



PARKSON HOLDINGS BERHAD

A Member of Lion Group

(89194-P)



Laporan Tahunan

2015

Annual Report

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Second 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 24 November 2015 at 9.00 am for the following purposes:

AGENDA

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2015. **Note 3**
2. To approve the payment of Directors' fees amounting to RM215,000 (2014: RM205,000). **Resolution 1**
3. To re-elect Directors:
 - In accordance with Article 98 of the Company's Articles of Association, Cik Zainab binti Dato' Hj. Mohamed retires by rotation and, being eligible, offers herself for re-election. **Resolution 2**
 - In accordance with Article 99 of the Company's Articles of Association, Ms Cheng Hui Yen, Natalie who was appointed subsequent to the financial year retires and, being eligible, offers herself 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 Auditors to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Resolution 5**
6. Special Business
 - To consider and, if thought fit, pass the following resolutions as ordinary resolutions:
- 6.1 Retention of Independent Non-Executive Director
 - "THAT pursuant to the recommendation of the Malaysian Code on Corporate Governance 2012, Mr Yeow Teck Chai who has served as an independent non-executive Director of the Company for more than nine (9) years, be and is hereby retained as an independent non-executive Director of the Company to hold office until the next annual general meeting of the Company." **Resolution 6**
- 6.2 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**

6.3 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 Part A of the Circular to Shareholders of the Company dated 2 November 2015 ("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

Resolution 8

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 of the Company 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."

6.4 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 authorities, the Company be and is hereby authorised to buy back such number of ordinary shares of RM1.00 each in the Company ("Shares") 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 and/or held by the Company does not exceed 10% of the total issued and paid-up capital of the Company at any point of time provided always that in the event the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders' mandates for share buy-back which were obtained at the previous Annual General Meetings held on or before 19 November 2014, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed 10% of the total issued and paid-up capital of the Company; 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 ordinary 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 cancel the Shares so purchased by the Company, to retain the Shares so purchased as treasury shares, or to retain part of such Shares so purchased as treasury shares and cancel the remainder, and to distribute the treasury shares as share dividends and/or resell the treasury shares on the market of Bursa Securities;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things and to execute all necessary documents, to give full effect to the Proposed Share Buy-Back with full power to assent to or make any modifications, variations and/or amendments as may be required by the relevant authorities or as may be deemed necessary by the Directors and to take all steps and actions as may be required by the relevant authorities and as the Directors may deem necessary and expedient to finalise, implement and give full effect to the Proposed Share Buy-Back."

7. 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
2 November 2015

Notes:

1. *Proxy*

- *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 17 November 2015 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 2 November 2015 (“Circular”)

Details on the following are set out in the Circular enclosed together with the 2015 Annual Report:

- (i) Part A - Proposed Shareholders’ Mandate for Recurrent Related Party Transactions
- (ii) 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 6

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

- (i) *Fulfills the criteria of an independent Director as defined in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.*
- (ii) *Challenges Management in an effective and constructive manner, providing a check and balance, and bringing an element of objectivity to the Board.*
- (iii) *Performs his duties as a Director without being subject to influence of Management.*
- (iv) *Participates in Board and Board committees deliberations and provide an independent voice to the Board.*
- (v) *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 19 November 2014 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 Part A 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 Director standing for re-appointment at the Thirty-Second Annual General Meeting of the Company are set out in the Directors’ Profile on page 6 of the 2015 Annual Report.

CORPORATE INFORMATION

Board of Directors	: Y. Bhg. Tan Sri William H.J. Cheng (Chairman and Managing Director) Ms Cheng Hui Yen, Natalie (Executive 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 Website : 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	: Bank of China HSBC Amanah Malaysia Berhad CIMB Bank Berhad Industrial and Commercial Bank of China (Malaysia) Berhad Malayan Banking Berhad
Stock Exchange Listing	: Bursa Malaysia Securities Berhad ("Bursa Securities")
Stock Name	: PARKSON
Bursa Securities Stock No	: 5657
Reuters Code	: PRKN.KL
ISIN Code	: MYL5657OO001

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 72, 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, branding, credit financing, 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, and the President of Malaysia Retailers Association and Malaysia Steel Association.

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 356,785,266 ordinary shares of RM1.00 each in the Company ("Parkson Shares") and an indirect interest in 297,617,329 Parkson Shares. 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 195 of this Annual Report.

Tan Sri William Cheng is the father of Ms Cheng Hui Yen, Natalie, the Executive Director of the Company, and the uncle of Y. Bhg. Tan Sri Cheng Yong Kim, a major shareholder of the Company.

Tan Sri William Cheng attended all ten (10) Board Meetings of the Company held during the financial year ended 30 June 2015.

Cheng Hui Yen, Natalie

Executive Director

Ms Cheng Hui Yen, Natalie, a Malaysian, aged 32, was appointed the Executive Director of the Company on 26 August 2015.

Ms Cheng graduated with a Bachelor of Arts in Media and Communications from the University of Melbourne, Australia in 2004.

Ms Cheng joined Parkson Corporation Sdn Bhd in 2005 as an Assistant Buyer in the Cosmetics and Fragrances Department followed by the Gents and Sports Departments, and currently, she heads the Merchandising Department as Director - Merchandising. Prior to joining Parkson, Ms Cheng who is fluent in Mandarin had worked for Saatchi & Saatchi Beijing in the People's Republic of China as an intern in the Strategic Planning Department before returning to Malaysia.

Apart from overseeing Parkson's Merchandising Department in Malaysia, Ms Cheng regularly visits the Parkson stores in China, Indonesia and Vietnam to keep abreast of the retail scene in these countries as well as in Malaysia for the improvement of the Parkson stores.

Ms Cheng has a direct shareholding of 50,000 ordinary shares in Parkson Retail Asia Limited, a subsidiary of the Company listed on the Singapore Exchange Securities Trading Limited.

Ms Cheng is the daughter of Y. Bhg. Tan Sri William H.J. Cheng who is the Chairman, Managing Director and a major shareholder of the Company, and a cousin of Y. Bhg. Tan Sri Cheng Yong Kim, a major shareholder of the Company.

Tan Sri Abdul Rahman bin Mamat
Independent Non-Executive Director

Y. Bhg. Tan Sri Abdul Rahman bin Mamat, a Malaysian, aged 62, 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 Industrial Development Authority (MIDA), MATRADE, Johor Corporation, Regional Economic Development Authority (RECODA), Sarawak and Small and Medium Corporation, Malaysia (SME CORP), Pahang State 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 the Chairman of Hiap Teck Venture Berhad, Dagang NeXchange Berhad and Bioalpha Holdings Berhad, all 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 all ten (10) Board Meetings of the Company held during the financial year ended 30 June 2015.

Zainab binti Dato' Hj. Mohamed
Independent Non-Executive Director

Cik Zainab binti Dato' Hj. Mohamed, a Malaysian, aged 58, 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 33 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 all ten (10) Board Meetings of the Company held during the financial year ended 30 June 2015.

Yeow Teck Chai

Independent Non-Executive Director

Mr Yeow Teck Chai, a Malaysian, aged 65, 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 Industrial 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 nine (9) of the ten (10) Board Meetings of the Company held during the financial year ended 30 June 2015.

Ooi Kim Lai

Non-Independent Non-Executive Director

Mr Ooi Kim Lai, a Malaysian, aged 48, 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 obtained his Diploma in Accountancy from Tunku Abdul Rahman College and 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 accounting and financial management of certain listed companies in Malaysia and overseas within the Lion Group. He is also actively involved in the corporate exercises of the Lion 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, branding, credit financing, steel, property, mining and services.

Mr Ooi is also a Director of Lion Diversified Holdings Berhad, a public listed company.

Mr Ooi has a direct shareholding of 188 ordinary shares of RM1.00 each in the Company.

Mr Ooi attended all ten (10) Board Meetings of the Company held during the financial year ended 30 June 2015.

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.

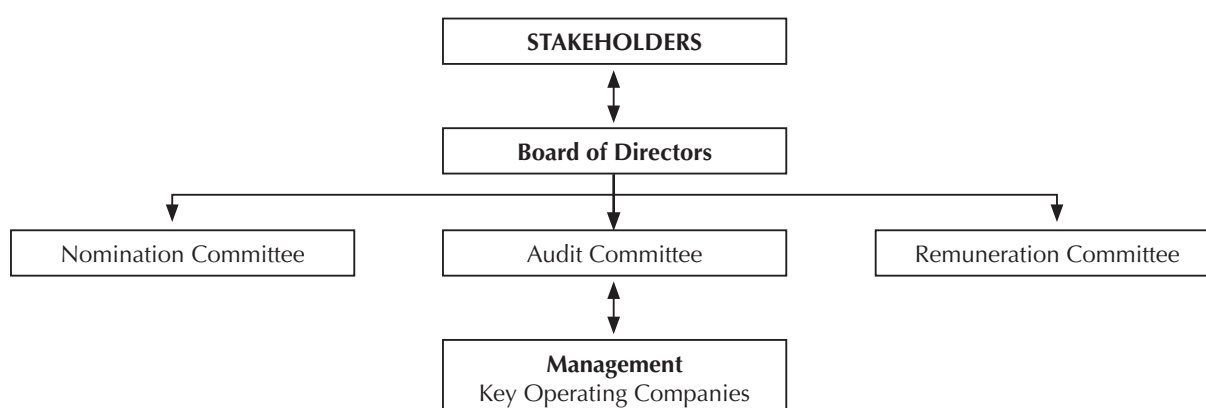
CORPORATE GOVERNANCE STATEMENT

Introduction

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 2015 except where otherwise rationalised herein. The Board has also taken into account the requirements issued by the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”) and under the various Guides.

Corporate Governance Framework



Board Charter

The Board has established a Board Charter which is available on the Company’s website at www.lion.com.my/parkson. The Board Charter clearly sets out the principal roles 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.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Roles and Responsibilities of the Board

The Board establishes the vision and strategic objectives of the Group and 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 delegates to the Managing Director (“MD”) the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time. The MD may delegate aspects of his authority and powers but remains accountable to the Board for the Company’s performance and is required to report regularly to the Board on the progress being made by the Company’s business units and operations.

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the financial year ended 30 June 2015, ten (10) Board Meetings were held and each 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.

Delegation by the Board

The Board delegates certain functions to several committees, namely the Audit Committee, the Nomination Committee and the 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.

Board Composition, Independence and Diversity Balance

The Board comprises six (6) Directors, four (4) of whom are non-executive. The current Board composition complies with the Listing Requirements. The broad range of experience, skills and knowledge of the Directors effectively facilitate the discharge of the Board's stewardship.

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 fulfilment of the gender diversity representation. The Board currently has two (2) female Directors.

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.

The Board acknowledges that although the current Board composition complies with the Listing Requirements, the Company was not able to apply the recommendation of the MCCG which requires that the board must comprise a majority of independent directors where the chairman of the board is not an independent director and the Board will endeavour to fulfil the recommendation under the MCCG.

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 ("CCM") which can be viewed from the CCM's website at www.ssm.com.my, 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 Practice for all Directors and employees of the Group, including the Whistleblower Policy, Competition Policy, Sexual Harassment Policy and Sustainability Policy & Framework of the Group and such codes, policies and ethics are made aware to all Directors and employees and accessible for reference within the Group. Key policies including the Code of Business Practice and the Whistleblower Policy are available on the Company's website at www.lion.com.my/parkson.

The Board ensures the implementation of appropriate internal control system to support, promote and ensure the compliance with the above and notes any exception and monitors the resolutions of the issues highlighted via the Compliance Risk Self-Assessment reporting on a half-yearly basis.

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 carried out by the Group are set out in the Sustainability section of the Chairman's Statement on pages 29 to 49 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 on pages 18 to 20 of this Annual Report.

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 are 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 or at the request of the Board.

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 Company Secretaries also facilitate the communication of decisions made at Board and Board Committees to the relevant Management for appropriate actions.

The Company Secretaries update and appraise the Directors on a continuing basis on new and revised requirements to the Listing Requirements and the MCGG.

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

STRENGTHEN COMPOSITION

Nomination Committee

The Nomination Committee comprises three (3) members, all of whom are non-executive Directors with a majority of them 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 26 of this Annual Report.

Appointment to the Board and the Effectiveness of the Board

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 and the Board Committees. 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 fulfilment of the respective 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.

In assessing and recommending to the Board suitable candidature of Directors, the Nomination Committee shall consider the competencies, commitment, contribution, performance and board diversity including the appropriateness and the fulfilment 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 Director's Profile on pages 6 to 8 of this Annual Report.

Activities of the Nomination Committee for the Financial Year

The Nomination Committee met once since the date of the last Annual Report and had carried out the following duties in accordance with the terms of reference whereat all the members attended:

- (i) Reviewed and assessed the effectiveness of the Board and the Board Committees as well as the individual Directors and their independence based on the broad Fit & Proper, and Independence criteria using a set of quantitative and qualitative performance evaluation forms approved by the Board, and made the appropriate recommendation to the Board.
- (ii) Reviewed the retirement and re-election, and re-appointment of Directors for Board's consideration.
- (iii) Reviewed the retention of an independent Director whose tenure of service has exceeded nine (9) years for recommendation to shareholders for their approval based on his attributes necessary in discharging his roles and functions as an independent Director.
- (iv) Reviewed the training needs of the Directors.
- (v) Reviewed and recommended for Board's consideration, the appointment of Ms Cheng Hui Yen, Natalie as the Executive Director of the Company.
- (vi) Approved and recommended for Board's consideration the Nomination Committee Report for inclusion in the Annual Report.

Re-election, Re-appointment and Retention 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. The Nomination Committee is responsible for recommending to the Board for re-appointment of those Directors who are over 70 years of age and the retention of the independent Directors whose tenure of service will exceed nine (9) years or has exceeded nine (9) years, for shareholders' approval at the next annual general meeting.

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 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 26 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 2015 are categorised as follows:

	Fees RM'000	Salaries & Other Emoluments RM'000	Total RM'000
Executive Director	285	746	1,031
Non-executive Directors	165	—	165
	<u>450</u>	<u>746</u>	<u>1,196</u>

The number of Directors whose total remuneration falls into the respective bands is as follows:

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-executive
25,000 & below	–	1
25,001 – 50,000	–	3
1,000,001 – 1,050,000	1	–

REINFORCE INDEPENDENCE

Assessment of Independent Directors and Board Performance Evaluation

The Board observes the recommendation by the MCCG in ensuring that the independent Directors bring independent and objective judgement to the Board deliberations. Accordingly, the Board assisted by the Nomination Committee assesses the independent Directors on an annual basis. In addition, the independent Directors affirm their independence annually to the Board. 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 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.

Based on the assessment carried out for the financial year ended 30 June 2015, the Board was satisfied with the level of independence of the independent non-executive Directors and their ability to act in the best interest of the Company. The Board was also satisfied that the Board and the Board Committees have discharged their duties and responsibilities effectively and 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.

The Role and Functions of Chairman and MD

The Group Chairman also assumes the position of the Group's MD. 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/MD, the Group stands to benefit directly from the extensive knowledge and involvement of the Chairman in the business deriving from his years of experience and industry goodwill. The Board considers the departure from the recommended practice of separating the functions as appropriate under the present circumstances.

FOSTER COMMITMENT

Time Commitment

A Director shall notify the Chairman of the Board of his/her acceptance of any new directorship in public listed companies. In any event the maximum number of appointments in public listed companies shall be limited to five (5) or any other number as set out in the Listing Requirements.

The notification shall include an assurance of his/her continued time commitment to serve the existing Board and that his/her other appointments shall not be in conflict or compete with the existing appointment with the Company.

Directors' Training

All members of the Board except for Ms Cheng Hui Yen, Natalie, have attended Bursa Securities' Mandatory Accreditation Programme ("MAP"). Ms Cheng Hui Yen, Natalie who was appointed to the Board on 26 August 2015 will attend the MAP as prescribed in the Listing Requirements.

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 attended the following seminars, breakfast series, workshops 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, management and entrepreneurship, regulatory updates and requirements, finance, and sustainability covering community, environment, marketplace and workplace:

Name of Directors	Programmes
Tan Sri William H.J. Cheng	<ul style="list-style-type: none"> Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> General pillars of ASEAN Economic Community ("AEC") Protection of intellectual property in view of the AEC single market Seminar on Hong Kong Regulatory Requirement on Directors – Disclosure of Inside Information
Tan Sri Abdul Rahman bin Mamat	<ul style="list-style-type: none"> Bursa Malaysia in collaboration with The Institute of Internal Auditors Malaysia – Audit Committee Breakfast Series: "Enhancing Internal Audit Practice" PEMANDU in collaboration with Bursa Malaysia – Lead the Change Event: Getting Women on Boards Bursa Malaysia – Risk Management & Internal Control Workshop for Audit Committee Members: Is Our Line of Defence Adequate and Effective?
Zainab binti Dato' Hj. Mohamed	<ul style="list-style-type: none"> Bursa Malaysia in collaboration with FTSE – Education Seminar: Overview of Environmental, Social and Governance Index and Industry Classification Benchmark Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> The Key Factors of Goods and Services Tax and its Implementation Transfer Pricing Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> General pillars of ASEAN Economic Community ("AEC") Protection of intellectual property in view of the AEC single market
Yeow Teck Chai	<ul style="list-style-type: none"> Malaysian Investment Development Authority (MIDA) jointly with Nottingham MyResearch – Seminar on "A Tax Efficient Way to Invest in Research and Development" KPMG – Breakfast Workshop on Audit Committee "Cyber Security" Bursa Malaysia & Iclif – Nominating Committee Programme Part 2: Effective Board Evaluations Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> The Key Factors of Goods and Services Tax and its Implementation Transfer Pricing Bursa Malaysia – Seminar on "Strengthening Corporate Governance Disclosure" Bursa Malaysia – Risk Management & Internal Control Workshop for Audit Committee Members: Is Our Line of Defence Adequate and Effective? Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> General pillars of ASEAN Economic Community ("AEC") Protection of intellectual property in view of the AEC single market
Ooi Kim Lai	<ul style="list-style-type: none"> Bursa Malaysia in collaboration with FTSE – Education Seminar: Overview of Environmental, Social and Governance Index and Industry Classification Benchmark Bursa Malaysia & Iclif – Nominating Committee Programme Part 2: Effective Board Evaluations Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> The Key Factors of Goods and Services Tax and its Implementation Transfer Pricing Lion Group In-house Directors' Training on: <ol style="list-style-type: none"> General pillars of ASEAN Economic Community ("AEC") Protection of intellectual property in view of the AEC single market

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 and appraised on a continuing basis by the Company Secretaries on new and revised requirements to the Listing Requirements and the MCCG ("Continuing Updates").

The Board, after having undertaken an assessment of the training needs of each Director, views the aforementioned Programmes attended 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.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

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 discusses and reviews the recommendations proposed by the Audit Committee prior to the adoption of the quarterly financial results and the annual audited 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) members, all of whom are independent Directors. The terms of reference and the main activities undertaken by the Audit Committee during the financial year under review are set out in the Audit Committee Report on pages 21 to 25 of this Annual Report.

Directors' Responsibility in Financial Reporting

The Board is responsible for ensuring that the quarterly and annual financial statements are prepared in accordance with the applicable financial reporting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements. The Board is satisfied that for the financial year ended 30 June 2015, 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.

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 evaluates the performance and assesses the suitability and independence of the 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.

The Audit Committee has obtained written confirmation from the external auditors on their independence in undertaking the annual audit of the Company's financial statements.

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 Board delegates the oversight of risk management and internal control to the Audit Committee. The Audit Committee is assisted by the Risk Management Committee (“RMC”) in overseeing the implementation of the risk management framework via the Corporate Performance Scorecards (“CPS”) and the Corporate Risk Scorecards (“CRS”). The Risk Management Team of each key operating company together with the RMC reports the CPS and CRS to the Audit Committee on a half-yearly basis. The detailed processes of risk management are described in the Statement on Risk Management and Internal Control on pages 18 to 20 of this Annual Report.

The RMC also assesses all material and key risks associated with the Group’s businesses and operations as well as corporate proposals.

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 the interests of stakeholders including 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 18 to 20 of this Annual Report.

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 21 to 25 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.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Board ensures its adherence to and compliance with the disclosure requirements of the Listing Requirements as well as the Corporate Disclosure Guide issued by Bursa Securities.

The Company’s shareholders and members of the public may gain access to any latest corporate information of the Company on its website at www.lion.com.my/parkson which is linked to the announcements published on the website of Bursa Securities at www.bursamalaysia.com.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

The annual general meetings and the extraordinary general meetings are 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 said meetings 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 Chairman also shares with the shareholders, the Company's responses to questions submitted in advance of the annual general meetings by the Minority Shareholder Watchdog Group.

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 through meetings, teleconferencing and emails. In this regard, information is disseminated with strict adherence to the disclosure requirements of Bursa Securities.

The Company's website at www.lion.com.my/parkson provides easy access to corporate information, Board Charter, key policies, annual reports and company announcements 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.

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 interests of stakeholders (including 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 risk management and internal control which is key to managing principal risks which may impede the achievement of the Group's corporate and business objectives, consistent with the requirements of Principle 6 of the Malaysian Code on Corporate Governance 2012. This responsibility includes reviewing the adequacy and integrity of this system which covers enterprise risk management, financial, organisational, operational and compliance controls. However, in view of the inherent limitations in any system, such system of internal control can only provide reasonable and not absolute assurance against material misstatements, frauds or losses and unforeseen emerging risks.

The Board regards risk management as an integral part of business operations and confirms that the Management will continue to undertake the process of identifying, evaluating and managing significant risks. The Board delegates the oversight of risk management and internal control to the Audit Committee.

Management Responsibility

The Management is responsible for implementing the framework, policies and procedures on risk and internal control approved by the Board.

The Risk Management Committee ("RMC") 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.

Risk Management Process

In establishing a bottom-up reporting of the risk profile of the key operating companies ("KOCs"), the respective Risk Management Team ("RMT") in the KOCs identified possible and actual risks faced by the KOC together with an analysis of the causes, impact and mitigating actions.

The KOCs' business performance objectives for the financial year are reflected in their Corporate Performance Scorecard ("CPS") which outlined the critical action plans across their value chain system. Key Performance Indicators ("KPI") were assigned to these objectives and their performance were tracked by the KPI owners under the supervision of the heads of the KOCs.

The RMTs identified and analysed risks which may thwart the successful achievement of these objectives and such risks often made up the baseline risks in the KOCs' risk profile. The risk owners were responsible to ensure preventative, detective and corrective controls were in place to address these risks. Gaps in controls and continual improvements were implemented through management action plans. This process was executed by the RMTs and documented in the Corporate Risk Scorecard ("CRS").

The Group's Compliance Function conducted review of the risk profiles, either focusing on specific risk issues or the completeness of the risk assessment process for selected risk profiles. The results of the review were communicated to the administrators of risk scorecards and/or heads of KOCs for improvement and implementation.

The CPS and CRS were presented by the RMT and RMC to the Audit Committee on a half-yearly basis for review on the status of the performance objectives and management action plans implementation.

The Audit Committee reviewed significant risks, if any, across Strategic, Business, Financial and Operational risk themes and guided the KOCs on further mitigations where required.

Key Elements of Risk Management and Internal Control

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. The authority matrix outlines the decision areas and the persons empowered to requisite, authorise and approve the expenditure/commitment. Delegated authority carries with it the obligation to exercise sound judgement, good business sense and accountability.
- A set of Group level internal policies and procedures which is maintained centrally and accessible to employees via intranet. The policies and procedures at both Group level and business or operational level are regularly reviewed for updates to resolve operational deficiencies or to meet new compliance requirements. Enhancement efforts to streamline local policies, guidelines or procedures at business or operational level to key Group Policies and Procedures are continuing.
- An annual exercise involving all business units to prepare a comprehensive budget and business plan which includes development of business strategies and the establishment of key performance indicators against which the overall performance of the companies within the Group can be measured and evaluated.
- 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.
- Review of business processes and systems of internal control by the internal audit function which submits its reports to the Audit Committee on a quarterly basis. Regular and systematic risk based reviews of the system of internal control of the operating companies within the Group are performed to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in accordance with Management instructions, policies and guidelines; and in a manner consistent with company objectives and with high standards of administrative practice.
- Confirmation of the effectiveness of internal control and risk assessment process by the respective head of KOC and head of accounts and finance (on financial related matters) with the signing off of the Risk Management and Internal Control – Self-Assessment Questionnaire (RMIC-SAQ) on an annual basis.
- A Corporate Risk Management System encompassing an Enterprise Wide Risk Management Framework (CRMS-ERM) that sets 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.
- Compliance Risk Self-Assessment (CRSA) with mitigations identified to address breaches or material non-compliance.
- Updates and tracking of CPS which are developed based on balanced scorecard approach and CRS of operating companies with appropriate performance and risk indicators via an automated and web-based tool, namely Q-Radar system.
- Development of Compliance Matrices reflecting requirements of key Group Policies and Procedures and major statutory and regulatory compliances.
- A compliance programme reviewed by the Audit Committee on an annual basis addressing key compliance areas of statutory and regulatory requirements, 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.
- A formalised groupwide integrity framework that accentuates the Group's commitment to uphold integrity in all manner of conduct by its employees at all times in their interaction with various stakeholders, both internal and external. This framework includes Integrity & Fraud Risk Policy which interphases with many of the existing policies adopted within the Group and also addresses fraud reporting and investigation.

- A formalised Group Procurement/Tender Policy providing a fairly standardised, uniform and consistent set of controls by promoting accountability, ownership and transparency. This increases the ability of the Group to develop a pool of reliable and competent vendors through proper governance, selection of appropriate procurement method and vendor management.
- A Code of Business Practices which sets out the principles to guide employees' conduct to the highest standards of personal and corporate integrity. The code covers areas such as conflict of interest, use of company assets, confidentiality of proprietary information, acceptance of gifts and business courtesies as well as prohibition of kickbacks.
- A Whistleblower Policy providing the channels to report wrongdoings by employees and/or other stakeholders whilst ensuring the integrity of the process and information and also protecting the rights of informants. The implementation of this policy enables the Group to address such concerns that may adversely affect the reputation and interests of the Group more effectively.
- Other key policies such as Competition Policy and Sexual Harassment Policy which complement the Group's Code of Business Practices. These policies direct the employees to behave ethically and professionally in ensuring compliance with relevant laws and creation of a conducive working environment.
- A Crisis Management and Communication Policy and process established under the Corporate Communications Function to guide the handling of external communications in the event of any crisis/disaster.
- Development and enhancements to existing operations and safety and hazards action plans of operating companies which include Emergency Action Plan with a view to developing the Business Continuity Management and implementing a roadmap to enhance the business resilience and robustness in contingencies, crisis management and disaster recovery management.
- An appropriate insurance programme to safeguard major assets against financial loss resulting from property damage, machinery breakdown, business interruption and general liability, which is reviewed annually.
- A Group Sustainability Framework and Plan 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 throughout the Group is sound and effective, providing reasonable assurance that the structure and operation of controls are appropriate for the Group's operations.

Implementation measures are continuously taken to strengthen the system of risk management and internal control so as to safeguard shareholders' investments and the Group's assets.

Review by External Auditors

The external auditors have reviewed the Statement on Risk Management and Internal Control in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Recommended Practice Guide 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group.

