PARKSON 百盛

PARKSON RETAIL ASIA LIMITED

ANNUAL REPORT **2016**

CONTENTS

CORPORATE PROFILE

ABOUT PARKSON RETAIL ASIA

Established in 1987, Parkson Retail Asia Limited ("Parkson" or the "Company", and together with its subsidiaries, the "Group") is a leading and award-winning Southeast Asian department store retailer. Listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 3 November 2011, Parkson's department store count currently extends across cities in Malaysia, Vietnam, Indonesia and Myanmar.

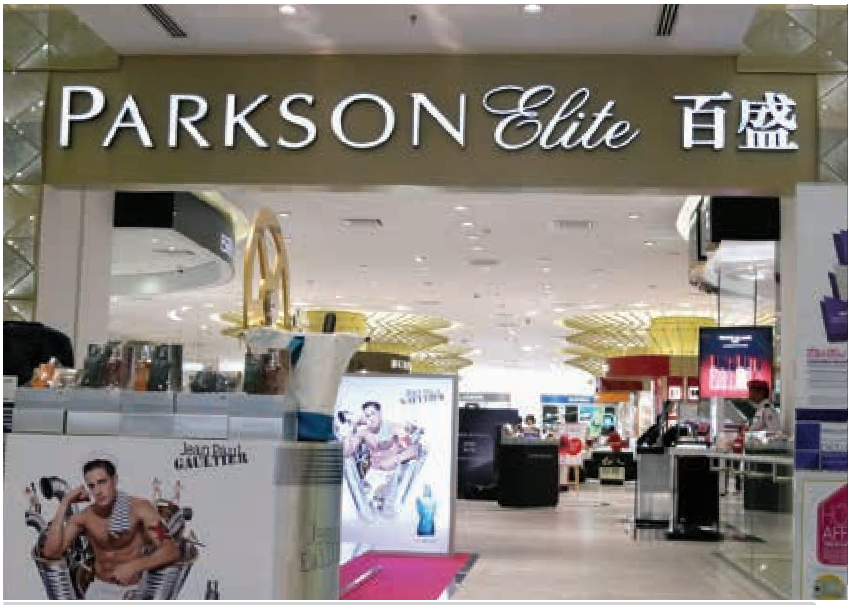
Parkson offers its consumers a wide range of merchandise from fashion apparel to household goods. The Group operates an efficient and competitive business model through a blend of concessionaire sales model, anchor tenant, customised product mix and state-of-the-art management tools.

The Group has recently ventured into the lifestyle retail concept business where its department store operations are complemented with elements of entertainment and food and beverages. The Group has also introduced private label brands, as well as agency apparel lines of numerous international brands.

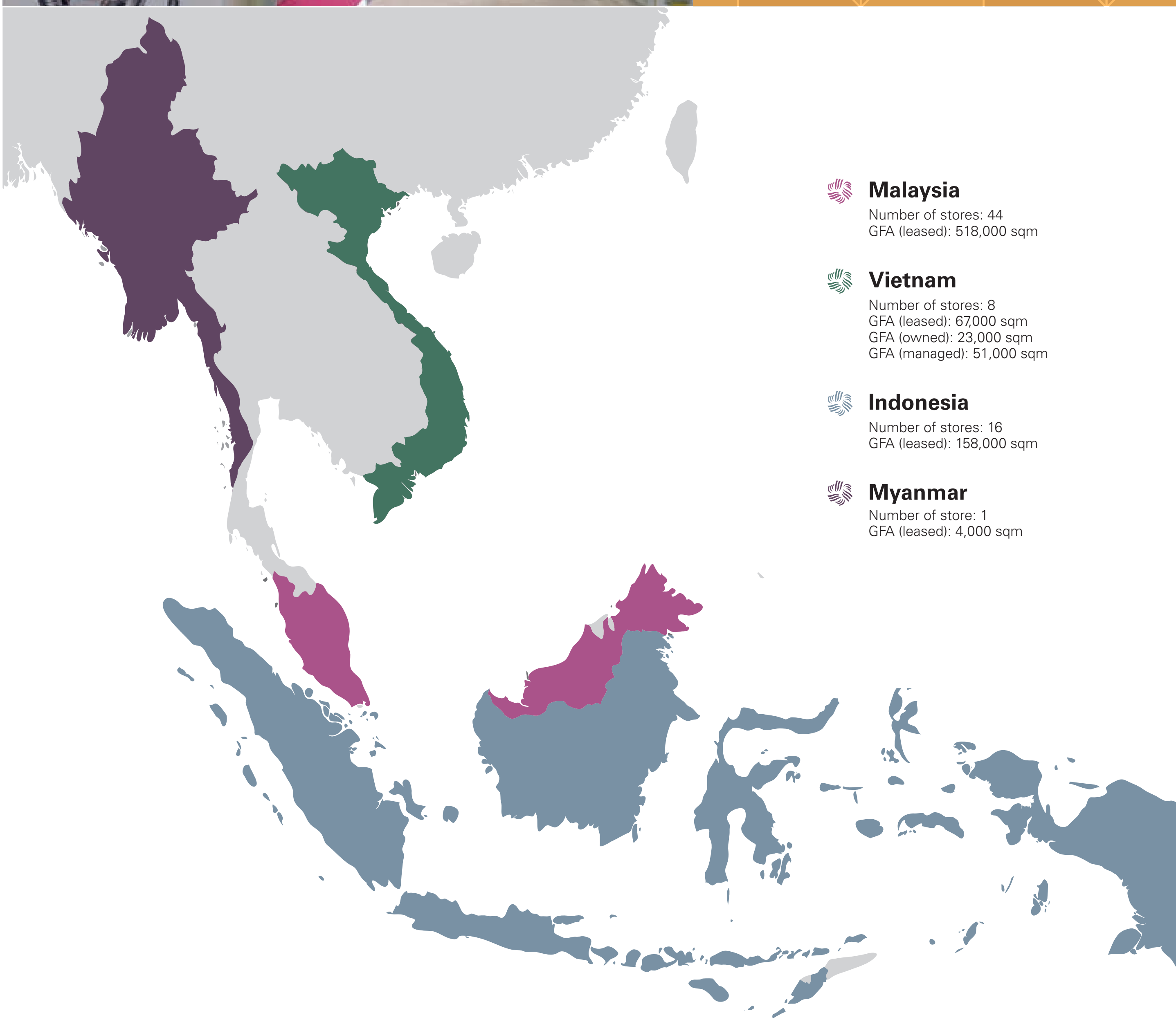
As it seeks to continuously refresh and enhance its offering, Parkson consistently strives to cater to the varying needs and preferences of its customers and to deliver value for its shareholders.

GEOGRAPHIC FOOTPRINT

department stores



PARKSON'S DEPARTMENT STORE NETWORK COMPRISES 69 STORES IN MALAYSIA, VIETNAM, INDONESIA AND MYANMAR, SPANNING 821,000 SQUARE METRES OF GROSS FLOOR AREA ("GFA").



Malaysia
Number of stores: 44
GFA (leased): 518,000 sqm

Vietnam
Number of stores: 8
GFA (leased): 67,000 sqm
GFA (owned): 23,000 sqm
GFA (managed): 51,000 sqm

Indonesia
Number of stores: 16
GFA (leased): 158,000 sqm

Myanmar
Number of store: 1
GFA (leased): 4,000 sqm

KEY **MILESTONES**

by financial year

2016

- Launched LOL-branded retail chain in Malaysia. LOL is a value fashion retailer specialising in affordable quality apparel.
- Introduced Korean concept stores i.e. SPAO, MIXXO, WHO.A.U. and SHOOPEN in Kuala Lumpur, Malaysia.
- Launched first FoodPark supermarket in Kuala Lumpur, Malaysia.

2014

- Launched Parkson-branded stores in the cities of Medan and Jakarta, Indonesia.

2013

- Entered Myanmar with our first store at FMI Centre, Yangon.

2012

- **Listed on SGX-ST**

2011

- Entered Indonesia through acquisition of Centro department store network.

2007

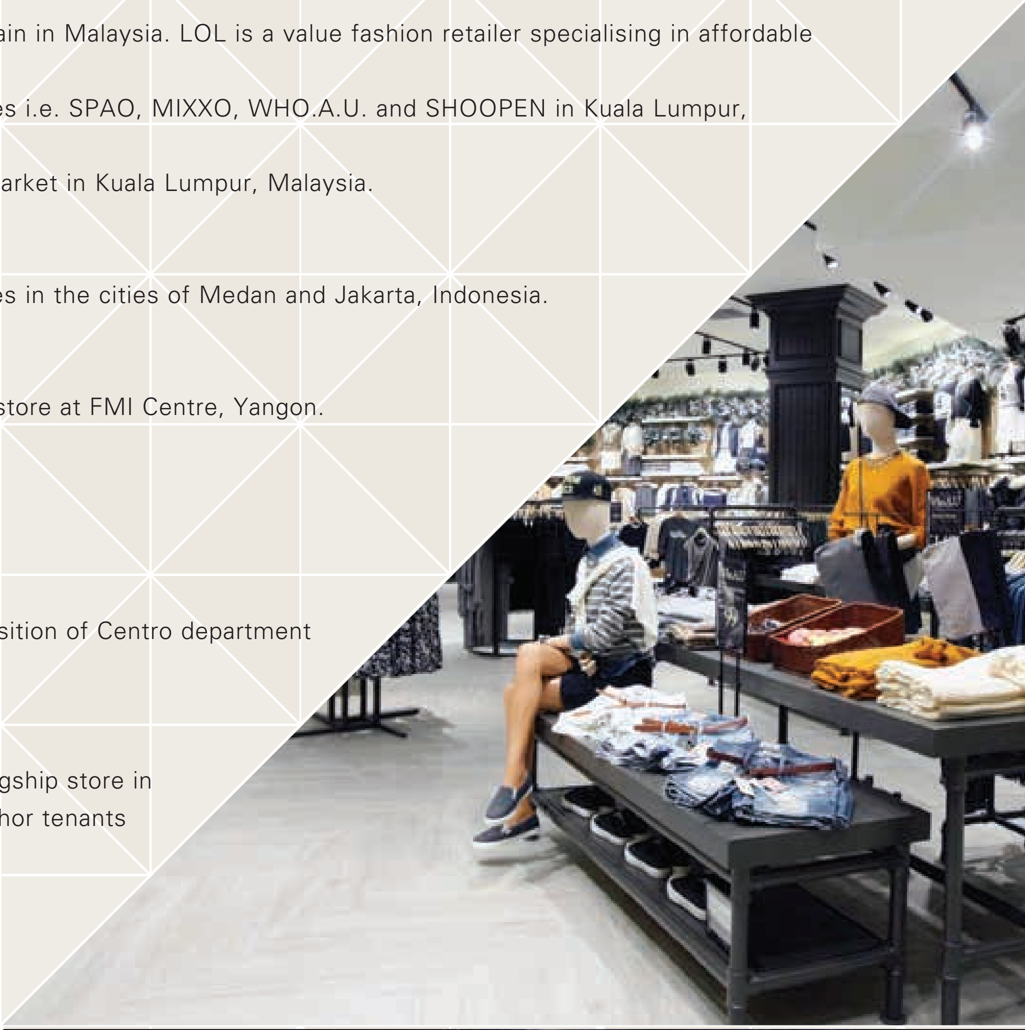
- Opened Parkson Pavilion, our flagship store in Malaysia. We are one of the anchor tenants in Pavilion Kuala Lumpur.

2005

- Entered Vietnam through a store at Saigon Tourist Plaza, Ho Chi Minh City.

1987

- Opened first Parkson store in Malaysia at Sungei Wang Plaza, Kuala Lumpur.



CHAIRMAN'S STATEMENT

THE GROUP REMAINS ON TRACK TO TRANSFORM PARKSON INTO A LIFESTYLE CONCEPT RETAIL BUSINESS, WHERE WE SEEK TO OFFER A WIDER RANGE OF PRODUCTS AND SERVICES TO SUIT OUR CUSTOMERS' LIFESTYLES AND CATER TO VARIOUS PREFERENCES.

Dear Shareholders

I am pleased to present the Annual Report of Parkson Retail Asia Limited for the financial year ended 30 June 2016 ("FY2016"). Overall, the Group recorded Gross Sales Proceeds of S$967.7 million, revenue of S$388.4 million and net profit of S$28.6 million.

It has been a challenging year with continued industry headwinds in the markets where we operate in. Our financial performance has largely been impeded by the weak consumer sentiment in Malaysia and the crowded retail scene in Vietnam. With Malaysia being our biggest market, the year-on-year decline of the Malaysian Ringgit against our reporting currency, the Singapore Dollar, has also weighed down on our operating profits.

While there had been an uptick in the Same Store Sales Growth ("SSSG") for our Malaysia operations during the fourth quarter of financial year 2016 ("Q4FY2016"), consumer sentiment continued to be negatively affected by the slowing economic growth and increased costs of living. Our Malaysia operations recorded an overall decline in SSSG of -6.5% for FY2016. The Malaysia Institute of Economic Research reported that the country's consumer sentiment index remained below the 100-point confidence threshold throughout the four quarters in FY2016. For FY2016, our Malaysia operations posted revenue of S$291.2 million and a net profit of S$7.4 million.

Given these macroeconomic challenges, we have to be even more creative in our offerings than before. The Group remains on track to transform Parkson into a lifestyle concept retail business, where we seek to offer a wider range of products and services to suit our customers' lifestyles and cater to various preferences. The department store industry is shifting towards a multi-dimensional model which seeks to create a more family-oriented experience, ensuring that the traditional shopping element is complemented by aspects of entertainment, and food and beverage. As such, we have incorporated these elements into our existing stores.

In January 2016, we have launched Parkson's first gourmet supermarket – FoodPark – in our Maju Junction mall which offers our customers options of grocery shopping and dining. In May 2016, Parkson opened its first edutainment centre in Maju Junction mall, which comprises of a theme park, education and nursery centres.

