concessionaire sales ⁽ⁱ⁾	1,927,793	1,874,669	-	-
Consultancy and management service fees	10,123	9,908	-	-
Rental income	227,330	216,196	-	-
Dividend income from:				
A subsidiary	-	-	-	180,000
Investment securities	1,200	1,409	-	-
	3,553,882	3,454,958	-	180,000

(i) The commissions from concessionaire sales are analysed as follows:

	Group	
	2014 RM'000	2013 RM'000 (Restated)
Gross revenue from concessionaire sales	9,957,255	9,767,361
Commissions from concessionaire sales	1,927,793	1,874,669

5. OTHER INCOME

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Promotion income	66,590	62,179	-	-
Credit card handling fees	59,424	96,646	-	-
Government grants ⁽ⁱ⁾	6,700	4,802	-	-
Equipment and display space lease income	27,391	26,247	-	-
Administration and management fees	96,822	80,450	-	-
Service fees	12,029	15,967	-	-
Other income	25,768	32,998	229	13
	294,724	319,289	229	13

(i) Various government grants were granted by the local authorities in the People's Republic of China ("PRC") to reward certain subsidiaries for their contributions to the local economy. There are no unfulfilled conditions or contingencies attached to these government grants.

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Wages, salaries and bonuses	317,069	277,995	614	775
Defined contribution plans	41,381	34,377	68	63
Employee share-based payments of a subsidiary	3,452	15,875	–	–
Defined benefit plan (Note 33(iii))	252	(1,221)	–	–
Other staff related expenses	86,744	77,089	61	60
	448,898	404,115	743	898

Included in employee benefits expense of the Group and of the Company are an executive Director's remuneration amounting to RM962,000 (2013: RM729,000) and RM244,000 (2013: RM244,000) respectively as further disclosed in Note 8(b).

7. FINANCE INCOME/COSTS

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Finance income				
Interest income on:				
Amount due from a related party (Note 35(a))	688	898	688	898
Cross currency interest rate swap arrangement	–	18,606	–	–
Unwinding of discount on rental deposits receivable	2,572	2,154	–	–
Short term deposits and others	116,660	92,694	1,408	813
	119,920	114,352	2,096	1,711
Finance costs				
Interest expenses on:				
Term loans and bank loans	617	61,027	–	–
Bonds (Note 31(ii))	77,146	11,553	–	–
Unwinding of discount on rental deposits payable	2,249	1,305	–	–
Hire purchase liabilities (Note 32)	4	6	4	5
Bank overdrafts and others	108	280	84	–
	80,124	74,171	88	5

8. PROFIT/(LOSS) BEFORE TAX

(a) Profit/(loss) before tax is stated at after charging/(crediting):

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Directors' remuneration (Note b)	1,117	894	399	409
Auditors' remuneration:				
- Statutory audit	2,252	1,969	30	30
- Parkson Retail's statutory audit	2,487	2,105	-	-
Depreciation and amortisation:				
- Property, plant and equipment (Note 12)	262,165	201,441	27	27
- Investment properties (Note 13)	2,871	5,166	-	-
- Intangible assets (Note 14)	3,088	3,069	-	-
- Land use rights (Note 15)	7,383	7,870	-	-
Property, plant and equipment written off	227	545	-	-
Impairment loss on:				
- Property, plant and equipment (Note 12)	1,387	-	-	-
- Goodwill (Note 14)	2,400	3,000	-	-
Allowance for impairment loss on receivables (Note 25)	3,875	160	-	-
Reversal of impairment loss on receivables (Note 25)	(284)	(975)	-	-
Write down/(reversal) of inventories	101	(77)	-	-
Exchange gain, net:				
- Realised	(266)	(4,340)	-	-
- Unrealised	(5,249)	(4,711)	-	-
Loss on disposal of property, plant and equipment	7,076	1,623	-	-
Net fair value loss on derivative (Note 23)	1,982	-	-	-
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	741,162	633,542	-	-
- Contingent lease payments	119,972	143,942	-	-
- Amortisation of deferred lease expenses (Note 20(ii))	4,184	2,597	-	-
Gain on disposal of investment securities	-	(4,655)	-	-
Sub-lease of properties:				
- Minimum lease payments	(138,048)	(125,578)	-	-
- Contingent lease payments	(47,059)	(52,360)	-	-
- Amortisation of deferred lease income (Note 33(ii))	(2,324)	(1,816)	-	-

8. PROFIT/(LOSS) BEFORE TAX (continued)

(b) The details of remuneration receivable by Directors of the Company during the financial years are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive Director:				
Fees	276	266	50	50
Salaries and other emoluments	619	420	180	180
Pension costs - defined contribution plans	67	43	14	14
	<u>962</u>	<u>729</u>	<u>244</u>	<u>244</u>
Non-executive Directors:				
Fees	155	165	155	165
	<u>1,117</u>	<u>894</u>	<u>399</u>	<u>409</u>

(c) The number of Directors of the Company whose total remuneration during the financial years fell within the following bands is analysed below:

	Number of Directors	
	2014	2013
Executive Director:		
- RM700,001 to RM750,000	-	1
- RM950,001 to RM1,000,000	1	-
Non-executive Directors*:		
- RM25,000 and below	2	2
- RM25,001 to RM50,000	3	3

* 2014: Including a Director who retired at the Annual General Meeting held on 12 December 2013.

2013: Including a Director who retired at the Annual General Meeting held on 21 November 2012.

(d) Other expenses consist mainly of utilities cost, selling and distribution expenses, property management expenses and general and administrative expenses.

9. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 30 June 2014 and 30 June 2013 are:

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Income tax:				
Malaysian income tax	38,928	38,445	–	149
Foreign tax	119,887	165,306	–	–
	158,815	203,751	–	149
Under/(over) provision in prior years of Malaysian income tax	1,366	(250)	6	4
	160,181	203,501	6	153
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	(15,554)	(20,100)	–	–
Effect of change in tax rate	49	–	–	–
Over provision in prior years	(893)	(3,467)	–	–
	(16,398)	(23,567)	–	–
Total income tax expense	143,783	179,934	6	153

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

Domestic current income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year.

The domestic statutory rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016.

Under the relevant PRC income tax law, except for certain preferential treatments available to certain PRC subsidiaries of the Group, the PRC companies are subject to corporate income tax at a rate of 25% (2013: 25%) on their respective taxable income. As at 30 June 2014, 8 (2013: 2) PRC entities within the Group were granted preferential corporate income tax rates or corporate income tax exemptions from the relevant PRC tax authorities.

Subsidiaries incorporated in Vietnam, Indonesia, Singapore, Cambodia and Myanmar are subject to tax rates of 22%, 25%, 17%, 20% and 25% (2013: 25%, 25%, 17%, 20% and 25%) respectively for the financial year ended 30 June 2014.

9. INCOME TAX EXPENSE (continued)

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 30 June 2014 and 30 June 2013 are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Profit/(loss) before tax	384,171	614,872	(1,395,888)	(3,598,266)
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	96,043	153,718	(348,972)	(899,567)
Different tax rates in other jurisdiction	(7,670)	(7,626)	-	-
Expenses not deductible for tax purposes	27,461	25,062	349,201	944,989
Income not subject to tax	(3,885)	(10,526)	(229)	(45,273)
Utilisation of previously unrecognised tax losses	(791)	(5,387)	-	-
Deferred tax assets not recognised	20,430	23,132	-	-
Reversal of previously recognised tax losses	11,414	3,624	-	-
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	5,160	6,692	-	-
Over provision of deferred tax in prior years	(893)	(3,467)	-	-
Under/(over) provision of income tax in prior years	1,366	(250)	6	4
Effects on share of results of associates and joint ventures	(4,852)	(5,038)	-	-
Tax expense	143,783	179,934	6	153
Tax savings during the financial year arising from: Utilisation of previously unrecognised tax losses	791	5,387	-	-

The above reconciliation has been prepared by aggregating separate reconciliations for each national jurisdiction.

The following unused tax losses and unabsorbed capital allowances are available for offsetting against future taxable profits of the Group, subject to approval from the tax authority of the country in which the losses originate:

	Group	
	2014 RM'000	2013 RM'000
Unused tax losses	367,655	337,946
Unabsorbed capital allowances	12,829	13,972

10. DIVIDENDS

	Dividends in respect of financial year		Dividends recognised in financial year	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Single tier cash dividends:				
- Interim for 2013 (10 sen per share) ⁽ⁱ⁾	-	108,439	-	108,439
- Second interim for 2013 (8 sen per share) ⁽ⁱ⁾	-	86,702	-	86,702
	<u>-</u>	<u>195,141</u>	<u>-</u>	<u>195,141</u>
Share dividend ⁽ⁱⁱ⁾	<u>194,600</u>	<u>-</u>	<u>194,600</u>	<u>-</u>

(i) In respect of the financial year ended 30 June 2013:

- an interim single tier dividend of 10% (10 sen per share), amounting to RM108,439,000 was paid on 10 December 2012; and
- a second interim single tier dividend of 8% (8 sen per share), amounting to RM86,702,000 was paid on 22 May 2013.

(ii) In respect of the financial year ended 30 June 2014:

- a total of 61,078,145 treasury shares with a carrying amount of RM194,600,000 were distributed as share dividend on 25 April 2014 on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.

The Directors do not recommend the payment of a final dividend in respect of the current financial year.

Subsequent to the reporting date, in respect of the financial year ending 30 June 2015, a total of 61,703,857 treasury shares were distributed as share dividend on 8 August 2014 on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue (net of treasury shares) during the financial year.

	2014	Group 2013 (Restated)
Profit for the year attributable to owners of the parent (RM'000)	<u>139,049</u>	<u>238,204</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,062,635</u>	<u>1,084,037</u>
Basic earnings per share (sen)	<u>13.09</u>	<u>21.97</u>

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to owners of the parent and the weighted average number of ordinary shares in issue (net of treasury shares) during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. shares granted under the Executive Share Option Scheme ("ESOS") of the Company.

	2014	Group 2013 (Restated)
Profit for the year attributable to owners of the parent (RM'000)	<u>139,049</u>	<u>238,204</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,062,635</u>	<u>1,084,037</u>
Effect of dilution:		
- ESOS ('000)	<u>—</u>	<u>—</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,062,635</u>	<u>1,084,037</u>
Diluted earnings per share (sen)	<u>13.09</u>	<u>21.97</u>

There has been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovation RM'000	Capital work-in- progress ⁽ⁱ⁾ RM'000	Total RM'000
At 30 June 2014						
Cost						
At 1 July 2013	1,378,024	15,934	413,368	1,018,849	429,359	3,255,534
Additions	816	2,246	62,097	170,735	55,701	291,595
Disposals	–	(1,754)	(12,520)	(51,529)	(1,271)	(67,074)
Write off	(2,546)	–	(6,479)	(3,250)	–	(12,275)
Reclassification	(5)	–	1,248	56,912	(58,155)	–
Exchange differences	(534)	(165)	(2,366)	(8,150)	(1,123)	(12,338)
Reclassified as held for sale	(55,921)	–	(10,059)	(12,625)	–	(78,605)
At 30 June 2014	<u>1,319,834</u>	<u>16,261</u>	<u>445,289</u>	<u>1,170,942</u>	<u>424,511</u>	<u>3,376,837</u>
Accumulated depreciation and impairment loss						
At 1 July 2013	264,942	9,347	261,698	569,269	–	1,105,256
Charge for the year (Note 8(a))	35,061	2,436	45,371	179,297	–	262,165
Disposals	–	(1,420)	(9,662)	(38,474)	–	(49,556)
Write off	(2,546)	–	(6,419)	(3,083)	–	(12,048)
Impairment loss (Note 8(a))	–	–	–	1,387	–	1,387
Exchange differences	(833)	(103)	(2,181)	(6,327)	–	(9,444)
Reclassified as held for sale	(3,143)	–	(3,353)	(4,975)	–	(11,471)
At 30 June 2014	<u>293,481</u>	<u>10,260</u>	<u>285,454</u>	<u>697,094</u>	<u>–</u>	<u>1,286,289</u>
Net book value						
At 30 June 2014	<u><u>1,026,353</u></u>	<u><u>6,001</u></u>	<u><u>159,835</u></u>	<u><u>473,848</u></u>	<u><u>424,511</u></u>	<u><u>2,090,548</u></u>

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovation RM'000	Capital work-in- progress ⁽ⁱ⁾ RM'000	Total RM'000 (Restated)
At 30 June 2013						
Cost						
At 1 July 2012	1,277,140	14,451	395,697	908,316	24,018	2,619,622
Additions	2,427	2,998	39,827	98,525	432,735	576,512
Disposals	–	(1,744)	(15,348)	(29,884)	–	(46,976)
Write off	–	(171)	(18,488)	(8,073)	–	(26,732)
Reclassification from investment properties (Note 13)	14,568	–	–	–	–	14,568
Reclassification from/to intangible assets, net (Note 14)	–	–	187	–	–	187
Reclassification from land use rights (Note 15)	44,246	–	–	–	–	44,246
Reclassification	–	62	2,563	25,418	(28,043)	–
Exchange differences	39,643	338	8,930	24,547	649	74,107
At 30 June 2013	1,378,024	15,934	413,368	1,018,849	429,359	3,255,534
Accumulated depreciation						
At 1 July 2012	193,104	8,562	246,869	454,599	–	903,134
Charge for the year (Note 8(a))	30,400	2,014	38,444	130,583	–	201,441
Disposals	–	(1,374)	(12,777)	(26,394)	–	(40,545)
Write off	–	(164)	(18,111)	(7,912)	–	(26,187)
Reclassification from investment properties (Note 13)	8,543	–	–	–	–	8,543
Reclassification from/to intangible assets, net (Note 14)	–	–	395	–	–	395
Reclassification from land use rights (Note 15)	24,470	–	–	–	–	24,470
Exchange differences	8,425	309	6,878	18,393	–	34,005
At 30 June 2013	264,942	9,347	261,698	569,269	–	1,105,256
Net book value						
At 30 June 2013	1,113,082	6,587	151,670	449,580	429,359	2,150,278

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Motor vehicle	
	2014 RM'000	2013 RM'000
Cost		
At 1 July/30 June	137	137
Accumulated depreciation		
At 1 July	56	29
Charge for the year (Note 8(a))	27	27
At 30 June	83	56
Net book value		
At 30 June	54	81

(i) Capital work-in-progress includes a building under construction located in the Tianjin City, the PRC of RM381,696,000 (2013: RM358,275,000). These capital work-in-progress will be reclassified to appropriate categories of property, plant and equipment when they are ready for their intended use.