Based on the limited assurance procedures and review, the external auditors have informed the Board that nothing has come to their attention that has caused them to believe that the Statement on Risk Management and Internal Control has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers* or that it is factually inaccurate.

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 fulfil 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

The Terms of Reference of the Audit Committee which are in line with to the provisions of the Listing Requirements and other best practices are available for reference on the Company's website at www.lion.com.my/parkson.

ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year under review, eight (8) Audit Committee Meetings were held. Except for Mr Yeow Teck Chai who was absent for one (1) Meeting, the other two members 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 are as follows:

- **Financial Results**

Reviewed the quarterly interim unaudited financial statements and the annual audited 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, and the main factors contributing to the financial performance of the Group in terms of revenue and earnings.

- **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 recommendations. Where appropriate, the Audit Committee has directed Management to rectify and improve control procedures and workflow processes based on the internal auditors’ recommendations and suggestions for improvement.
- (d) Monitored the implementation of the audit recommendations to ensure that all key risks and controls have been addressed.
- (e) Reviewed the annual Risk Management and Internal Control – Self-Assessment ratings submitted by the respective operations management. The internal auditors would validate the ratings during their audit review and adjustments to the ratings, if any, would be made accordingly and reported to the Audit Committee.
- (f) Reviewed recurrent related party transactions of a revenue or trading nature reports on a quarterly basis for compliance with the review procedures outlined in the Shareholders’ Mandate.
- (g) Reviewed the investigative reports tabled during the year and ensured appropriate remedial actions/measures were taken.
- (h) Reviewed the Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group prior to the Board’s approval for inclusion in the Annual Report. The Statement on Risk Management and Internal Control which had been reviewed by the external auditors is set out on pages 18 to 20 of this Annual Report.
- (i) Approved the Audit Committee Report and recommended the same for Board’s approval for inclusion in the Annual Report.

- **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 and assessed the suitability and independence of the external auditors during the year vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the Audit Committee.

The Audit Committee had received from the external auditors written confirmation that they are not aware of any relationships or matters that, in their professional judgement, may reasonably be thought to bear on their independence and that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

- (e) Recommended to the Board on the appointment of the external auditors and their remuneration.
- (f) Notation of the non-audit fees paid to the external auditors.
- (g) Convened two (2) meetings with the external auditors without executive Board members and Management being present to discuss issues arising from their review.

- **Corporate Governance**

Compliance

- (a) Monitored on a half-yearly basis the implementation progress and shortfall, if any, of the Compliance Program/Work Plan for the financial year ended 30 June 2015 ("2015 Compliance Program/Work Plan"). The 2015 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.

The Audit Committee noted the establishment of the following policies which formed part of the Compliance Program/Work Plan, during the year:

- Integrity and Fraud Risk Policy

The objective of the Integrity and Fraud Risk Policy is to formalise the culture of integrity and professionalism in the Group. It also served as a sustainable business practice of integrity and transparency in the way things were done and to address incidences of integrity breaches and fraud risks management in an integrated manner.

- Procurement Policy

The Procurement Policy enabled progressive enhancement to the Group's procurement capabilities through improved abilities to compare prices more effectively and to establish the capability of potential vendors. The governance and structured processes provided means for check and balance and prevent the risk of or opportunity for fraud, bribery and/or kickbacks.

- (b) Ensured that all material non-compliances/breaches of regulatory and/or statutory requirements were reported vide a half-yearly Compliance Risk Self-Assessment declaration by the Chief Executive Officer, Chief Financial Officer, Heads of Business/Operations, Chief Accountant and Company Secretary.
- (c) Notation and review of the Analysis of Corporate Governance Disclosures in Annual Reports, Annual Reports 2012-2013 by Bursa Securities. The Audit Committee directed that measures be put in place to close the gaps and enhance both the practise of corporate governance and the quality of governance disclosures.

- **Risk Management**

Reviewed the performance status as presented by the Risk Management Team (“RMT”) of Key Operating Companies (“KOCs”) together with the Risk Management Committee via half-yearly Corporate Performance Scorecard updates. The Audit Committee also reviewed the KOCs’ Corporate Risk Scorecard in addressing any significant risk that may impact the achievement of the KOCs’ performance objectives and the mitigation actions as identified by the RMTs.

- **Related Party Transactions**

- (a) Reviewed related party transactions entered into by the Group, and recommended the same for approval of the Board.
- (b) Reviewed recurrent related party transactions of a revenue or trading nature on a quarterly basis for compliance under the Shareholders’ Mandate.

- **Material Transaction**

Reviewed material transaction entered into by the Group, and recommended the same for approval of the Board.

- **Other Activities**

Tax

Reviewed the readiness of the Group for the implementation of the Goods and Services Tax which took effect on 1 April 2015.

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 approved by the Audit Committee.

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 Corporate Performance and Risk Scorecards.

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 RM333,800.

NOMINATION COMMITTEE

Chairman	:	Mr Yeow Teck Chai (Independent Non-Executive Director)
Members	:	Cik Zainab binti Dato' Hj. Mohamed (Independent Non-Executive Director) Mr Ooi Kim Lai (Non-Independent Non-Executive Director)
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

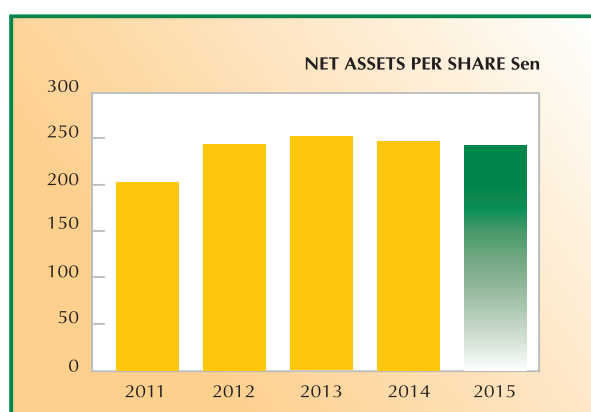
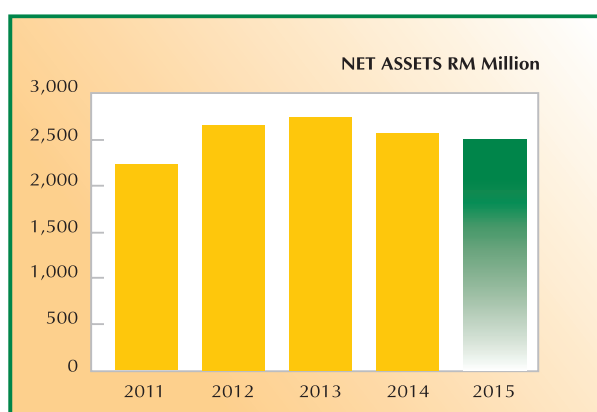
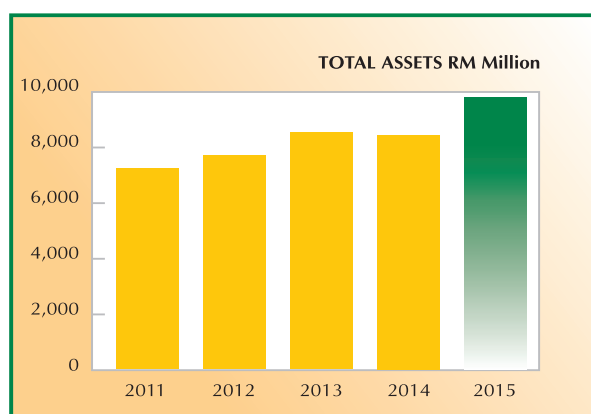
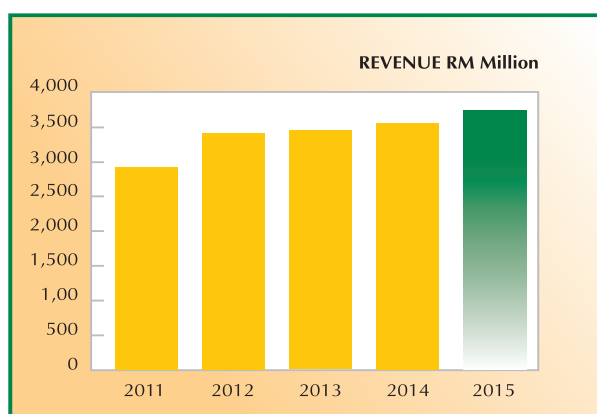
REMUNERATION COMMITTEE

Chairman	:	Tan Sri Abdul Rahman bin Mamat (Independent Non-Executive Director)
Members	:	Mr Yeow Teck Chai (Independent Non-Executive Director) Cik Zainab binti Dato' Hj. Mohamed (Independent Non-Executive Director) Mr Ooi Kim Lai (Non-Independent Non-Executive Director)
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		2011	2012	2013	2014	2015
Gross sales proceeds	(RM'000)	9,493,726	11,196,311	11,347,650	11,583,344	11,938,208
Revenue	(RM'000)	2,925,082	3,422,858	3,454,958	3,553,882	3,739,179
Profit before tax	(RM'000)	805,267	887,663	614,872	382,504	56,416
Profit/(loss) after tax	(RM'000)	606,622	668,712	434,938	239,055	(12,946)
Net profit attributable to owners of the parent	(RM'000)	348,404	380,076	238,204	138,148	46,593
Total assets	(RM'000)	7,270,943	7,745,347	8,541,110	8,471,865	9,823,345
Net assets	(RM'000)	2,236,090	2,666,088	2,751,773	2,580,545	2,512,456
Total borrowings	(RM'000)	1,950,361	1,260,791	1,579,689	1,718,621	2,351,334
Earnings per share	(Sen)	32.3	34.9	22.0	13.0	4.4
Net assets per share	(Sen)	205	246	254	249	244
Dividends (Paid and Proposed):						
• Cash dividend:						
- Rate	(Sen)	15.0	16.0	18.0	—	—
- Amount (net of tax)	(RM'000)	162,398	173,918	195,141	—	—
• Share dividend	(No. of shares)	—	—	—	3 for 50	*

* In respect of the financial year ended 30 June 2015: 3 for 50 distributed on 8 August 2014, 1 for 20 distributed on 26 March 2015 and 3 for 50 distributed on 2 July 2015.



PARKSON NETWORK, AS AT 30 JUNE 2015



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 ("PHB" or "the Group") for the financial year ended 30 June 2015.

FINANCIAL PERFORMANCE

Market conditions that confronted Asian retailers in the financial year under review were largely difficult amidst the global macroeconomic uncertainties. In the year 2014, the People's Republic of China ("PRC" or "China") recorded the weakest Gross Domestic Product growth rate of 7.4% for the past 24 years. In the emerging Southeast Asian markets, competition has intensified as retailers seize the opportunity to serve the rapidly growing middle-class population.

For the financial year under review, the Group continued to witness increasing complexities in the market place with the rapidly evolving retailing environment, ever more demanding and sophisticated consumers, growing competition and rising costs. Amidst this challenging operating environment, the Group had registered the following results for the financial year ended 30 June 2015:

- Marginally higher gross sales proceeds of RM11.9 billion, up by 3% as compared to RM11.6 billion in the previous year; and
- Lower segment profit of RM191 million, down by 41% as compared to RM327 million in the previous year.

Nevertheless, the Group's financial position as at 30 June 2015 remains healthy with a cash position of RM2.8 billion and shareholders' funds of RM2.5 billion. This position of strength will allow the Group to build sustainable growth in the future and also explore merger and acquisition opportunities.

CORPORATE DEVELOPMENTS

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

- (i) In January 2015, the Group completed the disposal of KL Festival City Mall for a cash consideration of RM349 million.
- (ii) On 12 October 2015, PHB announced that the proposed internal reorganisation of the group structure of PHB which entails the proposed disposal of the Group's entire equity interest in its Singapore-listed subsidiary, Parkson Retail Asia Limited to its Hong Kong-listed subsidiary, Parkson Retail Group Limited ("Proposed Internal Reorganisation"); and the proposed distribution of RM0.10 in cash to all entitled shareholders of PHB, will not proceed as one of the conditions precedent for the Proposed Internal Reorganisation was not met.



Malaysia



China



Vietnam



Myanmar



Indonesia

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 mainly undertaken by the two listed subsidiaries, namely Parkson Retail Group Limited, listed on the Stock Exchange of Hong Kong Limited, which operates *Parkson* department stores in China; and Parkson Retail Asia Limited, listed on the Singapore Exchange Securities Trading Limited that houses all our retail stores in Southeast Asia. The year witnessed the growth of the Group’s portfolio from 120 stores at the beginning of the financial year to 126 stores as at 30 June 2015.

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

(As at 30 June)	Number of Stores	
	2015	2014
Malaysia (Parkson)	42	39
China (Parkson)	60	57
Vietnam and Myanmar (Parkson)	10	10
Indonesia (Centro and Parkson)	14	14
	126	120





(RM Million)	Revenue		Segment Profit/(Loss)	
	2015	2014	2015	2014
Retail operations in:				
- Malaysia	862	861	89	106
- China	2,496	2,401	127	223
- Vietnam and Myanmar	124	115	(17)	(12)
- Indonesia	157	138	(10)	6
	3,639	3,515	189	323
Property and others	103	44	2	4
Less: Inter-segment	(3)	(5)	-	-
	3,739	3,554	191	327

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

Malaysia (Parkson)

Our local Parkson operations reported a negative same store sales ("SSS") growth of 4.5% (2014: -0.1%) for the current financial year as consumer sentiments were affected by the depreciating currency and rising cost of living due to the government's subsidy rationalisation programmes, the central bank's actions to curb household debts and the implementation of the Goods and Services Tax ("GST") on 1 April 2015.

To further strengthen its operations and network, Parkson Malaysia added 3 stores to its chain by taking up anchor tenant spaces in IOI City Mall (Putrajaya), Perda City Mall (Seberang Prai) and Imago Shopping Mall (Kota Kinabalu). These new stores have increased our domestic network coverage to 42 stores as at 30 June 2015.

For the financial year under review, the Group continued its strategy of expanding and enhancing its merchandise offerings. Through collaboration with internationally renowned brands such as *Kent*, *Geoffrey Beene*, *Trucco*, *The Class* and *Pepe Jeans* on exclusive basis, the Group aims to offer its customers the latest range of products in the market ahead of its competitors. The launch of private labels; *MARQ*, *MAVE* and *Estela* will improve the competitiveness of our stores and at the same time, strengthen the Group's profit margin.

China (Parkson)

Against the backdrop of market slowdown and weakened consumer sentiments, the PRC government's austerity measures further affected discretionary spending in China. Aggravated by intense competition from different retail formats such as e-commerce, group discount shopping, new forms of shopping malls and specialty stores, Parkson China reported a negative SSS growth of 6% for the financial year under review.

Despite the challenges brought on by the new retail environment in China, the Group sees ample opportunities for retail business to progress. Looking ahead, the Group seeks to transform its business from a traditional department store to a lifestyle concept retail business and is rolling out the following business plans and strategies to ensure that it is able to maximise all opportunities while meeting the challenges:

- **Laying the Foundation**

Customers in the PRC, especially the emerging middle class in growing cities, are increasingly looking for lifestyle experiences encompassing shopping, dining and entertainment. As such, the Group is bringing in lifestyle elements to its store network through the introduction of food and beverage ("F&B") brands and broadening its product offerings with the launch of a new gourmet supermarket brand to cater to the needs of the elite group of customers looking for high quality imported and local food products.

The Group is also strengthening its merchandise resources through the introduction of international brands and development of private labels. New additions of international brands to the Group's distribution list include *FRNCH*, *Alma En Pena*, *Tous Fragrance*, *Cocomojo*, *Redeye* and *Tom Tailor*; whilst introducing own private labels such as *Weekender Messages*, *Zie Zac* and *Serena* to the PRC market.

The Group recorded an encouraging increase in active VIP card member base following the launch of its new customer loyalty card programme during the financial year. New shopping and lifestyle privileges, including the use of VIP lounges in our stores, exclusive event invitations and attractive bonus points redemption scheme are offered to the VIP members. The new loyalty programme aims at attracting existing and new VIP members for repeat patronage.

In line with our lifestyle concept retail business, the Group will open lifestyle shopping malls in cities with high growth potential, and transform some of its existing stores into lifestyle shopping malls. At the same time, the Group will continue to work closely with real estate industry leaders to open new stores in their successful shopping malls.

- **Gaining Momentum**

The Group believes the future of retail lies in both traditional and online shopping. The integration of both online and offline businesses will cater to affluent customers who seek a well-rounded service. The Group will continue to introduce creative omni-channel marketing campaigns such as promotions through *Tencent's WeChat* platform and the collaboration with *Dianping.com* to enhance our brand positioning and drive sales.

As at 30 June 2015, the Group operates 60 stores across 34 cities in the PRC. In view of the different development stages of PRC cities, the Group is classifying its markets into three categories, namely, prime stores, up and coming stores, and fashion outlets. The Group will modify its product mix to meet localised market demands. One of our new strategies is to convert stores in some cities into fashion outlets to capture a distinct group of middle class customers who desire value for money products.

Vietnam and Myanmar (Parkson)

The Group's operations in Vietnam continued to encounter weak discretionary spending compounded by the entry of competing retailers in the northern cities of Hanoi and Hai Phong. This was however countered by the positive growth registered by our stores in Ho Chi Minh City despite the increasingly competitive environment, which have helped buffer our overall performance in Vietnam. For the financial year under review, Parkson Vietnam recorded a negative SSS growth of 5%.

During the financial year, the Group made the bold decision to close *Parkson Landmark 72* in Hanoi which had been loss-making since its opening. As such, a one-off provision for contingent expenses of approximately RM171 million due to early termination of the said lease was made during the financial year. Nevertheless, the Group remains positive on the retail market in Vietnam as evident from the opening of a flagship store in Danang in January 2015. As at 30 June 2015, Parkson Vietnam has a network of 9 stores (inclusive of 3 managed stores), with 6 in Ho Chi Minh City and one each in Hanoi, Hai Phong and Danang.

Our only store in Myanmar recorded a strong ramp-up in sales in its second year of operations with a SSS growth of 22%. The Group plans to open more stores in Myanmar to capture the rising consumption growth in the country.

Indonesia (Parkson, Centro and Kem Chicks)

The robust consumer spending supported by the emerging middle class and young population in the country has enabled our Indonesian operations to deliver a strong SSS growth of 8%. However, losses were posted in the current year under review due largely to the losses incurred by the new stores.

The Group currently has an extensive network of stores in Indonesia, spanning across Medan, Bali and major cities in the Java island. The Group is on track to open more stores where we are targeting the underserved markets in the country's first-tier and second-tier cities. By establishing our presence across the different major cities and towns, we continually reach out to our customers with the best offerings and wider brand and product choices.

Property and Others

The increase in revenue for this Division was mainly contributed by the Group's newly acquired food and beverage ("F&B") businesses. This new contribution has mitigated the loss in rental income from KL Festival City Mall which was disposed of during the financial year.

Following the complete acquisition of the 60% equity interest in AUM Hospitality Sdn Bhd together with its group of companies in October 2014, the Group now operates and manages F&B outlets ranging from coffeehouse, restaurant to bar, namely *Johnny Rockets*, *Franco*, *The Library Coffee Bar* and *Quiznos*. The Group's foray into the F&B sector was a good strategy and complemented the retail business of the Group, contributing positively to its profits.

In November 2014, the Group had commenced business operations in the consumer financing business under the name of *Parkson Credit* which provides customers the convenience of purchasing products, namely motorcycles and household appliances via easy payment instalments.

DIVIDENDS

Share dividends approved in respect of the financial year ended **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;
- A total of 50,954,468 treasury shares were distributed as share dividend on 26 March 2015 on the basis of one (1) treasury share for every twenty (20) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded; and
- A total of 61,839,781 treasury shares were distributed as share dividend on 2 July 2015 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.

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.

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

Corporate Social Responsibility is an integral part of our business ethos with the Group ever mindful of its role 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 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 Foundation had organised a charity run in September 2014 to raise funds for the construction of phases 2 and 3 of the Home for Handicapped and Mentally Disabled



Children in Selangor. 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.

Environment

Under its *Parkson Cares My Park* programme, the Group had adopted parks in various states with the objective to maintain the parks for the enjoyment and benefit of the surrounding communities. The programme involved restoration, enhancement and upgrading the 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

Following the implementation of the Personal Data Protection Act, 2010 in 2014, the Group has embarked on a Group Data Protection Framework that aims to put in place, more efficient controls to facilitate compliance with the Act.

We have reinforced corporate values and good business ethics through the formalisation of policies namely, Integrity & Fraud Risk, Group Procurement, Code of Business Practices, Competition, and Whistleblower Policies which also seek to reach out to stakeholders in the marketplace via increased transparency with the policies published on our corporate website.

In line with the implementation of GST on 1 April 2015, the Group had undertaken the necessary action including employee training, reviewing standard operating procedures and upgrading the existing accounting software to ensure compliance with the tax.

Workplace

We recognise our employees as key assets, hence managing talent at all levels is a key priority. Our Human Resource (HR) policies and guidelines comply with all relevant legislations and have been designed to ensure that our workplace embraces diversity, inclusion, equality and innovation. Above all, we expect honesty, integrity and respect to be exhibited in our dealings and interactions within and outside the Group.

The Group's efforts to attract, develop, motivate and retain its employees are pursued within the ambit of five HR strategic focus areas or pillars – Talent Management, Rewards, Capability Building, HR Operational Excellence and Employee Engagement.

The following are key highlights of our efforts to create a healthy and conducive work-place:

- **Talent Acquisition**

We assess applicants for employment in our Group of Companies based on objective criteria regardless of their ethnic background, gender, age, religion, disability or any factors which do not have bearing on job requirements. Lion-Parkson scholarship programme builds a healthy pipeline of talent for our businesses.

- **Talent Development**

We take stock of talent requirements for our businesses and ensure that our employees are developed and progressed to senior and challenging roles within the Company and Group.

- **Capability Building**

We provide learning and development opportunities in respect of technical, functional and behaviour competencies for our employees in line with their job requirements and career aspirations. Learning interventions are delivered on-the-job, via formal events and continuing education.

- **Reward and Performance**

We review and implement remuneration practices that are externally competitive and internally fair and equitable. Our reward process is closely linked to performance management process; our employees can expect to receive salary adjustments and bonus awards which directly relate to their performance and contributions.

- **HR Operational Excellence**

We continue to streamline, standardise and simplify our HR policies and processes in line with the requirements of our global organisation. To this end, we will be implementing LionPeople Global HR Information System (HRIS) in 2016. This initiative will take our people management agenda to the next level.

- **Employee Engagement**

We espouse the requirement to engage and listen to our employees in order to create a conducive, happy and productive workplace. We create forums to enable effective employee engagement such as town hall meetings, “lunch & learn”, festival open houses, sports and recreation activities/pursuits. Such engagements address both work and social requirements of our employees.

- **Safety & Health in the Workplace**

The safety and health of our employees is vital to our businesses, hence we actively promote a safe and healthy culture. We ensure training and equipment are in place to prevent accidents and injuries at all times. Incidents are taken seriously; they are investigated and appropriate actions taken to prevent recurrence.

- **Employee Code of Conduct**

We appraise our employees on the Group’s Code of Conduct and the need to conduct business at the highest ethical standards. We adopt zero tolerance to bribery and corrupt practices or behaviours that may bring disrepute to the Group or its employees.

PROSPECTS

The economic slowdown and the rise of the e-commerce sector in **China** are expected to persist for some time. However, the Group sees opportunities from the growing purchasing power of the young and affluent middle to upper class which would accelerate domestic consumption and coupled with the Group’s transformation strategies, offer prospects for a brighter future. The Group strongly believes that it can meet the present challenges and welcomes the opportunities that lie ahead.

The Group’s retailing operations in the **Southeast Asian** region are anticipated to remain challenging in the near future. Our local Parkson operations are expected to experience a drag from the soft consumer sentiments amid concerns over rising cost of living whilst Parkson Vietnam will continue to be impacted by the change in the competitive retail landscape. Nevertheless, the robust domestic demand and middle class population growth in Indonesia will continue to drive our performance and deliver encouraging results.



BOARD OF DIRECTORS

The Board would like to extend its warm welcome to Ms Cheng Hui Yen, Natalie on her appointment as the Executive Director of the Company subsequent to the financial year. Ms Cheng's involvement and experience in retail merchandising will be of invaluable contribution to the Group's business.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to extend my sincere thanks and appreciation 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 PENERUS

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Parkson Holdings Berhad ("PHB" atau "Kumpulan") bagi tahun kewangan berakhir 30 Jun 2015.

PRESTASI KEWANGAN

Bagi tahun kewangan dalam kajian, peruncit-peruncit di Asia berdepan dengan keadaan pasaran yang sebahagian besarnya menyukarkan di tengah-tengah makroekonomi global yang tidak menentu. Pada tahun 2014, Republik Rakyat China ("PRC" atau "China") mencatatkan Keluaran Dalam Negeri Kasar paling lemah sebanyak 7.4% sejak tempoh 24 tahun lalu. Di negara-negara pasaran baru muncul di Asia Tenggara, persaingan semakin sengit apabila peruncit-peruncit merebut peluang untuk menawarkan perkhidmatan mereka kepada penduduk kelas pertengahan yang pesat berkembang.

Dalam tempoh yang sama, Kumpulan terus menyaksikan pasaran peruncitan menjadi semakin rumit dengan persekitaran yang pesat berkembang, cita rasa pengguna yang kian pelbagai dan canggih, persaingan yang semakin sengit dan kenaikan kos. Dalam persekitaran operasi yang mencabar ini, Kumpulan telah mencatatkan keputusan berikut bagi tahun kewangan berakhir 30 Jun 2015:

- Hasil jualan kasar lebih tinggi sedikit sebanyak RM11.9 bilion, meningkat sebanyak 3% berbanding RM11.6 bilion pada tahun sebelumnya; dan
- Keuntungan segmen yang lebih rendah sebanyak RM191 juta, jatuh sebanyak 41% berbanding dengan RM327 juta pada tahun sebelumnya.

Meskipun begitu, kedudukan kewangan Kumpulan sehingga 30 Jun 2015 kekal baik dengan pegangan tunai sebanyak RM2.8 bilion dan dana pemegang saham sebanyak RM2.5 bilion. Ini membolehkan Kumpulan mencatat pertumbuhan yang mampan pada masa depan dan juga menerokai peluang-peluang penggabungan dan pengambilalihan.

PERKEMBANGAN KORPORAT

Semasa dan berikutan dengan tahun kewangan, Kumpulan telah melaksanakan peristiwa-peristiwa korporat yang penting seperti berikut:

- Pada bulan Januari 2015, Kumpulan telah selesai melupuskan KL Festival City Mall melibatkan pertimbangan tunai sebanyak RM349 juta.
- Pada 12 Oktober 2015, PHB telah mengumumkan bahawa cadangan penyusunan semula struktur dalaman kumpulan PHB yang melibatkan cadangan penjualan keseluruhan kepentingan ekuiti dalam anak syarikat yang tersenarai di Singapura, Parkson Retail Asia Limited kepada anak syarikat yang tersenarai di Hong Kong, Parkson Retail Group Limited ("Cadangan Penyusunan Semula Dalaman"); dan cadangan pengagihan tunai sebanyak RM0.10 kepada kesemua pemegang saham PHB yang layak tidak akan diteruskan kerana salah satu daripada syarat-syarat terdahulu untuk Cadangan Penyusunan Semula Dalaman itu tidak dipenuhi.