In keeping with shopping trends, the Group has introduced leading Korean fast fashion brands – "SPAO", "MIXXO" and "WHO.A.U" – in our flagship Malaysian store at Pavilion, Kuala Lumpur, in December 2015. The proliferation of South Korean dramas and pop music in recent times has given rise to a global phenomenon known as the Korean Wave or *Hallyu*. The popularity of "K-pop" culture is especially prevalent in Asian countries. According to the Hallyu index[1], commissioned by South Korea's state-funded trade promotion organisation

[1] "KOTRA '작년 한류 문화콘텐츠 수출효과 3조2000억원'". view.asiae.co.kr.

KOTRA, Malaysia and Indonesia are among the countries where *Hallyu* is most influential.

In addition, the Group has also brought in private label brands such as "Marq" and "Estela", and agency lines from international brands such as "Pepe Jeans" and "French Connection". These new brands and the Korean labels have been well-received, especially by the younger crowd.

Another notable addition would be the introduction of our "open surf concept" beauty store, "Play Up," in our IOI City mall in Kuala Lumpur in December 2015. Spanning 7,000 square feet, the Play Up store comprises of various "play areas", which are themed beauty bars for our customers to have a truly hands-on experience of the various products. These beauty bars are tailored for each specific category of products, from fragrance and cosmetics to skincare and bath & body. The bars allow our customers the space and time to browse and enjoy experimenting with the products at their own pace.

To further diversify its range of offerings, the Group has rolled out stores under the brand "LOL", which offers apparel at affordable price points. The Group has opened four "LOL" stores in FY2016, with more store openings scheduled going forward. In June 2016, the Group opened the Korean specialty shoe gallery – SHOOPEN – in the Fahrenheit 88 mall in Kuala Lumpur, which also offers products at an affordable price range.

The implementation of these strategies, while in its gestation period, holds considerable promise for Parkson going forward. Nevertheless even as we refresh our store concepts, brands and offering, particularly in Malaysia, we remain cautiously optimistic, given the wider industry challenges in the various markets.

Discretionary retail spending in Vietnam remained fragile resulting in a decline in our Vietnam operations' SSSG of -2.9% for FY2016. The sales at our Vietnam stores were affected by the increasingly crowded retail scene with the inflow of new retailers amid a weak retail environment. Our Vietnam operations posted revenue and net profit of S$34.6 million and S$34.9 million in FY2016, respectively. The profitability of our Vietnam operations resulted from a gain recognised on the partial disposal of equity interest in a former subsidiary, Parkson Hanoi Co Ltd, of S$46.8 million in FY2016.

The performance of our Indonesia stores has been encouraging, with consumer sentiment remaining robust in FY2016. According to Bank Indonesia, Indonesia's consumer confidence index remained above the 100-point confidence threshold throughout the four quarters in FY2016. For FY2016, our Indonesia operations recorded SSSG of +4.7%.

Our single store in Yangon, Myanmar has entered its third year of operations and recorded revenue of S$1.8 million for FY2016. Though there are plans to close FMI Centre, where the store is located, for re-development, the Group has since secured a location for a replacement store which is expected to open in the 2nd half of FY2017. The economic fundamentals of Myanmar remain promising and we are in discussion to open more stores to harness the rising consumption growth in the country.

The coming financial year FY2017 will see the planned opening of six new stores. With our established footprint in the Southeast Asian department store industry, we are confident that the upcoming expansion, along with the addition of our new offerings, will bode well for the Group.

For the financial year FY2016, the Board proposes a final dividend of 0.5 cents per share for FY2016, which is subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM").

I would like to take this opportunity to express my gratitude and appreciation to two outgoing board members. Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin has stepped down as an independent, non-executive director. Datuk Lee Kok Leong, a non-independent, non-executive director, who is due to retire at the forthcoming AGM, has decided not to seek for re-election. On behalf of the board, I would like to thank both Tan Sri Zahidi and Datuk Lee for their invaluable contributions and dedication to the Group over the years.

Finally, on behalf of the Board, I wish to express my sincere gratitude to our management, employees, customers, shareholders, suppliers, business associates and all stakeholders for your unwavering support, especially in these tough times. Your contributions and confidence in the Group have made it what it is today, and will continue to see it through the many challenges and developments ahead.

Tan Sri Cheng Heng Jem
Executive Chairman

FINANCIAL HIGHLIGHTS

	2012 SGD'000	2013 SGD'000	2014 SGD'000	2015 SGD'000	2016 SGD'000
Consolidated Income Statement					
Gross sales proceeds[1]	1,054,913	1,109,387	1,077,891	1,077,567	967,746
Revenue	433,475	446,728	432,037	428,751	388,417
Earnings before interest, tax, depreciation and amortisation	75,446	65,857	59,650	(25,869)	53,537
Profit/(Loss) for the year	43,921	37,020	32,058	(52,795)	28,595
Profit/(Loss) attributable to owners of the Company	44,585	38,577	34,382	(34,688)	30,177
Basic and diluted earnings per share (cents)	6.58	5.70	5.08	(5.12)	4.46
Consolidated Balance Sheet					
Total assets	417,817	438,134	419,866	374,407	374,077
Total liabilities	181,558	185,110	185,814	244,361	216,751
Total equity	236,259	253,024	234,052	130,046	157,326

Notes:

1. Gross sales proceeds represent the sum of sales proceeds from direct sales and concessionaire sales, consultancy and management service fees, rental and other income.


SLIM
ORIGINAL
Pepe Jeans

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONAL RESULTS

Gross Sales Proceeds ("GSP") for FY2016 declined by (10.2)% Year-on-Year ("YoY") to S$967.7 million. The components of GSP for FY2016 are as follows:–

	Group	
	FY2016 S$'000	FY2015 S$'000
GSP		
Sale of goods – direct sales	185,990	198,771
Sale of goods – concessionaire sales	765,755	860,709
Total merchandise sales	951,745	1,059,480
Consultancy and management service fees	598	952
Rental income	15,366	17,135
Others	37	–
Total GSP	967,746	1,077,567

GSP declined for the year FY2016, despite sales contribution from new stores, due significantly to (i) negative SSSG recorded by the Malaysia and Vietnam operations of -6.5% and -2.9% respectively and (ii) local currency weakness of the Malaysian Ringgit resulting in lower sales presented in the reporting currency of Singapore Dollars.

The Group generated total merchandise sales of S$951.7 million for the year FY2016, with concessionaire sales contributing 80.5% and direct sales contributing the balance of 19.5%. By product segment, the Fashion & Apparel category constitute 54.1% of the total merchandise sales, the Cosmetic & Accessories category constitute 28.3%, the Household, Electrical Goods & Others category constitute 14.0% while the remaining balance of 3.6% came from the Groceries & Perishables category.

The merchandise gross margin (a combination of the commission from concessionaires and direct sales margin) for year FY2016 increased by 30 bps YoY to 24.1%. Gross margin improved due in part to lesser stock shrinkages.

REVIEW OF FINANCIAL RESULTS

REVENUE AND OTHER INCOME

The Group recorded a revenue of S$388.4 million for FY2016, representing a decline of (9.4)% YoY. The decline in revenue is in line with the decline in GSP. The components of revenue for FY2016 are as follows:–

	Group	
	FY2016 S$'000	FY2015 S$'000
Revenue		
Sale of goods – direct sales	185,990	198,771
Commission from concessionaire sales	186,426	211,893
Consultancy and management service fees	598	952
Rental income	15,366	17,135
Others	37	–
Total revenue	388,417	428,751

Other income, including finance income, for FY2016 increased by >100.0% to S$57.1 million. Other income increased due to the gain on partial disposal of equity interest in a former subsidiary, Parkson Hanoi Co Ltd, of S$46.8 million.

EXPENSES

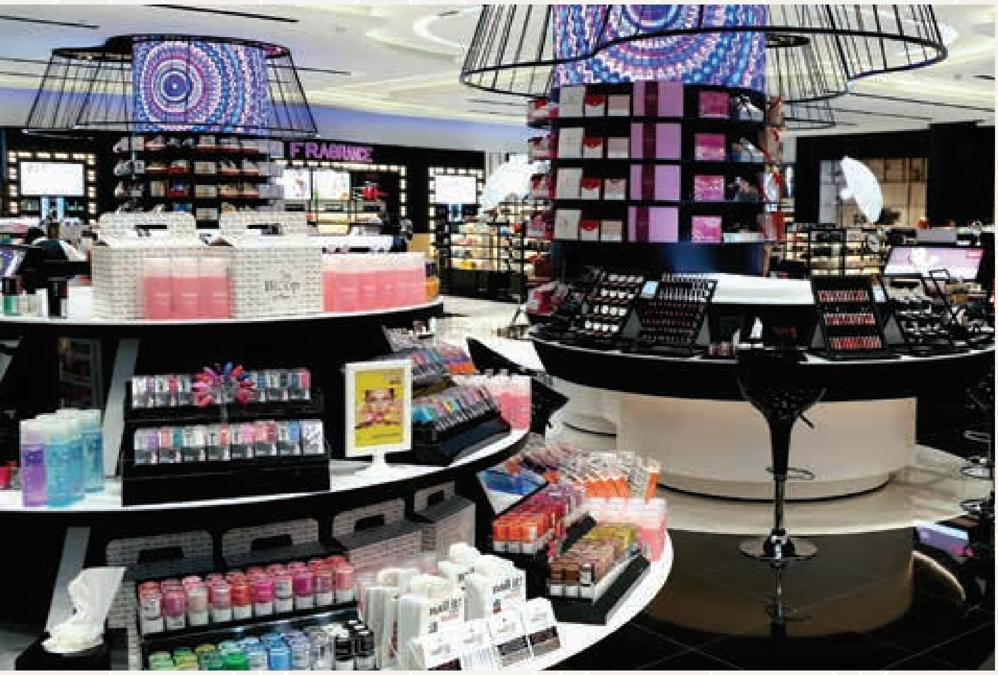
Total expenses for FY2016 declined by (15.4)% YoY to S$410.6 million. Analysis of the major operating expense items for FY2016 is as follows:

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables refer to the cost of direct sales. Cost of direct sales for FY2016 declined by (8.7)% to S$144.2 million. The decline is in line with the decline in direct sales.

Employee benefits expense

Staff cost increased by 6.7% to S$56.1 million for FY2016. The increase is primarily due to the inclusion of staff costs for new stores operating in FY2016 and yearly wage increase.



As a percentage of revenue, the staff cost ratio increased by 210 bps YoY to 14.4% for FY2016. The increase in staff cost ratio is due significantly to (i) negative SSSG recorded by the Malaysia and Vietnam operations resulting in lower staff productivity and (ii) staff costs for new stores where the sales are lower at the initial stages of operations.

Promotional and advertising expenses

Promotional and advertising expenses increased by 12.7% to S$10.6 million for FY2016. The increase is primarily due to the promotional expenses incurred for new stores operating in FY2016.

As a percentage of revenue, promotional and advertising ratio increased by 54 bps YoY to 2.7% for FY2016 due significantly to promotional expenses incurred for new stores but where the sales are lower at the initial stages of operations.

Depreciation and amortisation expenses

Depreciation and amortisation for FY2016 increased by 10.0% to S$22.5 million. Depreciation and amortisation increased primarily due to the inclusion of the depreciation costs for new stores operating in FY2016.

As a percentage of revenue, depreciation and amortisation expense ratio increased by 102 bps YoY to 5.8% for FY2016. The higher ratio for FY2016 is primarily due to (i) negative SSSG recorded by the Malaysia and Vietnam operations resulting in lower store productivity and (ii) depreciation incurred for new stores but where the sales are lower at the initial stages of operations.

Rental expenses

Rental expenses declined by (2.1)% YoY to S$109.5 million for FY2016. Rental expenses declined, despite the increase in the number of stores, due to (i) reduction in the turnover rent component following weaker sales for the year, (ii) local currency weakness of the Malaysian Ringgit and (iii) closure of the Landmark store in Hanoi in January 2015.

As a percentage of revenue, the rental expense ratio increased by 210 bps YoY to 28.2% for FY2016. Rental expense ratio increased due to (i) new stores that are paying base rentals but where the sales are lower at the initial stages of operations and (ii) negative SSSG for Malaysia and Vietnam operations resulting in lower store productivity.

Other expenses

Other expenses consist mainly of (a) selling and distribution expenses and (b) general and administrative expenses. Other expenses for FY2016 declined by (49.1)% YoY to S$67.4 million. Other expenses were comparatively higher in FY2015 due significantly to contingent expenses related to the closure of a store at Landmark 72, Hanoi of S$64.7 million comprising of possible compensation payable to the landlord in the event of legal claim.

As a percentage of revenue, the other expenses ratio for FY2016 declined substantially due to incurrence of the abovementioned contingent expenses in FY2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Share of results of an associate

The Group has ceased its equity accounting of results in the former associate, Odel PLC, following the completion of the disposal of its entire equity interest in Odel PLC in November 2014.

PROFIT/(LOSS) BEFORE TAX ("PBT")

The Group recorded PBT of S$34.9 million for FY2016 as compared to pre-tax loss of S$(40.6) million in the comparative FY2015. The Group recorded pre-tax profit for FY2016 due to the gain recognised on partial disposal of equity interest in Parkson Hanoi Co Ltd ("PHCL") of S$46.8 million. PHCL was a subsidiary of the Group and is now an associate company following this disposal.

As a percentage of revenue, the PBT ratio for FY2016 improved substantially due to incurrence of the abovementioned gain recognised on partial disposal of equity interest in PHCL.

TAXATION

The Group's effective tax rate for FY2016 is lower than the statutory tax rates of the countries where the Group operates due to inclusion of the gain on partial disposal of PHCL which is a capital item for tax purposes.