(ii) Analysis of purchase of property, plant and equipment during the financial years are as follows:

	Group	
	2014 RM'000	2013 RM'000
Aggregate costs of purchase of property, plant and equipment	291,595	576,512
Prepayment for acquisition of land and building in the Tianjin City, the PRC	-	(211,338)
Cash payments during the financial years	291,595	365,174

(iii) Net book values of property, plant and equipment held under hire purchase agreement are as follows:

	Group/Company	
	2014 RM'000	2013 RM'000
Motor vehicle	54	81

13. INVESTMENT PROPERTIES

Group	← 2014 →			← 2013 →		
	Completed investment properties ⁽ⁱ⁾ RM'000	IPUC ⁽ⁱⁱ⁾ RM'000	Total RM'000	Completed investment properties ⁽ⁱ⁾ RM'000	IPUC ⁽ⁱⁱ⁾ RM'000	Total RM'000
Cost						
At 1 July	174,771	93,017	267,788	185,493	–	185,493
Additions	7,195	3,606	10,801	2,852	93,017	95,869
Reclassification to property, plant and equipment (Note 12)	–	–	–	(14,568)	–	(14,568)
Exchange differences	(16)	–	(16)	994	–	994
Reclassified as held for sale	(166,849)	–	(166,849)	–	–	–
At 30 June	<u>15,101</u>	<u>96,623</u>	<u>111,724</u>	<u>174,771</u>	<u>93,017</u>	<u>267,788</u>
Accumulated depreciation						
At 1 July	8,541	–	8,541	11,542	–	11,542
Depreciation charge for the year (Note 8(a))	2,871	–	2,871	5,166	–	5,166
Reclassification to property, plant and equipment (Note 12)	–	–	–	(8,543)	–	(8,543)
Exchange differences	(14)	–	(14)	376	–	376
Reclassified as held for sale	(8,710)	–	(8,710)	–	–	–
At 30 June	<u>2,688</u>	<u>–</u>	<u>2,688</u>	<u>8,541</u>	<u>–</u>	<u>8,541</u>
Net book value						
At 30 June	<u>12,413</u>	<u>96,623</u>	<u>109,036</u>	<u>166,230</u>	<u>93,017</u>	<u>259,247</u>
Estimated fair value						
At 30 June	<u>91,406</u>	<u>98,000</u>	<u>189,406</u>	<u>289,440</u>	<u>98,000</u>	<u>387,440</u>

13. INVESTMENT PROPERTIES (continued)

	2014 RM'000	Group 2013 RM'000
Rental income derived from investment properties	39,899	36,442
Direct operating expenses (including repair and maintenance) generating rental income	(12,288)	(9,679)
Direct operating expenses (including repair and maintenance) that did not generate rental income	(476)	(527)
Profit arising from investment properties	<u>27,135</u>	<u>26,236</u>

- (i) The Group's completed investment properties consist of three commercial buildings. Included in buildings is a retail mall located in Setapak, Kuala Lumpur, Malaysia known as the KL Festival City Mall. Festival City Sdn Bhd ("Festival City"), a wholly-owned subsidiary of the Company, is the beneficial owner of this retail mall and the strata title of the retail mall has yet to be issued to Festival City. The fair value of this retail mall as at 30 June 2013 was determined based on the valuations performed by an accredited independent firm of professional valuers based on the investment method.

As at 30 June 2014, the retail mall has been reclassified as held for sale (Note 27).

Certain portions of the retail mall are held for own use by the Group and such portions are classified as property, plant and equipment (Note 12).

The fair values of the other buildings were determined based on the valuations performed by an accredited independent firm of professional valuers based on an open market, existing use basis in the previous financial year.

- (ii) IPUC comprises a land held by the Group. The land represents 15 acres out of the 23.22 acres undivided interest of land located in Melaka, Malaysia and has a leasehold term of 99 years. The Group intends to develop a shopping mall on the land.

The fair value of the land was determined based on the valuations performed by an accredited independent firm of professional valuers, on a direct comparison approach in the previous financial year.

14. INTANGIBLE ASSETS

Group	Goodwill RM'000	Customer relationships RM'000	Computer software RM'000	Club memberships RM'000	Total RM'000
Cost					
At 1 July 2012	1,307,764	3,739	7,276	387	1,319,166
Additions	–	–	3,690	–	3,690
Reclassification to/from property, plant and equipment, net (Note 12)	–	–	(187)	–	(187)
Exchange differences	36,771	(178)	169	1	36,763
At 30 June 2013 and 1 July 2013	1,344,535	3,561	10,948	388	1,359,432
Additions	–	–	1,054	–	1,054
Exchange differences	(3,045)	(583)	(162)	(1)	(3,791)
At 30 June 2014	1,341,490	2,978	11,840	387	1,356,695
Accumulated amortisation and impairment loss					
At 1 July 2012	6,550	779	2,153	172	9,654
Amortisation (Note 8(a))	–	715	2,354	–	3,069
Impairment loss (Note 8(a))	3,000	–	–	–	3,000
Reclassification to/from property, plant and equipment, net (Note 12)	–	–	(395)	–	(395)
Exchange differences	–	(70)	139	–	69
At 30 June 2013 and 1 July 2013	9,550	1,424	4,251	172	15,397
Amortisation (Note 8(a))	–	635	2,453	–	3,088
Impairment loss (Note 8(a))	2,400	–	–	–	2,400
Exchange differences	–	(272)	(100)	–	(372)
At 30 June 2014	11,950	1,787	6,604	172	20,513
Net carrying amount					
At 30 June 2014	1,329,540	1,191	5,236	215	1,336,182
At 30 June 2013	1,334,985	2,137	6,697	216	1,344,035

14. INTANGIBLE ASSETS (continued)

Company	Club memberships	
	2014 RM'000	2013 RM'000
Cost		
At 1 July/30 June	135	135
Accumulated amortisation and impairment loss		
At 1 July/30 June	107	107
Net carrying amount		
At 30 June	<u>28</u>	<u>28</u>

Goodwill

During the financial year, the Group made an allowance for impairment loss on goodwill of RM2,400,000 (2013: RM3,000,000) as disclosed in Note 8(a). The allowance was made after considering the decline in the quoted price of a listed subsidiary and a measurable decrease in the estimated future cash flows from the said subsidiary.

Customer relationships

Customer relationships arise from the "Centro Friends" loyalty programme of PT Tozy Sentosa. As disclosed in Note 2.10, customer relationships are amortised over their estimated useful lives of 5 years. Amortisation of customer relationships is included in the "depreciation and amortisation" line item of profit or loss.

(a) **Impairment tests for goodwill**

Management has carried out impairment test review for goodwill based on the recoverable amount of each CGU. The recoverable amount has been determined based on a value in use calculation. To calculate this, cash flow projections are prepared based on financial budgets as approved by the executive directors which cover a period of 5 years. The pre-tax discount rates applied to the cash flow projections are as follows:

	2014 %	2013 %
CGU		
PRC	11.4	9.6
Malaysia	9.1	9.6
Indonesia	18.0	11.0

Goodwill has been allocated to the Group's CGUs identified according to country of operation and business segment as follows:

	Malaysia RM'000	PRC RM'000	Indonesia RM'000	Total RM'000
Retailing				
At 30 June 2014	19,723	1,298,833	10,984	1,329,540
At 30 June 2013	19,723	1,302,129	13,133	1,334,985

14. INTANGIBLE ASSETS (continued)

(b) Key assumptions used in value in use calculations

The calculation of value in use for the CGUs are most sensitive to the following assumptions:

Revenue	: the bases used to determine the future earnings potential are historical sales and expected growth rates of the relevant industry.
Gross margins	: gross margins are based on the average gross margin achieved in the past two years.
Operating expenses	: the bases used to determine the values assigned are the cost of inventories purchased for resale, staff costs, depreciation and amortisation, rental expenses and other operating expenses. The value assigned to the key assumption reflects past experience and management's commitment to maintain the operating expenses to an acceptable level.
Growth rates	: the forecasted growth rates are based on published industry research and do not exceed the long term average growth rate for the industries relevant to the CGUs.
Discount rates	: discount rates reflect management's estimate of the risks specific to these entities. In determining appropriate discount rates for each unit, consideration has been given to the applicable weighted average cost of capital for each unit.

(c) Sensitivity to changes in assumptions

With regard to the assessment of value in use of the respective CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the unit to materially exceed its recoverable amount.

15. LAND USE RIGHTS

	Group	
	2014 RM'000	2013 RM'000
Cost		
At 1 July	318,286	351,551
Reclassification to property, plant and equipment (Note 12)	–	(44,246)
Exchange differences	(35)	10,981
	318,251	318,286
At 30 June	318,251	318,286
Accumulated amortisation		
At 1 July	55,907	69,814
Reclassification to property, plant and equipment (Note 12)	–	(24,470)
Amortisation for the year (Note 8(a))	7,383	7,870
Exchange differences	(202)	2,693
	63,088	55,907
At 30 June	63,088	55,907
Net book value	255,163	262,379
Amount to be amortised:		
- Not later than one year	7,383	6,924
- Later than one year but not later than five years	29,536	27,696
- Later than five years	218,244	227,759
	255,163	262,379

Land use rights include the payment for land use rights to the PRC authorities which are amortised on a straight-line basis over their respective lease periods, ranging from 42 to 45 (2013: 42 to 45) years. The net book values of the said leasehold land as at 30 June 2014 are RM234,837,000 (2013: RM241,903,000).

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	#	#
Share option granted to employees of subsidiaries	23,951	23,951
	23,951	23,951
Market value of quoted subsidiaries	2,271,504	3,788,475

Represent RM24 (2013: RM22)

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Held by the Company</u>						
East Crest International Limited	British Virgin Islands	Investment holding	100	100	–	–
Parkson Vietnam Investment Holdings Co Ltd	British Virgin Islands	Investment holding	100	100	–	–
Parkson Properties Holdings Co Ltd	British Virgin Islands	Investment holding	100	100	–	–
Prime Yield Holdings Limited	British Virgin Islands	Investment holding	100	100	–	–
Puncak Pelita Sdn Bhd <i>f</i>	Malaysia	Investment holding	100	100	–	–
Corporate Code Sdn Bhd	Malaysia	Investment holding	100	–	–	–
<u>Subsidiaries of East Crest International Limited</u>						
PRG Corporation Limited <i>f</i>	British Virgin Islands	Investment holding	100	100	–	–
Serbadagang Holdings Sdn Bhd <i>f</i>	Malaysia	Investment holding	100	100	–	–
Park Avenue Fashion Sdn Bhd	Malaysia	Retailing business	100	100	–	–
Smart Spectrum Limited	British Virgin Islands	Investment holding	100	100	–	–
Parkson Retail Asia Limited ("Parkson Asia") + β	Singapore	Investment holding	67.6	67.6	32.4	32.4
<u>Subsidiaries of Parkson Vietnam Investment Holdings Co Ltd</u>						
Parkson HCMC Holdings Co Ltd	British Virgin Islands	Dormant	100	100	–	–
Parkson HaiPhong Holdings Co Ltd	British Virgin Islands	Dormant	100	100	–	–
Parkson TSN Holdings Co Ltd	British Virgin Islands	Investment holding	100	100	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiaries of Parkson Properties Holdings Co Ltd</u>						
Parkson Properties NDT (Emperor) Co Ltd	British Virgin Islands	Dormant	100	100	–	–
Parkson Properties Hanoi Co Ltd	British Virgin Islands	Dormant	100	100	–	–
<u>Subsidiaries of Prime Yield Holdings Limited</u>						
Dyna Puncak Sdn Bhd	Malaysia	Investment holding	100	100	–	–
Gema Binari Sdn Bhd	Malaysia	Investment holding	100	*1 100	–	–
Parkson Credit Holdings Sdn Bhd (formerly known as United Total Equity Sdn Bhd)	Malaysia	Investment holding	100	–	–	–
<u>Subsidiary of PRG Corporation Limited</u>						
Parkson Retail Group Limited (“Parkson Retail”) + @ (Note c)	Cayman Islands	Investment holding	51.7 *2 0.4	51.2 *2 0.3	47.9	48.5
<u>Subsidiary of Parkson Retail</u>						
Grand Parkson Retail Group Limited +	British Virgin Islands	Investment holding	100	100	–	–
<u>Subsidiaries of Grand Parkson Retail Group Limited</u>						
Leonemas International Limited +	British Virgin Islands	Investment holding	100	100	–	–
Malverest Property International Limited +	British Virgin Islands	Investment holding	100	100	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiaries of Grand Parkson Retail Group Limited</u> (continued)						
Oroleon International Limited +	British Virgin Islands	Investment holding	100	100	–	–
Releomont International Limited +	British Virgin Islands	Investment holding	100	100	–	–
Exonbury Limited +	Hong Kong SAR	Investment holding	100	100	–	–
Parkson Investment Pte Ltd +	Singapore	Investment holding	100	100	–	–
Parkson Supplies Pte Ltd +	Singapore	Investment holding	100	100	–	–
Creation International Investment & Development Limited +	British Virgin Islands	Investment holding	100	100	–	–
Step Summit Limited +	Hong Kong SAR	Investment holding	100	100	–	–
Global Heights Investment Limited +	British Virgin Islands	Investment holding	100	100	–	–
Golden Village Group Limited +	British Virgin Islands	Investment holding	100	100	–	–
Lung Shing International Investment & Development Co Ltd +	British Virgin Islands	Investment holding	100	100	–	–
Capital Park Development Limited +	British Virgin Islands	Investment holding	100	100	–	–
Favor Move International Limited +	British Virgin Islands	Investment holding	100	100	–	–
Jet East Investments Limited +	British Virgin Islands	Investment holding	100	100	–	–
Bond Glory Limited +	British Virgin Islands	Investment holding	100	100	–	–
Victor Crest Limited +	British Virgin Islands	Investment holding	100	100	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiary of Leonemas International Limited</u>						
Leonemas (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiary of Malverest Property International Limited</u>						
Malverest (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiary of Malverest (Hong Kong) Limited</u>						
Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiaries of Parkson Retail Development Co Ltd</u>						
Beijing Huadesheng Property Management Co Ltd +	People's Republic of China	Property management	100	100	–	–
Shijiazhuang Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
Tianjin Parkson Shopping Mall Co Ltd +	People's Republic of China	Operation of department stores and property management	100	100	–	–
Zhangjiakou Parkson Shopping Mall Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
Harbin Parkson Retail Development Co Ltd + ^	People's Republic of China	Operation of department stores	100	–	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiary of Beijing Huadesheng Property Management Co Ltd</u>						
Qingdao Parkson Beer City Shopping Mall Co Ltd + ^	People's Republic of China	Property management	100	–	–	–
<u>Subsidiary of Oroleon International Limited</u>						
Oroleon (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiary of Releomont International Limited</u>						
Releomont (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiaries of Exonbury Limited</u>						
Hong Kong Fen Chai Investment Limited +	Hong Kong SAR	Investment holding	100	100	–	–
Shanghai Nine Sea Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
Shanghai Lion Parkson Investment Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	100	100	–	–
Parkson Investment Holdings Co Ltd +	People's Republic of China	Investment holding	70 *3 30	70 *3 30	–	–
Jinan Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiary of Hong Kong Fen Chai Investment Limited</u>						
Xi'an Lucky King Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	91 *4 9	91 *4 9	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiaries of Xi'an</u>						
<u>Lucky King Parkson Plaza Co Ltd</u>						
Xi'an Chang'an Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	51 *5 49	51 *5 49	–	–
Xi'an Shidai Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	51 *5 49	51 *5 49	–	–
Shanxi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiary of Shanghai</u>						
<u>Lion Parkson Investment Consultant Co Ltd</u>						
Shanghai Shi Jie Fashions Co Ltd +	People's Republic of China	Retail operation	100	100	–	–
<u>Subsidiaries of Parkson Investment Holdings Co Ltd</u>						
Shanghai Xinzhuang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
Lanzhou Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
Zigong Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiary of Parkson Investment Pte Ltd</u>						
Rosenblum Investments Pte Ltd +	Singapore	Investment holding	100	100	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiaries of Parkson Supplies Pte Ltd</u>						
Chongqing Wanyou Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	70	70	30	30
Mianyang Fulin Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	60 *6 40	60 *6 40	–	–
Sichuan Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiary of Creation International Investment & Development Limited</u>						
Creation (Hong Kong) Investment & Development Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiaries of Step Summit Limited</u>						
Guizhou Shenqi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	60	60	40	40
Shanghai Hongqiao Parkson Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
Hefei Parkson Xiaoyao Plaza Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiaries of Shanghai Hongqiao Parkson Development Co Ltd</u>						
Changshu Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
Shaoxing Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiaries of Shanghai</u>						
<u>Hongqiao Parkson Development Co Ltd</u> (continued)						
Changzhou Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
Changzhou Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiaries of Hefei</u>						
<u>Parkson Xiaoyao Plaza Co Ltd</u>						
Anshan Tianxing Parkson Shopping Centre Co Ltd +	People's Republic of China	Operation of department stores	51 *7 49	51 *7 49	–	–
Qingdao Parkson Retail Development Co Ltd + ^	People's Republic of China	Retail operation	100	–	–	–
<u>Subsidiary of Global Heights Investment Limited</u>						
Asia Victory International Limited +	British Virgin Islands	Investment holding	100	100	–	–
<u>Subsidiary of Asia Victory International Limited</u>						
Shunhe International Investment Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiary of Shunhe International Investment Limited</u>						
Kunming Yun Shun He Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiaries of Kunming Yun Shun He Retail Development Co Ltd</u>						
Zunyi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	90 *8 10	90 *8 10	–	–
Liupanshui Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
Kunshan Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
Panzhuhua Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiaries of Golden Village Group Limited</u>						
Duo Success Investments Limited +	British Virgin Islands	Investment holding	100	100	–	–
Jiangxi Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiary of Duo Success Investments Limited</u>						
Huge Return Investment Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiary of Lung Shing International Investment & Development Co Ltd</u>						
Anshan Lung Shing Property Services Limited +	People's Republic of China	Property management	100	100	–	–
<u>Subsidiary of Capital Park Development Limited</u>						
Capital Park (HK) Investment & Development Limited +	Hong Kong SAR	Investment holding	100	100	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiary of Capital Park (HK) Investment & Development Limited</u>						
Wuxi Sanyang Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	60	60	40	40
<u>Subsidiary of Favor Move International Limited</u>						
Hanmen Holdings Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiary of Jet East Investments Limited</u>						
Victory Hope Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiaries of Victory Hope Limited</u>						
Nanning Brilliant Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	70 *9 30	70 *9 30	–	–
Tianjin Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiary of Nanning Brilliant Parkson Commercial Co Ltd</u>						
Zhongshan Parkson Retail Co Ltd + ^	People's Republic of China	Retail operation	100	–	–	–
<u>Subsidiary of Bond Glory Limited</u>						
Choice Link Limited +	British Virgin Islands	Investment holding	100	100	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiary of Choice Link Limited</u>						
Great Dignity Development Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiary of Great Dignity Development Limited</u>						
Shantou Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiary of Victor Crest Limited</u>						
Wide Crest Limited +	British Virgin Islands	Investment holding	100	100	–	–
<u>Subsidiaries of Wide Crest Limited</u>						
Wide Field International Limited +	Hong Kong SAR	Investment holding	100	100	–	–
Sea Coral Limited +	Hong Kong SAR	Investment holding	100	100	–	–
Parkson Venture Pte Ltd +	Singapore	Investment holding	100	100	–	–
<u>Subsidiary of Wide Field International Limited</u>						
Shenyang Parkson Shopping Plaza Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiary of Sea Coral Limited</u>						
Dalian Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiary of Parkson Venture Pte Ltd</u>						
Qingdao No. 1 Parkson Co Ltd +	People's Republic of China	Operation of department stores	95.9	95.9	4.1	4.1
<u>Subsidiary of Serbadagang Holdings Sdn Bhd</u>						
Dalian Tianhe Parkson Shopping Centre Co Ltd f£	People's Republic of China	Operation of department stores	60	60	40	40
<u>Subsidiaries of Parkson Asia</u>						
Parkson Corporation Sdn Bhd	Malaysia	Operation of department stores	100	100	–	–
Centro Retail Pte Ltd +	Singapore	Investment holding	100	100	–	–
PT Tozy Sentosa +	Indonesia	Operation of department stores, supermarket and merchandising	72.2 *10 27.8	72.2 *10 27.8	–	–
Parkson Myanmar Co Pte Ltd +	Singapore	Investment holding	100	100	–	–
<u>Subsidiaries of Parkson Corporation Sdn Bhd</u>						
Parkson Vietnam Co Ltd +	Vietnam	Operation of department stores	100	100	–	–
Parkson Haiphong Co Ltd +	Vietnam	Operation of department stores	100	100	–	–
Kiara Inovasi Sdn Bhd	Malaysia	Operation of department stores	60	60	40	40