KAJIAN OPERASI

Kumpulan terlibat dalam mengendalikan operasi gedung beli-belah jenama "Parkson" dan "Centro". Gedung-gedung ini menawarkan rangkaian meluas pelbagai jenama fesyen antarabangsa terkemuka dan barangan gaya hidup yang berkaitan dengan menumpukan kepada empat kategori utama iaitu, *Fesyen & Pakaian, Kosmetik & Aksesori, Kelengkapan Rumah & Barangan Elektrik, dan Barangan Makanan & Barangan Mudah Rosak*, dengan menyasarkan kepada segmen pasaran golongan muda dan kontemporari.

Perniagaan peruncitan Kumpulan dikendalikan terutamanya oleh dua buah anak syarikat senaraian awam iaitu Parkson Retail Group Limited, tersenarai di Stock Exchange of Hong Kong Limited, yang mengendalikan gedung beli-belah *Parkson* di China; dan Parkson Retail Asia Limited, tersenarai di Singapore Exchange Securities Trading Limited, yang menaungi kesemua gedung peruncitan kita di Asia Tenggara. Tahun kewangan ini menyaksikan portfolio Kumpulan menokok daripada 120 buah gedung pada awal tahun kewangan kepada 126 buah gedung pada 30 Jun 2015.



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

(Sehingga 30 Jun)	Bilangan Gedung Beli-Belah	
	2015	2014
Malaysia (Parkson)	42	39
China (Parkson)	60	57
Vietnam dan Myanmar (Parkson)	10	10
Indonesia (Centro dan Parkson)	14	14
	126	120



(RM Juta)	Pendapatan		Segmen Untung/(Rugi)	
	2015	2014	2015	2014
Operasi peruncitan di:				
- Malaysia	862	861	89	106
- China	2,496	2,401	127	223
- Vietnam dan Myanmar	124	115	(17)	(12)
- Indonesia	157	138	(10)	6
	3,639	3,515	189	323
Hartanah dan lain-lain	103	44	2	4
Tolak: Antara segmen	(3)	(5)	-	-
	3,739	3,554	191	327



("Segmen untung/(rugi)" merujuk kepada untung/(rugi) operasi sebelum pembayaran berdasarkan saham pekerja, faedah, hasil keputusan kewangan syarikat-syarikat bersekutu dan usaha sama, perbelanjaan cukai pendapatan dan barangan tidak berulang)

Malaysia (Parkson)

Operasi Parkson di Malaysia mencatatkan pertumbuhan negatif bagi jualan gedung yang sama ("SSS") sebanyak 4.5% (2014: -0.1%) dalam tahun kewangan semasa apabila sentimen pengguna terjejas akibat penyusutan nilai mata wang dan peningkatan kos sara hidup berikutan pelaksanaan program rasionalisasi subsidi kerajaan, tindakan diambil oleh bank pusat untuk membendung hutang isi rumah dan pelaksanaan Cukai Barangan dan Perkhidmatan ("GST") pada 1 April 2015.

Untuk memantapkan lagi operasi dan rangkaianannya, Parkson Malaysia menambah 3 buah gedung lagi dengan menjadi penyewa utama di IOI City Mall (Putrajaya), Perda City Mall (Seberang Prai) dan Imago Shopping Mall (Kota Kinabalu). Gedung-gedung baru ini telah meningkatkan liputan rangkaian dalam negara kita kepada 42 buah gedung pada 30 Jun 2015.

Bagi tahun kewangan dalam kajian, Kumpulan meneruskan strategi untuk memperluas dan meningkatkan penawaran barangannya. Melalui kerjasama eksklusif dengan jenama terkenal antarabangsa seperti *Kent*, *Geoffrey Beene*, *Trucco*, *The Class* dan *Pepe Jeans*, Kumpulan menyasarkan untuk menawarkan kepada pelanggan pelbagai produk terbaharu di pasaran lebih awal daripada pesaingnya. Pelancaran label persendirian; *MARQ*, *MAVE* dan *Estela* akan meningkatkan daya saing gedung kita dan pada masa yang sama, mengukuhkan margin keuntungan Kumpulan.

China (Parkson)

Di sebalik pertumbuhan perlahan pasaran dan sentimen pengguna yang lemah, langkah-langkah jimat cermat Kerajaan China menjejaskan lagi perbelanjaan secara berhema di negara itu. Keadaan itu diburukkan lagi oleh persaingan sengit daripada peruncitan cara lain seperti e-dagang, diskaun membeli-belah berkumpulan, pusat membeli-belah bentuk baharu dan gedung-gedung khusus, sehingga menyebabkan Parkson China melaporkan pertumbuhan SSS yang negatif sebanyak 6% bagi tahun kewangan dalam kajian.

Di sebalik cabaran yang dihadapi oleh persekitaran peruncitan yang baharu di China, Kumpulan melihat adanya banyak peluang untuk perniagaan peruncitan berkembang. Melihat ke hadapan, Kumpulan berusaha untuk mengubah perniagaannya daripada gedung beli-belah tradisional kepada perniagaan peruncitan berkonsep gaya hidup dan sedang melancarkan pelan perniagaan dan strategi berikut untuk memastikan ia mampu memaksimumkan kesemua peluang sambil mendepani cabaran-cabaran yang ada:

- **Membina Asas Pertumbuhan**

Para pelanggan di China terutamanya kelas pertengahan yang baru muncul di bandar-bandar yang sedang berkembang semakin mementingkan pengalaman gaya hidup baharu yang merangkumi aktiviti membeli-belah, makan-minum dan hiburan. Oleh itu, Kumpulan membawa masuk unsur-unsur gaya hidup berkenaan kepada rangkaian gedung beli-belahnya melalui pengenalan jenama makanan dan minuman ("F & B") dan memperluas penawaran produknya dengan pelancaran pasar raya *gourmet* yang baharu untuk memenuhi keperluan kumpulan pelanggan elit yang menginginkan produk import dan produk makanan tempatan berkualiti tinggi.

Kumpulan juga mengukuhkan sumber barangannya melalui pengenalan jenama-jenama antarabangsa dan memajukan label persendirian. Penambahan baru yang melibatkan jenama-jenama antarabangsa ke dalam senarai pengedaran Kumpulan termasuk *FRNCH*, *Alma En Pena*, *Tous Fragrance*, *Cocomojo*, *Redeye* dan *Tom Tailor*; sambil memperkenalkan label persendirian seperti *Weekender Messages*, *Zie Zac* dan *Serena* ke pasaran China.

Kumpulan mencatatkan peningkatan bilangan ahli VIP aktif yang memberangsangkan selepas pelancaran program kad kesetiaan pelanggan baru dalam tahun kewangan ini. Keistimewaan beli-belah dan gaya hidup yang baharu, termasuk penggunaan "lounge" VIP di gedung kita, jemputan ke acara-acara eksklusif dan skim penebusan mata ganjaran yang menarik ditawarkan kepada ahli-ahli VIP. Program kesetiaan yang baru ini menyasarkan kepada usaha menarik ahli VIP yang baru dan sedia ada untuk kembali berkunjung ke gedung beli-belah kita.

Selari dengan perniagaan runcit berkonsepkan gaya hidup, Kumpulan akan membuka pusat membeli-belah gaya hidup baharu di bandar-bandar yang berpotensi mencatatkan pertumbuhan tinggi, dan mengubah sebahagian gedung sedia ada kepada pusat membeli-belah dengan gaya hidup. Pada masa yang sama, Kumpulan akan terus bekerjasama dengan para peneraju industri hartanah untuk membuka gedung-gedung baru dalam pusat membeli-belah mereka yang berjaya.

- **Semakin Diterima**

Kumpulan percaya masa depan peruncitan terletak kepada kedua-dua kaedah membeli-belah secara tradisional dan juga atas talian. Integrasi kedua-dua medium perniagaan atas talian dan luar talian ini akan memenuhi kehendak pengguna yang berpengaruh dan yang mahukan perkhidmatan tanpa sekatan. Kumpulan akan terus memperkenalkan kempen pemasaran kreatif "omni – channel" seperti promosi melalui platform *Tencent WeChat* dan kerjasama dengan *Dianping.com* untuk meningkatkan posisi jenama kita dan memacu jualan.

Setakat 30 Jun 2015, Kumpulan mengendalikan 60 buah gedung di 34 buah bandar di China. Memandangkan peringkat pembangunan bandar yang berbeza-beza, Kumpulan mengklasifikasikan pasarannya kepada tiga kategori iaitu gedung utama, gedung maju (up and coming) dan outlet fesyen. Kumpulan akan mengubah campuran penawaran produk untuk memenuhi permintaan pasaran setempat. Salah satu daripada strategi baru kita ialah menukar beberapa gedung di sesetengah bandar kepada outlet fesyen untuk menarik kumpulan tertentu dalam kalangan pelanggan kelas pertengahan yang inginkan produk berbaloi dengan wang yang mereka belanjakan.

Vietnam dan Myanmar (Parkson)

Operasi Kumpulan di Vietnam terus berdepan dengan aktiviti berbelanja secara berhempah yang lemah dalam kalangan warga negara itu selain diburukkan dengan kemasukan peruncit yang menjadi pesaing di bandar-bandar utara Hanoi dan Hai Phong. Keadaan ini, bagaimanapun, diatasi dengan pertumbuhan positif yang dicatatkan oleh gedung-gedung kita di Bandar Raya Ho Chi Minh meskipun persekitaran yang semakin kompetitif, sekaligus membantu menampai prestasi keseluruhan kita di Vietnam. Bagi tahun kewangan dalam kajian, Parkson Vietnam mencatatkan pertumbuhan SSS yang negatif sebanyak 5%.

Dalam tahun kewangan, Kumpulan telah mengambil satu keputusan berani apabila menutup *Parkson Landmark 72* di Hanoi yang mengalami kerugian sejak mula dibuka lagi. Oleh itu, peruntukan tidak berulang untuk perbelanjaan luar jangkaan berjumlah RM171 juta kerana penamatan awal pajakan telah dibuat dalam tahun kewangan. Kumpulan, bagaimanapun, kekal positif terhadap potensi pasaran peruncitan di Vietnam seperti yang dibuktikan melalui pembukaan sebuah gedung utama di Danang pada bulan Januari 2015. Pada 30 Jun 2015, Parkson Vietnam mempunyai rangkaian 9 buah gedung (termasuk 3 buah gedung yang dikendalikan sendiri), dengan 6 buah di Bandar Raya Ho Chi Minh dan masing-masing sebuah di Hanoi, Hai Phong dan Danang.

Gedung tunggal kita di Myanmar mencatatkan jualan yang kukuh pada tahun kedua operasi dengan pertumbuhan SSS sebanyak 22%. Kumpulan merancang untuk membuka lebih banyak gedung di Myanmar untuk merebut peluang pertumbuhan berikutan penggunaan yang semakin meningkat di negara ini.

Indonesia (Parkson, Centro dan Kem Chicks)

Perbelanjaan pengguna yang pesat disokong oleh kemunculan kelas pertengahan dan golongan muda di negara ini telah membolehkan operasi kita di Indonesia mencapai pertumbuhan SSS yang kukuh sebanyak 8%. Walau bagaimanapun, disebabkan kebanyakan gedung baru yang mengalami kerugian, kerugian telah dicatatkan pada tahun kewangan ini.

Kumpulan kini mempunyai serangkaian luas gedung di Indonesia, merentasi Medan, Bali dan bandar-bandar utama di pulau Jawa. Kumpulan mempunyai perancangan untuk membuka lebih banyak gedung di kawasan yang terpinggir di bandar-bandar tahap pertama dan tahap kedua. Dengan melebarkan tapak di bandar-bandar utama dan kota-kota yang berlainan, kita meneruskan usaha mendekati para pelanggan dengan penawaran terbaik, serta jenama dan pilihan produk yang lebih meluas.

Hartanah dan lain-lain

Peningkatan pendapatan Bahagian ini disumbangkan terutamanya oleh perniagaan makanan dan minuman ("F&B") yang baru diambilalih oleh Kumpulan. Sumbangan baru ini mengurangkan kerugian daripada kehilangan pendapatan sewa dari *KL Festival City Mall* yang telah dijual dalam tahun kewangan.

Berikutan dengan selesainya pengambilalihan sebanyak 60% kepentingan ekuiti dalam AUM Hospitality Sdn Bhd bersama-sama dengan kumpulan syarikat-syarikatnya pada bulan Oktober 2014, Kumpulan kini mengendalikan dan menguruskan outlet F&B yang terdiri daripada *coffee house*, restoran hinggalah bar iaitu *Johnny Rockets*, *Franco*, *The Library Coffee Bar* dan *Quiznos*. Pembabitan Kumpulan dalam sektor F&B merupakan satu strategi yang baik dan menjadi pelengkap kepada perniagaan peruncitan Kumpulan, untuk memberikan sumbangan positif kepada keuntungannya.

Pada bulan November 2014, Kumpulan telah memulakan operasi perniagaan menawarkan pembiayaan kepada pengguna di bawah nama *Parkson Kredit* yang membolehkan para pelanggan membeli produk seperti motosikal dan perkakas rumah secara bayaran ansuran mudah.

DIVIDEN

Dividen saham yang diluluskan pada tahun kewangan berakhir **30 Jun 2015**:

- Sejumlah 61,703,857 saham perbendaharaan diagihkan sebagai dividen saham pada 8 Ogos 2014 pada asas tiga (3) saham perbendaharaan untuk setiap lima puluh (50) saham biasa bernilai RM1.00 sesaham yang dipegang dalam Syarikat, pecahan saham perbendaharaan diabaikan;

- Sejumlah 50,954,468 saham perbendaharaan diagihkan sebagai dividen saham pada 26 Mac 2015 pada asas satu (1) saham perbendaharaan untuk setiap dua puluh (20) saham biasa bernilai RM1.00 sesaham yang dipegang dalam Syarikat, pecahan saham perbendaharaan diabaikan; dan
- Sejumlah 61,839,781 saham perbendaharaan diagihkan sebagai dividen saham pada 2 Julai 2015 pada asas tiga (3) saham perbendaharaan untuk setiap lima puluh (50) saham biasa bernilai RM1.00 sesaham yang dipegang dalam Syarikat, pecahan saham perbendaharaan diabaikan.

Bagi tahun kewangan berakhir **30 Jun 2014**, sebanyak 61,078,145 saham perbendaharaan telah diagihkan sebagai dividen saham pada 25 April 2014 pada asas tiga (3) saham perbendaharaan untuk setiap lima puluh (50) saham biasa bernilai RM1.00 sesaham yang dipegang dalam Syarikat, pecahan saham perbendaharaan diabaikan.

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 dan alam sekitar. Ini menggambarkan komitmen kita ke arah tadbir urus korporat yang baik dan kemapanan operasi perniagaan.

Komuniti

Ketika mengendalikan operasi perniagaan, Kumpulan sentiasa sedar akan tanggungjawabnya sebagai warga korporat dalam menyumbang kepada masyarakat, di samping meningkatkan keuntungan dan nilai pemegang kepentingan. Kumpulan menumpukan 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 menjadi ahli.

Yayasan Lion-Parkson mengagihkan dana untuk pelbagai keperluan seperti pendidikan, kebajikan dan penyelidikan saintifik; dan setiap tahun, menawarkan biasiswa kepada mahasiswa di universiti-universiti tempatan. Yayasan telah menganjurkan satu larian amal pada bulan September 2014 untuk mengumpul dana bagi pembinaan fasa 2 dan 3 Rumah Untuk Kanak-kanak Cacat dan Terencat Akal di Selangor. 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 program amal tahunan 'Back-To-School' bersama gedung-gedung Parkson di seluruh negara dengan menyediakan tong pengumpulan untuk orang ramai menderma barang-barang keperluan sekolah seperti pakaian seragam, kasut dan alat tulis untuk disumbangkan kepada kanak-kanak sekolah yang memerlukan di seluruh negara.

Alam Sekitar

Di bawah program *Parkson Cares My Park*, Kumpulan telah menjadikan beberapa taman di negeri-negeri tertentu sebagai 'taman angkat' dengan memulihara taman-taman ini untuk masyarakat setempat memanfaatkan dan menikmati kemudahannya. Program ini melibatkan pemulihan, peningkatan dan menaik taraf taman-taman ini dan kemudahan rekreasi yang terdapat bagi menggalakkan persekitaran yang hijau dan gaya hidup sihat kepada orang ramai.

Komitmen Parkson dalam memulihara alam sekitar juga terserlah melalui rangkaian beg tenunan mesra alam yang diperbuat daripada botol plastik kitar semula dan pembabitannya dalam 'No Plastic Bag Day' yang diterapkan di beberapa negeri untuk mengurangkan penggunaan beg plastik.

Dalam Pasaran

Berikutan pelaksanaan Akta Perlindungan Data Peribadi, 2010 pada tahun 2014, Kumpulan telah melaksanakan Rangka Kerja Perlindungan Data Kumpulan yang bertujuan mewujudkan kawalan yang lebih efisien untuk memudahkan cara pematuhan Akta tersebut.

Kita telah memantapkan lagi nilai-nilai korporat dan etika perniagaan baik dengan merumuskan polisi-polisi antara lain. Polisi Integriti & Risiko Penipuan, Pemerolehan Kumpulan, Kod Amalan Perniagaan, Persaingan dan Pemberi Maklumat yang juga merupakan usaha untuk mendekati pihak pemegang kepentingan di pasaran dengan peningkatan ketelusan melalui polisi-polisi yang dipaparkan di laman web korporat kita.

Selaras dengan pelaksanaan GST pada 1 April 2015, Kumpulan telah melaksanakan tindakan yang perlu termasuk latihan pekerja, mengkaji semula prosedur operasi standard dan menaik taraf perisian perakaunan yang sedia ada bagi memastikan pematuhan cukai.

Tempat Kerja

Kakitangan adalah aset utama, oleh itu pengurusan bakat di semua peringkat menjadi keutamaan. Dasar dan garis panduan Sumber Manusia ("HR") kita mematuhi semua peraturan yang berkaitan dan bertujuan untuk memastikan tempat kerja merangkumi kepelbagaian, penyertaan, kesaksamaan dan inovasi. Paling penting, kita mengharapkan kejujuran, integriti dan sifat saling menghormati diterapkan dalam semua urusan dan interaksi kita, baik di dalam mahupun di luar Kumpulan.

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

Berikut merupakan tumpuan utama usaha kita untuk membentuk tempat kerja yang sihat dan persekitaran yang sesuai:

- **Pencarian Bakat**

Kita menilai pemohon yang ingin mendapatkan pekerjaan dalam Kumpulan Syarikat-syarikat kita berdasarkan kriteria yang objektif tanpa mengira latar belakang etnik, jantina, umur, agama, kecacatan atau sebarang faktor yang tiada kaitan dengan keperluan pekerjaan. Program biasiswa Lion- Parkson merupakan satu saluran yang baik dalam mendapatkan bakat-bakat baharu untuk operasi kita.

- **Pembangunan Bakat**

Kita mengambil kira keperluan tenaga mahir untuk perniagaan dan memastikan kakitangan kita berpeluang mengembangkan karier ke jawatan kanan dan yang lebih mencabar dalam Syarikat dan Kumpulan.

- **Membina Keupayaan**

Kita menyediakan peluang pembelajaran dan pembangunan berkenaan dengan teknikal, kecekapan fungsi dan tingkah laku untuk kakitangan kita selaras dengan keperluan pekerjaan mereka dan aspirasi kerjaya. Intervensi pembelajaran berlangsung di tempat kerja, melalui acara-acara rasmi dan pendidikan berterusan.

- **Ganjaran dan Prestasi**

Kita mengkaji semula dan melaksanakan amalan imbuhan yang kompetitif jika dibandingkan dengan pihak luar dan juga adil dan saksama di peringkat dalaman. Proses ganjaran kita berkait rapat dengan proses pengurusan prestasi; para pekerja kita boleh mengharapkan pelarasan gaji dan anugerah bonus seiring dengan prestasi dan sumbangan mereka.

- **Kecemerlangan Operasi HR**

Kita terus memperkemaskan, menyeragamkan dan memudahkan dasar dan proses HR selaras dengan keperluan organisasi global kita. Untuk tujuan ini, kita akan melaksanakan Sistem Maklumat HR Global LionPeople (HRIS) pada tahun 2016. Inisiatif ini akan meningkatkan agenda pengurusan warga kerja kita ke tahap yang seterusnya.

- **Penglibatan Pekerja**

Kita memberi perhatian penting kepada keperluan untuk melibatkan diri dan mendengar suara hati kakitangan kita dalam usaha mewujudkan tempat kerja yang kondusif, gembira dan produktif. Kita mewujudkan pelbagai forum yang menyaksikan penglibatan pekerja secara berkesan seperti perjumpaan "town hall", "lunch & learn", pengajuran rumah terbuka ketika perayaan, aktiviti/kegiatan sukan dan rekreasi. Penglibatan seupama ini mengisi kedua-dua keperluan pekerjaan dan sosial para pekerja kita.

- **Keselamatan dan Kesihatan di Tempat Kerja**

Keselamatan dan kesihatan para pekerja adalah penting untuk perniagaan kita, maka kita secara aktif menggalakkan budaya kerja yang selamat dan sihat. Kita memastikan latihan dan peralatan tersedia untuk mengelakkan kemalangan dan kecederaan daripada berlaku setiap ketika. Sebarang insiden diambil serius; disiasat dan tindakan sewajarnya diambil untuk mengelakkannya berulang.

- **Kod Etika Pekerja**

Kita menilai kakitangan kita berdasarkan Kod Tatalaku Kumpulan dan keperluan untuk menjalankan perniagaan mengikut piawaian etika yang tertinggi. Kita mengamalkan toleransi sifar ke atas amalan rasuah dan korup atau tingkah laku yang mendatangkan keburukan kepada Kumpulan atau pekerjanya.

PROSPEK

Kelembapan ekonomi dan peningkatan sektor e-dagang di **China** dijangka berterusan untuk satu jangka masa. Kumpulan, bagaimanapun, melihat terdapatnya peluang daripada peningkatan kuasa beli dalam kalangan golongan muda, kelas pertengahan dan atasan yang berpengaruh yang dapat mempercepatkan penggunaan dalam negara bersama-sama strategi transformasi Kumpulan, menawarkan prospek masa depan yang lebih cerah. Kumpulan yakin bahawa ia mampu mendepani cabaran semasa dan merebut peluang yang ada di hadapan.

Operasi peruncitan Kumpulan di rantau **Asia Tenggara** dijangka kekal mencabar dalam jangka masa terdekat. Operasi Parkson di Malaysia dijangka mengalami pertumbuhan perlahan kerana sentimen pengguna yang lemah di tengah-tengah kebimbangan terhadap kenaikan kos sara hidup manakala Parkson Vietnam akan terus terjejas dengan perubahan dalam landskap peruncitan yang kompetitif. Walau bagaimanapun, kepesatan yang berlaku dalam permintaan domestik dan pertumbuhan penduduk kelas pertengahan di Indonesia akan terus memacu prestasi kita untuk memberikan hasil yang menggalakkan.

LEMBAGA PENGARAH

Lembaga Pengarah mengalu-alukan pelantikan Cik Cheng Hui Yen, Natalie sebagai Pengarah Eksekutif Syarikat dalam tahun kewangan seterusnya. Penglibatan dan pengalaman Cik Cheng dalam dagangan peruncitan akan memberikan sumbangan yang tidak ternilai kepada perniagaan Kumpulan.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada para pelanggan, pembekal, pembiaya kewangan, sekutu perniagaan, pihak berkuasa Kerajaan dan pemegang saham atas sokongan berterusan, kerjasama dan keyakinan kepada Kumpulan.

Saya juga ingin merakamkan setinggi-tinggi penghargaan dan rasa terutang budi kepada rakan-rakan Pengarah atas bimbingan dan sumbangan yang tidak ternilai yang diberikan sepanjang tahun kewangan. Tidak dilupakan penghargaan saya kepada semua warga kerja di semua peringkat atas dedikasi, komitmen dan sumbangan mereka kepada Kumpulan.