NET PROFIT/(LOSS)

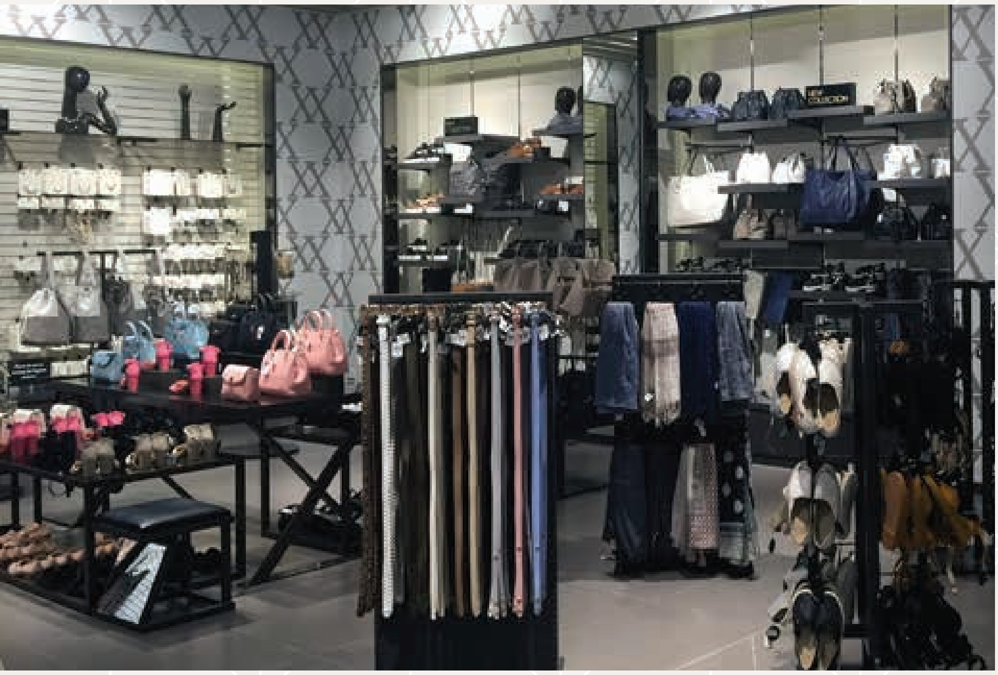
The Group recorded net profit of S$28.6 million for FY2016 due to the gain recognised on partial disposal of PHCL of S$46.8 million. As a percentage of revenue, the net results ratio improved significantly due to incurrence of the said disposal gain.

REVIEW OF GROUP BALANCE SHEET

Property, plant and equipment increased to S$145.6 million as at 30 June 2016 due to inclusion of the capital equipment for new stores and new businesses operating in FY2016. The non-current portion of prepayments declined to S$5.6 million due to write-down of the prepaid rental for the proposed store in Cambodia pending re-negotiation of rental terms.

Inventories increased to S$76.9 million as at 30 June 2016 arising from the Group's investments in private label and agency line apparels and in line with the increase in store count. The current portion of trade and other receivables increased to S$20.7 million due to advances for work on new stores. Cash and short-term deposits (including investment securities) declined to S$69.5 million due to lower annual sales, higher spending on capital equipment and investments in new businesses.

The Group completed the partial disposal of PHCL on 17 August 2015 resulting in the de-consolidation of PHCL as a subsidiary. PHCL is now treated as an associate of the Group. Following the de-consolidation of PHCL, the assets, liabilities and reserves of the disposal group have been reversed. The non-controlling interests declined to S$(0.6) million following the de-consolidation of PHCL. The minority interests of PHCL had to previously share the negative equity position of PHCL prior to the de-consolidation.



The current portion of trade and other payables increased to S$160.5 million as at 30 June 2016 due significantly to the shift in the Hari Raya/Lebaran calendar and the resulting increase in merchandise buying and concessionaire sales collection. The current portion of other liabilities increased to S$26.5 million due significantly to the increase in accrued operating expenses in line with the increase in store count and the increase in deferred revenue from loyalty points awarded resulting from the introduction of Parkson loyalty programme.

The non-current portion of other liabilities increased to S$22.5 million due to higher accrued rental sum arising from the straight-line treatment of rental for the newer stores and provision for store restoration costs.

The Company commenced shares buy-back in FY2016 and recorded treasury shares amount of S$0.549 million as at 30 June 2016.

CSR PROGRAMME

OVERVIEW

At Parkson, we strongly believe in engaging and giving back to communities in the markets that we operate in. Opportunities encompass not only economic benefits but also nurturing the next generation. Built into our core business ethos, the broader aim of our efforts is to lend support to the less fortunate and promote equal opportunities.

As children are not only the future but represent the next batch of leaders and innovators, our Parkson Educare programme – along with our Lion-Parkson Foundation Scholarship and Centro Share Books programme – ensures that no child is left behind. Education is not just for social mobility but an intrinsic right of all our youth.

Our employees vest their time in these programmes as they truly believe in their benefits and in sowing the seeds of the future.

Malaysia

Parkson Educare

Our annual Educare programme under our Parkson Cares initiative has been very effective in garnering support and contributions from the public and the Parkson stores in Malaysia. This has helped to equip needy students with essential items such as schoolbags, shoes, uniforms and stationery and other necessities for their schooling.

Lion-Parkson Foundation Scholarship

Similar to our Educare programme, our Lion-Parkson Foundation has, for the 25th year in a row, awarded scholarships totaling RM480,000 to 12 undergraduates pursuing their studies in the local universities in Malaysia.

Chinese New Year Calligraphy Charity Sale

Held annually, Parkson's Chinese New Year Calligraphy Charity Sale this year involved six schools and nine participating Parkson stores. Calligraphy pieces by students from these schools are sold at the participating stores around the Chinese New Year period.

RM235,329 of funds were raised through this year's sale and will go towards supporting needy students in these schools.

Lion-Parkson Run

On 15 November 2015, 3,000 participants turned up for the Lion-Parkson Charity Run in Shah Alam, Selangor. Proceeds from the 10 km run will go towards the expansion of the *Home for Handicapped & Mentally Disabled Children* in Banting. The second phase of this expansion will allow the addition of an additional block for an old folks' home and an orphanage, allowing the home to accommodate a total of 315 children and 96 senior citizens.

Indonesia

Parkson and Centro Educare

The Parkson Educare programme follows through to our Indonesia market and is complemented by the Educare programme by our dual brand, Centro. Both the Parkson Educare and Centro Educare programmes donated 200 packages of essential school items to the participating schools this year.

Centro Share Books Programme

In cultivating a reading habit in children, the Centro Share Books (Centro Berbagi Buku) programme has helped to gather a total of RP105,790,000 and 173 books for Yayasan 1001 Buku this year. Yayasan 1001 Buku is a non-profit organization that promotes book readings and builds libraries at remote areas nationwide.

Parkson Centro Empowerment for the Deaf

In collaboration with Precious One, Parkson facilitated workshops for the deaf to hone their skills in producing craft. 5,100 pieces of special merchandise were produced from the workshops and subsequently gifted to customers. The activity not only helped empower the deaf but also helped promote awareness on equality in the workplace.

"Sharing Joy with Isolated Regions" programme

PT Tozy Sentosa, our Indonesian subsidiary, actively runs an annual fund raising program, "Sharing Joy with Isolated Regions" (Berbagi Kasih untuk Daerah Tepian Negeri), to allow communities in isolated regions access to a better quality of life, including opportunities to participate in their religious daily activities. In doing so, the funds raised by this initiative will be employed to build facilities such as libraries, schools and mosques for the communities in these isolated regions.

RP319,870 was raised in total for this year, through both customers and PT Tozy Sentosa.

Vietnam

"Sharing the Love" programme

Parkson's "Sharing the Love" programme is a fundraising activity for the less fortunate in Ho Chi Minh City, Ha Noi, Da Nang and Hai Phong.

We kick-started the programme in October 2015 by introducing it to our customers by means of a charity counter at our stores nationwide. Subsequently, participation by our customers extended to donations to the programme and purchase of merchandise that contributed to the fundraising efforts.

USD6,600 was collected this year and along with the merchandise bought by customers, these were donated and gifted to the children during our visits to the orphanage centres.

BOARD OF DIRECTORS

TAN SRI CHENG HENG JEM

Executive Director, Chairman

Tan Sri Cheng Heng Jem was appointed as a Director of the Company on 31 March 2011 and was last re-appointed on 27 October 2015. He is a member of the Nominating Committee.

Tan Sri Cheng has more than 40 years of experience in the business operations of the Lion Group, a Malaysian based diversified business group (which includes our Company) encompassing retail, branding, food and beverage, credit financing, property development, mining, steel, tyre, motor, agriculture and computer. He oversees the operation of the Lion Group and is responsible for the formulation and monitoring of the overall corporate strategic plans and business development of the Lion Group.

Tan Sri Cheng is also the Chairman and Managing Director of Parkson Holdings Berhad ("PHB"), our ultimate holding company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Executive Director and Chairman of Parkson Retail Group Limited, a subsidiary of PHB listed on The Stock Exchange of Hong Kong Limited. Tan Sri Cheng is currently the Chairman and Managing Director of Lion Corporation Berhad and the Chairman of Lion Diversified Holdings Berhad and Lion Forest Industries Berhad, all of which are public companies listed on the Main Market of Bursa Malaysia. He also sits on the board of Lion Asiapac Limited, a public company listed on SGX-ST.

Tan Sri Cheng was the President of both 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 and is now a Life Honorary President of ACCCIM and KLSCCCI. He is also a Trustee of ACCCIM's Socio-Economic Research Trust, and the President of Malaysia Retailers Association and Malaysia Steel Association.

Tan Sri Cheng is also the Chairman of Lion AMB Resources Berhad and ACB Resources Berhad, and a Funding Trustee of the Community Chest, a company limited by guarantee established by the private sector for charity purposes.

Tan Sri Cheng's directorship in other listed companies over the preceding three years – LTC Corporation Limited (previously known as Lion Teck Chiang Limited) (retired on 30 October 2014).

Tan Sri Cheng is the father of Ms Cheng Hui Yuen, Vivien, an Executive Director of the Company.

MS CHENG HUI YUEN, VIVIEN

Executive Director

Ms Cheng Hui Yuen, Vivien, was appointed as an Executive Director of the Company on 18 September 2015 and was last re-elected on 27 October 2015.

Ms Cheng has been working in the Lion Group since 2012 and is presently serving as Business Development Manager in Parkson Branding Division. Her responsibilities include the bringing in of international brands to the South East Asia market and introducing brands that are exclusive to Parkson Department Stores. Besides the key function of identifying and procuring fashion and retail brands, her portfolio requires her to be keenly involved in Parkson Department Stores operations and other Lion Group projects such as shopping mall development and food and beverage businesses.

Ms Cheng holds a Bachelor of Engineering in Environmental Engineering from the University of Science and Technology Beijing, the People's Republic of China.

Ms Cheng is the daughter of Tan Sri Cheng Heng Jem, an Executive Director and Chairman of the Company.

MR TAN SIANG LONG

Non-Independent,
Non-Executive Director

Mr Tan Siang Long was appointed as a Director of the Company on 14 June 2011 and was last re-elected on 27 October 2015. He is a member of the Audit Committee and Remuneration Committee.

Mr Tan has broad experience in the retail industry. He was the Chief Information Officer of PT Monica Hijaulestari ("MHL") from 2006 to 2011, responsible for its computer and software information systems and supply chain support services. MHL is an operator of specialty stores including "The Body Shop" in Indonesia. Prior to that, he was a director of Trimega Business Concepts Pte Ltd and PT Valutrada Indonesia, which were involved in the retail business. Mr Tan has also worked for PT Matahari Putra Prima, a retail company listed on the Jakarta Stock Exchange, which previously operated the "Matahari" department stores in Indonesia. Mr Tan is currently a director of Red Cube Pte. Ltd.

Mr Tan obtained his GCE "A" Level certificate from Raffles Junior College, Singapore and has attended the Stanford-National University of Singapore Executive Program.

DATUK LEE KOK LEONG

Non-Independent,
Non-Executive Director

Datuk Lee Kok Leong was appointed as a Director of the Company on 21 August 2014 and was last re-elected on 30 October 2014.

Datuk Lee has been serving as the Personal Assistant to Tan Sri Cheng Heng Jem since year 2010 and assists Tan Sri Cheng in the retail, branding and property division in the Lion Group.

Datuk Lee has accumulated vast experience and intimate knowledge of the retail and branding industry with over 15 years in the retail business. He has worked in Padini, the largest branded clothing and accessories company in Malaysia. He then worked for Aktif Lifestyle store (formerly Yaohan) as store manager before the company was acquired by Parkson Corporation Sdn. Bhd ("PCSB"). While previously employed at PCSB, Datuk Lee was assigned to supervise various Parkson stores throughout Malaysia, handling the day to day operations including in one of our best performance stores at Suria KLCC. Datuk Lee was later promoted to divisional manager and was involved in the merchandising function. Datuk Lee has been assisting Tan Sri Cheng in overseeing the retail and branding business and identifying business opportunities.

Datuk Lee holds a Bachelor of Science in Mathematics and minor in Economics from the University of Kentucky. USA.

Datuk Lee's directorship in other listed companies over the preceding three years – Parkson Retail Group Limited (resigned on 4 August 2016).

In accordance with Article 91 of the Constitution of the Company, Datuk Lee will be retiring at the forthcoming AGM and he has decided not to seek for re-election.

BOARD OF DIRECTORS

MR WEE KHENG JIN

Independent, Non-Executive Director

Mr Wee Kheng Jin was appointed as a Director of the Company on 28 September 2011 and was last re-elected on 30 October 2014. He was appointed as the Chairman of the Audit Committee, and a member of the Remuneration Committee and Nominating Committee on 5 February 2016.

Mr Wee has more than 35 years of financial experience in a broad range of industries including banking, construction, hospitality services and real estate development. Mr Wee has previously worked at Citibank NA and Citicorp Investment Bank Singapore Limited in various senior positions. He is currently an Executive Director of Far East Organization and a Non-Independent Non-Executive Director of Yeo Hiap Seng Limited.

Mr Wee is also a Non-Executive Director of FEO Hospitality Asset Management Pte. Ltd. and FEO Hospitality Trust Management Pte. Ltd., the REIT Manager and Trustee-Manager of Far East Hospitality Trust.

Mr Wee holds a Bachelor of Accountancy degree from the University of Singapore.

MR TAN SOO KHOON

Independent, Non-Executive Director

Mr Tan Soo Khoon was appointed as a Director of the Company on 28 September 2011 and was last re-elected on 24 October 2013. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and was appointed as the Chairman of the Nominating Committee on 5 February 2016.