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiaries of Parkson Corporation Sdn Bhd (continued)</u>						
Parkson Cambodia Holdings Co Ltd +	British Virgin Islands	Investment holding	100	100	–	–
Parkson Online Sdn Bhd	Malaysia	Online retailing	100	100	–	–
Parkson SGN Co Ltd + ^	Vietnam	Operating of retail stores	100	–	–	–
<u>Subsidiaries of Parkson Vietnam Co Ltd</u>						
Parkson Vietnam Management Services Co Ltd +	Vietnam	Operation of department stores	100	100	–	–
Parkson Hanoi Co Ltd +	Vietnam	Operation of department stores	70	70	30	30
<u>Subsidiary of Parkson Cambodia Holdings Co Ltd</u>						
Parkson (Cambodia) Co Ltd +	Cambodia	Operation of department stores	100	100	–	–
<u>Subsidiary of Parkson Myanmar Co Pte Ltd</u>						
Parkson Myanmar Investment Company Pte Ltd +	Singapore	Investment holding	70	70	30	30
<u>Subsidiaries of Parkson Myanmar Investment Company Pte Ltd</u>						
Parkson Myanmar Asia Pte Ltd +	Singapore	Investment holding	100	100	–	–
Myanmar Parkson Company Limited +	Myanmar	Retailing and leasing of retail space	90 *11 10	90 *11 10	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiary of Parkson TSN Holdings Co Ltd</u>						
Parkson HBT Properties Co Ltd +	Vietnam	Real estate consulting and management services	100	100	–	–
<u>Subsidiaries of Dyna Puncak Sdn Bhd</u>						
Idaman Erajuta Sdn Bhd	Malaysia	Investment holding	100	100	–	–
Magna Rimbun Sdn Bhd	Malaysia	Investment holding	100	100	–	–
True Excel Investments Limited	British Virgin Islands	Investment holding	100	100	–	–
<u>Subsidiary of Idaman Erajuta Sdn Bhd</u>						
Festival City Sdn Bhd	Malaysia	Property management and investment holding	100	100	–	–
<u>Subsidiary of Magna Rimbun Sdn Bhd</u>						
Megan Mastika Sdn Bhd	Malaysia	Property management and investment holding	100	100	–	–
<u>Subsidiary of Gema Binari Sdn Bhd</u>						
Parkson Branding Sdn Bhd (formerly known as Dimensi Armani Sdn Bhd)	Malaysia	Distribution and retailing of fashionable goods	100	100	–	–
<u>Subsidiary of Parkson Branding Sdn Bhd</u>						
Parkson Fashion Sdn Bhd (formerly known as Lembaran Untung Sdn Bhd)	Malaysia	Distribution and retailing of fashionable goods	100	–	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2014	2013	2014	2013
<u>Subsidiary of Parkson Credit Holdings Sdn Bhd</u>						
Parkson Credit Sdn Bhd (formerly known as Harapan Kapital Baru Sdn Bhd)	Malaysia	Dormant	100	–	–	–
<u>Subsidiary of True Excel Investments Limited</u>						
True Excel Investments (Cambodia) Co Ltd +	Cambodia	Investment holding	100	100	–	–

All the companies are audited by Ernst & Young Malaysia except for those marked (“+”) which the company or group companies are audited by a member firm of Ernst & Young Global in the respective countries, and those marked (“f”) which are audited by other firms.

* Equals to the proportion of voting rights held.

*1 Held by Dyna Puncak Sdn Bhd.

*2 Held by East Crest International Limited.

*3 Held by Parkson Investment Pte Ltd.

*4 Held by Huge Return Investment Limited.

*5 Held by Parkson Retail Development Co Ltd.

*6 Held by Shanghai Hongqiao Parkson Development Co Ltd.

*7 Held by Creation (Hong Kong) Investment & Development Limited.

*8 Held by Parkson Investment Holdings Co Ltd.

*9 Held by Hanmen Holdings Limited.

*10 Held by Centro Retail Pte Ltd.

*11 Held by Parkson Myanmar Asia Pte Ltd.

^ Subsidiaries which were newly incorporated during the financial year.

β Listed on the Singapore Exchange Securities Trading Limited.

@ Listed on The Stock Exchange of Hong Kong Limited.

£ In financial year 2005, the Group ceased to have management control over Dalian Tianhe Parkson Shopping Centre Co Ltd. Accordingly, the investment was accounted as Investment Securities (Note 22(i)).

16. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries

During the financial year, the Group acquired the following subsidiaries for a total consideration of RM8 (2013: RM11):

	Consideration RM
2014	
Corporate Code Sdn Bhd	2
Parkson Credit Holdings Sdn Bhd	2
Parkson Fashion Sdn Bhd	2
Parkson Credit Sdn Bhd	2
	<hr/>
	8 <hr/> <hr/>
2013	
Magna Rimbun Sdn Bhd	2
Megan Mastika Sdn Bhd	2
Gema Binari Sdn Bhd	2
Dimensi Armani Sdn Bhd	2
True Excel Investments Limited	3
	<hr/>
	11 <hr/> <hr/>

No disclosure on the fair values of the acquired assets and liabilities of the combined entities as the acquisition of these subsidiaries have no material effects on the Group's financial results and financial position.

(b) Dilution of interest in subsidiaries

In the previous financial year, East Crest International Limited, a wholly-owned subsidiary of the Company, completed the disposal of its entire equity interest in Victor Crest Limited ("Victor Crest") to Grand Parkson Retail Group Limited, a wholly-owned subsidiary of Parkson Retail, which is in turn a subsidiary of the Company. On completion of the disposal, the Group's effective interest in Victor Crest was diluted from 100% to 51.5%.

(c) Increase in shareholdings in a subsidiary

During the financial year, Parkson Retail, a subsidiary of the Company, cancelled 30,967,500 of its repurchased shares, resulting in the increase of the Group's interest in Parkson Retail from 51.5% to 52.1%.

16. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Material partly-owned subsidiaries

Financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below.

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2014 %	2013 %
Parkson Asia	Singapore	32.4	32.4
Parkson Retail	Cayman Islands	47.9	48.5

Parkson Asia and Parkson Retail are investment holding companies which its subsidiaries are involved in retail businesses in the Southeast Asia and the PRC respectively.

	2014 RM'000	Group 2013 RM'000
Accumulated balances of material non-controlling interests:		
Parkson Asia	198,577	207,236
Parkson Retail	1,428,973	1,429,860
	<u>1,627,550</u>	<u>1,637,100</u>
Profit allocated to material non-controlling interests:		
Parkson Asia	29,161	31,972
Parkson Retail	71,436	156,584
	<u>100,597</u>	<u>188,556</u>

16. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Material partly-owned subsidiaries (continued)

Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below. The summarised financial information below is the amount before inter-company elimination.

	Parkson Asia		Parkson Retail		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(i) Summarised statements of financial position						
Non-current assets	450,010	417,969	3,770,413	3,578,981	4,220,423	3,996,950
Current assets	633,630	683,914	3,034,514	3,102,412	3,668,144	3,786,326
Non-current liabilities and non-controlling interests	(34,335)	(30,404)	(2,064,292)	(1,963,817)	(2,098,627)	(1,994,221)
Current liabilities	(436,225)	(431,663)	(1,757,081)	(1,767,525)	(2,193,306)	(2,199,188)
Total equity	613,080	639,816	2,983,554	2,950,051	3,596,634	3,589,867
Attributable to non-controlling interests	198,577	207,236	1,428,973	1,429,860	1,627,550	1,637,096
(ii) Summarised statements of profit or loss						
Revenue	1,114,483	1,111,436	2,400,834	2,228,458	3,515,317	3,339,894
Profit for the year	90,031	98,711	149,152	323,060	239,183	421,771
Attributable to non-controlling interests	29,161	31,972	71,436	156,584	100,597	188,556
Dividends paid to non-controlling interests	(44,840)	(16,389)	(42,690)	(109,529)	(87,530)	(125,918)
(iii) Summarised cash flows						
Operating	142,751	124,874	163,063	533,079	305,814	657,953
Investing	(96,864)	(111,456)	(68,413)	(564,317)	(165,277)	(675,773)
Financing	(99,174)	(48,062)	(67,290)	(16,565)	(166,464)	(64,627)
Net (decrease)/increase in cash and cash equivalents	(53,287)	(34,644)	27,360	(47,803)	(25,927)	(82,447)

17. INVESTMENTS IN ASSOCIATES

	2014 RM'000	Group 2013 RM'000 (Restated)
Quoted shares, at cost	69,422	68,512
Unquoted shares, at cost	324	324
Share of post-acquisition reserves	1,979	557
	<hr/>	<hr/>
	71,725	69,393
Exchange differences	(2,443)	(476)
	<hr/>	<hr/>
	69,282	68,917
	<hr/> <hr/>	<hr/> <hr/>

Details of associates are as follows:

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		Accounting model applied
			2014	2013	
Shanghai Nine Sea Lion Properties Management Co Ltd ("Shanghai Nine Sea") &	People's Republic of China	Property management and real estate consulting services	35	35	Equity method
Odel PLC ("Odel") ^ #	Sri Lanka	Fashion retailing	47.5	47.5	Equity method

The financial year end of Shanghai Nine Sea and Odel are 31 December and 31 March respectively. For the purpose of applying the equity method of accounting for associates, the last audited financial statements available and the management financial statements as at end of the accounting period of the associates were used.

* Equals to the proportion of voting rights held.

& Audited by a firm other than Ernst & Young.

^ Audited by a member firm of Ernst & Young Global.

Listed on the Colombo Stock Exchange in Sri Lanka.

17. INVESTMENTS IN ASSOCIATES (continued)

Summarised financial information of the Group's material associate is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the material associate and not the Group's share of those amounts:

	2014 RM'000	Odel 2013 RM'000
(i) Summarised statements of financial position		
Non-current assets	78,709	69,455
Current assets	108,748	105,561
Total assets	187,457	175,016
Non-current liabilities	8,964	11,984
Current liabilities	34,850	20,131
Total liabilities	43,814	32,115
Net assets	143,643	142,901
(ii) Summarised statements of profit or loss		
Revenue	113,975	108,632
Profit for the year	4,778	1,100
(iii) Group's share of net assets, representing carrying amount of Group's interest in the associate	68,173	67,820
(iv) Group's share of results of the associate	2,267	482

18. INVESTMENTS IN JOINT VENTURES

	2014 RM'000	Group 2013 RM'000 (Restated)
Share of net assets	<u>33,976</u>	<u>20,953</u>

Details of joint ventures are as follows:

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *		Accounting model applied
			2014	2013	
Xinjiang Youhao Parkson Development Co Ltd ("Xinjiang Youhao") (i)	People's Republic of China	Operation of department stores	51	51	Equity method
Marlow House Asia Limited ("Marlow House") (ii)	British Virgin Islands	Investment holding	50	–	Equity method
<u>Watatime Group of Companies (iii)</u>					
Watatime Marketing Sdn Bhd	Malaysia	Wholesaling of watches	50	–	Equity method
J. Bovier Time (M) Sdn Bhd	Malaysia	Retailing of watches	50	–	Equity method
Watatime (Subang) Sdn Bhd	Malaysia	Retailing of watches	37.5	–	Equity method
Watatime (M) Sdn Bhd	Malaysia	Retailing of watches	50	–	Equity method
Watatime Group Sdn Bhd	Malaysia	Dormant	50	–	Equity method
The Time Shop Sdn Bhd	Malaysia	Retailing of watches	50	–	Equity method
Wata Time (S) Pte Ltd	Singapore	Dormant	50	–	Equity method

18. INVESTMENTS IN JOINT VENTURES (continued)

All of the joint ventures have the same reporting period as the Group except for Xinjiang Youhao which its financial year end is 31 December. For the purpose of applying the equity method of accounting for joint ventures, the last audited financial statements available and the management financial statements as at end of the accounting period of the joint ventures were used.

* The Group has voting rights of all its joint ventures under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities.

(i) Although the Group has ownership indirectly through subsidiary of more than half of the voting power of the subject entity, the joint venture agreement established joint control over the subject entity. The joint venture agreement ensures that no single venturer is in a position to control the activity unilaterally.

The entity forms part of the Parkson Retail group of companies, which is audited by a member firm of Ernst & Young Global.

(ii) During the financial year, the Group acquired 50% equity interest in Marlow House for a total cash consideration of USD1, equivalent to RM3. Marlow House is audited by a firm other than Ernst & Young.

(iii) During the financial year, the Group acquired equity interests in the Watatime Group of Companies for a total cash consideration of RM16,300,000. Watatime Group of Companies are audited by a firm other than Ernst & Young.

Summarised financial information of material joint ventures is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the material joint ventures and not the Group's share of those amounts.