TAN SRI WILLIAM H.J. CHENG
Pengerusi



主席报告

我谨代表董事会，欣然提呈百盛控股有限公司（“百盛控股”或“本集团”）截至2015年6月30日会计年度的常年报告和经审核财务报告。

财务表现

在本会计年度，由于全球总体经济变化无常，亚洲零售商面对的市场情况大体上是困难的。在2014年，中国的国内生产总值仅达7.4%，为24年来新低。在东南亚各新兴市场，竞争日渐激烈因为零售业者都把握机会为迅速增加的中产阶级人口服务。

在本会计年度，在零售环境迅速演变，消费者要求更多和更精明、竞争日益激烈以及成本上升的环境下，本集团再次见证日益复杂的市场。在这种具挑战性的营业环境之下，本集团在截至2015年6月30日的会计年度取得如下业绩：

- 销售所得款额略为增加，为119亿令吉，比上一年度的116亿令吉增长3%；以及
- 较低的各组利润，为1亿9千100万令吉，比上一年度的3亿2千700万令吉减少41%。

虽然如此，本集团在2015年6月30日的财务状况仍然健全，拥有28亿令吉的净现金和25亿令吉的股东基金。这样的实力将为本集团建立可持续的增长，以及探讨合并与收购的机会。

公司发展

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2015年1月，本集团完成脱售吉隆坡百乐广场，取得3亿4千900万令吉的现金。
- 百盛控股在2015年10月12日公布，由于其中一项建议内部重组的先决条件不通过，百盛控股将不会继续以下建议，即建议对百盛控股结构进行内部重组，脱售本集团持有在新加坡上市的 Parkson Retail Asia Limited 给在香港上市的百盛商业集团有限公司（“建议内部重组”）；及建议分配10仙的现金给所有有权享有股息的百盛控股的股东。

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即时装与服装、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。

本集团的零售业务主要由两家上市子公司负责经营，即在香港股票交易所上市的百盛商业集团有限公司，负责在中国经营“Parkson”品牌的百货公司；以及在新加坡股票交易所上市的 Parkson Retail Asia Limited，负责经营我们在东南亚的全部零售百货公司。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120间增加至2015年6月30日的126间。

本集团在每一地点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)	百货公司数目	
	2015	2014
马来西亚（百盛）	42	39
中国（百盛）	60	57
越南和缅甸（百盛）	10	10
印尼（Centro和百盛）	14	14
	126	120



(单位: 百万令吉)	营业额		各组利润/(亏损)	
	2015	2014	2015	2014
零售业务:				
- 马来西亚	862	861	89	106
- 中国	2,496	2,401	127	223
- 越南和缅甸	124	115	(17)	(12)
- 印尼	157	138	(10)	6
	3,639	3,515	189	323
产业和其他	103	44	2	4
减去: 各组之间交易	(3)	(5)	-	-
	3,739	3,554	191	327

(“各组利润/(亏损)”, 是指在还未把雇员股份开支、利息、分享联号和联营公司的业绩、所得税开支和一次过的项目计算在内的营业利润/(亏损))



马来西亚 (百盛)

在本会计年度, 我们本地的百盛业务取得-4.5%的同店销售增长(2014年度: -0.1%), 这是由于消费者情绪受到马币贬值、政府推行津贴合理化计划而生活费上涨、中央银行采取行动抑制家庭债务, 以及政府在2015年4月1日起实施消费税的影响。

为了进一步加强业务与网络, 马来西亚百盛在其连锁店网络中增加3间百货公司, 即在 IOI City Mall (布城)、Perda City Mall (北赖) 和 Imago Shopping Mall (哥打京那峇鲁) 成为旗舰租户。这些新的百货公司, 使到在2015年6月30日时, 我们在本地的百货公司增加至42间。

在本会计年度, 本集团继续其扩大及加强所提供的商品的策略。通过和国际知名品牌的合作, 包括成为 Kent、Geoffrey Beene、Trucco、The Class 和 Pepe Jeans 的专卖店, 本集团的目的是要领先竞争者, 为顾客提供最新的产品系列。所推介的自有品牌包括 MARQ、MAVE 和 Estela 将改善我们的百货公司的竞争能力, 同时加强本集团的利润率。

中国 (百盛)

在市场放慢和消费者情绪疲弱的背景之下, 中国政府采取节约措施进一步影响中国人民的可自由支配开支。加上来自不同的零售形式的竞争, 诸如电子商务、集体折扣购物、新形式的购物广场和专门店等, 中国百盛在本会计年度取得-6%的同店销售增长。

尽管在中国面对新零售环境的挑战, 本集团认为零售业还有发展的大好机会。展望未来, 本集团将会从传统的百货商转型为时尚生活概念零售商, 并推出下述的商业计划和策略以确保在应付挑战的同时能够把所有机会极大化:

• 奠定基础

中国顾客在购物, 餐饮及娱乐方面渐讲求时尚体验, 居于快速增长城市的新兴中产阶级尤其如是。因此, 本集团通过引进餐饮品牌为其百货店网络注入时尚生活元素, 通过推出一项崭新的精品超市品牌扩充其产品供应满足追求高质量进口及本地食品的高端客户。

本集团也正通过分销国际品牌及推出自有品牌以丰富其商品资源。本集团分销业务中引入一批新的国际品牌包括 FRNCH、Alma En Pena、Tous Fragrance、Cocomojo、Redeye 和 Tom Tailor; 同时向中国市场推介自有品牌诸如 Weekender Messages、Zie Zac 和 Serena。

在本会计年度, 本集团推介全新的会员卡计划, 活跃贵宾会员的增加令人鼓舞。本集团提供贵宾会员崭新购物和时尚礼遇, 包括专用旗下门店的贵宾厅, 参与会员专享的推广活动及享有诱人的积分折扣。此全新的贵宾计划将吸引新旧贵宾再次在门店消费。

本集团将在具有巨大增长潜力的城市开设时尚购物中心, 与旗下时尚生活概念零售业务相辅相成, 并推动部分现有门店转型为时尚购物中心。同时, 本集团将继续与领先的房地产商紧密合作, 让旗下新店进驻它们著名的购物中心。

- **增添发展动力**

本集团相信推动零售业务的长远发展，关键在于运用传统及创新两手，结合线上及线下业务的双引擎，迎合富裕顾客对周全服务的需求。本集团也继续推出具创意的全渠道营销活动，诸如通过腾讯的微信平台促销和与 *Dianping.com* 合作，以提升品牌地位及推高销售额。

截止2015年6月30日，本集团经营60间百货公司，遍及中国34个城市。有见于中国城市正处于不同的发展阶段，本集团将旗下市场分为三个类别，包括优质店、优晋店与时尚专门店，并会调整产品组合，务求迎合当地市场需求。本集团的其中一项新策略是推动部分城市的门店转型为时尚专门店，重点争取追求物超所值产品的中产阶级顾客。

越南和缅甸（百盛）

本集团在越南的营业继续因为消费者疲弱和谨慎花费，加上在北部城市河内和海防由于受到竞争的零售商加入市场，而受到影响。然而，我们在胡志明市的各家百货公司尽管面对日益激烈的竞争环境却取得积极的增长并协助缓冲我们在越南的整体表现。在本会计年度，越南百盛取得-5%的同店销售增长。

在本会计年度，本集团作出了果断的决定关闭在河内自开业以来就一直蒙受亏损的 *Parkson Landmark 72*。这样一来，本集团因提前终止此租约，在本年度提拨一次过的偶开发支大约1亿7千100万令吉。无论如何，本集团对于越南的零售市场仍然持正面看法，这可以从我们在2015年1月在岘港开设旗舰百货公司反映出来。越南百盛共有9间百货公司（包括3间管理百货公司），6间在胡志明市，河内、海防及岘港各一间。

我们在缅甸开设的唯一一间百货公司，在营业的第二年业绩突飞猛进，录得22%的同店销售增长。本集团打算在缅甸开设更多百货公司以便把握该国日益上升的消费增长。

印尼（百盛、Centro 和 Kem Chicks）

新兴中产阶级和年轻的人口，使印尼消费者开支得到蓬勃发展。我们在印尼的业务录得强劲的8%的同店销售增长。不过，由于新开的百货公司挂失，本组在本会计年度蒙受亏损。

本集团目前在印尼拥有广大的百货公司网络，分布在棉兰、峇厘和爪哇岛各大城市。本集团正按照计划开设更多百货公司，目标是在该国目前百货公司缺乏的第一级和第二级城市。我们在印尼各不同的大城市和市镇遍开百货公司，提供最佳的商品和广泛的品牌及产品选择为顾客服务。

产业和其他

这组的营业额增加主要是来自本集团新收购的餐饮业的贡献。这项新的贡献缓和了由于失去了来自吉隆坡百乐广场的租金收入的损失。吉隆坡百乐广场是在本会计年度内出售。

随着在2014年10月完成收购 AUM Hospitality Sdn Bhd 以及其属下各公司的60%股权，本集团目前经营和管理餐饮商店，包括咖啡馆、餐馆和酒吧，即 *Johnny Rockets*、*Franco*、*The Library Coffee Bar* 及 *Quiznos*。本集团进军餐饮业是一项好策略，是对本集团的零售业的辅助，为本集团的盈利作出积极贡献。

在2014年11月，本集团开始了消费者融资业的商业运作，取名 *Parkson Credit*，提供顾客通过简易分期付款方便购买产品，诸如摩多西卡和家用设备。

股息

就2015年6月30日的会计年度经批准的股票股息如下：

- 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股分配3股库存股，库存股不足1股者不计；
- 2015年3月26日，总共发出50,954,468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20股分配1股库存股，库存股不足1股者不计；及
- 2015年7月2日，总共发出61,839,781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股分配3股库存股，库存股不足1股者不计。

本公司在2014年4月25日，就2014年6月30日的会计年度，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股分配3股库存股，库存股不足1股者不计。



可持续性

本集团根据“全球报告倡议”，朝向更全面性的可持续性报告，以应对我们的工作场所、市场、社区和环境所面临的挑战、机会和利益。这反映我们的承诺，朝向更好的企业管理方法和我们的商业营运的可持续性。

社区

企业社会责任是我们的商业精神特质的组成部分，本集团一向明瞭其作为企业公民的角色，是在加强账本底线的价值和利益相关者的价值的同时，对社会作出贡献。本集团集中在通过教育和医疗照顾协助社区进步，我们是通过由金狮集团（本集团是其中一个成员）设立的两项基金进行教育和医疗照顾工作。

金狮-百盛基金派发基金充作各种需要，诸如教育、慈善和科学研究；每一年，基金提供奖学金给在本地大学深造的本科生。基金在2014年9月主办义跑，以便为设在雪兰莪的“残障和智障儿童之家”进行第二期和第三期的兴建工程筹款。金狮集团医药援助基金为患重病需要医药治疗（包括动手术、购买医药器材和药品）的贫穷人士提供财务援助。这项基金也赞助健康计划，诸如主办医药营，为向肾病患者提供津贴治疗的洗肾中心购买洗肾机等。



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。

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。

百盛之矢言保护环境，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

随着在2014年落实的2010年个人资料保护法令，本集团已制定了集团资料保护架构，以便达到更有效的控制，遵守相关法令的规定。

我们也通过制定一些政策，比如廉正与欺诈风险、集团采购、商业行为守则、竞争及告密者政策，加强企业价值与奉行良好的商业道德，同时也通过在我们的企业网站公布这些政策以提高透明度，让市场上的利益相关者同样遵守这些政策。

配合在2015年4月1日实施的消费税，本集团已采取相应的措施，包括员工培训、审查标准作业程序和优化现有的会计软件，以确保符合税务的要求。

工作场所

我们认为我们的雇员是资产，因此管理各阶层的人才是要务。我们的人力资源政策和指南，符合所有法规，其设计是确保我们的工作场所包括多元性，包容性、平等和创新。最重要的是，我们要确保在本集团的内部和对外的交易与互动展现真诚、廉正和尊重。

本集团致力于吸引、发展、激发和保留其雇员，是在人力资源的5个策略集中区域或支柱的范畴内进行 – 人才管理、奖掖、建立能力、人力资源营运优越以及雇员接触。

以下是我们致力于创造健全和建设性工作场所的努力的重点：

- **引进人才**

我们根据客观标准来评估到本集团属下各公司求职的申请者，而不理会他们的种族、性别、年龄、宗教信仰，是否残缺以及和工作要求没有关系的其他因素。金狮-百盛奖学金计划，为我们的业务建立了健全的人才来源管道。

- **人才发展**

我们重视我们的业务的人才要求，确保我们的雇员得到发展和晋升到在本公司和本集团内担任高级职员及负起挑战性任务。

- **建立能力**

我们为雇员们提供学习和发展的机会，包括技术、功能及行为能力，以符合他们的工作要求和职业生涯抱负，学习是通过正常的重大事件和持续教育在职进行。

- **奖掖和表现**

我们检讨和实施的薪酬措施，对外具有竞争性，对内公平和平等。我们给的薪酬，与表现管理程序息息相关；我们的雇员可以预期，能够得到和他们的表现和贡献直接相关的调薪和花红。

- **人力资源营运优越**

我们继续合理化、标准化和简化我们的人力资源政策与程序，以符合我们作为全球性机构的要求，为了达到这个目标，我们将在2016年实施“金狮民众全球人力资源资讯系统”。这项倡议将把我们的民众管理议程提升到另一个层次。

- **雇员接触**

我们深信和雇员接触和倾听他们的心声的需要，以便创造具有建设性、愉快和生产性的工作场所。我们设立论坛，和雇员进行有效接触，诸如会议、“午餐兼学习”、节日开放门户、体育、和休闲活动/娱乐。这类接触迎合了我们的雇员的工作和社交需求。

- **工作场所的安全和健康**

我们的雇员的安全和健康，对于我们的业务非常重要，因此我们积极推动安全与健康文化。我们确保训练与配备就位，以便在任何时候都防止意外和受伤。意外事件受到高度重视；它们受到调查和采取适当行动，以防止再度发生。

- **雇员行为准则**

我们根据本集团的行为准则和根据最高道德标准的要求来推行业务来评估我们的雇员。我们采取绝不容忍贿赂和贪污的做法或行为的立场，因为那些行为会使本集团或其雇员蒙羞。

展望

中国经济放缓及电子商贸业务兴起的趋势将会持续一段时间。然而，随着年轻富裕中高收入阶层的购买力与日俱增，为本集团提供机会以加速中国国内的消费，加上本集团的转型策略，提供了光明前途的展望。本集团深信其有能力面对目前的挑战，同时会迎接未来涌现的机遇。

本集团在东南亚地区的零售业务预料在近期内仍将充满挑战。随着人们关注生活费用日益高涨，我们在本地的百盛业务预料将会受到消费者的情绪疲软所拖累，而越南百盛将会继续因零售市场竞争情景的改变而受到影响。然而，印尼强劲的国内需求以及中产阶级人口的增加将继续推动我们的表现和带来令人鼓舞的业绩。

董事部

董事部热烈欢迎锺惠严小姐在下一个会计年度被委任为本公司的执行董事。锺小姐参与零售商务和在这个领域的经验，对本集团的业务将会有很大的贡献。

鸣谢

我谨代表董事会，真诚感谢所有尊贵的客户、供应商、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，以及对本集团具有信心。

我也要深切赞扬和感谢董事们，在过去一年来给予宝贵的指导与贡献。我同时感谢各阶层的所有雇员对本集团的贡献、承诺与服务。

主席
丹斯里锺廷森



FINANCIAL STATEMENTS

2015

For The Financial Year Ended 30 June 2015

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 2015.

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
Loss for the financial year	(12,946)	(204,868)
Loss for the financial year attributable to:		
Owners of the parent	46,593	(204,868)
Non-controlling interests	(59,539)	–
	(12,946)	(204,868)

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, in respect of the Group:

- (a) gain on disposal of non-current assets held for sale amounting to RM110,672,000;
- (b) provision for contingent expenses amounting to RM170,813,000;
- (c) provision for arbitral award in respect of tenancy agreement amounting to RM79,338,000; and
- (d) impairment of deposits amounting to RM21,668,000; and

in respect of the Company, an allowance made for impairment loss on amounts due from subsidiaries of RM207,910,000 (2014: RM1,394,000,000).

DIVIDENDS

Share dividends approved in respect of the financial year ended 30 June 2015:

- (a) The Company had during the current financial year distributed:
 - (i) a total of 61,703,857 treasury shares 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; and
 - (ii) a total of 50,954,468 treasury shares as share dividend on 26 March 2015 on the basis of one (1) treasury share for every twenty (20) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.
- (b) The Company had on 2 July 2015 distributed a total of 61,839,781 treasury shares 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.

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
Cheng Hui Yen, Natalie (Appointed on 26 August 2015)
Tan Sri Abdul Rahman bin Mamat
Zainab binti Dato' Hj. Mohamed
Yeow Teck Chai
Ooi Kim Lai

In accordance with Article 98 of the Company's Articles of Association, Cik Zainab binti Dato' Hj. Mohamed retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

In accordance with Article 99 of the Company's Articles of Association, Ms Cheng Hui Yen, Natalie who was appointed subsequent to the financial year retires at the forthcoming Annual General Meeting and, being eligible, offers herself 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 nine years, retires at the forthcoming Annual General Meeting and the Company shall seek shareholders' approval for his retention 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		
	1.7.2014	Acquired	Disposed	30.6.2015
Tan Sri William H.J. Cheng				
Direct interest	258,050,652	78,539,224	—	336,589,876
Indirect interest	292,291,161	30,939,443	(46,949,438)	276,281,166
Ooi Kim Lai				
Direct interest	161	17	—	178

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	1.7.2014	Number of shares		30.6.2015
			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	1.7.2014	Acquired	Disposed	30.6.2015
Investments in the People's Republic of China					
Chongqing Wanyou Parkson Plaza Co Ltd	Rmb	24,500,000	—	—	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	840,000	—	7,560,000

DIRECTORS' INTERESTS (continued)

	Nominal value per ordinary share	1.8.2014 ^(a)	Number of shares		30.6.2015
			Acquired	Disposed	
Giftmate Sdn Bhd	RM1.00	120,000	–	–	120,000

	Nominal value per ordinary share	8.10.2014 ^(b)	Number of shares		30.6.2015
			Acquired	Disposed	
AUM Hospitality Sdn Bhd	RM1.00	60,000	–	–	60,000
Fantastic Red Sdn Bhd	RM1.00	75,000	–	–	75,000
AUM Asiatic Restaurants Sdn Bhd	RM1.00	187,500	–	–	187,500
Urban Palette Sdn Bhd	RM1.00	720,000	–	–	720,000
The Opera Gastroclub Sdn Bhd	RM1.00	2,250,000	–	–	2,250,000
Collective Entity Sdn Bhd	RM1.00	300,000	–	–	300,000
Vertigo Dot My Sdn Bhd	RM1.00	60,000	–	–	60,000

	Nominal value per ordinary share	31.3.2015 ^(c)	Number of shares		30.6.2015
			Acquired	Disposed	
Lion Food & Beverage Ventures Limited	Rmb1.00	3,640,000	–	–	3,640,000

	Nominal value per ordinary share	14.5.2015 ^(d)	Number of shares		30.6.2015
			Acquired	Disposed	
Parkson Edutainment World Sdn Bhd	RM1.00	700,000	–	–	700,000

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

(a) Became a related corporation on 1 August 2014.

(b) Became related corporations on 8 October 2014.

(c) Date of subscription of shares.

(d) Became a related corporation on 14 May 2015.

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 116,292,500 of its issued ordinary shares from the open market at an average price of RM2.30 per share. The total consideration paid for the repurchased shares including transaction costs was RM267,427,000. 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.

As disclosed under "Dividends" paragraph in this Report, the Company has, during the financial year ended 30 June 2015, distributed a total of 112,658,325 treasury shares as share dividends.

As at 30 June 2015, the number of treasury shares held after deducting share dividends distributed were 63,141,861 shares and after deducting 61,839,781 treasury shares distributed as share dividend on 2 July 2015 as mentioned in Note 28(b)(ii) to the financial statements, the remaining treasury shares held were 1,302,080 shares. Further details are 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				30.6.2015
		1.7.2014	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.

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 22 September 2015.

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 59 to 190 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 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 45 to the financial statements on page 191 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 22 September 2015.

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 59 to 191 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 22 September 2015.

TAN SRI WILLIAM H.J. CHENG

Before me,

W530
TAN SEOK KETT
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 2015 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 59 to 190.

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 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of matter

We draw attention to Note 34(iv)(aa) to the financial statements which describes the uncertainty relating to the amount of provision made in relation to the early termination of a lease at Landmark 72, Hanoi by Parkson Hanoi Co Ltd. Our opinion is not qualified in respect of this matter.

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 191 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. 2697/01/17(J)
Chartered Accountant

Kuala Lumpur, Malaysia
22 September 2015

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group 2015 RM'000	2014 RM'000 (Restated)	Company 2015 RM'000	2014 RM'000
Revenue	4	3,739,179	3,553,882	–	–
Other items of income					
Other income	5	330,569	294,724	7,225	229
Items of expense					
Purchase of goods and changes in inventories		(1,275,980)	(1,151,414)	–	–
Employee benefits expense	6	(532,541)	(448,898)	(1,020)	(743)
Depreciation and amortisation		(298,306)	(275,507)	(27)	(27)
Promotional and advertising expenses		(99,969)	(104,657)	–	–
Rental expenses		(913,469)	(866,846)	–	–
Allowance for impairment loss on amounts due from subsidiaries	21	–	–	(207,910)	(1,394,000)
Other expenses	8(d)	(758,151)	(677,984)	(3,261)	(3,355)
Operating profit/(loss)		191,332	323,300	(204,993)	(1,397,896)
Finance income	7	106,408	119,920	1,100	2,096
Finance costs	7	(92,958)	(80,124)	(975)	(88)
Share of results of associates		156	2,334	–	–
Share of results of joint ventures		12,625	17,074	–	–
Gain on disposal of non-current assets held for sale, net of real property gains tax ("RPGT")	27(b)	110,672	–	–	–
Provision for contingent expenses	34(iv)	(170,813)	–	–	–
Provision for arbitral award in respect of tenancy agreement	34(iv)	(79,338)	–	–	–
Impairment of deposits	25(ii)(b)	(21,668)	–	–	–
Profit/(loss) before tax	8	56,416	382,504	(204,868)	(1,395,888)
Income tax expense	9	(69,362)	(143,449)	–	(6)
(Loss)/profit for the financial year		(12,946)	239,055	(204,868)	(1,395,894)
(Loss)/profit for the financial year attributable to:					
Owners of the parent		46,593	138,148	(204,868)	(1,395,894)
Non-controlling interests		(59,539)	100,907	–	–
		(12,946)	239,055	(204,868)	(1,395,894)
Earnings per share attributable to owners of the parent (sen)					
Basic	11(a)	4.42	13.00		
Diluted	11(b)	4.42	13.00		

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 2015

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
(Loss)/profit for the financial year	(12,946)	239,055	(204,868)	(1,395,894)
Other comprehensive income/(loss)				
Item that has been reclassified to profit or loss:				
Cumulative exchange differences on disposal of an associate	2,620	—	—	—
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income of an associate	—	54	—	—
Foreign currency translation	556,355	(2,734)	—	—
Other comprehensive income/(loss) for the financial year, net of tax	558,975	(2,680)	—	—
Total comprehensive income/(loss) for the financial year	546,029	236,375	(204,868)	(1,395,894)
Total comprehensive income/(loss) for the financial year attributable to:				
Owners of the parent	358,016	139,352	(204,868)	(1,395,894)
Non-controlling interests	188,013	97,023	—	—
	546,029	236,375	(204,868)	(1,395,894)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 RM'000	2014 RM'000 (Restated)	As at 1.7.2013 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	12	2,483,081	2,090,548	2,150,278
Investment properties	13	204,931	109,036	259,247
Intangible assets	14	1,590,732	1,336,182	1,344,035
Land use rights	15	288,937	255,163	262,379
Investments in associates	17	1,246	69,282	68,917
Investments in joint ventures	18	39,423	33,976	20,953
Deferred tax assets	19	165,669	123,509	101,569
Other assets	20	1,194,478	428,838	182,443
Investment securities	22	30,245	30,233	30,233
Derivatives	23	52	1,270	52
		<u>5,998,794</u>	<u>4,478,037</u>	<u>4,420,106</u>
Current assets				
Inventories	24	359,358	325,759	290,223
Trade and other receivables	25	626,060	809,743	834,135
Investment securities	22	33,243	55,684	57,514
Tax recoverable		7,198	6,957	10,106
Deposits, cash and bank balances	26	2,785,599	2,570,412	2,929,026
		<u>3,811,458</u>	<u>3,768,555</u>	<u>4,121,004</u>
Disposal group and non-current assets classified as held for sale	27	13,093	225,273	—
		<u>3,824,551</u>	<u>3,993,828</u>	<u>4,121,004</u>
Total assets		<u><u>9,823,345</u></u>	<u><u>8,471,865</u></u>	<u><u>8,541,110</u></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	3,105,643	3,536,816	3,731,416
Treasury shares	28	(141,885)	(166,672)	(58,172)
Other reserves	29	(1,508,023)	(1,944,620)	(2,018,313)
(Accumulated losses)/retained profits		(37,181)	61,119	2,940
		<u>2,512,456</u>	<u>2,580,545</u>	<u>2,751,773</u>
Non-controlling interests		<u>1,639,752</u>	<u>1,600,719</u>	<u>1,621,802</u>
Total equity		<u><u>4,152,208</u></u>	<u><u>4,181,264</u></u>	<u><u>4,373,575</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015 (continued)

	Note	2015 RM'000	2014 RM'000 (Restated)	As at 1.7.2013 RM'000 (Restated)
Equity and liabilities (continued)				
Non-current liabilities				
Deferred tax liabilities	19	149,581	141,050	134,122
Loans and borrowings	31	1,873,984	1,575,169	1,579,669
Long term payables	33	529,671	322,630	214,959
		<u>2,553,236</u>	<u>2,038,849</u>	<u>1,928,750</u>
Current liabilities				
Trade and other payables and other liabilities	34	2,437,916	2,078,645	2,197,897
Loans and borrowings	31	477,350	143,452	20
Tax payables		5,723	29,655	40,868
		<u>2,920,989</u>	<u>2,251,752</u>	<u>2,238,785</u>
Liabilities directly associated with disposal group classified as held for sale	27	196,912	—	—
		<u>3,117,901</u>	<u>2,251,752</u>	<u>2,238,785</u>
Total liabilities		<u>5,671,137</u>	<u>4,290,601</u>	<u>4,167,535</u>
Total equity and liabilities		<u>9,823,345</u>	<u>8,471,865</u>	<u>8,541,110</u>

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 RM'000	2014 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	27	54
Intangible assets	14	28	28
Investments in subsidiaries	16	23,951	23,951
Amounts due from subsidiaries	21	2,109,360	2,411,962
		<u>2,133,366</u>	<u>2,435,995</u>
Current assets			
Trade and other receivables	25	14,950	14,418
Amounts due from subsidiaries	21	1,729	3,612
Tax recoverable		699	419
Deposits, cash and bank balances	26	2,982	8,904
		<u>20,360</u>	<u>27,353</u>
Total assets		<u><u>2,153,726</u></u>	<u><u>2,463,348</u></u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	28	1,093,902	1,093,902
Share premium	28	3,105,643	3,536,816
Treasury shares	28	(141,885)	(166,672)
Other reserves	29	2,905,969	2,905,969
Accumulated losses		(5,115,917)	(4,911,049)
Total equity		<u>1,847,712</u>	<u>2,458,966</u>
Non-current liability			
Loans and borrowings	31	<u>23</u>	<u>46</u>
Current liabilities			
Trade and other payables and other liabilities	34	140,268	4,311
Amounts due to subsidiaries		131,123	3
Loans and borrowings	31	34,600	22
		<u>305,991</u>	<u>4,336</u>
Total liabilities		<u>306,014</u>	<u>4,382</u>
Total equity and liabilities		<u><u>2,153,726</u></u>	<u><u>2,463,348</u></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 2015

Note	Attributable to owners of the parent					Total RM'000	Non- controlling interests 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)	(Accumulated) losses)/ retained profits RM'000			
At 1 July 2014, restated	1,093,902	3,536,816	(166,672)	(1,944,620)	61,119	2,580,545	1,600,719	4,181,264
Total comprehensive income for the financial year	-	-	-	311,423	46,593	358,016	188,013	546,029
Transactions with owners								
Transfer to capital reserves	-	-	-	1,108	(1,108)	-	-	-
Purchase of treasury shares	-	-	(267,427)	-	-	(267,427)	(60,895)	(328,322)
Transfer to merger deficit	-	-	-	118,883	(118,883)	-	-	-
Cancellation of treasury shares by a subsidiary	-	-	-	5,183	(24,902)	(19,719)	-	(19,719)
Business combinations	-	-	-	-	-	-	1,926	1,926
Dividends to non-controlling interests	-	-	-	-	-	-	(90,011)	(90,011)
Dividend paid								
- share dividends	-	(292,214)	292,214	-	-	-	-	-
Share dividend payable	-	(138,959)	-	-	-	(138,959)	-	(138,959)
Total transactions with owners	-	(431,173)	24,787	125,174	(144,893)	(426,105)	(148,980)	(575,085)
At 30 June 2015	1,093,902	3,105,643	(141,885)	(1,508,023)	(37,181)	2,512,456	1,639,752	4,152,208

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (continued)

Note	Attributable to owners of the parent						Non- controlling interests RM'000	Total equity RM'000
	Non-distributable				Retained profits RM'000	Total 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, as previously stated	1,093,902	3,731,416	(58,172)	(2,018,313)	10,318	2,759,151	1,625,336	4,384,487
Effects of prior year adjustments	44	–	–	–	(7,378)	(7,378)	(3,534)	(10,912)
At 1 July 2013, restated	1,093,902	3,731,416	(58,172)	(2,018,313)	2,940	2,751,773	1,621,802	4,373,575
Total comprehensive income for the financial year	–	–	–	1,204	138,148	139,352	97,023	236,375
Transactions with owners								
Transfer to capital reserves	28	–	–	–	2,052	(2,052)	–	–
Employee share options lapsed	–	–	–	–	(196)	196	–	–
Purchase of treasury shares	–	–	(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
Cancellation of treasury shares by a subsidiary	–	–	–	–	752	(10,031)	(9,279)	–
Dividends to non-controlling interests	–	–	–	–	–	–	–	(87,530)
Dividend paid - 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, restated	1,093,902	3,536,816	(166,672)	(1,944,620)	61,119	2,580,545	1,600,719	4,181,264