Since 1978, he has been Managing Director of a watch distribution company, Crystal Time (S) Pte Ltd, headquartered in Singapore, with a distribution office in Malaysia and associates in Brunei and Indonesia, where he is in charge of overseeing the growth of the company. Mr Tan is also an independent director of Metro Holdings Limited.

Mr Tan holds a Bachelor's degree in Business Administration with Honours from the National University of Singapore. He served as a Member of the Singapore Parliament from 1976 to 2006 and was appointed as the Speaker of Parliament from 1989 to 2002. Currently, Mr Tan is also Singapore's non-resident ambassador to the Czech Republic.

Mr Tan's directorship in other listed companies over the preceding three years – St. James Holdings Limited (resigned on 27 October 2014).

KEY MANAGEMENT

MR TIANG CHEE SUNG

Chief Executive Officer of Vietnam, Myanmar and Cambodia operations

Mr Tiang Chee Sung is the Chief Executive Officer of our Vietnam, Myanmar and Cambodia operations. Mr Tiang joined Parkson Corporation Sdn Bhd ("PCSB") since 1987 where he held various positions including as Operations Manager and Assistant General Manager (Operations). While at PCSB, he was seconded to Odel PLC in Sri Lanka to head the retail operations in 2013 and was also a Non-Executive director of Odel PLC. Prior to joining PCSB, Mr Tiang worked for the Emporium group of companies which operated supermarkets and department stores in Malaysia.

Mr Tiang obtained a Bachelor of Commerce degree from the University of Windsor, Canada.

MR GUI CHENG HOCK

Group Chief Operating Officer of Indonesia operations

Mr Gui Cheng Hock is the Group Chief Operating Officer of our Indonesia operations. Mr Gui has more than 30 years of experience in the retail industry. He previously worked for Emporium Supermarket Holdings Bhd. He has worked with our Malaysia operations since 1987 and has held several positions, including as Operations Manager, General Manager (in charge of the operations), Senior General Manager (in charge of retail properties) and since October 2013, Group Chief Operating Officer in charge of Indonesia operations.

Mr Gui obtained a Diploma in Commerce from Tunku Abdul Rahman College, Malaysia and an Executive Diploma in Management Studies from Curtin University of Technology, Australia.

MR LAW BOON ENG

Chief Operating Officer of Malaysia operations

Mr Law Boon Eng is the Chief Operating Officer of our Malaysia operations. Mr Law has more than 30 years experience in the retail industry. He held senior positions in major retail groups in Malaysia, including as General Manager of Merchandising and Marketing in PCSB, Chief Operating Officer and Executive Director of Ngiu Kee Corporation Bhd and Executive Director of Asia Brands Corporation Berhad. Mr Law re-joined PCSB as Acting Chief Operating Officer in October 2014 and became the Chief Operating Officer in October 2015.

Mr Law obtained a Diploma in Management from Curtin University, Australia. He was a member of the Chartered Management Institute, UK.

KEY MANAGEMENT

MR KOH HUAT LAI
Chief Financial Officer

Mr Koh Huat Lai is the Chief Financial Officer of the Company. Mr Koh has over 20 years of financial experience in companies involved in a variety of industries including hospitality services, property development, construction and semiconductor. He has previously worked for KPMG and Hotel Properties Ltd in Singapore. Prior to joining the Company, Mr Koh was with Mulpha International Bhd, a listed company in Malaysia where his last held position was as the General Manager, Finance and Company Secretary.

Mr Koh holds a Bachelor of Commerce degree from the University of New South Wales, Australia and is a certified accountant with the Malaysian Institute of Accountants and CPA Australia.

MR NG GHEE KENG
Chief Auditor

Mr Ng Ghee Keng is the Chief Auditor of the Company. Mr Ng joined the Company as a Senior Manager – Internal Audit in 2015. In March 2016, he was appointed as the Acting Chief Auditor and subsequently in May 2016, he became the Chief Auditor. Mr Ng has extensive knowledge and over 10 years of working experience in the field of audit and assurance. Mr Ng was involved in the audit and assurance of various major corporate clients which specialise in the retail, manufacturing, construction, leasing and property development industries.

Mr Ng holds a Bachelor of Commerce degree from the University of Southern Queensland, Australia. He is a member of the Malaysian Institute of Certified Public Accountants as well as a member of the Malaysian Institute of Accountants.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Executive Directors

Tan Sri Cheng Heng Jem (Chairman)
Cheng Hui Yuen, Vivien

Non-Executive Non-Independent Directors

Tan Siang Long
Datuk Lee Kok Leong

Independent Directors

Wee Kheng Jin
Tan Soo Khoon

AUDIT COMMITTEE

Chairman

Wee Kheng Jin (Lead Independent Director)

Members

Tan Soo Khoon
Tan Siang Long

NOMINATING COMMITTEE

Chairman

Tan Soo Khoon

Members

Wee Kheng Jin
Tan Sri Cheng Heng Jem

REMUNERATION COMMITTEE

Chairman

Tan Soo Khoon

Members

Wee Kheng Jin
Tan Siang Long

COMPANY SECRETARIES

Ang Siew Koon (ACIS)
Teo Meng Keong (ACIS)

REGISTERED OFFICE

80 Robinson Road #02-00
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 4399

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in-charge: Philip Ng Weng Kwai
(Since the financial year ended 30 June 2013)

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
21 Collyer Quay #13-01
HSBC Building
Singapore 049320

CIMB Bank Berhad
5th Floor, Bangunan CIMB,
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Malaysia

Bank Permata
PermataBank Tower I
Jl. Jend. Sudirman Kav. 27
Jakarta 12920
Indonesia

Joint Stock Commercial Bank for Foreign Trade of Vietnam
VBB Building
No. 5, Me Linh Square, District 1
Ho Chi Minh City
Vietnam

WEBSITE

www.parkson.com.sg

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Company recognises the importance of good corporate governance and is committed to attaining a high standard of corporate governance practices.

This Corporate Governance Report describes the Group's corporate governance practices and sets out the manner in which the Group has applied the principles and the extent of compliance with the guidelines as set out in the Code of Corporate Governance 2012 (the "Code"), and where applicable, the Listing Manual of the SGX-ST (the "Listing Manual").

Principle 1: The Board's Conduct of Affairs
Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board reviews the business plans, assesses the key risks presented by Management and also assesses the adequacy of internal controls and the financial performance of the Company. The Board has overall responsibility for putting in place a framework of good corporate governance in the Group, including the processes for financial reporting and compliance with relevant regulations. All Board members bring their judgment, diversified knowledge and experience to review and approve Management's plans on issues relating to strategy, performance, resources and standards of conduct.

The Board has delegated specific responsibilities to three Board committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee, to assist the Board in its discharge of its oversight functions. The Board accepts that while these Board committees have the authority to examine specific issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Board meets at least four times a year. Fixed meetings are scheduled at the end of each year. Ad hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings. The Company's Constitution provides for Board meetings to be held via telephone, or other similar communication facilities whereby all persons participating in the meeting are able to communicate as a group, with at least one of the Directors present at the venue of the meeting for the duration of the meeting. The number of Board and Board Committee meetings held in the financial year ended 30 June 2016 ("FY2016") and the attendance of the Directors for the meetings are as follows:

	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended
Executive Director								
Tan Sri Cheng Heng Jem	C	4/4	–	–	M	1/1	–	–
Cheng Hui Yuen, Vivien[(1)]	M	3/3	–	–	–	–	–	–
Toh Peng Koon[(2)]	M	1/1	–	–	–	–	–	–

CORPORATE GOVERNANCE REPORT

	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended
Non-executive Non-independent Director								
Tan Siang Long	M	4/4	M	6/6	–	–	M	1/1
Datuk Lee Kok Leong	M	4/4	–	–	–	–	–	–
Independent Directors								
Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin(3)	M	3/3	C	3/3	C	1/1	M	1/1
Wee Kheng Jin(4)	M	4/4	C	3/3	M	–	M	–
Tan Soo Khoon(5)	M	4/4	M	6/6	C	–	C	1/1
Michel Grunberg(6)	M	0/1	–	–	M	0/1	–	–

(1) appointed on 18 September 2015.
(2) resigned on 18 September 2015.
(3) resigned on 5 February 2016 and ceased to be the Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee.
(4) appointed on 5 February 2016 as the Lead Independent Director, Chairman of the Audit Committee, member of the Remuneration Committee and Nominating Committee.
(5) appointed on 5 February 2016 as the Chairman of the Nominating Committee.
(6) retired at the Company's annual general meeting ("AGM") held on 27 October 2015 and ceased to be a member of the Nominating Committee.

Legend:
C – Chairman
M – Member

A formal letter will be given to each new Director upon his/her appointment, setting out the Director's duties and obligations. Incoming Directors, when appointed, will receive an orientation that includes briefings by Management on the Group's structure, businesses, operations, and policies. Each new Director who has not acted as director of other listed companies will be encouraged to attend training conducted by the Singapore Institute of Directors on 'Duties and Responsibilities of Directors' and other relevant courses to help him/her familiarise with the roles and responsibilities of a director of a listed company. All Directors are also given the opportunity to visit the Group's operational facilities and meet with Management.

A manual containing the Group's policies and procedures relating to its business, corporate governance, restrictions on dealings in its securities and price-sensitive information and whistle blowing policy, which has been approved by the Board, is provided to each Director. The manual also contains guidelines on approval limits for, among others, acquisition and disposal of assets, financial management and capital requirements, and sets out the matters that are specifically reserved for the Board's consideration and decision as well as directions to Management in relation to such matters. In this regard, the matters specifically reserved for the Board's consideration and decision include, among others:

- formulation of strategy;
- capital expenditure, acquisitions and disposals in excess of the approval limits;
- interested person transactions that would require the approval of shareholders of the Company; and
- any matter that would have a material effect on the Group's financial position, liabilities, future strategy or reputation.

Specific training conducted by professionals would be tailored for and provided to the Directors to help them to keep pace with relevant changes to listing requirements, corporate governance best practices and accounting standards, as well as changing commercial risks. Directors are also encouraged to attend, at the Group's expense, relevant and useful seminars for their continuing education and skills improvement.

During FY2016, a training session was conducted by an external consultant pertaining to continuing listing obligations under the Listing Manual, dealing in securities and disclosure of interests. All the Directors and key management personnel attended the training session.

Principle 2: Board Composition and Guidance
There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

There were changes in the Board composition during FY2016. Mr Toh Peng Koon resigned as an Executive Director on 18 September 2015 and Ms Cheng Hui Yuen, Vivien, was appointed on the same date as an Executive Director. Mr Michel Grunberg did not seek for re-election as an Independent Director at the AGM held on 27 October 2015 and retired from the Board. Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi Bin Haji Zainuddin resigned as an Independent Director on 5 February 2016. As at the date of this report, the Board comprises six members, four of whom are Non-executive Directors. Two of the Non-executive Directors are independent i.e., they have no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company, and they are able to exercise objective judgment on corporate affairs independently from Management. The other two Non-executive Directors who are non-independent are Mr Tan Siang Long and Datuk Lee Kok Leong.

The independence of the Board as well as individual Directors is of utmost importance to the Board. The Nominating Committee determines the independence of each Director on an annual basis and as and when circumstances require, based on the guidelines provided in the Code. In addition, the Nominating Committee requires each Director to state whether he considers himself independent despite not having any relationships identified in the Code. Based on the above, the Nominating Committee determined that two Directors are independent and four Directors are non-independent. The two Directors who have been determined to be independent are Mr Wee Kheng Jin and Mr Tan Soo Khoon.

The Company maintains a satisfactory independent element on the Board by having two Independent Directors out of the total six Board members. It is therefore compliant with Guideline 2.1 of the Code which recommends that at least one-third of the Board should be independent. Guideline 2.2 of the Code also recommends that, where the Chairman of the Board is not an independent Director, at least half of the Board should be independent. The Nominating Committee is of the view that although the Independent Directors do not currently make up half of the Board, all of the Directors have debated vigorously on the subject matters tabled at the Board meeting held in FY2016, regardless of whether they were independent or not. The Board is aware that the recommendation is for the Company to comply with Guideline 2.2 no later than by the AGM following the end of its financial year commencing on or after 1 May 2016. In the meantime, to comply with Guideline 2.2, the Directors will endeavor to look for a suitable candidate to act as Independent Director, preferably someone with significant and relevant legal and retail industry experience.

CORPORATE GOVERNANCE REPORT

The Company was listed on the SGX-ST on 3 November 2011 and none of the Independent Directors have served on the Board for more than nine years.

The Board and the Nominating Committee review the size of the Board on an annual basis. Based on the latest review, the Board and the Nominating Committee consider that the present Board size is appropriate and facilitates effective decision making, taking into account the current scope and nature of the Group's operations, the requirements of the business of the Group and the need to avoid undue disruptions from changes to the composition of the Board and Board committees.

The Board and the Nominating Committee are also of the view that the current Board and its Board committees comprise Directors, who as a group, provide an appropriate balance and diversity of skills, experience and knowledge of the Group as well as core competencies such as accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. In an effort to bring gender and age diversity to the Board, and for Board renewal, Ms Vivien Cheng was appointed as an Executive Director in FY2016. Profiles of the Directors are set out in the "Board of Directors" section in this Annual Report.

All Directors have equal responsibility for the Company's operations by ensuring that the strategies proposed by Management are constructively challenged, fully discussed and examined, and that they take into account the long term interests of the Group's stakeholders, which includes shareholders, employees, customers and suppliers.

Mr Wee Kheng Jin, the lead Independent Director, leads and co-ordinates the activities of the Non-executive Directors and provides assistance to the Non-executive Directors to constructively challenge and help develop proposals on strategy, review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

To facilitate a more effective check on Management, Non-executive Directors are encouraged to meet regularly without the presence of Management. The Non-executive Directors who are not involved in the operations of the Group had held an informal meeting at least once during FY2016 without the presence of Management.

Principle 3: Chairman and Chief Executive Officer
There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Tan Sri Cheng Heng Jem is the Executive Chairman of the Company. Tan Sri Cheng bears executive responsibility for the Group's business as well as responsibility for the workings of the Board and ensures that procedures are introduced to comply with the Code.