	Watatime Group of Companies		Xinjiang Youhao		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(i) Summarised statements of financial position						
Non-current assets	11,446	–	6,842	7,994	18,288	7,994
Current assets	73,662	–	115,799	123,506	189,461	123,506
Total assets	85,108	–	122,641	131,500	207,749	131,500
Non-current liabilities	2,317	–	920	1,045	3,237	1,045
Current liabilities	58,830	–	85,799	89,371	144,629	89,371
Total liabilities	61,147	–	86,719	90,416	147,866	90,416
Net assets	23,961	–	35,922	41,084	59,883	41,084
(ii) Summarised statements of profit or loss						
Revenue	33,475	–	99,757	95,755	133,232	95,755
(Loss)/profit for the year	(1,371)	–	34,741	38,469	33,370	38,469
(iii) Group's share of net assets, representing carrying amount of Group's interest in joint ventures	15,656	–	18,320	20,953	33,976	20,953
(iv) Group's share of results of joint ventures	(644)	–	17,718	19,620	17,074	19,620

19. DEFERRED TAX ASSETS/(LIABILITIES)

	2014 RM'000	Group 2013 RM'000
At 1 July	(35,286)	(57,765)
Recognised in profit or loss (Note 9)	16,398	23,567
Exchange differences	(1,715)	(1,088)
	<u>(20,603)</u>	<u>(35,286)</u>
At 30 June	<u>(20,603)</u>	<u>(35,286)</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	120,447	98,836
Deferred tax liabilities	(141,050)	(134,122)
	<u>(20,603)</u>	<u>(35,286)</u>

The components and movements of deferred tax assets and liabilities during the financial years prior to offsetting are as follows:

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Unused tax losses RM'000	Others RM'000	Total RM'000
At 1 July 2013	3,228	33,841	61,767	98,836
Recognised in profit or loss	(59)	(13,258)	37,344	24,027
Exchange differences	(256)	284	(2,444)	(2,416)
	<u>2,913</u>	<u>20,867</u>	<u>96,667</u>	<u>120,447</u>
At 30 June 2014	<u>2,913</u>	<u>20,867</u>	<u>96,667</u>	<u>120,447</u>
At 1 July 2012	4,142	25,035	32,772	61,949
Recognised in profit or loss	(894)	7,610	27,063	33,779
Exchange differences	(20)	1,196	1,932	3,108
	<u>3,228</u>	<u>33,841</u>	<u>61,767</u>	<u>98,836</u>
At 30 June 2013	<u>3,228</u>	<u>33,841</u>	<u>61,767</u>	<u>98,836</u>

19. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Deferred tax liabilities of the Group:

	Capital allowances RM'000	Asset revaluation RM'000	Withholding taxes RM'000	Others RM'000	Total RM'000
At 1 July 2013	(82,394)	(43,910)	(6,982)	(836)	(134,122)
Recognised in profit or loss	(2,556)	–	(5,160)	87	(7,629)
Exchange differences	48	445	126	82	701
At 30 June 2014	(84,902)	(43,465)	(12,016)	(667)	(141,050)
At 1 July 2012	(77,163)	(42,441)	–	(110)	(119,714)
Recognised in profit or loss	(2,756)	–	(6,692)	(764)	(10,212)
Exchange differences	(2,475)	(1,469)	(290)	38	(4,196)
At 30 June 2013	(82,394)	(43,910)	(6,982)	(836)	(134,122)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2014 RM'000	2013 RM'000
Unused tax losses	284,187	202,582
Unabsorbed capital allowances	1,177	1,060
	285,364	203,642
Deferred tax @ 25%, if recognised	71,341	50,911

The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the subsidiaries is subject to approval from the tax authority of the country in which the losses originate.

Deferred tax assets have not been recognised in respect of the unused tax losses and unabsorbed capital allowances as it is not probable that taxable profit will be available against which the unused tax losses and unabsorbed capital allowances can be utilised, considering that the relevant subsidiaries have been incurring losses and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the Group's profit would have been RM71,341,000 (2013: RM50,911,000) higher.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group has intermediate investment holding companies incorporated in Hong Kong and Singapore which qualify for a preferential withholding tax rate at 5%.

20. OTHER ASSETS

	2014 RM'000	Group 2013 RM'000
Lease deposits	104,124	62,046
Lease prepayments (i)	212,998	48,428
Deferred lease expenses (ii)	74,142	71,969
Other deposits (iii)	37,574	–
	<u>428,838</u>	<u>182,443</u>

- (i) This represents the long term portion of the prepaid lease rental paid to lessors.
- (ii) Deferred lease expenses represent the differences between fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the lease terms ranging from 2 to 16 years (2013: 2 to 17 years).

The movement in deferred lease expenses is as follows:

	2014 RM'000	Group 2013 RM'000
At 1 July	71,969	54,702
Additions during the year	7,866	19,426
Recognised in profit or loss (Note 8(a))	(4,184)	(2,597)
Exchange differences	40	438
At 30 June	<u>75,691</u>	<u>71,969</u>
Less: Current portion of deferred lease expenses (Note 25)	<u>(1,549)</u>	<u>–</u>
Non-current portion of deferred lease expenses	<u>74,142</u>	<u>71,969</u>

- (iii) This amount represents deposits of US\$11,710,000 (equivalent to approximately RM37,574,000) for the proposed lease and acquisition of the Proposed Parkson Mall in Cambodia as disclosed in Note 37(a). Construction on the Proposed Parkson Mall in Cambodia commenced subsequent to the reporting date.

21. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Non-current		
Amounts due from subsidiaries	7,582,962	7,643,799
Less: Allowance for impairment loss	(5,171,000)	(3,777,000)
	2,411,962	3,866,799
Current		
Amounts due from subsidiaries	3,612	229,048
Movement in allowance accounts:		
At 1 July	3,777,000	-
Charge for the year	1,394,000	3,777,000
At 30 June	5,171,000	3,777,000

During the financial year, the Company made an allowance for impairment loss on the amount due from East Crest International Limited, a wholly-owned subsidiary which holds 52.1% (2013: 51.5%) equity interest in Parkson Retail amounted to RM1,387,000,000 (2013: RM3,777,000,000). The allowance was made after considering the decline in the quoted price of Parkson Retail and a measurable decrease in the estimated future cash flows from Parkson Retail.

The non-current portion of the amounts due from subsidiaries represents the amount which the Company does not intend to demand repayment within twelve months from the reporting date.

The current portion of the amounts due from subsidiaries are unsecured, interest free and repayable on demand.

22. INVESTMENT SECURITIES

	Group	
	2014 RM'000	2013 RM'000
Non-current		
Available-for-sale financial investments:		
<u>Outside Malaysia</u>		
- Unquoted shares		
At cost ⁽ⁱ⁾	21,296	21,296
Accumulated impairment loss	(21,296)	(21,296)
	-	-
<u>In Malaysia</u>		
- Unquoted shares, at cost ⁽ⁱⁱ⁾	233	233
	233	233
Held-to-maturity investment:		
- Unquoted shares, at amortised cost	30,000	30,000
Total investment securities	30,233	30,233

22. INVESTMENT SECURITIES (continued)

- (i) As disclosed in Note 16, the Group ceased to have management control over Dalian Tianhe Parkson Shopping Centre Co Ltd. Accordingly, the investment was accounted as available-for-sale financial investments.
- (ii) This represents a 7% equity interest in Lion Insurance Company Limited, a related party of the Group. The relationship of the related party with the Group is further disclosed in Note 35.

23. DERIVATIVES

	2014 RM'000	Group	2013 RM'000
Non-hedging derivatives:			
Non-current			
Option to purchase additional shares in:			
- Kiara Innovasi Sdn Bhd ("Kiara Innovasi") (i)	52		52
- Watatime Group of Companies (ii)	1,218		-
	<u>1,270</u>		<u>52</u>

The derivatives relate to:

- (i) The fair value of an irrevocable option ("Option") granted by Galaxy Point Sdn Bhd ("Galaxy Point"), the 40% shareholder of Kiara Innovasi, to Parkson Corporation Sdn Bhd ("PCSB") to purchase Galaxy Point's entire shareholding in Kiara Innovasi at the proportionate net tangible assets of Kiara Innovasi. PCSB may exercise the Option at any time for a period of three years from the date of business commencement of Kiara Innovasi. The Option is renewed every three years. Further details on fair value measurement of the Option are disclosed in Note 39(a).
- (ii) The fair value of a call option ("Call Option") granted by W Time Sdn Bhd, the 50% shareholder of the Watatime Group of Companies to Corporate Code Sdn Bhd ("Corporate Code") to acquire a further 20% of the issued and paid-up capital in each of the companies within the Watatime Group of Companies (with the exception of Watatime (Subang) Sdn Bhd and Watatime (M) Sdn Bhd for which the option shares are such number of shares which together with the shares held directly and indirectly by Corporate Code gives Corporate Code an effective 70% equity stake) for RM8,200,000. The Call Option is exercisable within an option period of one year commencing immediately after the fifth anniversary of the Put and Call Option Agreement ("PCOA"). The call option fee is RM3,200,000. Further details on fair value measurement of the Call Option and the PCOA are disclosed in Note 39(a) and Note 37(b), respectively.

During the financial year, a fair value loss on derivative of RM1,982,000 (2013: Nil) was recognised in profit or loss (Note 8(a)).

24. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000 (Restated)
At costs:		
Merchandise inventories	312,461	277,823
Properties held for sale	5,291	5,295
Consumables	7,874	6,883
	325,626	290,001
At realisable value:		
Merchandise inventories	133	222
	325,759	290,223
	325,759	290,223

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,151,414,000 (2013: RM1,128,597,000).

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Current				
Trade receivables				
Third parties	20,249	12,659	-	-
Less: Allowance for impairment loss	(1,121)	(574)	-	-
	19,128	12,085	-	-
Other receivables				
Sundry receivables (i)	159,566	190,676	2	8
Less: Allowance for impairment loss	(6,248)	(3,223)	-	-
	153,318	187,453	2	8
Deposits (ii)	52,680	115,920	7	7
Amounts due from joint ventures (iii)	9,705	-	-	-
Amounts due from related parties (iv)	14,409	17,798	14,409	17,798
Lease prepayments (v)	160,505	211,165	-	-
Prepayments (vi)	398,449	289,714	-	-
Deferred lease expenses (Note 20)	1,549	-	-	-
	790,615	822,050	14,418	17,813
Other receivables, net	790,615	822,050	14,418	17,813
Total trade and other receivables	809,743	834,135	14,418	17,813
Add: Deposits, cash and bank balances (Note 26)	2,626,096	2,986,540	8,904	21,918
Add: Long term deposits	141,698	62,046	-	-
Add: Amounts due from subsidiaries (Note 21)	-	-	2,415,574	4,095,847
Less: Lease prepayments	(160,505)	(211,165)	-	-
Less: Prepayments	(398,449)	(289,714)	-	-
	3,018,583	3,381,842	2,438,896	4,135,578
Total loans and receivables	3,018,583	3,381,842	2,438,896	4,135,578

25. TRADE AND OTHER RECEIVABLES (continued)

(i) Sundry receivables

Sundry receivables comprise the following:

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Credit card sales receivables	25,131	76,786	–	–
Advances to suppliers	70,120	72,312	–	–
Accrued interest on deposits	18,671	14,017	–	6
Others	45,644	27,561	2	2
	<u>159,566</u>	<u>190,676</u>	<u>2</u>	<u>8</u>

Sundry receivables are non-interest bearing with average credit terms ranging from 1 to 90 days (2013: 1 to 90 days).

(ii) Deposits

Included in deposits are:

- (a) a refundable deposit of RM13,418,000 (2013: RM20,007,000) paid to C&T Corporation ("C&T") for the proposed acquisition by the Group from C&T of a 55% equity interest in a joint-stock company, C.T Phuong Nam Joint Stock Company. In September 2010, the Group and C&T have mutually agreed to terminate the acquisition and the deposit paid will be refunded by C&T in full together with interest to the Group; and
- (b) deposits of RM25,511,000 (2013: RM25,286,000) paid by Parkson Vietnam Co Ltd ("Parkson Vietnam") to two individuals and a Vietnamese company (collectively the "Vietnamese Store Owners"). These Vietnamese Store Owners separately own three department stores in Vietnam which are operated and managed by Parkson Vietnam Management Services Co Ltd, a subsidiary of the Group. Pursuant to agreements entered into between these Vietnamese Store Owners, Parkson Vietnam is allowed to acquire certain equity interests in the department stores upon fulfilment of certain conditions. The deposits are non-interest bearing and are secured by certain percentage of the charter capital of the Vietnamese Store Owners in the companies operating the department stores and the assets of the Vietnamese company's department store.

(iii) Amounts due from joint ventures

Included in the amounts due from joint ventures is an unsecured amount of RM6,500,000 due from Watatime (M) Sdn Bhd which bears interest of 7% per annum. Other than the above, the amounts due from other joint ventures are unsecured and interest free.

25. TRADE AND OTHER RECEIVABLES (continued)

(iv) Amounts due from related parties

Included in the amounts due from related parties is an amount due from Total Triumph Investments Limited ("Total Triumph") as follows:

	Group/Company	
	2014 RM'000	2013 RM'000
Principal amount	6,000	10,000
Interest	8,287	7,685
	14,287	17,685

On 19 September 2007, the Company completed the disposal of the entire 100% equity interest in Bright Steel Sdn Bhd ("Bright Steel") to Total Triumph for a cash consideration of RM53,470,000, of which RM13,470,000 was settled upon the completion. As at 30 June 2014, a total of RM34,000,000 (2013: RM30,000,000) deferred payment was paid by Total Triumph to the Company.

The amount due from Total Triumph bears interest of 1% (2013: 1%) above base lending rate per annum and is secured against shares in Bright Steel.

Other than the above, the amounts due from other related parties are unsecured, interest free and repayable on demand.

The relationship of the related parties with the Group and the Company are further disclosed in Note 35.

(v) Lease prepayments

Lease prepayments are non-interest bearing except for an amount of approximately RM118,347,000 (2013: RM126,425,000) paid to landlords by subsidiaries in the PRC which bore interests ranging from 5% to 13% per annum (2013: 6% to 8% per annum).

(vi) Prepayments

Included in prepayments is RM317,086,000 (2013: RM206,880,000) paid into an escrow account for the acquisition of the land use right and the building ownership right of a shopping complex in the Qingdao City, the PRC ("Qingdao Shopping Mall").

The maximum consideration for the Qingdao Shopping Mall is Rmb1,570,000,000 (equivalent to approximately RM811,000,000). As at 30 June 2014, the acquisition of the Qingdao Shopping Mall has not been completed pending fulfilment of certain conditions precedent.

Trade receivables

Credit terms of trade receivables range from payment in advance to 90 days (2013: payment in advance to 90 days).

Other information on financial risks of trade and other receivables are disclosed in Note 40.

25. **TRADE AND OTHER RECEIVABLES** (continued)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2014	Group
	RM'000	2013
		RM'000
Neither past due nor impaired	10,301	7,497
1 to 30 days past due not impaired	2,761	1,421
31 to 60 days past due not impaired	1,459	497
61 to 90 days past due not impaired	1,470	332
More than 91 days past due not impaired	3,137	2,338
Past due but not impaired	8,827	4,588
Impaired	1,121	574
	20,249	12,659

Trade receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

Receivables that are past due but not impaired are unsecured in nature. Management is confident that these receivables are recoverable as these accounts are still active.

Trade and other receivables that are impaired

The Group's trade and other receivables that are impaired at the reporting date are principally on delinquent accounts and the movement of allowance accounts used to record the impairment losses are as follows:

	2014	Group
	RM'000	Individually impaired
		2013
		RM'000
Trade receivables - nominal amounts	1,121	574
Less: Allowance for impairment loss	(1,121)	(574)
	-	-
Sundry receivables - nominal amounts	6,248	3,223
Less: Allowance for impairment loss	(6,248)	(3,223)
	-	-

25. TRADE AND OTHER RECEIVABLES (continued)

Movement in allowance accounts:

Group	Trade receivables RM'000	Sundry receivables RM'000	Deposits RM'000	Total RM'000
At 1 July 2013	574	3,223	–	3,797
Charge for the year (Note 8(a))	533	3,342	–	3,875
Reversal of impairment loss (Note 8(a))	–	(284)	–	(284)
Exchange differences	14	(33)	–	(19)
At 30 June 2014	1,121	6,248	–	7,369
At 1 July 2012	571	3,553	500	4,624
Charge for the year (Note 8(a))	–	160	–	160
Reversal of impairment loss (Note 8(a))	–	(484)	(491)	(975)
Exchange differences	3	(6)	(9)	(12)
At 30 June 2013	574	3,223	–	3,797

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to a group of debtors, other than the prepayment for the acquisition of the land use right and the building ownership right mentioned in (vi) above.

26. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Deposits, cash and bank balances:				
Cash on hand and at banks				
- Malaysia	52,563	23,567	2,002	2,793
- Foreign	548,955	565,367	–	917
Deposits with:				
Licensed banks				
- Malaysia	193,601	246,540	–	1,100
- Foreign	1,715,335	1,967,883	6,902	17,108
Licensed finance companies in Malaysia	115,642	183,183	–	–
Total deposits, cash and bank balances	2,626,096	2,986,540	8,904	21,918
Less:				
Investments in principal guaranteed deposits	(1,520,074)	(1,640,513)	–	–
Non-pledged time deposits with original maturity of more than three months when acquired	(126,432)	(107,949)	–	–
Cash and cash equivalents	979,590	1,238,078	8,904	21,918

26. DEPOSITS, CASH AND BANK BALANCES (continued)

As at 30 June 2014, deposits, cash and bank balances of the Group amounting to RM118,608,000 (2013: RM662,000) are pledged with financial institutions for banking facilities extended to the Group.

The deposits, cash and bank balances of the subsidiaries in the PRC which amounted to RM2,172,857,000 (2013: RM2,250,968,000) at the reporting date are subject to the exchange control restrictions of that country. The said deposits, cash and bank balances are available for use by the subsidiaries in the country and the exchange control restrictions will only apply if the monies are to be remitted to another country outside of the PRC.

The investments in principal guaranteed deposits have terms of less than one year and have an expected average annual rate of return of 4.2% (2013: 4.1%). Pursuant to the underlying contracts or notices, the investments in principal guaranteed deposits are capital guaranteed upon the maturity date.

The average effective interest rates of deposits at the reporting date were as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Licensed banks	3.3	3.3	2.9	2.9
Licensed finance companies	3.1	3.0	–	–

Deposits of the Group and of the Company have varying periods of between 1 day and 12 months (2013: 1 day and 12 months). Bank balances are deposits held at call with licensed banks.

27. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 19 August 2014, the Company announced its decision to dispose of a property known as KL Festival City Mall, which was reported in the property and investment holding segment. Further details of the proposed disposal are disclosed in Note 38(b).

The property was reclassified as non-current assets held for sale as at 30 June 2014 as the proposed disposal was highly probable at the reporting date, with management committed to a plan to dispose the said property to a known third party buyer.

	Group	
	2014 RM'000	2013 RM'000
Property, plant and equipment (Note 12)	67,134	–
Investment properties (Note 13)	158,139	–
	<u>225,273</u>	<u>–</u>

28. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

Group/Company	Number of ordinary shares of RM1.00 each		← Amount →	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
Authorised share capital				
At 1 July/30 June	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>

28. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (continued)

Group/Company	Number of ordinary shares of RM1.00 each		Amount			
	Share capital (Issued and fully paid) '000	Treasury shares '000	Share capital (Issued and fully paid) RM'000 (a)	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000 (b)
At 1 July 2013	1,093,902	(12,390)	1,093,902	3,731,416	4,825,318	(58,172)
Purchase of treasury shares	–	(108,196)	–	–	–	(303,100)
Distribution of share dividend	–	61,078	–	(194,600)	(194,600)	194,600
At 30 June 2014	1,093,902	(59,508)	1,093,902	3,536,816	4,630,718	(166,672)
At 1 July 2012	1,093,902	(9,303)	1,093,902	3,731,416	4,825,318	(45,684)
Purchase of treasury shares	–	(3,087)	–	–	–	(12,488)
At 30 June 2013	1,093,902	(12,390)	1,093,902	3,731,416	4,825,318	(58,172)

(a) Issue of shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury shares

This amount represents the acquisition cost of treasury shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased a total of 108,196,200 (2013: 3,086,400) of its issued ordinary shares from the open market at an average price of RM2.80 (2013: RM4.05) per share. The total consideration paid for the repurchase including transaction costs was RM303,100,000 (2013: RM12,488,000). The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

A total of 61,078,145 treasury shares with a carrying amount of RM194,600,000 were distributed as share dividend on 25 April 2014 on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.

As at 30 June 2014, the number of outstanding ordinary shares in issue after the set off of 59,507,686 (2013: 12,389,631) treasury shares held by the Company is 1,034,394,364 (2013: 1,081,512,419) ordinary shares of RM1.00 each.

On 8 August 2014, the Company distributed a total of 61,703,857 treasury shares with a carrying amount of RM171,380,000 as share dividend on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.

29. OTHER RESERVES

Group	Exchange fluctuation reserves RM'000	Share option reserve RM'000 (a)	Asset revaluation reserve RM'000 (b)	Capital reserves RM'000 (c)	Merger deficit RM'000 (d)	Hedging reserve RM'000	Premium on acquisition of non- controlling interests RM'000	Available- for-sale investment revaluation reserve RM'000	Total RM'000
2014									
At 1 July 2013	89,286	8,629	67,005	78,677	(2,258,067)	-	(3,843)	-	(2,018,313)
Other comprehensive income/ (loss) for the year									
Share of other comprehensive income of an associate	54	-	-	-	-	-	-	-	54
Foreign currency translation	(2,356)	(78)	(101)	(199)	-	-	-	-	(2,734)
Less: Non-controlling interests	3,700	41	48	95	-	-	-	-	3,884
	1,398	(37)	(53)	(104)	-	-	-	-	1,204
Transactions with owners									
Transfer to capital reserves	-	-	-	2,052	-	-	-	-	2,052
Employee share options lapsed	-	(196)	-	-	-	-	-	-	(196)
Transfer from retained profits	-	-	-	-	68,082	-	-	-	68,082
Equity-settled share option arrangements granted by a subsidiary	-	1,799	-	-	-	-	-	-	1,799
Cancellation of treasury shares by a subsidiary	(884)	95	746	795	-	-	-	-	752
	(884)	1,698	746	2,847	68,082	-	-	-	72,489
At 30 June 2014	89,800	10,290	67,698	81,420	(2,189,985)	-	(3,843)	-	(1,944,620)

29. OTHER RESERVES (continued)

Group	Exchange fluctuation reserves RM'000	Share option reserve RM'000 (a)	Asset revaluation reserve RM'000 (b)	Capital reserves RM'000 (c)	Merger deficit RM'000 (d)	Hedging reserve RM'000	Premium on acquisition of non- controlling interests RM'000	Available- for-sale investment revaluation reserve RM'000	Total RM'000
2013									
At 1 July 2012	51,237	11,408	64,764	66,619	(2,694,683)	12,953	(3,843)	(853)	(2,492,398)
Other comprehensive income/ (loss) for the year									
Net gain/(loss) on available- for-sale financial assets:									
- Gain on fair value changes	-	-	-	-	-	-	-	5,809	5,809
- Transfer to profit or loss upon disposal	-	-	-	-	-	-	-	(4,096)	(4,096)
Loss on fair value changes in hedging instruments on cash flow hedges	-	-	-	-	-	(26,007)	-	-	(26,007)
Foreign currency translation	77,300	502	4,349	4,672	-	870	-	(58)	87,635
Less: Non-controlling interests	(39,251)	(243)	(2,108)	(2,265)	-	12,184	-	(802)	(32,485)
	38,049	259	2,241	2,407	-	(12,953)	-	853	30,856
Transactions with owners									
Transfer to capital reserves	-	-	-	2,294	-	-	-	-	2,294
Dilution of interest in subsidiaries	-	-	-	7,357	-	-	-	-	7,357
Employee share options lapsed	-	(11,217)	-	-	-	-	-	-	(11,217)
Employee share options exercised	-	(1)	-	-	-	-	-	-	(1)
Transfer from retained profits	-	-	-	-	436,616	-	-	-	436,616
Equity-settled share option arrangements granted by a subsidiary	-	8,180	-	-	-	-	-	-	8,180
	-	(3,038)	-	9,651	436,616	-	-	-	443,229
At 30 June 2013	89,286	8,629	67,005	78,677	(2,258,067)	-	(3,843)	-	(2,018,313)

29. OTHER RESERVES (continued)

Company	Share option reserve RM'000 (a)	Capital redemption reserve RM'000	Total RM'000
At 1 July 2013 and 30 June 2014	138	2,905,831	2,905,969
At 1 July 2012 and 30 June 2013	138	2,905,831	2,905,969

(a) Share option reserve

The share option reserve represents the equity-settled share options granted to employees of the Group under the employee share option scheme of the Company and its subsidiary, Parkson Retail, as set out in Note 30.

(b) Asset revaluation reserve

The asset revaluation reserve represents the fair value adjustments to the property, plant and equipment, investment properties and land use rights of Parkson Retail Development Co Ltd ("PRDC") prior to the Group acquiring the remaining 44% equity interest in PRDC in 2006.

(c) Capital reserves

The capital reserves are maintained by the Group's subsidiaries in the PRC in accordance with the regulations in that country and are not available for payment of dividend.

(d) Merger deficit

On 19 September 2007, the Group completed the acquisition of certain retail subsidiaries. The acquisition was satisfied by way of issuance of 3,799,730,000 new ordinary shares of RM1.00 each of the Company at an issue price of RM1.00 per share and RM500,000,000 nominal value 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") at 100% of its nominal value of RM1.00 each.

The difference between the fair value of the RCSLS of and shares in the Company issued as consideration and the nominal value of the shares acquired has been classified as merger deficit. The merger deficit was subsequently partially set off against capital redemption reserve of RM2,905,831,000 pursuant to a court approval dated 24 September 2007 granted to the Company.

At each reporting date, the merger deficit will be reduced by transferring the Group's retained profits for the immediate preceding financial year in relation to the entities under common control, after adjusting for proposed/declared dividend as at that date, in accordance with the Group's accounting policy disclosed in Note 2.5.

30. EMPLOYEE SHARE-BASED PAYMENT

(a) Employee share-based payment of the Company

The ESOS of the Company ("Parkson Holdings ESOS") became effective on 7 May 2008.

On 7 April 2010, a total of 5,373,500 share options were granted to 529 eligible employees at a subscription price of RM5.31 per share.

The main features of the Parkson Holdings ESOS are as follows:

- (i) Executive directors and confirmed executive employees of the Group who have been employed on a continuous full time basis for a period of not less than six months on the date of offer shall be eligible to participate in the Parkson Holdings ESOS.
- (ii) The aggregate number of options exercised and options offered and to be offered under the Parkson Holdings ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at any one time during the duration of the Parkson Holdings ESOS subject to the following being complied with:
 - not more than 50% of the shares available under the Parkson Holdings ESOS shall be allocated, in aggregate, to executive directors and senior management; and
 - not more than 10% of the shares available under the Parkson Holdings ESOS shall be allocated to any eligible executive who, either singly or collectively through persons connected with him or her (as defined in paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements), holds 20% or more of the issued and paid-up share capital of the Company.
- (iii) No options shall be granted for less than 100 ordinary shares nor more than the maximum allowable allotment and each grant of options shall be in multiples of 100 ordinary shares.
- (iv) The subscription price of each ordinary share under the Parkson Holdings ESOS shall be the weighted average market price of the shares for the five market days immediately preceding the date of offer on which the shares were traded with a discount of not more than 10%, or the par value of the shares, whichever is the higher.
- (v) The Parkson Holdings ESOS shall continue to be in force for a period of five years and the Company may, if the Board deems fit upon the recommendation of the Option Committee, renew the Parkson Holdings ESOS for a further five years, without further approval of the relevant authorities or shareholders.

The persons to whom the options have been granted have no right to participate, by virtue of the options, in any share issue of any other company.

The Company renewed the Parkson Holdings ESOS which expired on 6 May 2013 for a further period of five years from 7 May 2013 to 6 May 2018 to be implemented in accordance with the bylaws of the Parkson Holdings ESOS.

30. EMPLOYEE SHARE-BASED PAYMENT (continued)

(a) **Employee share-based payment of the Company** (continued)

The following tables illustrate the number and weighted average exercise prices (“WAEP”) of, and movements in, share options during the financial years:

2014		Number of options				
Grant date	As at 1.7.2013	Granted	Exercised	Lapsed	As at 30.6.2014	Exercisable 30.6.2014
7 April 2010	70,000	–	–	–	70,000	70,000
WAEP (RM)	5.31	–	–	–	5.31	5.31
2013		Number of options				
Grant date	As at 1.7.2012	Granted	Exercised	Lapsed	As at 30.6.2013	Exercisable 30.6.2013
7 April 2010	70,000	–	–	–	70,000	70,000
WAEP (RM)	5.31	–	–	–	5.31	5.31

(i) **Share options exercised during the financial years**

No option was exercised during the financial years ended 30 June 2014 and 30 June 2013.

The related average share price of the Company during the financial year was RM3.13 (2013: RM4.58) per share.

(ii) **Fair value of share options granted**

The fair value of the options granted was estimated on the grant date using a Binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

The fair value of the options granted on 7 April 2010 was estimated on the grant date using the following assumptions:

Fair value of share options (RM)	1.97
Dividend yield (%)	2.00
Expected volatility (%)	45.00
Risk-free interest rate (%)	2.00
Expected life (years)	2.84
Share price (RM)	5.99

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of the fair value.

30. EMPLOYEE SHARE-BASED PAYMENT (continued)

(b) Employee share-based payment of a subsidiary

The employee share option scheme (“ESOS Scheme”) of Parkson Retail became effective on 9 November 2005 and is valid and effective for a period of 10 years up to 8 November 2015, after which no further share options will be granted.

On 1 March 2010, a total of 15,821,000 share options were granted by Parkson Retail to 544 eligible employees, including directors and the chief executive of Parkson Retail at an exercise price of HK\$12.44 per share pursuant to the ESOS Scheme. Total share options were vested on the grant date. The expiration date for the share options is three years from 1 April 2010.

On 27 November 2012, a total of 34,171,500 share options were granted by Parkson Retail to 642 eligible employees, including directors and the chief executive of Parkson Retail at an exercise price of HK\$6.24 per share pursuant to the ESOS Scheme. Total share options were vested on the grant date. Among the share options granted on 27 November 2012, the 17,085,750 share options granted are exercisable from 1 January 2013 to 31 December 2015 and were vested on 27 November 2012. The balance 17,085,750 share options granted will be exercisable from 1 January 2014 to 31 December 2016, and require an employee service period until 1 October 2013.

The salient features of the ESOS Scheme of Parkson Retail are as follows:

- (i) Parkson Retail may from time to time grant options to Group employees, directors, consultants, business associates or advisers of Parkson Retail to subscribe for ordinary shares of Parkson Retail. No consideration is payable upon acceptance of the option by the grantee.
- (ii) The maximum number of unexercised share options currently permitted to be granted under the ESOS Scheme is an amount equivalent, upon their exercise, to 10% of the shares of Parkson Retail on 9 November 2005. The maximum number of shares issuable under share options to each eligible participant in the ESOS Scheme within any 12-month period is limited to 1% of the shares of Parkson Retail in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting. In addition, share options granted to substantial shareholders, independent non-executive directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder or an independent non-executive director or a company beneficially owned by any substantial shareholder or independent non-executive director of Parkson Retail) in excess of 0.1% of the shares of Parkson Retail in issue at any time or with an aggregate value in excess of HK\$5,000,000 within any 12-month period, must be approved in advance by Parkson Retail’s shareholders in general meeting.
- (iii) The exercise price is determined by the directors of Parkson Retail, but must not be less than the highest of (a) the closing price of Parkson Retail’s shares on the date of offer of the share options; (b) the average closing price of Parkson Retail’s shares for the five trading days immediately preceding the date of offer; and (c) the nominal value of Parkson Retail’s share.
- (iv) The options may be exercised at any time during a period commencing on or after the date to be notified to each grantee which period shall commence not less than 1 year and not to exceed 10 years from the date of grant of the relevant option.
- (v) Shares issued or transferred upon exercise of the options granted under the ESOS Scheme will rank *pari passu* in all respects with the existing ordinary shares of Parkson Retail.