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 2015

Note	Non-distributable				Accumulated losses 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 2014	1,093,902	3,536,816	(166,672)	2,905,969	(4,911,049)	2,458,966
Total comprehensive loss for the financial year	-	-	-	-	(204,868)	(204,868)
Transactions with owners						
Purchase of treasury shares	28	-	(267,427)	-	-	(267,427)
Dividend paid						
- share dividends	10	(292,214)	292,214	-	-	-
Share dividend payable	10	(138,959)	-	-	-	(138,959)
Total transactions with owners		(431,173)	24,787	-	-	(406,386)
At 30 June 2015	<u>1,093,902</u>	<u>3,105,643</u>	<u>(141,885)</u>	<u>2,905,969</u>	<u>(5,115,917)</u>	<u>1,847,712</u>
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 financial 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	<u>1,093,902</u>	<u>3,536,816</u>	<u>(166,672)</u>	<u>2,905,969</u>	<u>(4,911,049)</u>	<u>2,458,966</u>

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 2015

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Cash flows from operating activities				
Profit/(loss) before tax	56,416	382,504	(204,868)	(1,395,888)
Adjustments for:				
Allowance for impairment loss on amounts due from subsidiaries, net	—	—	200,910	1,394,000
Depreciation and amortisation	298,306	275,507	27	27
Amortisation of deferred lease expense and income, net	5,647	1,860	—	—
Write off of:				
- Property, plant and equipment	7,179	227	—	—
- Intangible assets	43	—	—	—
- Bad debts	7	—	—	—
Impairment loss on:				
- Property, plant and equipment	—	1,387	—	—
- Goodwill	1,100	2,400	—	—
Allowance for impairment loss on receivables, net	32,038	3,591	—	—
Write down of inventories	—	101	—	—
Unrealised exchange loss/(gain)	2,069	(5,249)	—	—
Loss on disposal of property, plant and equipment	3,681	7,076	—	—
Net fair value loss on a derivative	1,218	1,982	—	—
Employee share-based payments	—	3,452	—	—
Defined benefit plan	317	252	—	—
Gain on disposal of:				
- An associate	(3,639)	—	—	—
- Non-current assets held for sale, net of RPT	(110,672)	—	—	—
Provision for:				
- Contingent expenses	170,813	—	—	—
- Arbitral award in respect of tenancy agreement	79,338	—	—	—
Share of results of associates	(156)	(2,334)	—	—
Share of results of joint ventures	(12,625)	(17,074)	—	—
Finance costs	92,958	80,124	975	88
Finance income	(106,408)	(119,920)	(1,100)	(2,096)
Dividend income from investment securities	(1,422)	(1,200)	—	—
Operating profit/(loss) before working capital changes	516,208	614,686	(4,056)	(3,869)
Changes in working capital:				
Inventories	6,915	(32,052)	—	—
Receivables and other assets	(86,349)	(101,163)	103,574	290,270
Payables	(40,821)	(31,540)	128,118	2,798
Cash flows generated from operations	395,953	449,931	227,636	289,199
Taxes paid	(147,551)	(168,054)	(280)	(498)
Interest paid	(90,857)	(79,451)	(975)	(88)
Interest received	119,211	107,380	569	1,494
Net cash flows generated from operating activities	276,756	309,806	226,950	290,107

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (continued)

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(361,419)	(291,595)	—	—
Additions to investment properties	(43,690)	(10,801)	—	—
Additions to intangible assets	(4,025)	(1,054)	—	—
Proceeds from disposal of:				
- Non-current assets held for sale (Note 27(b))	335,945	—	—	—
- Property, plant and equipment	5,854	10,442	—	—
- An associate	78,209	—	—	—
Acquisition of subsidiaries, net of cash acquired	(84,137)	—	—	—
Acquisition of joint ventures	(3,000)	(16,300)	—	—
Acquisition of investment securities	(12)	—	—	—
Prepayment for acquisition of land and building	(351,413)	(110,366)	—	—
Dividends received from:				
- An associate	80	758	—	—
- A joint venture	14,375	19,919	—	—
- Investment securities	222	1,200	—	—
Purchase of call option	—	(3,200)	—	—
Proceeds from withdrawal of money market instruments	27,481	1,830	—	—
Changes in deposits with banks	145,580	100,604	—	—
Net cash flows used in investing activities	(239,950)	(298,563)	—	—
Cash flows from financing activities				
Dividends paid to non-controlling interests	(90,011)	(87,530)	—	—
Purchase of treasury shares	(328,322)	(335,329)	(267,427)	(303,100)
Proceeds from loans and borrowings	412,289	143,430	—	—
Repayment of loans and borrowings	(105,941)	—	—	—
Hire purchase principal payments	(1,280)	(21)	(22)	(21)
Net cash flows used in financing activities	(113,265)	(279,450)	(267,449)	(303,121)
Net decrease in cash and cash equivalents	(76,459)	(268,207)	(40,499)	(13,014)
Effects of changes in exchange rates	124,820	11,549	—	—
Cash and cash equivalents at 1 July	923,906	1,180,564	8,904	21,918
Cash and cash equivalents at 30 June (Note 26)	972,267	923,906	(31,595)	8,904

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 2015

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 22 September 2015.

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 annual periods beginning on or after 1 July 2014 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 2014, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual periods beginning on or after 1 July 2014.

Description

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, 12, 127: Investment Entities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21: Levies
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

The adoption of these standards and interpretation did not have a material impact on these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective

The standards 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
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
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
Amendments to MFRS 10, 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 10, 12, 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017
MFRS 9: Financial Instruments	1 January 2018

The Directors expect that the adoption of the above standards will not have a material impact on the financial statements in the period of initial application, except as discussed below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group and the Company are currently assessing the impact of MFRS 15 and plan to adopt the new standard on the required effective date. The Directors anticipate that the application of MFRS 15 will not have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

MFRS 9 Financial Instruments

In November 2014, Malaysian Accounting Standards Board issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The Group controls an investee if, and only if, the Group has:

- (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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation except when there are indications of impairment, unrealised losses are not eliminated.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Business combinations and goodwill

Business combinations 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred 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.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investments in associates and joint ventures

An associate is an entity over 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 venture. 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.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of results of associates and joint ventures' in the Group's statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment and depreciation

Construction in progress, and plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the 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. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated 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%

Land, including the legal costs incurred at initial acquisition of land rights, is stated at cost and not depreciated.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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% per annum (2014: 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 up to the date of change in use.

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 cash-generating unit's ("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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Intangible assets (continued)

- 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.

- Brands

Brands represent supplier exclusive right for sales of goods and services to a chain of outlets by the Group. Brands are amortised on a straight-line basis over their estimated useful lives ranging from 11 to 12 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 years (2014: 42 to 45 years).

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. In this case, the impairment is recognised in OCI up to the amount of any previous revaluation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of non-financial assets (continued)

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.

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.

2.13 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(a) Financial assets (continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(a) Financial assets (continued)

Subsequent measurement (continued)

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.

The amount of any impairment loss identified 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.

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.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

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 payables, other payables, loans and borrowings including bank overdrafts and 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.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. 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 valued 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 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 the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when 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 a finance cost.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

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 finance income or finance 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 the 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 obligation 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 of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and 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

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the 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 of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Foreign currency (continued)

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange 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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Revenue recognition (continued)

(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.

(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.

(j) Revenue from restaurant operations

Revenue from sales of goods and services are recognised upon the delivery of products and customers' acceptance, if any, and performance of services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.26 Income taxes

(a) Current tax

Current income 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, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or 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; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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:

- when 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 asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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.

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

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

- when the sales tax incurred on 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
- when receivables and payables 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 statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 statement of financial position of the Group.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Fair value measurement (continued)

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 Disposal groups and non-current assets classified as held for sale

The Group classifies disposal groups and 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 disposal groups and 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.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

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 owned 47.5% of the voting rights. Although the Group was the single largest shareholder of Odel, 45% equity interests were held by 3 family shareholders. It might 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 was 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 RM32,000,000 (2014: RM28,000,000) variance in the loss or profit (net of tax) for the financial 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 RM21,000,000 (2014: RM18,000,000) variance in the loss or profit (net of tax) for the financial 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 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 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.

The Group has RM458,557,000 (2014: RM284,187,000) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group was able to recognise all unrecognised deferred tax assets, loss or profit and equity would have increased by RM110,336,000. Further details on taxes are disclosed in Note 19.

(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	
	2015 RM'000	2014 RM'000
Sales of goods - direct sales	1,473,490	1,387,436
Commissions from concessionaire sales ⁽ⁱ⁾	1,925,421	1,927,793
Consultancy and management service fees	11,165	10,123
Rental income	249,550	227,330
Dividend income from investment securities	1,422	1,200
Food and beverages	78,131	—
	3,739,179	3,553,882

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

	Group	
	2015 RM'000	2014 RM'000
Gross revenue from concessionaire sales	10,124,450	9,957,255
Commissions from concessionaire sales	1,925,421	1,927,793

5. OTHER INCOME

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Promotion income	63,785	66,590	—	—
Credit card handling fees	49,049	59,424	—	—
Government grants ⁽ⁱ⁾	4,964	6,700	—	—
Equipment and display space lease income	28,159	27,391	—	—
Administration and management fees	96,396	96,822	—	—
Service fees	16,808	12,029	—	—
Compensation income ⁽ⁱⁱ⁾	22,508	—	—	—
Reversal of impairment loss on amount due from a subsidiary (Note 21)	—	—	7,000	—
Other income	48,900	25,768	225	229
	330,569	294,724	7,225	229

(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.

(ii) The Group was entitled to receive relocation compensation from a landlord of a store in Shantou, the PRC for early termination of a lease contract.

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages, salaries and bonuses	400,835	317,069	860	614
Defined contribution plans	48,543	41,381	97	68
Employee share-based payments of a subsidiary	—	3,452	—	—
Defined benefit plan (Note 33(iii))	317	252	—	—
Other staff related expenses	82,846	86,744	63	61
	532,541	448,898	1,020	743

Included in employee benefits expense of the Group and of the Company are an executive Director's remuneration amounting to RM1,031,000 (2014: RM962,000) and RM247,000 (2014: RM244,000) respectively as further disclosed in Note 8(b).

7. FINANCE INCOME/COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Finance income				
Interest income on:				
Amount due from a subsidiary	—	—	532	—
Amount due from a joint venture (Note 35(a))	532	61	—	—
Amount due from a related party (Note 35(a))	531	688	531	688
Unwinding of discount on rental deposits receivable	2,610	2,572	—	—
Short term deposits and others	102,735	116,599	37	1,408
	106,408	119,920	1,100	2,096
Finance costs				
Interest expenses on:				
Term loans and bank loans	7,494	617	—	—
Bonds (Note 31(ii))	81,152	77,146	—	—
Unwinding of discount on:				
- Rental deposits payable	1,578	2,249	—	—
- Deferred consideration (Note 16(a)(ii))	1,356	—	—	—
Hire purchase liabilities (Note 32)	29	4	3	4
Bank overdrafts and others	1,349	108	972	84
	92,958	80,124	975	88

8. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Directors' remuneration (Note b)	1,196	1,117	412	399
Auditors' remuneration:				
- Statutory audit	2,454	2,252	30	30
- Parkson Retail Group Limited's statutory audit	2,847	2,487	—	—
Depreciation and amortisation:				
- Property, plant and equipment (Note 12)	286,545	262,165	27	27
- Investment properties (Note 13)	556	2,871	—	—
- Intangible assets (Note 14)	3,357	3,088	—	—
- Land use rights (Note 15)	7,848	7,383	—	—
Write off of:				
- Property, plant and equipment	7,179	227	—	—
- Intangible assets	43	—	—	—
- Bad debts	7	—	—	—
Impairment loss on:				
- Property, plant and equipment (Note 12)	—	1,387	—	—
- Goodwill (Note 14)	1,100	2,400	—	—
Allowance for impairment loss on receivables (Note 25)	32,313	3,875	—	—
Reversal of impairment loss on receivables (Note 25)	(275)	(284)	—	—
Write down of inventories	—	101	—	—
Exchange (gain)/loss, net:				
- Realised	(2,267)	(266)	—	—
- Unrealised	2,069	(5,249)	—	—
Loss on disposal of property, plant and equipment	3,681	7,076	—	—
Net fair value loss on a derivative (Note 23)	1,218	1,982	—	—
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	829,912	742,690	—	—
- Contingent lease payments	75,891	119,972	—	—
- Amortisation of deferred lease expense (Note 20(ii))	7,666	4,184	—	—
Gain on disposal of an associate	(3,639)	—	—	—
Sub-lease of properties:				
- Minimum lease payments	(166,671)	(138,048)	—	—
- Contingent lease payments	(77,830)	(47,059)	—	—
- Amortisation of deferred lease income (Note 33(ii))	(2,019)	(2,324)	—	—

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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Executive Director:				
Fees	285	276	50	50
Salaries and other emoluments	674	619	182	180
Pension costs - defined contribution plans	72	67	15	14
	1,031	962	247	244
Non-executive Directors:				
Fees	165	155	165	155
	1,196	1,117	412	399

(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	
	2015	2014
Executive Director:		
- RM950,001 to RM1,000,000	–	1
- RM1,000,001 to RM1,050,000	1	–
Non-executive Directors*:		
- RM25,000 and below	1	2
- RM25,001 to RM50,000	3	3

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

(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 are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Income tax:				
Malaysian income tax	38,164	38,928	—	—
Foreign tax	69,031	119,553	—	—
	107,195	158,481	—	—
Under provision in prior years of Malaysian income tax	3,268	1,366	—	6
	110,463	159,847	—	6
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	(38,890)	(15,554)	—	—
Effect of change in tax rate	587	49	—	—
Over provision in prior years	(2,798)	(893)	—	—
	(41,101)	(16,398)	—	—
Total income tax expense	69,362	143,449	—	6

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% (2014: 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% (2014: 25%) on their respective taxable income. As at 30 June 2015, 6 (2014: 8) 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% (2014: 22%, 25%, 17%, 20% and 25%) respectively for the financial year ended 30 June 2015.

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 2015 and 30 June 2014 are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Profit/(loss) before tax	56,416	382,504	(204,868)	(1,395,888)
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	14,104	95,626	(51,217)	(348,972)
Different tax rates in other jurisdiction	(963)	(7,670)	–	–
Expenses not deductible for tax purposes	64,481	27,544	53,023	349,201
Income not subject to tax	(3,067)	(3,885)	(1,806)	(229)
Effect of gains taxed at RPGT rate	(27,668)	–	–	–
Utilisation of previously unrecognised tax losses	(9,746)	(791)	–	–
Deferred tax assets not recognised	38,995	20,430	–	–
Reversal of previously recognised tax losses	9,034	11,414	–	–
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	(13,083)	5,160	–	–
Over provision of deferred tax in prior years	(2,798)	(893)	–	–
Under provision of income tax in prior years	3,268	1,366	–	6
Effects on share of results of associates and joint ventures	(3,195)	(4,852)	–	–
Tax expense	69,362	143,449	–	6
Tax savings during the financial years arising from: Utilisation of tax losses	9,746	791	–	–

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	
	2015 RM'000	2014 RM'000
Unused tax losses	601,907	367,655
Unabsorbed capital allowances	15,715	12,829

10. DIVIDENDS

	Dividends in respect of financial year		Dividends recognised in financial year	
	2015 RM'000 (1)	2014 RM'000 (2)	2015 RM'000 (1)	2014 RM'000 (2)
Distributed share dividends (Note 28)	292,214	194,600	292,214	194,600
Share dividend payable (Note 28 and (1)(b))	138,959	–	138,959	–
	431,173	194,600	431,173	194,600

(1) Share dividends approved in respect of the financial year ended 30 June 2015:

(a) The Company had during the current financial year distributed:

- (i) a total of 61,703,857 treasury shares as share dividend on 8 August 2014 with a carrying amount of RM171,380,000 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
- (ii) a total of 50,954,468 treasury shares as share dividend on 26 March 2015 with a carrying amount of RM120,834,000 on the basis of one (1) treasury share for every twenty (20) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.

(b) The Company had on 2 July 2015 distributed a total of 61,839,781 treasury shares as share dividend with a carrying amount of RM138,959,000 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 share dividend payable was approved by the Board of Directors on 10 June 2015.

(2) 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.

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the financial 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.

	2015	Group 2014 (Restated)
Profit for the financial year attributable to owners of the parent (RM'000)	46,593	138,148
Weighted average number of ordinary shares in issue ('000)	1,054,034	1,062,635
Basic earnings per share (sen)	4.42	13.00

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the financial 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.

	2015	Group 2014 (Restated)
Profit for the financial year attributable to owners of the parent (RM'000)	46,593	138,148
Weighted average number of ordinary shares in issue ('000)	1,054,034	1,062,635
Effect of dilution: - ESOS ('000)	—	—
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,054,034	1,062,635
Diluted earnings per share (sen)	4.42	13.00

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	Land ⁽ⁱ⁾ RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovations RM'000	Capital work-in- progress ⁽ⁱⁱ⁾ RM'000	Total RM'000
At 30 June 2015							
Cost							
At 1 July 2014	1,319,834	–	16,261	445,289	1,170,942	424,511	3,376,837
Additions	41	–	4,406	61,024	192,994	102,954	361,419
Business combinations							
(Note 16(a))	–	–	–	13,461	111	–	13,572
Disposals	–	–	(1,119)	(25,504)	(19,348)	–	(45,971)
Write off	–	–	–	(13,936)	(22,496)	(45)	(36,477)
Reclassification from investment properties							
(Note 13)	4,791	–	–	–	–	–	4,791
Reclassification	2,692	9,477	–	5,603	14,790	(32,562)	–
Disposal group classified as held for sale							
(Note 27(a))	–	–	–	(6,289)	(3,880)	–	(10,169)
Exchange differences	213,652	–	2,163	47,524	162,085	68,160	493,584
At 30 June 2015	1,541,010	9,477	21,711	527,172	1,495,198	563,018	4,157,586
Accumulated depreciation and impairment loss							
At 1 July 2014	293,481	–	10,260	285,454	697,094	–	1,286,289
Charge for the financial year							
(Note 8(a))	36,163	–	2,315	48,730	199,337	–	286,545
Disposals	–	–	(884)	(21,091)	(14,461)	–	(36,436)
Write off	–	–	–	(10,639)	(18,659)	–	(29,298)
Reclassification from investment properties							
(Note 13)	741	–	–	–	–	–	741
Disposal group classified as held for sale							
(Note 27(a))	–	–	–	(5,446)	(3,294)	–	(8,740)
Exchange differences	32,641	–	1,463	32,096	109,204	–	175,404
At 30 June 2015	363,026	–	13,154	329,104	969,221	–	1,674,505
Net book value							
At 30 June 2015	1,177,984	9,477	8,557	198,068	525,977	563,018	2,483,081

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings RM'000	Land ⁽ⁱ⁾ RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovations RM'000	Capital work-in- progress ⁽ⁱⁱ⁾ 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)	–
Reclassified as held for sale (Note 27(b))	(55,921)	–	–	(10,059)	(12,625)	–	(78,605)
Exchange differences	(534)	–	(165)	(2,366)	(8,150)	(1,123)	(12,338)
At 30 June 2014	1,319,834	–	16,261	445,289	1,170,942	424,511	3,376,837
Accumulated depreciation and impairment loss							
At 1 July 2013	264,942	–	9,347	261,698	569,269	–	1,105,256
Charge for the financial 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
Reclassified as held for sale (Note 27(b))	(3,143)	–	–	(3,353)	(4,975)	–	(11,471)
Exchange differences	(833)	–	(103)	(2,181)	(6,327)	–	(9,444)
At 30 June 2014	293,481	–	10,260	285,454	697,094	–	1,286,289
Net book value							
At 30 June 2014	1,026,353	–	6,001	159,835	473,848	424,511	2,090,548

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Motor vehicle	
	2015 RM'000	2014 RM'000
Cost		
At 1 July/30 June	137	137
Accumulated depreciation		
At 1 July	83	56
Charge for the financial year (Note 8(a))	27	27
At 30 June	110	83
Net book value		
At 30 June	27	54

- (i) The Group owns two pieces of land located in Tangerang Selatan, Banten, Indonesia with building use rights (Hak Guna Bangunan or HGB). The HGBs will expire on 18 December 2020 and 20 October 2028 respectively. Management believes that there will be no difficulty in extending the land rights since all the land were acquired legally and supported by sufficient evidence of ownership.
- (ii) Capital work-in-progress includes a building under construction located in Tianjin City, the PRC of RM446,870,000 (2014: RM381,696,000). These capital work-in-progress will be reclassified to appropriate categories of property, plant and equipment when they are ready for their intended use.
- (iii) Analysis of purchase of property, plant and equipment during the financial years are as follows:

	Group	
	2015 RM'000	2014 RM'000
Aggregate costs of purchase of property, plant and equipment, representing cash payments during the financial years	361,419	291,595

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Motor vehicle	753	54	27	54

13. INVESTMENT PROPERTIES

Group	2015			2014		
	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	15,101	96,623	111,724	174,771	93,017	267,788
Additions	–	43,690	43,690	7,195	3,606	10,801
Reclassification to property, plant and equipment (Note 12)	(4,791)	–	(4,791)	–	–	–
Acquisition of a subsidiary (Note 16(b))	–	53,720	53,720	–	–	–
Reclassified as held for sale (Note 27(b))	–	–	–	(166,849)	–	(166,849)
Exchange differences	3,426	–	3,426	(16)	–	(16)
At 30 June	13,736	194,033	207,769	15,101	96,623	111,724
Accumulated depreciation						
At 1 July	2,688	–	2,688	8,541	–	8,541
Charge for the financial year (Note 8(a))	556	–	556	2,871	–	2,871
Reclassification to property, plant and equipment (Note 12)	(741)	–	(741)	–	–	–
Reclassified as held for sale (Note 27(b))	–	–	–	(8,710)	–	(8,710)
Exchange differences	335	–	335	(14)	–	(14)
At 30 June	2,838	–	2,838	2,688	–	2,688
Net book value						
At 30 June	10,898	194,033	204,931	12,413	96,623	109,036
Estimated fair value						
At 30 June	59,180	199,033	258,213	91,406	98,000	189,406

13. INVESTMENT PROPERTIES (continued)

	2015 RM'000	Group 2014 RM'000
Rental income derived from investment properties	3,030	39,899
Direct operating expenses (including repair and maintenance) generating rental income	(556)	(12,288)
Direct operating expenses (including repair and maintenance) that did not generate rental income	–	(476)
Profit arising from investment properties	<u>2,474</u>	<u>27,135</u>

- (i) The Group's completed investment properties consist of commercial buildings. The fair values of buildings as at 30 June 2015 and 30 June 2014 were determined based on the valuations performed by an accredited independent firm of professional valuers, on direct comparison method. The fair values of the completed investment properties are categorised as Level 3 under the fair value hierarchy.

Certain portions of the buildings are held for own use by the Group and such portions are classified as property, plant and equipment.

- (ii) IPUC comprises land held by the Group. The land measuring 29.22 acres (2014: 15 acres) is located in Melaka, Malaysia and has a leasehold term of 99 years. The land is strategically located in a prime area designated for mixed development purposes, including a shopping mall.

The fair value of the land as at 30 June 2015 and 30 June 2014 were determined based on valuations performed by independent professionally qualified valuers, on a direct comparison method. The fair value of the IPUC is categorised as Level 3 under the fair value hierarchy.

- (iii) The Group has no restrictions on realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

- (iv) Description of valuation techniques used and key inputs to valuation on investment properties:

Valuation technique	Significant unobservable inputs
<u>Completed investment properties and IPUC at 30 June 2015 and 30 June 2014</u>	
Direct comparison method	Selling price per square foot of comparable properties adjusted for location, accessibility, size, title conditions and restrictions, land tenure, zoning or designated use, building, improvements and amenities and time element.

Direct comparison method

Under the direct comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

14. INTANGIBLE ASSETS

Group	Goodwill RM'000	Customer relationships RM'000	Computer software RM'000	Club memberships RM'000	Brands RM'000	Total RM'000
Cost						
At 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 and 1 July 2014	1,341,490	2,978	11,840	387	–	1,356,695
Additions	–	–	1,754	–	2,271	4,025
Business combinations (Note 16(a))	49,713	–	–	–	14,877	64,590
Write off	–	–	(61)	–	–	(61)
Disposal group classified as held for sale (Note 27(a))	–	–	(64)	–	–	(64)
Exchange differences	189,949	173	1,506	3	–	191,631
At 30 June 2015	1,581,152	3,151	14,975	390	17,148	1,616,816
Accumulated amortisation and impairment loss						
At 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 and 1 July 2014	11,950	1,787	6,604	172	–	20,513
Amortisation (Note 8(a))	–	612	2,720	–	25	3,357
Impairment loss (Note 8(a))	1,100	–	–	–	–	1,100
Write off	–	–	(18)	–	–	(18)
Disposal group classified as held for sale (Note 27(a))	–	–	(22)	–	–	(22)
Exchange differences	–	122	1,032	–	–	1,154
At 30 June 2015	13,050	2,521	10,316	172	25	26,084
Net carrying amount						
At 30 June 2015	1,568,102	630	4,659	218	17,123	1,590,732
At 30 June 2014	1,329,540	1,191	5,236	215	–	1,336,182

14. INTANGIBLE ASSETS (continued)

Company	Club memberships	
	2015 RM'000	2014 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	28	28

Goodwill

During the financial year, the Group made an allowance for impairment loss on goodwill of RM1,100,000 (2014: RM2,400,000) 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. The recoverable amount of the goodwill of RM8,649,000 as at 30 June 2015, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the executive directors covering a five-year period. The impairment charge is recorded within other expenses in the statement of profit or loss.

Customer relationships

Customer relationships arise from the "Privilege Card" loyalty programme of PT Tozy Sentosa. As disclosed in Note 2.10, customer relationships are amortised over their estimated useful lives of five 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 cash-generating unit ("CGU"). The recoverable amount has been determined based on a value in use calculation. To calculate this, cash flow projections are prepared from financial budgets approved by the executive directors covering a five-year period.

The pre-tax discount rates applied to the cash flow projections are as follows:

	2015 %	2014 %
CGU		
PRC	11.4	11.4
Malaysia	9.4	9.1
Indonesia	18.0	18.0

14. INTANGIBLE ASSETS (continued)

(a) Impairment tests for goodwill (continued)

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

	Malaysia RM'000	PRC RM'000	Indonesia RM'000	Total RM'000
Retailing				
At 30 June 2015	26,403	1,487,038	11,628	1,525,069
At 30 June 2014	19,723	1,298,833	10,984	1,329,540
Others				
At 30 June 2015	43,033	—	—	43,033

No goodwill was allocated to others segment as at 30 June 2014.

(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	
	2015 RM'000	2014 RM'000
Cost		
At 1 July	318,251	318,286
Exchange differences	52,658	(35)
At 30 June	370,909	318,251
Accumulated amortisation		
At 1 July	63,088	55,907
Amortisation (Note 8(a))	7,848	7,383
Exchange differences	11,036	(202)
At 30 June	81,972	63,088
Net book value	288,937	255,163
Amount to be amortised:		
- Not later than one year	7,848	7,383
- Later than one year but not later than five years	31,390	29,536
- Later than five years	249,699	218,244

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 years (2014: 42 to 45 years). The net book values of those leasehold land as at 30 June 2015 are RM265,890,000 (2014: RM234,837,000).