Although the roles and responsibilities for the Chairman and CEO are vested in Tan Sri Cheng, major decisions are made in consultation with the Board. The Board comprises six members, two of whom are Independent Directors. The Board believes that there are adequate measures in place against an uneven concentration of power and authority in one individual.

The Board has appointed Mr Wee Kheng Jin to act as the lead Independent Director on 5 February 2016, taking over the role from Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin. Shareholders with concerns may contact him directly, when contact through the normal channels via the Executive Chairman and the Chief Financial Officer has failed to provide satisfactory resolution or when such contact is inappropriate. As the lead Independent Director, he leads and encourages dialogue between the Independent Directors without the presence of the other Directors and provides feedback to the Chairman after such meetings.

Principle 4: Board membership
There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominating Committee has been constituted to make recommendations to the Board on matters relating to board appointments. It comprises the following three Directors, the majority of whom, including the chairman of the Nominating Committee, are independent:

Tan Soo Khoon – Chairman
Wee Kheng Jin – Member
Tan Sri Cheng Heng Jem – Member

The Nominating Committee is regulated by a set of written terms of reference endorsed by the Board, setting out their duties and responsibilities, which include, among other things:

- making recommendations to the Board on all Board appointments and candidates for senior management positions;
- making recommendations to the Board on the review of Board succession plans for Directors, in particular, the Chairman and the Chief Executive Officer (if any);
- determining annually, and as and when circumstances require, if a Director is independent; and
- deciding if the Director is able to and has been adequately carrying out his duties as a Director.

The Nominating Committee has put in place a process for selection and appointment of new Directors which includes identification of potential candidates, evaluation of candidates' skills, knowledge and experience and assessment of the candidate's suitability. All potential candidates, through the recommendation of the Directors, professional firms and associates, and if need be, through external consultants, will have their profile submitted to the Nominating Committee for screening and selection. The Nominating Committee will meet with the selected candidate to assess his/her suitability, before making its recommendations to the Board for the Board's approval.

The Nominating Committee ensures that Directors appointed to the Board possess the background, experience and knowledge relevant to the industry, as well as business, finance and management skills critical to the Company's businesses. In the event that a Director has multiple board representations or other principal commitments, the Nominating Committee will determine whether or not a Director is able to and has been adequately carrying out his/her duties as Director of the Company. Also, the Nominating Committee determines whether or not a Director is independent, by taking into account the relationship a Director may have with the Company and its related companies, its 10% shareholders or its officers that could be reasonably perceived to interfere with the exercise of the Director's independent business judgment with a view to the best interests of the Company. Such measures enable the Board to have an independent and objective perspective so as to allow balanced and well-considered decisions to be made.

CORPORATE GOVERNANCE REPORT

The Nominating Committee has put in place a process to assist it in the determination of a Director's independence. Once a year, after each financial year end, a Form of Declaration of Independence or Non-Independence will be sent to each of the Directors. The Form compels each Director to consider if he meets the criteria for independence under the Code. Having done so, the said Director will have to declare his independence or non-independence, and to sign and submit the duly completed Form to the Company Secretary. These duly signed Forms will be tabled at the Nominating Committee meeting for the Nominating Committee's review. While the Nominating Committee is not bound by the Director's declaration, the disclosures contained in his Form will assist the Nominating Committee in making its determination. In addition to the Form, the Nominating Committee will also assess whether the Director has exercised and can continue to exercise independent judgment. In addition to this annual review, the Nominating Committee is also committed to convening a meeting as and when circumstances prevail which calls for a review of a Director's independence. The Nominating Committee will present its findings to the Board for the Board's review.

The Nominating Committee is responsible for the nomination of Directors for re-election at regular intervals, taking into consideration the Directors' competencies, commitment, contribution and performance at Board meetings, including attendance, preparedness, candour and participation. Each member of the Nominating Committee shall abstain from voting on any resolution in respect of his re-nomination as a Director.

The Nominating Committee and the Board are of the view that, setting a maximum number of listed company board representations a Director may hold is not meaningful. The contribution of each Director would depend on his individual circumstances, including whether or not he has a full time vocation or other responsibilities, his individual capabilities and the nature and the complexity of the organizations in which he holds appointments. The Nominating Committee, with the concurrence of the Board, was satisfied that each of the Directors is able to and had adequately carried out his duties as a Director of the Company in FY2016, and had given sufficient time and attention to the affairs of the Company.

The Company's Constitution provides that at each AGM, one-third of the Directors who have served the longest since their most recent election (or, if the number of Directors is not a multiple of three, the number nearest to but not less than one-third) must retire from office and may stand for re-election at that AGM. Each Director must retire from office and stand for re-election at least once every three years.

Tan Sri Cheng Heng Jem, who was re-appointed at the last AGM pursuant to Section 153(6) of the Companies Act, Cap 50 (the "Companies Act") (which was in force at that time), shall retire at the forthcoming AGM. He has expressed his wish to seek for re-appointment. In accordance with Article 91 of the Articles of Association comprising part of the Constitution of the Company, Mr Tan Soo Khoon and Datuk Lee Kok Leong will retire at the forthcoming AGM. Mr Tan Soo Khoon has submitted himself for re-election. In this regard, the Nominating Committee, having considered the attendance and participation of the retiring Directors at the Board and Board committee meetings, in particular, their contribution to the business and operations of the Company, has recommended their re-appointment/re-election. The Board has concurred with the Nominating Committee's recommendation. Datuk Lee Kok Leong has expressed his wish to retire at the forthcoming AGM.

Principle 5: Board Performance
There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board has implemented a process for the Nominating Committee to assess the effectiveness of the Board and its Board committees through a confidential questionnaire (covering areas such as the effectiveness of the Board and its Board committees in its monitoring role and the ability to attain strategic and effective risk management, the Board and its Board committees' response to problems and crisis etc. and long-term objectives set out by the Board) which is completed by each Director individually. The performance criteria have been endorsed by the Nominating Committee and the Board.

The assessment of individual Directors is done through self-assessment as well as peer-assessment on areas such as the contribution of each individual Director to the effectiveness of the Board, whether each Director continues to contribute effectively and demonstrate commitment to the role, in each case through a confidential questionnaire completed by each Director individually.

The summary of the completed assessment questionnaires compiled by the Secretary is submitted to the Nominating Committee and then presented to the Board. The Chairman acts on the results of the performance evaluation, and, in consultation with the Nominating Committee, proposes, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

The last Board of Directors' evaluation was conducted in August 2016. The Board was satisfied that the Board as a whole and its Board committee were effective and that each and every Director had demonstrated commitment to and had contributed to the effective functioning of the Board and the Board Committees. The Board did not engage an external facilitator for the assessment process for FY2016.

Principle 6: Access to Information
In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors are furnished with Board papers and material relevant to the agenda items of the meeting prior to Board and Board committee meetings. The meeting materials are provided, as far as possible, one week before the scheduled meetings to allow the Directors sufficient time to read and review the documents for deliberation at the meetings. As and when there are urgent and important matters that require the Directors' attention, information are furnished to the Directors as soon as practicable, and where necessary, a special Board or Board committee meeting will be convened at short notice. The Directors may also request for additional information or for expert advice to be sought during discussion at the Board or Board Committee meetings if they deemed such information necessary and appropriate for well-informed decision-making.

All the Directors have separate and independent access to the Group's senior management, the company secretary and her assistant, as well as the Group's internal and external auditors should they have any queries on the affairs of the Group. The contact persons and their contact details are regularly updated and circulated to the Directors.

CORPORATE GOVERNANCE REPORT

The company secretary and her assistant attend all meetings of the Board and Board Committees and ensure that the Board and Board Committee procedures are followed and that applicable rules and regulations are complied with. The company secretary is responsible for ensuring good information flows within the Board and its Board Committees and between Management and the Non-executive Directors.

Any decision to appoint or remove the company secretary can only be taken by the Board as a whole.

The Board has also approved a procedure for Directors, as a Board, to take independent professional advice, where necessary in the furtherance of their duties, at the Group's expense.

Principle 7: Procedures for Developing Remuneration Policies
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee has been constituted to recommend to the Board a framework of remuneration for the Directors and key management personnel, and to determine specific remuneration packages for each Director and the key management personnel. It comprises the following three Directors, all of whom are non-executive and the majority of whom, including the chairman of the Remuneration Committee, are independent:

Tan Soo Khoon – Chairman
Wee Kheng Jin – Member
Tan Siang Long – Member

The Remuneration Committee is regulated by a set of written terms of reference, endorsed by the Board, setting out their duties and responsibilities, which include, among other things:

- ensuring a formal and transparent procedure for developing policy on executive remuneration;
- reviewing and recommending to the Board a general framework of remuneration for the Board and Management;
- reviewing and recommending to the Board the specific remuneration packages for each of the Directors and key management personnel, which is submitted for approval by the Board; and
- reviewing the Company's obligations arising in the event of termination of the Executive Directors and Management's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The Remuneration Committee considers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind.

No Director is involved in deciding his/her own remuneration.

The Remuneration Committee will seek expert advice inside and/or outside the Company on remuneration of all Directors if necessary. No external consultant was engaged during FY2016.

The termination clauses contained in contracts of service of key management personnel are fair and reasonable, and not overly generous.

Principle 8: Level and Mix of Remuneration
The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Remuneration Committee periodically considers and reviews remuneration packages in order to maintain their attractiveness, so as to retain and motivate key management personnel, and to ensure that a proportion of the remuneration is linked to corporate and individual performance. Such performance-related remuneration aligns the interests of the key management personnel with those of shareholders and the long-term success of the Company and includes, among others, participation in the Parkson Retail Asia Limited Employee Share Option Scheme (the "ESOS") or other share plans that may be implemented by the Group. The Company has not granted any share options under the ESOS.

At the moment, the Company and its subsidiaries do not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

If a member of the Remuneration Committee has an interest in a matter being reviewed or considered by the Remuneration Committee, he must abstain from deliberating and voting on that matter.

The Non-executive Directors do not have any service contracts. They are paid a basic fee and additional fees for serving on Audit Committees. The Remuneration Committee is also mindful of not over-compensating the Non-executive Directors to the extent that their independence may be compromised. The Directors' fees are subject to approval by shareholders at the AGM. Except as disclosed, the independent Directors and the Non-executive Directors do not receive any other remuneration from the Company for their Board service.

The Directors' fee structure is as follows:

Proposed Fee Structure (annual basis)		
Board	**Audit Committee**	
Members	**Chairman**	**Members**
S$55,000	S$10,000	S$5,000

The fee payable will be prorated accordingly if a Director occupies the position for part of the financial year only.

The Remuneration Committee had recommended to the Board a maximum amount of S$350,000 as the total Directors' fees to be paid for the financial year ending 30 June 2017 payable quarterly in arrears (FY2016: S$460,000). The proposed payment of Directors' fee for FY2017 is lower than that for FY2016 due to the reduced number of Directors on the Board (from 8 to 6). The proposed fee structure for each individual Director remained unchanged from the previous financial year. This recommendation will be tabled for shareholders' approval at the AGM.

Principle 9: Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown, showing the level and mix of each individual Director's remuneration for FY2016, is as follows:

	Fee %	Salary %	Variable Bonus %	Benefits-in-kind %	Total %	Total S$'000
Executive Directors						
Tan Sri Cheng Heng Jem	100	–	–	–	100	55
Cheng Hui Yuen, Vivien(1)	100	–	–	–	100	43
Toh Peng Koon(1)	18	54	–	28	100	65
Non-Executive Directors						
Tan Siang Long	100	–	–	–	100	60
Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin(1)	100	–	–	–	100	39
Wee Kheng Jin(2)	100	–	–	–	100	59
Tan Soo Khoon(3)	100	–	–	–	100	60
Michel Grunberg(1)	100	–	–	–	100	18
Datuk Lee Kok Leong	100	–	–	–	100	55
						454

(1) Director's fee is pro-rated as the Directors resigned/retired/were appointed during FY2016:
- Ms Cheng Hui Yuen, Vivien was appointed on 18 September 2015;
- Mr Toh Peng Koon resigned on 18 September 2015;
- Mr Michel Grunberg retired at the Company's AGM held on 27 October 2015; and
- Gen (R) Dato Sri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin resigned on 5 February 2016.

(2) Mr Wee Kheng Jin was appointed to the Audit Committee, Nominating Committee and Remuneration Committee on 5 February 2016 and his fee as Chairman of the Audit Committee is pro-rated.

(3) Mr Tan Soo Khoon was appointed as Chairman of the Nominating Committee on 5 February 2016.

The remuneration (shown in bands of S$250,000) of the top five key management personnel (excluding those who are Directors) for FY2016 is disclosed in the table below:

	Salary %	Variable Bonus %	Benefits-in-kind %	Total %
Key Management Personnel				
Band A(1)				
Tiang Chee Sung	50	16	34	100
Law Boon Eng	69	17	14	100
Gui Cheng Hock	50	14	36	100
Koh Huat Lai	81	7	12	100
Ng Ghee Keng(2)	74	15	11	100

(1) Band A refers to remuneration at or below the equivalent of S$250,000.

(2) Mr Ng Ghee Keng was promoted to the position of Chief Auditor on 19 May 2016.

For FY2016, the aggregate total remuneration paid to the top five key management personnel (excluding those who are Directors) amounted to S$736,830.

Cheng Hui Yen, Natalie, who is the daughter of Tan Sri Cheng Heng Jem and sister of Ms Cheng Hui Yuen, Vivien, has an employment relationship with a subsidiary of the Company, and has received remuneration (comprising salary, bonus and benefits-in-kind) within the band from S$100,000 to S$150,000 during FY2016. The basis for determining her remuneration was the same as the basis for determining the remuneration of other employees.

There are no existing or proposed service agreements entered into or to be entered into by the Company or any of its subsidiaries with any of the Directors or key management personnel which provides for benefits (in the form of stock options, pensions, retirement or other benefits) upon termination of employment, retirement or post-employment.