30. EMPLOYEE SHARE-BASED PAYMENT (continued)

(b) Employee share-based payment of a subsidiary (continued)

The following tables illustrate the number and WAEP of, and movements in, share options during the financial years:

2014		Number of options				
Grant date	As at 1.7.2013	Granted	Exercised	Lapsed	As at 30.6.2014	Exercisable 30.6.2014
27 November 2012	34,005,000	–	–	(4,182,500)	29,822,500	29,822,500
WAEP (HK\$)	6.24	–	–	6.24	6.24	6.24
2013		Number of options				
Grant date	As at 1.7.2012	Granted	Exercised	Lapsed	As at 30.6.2013	Exercisable 30.6.2013
1 March 2010	14,413,000	–	–	(14,413,000)	–	–
27 November 2012	–	34,171,500	(10,000)	(156,500)	34,005,000	16,919,250
	14,413,000	34,171,500	(10,000)	(14,569,500)	34,005,000	16,919,250
WAEP (HK\$)	12.44	6.24	6.24	12.37	6.24	6.24

(i) Share options exercised during the financial years

No option was exercised during the financial year ended 30 June 2014. Options exercised during the financial year ended 30 June 2013 resulted in the issuance of 10,000 ordinary shares at HK\$6.24 per share.

The related average share price of Parkson Retail during the financial year was HK\$2.55 (2013: HK\$5.40) per share.

(ii) Fair value of share options granted

The fair value of the options granted was estimated on the grant date using a Binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

The fair value of the options granted was estimated on the grant date using the following assumptions:

	Grant Date	
	27.11.2012	1.3.2010
Fair value of share options (HK\$)	1.45	3.00
Dividend yield (%)	3.54	1.17
Expected volatility (%)	39.01 - 45.40	52.13
Risk-free interest rate (%)	0.181 - 0.234	0.95
Expected life (years)	3.09 - 4.09	3.10
Share price (HK\$)	6.24	12.44

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of the fair value.

31. LOANS AND BORROWINGS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Secured:				
Hire purchase liabilities (Note 32)	22	20	22	20
Bank loans (i):				
US\$ denominated	67,570	–	–	–
HK\$ denominated	75,860	–	–	–
Short term loans and borrowings	<u>143,452</u>	<u>20</u>	<u>22</u>	<u>20</u>
Non-current				
Secured:				
Hire purchase liabilities (Note 32)	46	69	46	69
Bonds (ii)	1,575,123	1,579,600	–	–
Long term loans and borrowings	<u>1,575,169</u>	<u>1,579,669</u>	<u>46</u>	<u>69</u>
Total loans and borrowings	<u><u>1,718,621</u></u>	<u><u>1,579,689</u></u>	<u><u>68</u></u>	<u><u>89</u></u>
Total loans and borrowings				
Hire purchase liabilities (Note 32)	68	89	68	89
Other loans and borrowings:				
Bank loans (i)	143,430	–	–	–
Bonds (ii)	1,575,123	1,579,600	–	–
	<u>1,718,621</u>	<u>1,579,689</u>	<u>68</u>	<u>89</u>
Maturity of loans and borrowings (excluding hire purchase liabilities):				
Within one year	143,430	–	–	–
More than two years and less than five years	1,575,123	1,579,600	–	–
	<u><u>1,718,553</u></u>	<u><u>1,579,600</u></u>	<u><u>–</u></u>	<u><u>–</u></u>

31. LOANS AND BORROWINGS (continued)

The ranges of effective interest rates at the reporting date for loans and borrowings (other than hire purchase liabilities) were as follows:

	Group	
	2014	2013
	%	%
Bank loans	1.6	–
Bonds	4.8	4.8

- (i) The bank loans are secured by the Group's investments in principal guaranteed deposits amounting to RM118,037,000 (2013: Nil) as at 30 June 2014 and bear floating interest rates ranging from 0.8% to 1% per annum over London Interbank Offered Rate.
- (ii) On 3 May 2013, Parkson Retail issued the 4.5% bonds due 2018 ("Bonds") with an aggregate principal amount of US\$500,000,000 which are listed on The Stock Exchange of Hong Kong Limited.

The Bonds bear a fixed coupon at 4.5% per annum, payable semi-annually in arrears on 3 May and 3 November of each year and commencing on 3 November 2013. The maturity date of the Bonds is 3 May 2018 and they contain a negative pledge provision for Parkson Retail Group.

32. HIRE PURCHASE LIABILITIES

	Group/Company	
	2014	2013
	RM'000	RM'000
Minimum lease payments:		
Not later than one year	24	24
Later than one year and not later than two years	24	24
Later than two years and not later than five years	24	49
	72	97
Less: Future finance charges	(4)	(8)
	68	89
Present value of finance lease liabilities:		
Not later than one year	22	20
Later than one year and not later than two years	23	22
Later than two years and not later than five years	23	47
	68	89
Representing:		
Current (Note 31)	22	20
Non-current (Note 31)	46	69
	68	89

Hire purchase liabilities are effectively secured as the rights to the hired assets revert to the hirers in the event of default.

32. HIRE PURCHASE LIABILITIES (continued)

The contractual interest rates and weighted average effective interest rate as at 30 June are as follows:

	Group/Company	
	2014	2013
	%	%
Contractual interest rates	2.5	2.5
Weighted average effective interest rate	4.8	4.8

33. LONG TERM PAYABLES

	Group	
	2014	2013
	RM'000	RM'000 (Restated)
Rental deposits (i)	306,147	201,797
Deferred lease income (ii)	15,350	12,195
Defined benefit obligation (iii)	812	894
Others	321	73
	322,630	214,959

- (i) Non-current rental deposits have maturity ranging from 2 to 16 (2013: 2 to 17) years. The rental deposits are initially recognised at their fair values. The difference between fair value and the absolute deposit amount is recorded as deferred lease income.
- (ii) Deferred lease income represents the differences between fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which is amortised on a straight-line basis over the lease terms ranging from 2 to 16 years (2013: 2 to 17 years).

The movement in deferred lease income is as follows:

	Group	
	2014	2013
	RM'000	RM'000
At 1 July	12,195	12,403
Additions during the year	5,861	2,219
Refunds during the year	–	(824)
Recognised in profit or loss (Note 8(a))	(2,324)	(1,816)
Exchange differences	88	213
	15,820	12,195
Less: Current portion of deferred lease income (Note 34)	(470)	–
	15,350	12,195

33. LONG TERM PAYABLES (continued)

- (iii) The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 13/2003. The principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2014 are as follows:

Annual discount rate	: 8.74%
Future annual salary increment	: 8%
Retirement age	: 55 years of age

The following table summarises the components of net employee benefits expense/(gain) recognised in profit or loss:

	2014 RM'000	Group 2013 RM'000 (Restated)
Current service cost	206	(1,502)
Interest cost on benefit obligations	46	299
Expected return on assets	-	(57)
Past service cost	-	39
Net employee benefits expense/(gain) (Note 6)	<u>252</u>	<u>(1,221)</u>

The estimated liabilities for employee benefits at the reporting date are as follows:

	2014 RM'000	Group 2013 RM'000 (Restated)
Defined benefit obligation	1,056	1,485
Fair value of planned assets	(244)	(591)
Liabilities at 30 June	<u>812</u>	<u>894</u>

Changes in the present value of the defined benefit obligation are as follows:

	2014 RM'000	Group 2013 RM'000 (Restated)
Benefit obligation at 1 July	894	2,228
Reversal during the year	-	(1,221)
Provision during the year	252	-
Exchange differences	(334)	(113)
Benefit obligation at 30 June	<u>812</u>	<u>894</u>

34. TRADE AND OTHER PAYABLES AND OTHER LIABILITIES

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Current				
Trade and other payables:				
Trade payables (i)	1,073,188	1,133,008	–	–
Other payables (ii)	121,539	105,950	3,060	317
Amount due to a related party (iii)	81	–	81	–
Deposits	97,777	74,956	–	–
Accruals	142,981	124,966	1,170	1,163
Capital gains tax payable (Note 44)	20,000	20,000	–	–
Deferred lease income (Note 33)	470	–	–	–
Total trade and other payables	1,456,036	1,458,880	4,311	1,480
Other liabilities:				
Deferred revenue from gift cards/vouchers sold	557,214	668,148	–	–
Deferred revenue from customer loyalty award (iv)	50,088	57,224	–	–
	607,302	725,372	–	–
	2,063,338	2,184,252	4,311	1,480
Total trade and other payables (as above)				
	1,456,036	1,458,880	4,311	1,480
Add:				
Rental deposits (Note 33)	306,147	201,797	–	–
Loans and borrowings (Note 31)	1,718,621	1,579,689	68	89
Total financial liabilities carried at amortised cost	3,480,804	3,240,366	4,379	1,569

- (i) Credit terms of trade payables granted to the Group vary from 30 to 90 days (2013: 30 to 90 days).
- (ii) These amounts are non-interest bearing. Other payables are normally settled on average terms of 30 to 90 days (2013: average terms of 30 to 90 days).
- (iii) The amount due to a related party, Amsteel Mills Marketing Sdn Bhd, is unsecured, interest free and repayable on demand.

The relationship of the related party with the Group and the Company are further disclosed in Note 35.

34. TRADE AND OTHER PAYABLES AND OTHER LIABILITIES (continued)

(iv) A reconciliation of the deferred revenue from customer loyalty award is as follows:

	2014 RM'000	Group 2013 RM'000
At 1 July	57,224	47,258
Additions during the year	40,064	93,136
Recognised as revenue	(30,194)	(67,923)
Lapsed amounts reversed	(16,204)	(16,394)
Exchange differences	(802)	1,147
At 30 June	<u>50,088</u>	<u>57,224</u>

The deferred revenue from customer loyalty award is estimated based on the amount of bonus points outstanding at the reporting date that are expected to be redeemed before expiry.

Other information on financial risks of trade and other payables are disclosed in Note 40.

35. SIGNIFICANT RELATED PARTY DISCLOSURES

Related parties	Relationship
Bonuskad Loyalty Sdn Bhd	A company in which a Director and the substantial shareholders of the Company have interests
Posim Marketing Sdn Bhd	A company in which a Director and the substantial shareholders of the Company have interests
Posim EMS Sdn Bhd	A company in which a Director and the substantial shareholders of the Company have interests
Lion Trading & Marketing Sdn Bhd	A company in which a Director and the substantial shareholders of the Company have interests
Secom (Malaysia) Sdn Bhd	A company in which a Director and the substantial shareholders of the Company have interests
WatchMart (M) Sdn Bhd	A company in which a close member of a director of a subsidiary is a shareholder
PT Monica Hijaulestari	A company in which the close members of a director of a subsidiary are shareholders
Brands Pro Management Sdn Bhd	A company in which a Director and the substantial shareholders of the Company have interests
Total Triumph Investments Limited	A company in which a Director and the substantial shareholders of the Company have interests
PT Tozy Bintang Sentosa	A subsidiary of PT Mitra Samaya, a company which the close members of a director of a subsidiary are shareholders
Dimensi Andaman Sdn Bhd	A company in which a Director and a substantial shareholder of the Company have interests
Amsteel Mills Marketing Sdn Bhd	A subsidiary of Amsteel Mills Sdn Bhd, a substantial shareholder of the Company
Lion Insurance Company Limited	A company in which a Director and the substantial shareholders of the Company have interests

35. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

- (a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties were entered into during the financial years:

	2014	Group	2013
	RM'000		RM'000
Purchases of goods and services from:			
- Bonuskad Loyalty Sdn Bhd	10,664		11,415
- Posim Marketing Sdn Bhd	1,824		941
- Posim EMS Sdn Bhd	1,713		822
- Lion Trading & Marketing Sdn Bhd	469		381
- Secom (Malaysia) Sdn Bhd	774		665
- WatchMart (M) Sdn Bhd	467		590
- PT Monica Hijaulestari	9,658		9,767
- Brands Pro Management Sdn Bhd	421		-
Interest income from Total Triumph Investments Limited (Note 7)	688		898
Rental of office and warehouse space from PT Tozy Bintang Sentosa	629		747
Purchase of land from Dimensi Andaman Sdn Bhd	-		93,000
	<u> </u>		<u> </u>
		Company	
	2014	2013	
	RM'000	RM'000	
Subsidiary:			
Dividend income	-		180,000
Related party:			
Interest income from Total Triumph Investments Limited (Note 7)	688		898
	<u> </u>		<u> </u>

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms that are no more favourable to the related parties than those arranged with independent third parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2014 are disclosed in Note 21, Note 25 and Note 34.

35. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel

The remuneration of a Director and other members of key management during the financial years were as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short-term employee benefits	5,989	5,321	230	230
Post-employment benefits				
- Defined contribution plan	479	410	14	14
Employee share-based payments of a subsidiary	1,248	1,153	-	-
	<u>7,716</u>	<u>6,884</u>	<u>244</u>	<u>244</u>

(c) Others

Pursuant to Parkson Retail's listing on The Stock Exchange of Hong Kong Limited in the prior years, the Company granted Parkson Retail an option/right of first refusal to acquire certain of its Parkson branded department stores located in the PRC.

Parkson Retail can exercise the option without time limit and the purchase consideration shall be negotiated on an arm's length basis between the Company and Parkson Retail at the time of acquisition.

36. COMMITMENTS

(a) Capital commitments

Capital expenditure at the reporting date is as follows:

	Group	
	2014 RM'000	2013 RM'000
Approved and contracted for: Property, plant and equipment	854,377	668,299
Approved and contracted for: Investments (Note 38(a)(i))	11,000	-
	<u>865,377</u>	<u>668,299</u>

(b) Non-cancellable operating lease commitments

As lessee	Group	
	2014 RM'000	2013 RM'000
Future minimum rentals payable:		
Not later than one year	759,056	765,485
Later than one year and not later than five years	2,983,912	3,072,208
Later than five years	5,487,283	6,339,034
	<u>9,230,251</u>	<u>10,176,727</u>

36. COMMITMENTS (continued)

(b) Non-cancellable operating lease commitments (continued)

The Group leases certain of its properties and equipment under operating lease arrangements. These leases have remaining non-cancellable lease terms ranging from 1 to 23 years (2013: 1 to 24 years) with terms of renewal included in the contracts and there are no restrictions placed upon the Group by entering into these lease agreements.

A lease that is cancellable only upon the occurrence of some remote contingency is a non-cancellable operating lease as defined under the MFRSs. Pursuant to the relevant lease agreements, the Group is entitled to terminate the underlying lease agreement if the attributable retail store business has incurred losses in excess of a prescribed amount or such retail store will not be in a position to continue its business because of the losses.

In addition to the above, the annual contingent rental amount is chargeable on a percentage of the respective stores' turnover or profits, where appropriate, as stated in the relevant lease agreements. The amount of contingent rental charged is disclosed in Note 8(a).

	2014 RM'000	Group 2013 RM'000
As lessor		
Future minimum rentals receivable:		
Not later than one year	136,732	135,905
Later than one year and not later than five years	225,650	182,969
Later than five years	50,497	79,494
	<u>412,879</u>	<u>398,368</u>

The Group leases certain of its properties under operating leases. These leases have remaining non-cancellable lease terms ranging from 1 to 13 years (2013: 1 to 14 years) with terms of renewal included in the contracts.

37. SIGNIFICANT EVENTS

- (a) On 13 September 2013, True Excel Investments (Cambodia) Co Ltd ("True Excel"), a wholly-owned subsidiary of the Company, entered into the following agreements on the proposed lease and acquisition of a 7-storey shopping mall together with the lower ground and accessory parcel levels in Phnom Penh City, Cambodia ("Proposed Parkson Mall in Cambodia"):
- (i) a conditional option agreement ("Option Agreement") with PPSW Development Co Ltd ("PPSW") wherein True Excel was granted the option to enter into a lease agreement for the lease of the lower ground floor and first floor of the Proposed Parkson Mall in Cambodia for a term of 50 years with automatic renewal for another 50 years, for an indicative refundable deposit of approximately US\$41,995,000 (equivalent to approximately RM134,762,000) ("Proposed Lease"); and
 - (ii) a conditional sale and purchase agreement ("SPA") with PPSW for the acquisition of the second to seventh floors of the Proposed Parkson Mall in Cambodia for an indicative purchase consideration of approximately US\$75,094,000 (equivalent to approximately RM240,977,000) ("Proposed Acquisition").