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 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 outside Malaysia	1,764,056	2,271,504

Represent RM24 (2014: RM24)

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 *	
			2015	2014	2015	2014
<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 ^f	Malaysia	Investment holding	100	100	–	–
Corporate Code Sdn Bhd	Malaysia	Investment holding	100	100	–	–
<u>Subsidiaries of East Crest International Limited</u>						
PRG Corporation Limited ^f	British Virgin Islands	Investment holding	100	100	–	–
Serbadagang Holdings Sdn Bhd ^f	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 *	
			2015	2014	2015	2014
<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	100	–	–
Parkson Credit Holdings Sdn Bhd	Malaysia	Investment holding	100	100	–	–
AUM Hospitality Sdn Bhd ^f (Note 16(a)(ii))	Malaysia	Investment holding and provision of management services	60	–	40	–
Prestasi Serimas Sdn Bhd	Malaysia	Operation of food and beverage businesses	100	–	–	–
<u>Subsidiary of PRG Corporation Limited</u>						
Parkson Retail Group Limited (“Parkson Retail”) + @ (Note 16(c))	Cayman Islands	Investment holding	52.7 ^{*1} 0.4	51.7 ^{*1} 0.4	46.9	47.9
<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 *	
			2015	2014	2015	2014
<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	–	–
Lion Food & Beverage Ventures Limited + ^	British Virgin Islands	Investment holding	91	–	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 *	
			2015	2014	2015	2014
<u>Subsidiary of Leonemas International Limited</u>						
Leonemas (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiary of Leonemas (Hong Kong) Limited</u>						
Qingdao Lion Plaza Retail Management Co Ltd + ^	People's Republic of China	Investment holding	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	–	–
Zhangjiakou Parkson Shopping Mall 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 *	
			2015	2014	2015	2014
<u>Subsidiaries of Parkson Retail Development Co Ltd</u> (continued)						
Harbin Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100	–	–
Qingdao Parkson Shopping Plaza Co Ltd + ^	People's Republic of China	Mall and property management	100	–	–	–
Qingdao Parkson Beer City Property Management Co Ltd (formerly Qingdao Parkson Beer City Shopping Mall Co Ltd) +	People's Republic of China	Property, restaurant and department store management, marketing and management consultancy, and related services	100	*2 100	–	–
<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	–	–

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 *	
			2015	2014	2015	2014
<u>Subsidiaries of Exonbury Limited</u> (continued)						
Parkson Investment Holdings Co Ltd +	People's Republic of China	Investment holding	70 *3 30	70 *3 30	—	—
Jinan Lion Investment Consultant Co Ltd (formerly Jinan Parkson Retail Co Ltd) +	People's Republic of China	Restaurant management, marketing and management consultancy, and related services	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	—	—
<u>Subsidiaries of Xi'an 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>Subsidiaries of Shanghai Lion Parkson Investment Consultant Co Ltd</u>						
Shanghai Shi Jie Fashions Co Ltd +	People's Republic of China	Sale of fashion	100	100	—	—
Shanghai Lion Parkson Management Consultant Co Ltd + ^	People's Republic of China	Trading and provision of management consultancy services	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 *	
			2015	2014	2015	2014
<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	–	–
<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	–	–

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 *	
			2015	2014	2015	2014
<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	–	–
Changzhou Shifeng Retail Development Co Ltd (formerly Changzhou Parkson Retail Development Co Ltd) +	People’s Republic of China	Operation of department stores	100	100	–	–
Changzhou Lion Food & Beverage Co Ltd (formerly Changzhou Shishang Parkson Retail Development Co Ltd) +	People’s Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiaries of Hefei 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	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 *	
			2015	2014	2015	2014
<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	–	–
<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	–	–
Panzhihua Parkson Retail Development 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	60 *9 20 *10 20	*5 100	–	–

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 *	
			2015	2014	2015	2014
<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	–	–
<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	–	–

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 *	
			2015	2014	2015	2014
<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 *11 30	70 *11 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 Development Co Ltd (formerly Zhongshan Parkson Retail Co Ltd) +	People's Republic of China	Operation of department stores	100	100	—	—
<u>Subsidiary of Bond Glory Limited</u>						
Choice Link Limited +	British Virgin Islands	Investment holding	100	100	—	—
<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	—	—

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 *	
			2015	2014	2015	2014
<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	–	–
<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 Lion Food & Beverage Ventures Limited</u>						
Parkson Food & Beverage Ventures Limited +	Hong Kong SAR	Investment holding	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 *	
			2015	2014	2015	2014
<u>Subsidiary of Parkson Food & Beverage Ventures Limited</u>						
Shanghai Lion Food & Beverage Management Co Ltd + ^	People's Republic of China	Restaurant management, marketing and management consultancy and related services	100	–	–	–
<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, supermarkets and merchandising	90 *12 10	72.2 *12 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	–	–

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 *	
			2015	2014	2015	2014
<u>Subsidiaries of Parkson Corporation Sdn Bhd</u> (continued)						
Kiara Innovasi Sdn Bhd	Malaysia	Operation of department stores	60	60	40	40
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	Operation of retail stores	100	100	–	–
Parkson Edutainment World Sdn Bhd (formerly known as Matrix Treasure Sdn Bhd)	Malaysia	Dormant	70	–	30	–
Parkson Lifestyle Sdn Bhd (formerly known as Zillion Paramount Sdn Bhd)	Malaysia	Dormant	100	–	–	–
Super Gem Resources Sdn Bhd	Malaysia	Dormant	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

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 *	
			2015	2014	2015	2014
<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 *13 10	90 *13 10	–	–
<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	–	–

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 *	
			2015	2014	2015	2014
<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 Megan Mastika Sdn Bhd</u>						
Dimensi Andaman Sdn Bhd ^f (Note 16(b)(i))	Malaysia	Investment holding, property development and project management	100	–	–	–
<u>Subsidiary of True Excel Investments Limited</u>						
True Excel Investments (Cambodia) Co Ltd ⁺	Cambodia	Investment holding	100	100	–	–
<u>Subsidiaries of Gema Binari Sdn Bhd</u>						
Parkson Branding Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	100	100	–	–
Giftmate Sdn Bhd ^f (Note 16(a)(i))	Malaysia	Trading of all kinds of gifts and souvenir products	60	–	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 *	
			2015	2014	2015	2014
<u>Subsidiaries of Parkson Branding Sdn Bhd</u>						
Parkson Fashion Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	100	100	–	–
Parkson Branding (L) Limited ^	Malaysia	Trading and marketing of fashionable goods	100	–	–	–
<u>Subsidiary of Parkson Credit Holdings Sdn Bhd</u>						
Parkson Credit Sdn Bhd	Malaysia	Credit services	100	100	–	–
<u>Subsidiaries of AUM Hospitality Sdn Bhd</u>						
Entity A Concepts Sdn Bhd ^f	Malaysia	Investment holding and provision of management services	100	–	–	–
Entity B Management Sdn Bhd ^f	Malaysia	Provision of management services to licensees and franchisees	100	–	–	–
Entity C Sdn Bhd ^f	Malaysia	Investment holding and provision of management services	100	–	–	–
F&B Essentials Sdn Bhd ^f	Malaysia	Trading of food and beverages	100	–	–	–
Taste of The World Sdn Bhd ^f	Malaysia	Investment holding and operation of restaurant business	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 *	
			2015	2014	2015	2014
<u>Subsidiaries of AUM Hospitality Sdn Bhd</u> (continued)						
AUM Asiatic Restaurants Sdn Bhd ^f	Malaysia	Investment holding and provision of management services	75	—	25	—
Fantastic Red Sdn Bhd ^f	Malaysia	Provision of interior design service	75	—	25	—
<u>Subsidiaries of Entity A Concepts Sdn Bhd</u>						
Business Spirit Sdn Bhd ^f	Malaysia	Operation of restaurant business	100	—	—	—
J Rockets 1 Sdn Bhd ^f	Malaysia	Operation of restaurant business	100	—	—	—
Massive Privilege Sdn Bhd ^f	Malaysia	Operation of restaurant business	100	—	—	—
The Library Gastropub VII Sdn Bhd ^f	Malaysia	Operation of restaurant business	100	—	—	—
Urban Palette Sdn Bhd ^f	Malaysia	Operation of restaurant business	90	—	10	—
The Opera Gastroclub Sdn Bhd ^f	Malaysia	Operation of restaurant business and provision of management services	90	—	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 *	
			2015	2014	2015	2014
<u>Subsidiaries of Entity C Sdn Bhd</u>						
Ombrello Resources Sdn Bhd <i>f</i>	Malaysia	Investment holding	100	–	–	–
Vertigo Dot My Sdn Bhd <i>f</i>	Malaysia	Ceased operation	60	–	40	–
Collective Entity Sdn Bhd <i>f</i>	Malaysia	Operation of restaurant business	60	–	40	–
<u>Subsidiaries of Vertigo Dot My Sdn Bhd</u>						
Ohla Restaurant Sdn Bhd <i>f</i>	Malaysia	Operation of restaurant business	100	–	–	–
Providence Club KL Sdn Bhd <i>f</i>	Malaysia	Operation of restaurant business	100	–	–	–
<u>Subsidiary of Taste of The World Sdn Bhd</u>						
The Geographic Adventure Sdn Bhd <i>f</i>	Malaysia	Operation of restaurant business	100	–	–	–
<u>Subsidiaries of AUM Asiatic Restaurants Sdn Bhd</u>						
Genuine Resources Sdn Bhd <i>f</i>	Malaysia	Operation of restaurant business	100	–	–	–
Alunan Omega Sdn Bhd <i>f</i>	Malaysia	Operation of restaurant business	100	–	–	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

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 East Crest International Limited.
- *2 Held by Beijing Huadesheng Property Management Co Ltd.
- *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 Xi’an Lucky King Parkson Plaza Co Ltd.
- *10 Held by Nanning Brilliant Parkson Commercial Co Ltd.
- *11 Held by Hanmen Holdings Limited.
- *12 Held by Centro Retail Pte Ltd.
- *13 Held by Parkson Myanmar Asia Pte Ltd.
- ^ Subsidiaries which were newly incorporated during the financial year.
- # Dissolved on 31 December 2014.
- 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) Business combinations

During the financial year, the Group completed the following business combinations:

(i) Giftmate Sdn Bhd ("Giftmate")

On 1 August 2014, the Group completed the acquisition of 60% equity interest in Giftmate which is involved in the trading of all kinds of gifts and souvenir products, for a cash consideration of RM8,000,000 as disclosed in Note 37(a)(i)(aa).

The fair values of the identifiable assets and liabilities of Giftmate at the date of acquisition were:

	Fair value recognised on acquisition RM'000
Property, plant and equipment	258
Inventories	236
Trade and other receivables	750
Cash and cash equivalents	1,406
	<hr/> 2,650 <hr/>
Trade and other payables	(58)
Tax payables	(377)
Deferred tax liabilities	(15)
	<hr/> (450) <hr/>
Fair value of net assets	2,200
Non-controlling interests (40% of net assets)	(880)
Goodwill arising on acquisition	6,680
	<hr/> 8,000 <hr/>

The cash outflow on the acquisition was as follows:

	RM'000
Cash paid	(8,000)
Net cash acquired	1,406
	<hr/>
Net cash outflow	(6,594) <hr/>

16. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Business combinations (continued)

During the financial year, the Group completed the following business combinations: (continued)

(i) Giftmate (continued)

The Group elected to measure the non-controlling interests in Giftmate at the proportionate share of its interest in Giftmate's identifiable net assets.

Goodwill of RM6,680,000 comprised the value of expected synergies arising from the acquisition and customers list, which is not separately recognised. The goodwill recognised is not expected to be deductible for income tax purpose.

From the date of acquisition, Giftmate has contributed RM7,079,000 of revenue and RM580,000 of profit (net of tax) to the Group. Had the acquisition occurred on 1 July 2014, the Group's revenue and loss (net of tax) for the financial year would have been RM3,739,251,000 and RM13,026,000 respectively.

(ii) AUM Hospitality Sdn Bhd ("AUM") together with its group of companies ("AUM group of companies")

On 8 October 2014, the Group completed the acquisition of 60% equity interest in AUM together with its group of companies which principally involved in the food and beverage businesses, for a cash consideration of RM48,000,000 ("AUM Consideration") as disclosed in Note 37(a)(ii).

The fair values of the identifiable assets and liabilities of AUM group of companies at the date of acquisition were:

	Fair value recognised on acquisition RM'000
Property, plant and equipment	13,314
Intangible assets	14,877
Inventories	1,183
Trade and other receivables	22,300
Cash and cash equivalents	177
	<hr/> 51,851 <hr/>
Trade and other payables	(37,909)
Borrowings	(3,250)
Tax payables	(3,188)
Deferred tax liabilities	(3,382)
Non-controlling interests	1,005
	<hr/> (46,724) <hr/>
Fair value of net assets	5,127
Non-controlling interests (40% of net assets)	(2,051)
Goodwill arising on acquisition	43,033
Fair value adjustment on deferred consideration	1,891
	<hr/> 48,000 <hr/> <hr/>
AUM Consideration (undiscounted)	48,000

16. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Business combinations (continued)

During the financial year, the Group completed the following business combinations: (continued)

(ii) AUM group of companies (continued)

Consideration satisfied by:

	RM'000
Cash	24,000
Deferred consideration *	24,000
	<u>48,000</u>

The cash outflow on the acquisition was as follows:

	RM'000
Cash paid	(24,000)
Net cash acquired	177
	<u>(23,823)</u>

* AUM Equity Sdn Bhd, the vendor guaranteed that the profit after tax and non-controlling interests of the AUM group of companies for a period of twelve months from the completion of the acquisitions shall not be less than RM8,500,000 ("AUM Guaranteed Profit"). In the event there is a shortfall on the AUM Guaranteed Profit, the Group has the option to either increase the number of shares to be acquired (subject to a maximum of 70%) or the AUM Consideration shall be adjusted in accordance with an agreed adjustment mechanism.

The Group elected to measure the non-controlling interests in AUM group of companies at the proportionate share of its interest in AUM group of companies' identifiable net assets.

The goodwill of RM43,033,000 comprised the fair value of expected synergies arising from acquisition. The goodwill recognised is not expected to be deductible for income tax purpose.

From the date of acquisition, AUM group of companies have contributed RM75,594,000 of revenue and RM6,286,000 of profit (net of tax) to the Group. Had the acquisition occurred on 1 July 2014, the Group's revenue and loss (net of tax) for the financial year would have been RM3,772,416,000 and RM11,350,000 respectively.

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Acquisition of subsidiaries

During and in the previous financial years, the Group completed the following acquisitions:

(i) Dimensi Andaman Sdn Bhd ("Dimensi Andaman")

On 29 January 2015, the Group completed the acquisition of 300,000 ordinary shares of RM1.00 each fully paid representing 100% equity interest in Dimensi Andaman for a cash consideration of RM1.00 and 53,719,999 redeemable convertible cumulative preference shares of RM1.00 each fully paid in Dimensi Andaman for a cash consideration of RM53,719,999 from Ayer Keroh Resort Sdn Bhd, a related party of the Group, as disclosed in Note 37(d)(i). Dimensi Andaman is an investment holding company which owns 8.22 acres of land located in Melaka.

The fair values of the identifiable assets and liabilities of Dimensi Andaman at the date of acquisition were:

	Fair value recognised on acquisition RM'000
Investment property, representing identifiable net assets at fair value	53,720

The cash outflow on the acquisition was as follows:

	RM'000
Cash paid	(53,720)
Net cash acquired	–
Net cash outflow	(53,720)

The acquisition of Dimensi Andaman is regarded as an asset acquisition.

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Acquisition of subsidiaries (continued)

During and in the previous financial years, the Group completed the following acquisitions: (continued)

(ii) Other subsidiaries

During the financial year, the Group acquired the following subsidiaries for a total consideration of RM9 (2014: RM8).

	Consideration RM
2015	
Prestasi Serimas Sdn Bhd	2
Parkson Food & Beverage Ventures Limited	1
Parkson Edutainment World Sdn Bhd	2
Parkson Lifestyle Sdn Bhd	2
Super Gem Resources Sdn Bhd	2
	<hr/> 9 <hr/>
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/>

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.

(c) Increase in shareholdings in a subsidiary

During the financial year, Parkson Retail, a subsidiary of the Company, cancelled 50,472,000 (2014: 30,967,500) of its repurchased shares, resulting in the increase of the Group's interest in Parkson Retail from 52.1% to 53.1% (2014: 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	2015 %	2014 %
Parkson Asia	Singapore	32.4	32.4
Parkson Retail	Cayman Islands	46.9	47.9

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

	2015 RM'000	Group 2014 RM'000
Accumulated balances of material non-controlling interests:		
Parkson Asia	134,291	194,610
Parkson Retail	1,557,245	1,428,973
	<hr/> <hr/>	<hr/> <hr/>
(Loss)/profit allocated to material non-controlling interests:		
Parkson Asia	(29,649)	28,729
Parkson Retail	(10,867)	71,436
	<hr/> <hr/>	<hr/> <hr/>

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	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) <u>Summarised statements of financial position</u>						
Non-current assets	426,389	453,072	5,053,700	3,770,413	5,480,089	4,223,485
Current assets	633,133	633,630	3,042,137	3,034,514	3,675,270	3,668,144
Non-current liabilities	(30,162)	(33,937)	(2,539,273)	(2,019,420)	(2,569,435)	(2,053,357)
Current liabilities	(665,062)	(451,532)	(2,196,811)	(1,757,081)	(2,861,873)	(2,208,613)
Non-controlling interests	50,309	(398)	(41,633)	(44,872)	8,676	(45,270)
Total equity	414,607	600,835	3,318,120	2,983,554	3,732,727	3,584,389
Attributable to non-controlling interests	134,291	194,610	1,557,245	1,428,973	1,691,536	1,623,583
(ii) <u>Summarised statements of profit or loss</u>						
Revenue	1,131,431	1,114,483	2,495,918	2,400,834	3,627,349	3,515,317
(Loss)/profit for the financial year	(91,538)	88,698	(23,154)	149,152	(114,692)	237,850
Attributable to non-controlling interests	(29,649)	28,729	(10,867)	71,436	(40,516)	100,165
Dividends paid to non-controlling interests	(37,630)	(32,257)	(52,381)	(55,273)	(90,011)	(87,530)
(iii) <u>Summarised statements of cash flows</u>						
Operating activities	125,470	141,418	228,393	163,063	353,863	304,481
Investing activities	10,670	(96,864)	(139,657)	(68,413)	(128,987)	(165,277)
Financing activities	(123,327)	(99,174)	57,907	(67,290)	(65,420)	(166,464)
Net increase/(decrease) in cash and cash equivalents	12,813	(54,620)	146,643	27,360	159,456	(27,260)

17. INVESTMENTS IN ASSOCIATES

	Group	
	2015 RM'000	2014 RM'000
Quoted shares outside Malaysia, at cost	–	69,422
Unquoted shares outside Malaysia, at cost	324	324
Share of post-acquisition reserves	837	1,979
	1,161	71,725
Exchange differences	85	(2,443)
	1,246	69,282

Details of associates are as follows:

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *	
			2015	2014
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
Odel PLC ("Odel") ^ # (i)	Sri Lanka	Fashion retailing	–	47.5
Futurestead Sdn Bhd ("Futurestead") & (ii)	Malaysia	Investment holding	50	–
Wealthstead Sdn Bhd ("Wealthstead") & (ii)	Malaysia	Operation of food and beverage businesses	50	–

All the investments in associates are accounted for using the equity method.

The financial year end of Shanghai Nine Sea, Futurestead and Wealthstead are 31 December and Odel is 31 March. 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.

(i) During the financial year, the Group had completed the disposal of its entire equity interest in Odel pursuant to the mandatory offer for a total consideration of approximately RM78,209,000 as disclosed in Note 37(c). The Group realised a gain of RM3,639,000 from this disposal as disclosed in Note 8(a).

(ii) These entities form part of the AUM group of companies which were acquired during the financial year as disclosed in Note 37(a)(ii).

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.

	Odel	
	2015 RM'000	2014 RM'000
(i) <u>Summarised statements of financial position</u> (*)		
Non-current assets	–	78,709
Current assets	–	108,748
Total assets	–	187,457
Non-current liabilities	–	8,964
Current liabilities	–	34,850
Total liabilities	–	43,814
Net assets	–	143,643
(ii) <u>Summarised statements of profit or loss</u>		
Revenue	39,207	113,975
Profit for the financial period/year	217	4,778
(iii) Group's share of net assets, representing carrying amount of Group's interest in the associate (*)	–	68,173
(iv) Group's share of results of the associate	103	2,267
(*) Not applicable for 2015 as the Group had completed the disposal of its entire equity interest in Odel during the financial year.		

18. INVESTMENTS IN JOINT VENTURES

	2015 RM'000	Group 2014 RM'000
Share of net assets	39,423	33,976

Details of joint ventures are as follows:

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group *	
			2015	2014
Xinjiang Youhao Parkson Development Co Ltd ("Xinjiang Youhao") (i)	People's Republic of China	Operation of department stores	51	51
Marlow House Asia Limited &	British Virgin Islands	Investment holding	50	50
Watatime group of companies: &				
Watatime Marketing Sdn Bhd	Malaysia	Wholesaling of watches	50	50
J. Bovier Time (M) Sdn Bhd	Malaysia	Retailing of watches	50	50
Watatime (Subang) Sdn Bhd	Malaysia	Retailing of watches	37.5	37.5
Watatime (M) Sdn Bhd	Malaysia	Retailing of watches	50	50
Watatime Group Sdn Bhd	Malaysia	Dormant	50	50
The Time Shop Sdn Bhd	Malaysia	Retailing of watches	50	50
Wata Time (S) Pte Ltd	Singapore	Dormant	50	50
Valino International Apparel Sdn Bhd ("Valino") & (ii)	Malaysia	Apparel retailer	50	—

All the investments in joint ventures are accounted for using the equity method.

All of the joint ventures have the same reporting period as the Group except for Xinjiang Youhao and Valino. The financial year end for both the companies 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.

18. INVESTMENTS IN JOINT VENTURES (continued)

- * 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.
- & Audited by a firm other than Ernst & Young.
- (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 Valino for a cash consideration of RM3,000,000 as disclosed in Note 37(a)(i)(bb).

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	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) <u>Summarised statements of financial position</u>						
Non-current assets	11,693	11,446	7,173	6,842	18,866	18,288
Current assets	90,480	73,662	126,209	115,799	216,689	189,461
Total assets	102,173	85,108	133,382	122,641	235,555	207,749
Non-current liabilities	2,573	2,317	1,654	920	4,227	3,237
Current liabilities	76,968	58,830	84,165	85,799	161,133	144,629
Total liabilities	79,541	61,147	85,819	86,719	165,360	147,866
Net assets	22,632	23,961	47,563	35,922	70,195	59,883
(ii) <u>Summarised statements of profit or loss</u>						
Revenue	60,072	33,475	99,098	99,757	159,170	133,232
(Loss)/profit for the financial year	(4,682)	(1,371)	31,597	34,741	26,915	33,370
(iii) Group's share of net assets, representing carrying amount of Group's interest in joint ventures	13,315	15,656	24,257	18,320	37,572	33,976
(iv) Group's share of results of joint ventures	(2,341)	(644)	16,114	17,718	13,773	17,074

19. DEFERRED TAX ASSETS/(LIABILITIES)

	2015 RM'000	Group 2014 RM'000 (Restated)
At 1 July	(17,541)	(32,553)
Recognised in profit or loss (Note 9)	41,101	16,398
Business combinations (Note 16(a))	(3,397)	—
Exchange differences	(4,075)	(1,386)
	<u>16,088</u>	<u>(17,541)</u>
At 30 June	<u>16,088</u>	<u>(17,541)</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	165,669	123,509
Deferred tax liabilities	(149,581)	(141,050)
	<u>16,088</u>	<u>(17,541)</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 2014, restated	2,913	20,867	99,729	123,509
Recognised in profit or loss	236	9,658	12,650	22,544
Exchange differences	340	3,879	15,397	19,616
	<u>3,489</u>	<u>34,404</u>	<u>127,776</u>	<u>165,669</u>
At 30 June 2015	<u>3,489</u>	<u>34,404</u>	<u>127,776</u>	<u>165,669</u>
At 1 July 2013, restated	3,228	33,841	64,500	101,569
Recognised in profit or loss	(59)	(13,258)	37,344	24,027
Exchange differences	(256)	284	(2,115)	(2,087)
	<u>2,913</u>	<u>20,867</u>	<u>99,729</u>	<u>123,509</u>
At 30 June 2014, restated	<u>2,913</u>	<u>20,867</u>	<u>99,729</u>	<u>123,509</u>

* Others comprises accrued of rental and other expenses and coupon provision.

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 2014	(84,902)	(43,465)	(12,016)	(667)	(141,050)
Recognised in profit or loss	4,714	429	13,083	331	18,557
Business combinations (Note 16(a))	(355)	–	–	(3,042)	(3,397)
Exchange differences	(11,596)	(10,994)	(1,067)	(34)	(23,691)
At 30 June 2015	(92,139)	(54,030)	–	(3,412)	(149,581)
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)

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

	Group 2015 RM'000	2014 RM'000
Unused tax losses	458,557	284,187
Unabsorbed capital allowances	1,177	1,177
	459,734	285,364
Deferred tax at 24% (2014: 25%), if recognised	110,336	71,341

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 RM110,336,000 (2014: RM71,341,000) 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. The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

20. OTHER ASSETS

	Group	
	2015 RM'000	2014 RM'000
Lease deposits	140,491	104,124
Lease and other prepayments (i)	208,979	212,998
Deferred lease expense (ii)	58,393	74,142
Prepayment for acquisition of land and building (iii)	721,265	—
Other deposits (iv)	65,350	37,574
	1,194,478	428,838

- (i) This represents mainly the long term portion of the prepaid lease rental paid to lessors.
- (ii) Deferred lease expense represents the difference between the fair value of non-current rental deposits recognised on initial recognition and the nominal deposit amount, which is amortised on a straight-line basis over the lease terms ranging from 2 to 15 years (2014: 2 to 16 years).

The movement in deferred lease expense is as follows:

	Group	
	2015 RM'000	2014 RM'000
At 1 July	75,691	71,969
(Reversals)/additions during the financial year	(15,285)	7,866
Recognised in profit or loss (Note 8(a))	(7,666)	(4,184)
Disposal group classified as held for sale	(2,549)	—
Exchange differences	9,914	40
At 30 June	60,105	75,691
Less: Current portion of deferred lease expense (Note 25)	(1,712)	(1,549)
Non-current portion of deferred lease expense	58,393	74,142

- (iii) This amount represents prepayment for the acquisition of the land use right and construction of a new shopping mall in the Qingdao City, the PRC ("Qingdao Shopping Mall").
- (iv) Included in other deposits are US\$13,338,000 or equivalent to approximately RM50,338,000 (2014: US\$11,710,000 or equivalent to approximately RM37,574,000) paid for the proposed lease and acquisition of a retail mall in Cambodia.

21. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Non-current		
Amounts due from subsidiaries	7,481,270	7,582,962
Less: Allowance for impairment loss	(5,371,910)	(5,171,000)
	<u>2,109,360</u>	<u>2,411,962</u>
Current		
Amounts due from subsidiaries	<u>1,729</u>	<u>3,612</u>
 Movement in allowance accounts:		
At 1 July	5,171,000	3,777,000
Charge for the financial year	207,910	1,394,000
Reversal for the financial year	(7,000)	–
At 30 June	<u>5,371,910</u>	<u>5,171,000</u>

Included in the allowance for impairment loss during the financial year was an allowance made on the amount due from East Crest International Limited, a wholly-owned subsidiary which holds 53.1% (2014: 52.1%) equity interest in Parkson Retail, of RM197,000,000 (2014: RM1,387,000,000). 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

	2015 RM'000	Group 2014 RM'000 (Restated)
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
	<u>233</u>	<u>233</u>
Held-to-maturity investment:		
- Unquoted shares, at amortised cost	30,012	30,000
	<u>30,012</u>	<u>30,000</u>
Total non-current investment securities	30,245	30,233
Current		
Available-for-sale financial investments:		
- Money market instruments, quoted, representing total current investment securities	33,243	55,684
	<u>33,243</u>	<u>55,684</u>
Total investment securities	63,488	85,917

- (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

	2015 RM'000	Group 2014 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>52</u>	<u>1,270</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 WTime 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. The call option fee is RM3,200,000. Further details on fair value measurement of the Call Option are disclosed in Note 39(a).

During the financial year, a fair value loss on derivative of RM1,218,000 (2014: RM1,982,000) was recognised in profit or loss (Note 8(a)).

24. INVENTORIES

	2015 RM'000	Group 2014 RM'000
At costs:		
Merchandise inventories	337,521	312,461
Properties held for sale	6,171	5,291
Consumables	15,539	7,874
	<u>359,231</u>	<u>325,626</u>
At realisable value:		
Merchandise inventories	127	133
Total	<u>359,358</u>	<u>325,759</u>

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,275,980,000 (2014: RM1,151,414,000).

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current				
Trade receivables				
Third parties	47,701	20,249	–	–
Less: Allowance for impairment loss	(1,105)	(1,121)	–	–
Trade receivables, net	46,596	19,128	–	–
Other receivables				
Sundry receivables (i)	142,111	159,566	3	2
Less: Allowance for impairment loss	(7,505)	(6,248)	–	–
	134,606	153,318	3	2
Deposits (ii)	77,341	52,680	7	7
Less: Allowance for impairment loss	(33,389)	–	–	–
	43,952	52,680	7	7
Amounts due from joint ventures (iii)	13,208	9,705	–	–
Amounts due from related parties (iv)	14,940	14,409	14,940	14,409
Lease prepayments (v)	207,756	160,505	–	–
Prepayments (vi)	163,290	398,449	–	–
Deferred lease expense (Note 20)	1,712	1,549	–	–
Other receivables, net	579,464	790,615	14,950	14,418
Total trade and other receivables	626,060	809,743	14,950	14,418
Add: Deposits, cash and bank balances (Note 26)	2,785,599	2,570,412	2,982	8,904
Add: Long term deposits	205,841	141,698	–	–
Add: Amounts due from subsidiaries (Note 21)	–	–	2,111,089	2,415,574
Less: Lease prepayments	(207,756)	(160,505)	–	–
Less: Prepayments	(163,290)	(398,449)	–	–
Less: Deferred lease expense	(1,712)	(1,549)	–	–
Total loans and receivables	3,244,742	2,961,350	2,129,021	2,438,896

25. TRADE AND OTHER RECEIVABLES (continued)

(i) Sundry receivables

Sundry receivables comprise the following:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Credit card sales receivables	18,548	25,131	—	—
Advances to suppliers	43,824	70,120	—	—
Accrued interest on deposits	15,564	18,671	—	—
Compensation receivable from a landlord	12,056	—	—	—
Others	52,119	45,644	3	2
	142,111	159,566	3	2

Sundry receivables are non-interest bearing with average credit terms ranging from 1 to 90 days (2014: 1 to 90 days).

(ii) Deposits

Included in deposits are:

- a refundable deposit of RM11,782,000 (2014: RM13,418,000) 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.
- deposits of RM29,405,000 (2014: RM25,511,000) 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.

During the financial year, Parkson Vietnam carried out a review on the recoverable amount of the deposits paid. An allowance for impairment loss of RM21,668,000 (2014: Nil) was recognised in profit or loss during the financial year.

(iii) Amounts due from joint ventures

Included in the amounts due from joint ventures is an unsecured amount of RM8,500,000 (2014: RM6,500,000) due from Watatime (M) Sdn Bhd which bears interest of 7% per annum (2014: 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	
	2015	2014
	RM'000	RM'000
Principal amount	6,000	6,000
Interest	8,818	8,287
	14,818	14,287

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 2015, a total of RM34,000,000 (2014: RM34,000,000) deferred payment was paid by Total Triumph to the Company.

The amount due from Total Triumph bears interest of 1% (2014: 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 RM191,896,000 (2014: RM118,347,000) paid to landlords by subsidiaries in the PRC which bore interests ranging from 6% to 15% per annum (2014: 5% to 13% per annum).

(vi) Prepayments

Included in prepayments as at 30 June 2014 was RM317,086,000 paid into an escrow account for the acquisition of the land use right and construction of the Qingdao Shopping Mall.

As at 30 June 2014, the acquisition of the Qingdao Shopping Mall has not been completed pending fulfilment of certain conditions precedent. The prepayment was reclassified to Other Assets (Note 20) subsequent to the signing of a sale and purchase agreement for the acquisition of the Qingdao Shopping Mall in December 2014.

25. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables

Credit terms of trade receivables range from payment in advance to 90 days (2014: payment in advance to 90 days).

Other information on financial risks of trade and other receivables are disclosed in Note 40.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2015	2014
	RM'000	RM'000
Neither past due nor impaired	36,828	10,301
1 to 30 days past due not impaired	3,753	2,761
31 to 60 days past due not impaired	1,496	1,459
61 to 90 days past due not impaired	1,191	1,470
More than 91 days past due not impaired	3,328	3,137
Past due but not impaired	9,768	8,827
Impaired	1,105	1,121
	47,701	20,249

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.

25. TRADE AND OTHER RECEIVABLES (continued)

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:

	Group Individually impaired	
	2015 RM'000	2014 RM'000
Trade receivables - nominal amounts	1,105	1,121
Less: Allowance for impairment loss	(1,105)	(1,121)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Sundry receivables - nominal amounts	7,505	6,248
Less: Allowance for impairment loss	(7,505)	(6,248)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Deposits - nominal amounts	33,389	-
Less: Allowance for impairment loss	(33,389)	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Movement in allowance accounts:

Group	Trade receivables RM'000	Sundry receivables RM'000	Deposits RM'000	Total RM'000
At 1 July 2014	1,121	6,248	-	7,369
Charge for the financial year (Note 8(a)):				
Trade and sundry receivables	206	654	-	860
Investment deposits ((ii)(b))	-	-	21,668	21,668
Rental deposit of a closed store	-	-	9,785	9,785
	<hr/>	<hr/>	<hr/>	<hr/>
	206	654	31,453	32,313
Reversal of impairment loss (Note 8(a))	(275)	-	-	(275)
Exchange differences	53	603	1,936	2,592
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	1,105	7,505	33,389	41,999
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 July 2013	574	3,223	-	3,797
Charge for the financial year (Note 8(a))	533	3,342	-	3,875
Reversal of impairment loss (Note 8(a))	-	(284)	-	(284)
Exchange differences	14	(33)	-	(19)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2014	1,121	6,248	-	7,369
	<hr/>	<hr/>	<hr/>	<hr/>

26. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Deposits, cash and bank balances:				
Cash on hand and at banks				
- Malaysia	64,825	52,563	1,970	2,002
- Foreign	479,418	548,955	–	–
Deposits with:				
Licensed banks				
- Malaysia	138,649	193,601	1,012	–
- Foreign	1,987,588	1,715,335	–	6,902
Licensed finance companies in Malaysia	115,119	59,958	–	–
Total deposits, cash and bank balances	2,785,599	2,570,412	2,982	8,904
Less:				
Investments in principal guaranteed deposits	(1,666,579)	(1,520,074)	–	–
Non-pledged time deposits with original maturity of more than three months when acquired	(108,340)	(126,432)	–	–
Bank overdrafts (Note 31)	(38,413)	–	(34,577)	–
Cash and cash equivalents	972,267	923,906	(31,595)	8,904

As at 30 June 2015, deposits, cash and bank balances of the Group amounting to RM514,942,000 (2014: RM118,608,000) 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 RM2,315,141,000 (2014: RM2,172,857,000) 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 3.5% (2014: 4.2%). 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 are as follows:

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Licensed banks	3.2	3.3	2.7	2.9
Licensed finance companies	3.4	3.1	–	–

Deposits of the Group and of the Company have varying periods of between 1 day and 12 months (2014: 1 day and 12 months). Bank balances are deposits held at call with licensed banks.

27. DISPOSAL GROUP AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

(a) Disposal group classified as held for sale

On 16 June 2015, Parkson Vietnam Co Ltd, a wholly-owned subsidiary of Parkson Asia, entered into a capital assignment agreement with Mr Hoang Manh Cuong (“Cuong”) for the proposed disposal of approximately 30% equity interest in Parkson Hanoi Co Ltd to Cuong for a total cash consideration of USD5,000 (equivalent to approximately RM18,870) (“Proposed Disposal”). As at 30 June 2015, the Proposed Disposal has not yet been completed pending fulfilment of certain conditions precedent.

Further information was disclosed in Note 37(e).

Statement of financial position disclosure

The net liabilities directly associated with disposal group classified as held for sale on the Group’s statement of financial position are as follows:

	2015 RM’000
Assets:	
Property, plant and equipment	1,429
Intangible assets	42
Trade and other receivables and other assets	9,871
Cash and cash equivalents	1,751
	<hr/>
Total assets of disposal group classified as held for sale	13,093
	<hr/>
Liabilities:	
Trade and other payables and other liabilities, representing total liabilities directly associated with disposal group classified as held for sale	 (196,912)
	<hr/>
Net liabilities directly associated with disposal group classified as held for sale	 (183,819)
	<hr/> <hr/>
Reserve of disposal group classified as held for sale	 (1,081)
	<hr/> <hr/>

(b) 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 others segment.

The property was reclassified as non-current assets held for sale as at 30 June 2014 as the proposed disposal was highly probable as at 30 June 2014, with management committed to a plan to dispose the said property to a known third party buyer.

The disposal of KL Festival City Mall was completed on 23 January 2015 as disclosed in Note 37(b).

27. DISPOSAL GROUP AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (continued)

(b) Non-current assets classified as held for sale (continued)

The carrying amount of the non-current assets classified as held for sale was as follows:

	Group 2014 RM'000
Property, plant and equipment (Note 12)	67,134
Investment properties (Note 13)	158,139
	<u>225,273</u>

The gain arising from the disposal is as follows:

	Group 2015 RM'000
Consideration	349,000
Less: RPGT and other costs	(13,055)
	<u>335,945</u>
Net proceeds from disposal	335,945
Less: Carrying amount of the property	(225,273)
	<u>110,672</u>

28. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

Group/Company	Number of ordinary shares of RM1.00 each		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
Authorised share capital				
At 1 July/30 June	4,500,000	4,500,000	4,500,000	4,500,000

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 2014	1,093,902	(59,508)	1,093,902	3,536,816	4,630,718	(166,672)
Purchase of treasury shares	–	(116,292)	–	–	–	(267,427)
Distribution of share dividends (Note 10)	–	112,658	–	(292,214)	(292,214)	292,214
Share dividend payable (Note 10)	–	–	–	(138,959)	(138,959)	–
At 30 June 2015	<u>1,093,902</u>	<u>(63,142)</u>	<u>1,093,902</u>	<u>3,105,643</u>	<u>4,199,545</u>	<u>(141,885)</u>
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 (Note 10)	–	61,078	–	(194,600)	(194,600)	194,600
At 30 June 2014	<u>1,093,902</u>	<u>(59,508)</u>	<u>1,093,902</u>	<u>3,536,816</u>	<u>4,630,718</u>	<u>(166,672)</u>

28. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (continued)

(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 116,292,500 (2014: 108,196,200) of its issued ordinary shares from the open market at an average price of RM2.30 (2014: RM2.80) per share. The total consideration paid for the repurchased shares including transaction costs was RM267,427,000 (2014: 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.

Share dividends approved in respect of the financial year ended 30 June 2015:

- (i) The Company had during the current financial year distributed:
 - (aa) a total of 61,703,857 treasury shares 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, fraction of treasury shares being disregarded; and
 - (bb) a total of 50,954,468 treasury shares as share dividend on 26 March 2015 on the basis of one (1) treasury share for every twenty (20) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.
- (ii) The Company had on 2 July 2015 distributed a total of 61,839,781 treasury shares 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 2015, the number of outstanding ordinary shares in issue after the set off of 63,141,861 (2014: 59,507,686) treasury shares held by the Company were 1,030,760,189 (2014: 1,034,394,364) ordinary shares of RM1.00 each and after deducting 61,839,781 treasury shares distributed as share dividend on 2 July 2015 as mentioned in (ii) above, the remaining treasury shares held were 1,302,080 shares, resulting in the number of outstanding ordinary shares in issue of 1,092,599,970 ordinary shares of RM1.00 each.

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)	Premium on acquisition of non- controlling interests RM'000	Reserve of disposal group classified as held for sale RM'000	Total RM'000
2015								
At 1 July 2014	89,800	10,290	67,698	81,420	(2,189,985)	(3,843)	-	(1,944,620)
Other comprehensive income/ (loss) for the financial year								
Cumulative exchange differences on disposal of an associate transferred to profit and loss	2,620	-	-	-	-	-	-	2,620
Foreign currency translation	508,269	3,209	21,416	23,461	-	-	-	556,355
Less: Non-controlling interests	(224,841)	(1,521)	(10,147)	(11,043)	-	-	-	(247,552)
	286,048	1,688	11,269	12,418	-	-	-	311,423
Transactions with owners								
Transfer to capital reserves	-	-	-	1,108	-	-	-	1,108
Transfer from retained profits	-	-	-	-	118,883	-	-	118,883
Cancellation of treasury shares by a subsidiary	1,907	219	1,459	1,598	-	-	-	5,183
	1,907	219	1,459	2,706	118,883	-	-	125,174
Reserve of disposal group classified as held for sale (Note 27(a))	1,081	-	-	-	-	-	(1,081)	-
At 30 June 2015	378,836	12,197	80,426	96,544	(2,071,102)	(3,843)	(1,081)	(1,508,023)

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)	Premium on acquisition of non- controlling interests RM'000	Reserve of disposal group classified as held for sale 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 financial 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)

Company	Share option reserve RM'000 (a)	Capital redemption reserve RM'000	Total RM'000
At 1 July 2014 and 30 June 2015	138	2,905,831	2,905,969
At 1 July 2013 and 30 June 2014	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 ("PRD") prior to the Group acquiring the remaining 44% equity interest in PRD 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. The RCSLS was fully converted in August 2010.

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.

30. EMPLOYEE SHARE-BASED PAYMENT (continued)

(a) Employee share-based payment of the Company (continued)

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.

The following tables illustrate the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial years:

2015		Number of options				
Grant date	As at 1.7.2014	Granted	Exercised	Lapsed	As at 30.6.2015	Exercisable 30.6.2015
7 April 2010	70,000	–	–	–	70,000	70,000
WAEP (RM)	5.31	–	–	–	5.31	5.31

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

(i) Share options exercised during the financial years

No option was exercised during the financial years ended 30 June 2015 and 30 June 2014.

The related average share price of the Company during the financial year was RM2.41 (2014: RM3.13) per share.

(ii) Fair value of share options granted

The fair value of the options granted was estimated on the grant date using the 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 27 November 2012, a total of 34,171,500 share options were granted by Parkson Retail to 642 eligible employees, including directors and a 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, suppliers, customers and shareholders of Parkson Retail and non-controlling shareholders in the subsidiaries 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 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.

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:

2015		Number of options				
Grant date	As at 1.7.2014	Granted	Exercised	Lapsed	As at 30.6.2015	Exercisable 30.6.2015
27 November 2012	29,822,500	–	–	(7,880,500)	21,942,000	21,942,000
WAEP (HK\$)	6.24	–	–	6.24	6.24	6.24

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

(i) Share options exercised during the financial years

No option was exercised during the financial years ended 30 June 2015 and 30 June 2014.

The related average share price of Parkson Retail during the financial year was HK\$2.01 (2014: HK\$2.55) per share.

(ii) Fair value of share options granted

The fair value of the options granted was estimated on the grant date using the 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 27 November 2012 was estimated on the grant date using the following assumptions:

Fair value of share options (HK\$)	1.45
Dividend yield (%)	3.54
Expected volatility (%)	39.01 - 45.40
Risk-free interest rate (%)	0.181 - 0.234
Expected life (years)	3.09 - 4.09
Share price (HK\$)	6.24

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current				
Secured:				
Hire purchase liabilities (Note 32)	183	22	23	22
Term loans	626	—	—	—
Bank loans (i):				
US\$ denominated	161,231	67,570	—	—
HK\$ denominated	276,897	75,860	—	—
Unsecured:				
Bank overdrafts	38,413	—	34,577	—
Short term loans and borrowings	477,350	143,452	34,600	22
Non-current				
Secured:				
Hire purchase liabilities (Note 32)	639	46	23	46
Term loans	2,203	—	—	—
Bank loans (i):				
US\$ denominated	41,460	—	—	—
Bonds (ii)	1,829,682	1,575,123	—	—
Long term loans and borrowings	1,873,984	1,575,169	23	46
Total loans and borrowings	2,351,334	1,718,621	34,623	68
Total loans and borrowings				
Hire purchase liabilities (Note 32)	822	68	46	68
Other loans and borrowings:				
Term loans	2,829	—	—	—
Bank loans (i)	479,588	143,430	—	—
Bonds (ii)	1,829,682	1,575,123	—	—
Bank overdrafts	38,413	—	34,577	—
	2,351,334	1,718,621	34,623	68
Maturity of loans and borrowings (excluding hire purchase liabilities):				
Within one year	477,167	143,430	34,577	—
More than two years and less than five years	1,873,345	1,575,123	—	—
	2,350,512	1,718,553	34,577	—

31. LOANS AND BORROWINGS (continued)

The weighted average effective interest rates at the reporting date for loans and borrowings (other than hire purchase liabilities) are as follows:

	Group	
	2015	2014
	%	%
Term loans	8.6	—
Bank loans	2.1	1.6
Bank overdrafts	6.9	—
Bonds	4.8	4.8

- (i) The bank loans are secured by the Group's investments in principal guaranteed deposits amounting to RM514,942,000 (2014: RM118,037,000) as at 30 June 2015. Bank loans denominated in US\$ bear floating interest rates ranging from 1% to 2% per annum (2014: 1% to 2% per annum) over London Interbank Offered Rate. Bank loans denominated in HK\$ bear floating interest rates ranging from 0.8% to 2.5% per annum (2014: 0.8% to 2% per annum) over Hang Seng 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Minimum lease payments:				
Not later than one year	212	24	24	24
Later than one year and not later than two years	202	24	24	24
Later than two years and not later than five years	507	24	–	24
	<u>921</u>	<u>72</u>	<u>48</u>	<u>72</u>
Less: Future finance charges	(99)	(4)	(2)	(4)
	<u>822</u>	<u>68</u>	<u>46</u>	<u>68</u>
Present value of finance lease liabilities:				
Not later than one year	183	22	23	22
Later than one year and not later than two years	175	23	23	23
Later than two years and not later than five years	464	23	–	23
	<u>822</u>	<u>68</u>	<u>46</u>	<u>68</u>
Representing:				
Current (Note 31)	183	22	23	22
Non-current (Note 31)	639	46	23	46
	<u>822</u>	<u>68</u>	<u>46</u>	<u>68</u>

Hire purchase liabilities are effectively secured as the rights to the hired assets revert to the hirers in the event of default.

The contractual interest rates and weighted average effective interest rate as at 30 June are as follows:

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Contractual interest rates	2.5 - 2.7	2.5	2.5	2.5
Weighted average effective interest rate	<u>5.0</u>	<u>4.8</u>	<u>4.8</u>	<u>4.8</u>

33. LONG TERM PAYABLES

	Group	
	2015 RM'000	2014 RM'000
Rental deposits (i)	489,073	306,147
Deferred lease income (ii)	39,065	15,350
Defined benefit obligation (iii)	1,216	812
Others	317	321
	529,671	322,630

- (i) Non-current rental deposits have maturity ranging from 2 to 15 years (2014: 2 to 16 years). The rental deposits are initially recognised at their fair values. The difference between fair value and the nominal deposit amount is recorded as deferred lease income.
- (ii) Deferred lease income represents the difference between fair value of non-current rental deposits recognised on initial recognition and the nominal deposit amount, which is amortised on a straight-line basis over the lease terms ranging from 2 to 15 years (2014: 2 to 16 years).

The movement in deferred lease income is as follows:

	Group	
	2015 RM'000	2014 RM'000
At 1 July	15,820	12,195
Additions during the financial year	28,107	5,861
Refunds during the financial year	(4,269)	–
Recognised in profit or loss (Note 8(a))	(2,019)	(2,324)
Exchange differences	1,647	88
At 30 June	39,286	15,820
Less: Current portion of deferred lease income (Note 34)	(221)	(470)
	39,065	15,350

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 2015 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 employee benefits expense recognised in profit or loss:

	Group	
	2015	2014
	RM'000	RM'000
Current service cost	243	206
Interest cost on benefit obligations	90	46
Expected return on assets	(16)	—
	<hr/>	<hr/>
Employee benefits expense (Note 6)	317	252
	<hr/>	<hr/>

The estimated liabilities for employee benefits at the reporting date are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Defined benefit obligation	1,415	1,056
Fair value of planned assets	(199)	(244)
	<hr/>	<hr/>
Liabilities at 30 June	1,216	812
	<hr/>	<hr/>

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Benefit obligation at 1 July	812	894
Provision during the financial year	317	252
Exchange differences	87	(334)
	<hr/>	<hr/>
Benefit obligation at 30 June	1,216	812
	<hr/>	<hr/>

34. TRADE AND OTHER PAYABLES AND OTHER LIABILITIES

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Current				
Trade and other payables:				
Trade payables ⁽ⁱ⁾	1,155,016	1,073,188	–	–
Other payables ⁽ⁱⁱ⁾	159,881	121,539	11	3,060
Amount due to a related party ⁽ⁱⁱⁱ⁾	146	81	119	81
Deposits	119,974	113,084	–	–
Accruals	188,229	142,981	1,179	1,170
Capital gains tax payable	14,691	20,000	–	–
Deferred lease income (Note 33)	221	470	–	–
Share dividend payable (Note 10)	138,959	–	138,959	–
	<u>1,777,117</u>	<u>1,471,343</u>	<u>140,268</u>	<u>4,311</u>
Other liabilities:				
Provisions ^(iv)	84,630	–	–	–
Deferred revenue from gift cards/vouchers sold	523,369	557,214	–	–
Deferred revenue from customer loyalty award ^(v)	52,800	50,088	–	–
	<u>660,799</u>	<u>607,302</u>	<u>–</u>	<u>–</u>
	<u>2,437,916</u>	<u>2,078,645</u>	<u>140,268</u>	<u>4,311</u>
Total trade and other payables (as above)	1,777,117	1,471,343	140,268	4,311
Add:				
Rental deposits (Note 33)	489,073	306,147	–	–
Loans and borrowings (Note 31)	2,351,334	1,718,621	34,623	68
Less:				
Deferred lease income	(221)	(470)	–	–
Total financial liabilities carried at amortised cost	<u>4,617,303</u>	<u>3,495,641</u>	<u>174,891</u>	<u>4,379</u>

- (i) Credit terms of trade payables granted to the Group vary from 30 to 90 days (2014: 30 to 90 days).
- (ii) These amounts are non-interest bearing. Other payables are normally settled on average terms of 30 to 90 days (2014: 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) Provisions represented items as follows:

(aa) Contingent expenses

	Group 2015 RM'000
At 1 July	–
Recognised in profit or loss	170,813
Reclassified to disposal group classified as held for sale (Note 27(a))	(170,813)
	<hr/>
At 30 June	–
	<hr/>

Contingent expenses of RM170,813,000 was provided in relation to the early termination of a lease at Landmark 72, Hanoi by Parkson Hanoi Co Ltd (“Parkson Hanoi”). These contingent expenses represent possible compensation i.e. maximum rental for the remaining lease term, payable by Parkson Hanoi to the landlord for breach of terms of tenancy agreement. Any compensation claim will be a lower amount than the maximum contingent expenses provided in the event the premise is re-tenanted.

(bb) Arbitral award in respect of tenancy agreement

	Group 2015 RM'000
At 1 July	–
Recognised in profit or loss	79,338
Exchange differences	5,292
	<hr/>
At 30 June	84,630
	<hr/>

This relates to provisions of rental expenses and other expenses in relation to a litigation. The China International Economic and Trade Arbitration Commission (the “Arbitration Commission”) had issued an arbitral award dated 25 March 2015 made in favour of the landlord of part of the premises situated at Metro City Shopping Plaza (“Metro City”), which is an independent third party (the “Beijing Metro City Landlord”) and ordered Parkson Retail Development Co Ltd (“PRD”) (the “Tenant”), a wholly-owned subsidiary of Parkson Retail to, among other things, pay to the Beijing Metro City Landlord fees of RMB49,370,379.60 (equivalent to approximately RM29,760,000) for the occupation of the Metro City after the termination of a tenancy agreement, rental of RMB89,923,270.22 (equivalent to approximately RM54,206,000) (being the difference between the amount of rental which the Tenant had already paid and the amount of rental which the Arbitration Commission had determined to be payable by the Tenant) and an arbitration fee of RMB1,101,864.80 (equivalent to approximately RM664,000).