The Company had on 12 October 2011 adopted the ESOS, representing share-based incentive options of the Company. As at 30 June 2016, no options under the ESOS have been granted.

The main features of the ESOS are as follows:

(a) The Executive and Non-executive Directors and confirmed employees of the Group shall be eligible to participate in the ESOS at the absolute discretion of the Remuneration Committee.

(b) The aggregate number of shares over which the Remuneration Committee may grant options, when added to the number of shares issued and issuable in respect of (i) all options granted under the ESOS, and (ii) all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company, must not exceed 15% of the issued shares of the Company (excluding treasury shares), provided that in relation to controlling shareholder(s) and/or associate(s) of controlling shareholder(s):

   – the aggregate number of shares which may be offered by way of grant of options to participants who are controlling shareholder(s) and/or associate(s) of controlling shareholder(s) must not exceed 25% of the total number of shares available under the ESOS and such other share-based incentive schemes of the Company; and

   – the aggregate number of shares which may be offered by way of grant of options to each participant who is a controlling shareholder or his associate under the ESOS must not exceed 10% of the total number of shares available under the ESOS and such other share-based incentive schemes of the Company.

(c) The options granted under the ESOS may have exercise prices that are set at (i) a price (the "Market Price") equal to the average of the last dealt market price of the shares for the five consecutive market days preceding the date of grant of the relevant option; or (ii) a discount to the Market Price (subject to a maximum discount of 20%).

(d) The ESOS will continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of the Company's shareholders and of any relevant authorities which may be required.

CORPORATE GOVERNANCE REPORT

Further details of the ESOS have been provided in the Company's prospectus dated 27 October 2011.

Principle 10: Accountability
The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects in the annual report to shareholders and the quarterly and annual financial statements announcements.

Management provides all members of the Board with the results of the Group's performance, financial position and prospects on a quarterly basis with adequate support and explanation of the bases for the preparation and presentation of the financial statements. Board papers are given prior to any Board meeting (one week in advance for the quarterly Audit Committee and Board meetings) to facilitate effective discussion and decision-making.

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Manual. A compliance manual covering legislative and regulatory requirements has been circulated to the Management team and is updated when there are amendments to the legislative and regulatory requirements. The compliance manual was last updated, reviewed and adopted by the Board in August 2016. Management provides the Executive Directors with monthly financial reports. Additional or ad-hoc meetings are conducted, when required.

Management makes presentation to the Board on a quarterly basis on the financial performance of the Group.

Principle 11: Risk Management and Internal Controls
The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for maintaining an adequate internal control system to safeguard the Company's shareholders' investments and the Company's assets. The Board will continuously review its risk assessment process with a view to improve the Company's internal control system where required.

The Company maintains a tailored governance structure with defined lines of responsibility and appropriate delegation of responsibility and authority to Management.

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. Management plays a pivotal role in overseeing the implementation of the risk management framework, periodically reviewing the risk management scorecards and reporting the status to the Audit Committee. Management also assesses all material and key risks associated with the Group's businesses and operations as well as corporate proposals. The Board reviewed the Strategic Corporate Risk Management Scorecard of key operations and the mitigating controls to address identified risks.

The internal audit team performs detailed work to assist the Audit Committee in the evaluation of internal controls, financial and accounting matters, compliance, business and financial risk management including controls in the critical IT system. The Audit Committee's responsibility for the Group's internal controls are complemented by the work of the Compliance department.

The Board has received written assurance from the Executive Chairman and the CFO that: (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

The Board, with the concurrence of the Audit Committee, is of the opinion that, based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the Management, the various Board committees and the Board and the written assurance from the Executive Chairman and the CFO, the Group's internal controls addressing key financial, operational, compliance and information technology controls, and risk management systems were adequate and effective as at 30 June 2016 and where certain weaknesses were identified, these have been addressed by the Management. It should be noted that the system of internal controls and risk management can provide only reasonable, but not absolute, assurance against financial misstatements or loss, and of safeguarding of assets, maintenance of proper accounting records, reliability of financial information and compliance with all relevant legislation. The Board will continue its on-going risk assessment process with a view to improve the Company's internal controls system.

Principle 12: Audit Committee
The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee comprises the following three Directors, all of whom are non-executive and the majority of whom, including the chairman of the Audit Committee, are independent:

Wee Kheng Jin – Chairman
Tan Soo Khoon – Member
Tan Siang Long – Member

The Audit Committee is regulated by a set of written terms of reference endorsed by the Board, setting out their duties and responsibilities, which include, among other things:

- reviewing the significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- reviewing and reporting to the Board, at least annually, on the adequacy and effectiveness of the Group's internal controls comprising internal financial controls, operational and compliance controls, including procedures for entering into hedging transactions, and risk management policies and systems established by Management (collectively, "internal controls"), ensuring that such review of the effectiveness of the internal controls is conducted at least annually;

CORPORATE GOVERNANCE REPORT

- reviewing, with the external auditor, his evaluation of the system of internal accounting controls in the course of the audit of the Group's financial statements;
- reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;
- reviewing the effectiveness of the Group's internal audit function;
- appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls; and
- making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

In addition to the duties listed above, the Audit Committee shall be responsible for reviewing the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to ensure that arrangement are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

The Audit Committee is also authorised by the Board to investigate any matter within its terms of reference and has full access to, and co-operation of Management. It also has full discretion to invite any Director or executive officer to attend its meetings. It has adequate resources to enable it to discharge its functions properly.

The Board is of the view that all the members of the Audit Committee are appropriately qualified to discharge their responsibilities.

Wee Kheng Jin has extensive financial experience in a broad range of industries including banking, construction, hospitality services and real estate development. Mr Tan Soo Khoon has been the managing director of a watch distribution company, Crystal Time (S) Pte Ltd, since 1978 and Mr Tan Siang Long is knowledgeable about information technology (IT) systems and controls and possesses relevant experience to assess IT-related matters, in addition to his experience in the retail industry. Please refer to the profile in the "Board of Directors" section in this Annual Report.

The Audit Committee held six meetings in FY2016. Four of these meetings were attended by the top five key management personnel at the invitation of the Audit Committee. The Group's external auditors were also present at relevant junctures during some of these meetings.

In FY2016, the Audit Committee met the external auditors and the internal auditors separately without the presence of the Executive Directors and Management in August 2015 and February 2016, respectively.

The Audit Committee also reviewed the Group's full-year results announcement, the financial statements of the Company and the consolidated financial statements of the Group for FY2016 prior to making recommendations to the Board for approval.

To achieve a high standard of corporate governance for the operation of the Group, the Group has implemented a whistle-blowing policy. Details of the whistle-blowing policies and arrangements have been made available to all employees, suppliers and customers. The policy provides channels through which staff and stakeholders can raise concerns on financial reporting improprieties and other matters. The Audit Committee ensures that such concerns are independently investigated and that appropriate follow-up action will be taken. Further to this, the Group has also put in place a code of ethics with its suppliers, and has placed boxes in strategic locations within the department stores for customers to provide their feedback.

The Audit Committee has reviewed the non-audit services provided by the external auditors, Ernst & Young LLP, for FY2016 and is of the opinion that the provision of such services did not affect the independence or objectivity of the external auditors as the percentage of the fees for non-audit services is relatively small as compared to the fees for audit services. The external auditors have affirmed their independence in this respect.

The aggregate amount of fees paid/payable by the Group to the Company's external auditors are as follows:

	30 June 2016	
	S$'000	**%**
Audit services	242	97.2
Non-audit services	7	2.8
	249	100.0

The Audit Committee has recommended the re-appointment of Ernst & Young LLP as external auditors at the Company's forthcoming AGM.

The Company confirms that it has complied with Rules 712 and 715 or 716 of the Listing Manual in relation to its auditors. Please refer to the "Corporate Information" section in this Annual Report for the details of auditors of the Company.

The Audit Committee members also kept abreast of the changes to accounting standards and issues which have a direct impact on financial statements through periodic meetings with the external auditors and opportunities to attend external seminars at the Company's expense.

None of the Audit Committee members is a former partner or director of the Company's existing auditing corporation.

Principle 13: Internal Audit
The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit department is a department independent of Management. The Chief Auditor, has a direct and primary reporting line to the chairman of the Audit Committee, with administrative reporting to the Chief Operating Officer in-charge of the Group's Malaysia operations. The Audit Committee approves the hiring, removal, evaluation and compensation of the Chief Auditor.

CORPORATE GOVERNANCE REPORT

The internal audit team, which is independent of the Company's daily operations and accounting functions, has unfettered access to all of the Group's documents, records, properties and personnel. The Chief Auditor is responsible for establishing the Group's internal control framework, covering all material controls including financial and accounting matters, operational and compliance controls. The internal control framework also provides for identification and management of risk, including controls in the critical IT system. The internal audit team is staffed with persons with the relevant qualifications and experience.

The Chief Auditor formulates the annual internal audit plan and procedures and with a team of auditors, conducts periodic independent reviews on the operations of individual divisions to identify any irregularity and risk, develops action plans and recommendations to address the identified risks, and reports to the Audit Committee on any key findings and progress of the internal audit process. The Audit Committee, in turn, reports to the Board on any material issues and makes recommendations to the Board.

The Internal Audit function meets the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Audit Committee reviews the adequacy and effectiveness of the internal audit function on a quarterly basis.

For FY2016, the Audit Committee is satisfied that the internal audit function was adequately resourced, with appropriate standing within the Company.

Principal 14: Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Company is committed to provide shareholders with adequate, timely and sufficient information relating to changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares.

The Company will ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders will be informed of rules, including voting procedures, that govern general meetings of shareholders.

Principal 15: Communications with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company values dialogue with its shareholders. The Company believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns, where possible, through analyst briefings, investor roadshows or investors' day briefings.

The Company's investor relations policy is that all shareholders should be equally informed of all major developments and events that impact the Company in a timely manner. Results and annual reports are announced or issued within the mandatory period. Briefings for the full year results are conducted for analysts and institutional investors, following the release of the results on SGXNET. Presentations are made, as appropriate, to explain the Group's strategy, performance and major developments. All analysts' and institutional investors' briefing materials are made available to shareholders on SGXNET.

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during Company's general meetings. At these meetings, shareholders are given the opportunity to voice their views and raise issues either formally or informally. The Company's website at www.parkson.com.sg is another channel to solicit and understand the views of the shareholders.

The Board does not have a fixed dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit, growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth, general business condition, and other factors as the Board may deem appropriate.

Principle 16: Conduct of shareholder meetings
Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company believes in encouraging greater shareholder participation at general meetings. Shareholders have the opportunity to participate effectively and to vote at general meetings. At general meetings, shareholders are given the opportunity to participate in the question and answer session.

A shareholder who is unable to attend the general meeting may appoint a proxy(ies) to vote on his behalf. Pursuant to the amendments to the Companies Act, a member which is a relevant intermediary (as defined in the Companies Act), which generally includes Singapore banks and nominee or custodial service providers, as well as the Central Provident Fund Board, may appoint more than two proxies to attend, speak and vote at the AGM, provided that each appointed proxy represents a different share or shares held by such member.

Each resolution to be voted on at a general meeting will be clearly separated.

The external auditors are present at the AGM to address shareholders' queries on the conduct of the audit and the preparation and content of the auditors' report. The Directors and the Chairmen of the Audit Committee, Nominating Committee and Remuneration Committee, or members of the respective Board committees standing in for them, are present at the AGM, to address shareholders' queries.

Appropriate senior management personnel/members are also present at general meetings to respond, if necessary, to operational questions from shareholders.

The Company will also prepare minutes of general meetings that include substantial comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and will make such minutes available to shareholders upon their request.

All the resolutions put to the vote at the forthcoming AGM will be voted on by poll and the detailed results of the poll will be announced via SGXNET.

CORPORATE GOVERNANCE REPORT

DEALING IN SECURITIES

The Group has adopted an internal code on securities trading which provides guidance and internal regulation with regard to dealings in the Group's securities by its Directors and officers that takes into account the best practices on dealings in securities under Rule 1207(19) of the Listing Manual as well as insider trading laws in Singapore. The Group's internal code prohibits its Directors and officers from dealing in listed securities of the Group while in possession of unpublished material or price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Group's financial year and one month before the date of announcement of the full year financial results. Directors and officers are also prohibited from dealings in the Group's securities on short-term considerations.

MATERIAL CONTRACTS

Other than as disclosed, there are no material contracts of the Group involving the interests of any Director or controlling shareholder entered into during the financial year that is required to be disclosed under the Listing Manual.

STATUS REPORT ON USE OF IPO PROCEEDS

The Company had successfully completed its initial public offering of 80,000,000 new ordinary shares of S$0.94 each on 3 November 2011. As at 30 June 2016, the Company has fully utilised its net IPO proceeds of S$69.2 million as follows:

- S$49.2 million for the purpose of store openings in Malaysia, Indonesia and Vietnam;
- S$5.0 million for the purpose of information technology investment;
- S$12.4 million to subscribe for the rights issue of shares in Odel PLC, a former associate company; and
- S$2.6 million as capital contribution to a joint-venture company established to operate department stores in Myanmar.

These amounts were utilised in accordance with the stated use as disclosed in the Company's prospectus dated 27 October 2011 and the announcement on 3 December 2012 pertaining to the revision in utilisation of the IPO proceeds.

INTERESTED PERSON TRANSACTIONS ("IPTs")

All IPTs will be documented and submitted quarterly to the Audit Committee for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and not prejudicial to the Company.

The Audit Committee has reviewed the IPTs for FY2016. The aggregate value of the material IPTs between the Group and the interested persons for FY2016 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Lion Corporation Berhad Group[(1)]	–	308
Lion Forest Industries Berhad Group[(2)]	–	1,912
Parkson Holdings Berhad Group[(3)]	790	6,745
Secom (M) Sdn Bhd[(4)]	–	465
Bonuskad Loyalty Sdn Bhd[(5)]	–	7,625
PT Monica Hijaulestari[(6)]	–	4,159
PT Tozy Bintang Sentosa[(7)]	–	319

Notes:

(1) Purchases of equipment, furniture and fittings and sale of gift vouchers.