The Proposed Lease and the Proposed Acquisition shall collectively be referred to as "the Proposed Lease and Acquisition".

37. SIGNIFICANT EVENTS (continued)

True Excel had also on 13 September 2013 entered into two conditional heads of terms with Parkson (Cambodia) Co Ltd (“Parkson Cambodia”), a wholly-owned subsidiary of Parkson Asia (“Proposed PRA Leasing”):

- (i) to sub-lease to Parkson Cambodia or its nominee company, the anchor tenant space on the first floor of the Proposed Parkson Mall in Cambodia measuring 3,223 m² at a lease rental rate of US\$10 per m² per month or US\$32,230 per month; and
- (ii) to lease to Parkson Cambodia or its nominee company, the anchor tenant space on the second floor and third floor of the Proposed Parkson Mall in Cambodia measuring 7,783 m² at a lease rental rate of US\$10 per m² per month or US\$77,830 per month.

The Proposed Lease and Acquisition and the Proposed PRA Leasing shall collectively be referred to as the “Proposals”.

Following the approval by the shareholders of the Company on the resolutions in relation to the Proposals at the Extraordinary General Meeting held on 2 June 2014, the SPA and the Option Agreement became unconditional and True Excel shall progressively pay the balance of the indicative refundable deposit and indicative purchase consideration in accordance with the terms of the SPA and the Option Agreement.

- (b) On 2 January 2014, Corporate Code, a wholly-owned subsidiary of the Company, entered into the following agreements in connection with the acquisition of the equity interests in the Watatime Group of Companies as disclosed in Note 18:
 - (i) Share Sale Agreement (“SSA”) with Mr Yong Chon Hua @ Yong Yong Thiam (“YCH”) and Madam Fong Sau Ying (“FSY”) (collectively, “Vendors”) for the acquisition of the Vendors’ entire equity interests in each of the companies within the Watatime Group of Companies representing 50% equity interest each, with the exception of Watatime (Subang) Sdn Bhd (“Watatime (Subang)”) and Watatime (M) Sdn Bhd (“Watatime (M)”) for which Corporate Code acquired 31.07% (effective interest of 37.5%) and 39.42% (effective interest of 50%) respectively, for a total cash consideration of RM15,000,000. The remaining 50% shares in the Watatime Group of Companies (with the exception of Watatime (Subang) and Watatime (M) are owned by W Time Sdn Bhd (“WTSB”).

The acquisition of the Watatime Group of Companies was completed on 6 January 2014.

- (ii) Put and Call Option Agreement (“PCOA”) with WTSB whereby;
 - (aa) Corporate Code has a call option to acquire a further 20% of the then issued and paid-up capital in each of the companies within the Watatime Group of Companies (with the exception of Watatime (Subang) and Watatime (M) for which the option shares are such number of shares which together with the shares held directly and indirectly by Corporate Code gives Corporate Code an effective 70% equity stake) for RM8,200,000 (“Call Option”). The Call Option is exercisable within an option period of one year commencing immediately after the fifth anniversary of the PCOA. The indicative call option fee is RM3,200,000; and
 - (bb) Subject to Corporate Code exercising the Call Option, WTSB has a put option to require Corporate Code to purchase its remaining 30% equity interest in the Watatime Group of Companies for the price equal to the net tangible assets (“NTA”) of the Watatime Group of Companies as at the end of the month immediately preceding the exercise of the put option (“Put Option”). The Put Option is exercisable within three periods of three months each:
 - the first commencing immediately after the eleventh anniversary of the PCOA;
 - the second commencing immediately after the sixteenth anniversary of the PCOA; and
 - the third commencing immediately after the twenty first anniversary of the PCOA.

38. SUBSEQUENT EVENTS

- (a) On 10 July 2014:
- (i) Gema Binari Sdn Bhd (“Gema Binari”), a wholly-owned subsidiary of the Company, entered into:
 - (aa) a sale and purchase agreement (“Giftmate SPA”) with Mr Lim Guang Wei, Mr Teoh Yee Seang and Mr Hing Cheng Jee for the proposed acquisition of 60% equity interest in Giftmate Sdn Bhd (“Giftmate”) for a cash consideration of RM8,000,000 (“Acquisition of Giftmate”). The Acquisition of Giftmate was completed on 1 August 2014 following the fulfilment of the conditions precedent to the Giftmate SPA. Consequent thereupon, Giftmate became a 60% owned subsidiary of the Company with effect from 1 August 2014; and
 - (bb) a sale and purchase agreement with PT Binabusana Internusa and Mr Chew Chee Hin for the proposed acquisition of 50% equity interest in Valino International Apparel Sdn Bhd (“Valino”) for a cash consideration of RM3,000,000 (“Acquisition of Valino”). As at the date of this report, the Acquisition of Valino has not yet been completed pending fulfilment of certain conditions precedent.
 - (ii) Prime Yield Holdings Limited (“Prime Yield”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with AUM Equity Sdn Bhd for the proposed acquisition of 60% equity interest in AUM Hospitality Sdn Bhd (“AUM”) together with its group of companies for a cash consideration of RM48,000,000 (“Acquisition of AUM”). As at the date of this report, the Acquisition of AUM has not yet been completed pending fulfilment of certain conditions precedent.
- (b) On 19 August 2014, Festival City, a wholly-owned subsidiary of the Company, and the Company entered into a sale and purchase agreement with Festiva Mall Sdn Bhd (“Festiva Mall”) and AsiaMalls Sdn Bhd, the holding company of Festiva Mall, for the proposed disposal by Festival City of its KL Festival City Mall for a cash consideration of RM349,000,000 (“Festival Mall Disposal”). The completion of the Festival Mall Disposal shall be conditional upon the satisfaction of certain conditions precedent on or before 31 December 2014 or such further extended period as may be mutually agreed by Festival City and Festiva Mall.
- (c) On 11 September 2014, Softlogic Holdings PLC together with Softlogic Retail (Private) Limited (collectively, “Softlogic”) acquired 122,894,000 ordinary shares representing approximately 45.16% of the issued and paid-up share capital in Odel, an associate of the Group listed on the Colombo Stock Exchange in Sri Lanka, at prices between LKR21.80 and LKR22.00 per share.

Pursuant to the Sri Lankan Company Take-Overs and Mergers Code (1995) (as amended in 2003), Softlogic made a mandatory offer on 15 September 2014 to purchase all the remaining shares in Odel not already owned by them at LKR22.00 per share.

A detailed mandatory offer document (“Offer Document”) will be sent to all shareholders of Odel within 35 days from the date of offer, i.e. on or before 16 October 2014. Parkson Asia has on 24 September 2014 received the Offer Document dated 22 September 2014 from Softlogic.

39. FAIR VALUE

(a) Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets.

	Significant unobservable inputs (Level 3)	
	2014 RM'000	2013 RM'000
Derivatives (Note 23):		
Option to purchase additional shares in:		
Kiara Innovasi	52	52
Watatime Group of Companies	1,218	–
Investment properties (Note 13):		
Completed investment properties	91,406	289,440
IPUC	98,000	98,000
	190,676	387,492
	190,676	387,492

There has been no transfer between Levels 1, 2 and 3 during the financial year under review.

Fair value of derivatives is determined using a valuation technique based on probability of the Group exercising the option to purchase additional shares in Kiara Innovasi and Watatime Group of Companies that is not supportable by observable market data.

(b) Financial instruments

- (i) The following are classes of financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximations of fair values:

	Note
Trade and other receivables	25
Trade and other payables	34

The carrying amounts of the financial assets and financial liabilities are reasonable approximations of fair values due to their short-term nature.

39. FAIR VALUE (continued)

(b) Financial instruments (continued)

- (ii) The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(aa) Financial instruments classified as current

The fair values of the Group's and of the Company's financial instruments, other than amounts due from/to subsidiaries/related parties, which are classified as current approximate to their carrying amounts due to the relatively short term maturity of these financial instruments.

(bb) Long term loans and borrowings

The fair values of long term loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date.

(cc) Deposits receivables/payables

The fair values of rental deposit receivables/payables are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date.

- (iii) The fair values of the Group's and of the Company's financial assets and liabilities approximate to their carrying amounts except for the following:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
At 30 June 2014				
Unquoted shares (Note 22)	30,233	^a	–	–
Amounts due from subsidiaries (Note 21)	–	–	2,415,574	^b
At 30 June 2013				
Unquoted shares (Note 22)	30,233	^a	–	–
Amounts due from subsidiaries (Note 21)	–	–	4,095,847	^b

^a It is not practical to estimate the fair values of the non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

^b It is not practical to determine the fair values of the amounts due from subsidiaries in view of the uncertainty as to the timing of future cash flows.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include deposits and other receivables, trade receivables, cash and bank balances that derive directly from its operations.

The Group had previously entered into held-to-maturity investments and derivative transactions, primarily interest rate swaps and cross currency swaps. The purpose was to manage the interest rate and foreign currency risks arising from the Group's operations and its sources of funds.

The Group is exposed to interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group's senior management oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Group reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. At the reporting date, 92% (2013: 100%) of the Group's borrowings are at fixed rates of interest.

Interest rate sensitivity

A reasonably possible change of 100 basis point in interest rate, arising mainly from the lower/higher interest on bank loans, with all other variables held constant, would have no material impact on the Group's profit or loss. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk as a result of the foreign currency transactions entered into by the Group in currencies other than its functional currency. As these transactions are mainly denominated in United States Dollar ("US\$"), Hong Kong Dollar ("HK\$"), Singapore Dollar ("SGD") and Sri Lanka Rupee ("LKR"), the Group's foreign currency risk is primarily due to exposure to the US\$, HK\$, SGD and LKR. Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

In addition to the disclosure detailed elsewhere in the financial statements, the net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional currency	Net financial assets/liabilities held in				Total RM'000
	US\$ RM'000	HK\$ RM'000	SGD RM'000	LKR RM'000	
Deposits, cash and bank balances					
At 30 June 2014					
Ringgit Malaysia	610	880	8,442	442	10,374
Chinese Renminbi	10,700	4,031	2,321	–	17,052
Hong Kong Dollar	6,784	–	–	–	6,784
Indonesia Rupiah	3	–	–	–	3
	18,097	4,911	10,763	442	34,213
At 30 June 2013					
Ringgit Malaysia	46,208	521	52,441	957	100,127
Chinese Renminbi	455	65,322	5,813	–	71,590
Hong Kong Dollar	8,761	–	15,991	–	24,752
Indonesia Rupiah	3	–	–	–	3
	55,427	65,843	74,245	957	196,472

Foreign currency sensitivity

A reasonably possible change of 3% in the US\$, HK\$, SGD and LKR exchange rates against the functional currency of the Group, with all other variables held constant, would have no material impact on the Group's profit or loss.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group manages its operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash and bank balances to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Group				
2014				
Trade and other payables	1,455,566	–	–	1,455,566
Loans and borrowings:				
Hire purchase liabilities	24	48	–	72
Bank loans	143,430	–	–	143,430
Bonds	72,202	1,821,108	–	1,893,310
Long term payables:				
Rental deposits	–	314,560	497	315,057
Total undiscounted financial liabilities	1,671,222	2,135,716	497	3,807,435
2013				
Trade and other payables	1,458,880	–	–	1,458,880
Loans and borrowings:				
Hire purchase liabilities	24	73	–	97
Bonds	71,415	1,872,660	–	1,944,075
Long term payables:				
Rental deposits	–	210,300	3,284	213,584
Total undiscounted financial liabilities	1,530,319	2,083,033	3,284	3,616,636

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk (continued)

	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities: (continued)				
Company				
2014				
Trade and other payables	4,311	–	–	4,311
Loans and borrowings:				
Hire purchase liabilities	24	48	–	72
Total undiscounted financial liabilities	4,335	48	–	4,383
2013				
Trade and other payables	1,480	–	–	1,480
Loans and borrowings:				
Hire purchase liabilities	24	73	–	97
Total undiscounted financial liabilities	1,504	73	–	1,577

(d) Credit risk

Credit risk is the risk of loss that a counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Group and the Company are exposed to credit risk from its operating activities primarily from trade and other receivables. The receivables are monitored on an ongoing basis through the Group's and the Company's management reporting procedures.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 25.

Credit risk concentration profile

The Group and the Company determine concentrations of credit risk by monitoring individual profile of its trade receivables on an ongoing basis. At the reporting date, the Group and the Company do not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risk related to any financial instrument, except for the amount due from East Crest International Limited, a subsidiary of the Company, which amounted to RM7,430,340,000 (2013: RM7,643,799,000).

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Credit risk (continued)

Financial assets that are neither past due nor impaired

Information regarding receivables that are neither past due nor impaired is disclosed in Note 25. Deposits with banks and other financial institutions are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 25.

41. CONTINGENT LIABILITY

A subsidiary of the Group located in the PRC is currently a defendant in a lawsuit related to a lease contract termination brought by a third party alleging that the subsidiary should refund the lease deposit and bear a certain amount of contract breach penalty. The subsidiary later made a counter lawsuit against the third party to claim for the unpaid rents in delay. The subsidiary has been advised by its legal counsel that it has a valid defence against the allegation and, accordingly, the Group has not provided for any claim arising from litigation.

42. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has two reportable operating segments as follows:

- (i) Retailing - Operation and management of retail stores in Malaysia, PRC, Vietnam, Myanmar and Indonesia
- (ii) Property and investment holding - Operation of a retail mall in Malaysia and investment holding

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit. Group financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to reportable segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

42. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows:

	← Retailing →				Property and investment holding	Elimination	Total
	Malaysia	PRC	Vietnam and Myanmar	Indonesia			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2014							
Revenue:							
External customers	860,926	2,400,834	114,916	138,648	38,558	-	3,553,882
Inter-segment	-	-	-	-	5,148	(5,148)	-
Total revenue	<u>860,926</u>	<u>2,400,834</u>	<u>114,916</u>	<u>138,648</u>	<u>43,706</u>	<u>(5,148)</u>	<u>3,553,882</u>
Results:							
Segment profit/(loss)	106,284	222,630	(10,453)	5,974	3,984	-	328,419
Employee share-based payments							(3,452)
Operating profit							324,967
Finance income							119,920
Finance costs							(80,124)
Share of results of associates							2,334
Share of results of joint ventures							17,074
Profit before tax							<u>384,171</u>
Total assets	662,053	6,867,210	197,666	162,870	579,004	-	8,468,803
Total liabilities	401,883	3,753,715	44,225	49,211	26,260	-	4,275,294
Capital expenditure	39,339	193,082	9,222	48,152	13,655	-	303,450

42. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows: (continued)

	← Retailing →				→ Property and investment holding	Elimination RM'000	Total RM'000
	Malaysia RM'000	PRC RM'000	Myanmar RM'000	Indonesia RM'000	holding RM'000		
30 June 2013							
Revenue:							
External customers	872,109	2,309,485	108,612	130,736	34,016	–	3,454,958
Inter-segment	–	–	–	–	5,128	(5,128)	–
Total revenue	872,109	2,309,485	108,612	130,736	39,144	(5,128)	3,454,958
Results:							
Segment profit	103,945	442,824	3,828	12,985	6,832	–	570,414
Employee share-based payments							(15,875)
Operating profit							554,539
Finance income							114,352
Finance costs							(74,171)
Share of results of associates							532
Share of results of joint ventures							19,620
Profit before tax							614,872
Total assets	628,900	6,745,093	210,636	130,579	823,169	–	8,538,377
Total liabilities	370,630	3,657,934	39,576	44,313	41,437	–	4,153,890
Capital expenditure	24,953	533,526	8,543	12,521	96,528	–	676,071

43. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains the Group's stability and growth in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group regularly reviews and manages its capital structure and makes adjustments to it, taking into consideration of changes in economic conditions, future capital requirements of the Group, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. No changes were made in the objective, policies or processes during the financial years ended 30 June 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, trade and other payables and other liabilities, long term payables, loans and borrowings, less deposits, cash and bank balances. Capital includes equity attributable to owners of the parent.