34. TRADE AND OTHER PAYABLES AND OTHER LIABILITIES (continued)

(v) A reconciliation of the deferred revenue from customer loyalty award is as follows:

	2015 RM'000	Group 2014 RM'000
At 1 July	50,088	57,224
Additions during the financial year	25,039	40,064
Recognised as revenue	(19,242)	(30,194)
Lapsed amounts reversed	(10,383)	(16,204)
Exchange differences	7,298	(802)
At 30 June	52,800	50,088

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 certain substantial shareholders of the Company have interests
Posim Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Posim EMS Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Lion Trading & Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Secom (Malaysia) Sdn Bhd	A company in which a Director and certain 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 certain substantial shareholders of the Company have interests
Reek (M) Sdn Bhd ("Reek")	A director of Reek is also the director of a subsidiary
Total Triumph Investments Limited	A company in which a Director and certain 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
Visionwell Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Ayer Keroh Resort Sdn Bhd	A company in which a Director and certain substantial shareholders 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 certain 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:

	Group	
	2015 RM'000	2014 RM'000
Purchases of goods and services from:		
- Bonuskad Loyalty Sdn Bhd	10,482	10,664
- Posim Marketing Sdn Bhd	1,573	1,824
- Posim EMS Sdn Bhd	2,758	1,713
- Lion Trading & Marketing Sdn Bhd	792	469
- Secom (Malaysia) Sdn Bhd	71	774
- WatchMart (M) Sdn Bhd	356	467
- PT Monica Hijaulestari	12,696	9,658
- Brands Pro Management Sdn Bhd	525	421
- Reek	1,378	—
- Valino International Apparel Sdn Bhd	4,143	—
Interest income from:		
- Watatime (M) Sdn Bhd (Note 7)	532	61
- Total Triumph Investments Limited (Note 7)	531	688
Rental of office and/or warehouse space from:		
- PT Tozy Bintang Sentosa	647	629
- Visionwell Sdn Bhd	738	—
Acquisitions from Ayer Keroh Resort Sdn Bhd (Note 37(d)):		
- 100% equity interest and redeemable convertible cumulative preference shares in Dimensi Andaman	53,720	—
- Land	39,240	—
		</

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 2015 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 are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	3,711	5,989	232	230
Post-employment benefits				
- Defined contribution plan	263	479	14	14
Employee share-based payments of a subsidiary	–	1,248	–	–
	<u>3,974</u>	<u>7,716</u>	<u>246</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	
	2015 RM'000	2014 RM'000
Approved and contracted for:		
Property, plant and equipment	645,635	854,377
Investments (Note 37(a)(i))	–	11,000
	<u>645,635</u>	<u>865,377</u>

36. COMMITMENTS (continued)

(b) Non-cancellable operating lease commitments

	2015 RM'000	Group 2014 RM'000
As lessee		
Future minimum rentals payable:		
Not later than one year	897,305	759,056
Later than one year and not later than five years	3,219,686	2,983,912
Later than five years	5,778,719	5,487,283
	9,895,710	9,230,251

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 22 years (2014: 1 to 23 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).

	2015 RM'000	Group 2014 RM'000
As lessor		
Future minimum rentals receivable:		
Not later than one year	126,701	136,732
Later than one year and not later than five years	235,190	225,650
Later than five years	164,953	50,497
	526,844	412,879

The Group leases certain of its properties under operating leases. These leases have remaining non-cancellable lease terms ranging from 1 to 12 years (2014: 1 to 13 years) with terms of renewal included in the contracts.

37. SIGNIFICANT 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 and consequent thereupon, Giftmate became a 60% owned subsidiary of the Company; 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"). The Acquisition of Valino was completed on 9 October 2014.
- (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 (collectively, the "AUM group of companies") for a cash consideration of RM48,000,000 ("Acquisition of AUM"). The Acquisition of AUM was completed on 8 October 2014 and consequent thereupon, the AUM group of companies became subsidiaries of the Company.

(b) On 19 August 2014, Festival City Sdn Bhd ("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 Festival Mall Disposal was completed on 23 January 2015.

(c) On 11 September 2014, Softlogic Holdings PLC together with Softlogic Retail (Private) Limited (collectively, "Softlogic") acquired 122,894,000 ordinary shares in Odel PLC ("Odel") ("Odel Shares") representing approximately 45.16% of the issued and paid-up share capital of Odel, an associate of the Group listed on the Colombo Stock Exchange in Sri Lanka, at prices between LKR21.80 and LKR22.00 per Odel 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 Odel Shares not already owned by them at LKR22.00 per share ("Offer").

The sale of the Group's entire 129,150,864 Odel Shares representing 47.46% of the issued and paid-up share capital of Odel at LKR22.00 per share for a total cash consideration of LKR2,841,319,008 (equivalent to approximately RM78,209,000) pursuant to the Offer was completed on 4 November 2014.

(d) On 29 January 2015, Megan Mastika Sdn Bhd ("Megan Mastika"), a wholly-owned subsidiary of the Company, completed the following acquisitions from Ayer Keroh Resort Sdn Bhd:

- (i) 300,000 ordinary shares of RM1.00 each fully paid representing 100% equity interest in Dimensi Andaman Sdn Bhd ("Dimensi Andaman") for a cash consideration of RM1.00 and 53,719,999 redeemable convertible cumulative preference shares of RM1.00 each fully paid in Dimensi Andaman for a cash consideration of RM53,719,999. Dimensi Andaman owns 8.22 acres of land located in Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Melaka; and
- (ii) 6 acres of land located in Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Melaka for a cash consideration of RM39,240,000.

Consequent thereupon, Dimensi Andaman became a wholly-owned subsidiary of the Company with effect from 29 January 2015.

(e) On 16 June 2015, Parkson Vietnam Co Ltd, a wholly-owned subsidiary of Parkson Asia, entered into a capital assignment agreement with Mr Hoang Manh Cuong ("Cuong") for the proposed disposal of approximately 30% equity interest in Parkson Hanoi Co Ltd ("Parkson Hanoi") to Cuong for a total cash consideration of USD5,000 (equivalent to approximately RM18,870) ("Proposed Disposal"). The Proposed Disposal was completed on 17 August 2015. Consequent thereupon, Parkson Hanoi ceased to be a subsidiary and became an associate of Parkson Asia and the Company with effect from 17 August 2015.

38. SUBSEQUENT EVENTS

- (a) On 10 July 2015, Grand Parkson Retail Group Limited, a wholly-owned subsidiary of Parkson Retail Group Limited ("Parkson Retail"), completed the acquisition of 70 ordinary shares of RM1.00 each fully paid representing 70% equity interest in YeeHaw Best Practices Sdn Bhd ("YeeHaw") (formerly known as Brilliant Podium Sdn Bhd) for a cash consideration of RM15,000,000. YeeHaw is the owner of the "Franco" brand, a French-Japanese inspired fine-casual dining concept, which complements the Group's existing businesses.
- (b) On 15 July 2015, the Company, East Crest International Limited ("East Crest"), a wholly-owned subsidiary of the Company, Parkson Retail, a then 53.1% owned subsidiary of the Company, and Oroleon (Hong Kong) Limited ("Oroleon"), a wholly-owned subsidiary of Parkson Retail, entered into a conditional sale and purchase agreement for the proposed disposal of 457,933,300 ordinary shares in Parkson Retail Asia Limited ("Parkson Asia"), a company whose shares are listed and quoted on the Main Board of the Singapore Exchange Securities Trading Limited, representing approximately 67.61% of the total issued share capital of Parkson Asia ("Sale Shares") held by East Crest to Oroleon, for a cash consideration of SGD228,508,716.70 (equivalent to approximately RM641,423,968) or SGD0.499 per Sale Share ("Proposed Internal Reorganisation").

On 17 August 2015, the Company proposed to utilise part of the proceeds arising from the Proposed Internal Reorganisation for a distribution of RM0.10 for each existing ordinary share of RM1.00 in the Company in cash to all entitled shareholders of the Company, by way of a proposed capital repayment via a reduction of the share premium account of the Company ("Proposed Distribution").

As at the date of this report, the Proposed Internal Reorganisation and the Proposed Distribution have not been completed pending fulfilment of certain conditions precedent.

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)	
	2015	2014
	RM'000	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	59,180	91,406
IPUC	199,033	98,000
	258,265	190,676

There has been no transfer between Levels 1, 2 and 3 for 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.

Fair value of investment properties is determined using a direct comparison method based on comparable transactions of the investment properties, as disclosed in Note 13.

39. FAIR VALUE (continued)

(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.

- (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) Deposit 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.

39. FAIR VALUE (continued)

(b) Financial instruments (continued)

- (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/(liabilities)				
At 30 June 2015				
Unquoted shares (Note 22)	30,245	^a	—	—
Amounts due from subsidiaries (Note 21)	—	—	2,111,089	^b
Amounts due to subsidiaries	—	—	(131,123)	^b
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2014				
Unquoted shares (Note 22)	30,233	^a	—	—
Amounts due from subsidiaries (Note 21)	—	—	2,415,574	^b
Amounts due to subsidiaries	—	—	(3)	^b
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

^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/(to) 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 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, 78% (2014: 92%) 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 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 2015					
Ringgit Malaysia	20,521	1,148	1,356	–	23,025
Chinese Renminbi	12,856	54,242	2,306	–	69,404
Hong Kong Dollar	2,665	–	–	–	2,665
	36,042	55,390	3,662	–	95,094
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

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				
2015				
Trade and other payables	1,776,896	–	–	1,776,896
Loans and borrowings:				
Bank overdrafts	38,413	–	–	38,413
Hire purchase liabilities	212	709	–	921
Term loans	626	2,203	–	2,829
Bank loans	438,128	41,460	–	479,588
Bonds	84,915	2,056,830	–	2,141,745
Long term payables:				
Rental deposits	–	491,999	506	492,505
Total undiscounted financial liabilities	2,339,190	2,593,201	506	4,932,897
2014				
Trade and other payables	1,470,873	–	–	1,470,873
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	1,686,529	2,135,716	497	3,822,742

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				
2015				
Trade and other payables	140,268	–	–	140,268
Loans and borrowings:				
Bank overdrafts	34,577	–	–	34,577
Hire purchase liabilities	24	24	–	48
Total undiscounted financial liabilities	174,869	24	–	174,893
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

(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 their 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 wholly-owned subsidiary of the Company, which amounted to RM7,446,062,000 (2014: RM7,430,340,000).

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 LIABILITIES

- (a) Parkson Retail Development Co Ltd ("PRD"), a wholly-owned subsidiary of Parkson Retail, is currently a defendant in a lawsuit related to a lease contract termination brought by a third party alleging that PRD should refund the lease deposit and bear a certain amount of contract breach penalty. PRD later made a counter lawsuit against the third party to claim for the unpaid rents. Based on information available, the Board believes that PRD has a valid defence against the allegation and, accordingly, claim arising from the litigation has not been provided.
- (b) PRD is involved in a litigation ("Litigation") with the landlord of the premises situated at the China National Arts and Crafts Museum at the Inner Street of Fuxing Men in Beijing ("Fuxing Men"), which is an independent third party ("Beijing Fuxing Men Landlord"). In October 2014, PRD initiated legal proceedings at the People's Court of the Western District of Beijing ("Court") requesting the Court to order the Beijing Fuxing Men Landlord to perform the head tenancy agreement and to pay all the costs in connection with the legal proceedings. In May 2015, the Beijing Fuxing Men Landlord filed a counterclaim against PRD requesting the Court to order PRD to, among other things (i) vacate the premises; and (ii) pay a fee for occupying the premises during the period from 1 October 2014 up to the date on which PRD has vacated the premises, such fee being RMB47,488,000 (equivalent to approximately RM28,626,000) calculated up to 30 April 2015. Based on information available, the Board believes that PRD has a valid defence against the allegation and accordingly, claim arising from the Litigation has not been provided for.

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 others | - | Operation of food and beverage businesses, credit services and investment holding. The operation of a retail mall in Malaysia has ceased during the financial year following the completion of the disposal of KL Festival City Mall as mentioned in Note 37(b). |

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:

	<div style="text-align: center;"> <div style="display: flex; justify-content: space-between; align-items: center;"> ← Retailing → </div> </div>				Property and others	Elimination	Total
	Malaysia RM'000	PRC RM'000	Myanmar RM'000	Indonesia RM'000	RM'000	RM'000	RM'000
30 June 2015							
Revenue:							
External customers	861,894	2,495,918	124,236	156,809	100,322	–	3,739,179
Inter-segment	–	–	–	–	3,123	(3,123)	–
Total revenue	861,894	2,495,918	124,236	156,809	103,445	(3,123)	3,739,179
Results:							
Segment profit/(loss)	89,763	126,864	(17,345)	(10,202)	2,252	–	191,332
Finance income							106,408
Finance costs							(92,958)
Share of results of associates							156
Share of results of joint ventures							12,625
Gain on disposal of non-current assets held for sale, net of RPGT							110,672
Provision for contingent expenses							(170,813)
Provision for arbitral award in respect of tenancy agreement							(79,338)
Impairment of deposits							(21,668)
Profit before tax							56,416
Total assets	726,568	8,202,692	179,017	179,703	535,365	–	9,823,345
Total liabilities	389,786	4,713,298	250,041	53,782	264,230	–	5,671,137
Capital expenditure	66,551	237,474	5,499	22,251	77,359	–	409,134

42. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows: (continued)

	Retailing				Property and		
	Malaysia	PRC	Myanmar	Indonesia	others	Elimination	Total
	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	860,926	2,400,834	114,916	138,648	43,706	(5,148)	3,553,882
Results:							
Segment profit/(loss)	106,284	222,630	(12,120)	5,974	3,984	–	326,752
Employee share-based payments							(3,452)
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							382,504
Total assets	662,053	6,867,210	200,728	162,870	579,004	–	8,471,865
Total liabilities	401,883	3,753,715	59,532	49,211	26,260	–	4,290,601
Capital expenditure	39,339	193,082	9,222	48,152	13,655	–	303,450

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 2015 and 30 June 2014.

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 of not more than 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 and current investment securities. Capital includes equity attributable to owners of the parent.

	2015 RM'000	Group 2014 RM'000 (Restated)
Trade and other payables and other liabilities (Note 34)	2,437,916	2,078,645
Long term payables (Note 33)	529,671	322,630
Loans and borrowings (Note 31)	2,351,334	1,718,621
Less: Deposits, cash and bank balances (Note 26)	(2,785,599)	(2,570,412)
Investment securities - current (Note 22)	(33,243)	(55,684)
Net debt	2,500,079	1,493,800
Equity attributable to owners of the parent, representing total capital	2,512,456	2,580,545
Capital and net debt	5,012,535	4,074,345
Gearing ratio	50%	37%

44. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES

In the previous financial years, the Group accounted for the operating lease payments for a store in accordance with the terms of the tenancy agreement. Pursuant to MFRS 17 Leases, operating lease payments shall be recognised as an expense on a straight-line basis over the lease term.

The Group has accounted for the operating lease payments for the said store on a straight-line basis during the financial year. Accordingly, the comparative figures have been restated.

Certain comparative figures have also been reclassified to conform to current financial year's presentation.

The effects of the above adjustment items are as follows:

	As previously stated RM'000	Prior year adjustments RM'000	Re- classification RM'000	As restated RM'000
Consolidated statement of profit or loss for the financial year ended 30 June 2014				
Rental expenses	(865,318)	(1,528)	–	(866,846)
Other expenses	(677,845)	(139)	–	(677,984)
Profit before tax	384,171	(1,667)	–	382,504
Income tax expense	(143,783)	334	–	(143,449)
Profit for the financial year				
attributable to:				
Owners of the parent	139,049	(901)	–	138,148
Non-controlling interests	101,339	(432)	–	100,907
Consolidated statement of financial position as at 30 June 2014				
Deferred tax assets	120,447	3,062	–	123,509
Investment securities (current)	–	–	55,684	55,684
Deposits, cash and bank balances	2,626,096	–	(55,684)	2,570,412
Trade and other payables and other liabilities	2,063,338	15,307	–	2,078,645
Retained profits	69,398	(8,279)	–	61,119
Equity attributable to owners of the parent	2,588,824	(8,279)	–	2,580,545
Non-controlling interests	1,604,685	(3,966)	–	1,600,719
Consolidated statement of financial position as at 1 July 2013				
Deferred tax assets	98,836	2,733	–	101,569
Investment securities (current)	–	–	57,514	57,514
Deposits, cash and bank balances	2,986,540	–	(57,514)	2,929,026
Trade and other payables and other liabilities	2,184,252	13,645	–	2,197,897
Retained profits	10,318	(7,378)	–	2,940
Equity attributable to owners of the parent	2,759,151	(7,378)	–	2,751,773
Non-controlling interests	1,625,336	(3,534)	–	1,621,802

45. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits/accumulated losses of the Group and of the Company as at 30 June 2015 and 30 June 2014 into realised and unrealised profits/losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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 Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

	2015 RM'000	Group 2014 RM'000 (Restated)
Total (accumulated losses)/retained profits		
- realised	(79,204)	45,344
- unrealised	39,820	10,354
Total share of retained profits/(accumulated losses) from associates		
- realised	52	2,159
- unrealised	–	(228)
Total share of retained profits from joint ventures		
- realised	1,574	3,184
- unrealised	577	306
Total (accumulated losses)/retained profits	<u>(37,181)</u>	<u>61,119</u>

The accumulated losses of the Company as at 30 June 2015 and 30 June 2014 of RM5,115,917,000 and RM4,911,049,000 respectively, are realised.

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2015

	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 (15)	119.3	June 2004
2.	127, Renming Zhong Road Wuxi, China	Leasehold 22.4.2044	30,498.6 sq metres	Commercial building	Shopping complex and office (19)	28.1	June 2004
3.	239, Dongda Street Xi'an, China	Leasehold 1.5.2040	17,755.4 sq metres	Commercial building	Shopping complex (18)	22.7	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 (21)	444.0	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 (28)	193.2	January 2008
6.	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 (9)	61.2	June 2009
7.	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 (5)	609.3	December 2009
8.	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	446.9	March 2013
9.	Kawasan Bandar XLII Daerah Melaka Tengah Melaka - Lot No. PT 842, HS(D) 72191	Leasehold 28.11.2111	23.2 acres	Land	For mixed development	154.8	December 2012, January 2015
	- Lot No. PT 845, HS(D) 80216	Leasehold 25.5.2113	6 acres	Land	For mixed development	39.2	January 2015
10.	CBD Sektor VII Bintaro Jaya B.07 Blok D No. 5 Pondok Jaya, Pondok Aren Tangerang Selatan, Banten Indonesia	Leasehold 18.12.2020 and 20.10.2028	2,982 sq metres	Land	For development of retail space and office	9.5	March 2015

ANALYSIS OF SHAREHOLDINGS

Share Capital as at 30 September 2015

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 2015

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares*
Less than 100	2,020	16.01	60,598	0.01
100 to 1,000	1,893	15.00	802,099	0.07
1,001 to 10,000	6,612	52.41	22,493,184	2.06
10,001 to 100,000	1,786	14.16	46,451,369	4.25
100,001 to less than 5% of issued shares	301	2.39	587,117,064	53.74
5% and above of issued shares	5	0.03	435,675,656	39.87
	<u>12,617</u>	<u>100.00</u>	<u>1,092,599,970</u>	<u>100.00</u>

Substantial Shareholders as at 30 September 2015

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares*	No. of Shares	% of Shares*
1. Tan Sri William H.J. Cheng	356,785,266	32.65	297,235,006	27.20
2. Tan Sri Cheng Yong Kim	9,835,345	0.90	293,088,221	26.82
3. Dynamic Horizon Holdings Limited	–	–	286,415,339	26.21
4. Lion Industries Corporation Berhad	67,255,102	6.16	219,160,237	20.06
5. LLB Steel Industries Sdn Bhd	–	–	168,925,035	15.46
6. Steelcorp Sdn Bhd	–	–	168,925,035	15.46
7. Amsteel Mills Sdn Bhd	168,797,198	15.45	127,837	0.01
8. Lembaga Tabung Haji	95,218,780	8.71	–	–

Note:

* Based on the issued and paid-up capital of the Company excluding a total of 1,302,080 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 30 September 2015.

Thirty Largest Registered Shareholders as at 30 September 2015

Registered Shareholders	No. of Shares	% of Shares*
1. AMSEC Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Cheng Heng Jem	136,083,553	12.46
2. Lembaga Tabung Haji	95,218,780	8.71
3. UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	83,906,661	7.68
4. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	63,716,378	5.83
5. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (M09)	56,750,284	5.19
6. HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (105-710073)	54,450,708	4.98
7. AMSEC Nominees (Asing) Sdn Bhd AmTrustee Berhad for Excel Step Investments Limited	50,235,202	4.60
8. RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Amsteel Mills Sdn Bhd	38,955,000	3.57
9. RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Lion Industries Corporation Berhad	28,220,337	2.58
10. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	27,616,747	2.53
11. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd - 1	19,482,987	1.78
12. RHB Nominees (Tempatan) Sdn Bhd Industrial and Commercial Bank of China (Malaysia) Berhad Pledged Securities Account for Cheng Heng Jem	19,151,179	1.75
13. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd - 2	19,057,821	1.74
14. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for RHB Kidsave Trust	14,251,117	1.30
15. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (8119566)	13,728,721	1.26
16. MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Cheng Heng Jem (MGN-WCH0004M)	12,807,861	1.17
17. Amanahraya Trustees Berhad Public Islamic Dividend Fund	12,339,714	1.13
18. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad (8106442)	10,580,157	0.97
19. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad icapital. biz Berhad	10,230,760	0.94
20. Cheng Yong Kim	9,835,345	0.90
21. Maybank Nominees (Tempatan) Sdn Bhd Asian Finance Bank Berhad for Trillionvest Sdn Bhd (SF)	9,379,251	0.86
22. Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	8,100,949	0.74
23. Citigroup Nominees (Asing) Sdn Bhd CBNY for State Teachers Retirement System of OHIO	8,003,627	0.73
24. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad	7,478,000	0.68
25. Lee Shin Cheng @ Lee Leong	7,201,300	0.66
26. Lion Realty Private Limited	6,672,882	0.61
27. HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	6,504,587	0.60
28. Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 1)	6,253,298	0.57
29. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd - 2	6,219,800	0.57
30. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd - 3	6,116,850	0.56

Note:

* Based on the issued and paid-up capital of the Company excluding a total of 1,302,080 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 30 September 2015.

Directors' Interests in Shares in the Company and its Related Corporations as at 30 September 2015

The Directors' interests in shares in the Company and its related corporations as at 30 September 2015 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	356,785,266	32.65	297,617,329	27.24
Ooi Kim Lai	RM1.00	188	*	—	—

Related Corporations

Tan Sri William H.J. Cheng

AUM Asiatic Restaurants Sdn Bhd	RM1.00	—	—	187,500	75.00
AUM Hospitality Sdn Bhd	RM1.00	—	—	60,000	60.00
Collective Entity Sdn Bhd	RM1.00	—	—	300,000	60.00
Fantastic Red Sdn Bhd	RM1.00	—	—	75,000	75.00
Giftmate Sdn Bhd	RM1.00	—	—	120,000	60.00
Kiara Innovasi Sdn Bhd	RM1.00	—	—	3,000,000	60.00
Parkson Edutainment World Sdn Bhd	RM1.00	—	—	700,000	70.00
Parkson Myanmar Investment Company Pte Ltd	#	—	—	2,100,000	70.00
Parkson Retail Asia Limited	#	500,000	0.07	457,983,300	67.62
Parkson Retail Group Limited	HK\$0.02	—	—	1,448,270,000	53.49
The Opera Gastroclub Sdn Bhd	RM1.00	—	—	2,250,000	90.00
Urban Palette Sdn Bhd	RM1.00	—	—	720,000	90.00
Vertigo Dot My Sdn Bhd	RM1.00	—	—	60,000	60.00
Lion Food & Beverage Ventures Limited	Rmb1.00	—	—	3,640,000	91.00

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

Notes:

[^] Based on the issued and paid-up capital of the Company excluding a total of 1,302,080 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 30 September 2015.

* 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 2015.

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.
- (c) Sale and Purchase Agreement dated 24 December 2014 ("SPA") entered into between Megan Mastika Sdn Bhd ("MMSB") (a wholly-owned subsidiary of Parkson Holdings Berhad) and Ayer Keroh Resort Sdn Bhd ("AKR"), a company in which a Director who is also a major shareholder of the Company has interest, for the acquisition by MMSB of 300,000 ordinary shares of RM1.00 each fully paid representing 100% equity interest in Dimensi Andaman Sdn Bhd ("DASB") (a wholly-owned subsidiary of AKR) for a cash consideration of RM1.00 and the assignment of the proforma amount due to AKR by DASB of RM53.72 million to MMSB for a cash consideration of RM53.72 million. The SPA was terminated on 29 January 2015.
- (d) Sale and Purchase Agreement dated 24 December 2014 entered into between MMSB and AKR for the acquisition by MMSB of 6 acres of land located in Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Melaka from AKR for a cash consideration of RM39.24 million.
- (e) Share Sale Agreement dated 29 January 2015 entered into between MMSB and AKR for the acquisition by MMSB of 300,000 ordinary shares of RM1.00 each fully paid in DASB for a cash consideration of RM1.00 and 53,719,999 redeemable convertible cumulative preference shares of RM1.00 each fully paid in DASB for a cash consideration of RM53,719,999.

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 RM590,000 (2014: RM120,000).

(II) RECURRENT RELATED PARTY TRANSACTIONS

During the financial year ended 30 June 2015, there was no transaction entered into by the Group with the related parties pursuant to the mandate obtained from the shareholders on 19 November 2014.

(III) SCHEDULE OF SHARE BUY-BACK FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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 2014	5,917,000	2.47	2.65	2.54	15,034
August 2014	225,700	2.81	2.96	2.84	640
September 2014	610,000	2.88	2.94	2.92	1,781
October 2014	40,000	2.86	2.86	2.87	115
November 2014	3,217,300	2.32	2.52	2.40	7,706
December 2014	39,336,300	2.19	2.51	2.36	92,668
January 2015	11,373,600	2.45	2.54	2.50	28,444
February 2015	14,159,700	2.29	2.48	2.39	33,881
March 2015	16,924,600	1.90	2.49	2.17	36,713
April 2015	12,333,400	2.03	2.15	2.10	25,873
May 2015	6,662,900	2.00	2.17	2.10	13,963
June 2015	5,492,000	1.85	2.00	1.93	10,609
Purchased during the financial year	116,292,500			2.30	267,427

* Including transaction costs.

All the shares purchased by the Company were retained as treasury shares.

Share dividends approved in respect of the financial year ended 30 June 2015:

- (a) The Company had during the current financial year distributed:
 - (i) a total of 61,703,857 treasury shares 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; and
 - (ii) a total of 50,954,468 treasury shares as share dividend on 26 March 2015 on the basis of one (1) treasury share for every twenty (20) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.
- (b) The Company had on 2 July 2015 distributed a total of 61,839,781 treasury shares 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 2015, the number of treasury shares held after deducting share dividends distributed were 63,141,861 shares and after deducting 61,839,781 treasury shares distributed as share dividend on 2 July 2015 as mentioned in (b) above, the remaining treasury shares held were 1,302,080 shares. None of the treasury shares were resold or cancelled during the financial year.

(IV) OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT AS AT 30 JUNE 2015

Since the commencement of the Executive Share Option Scheme of the Company ("ESOS") on 7 May 2008, the actual percentage granted to senior management of the Group was 0.14% of the total number of shares available under the ESOS. No options were granted to Directors.

(V) STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS AS AT 30 JUNE 2015

	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	107.11 9.52 36.60 167.55 31.09	12.69 2.68 0.24 – –
	367.48	351.87	15.61

FORM OF PROXY

CDS ACCOUNT NUMBER

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I/We

I.C. No./Company No.

of

being a member of PARKSON HOLDINGS BERHAD, hereby appoint

I.C. No.

of

or failing whom,

I.C. No.

of

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Second Annual General Meeting of the Company to be held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur on 24 November 2015 at 9.00 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve Directors' fees		
2. To re-elect as Director, Cik Zainab binti Dato' Hj. Mohamed		
3. To re-elect as Director, Ms Cheng Hui Yen, Natalie		
4. To re-appoint as Director, Y. Bhg. Tan Sri William H.J. Cheng		
5. To re-appoint Auditors		
6. Retention of Mr Yeow Teck Chai as an Independent Non-Executive Director		
7. Authority to Directors to Issue Shares		
8. Proposed Shareholders' Mandate for Recurrent Related Party Transactions		
9. Proposed Renewal of Authority for Share Buy-Back		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this day of 2015

No. of shares:

Signed:

Representation at Meeting:

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 17 November 2015 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.