(2) Purchases of building materials, light fittings, merchandises, procurement of energy conservation services and sale of gift vouchers.

(3) (i) Royalty expenses, service charge income and rental income totaling S$0.790 million;

(ii) Sale of gift vouchers, purchase of merchandises and net concessionaire sales totaling S$6.745 million.

(4) Purchase of security equipment and procurement of security services.

(5) Marketing fees payable for the bonus points issued and amounts receivable for points redemption made by cardholders.

(6) Purchases of merchandise.

(7) Rental expense for office and warehouse.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2016.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet, statements of changes in equity of the Company, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Tan Sri Cheng Heng Jem
Tan Siang Long
Wee Kheng Jin
Tan Soo Khoon
Datuk Lee Kok Leong
Cheng Hui Yuen, Vivien

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Tan Sri Cheng Heng Jem	500,000	500,000	457,933,300	457,933,300
Tan Siang Long	60,000	60,000	–	–
Wee Kheng Jin	60,000	150,000	–	–
Tan Soo Khoon	60,000	60,000	–	–
Ordinary shares of the ultimate holding company (Parkson Holdings Berhad ("PHB"))				
Tan Sri Cheng Heng Jem	336,589,876	341,765,266	276,281,166	290,979,019
Ordinary shares of a related corporation (Parkson Retail Group Limited ("PRGL"))				
Tan Sri Cheng Heng Jem	–	–	1,448,270,000	1,448,270,000

The immediate holding company is East Crest International Limited ("ECIL"). Parkson Holdings Berhad ("PHB") is the sole shareholder of ECIL, and is as such deemed to be interested in the shares of the Company held by ECIL. Tan Sri Cheng Heng Jem has a direct interest in 32.75% and an indirect interest in 27.88% of the voting shares of PHB, and as such by virtue of his control of the exercise of not less than 20.0% of the votes attached to the voting shares in PHB, is deemed to be interested in the shares of the Company held by ECIL.

By virtue of Section 7 of the Companies Act, Tan Sri Cheng Heng Jem is deemed to be interested in the shares held by the Company in its subsidiaries.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2016.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

DIRECTORS' STATEMENT

Directors' contractual benefits

Other than as disclosed in this financial statements and in the financial statements of related corporations, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the 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.

Options

No options were issued by the Company or its subsidiaries during the financial year. As at 30 June 2016, there were no options on the unissued shares of the Company or its subsidiaries which were outstanding.

Audit committee

The Audit Committee ("AC") comprises Wee Kheng Jin, Tan Siang Long and Tan Soo Khoon. The chairman of the AC is Wee Kheng Jin. Majority of the members, including the Chairman, are independent non-executive directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Group's Corporate Governance Report in the Annual Report.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Tan Sri Cheng Heng Jem
Director

Cheng Hui Yuen, Vivien
Director

Singapore
3 October 2016

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Independent auditor's report to the members of Parkson Retail Asia Limited

Report on the financial statements

We have audited the accompanying financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 45 to 133, which comprise the balance sheets of the Group and the Company as at 30 June 2016, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 management, 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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Independent auditor's report to the members of Parkson Retail Asia Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
3 October 2016

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 SGD'000	2015 SGD'000
Revenue	4	**388,417**	428,751
Other items of income			
Finance income	5	**4,235**	6,354
Other income	6	**52,875**	9,597
Items of expense			
Changes in merchandise inventories and consumables		**(144,238)**	(158,014)
Employee benefits expense	7	**(56,094)**	(52,586)
Depreciation and amortisation expenses	8	**(22,523)**	(20,475)
Promotional and advertising expenses		**(10,597)**	(9,406)
Rental expenses	8	**(109,460)**	(111,818)
Finance costs	5	**(329)**	(601)
Other expenses		**(67,366)**	(132,432)
Share of results of an associate		**–**	39
Profit/(loss) before tax	8	**34,920**	(40,591)
Income tax expense	9	**(6,325)**	(12,204)
Profit/(loss) for the year		**28,595**	(52,795)
Profit/(loss) for the year attributable to:			
Owners of the Company		**30,177**	(34,688)
Non-controlling interests		**(1,582)**	(18,107)
		28,595	(52,795)
Earnings/(loss) per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	**4.46**	(5.12)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	2016 SGD'000	2015 SGD'000
Profit/(loss) for the year	**28,595**	(52,795)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan, net of tax	**(69)**	(8)
Item that has been reclassified to profit or loss:		
Cumulative exchange differences on disposal of an associate	**–**	993
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(6,214)**	(8,171)
	(6,283)	(7,186)
Total comprehensive income for the year	**22,312**	(59,981)
Attributable to:		
Owners of the Company	**24,520**	(41,868)
Non-controlling interests	**(2,208)**	(18,113)
	22,312	(59,981)

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

BALANCE SHEETS
AS AT 30 JUNE 2016

	Note	Group			Company	
		2016 SGD'000	2015 SGD'000 (Restated)	2014 SGD'000 (Restated)	2016 SGD'000	2015 SGD'000
ASSETS						
Non-current assets						
Property, plant and equipment	11	**145,643**	96,778	89,522	**–**	–
Land use right	12	**7,891**	8,227	7,913	**–**	–
Investments in subsidiaries	13	**–**	–	–	**135,019**	145,649
Investment in an associate	14	**–**	–	26,539	**–**	–
Deferred tax assets	15	**9,096**	7,231	4,928	**–**	–
Other receivables	17	**23,939**	21,761	24,876	**31,094**	23,161
Prepayments	16	**5,613**	8,944	13,576	**–**	–
Intangible assets	18	**5,551**	5,350	5,737	**–**	–
Derivatives	19	**18**	19	20	**–**	–
Investment securities	20	**78**	83	91	**–**	–
		197,829	148,393	173,202	**166,113**	168,810
Current assets						
Inventories	21	**76,946**	57,817	63,628	**–**	–
Investment securities	20	**–**	11,867	21,677	**–**	–
Trade and other receivables	17	**20,687**	17,440	23,514	**23,155**	32,462
Prepayments	16	**5,030**	5,234	6,126	**13**	21
Tax recoverable		**4,076**	2,271	2,515	**–**	–
Cash and short-term deposits	22	**69,509**	126,711	129,204	**1,679**	7,644
Assets of disposal group classified as held for sale	23	**–**	4,674	–	**–**	–
		176,248	226,014	246,664	**24,847**	40,127
Total assets		**374,077**	374,407	419,866	**190,960**	208,937
EQUITY AND LIABILITIES						
Current liabilities						
Trade and other payables	24	**160,512**	132,710	141,544	**453**	912
Other liabilities	25	**26,452**	19,270	20,791	**–**	–
Bank overdrafts	26	**–**	735	–	**–**	–
Tax payable		**647**	123	790	**–**	–
Liabilities of disposal group classified as held for sale	23	**–**	70,293	–	**–**	–
		187,611	223,131	163,125	**453**	912
Net current (liabilities)/assets		**(11,363)**	2,883	83,539	**24,394**	39,215
Non-current liabilities						
Other payables	24	**6,259**	5,607	8,824	**–**	–
Other liabilities	25	**22,487**	15,623	13,758	**–**	–
Deferred tax liabilities	15	**394**	–	107	**394**	–
		29,140	21,230	22,689	**394**	–
Total liabilities		**216,751**	244,361	185,814	**847**	912
Net assets		**157,326**	130,046	234,052	**190,113**	208,025

BALANCE SHEETS
AS AT 30 JUNE 2016

	Note	Group			Company	
		2016 SGD'000	2015 SGD'000 (Restated)	2014 SGD'000 (Restated)	2016 SGD'000	2015 SGD'000
Equity attributable to owners of the Company						
Share capital	27(a)	**231,676**	231,676	231,676	**231,676**	231,676
Treasury shares	27(b)	**(549)**	–	–	**(549)**	–
Other reserves	28	**(163,517)**	(157,036)	(150,250)	**(42,472)**	(30,278)
Retained earnings		**90,313**	73,751	152,472	**1,458**	6,627
Reserve of disposal group classified as held for sale	23	**–**	(386)	–	**–**	–
		157,923	148,005	233,898	**190,113**	208,025
Non-controlling interests		**(597)**	(17,959)	154	**–**	–
Total equity		**157,326**	130,046	234,052	**190,113**	208,025
Total equity and liabilities		**374,077**	374,407	419,866	**190,960**	208,937

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Group	Equity, total SGD'000	Attributable to owners of the Company: Equity attributable to owners of the Company, total SGD'000	Share capital (Note 27(a)) SGD'000	Treasury shares (Note 27(b)) SGD'000	Retained earnings SGD'000	Other reserves (Note 28) SGD'000	Reserve of disposal group classified as held for sale SGD'000	Non-controlling interests SGD'000
Opening balance at 1 July 2015	**130,046**	**148,005**	**231,676**	**–**	**73,751**	**(157,036)**	**(386)**	**(17,959)**
Profit for the year	**28,595**	**30,177**	**–**	**–**	**30,177**	**–**	**–**	**(1,582)**
Other comprehensive income								
Foreign currency translation	(6,214)	(5,588)	–	–	–	(5,588)	–	(626)
Remeasurement of defined benefit plan, net of tax	(69)	(69)	–	–	(69)	–	–	–
	(6,283)	(5,657)	–	–	(69)	(5,588)	–	(626)
Total comprehensive income for the year	**22,312**	**24,520**	**–**	**–**	**30,108**	**(5,588)**	**–**	**(2,208)**
Changes in ownership interests in subsidiaries								
Partial disposal of a former subsidiary (Note 13)	18,964	(507)	–	–	–	(893)	386	19,471
Contribution by non-controlling interest	99	–	–	–	–	–	–	99
Total changes in ownership interests in subsidiaries	19,063	(507)	–	–	–	(893)	386	19,570
Distributions to owners								
Dividends (Note 29)	(13,546)	(13,546)	–	–	(13,546)	–	–	–
Purchase of treasury shares	(549)	(549)	–	(549)	–	–	–	–
Total distributions to owners	(14,095)	(14,095)	–	(549)	(13,546)	–	–	–
Closing balance at 30 June 2016	**157,326**	**157,923**	**231,676**	**(549)**	**90,313**	**(163,517)**	**–**	**(597)**

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Group	Equity, total SGD'000	Equity attributable to owners of the Company, total SGD'000	Share capital (Note 27(a)) SGD'000	Retained earnings SGD'000	Other reserves (Note 28) SGD'000	Reserve of disposal group classified as held for sale SGD'000	Non-controlling interests SGD'000
		Attributable to owners of the Company					
Opening balance at 1 July 2014	234,052	233,898	231,676	152,472	(150,250)	–	154
Loss for the year	(52,795)	(34,688)	–	(34,688)	–	–	(18,107)
Other comprehensive income							
Foreign currency translation	(8,171)	(8,165)	–	–	(8,165)	–	(6)
Cumulative exchange differences on disposal of an associate	993	993	–	–	993	–	–
Remeasurement of defined benefit plan, net of tax	(8)	(8)	–	(8)	–	–	–
	(7,186)	(7,180)	–	(8)	(7,172)	–	(6)
Total comprehensive income for the year	(59,981)	(41,868)	–	(34,696)	(7,172)	–	(18,113)
Reserve of disposal group classified as held for sale	–	–	–	–	386	(386)	–
Dividends (Note 29), representing total distributions to owners	(44,025)	(44,025)	–	(44,025)	–	–	–
Closing balance at 30 June 2015	130,046	148,005	231,676	73,751	(157,036)	(386)	(17,959)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Equity, total SGD'000	Share capital (Note 27(a)) SGD'000	Treasury shares (Note 27((b)) SGD'000	Retained earnings SGD'000	Other reserves (Note 28) SGD'000
Company					
Opening balance at 1 July 2015	**208,025**	**231,676**	**–**	**6,627**	**(30,278)**
Profit for the year	**8,377**	**–**	**–**	**8,377**	**–**
Other comprehensive income					
Foreign currency translation	**(12,194)**	**–**	**–**	**–**	**(12,194)**
Total comprehensive income for the year	**(3,817)**	**–**	**–**	**8,377**	**(12,194)**
Distributions to owners					
Dividends (Note 29)	**(13,546)**	**–**	**–**	**(13,546)**	**–**
Purchase of treasury shares	**(549)**	**–**	**(549)**	**–**	**–**
Total distributions to owners	**(14,095)**	**–**	**(549)**	**(13,546)**	**–**
Closing balance at 30 June 2016	**190,113**	**231,676**	**(549)**	**1,458**	**(42,472)**
Opening balance at 1 July 2014	236,916	231,676	–	16,950	(11,710)
Profit for the year	33,702	–	–	33,702	–
Other comprehensive income					
Foreign currency translation	(18,568)	–	–	–	(18,568)
Total comprehensive income for the year	15,134	–	–	33,702	(18,568)
Distributions to owners					
Dividends (Note 29), representing total distributions to owners	(44,025)	–	–	(44,025)	–
Closing balance at 30 June 2015	208,025	231,676	–	6,627	(30,278)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 SGD'000	2015 SGD'000 (Restated)
Operating activities			
Profit/(loss) before tax		**34,920**	(40,591)
Adjustments for:			
Depreciation of property, plant and equipment	11	**21,804**	19,745
Amortisation of intangible assets	18	**584**	595
Amortisation of land use right	12	**135**	135
Allowance for doubtful trade and other receivables, net	17	**9,292**	12,167
Unrealised exchange loss/(gain)		**78**	(415)
Net benefit expense from defined benefit plan	24	**166**	120
Property, plant and equipment written off		**428**	2,503
Intangible assets written off		**–**	16
Impairment of property, plant and equipment		**5,399**	–
Loss on disposal of property, plant and equipment, net	8	**15**	85
Amortisation of deferred lease expense	17	**999**	1,465
Amortisation of deferred lease income	24	**(288)**	(628)
Inventories written down	21	**–**	209
Income from expired gift vouchers	6	**(1,038)**	(732)
Impairment on prepaid rental		**2,771**	–
Inventory shrinkages		**624**	865
Share of results of an associate		**–**	(39)
Provision for contingent expenses in relation to closure of a store	13	**–**	64,729
Gain on disposal of an associate	14	**–**	(1,379)
Gain on partial disposal of a former subsidiary	13	**(46,797)**	–
Dividend income from investment securities	6	**(56)**	(84)
Finance costs	5	**329**	601
Finance income	5	**(4,235)**	(6,354)
Operating cash flows before changes in working capital		**25,130**	53,013
Changes in working capital:			
Decrease/(increase) in:			
Inventories		**(26,733)**	87
Trade and other receivables		**(22,597)**	(7,949)
Prepayments		**655**	5,022
(Decrease)/increase in:			
Trade and other payables		**30,070**	(5,338)
Other liabilities		**25,762**	8,395
Cash flows from operations		**32,287**	53,230
Interest received		**3,125**	6,079
Interest paid		**–**	(3)
Income taxes paid		**(9,220)**	(14,516)
Net cash flows from operating activities		**26,192**	44,790