	2014 RM'000	Group 2013 RM'000 (Restated)
Trade and other payables and other liabilities (Note 34)	2,063,338	2,184,252
Long term payables (Note 33)	322,630	214,959
Loans and borrowings (Note 31)	1,718,621	1,579,689
Less: Deposits, cash and bank balances (Note 26)	(2,626,096)	(2,986,540)
Net debt	<u>1,478,493</u>	<u>992,360</u>
Equity attributable to owners of the parent, representing total capital	<u>2,588,824</u>	<u>2,759,151</u>
Capital and net debt	<u>4,067,317</u>	<u>3,751,511</u>
Gearing ratio	<u>36%</u>	<u>26%</u>

44. PRIOR YEAR ADJUSTMENT

During the financial year ended 30 June 2014, the Group made a prior year adjustment to recognise a provision for capital gains tax payable amounting to RM20,000,000. This amount has been restated as a prior year adjustment in the consolidated statement of financial position as at 1 July 2012.

The provision arose from the tax audit initiated during the financial year on the internal group restructuring which involved Tianjin Parkson Retail Development Co Ltd and Nanning Brilliant Parkson Commercial Co Ltd and was completed in the financial year ended 30 June 2009. The tax payable was made based on best estimation of the potential obligation as the tax audit has yet to be finalised.

	As previously stated RM'000	Prior year adjustment RM'000	As restated RM'000
Consolidated statement of financial position			
1 July 2012			
Trade and other payables and other liabilities			
- Capital gains tax payable (Note 34)	1,976,557	20,000	1,996,557
Retained profits	398,852	(20,000)	378,852
	<u> </u>	<u> </u>	<u> </u>

45. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits/accumulated losses of the Group and of the Company as at 30 June 2014 and 30 June 2013 into realised and unrealised profits/losses is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Securities.

	2014 RM'000	Group 2013 RM'000 (Restated)
Total retained profits		
- realised	53,623	2,176
- unrealised	10,354	2,081
Total share of retained profits/(accumulated losses) from associates		
- realised	2,159	619
- unrealised	(228)	-
Total share of retained profits from joint ventures		
- realised	3,184	4,960
- unrealised	306	482
Total retained profits	<u>69,398</u>	<u>10,318</u>

The accumulated losses of the Company as at 30 June 2014 and 30 June 2013 of RM4,911,049,000 and RM3,515,155,000 respectively, are realised.

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2014

Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM'million)	Date of Acquisition/ Last Revaluation
1. 44-60, Zhongshan Road Shinan District Qingdao, Shandong Province, China	Leasehold 3.4.2045	76,013.2 sq metres	Commercial building	Shopping complex and office (14)	94.2	June 2004
2. 127, Renming Zhong Road Wuxi, China	Leasehold 22.4.2044	30,498.6 sq metres	Commercial building	Shopping complex and office (18)	24.8	June 2004
3. 239, Dongda Street Xi'an, China	Leasehold 1.5.2040	17,755.4 sq metres	Commercial building	Shopping complex (17)	20.0	June 2004
4. 37, Financial Street Xicheng District Beijing, China	Leasehold 30.10.2047	60,888.6 sq metres	Commercial building	Shopping complex and office (20)	389.2	July 2006
5. 88, Er Dao Street Tie Dong District Anshan City Liaoning Province, China	Leasehold 11.5.2040	42,574.0 sq metres	Commercial building	Shopping complex (27)	171.7	January 2008
6. No. 67, Jalan Taman Ibu Kota Taman Danau Kota Setapak, 53300 Kuala Lumpur, Malaysia	Leasehold 20.11.2106	34,103.0 sq metres	Commercial building	Shopping complex (3)	225.3	May 2008
7. New Urban Area Nga Nam Catbi Airport Ngo Quyen District Hai Phong City, Vietnam	Leasehold 4.11.2075	23,000.0 sq metres	Commercial building	Shopping complex (8)	55.5	June 2009
8. Block 1, No. 12 Qi Sheng Middle Road Chaoyang District Beijing, China	Leasehold 30.8.2044	62,681.0 sq metres	Commercial building	Shopping complex and office (4)	538.7	December 2009
9. The Northeast Corner of Nanmenwai Street and Shenyi Street Heping District Tianjin, China	Leasehold 10.7.2052	61,426.2 sq metres	Commercial building	Shopping complex under construction	381.7	March 2013
10. HSD 72191, Lot No. PT 842 Kawasan Bandar XLII Daerah Melaka Tengah Melaka	Leasehold 28.11.2111	15 acres	Land	For development of a shopping mall	96.6	December 2012

ANALYSIS OF SHAREHOLDINGS

Share Capital as at 30 September 2014

Authorised Capital	:	RM4,500,000,000
Issued and Paid-up Capital	:	RM1,093,902,050
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

Distribution of Shareholdings as at 30 September 2014

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares*
Less than 100	1,866	15.96	52,678	0.01
100 to 1,000	1,888	16.15	745,710	0.07
1,001 to 10,000	6,380	54.58	19,448,236	1.78
10,001 to 100,000	1,225	10.48	30,753,204	2.82
100,001 to less than 5% of issued shares	331	2.83	1,038,735,693	95.32
5% and above of issued shares				
	<u>11,690</u>	<u>100.00</u>	<u>1,089,735,521</u>	<u>100.00</u>

Substantial Shareholders as at 30 September 2014

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares [^]	No. of Shares	% of Shares [^]
1. Tan Sri William H.J. Cheng	280,558,119	25.75	302,460,686	27.77
2. Tan Sri Cheng Yong Kim	8,836,789	0.81	259,055,642	23.78
3. Dynamic Horizon Holdings Limited	–	–	253,060,240	23.23
4. Lion Industries Corporation Berhad	60,426,870	5.55	192,633,370	17.68
5. LLB Steel Industries Sdn Bhd	–	–	147,498,417	13.54
6. Steelcorp Sdn Bhd	–	–	147,498,417	13.54
7. Amsteel Mills Sdn Bhd	147,383,558	13.53	114,859	0.01
8. Lembaga Tabung Haji	85,551,465	7.85	–	–

Notes:

* Based on the issued and paid-up capital of the Company excluding a total of 4,166,529 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 25 September 2014.

[^] Based on the issued and paid-up capital of the Company excluding a total of 4,556,529 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 30 September 2014.

Thirty Largest Registered Shareholders as at 30 September 2014

Registered Shareholders	No. of Shares	% of Shares*
1. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Pledge Securities Account - Nomura International PLC for Cheng Heng Jem	122,267,344	11.22
2. Lembaga Tabung Haji	85,551,465	7.85
3. UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	65,828,935	6.04
4. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	57,247,420	5.25
5. AMSEC Nominees (Asing) Sdn Bhd AmTrustee Berhad for Excel Step Investments Limited	45,134,953	4.14
6. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (M09)	44,831,909	4.11
7. Kumpulan Wang Persaraan (Diperbadankan)	38,051,007	3.49
8. Narajaya Sdn Bhd	36,814,089	3.38
9. RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Amsteel Mills Sdn Bhd	35,000,000	3.21
10. Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	25,896,198	2.38
11. RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Lion Industries Corporation Berhad	25,355,200	2.33
12. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	23,127,491	2.12
13. RHB Nominees (Tempatan) Sdn Bhd Industrial and Commercial Bank of China (Malaysia) Berhad Pledged Securities Account for Cheng Heng Jem	17,206,810	1.58
14. HSBC Nominees (Asing) Sdn Bhd BNY Brussels for Market Vectors - Vietnam ETF	16,260,336	1.49
15. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd - 1	15,505,680	1.42
16. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd - 2	15,505,680	1.42
17. HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	12,686,899	1.16
18. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (8119566)	12,134,880	1.11
19. Amanahraya Trustees Berhad Public Islamic Dividend Fund	11,086,896	1.02
20. MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Cheng Heng Jem (MGN-WCH0004M)	10,786,560	0.99
21. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad (8106442)	10,224,760	0.94
22. AMSEC Nominees (Asing) Sdn Bhd AmTrustee Berhad for Yuanshan Holding Limited	9,944,000	0.91
23. Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Monetary Authority of Singapore (H)	9,652,296	0.89
24. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad icapital. biz Berhad	9,192,059	0.84
25. Cheng Yong Kim	8,836,789	0.81
26. Maybank Nominees (Tempatan) Sdn Bhd Asian Finance Bank Berhad for Trillionvest Sdn Bhd (SF)	8,427,000	0.77
27. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund WG12 for WGI Emerging Markets Smaller Companies Fund, LLC	7,397,108	0.68
28. Citigroup Nominees (Asing) Sdn Bhd CBNY for State Teachers Retirement System of OHIO	7,191,040	0.66
29. Lion Holdings Private Limited	7,024,430	0.64
30. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Lend)	7,020,712	0.64

Note:

* Based on the issued and paid-up capital of the Company excluding a total of 4,166,529 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 25 September 2014.

Directors' Interests in Shares in the Company and its Related Corporations as at 30 September 2014

The Directors' interests in shares in the Company and its related corporations as at 30 September 2014 are as follows:

	Nominal Value per Ordinary Share	Direct Interest		Indirect Interest	
		No. of Shares	% of Shares [^]	No. of Shares	% of Shares [^]
The Company					
Tan Sri William H.J. Cheng	RM1.00	280,558,119	25.75	302,804,194	27.80
Ooi Kim Lai	RM1.00	170	*	–	–

Related Corporations

Tan Sri William H.J. Cheng

Parkson Retail Group Limited	HK\$0.02	–	–	1,448,270,000	52.10
Kiara Innovasi Sdn Bhd	RM1.00	–	–	3,000,000	60.00
Parkson Retail Asia Limited	#	500,000	0.07	457,983,300	67.62
Parkson Myanmar Investment Company Pte Ltd	#	–	–	2,100,000	70.00

Investments in the People's Republic of China

	Indirect Interest	
	Rmb	% Holdings
Chongqing Wanyou Parkson Plaza Co Ltd	24,500,000	70.00
Dalian Tianhe Parkson Shopping Centre Co Ltd	60,000,000	60.00
Guizhou Shenqi Parkson Retail Development Co Ltd	10,200,000	60.00
Qingdao No. 1 Parkson Co Ltd	223,796,394	95.91
Wuxi Sanyang Parkson Plaza Co Ltd	48,000,000	60.00
Xinjiang Youhao Parkson Development Co Ltd	10,200,000	51.00

Investments in Vietnam

	Indirect Interest	
	US\$	% Holdings
Parkson Hanoi Co Ltd	6,720,000	70.00

Investments in Vietnam

Parkson Hanoi Co Ltd	6,720,000	70.00
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Notes:

[^] Based on the issued and paid-up capital of the Company excluding a total of 4,556,529 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 30 September 2014.

* Negligible

Shares in companies incorporated in Singapore do not have a par value.

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related corporations as at 30 September 2014.

MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

- (a) Conditional Option Agreement dated 13 September 2013 and supplemented by a Letter dated 7 February 2014 and a Supplemental Option Agreement dated 12 May 2014 (collectively, the "Said Option Agreements") entered into between True Excel Investments (Cambodia) Co Ltd ("True Excel") (a wholly-owned subsidiary of Parkson Holdings Berhad) as grantee and PP.SW Development Co Ltd ("PP.SW"), a company in which a Director who is also a major shareholder of the Company has interest, as grantor wherein True Excel is granted the option to enter into a lease agreement for the lease of the lower ground floor and first floor of a mall to be constructed in Sangkat Kakap, Khan Dang Kor, Phnom Penh, Cambodia for a term of 50 years with automatic renewal for another 50 years for an indicative refundable deposit of approximately USD42.00 million (equivalent to approximately RM138.60 million) to be satisfied wholly in cash upon the terms and conditions of the Said Option Agreements.
- (b) Conditional Sale and Purchase Agreement dated 13 September 2013 and supplemented by a Letter dated 7 February 2014 and a Supplemental Conditional Sale and Purchase Agreement dated 12 May 2014 (collectively, the "Said Sale and Purchase Agreements") entered into between PP.SW as vendor and True Excel as purchaser for the purchase by True Excel of the second to seventh floors of a mall to be constructed in Sangkat Kakap, Khan Dang Kor, Phnom Penh, Cambodia for an indicative consideration of approximately USD75.09 million (equivalent to approximately RM247.80 million) to be satisfied wholly in cash upon the terms and conditions of the Said Sale and Purchase Agreements.

OTHER INFORMATION

(I) NON-AUDIT FEES

The amount of non-audit fees paid or payable to external auditors and its affiliated companies for the financial year was RM120,000 (2013: RM200,000).

(II) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 30 June 2014 were as follows:

Nature of Recurrent Transactions	Related Party	Amount RM'000
Obtaining of office equipment, energy and conservation services, security services and equipment, and other related products and services	Lion Corporation Berhad Group	13

Notes:

- (i) "Group" includes subsidiary and associated companies
- (ii) The Related Party is a company in which a Director and the major shareholders of the Company have substantial interests.

(III) SCHEDULE OF SHARE BUY-BACK FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Monthly Breakdown	No. of Shares Purchased and Retained as Treasury Shares	Purchase Price per Share (RM)		Average Price per Share* RM	Total Consideration RM'000
		Lowest	Highest		
July 2013	1,039,800	3.63	3.90	3.76	3,907
August 2013	2,121,200	3.20	3.74	3.49	7,395
September 2013	158,200	3.38	3.88	3.70	585
October 2013	165,400	3.73	3.82	3.81	630
November 2013	425,400	3.52	3.73	3.62	1,538
December 2013	11,770,400	2.72	3.47	3.05	35,916
January 2014	7,344,800	2.73	2.96	2.85	20,919
February 2014	14,214,800	2.69	2.91	2.80	39,783
March 2014	23,808,600	2.68	3.00	2.77	65,969
April 2014	9,839,500	2.86	3.20	3.06	30,090
May 2014	15,387,000	2.57	3.00	2.75	42,277
June 2014	21,921,100	2.34	2.58	2.47	54,091
Purchased during the financial year	108,196,200			2.80	303,100

* Including transaction costs.

All the shares purchased by the Company were retained as treasury shares. On 25 April 2014, a total of 61,078,145 treasury shares were distributed as share dividend on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded. As at 30 June 2014, the number of treasury shares held after deducting the share dividend distributed on 25 April 2014 was 59,507,686. None of the treasury shares were resold or cancelled during the financial year.

(IV) OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

Since the commencement of the Executive Share Option Scheme (“ESOS”) of the Company on 7 May 2008, the actual percentage granted to senior management was 0.14% of the total number of options available under the ESOS. No options were granted to Directors.

There were no options granted by the Company during the financial year.

(V) STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS AS AT 30 JUNE 2014

	Proposed Utilisation RM'million	Utilisation Status	
		Actual RM'million	Unutilised/ Outstanding RM'million
(a) Disposal by the Company of its entire equity interest in Bright Steel Sdn Bhd to Total Triumph Investments Limited, a wholly-owned subsidiary of Lion Corporation Berhad, for a cash consideration of RM53.47 million:			
<ul style="list-style-type: none"> • Defray expenses and working capital: <ul style="list-style-type: none"> - Amount received - Deferred payment 	47.47 6.00	47.47 –	– 6.00
	53.47	47.47	6.00
(b) Listing of Parkson Retail Asia Limited on the Main Board of the Singapore Exchange Securities Trading Limited which raised a gross proceeds (including proceeds raised by East Crest International Limited as a result of the exercise of the over-allotment option) totalling approximately SGD150.62 million (equivalent to approximately RM367.48 million) (collectively the “Parkson Asia Listing”):			
<ul style="list-style-type: none"> • Opening of new stores in Malaysia, Indonesia, Vietnam and Cambodia • Investment in information technology • Investment in business opportunities in Sri Lanka and Myanmar • General investments including acquisition, development and management of retail malls within commercial and residential centre developments • Working capital and defraying expenses incurred in connection with the Parkson Asia Listing 	119.80 12.20 36.84 167.55 31.09	57.82 7.07 36.60 160.33 31.09	61.98 5.13 0.24 7.22 –
	367.48	292.91	74.57



PARKSON HOLDINGS BERHAD