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 SGD'000	2015 SGD'000
Investing activities			
Proceeds from disposal of an associate	14	**–**	27,919
Net cash outflow from partial disposal of a former subsidiary	13	**(513)**	–
Proceeds from withdrawal of money market instruments		**11,121**	8,545
Proceeds from disposal of property, plant and equipment		**33**	238
Purchase of property, plant and equipment	A	**(72,137)**	(32,602)
Additions to intangible assets	18	**(744)**	(375)
Dividend income from investment securities		**56**	84
Net cash flows (used in)/from investing activities		**(62,184)**	3,809
Financing activities			
Dividends paid on ordinary shares	29	**(13,546)**	(44,025)
Purchase of treasury shares	27	**(549)**	–
Contribution by non-controlling interest		**99**	–
Net cash flows used in financing activities		**(13,996)**	(44,025)
Net (decrease)/increase in cash and cash equivalents		**(49,988)**	4,574
Effect of exchange rate changes on cash and cash equivalents		**(6,479)**	(7,802)
Cash and cash equivalents at 1 July		**125,976**	129,204
Cash and cash equivalents at 30 June	22	**69,509**	125,976

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2016 SGD'000	2015 SGD'000
Current year additions to property, plant and equipment	11	**79,426**	32,376
Less: Payable to creditors	24	**(4,579)**	(198)
Less: Provision for restoration costs	11	**(2,950)**	–
Less: Accrued expenses	25	**(208)**	(253)
		71,689	31,925
Add: Payments for prior year purchase		**451**	677
Exchange differences		**(3)**	–
Net cash outflow for purchase of property, plant and equipment		**72,137**	32,602

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

1. Corporate information

Parkson Retail Asia Limited (the "Company") is a public listed company incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is located at 80 Robinson Road, #02-00, Singapore, 068898. The principal places of business of the Group are located at:

– Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia;

– 35 Bis – 45 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam;

– TD Plaza Building, Cat Bi T Junction Urban Area, Hai Phong City, Vietnam;

– Hung Vuong Plaza, No. 126 Hung Vuong Street, Ward 12, District 5 Ho Chi Minh City, Vietnam;

– Viet Tower Building, 198B Tay Son Street, Dong Da District, Hanoi, Vietnam;

– Jl. Prof. Dr. Satrio Blok A/35, Sentosa Building Sector VII Bintaro Jaya, Tangerang, Banten, Indonesia; and

– No.380 Bogyoke Aung San Road, FMI Centre, Pabedan Township, Yangon, Myanmar.

The immediate holding company is East Crest International Limited ("ECIL"), a company incorporated in the British Virgin Islands. The ultimate holding company is Parkson Holdings Berhad ("PHB"), a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 13.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

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 Singapore Dollars (“SGD”) and all values in the tables are rounded to the nearest thousand (SGD’000), except when otherwise indicated.

Fundamental accounting concept

As at 30 June 2016, the Group’s current liabilities exceeded its current assets by SGD11,363,000. The net current liabilities position was mainly caused by the Group’s substantial investment in new stores and businesses during the year, whilst contributions from new stores and businesses have yet to achieve optimal level due to gestation period.

In the opinion of the directors, the Group is able to continue as a going concern despite its net current liabilities position as the Group is able to continue to generate net cash inflows from its operating activities for a period of 12 months from the date these financial statements were approved. Coupled with tighter expense control and cash flow management, the Group will be able to pay its debts as and when they fall due. Of the SGD157,925,000 current undiscounted trade and other payables, the Group has repaid approximately SGD146,115,000 as at the date of directors’ approval of these financial statements (Note 34(a)).

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2015. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105: Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to FRS 107: Financial Instruments: Disclosures	1 January 2016
(c) Amendments to FRS 19: Employee Benefits	1 January 2016
(d) Amendments to FRS 34: Interim Financial Reporting	1 January 2016
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to FRS 1: Disclosure Initiative	1 January 2016
FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 7: Disclosure Initiative	1 January 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 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 Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation

(a) *Basis of consolidation*

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

All intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation (Continued)

(b) Business combinations (Continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

– 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.

– No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.

– No additional goodwill is recognised as a result of the combination.

– Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

– The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

2. Summary of significant accounting policies (Continued)

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Functional and foreign currency

The functional currency of the Company is Malaysian Ringgit ("RM"). The Company has chosen to present its consolidated financial statements using Singapore Dollars ("SGD") as it is incorporated in Singapore. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated and financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.6 Functional and foreign currency (Continued)

(b) Consolidated and financial statements (Continued)

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to the non-controlling interest and are not recognised in profit or loss. For partial disposal of associate that is foreign operation, the proportionate share of the accumulated differences is reclassified to profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than land are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

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

Renovation	2 – 10 years or duration of lease, whichever is shorter
Buildings	25 years
Furniture, fittings and equipment	1 – 10 years
Motor vehicles	4 – 7 years

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 plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

2. Summary of significant accounting policies (Continued)

2.8 Intangible assets

(a) *Goodwill*

Goodwill is initially measured at cost. Following 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 the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relate. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

(b) *Other intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2. Summary of significant accounting policies (Continued)

2.8 Intangible assets (Continued)

(b) Other intangible assets (Continued)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment 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 de-recognition 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.

(i) Club memberships

Club memberships which were acquired separately are amortised on a straight-line basis over their estimated useful lives of 25 to 99 years.

(ii) Customer relationships

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

(iii) Software

Software which were acquired separately are amortised on a straight-line basis over their estimated useful lives of 8 years.

(iv) Licensing fee

License fee paid is amortised on a straight-line basis over the contractual period of 10 years.

2.9 Land use right

Land use right is initially measured at cost. Following initial recognition, land use right is measured at cost less accumulated amortisation. The land use right is amortised on a straight-line basis over the lease term of 66 years and 10 months.

2. Summary of significant accounting policies (Continued)

2.10 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 an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and 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 cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Associate

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

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

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

2. Summary of significant accounting policies (Continued)

2.12 Associate (Continued)

Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

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

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of the financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement

Subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in 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.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement (Continued)

(iii) Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of 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.

2. Summary of significant accounting policies (Continued)

2.14 Impairment of financial assets (Continued)

(a) Financial assets carried at amortised cost (Continued)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. **Summary of significant accounting policies** (Continued)

2.14 Impairment of financial assets (Continued)

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, 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 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 increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, and short-term deposits that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Summary of significant accounting policies (Continued)

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

– Merchandise and consumables: purchase costs on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.17 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 the amount of the obligation can be estimated reliably.

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

2.18 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. In particular, the Company's subsidiaries in Malaysia make contributions to the Employees Provident Fund. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (Continued)

2.18 Employee benefits (Continued)

(c) 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 "Labour Law"). 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 other comprehensive income 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.

2.19 Leases

(a) As lessee

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

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

Operating lease payments less aggregated benefit of incentives provided by the lessor are recognised as rental expense in profit or loss on a straight-line basis over the lease term. The difference between lease payments and rental expenses recognised are recorded as accruals, and are presented as current and non-current liability according to their nature and pattern of reversal.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(d). Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (Continued)

2.20 Revenue

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 made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements except for concessionaire sales of which it generates commission income. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

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

(b) Commissions from concessionaire sales

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

(c) Consultancy and management service fees

Consultancy and management service fees are recognised net of service taxes and discounts when the services are rendered.

(d) Rental income

Rental income arising from operating leases on department stores is accounted for on a straight-line basis over the lease terms. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Revenue from customer loyalty award

The Group operates Parkson Card loyalty programme, 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, subject to a minimum number of points being obtained.

2. Summary of significant accounting policies (Continued)

2.20 Revenue (Continued)

(e) Revenue from customer loyalty award (Continued)

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) on the balance sheet 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.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Royalty income

Royalty income is recognised on an accrual basis over the life of the royalty agreements.

(h) Promotion income

Promotion income is recognised according to the underlying contract terms with concessionaires and as these services have been provided in accordance therewith.

(i) Revenue from theme park operations

Entrance fee to theme park is recognised when tickets are sold.

(j) Revenue from education centre operations

Tuition fees are recognised on an accrual basis over the duration of the course.

General administration and other fees are recognised on receipt basis.

2. Summary of significant accounting policies (Continued)

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. 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 at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

– Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. **Summary of significant accounting policies** (Continued)

2.21 Taxes (Continued)

(b) Deferred tax (Continued)

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit 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 end of each reporting period.

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 other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (Continued)

2.21 Taxes (Continued)

(c) Sales tax

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

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

2.22 Segment reporting

The Group has a single operating segment, which is the operation and management of retail stores. For management purposes, the Group is organised into business units based on the geographical location of customers and assets 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 the 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 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 Treasury shares

The Group's own equity instruments, which 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 of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2. Summary of significant accounting policies (Continued)

2.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.26 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a ‘discontinued operation’ when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2. Summary of significant accounting policies (Continued)

2.27 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgements

The preparation of the Group's consolidated 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 end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

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

(a) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable and tax recoverable as at 30 June 2016 were approximately SGD647,000 (2015: SGD123,000) and SGD4,076,000 (2015: SGD2,271,000). The carrying amounts of the Group's deferred tax assets and deferred tax liabilities as at 30 June 2016 were SGD9,096,000 (2015: SGD7,231,000) and SGD394,000 (2015: nil) respectively. The carrying amount of the Company's deferred tax liabilities as at 30 June 2016 was SGD394,000 (2015: nil) respectively.

(b) 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.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. **Significant accounting estimates and judgements** (Continued)

3.2 **Key sources of estimation uncertainty** (Continued)

(a) Customer loyalty award

The Group allocates the consideration received from the sale of goods to the goods sold and the points issued under its loyalty programmes. The consideration allocated to the points issued is measured at their fair value. Fair value is determined inter alia by the following factors:

– the range of merchandise available to the customers;

– the prices at which the Group sells the merchandise which can be redeemed and the discounts available for these merchandise;

– changes in the popularity of the programmes; and

– changing patterns in the redemption rates.

Details of deferred revenue from customer loyalty award are disclosed in Note 25.

(b) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's goodwill at the end of the reporting period is disclosed in Note 18.

(c) Impairment of property, plant and equipment

The Group recognised impairment loss in respect of the property, plant and equipment of its subsidiaries. This requires an estimation of the value in use of the subsidiaries' cash-generating units to which the property, plant and equipment are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's property, plant and equipment and impairment loss recognised at the end of the reporting period are disclosed in Note 11.

3. **Significant accounting estimates and judgements** (Continued)

3.2 **Key sources of estimation uncertainty** (Continued)

(d) *Provision for restoration costs*

The Group made a provision for restoration costs at the inception of lease for tenancy agreements with requirements to remove leasehold improvements at the end of the lease term. This requires the Group to make an estimate regarding both the amount and timing of expected future restoration costs. Details of the provision are provided in Note 25. If the estimated provision had been 5% higher than management's estimate, the carrying amount of the provision would have been SGD151,000 higher (2015: Nil).

4. **Revenue**

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Sale of goods – direct sales	**185,990**	198,771
Commissions from concessionaire sales	**186,426**	211,893
Consultancy and management service fees	**598**	952
Rental income	**15,366**	17,135
Revenue from theme park and education centre operations	**37**	–
	388,417	428,751

5. **Finance income/costs**

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Finance income		
Interest income on:		
– Short-term deposits	**3,447**	5,365
Discount adjustment:		
– Rental deposit receivables	**788**	989
	4,235	6,354
Finance costs		
Interest expense on:		
– Bank overdrafts	**–**	(3)
Discount adjustments:		
– Rental deposit payables	**(258)**	(598)
– Provision for restoration costs (Note 25)	**(71)**	–
	(329)	(601)

6. Other income

	Group	
	2016	2015
	SGD'000	SGD'000
Cash discount from suppliers	**1,043**	1,283
Promotion income	**1,564**	1,664
Income recognised from gift vouchers expired	**1,038**	732
Gain on disposal of an associate (Note 14)	**–**	1,379
Gain on partial disposal of a former subsidiary (Note 13)	**46,797**	–
Dividend income from investment securities	**56**	84
Exchange gain/(loss):		
– Realised	**325**	1,411
– Unrealised	**(78)**	415
Others	**2,130**	2,629
	52,875	9,597

7. Employee benefits expense

	Group	
	2016	2015
	SGD'000	SGD'000
Wages, salaries and bonuses	**43,360**	40,064
Contribution to defined contribution plans	**3,899**	3,878
Net benefit expense from defined benefit plan (Note 24)	**166**	120
Other staff related expenses	**8,669**	8,524
	56,094	52,586

Included in employee benefits expense of the Group are remuneration of directors and key management personnel as further disclosed in Note 30(b).

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

8. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Audit fees:		
– Auditors of the Company	**242**	167
– Other auditors	**393**	325
Non-audit fees:		
– Auditors of the Company	**7**	23
– Other auditors	**22**	23
Total audit and non-audit fees	**664**	538
Depreciation and amortisation expenses		
– Depreciation of property, plant and equipment (Note 11)	**21,804**	19,745
– Amortisation of land use right (Note 12)	**135**	135
– Amortisation of intangible assets (Note 18)	**584**	595
	22,523	20,475
Rental expenses:		
– Minimum lease payments	**107,428**	108,158
– Contingent lease payments	**1,033**	2,195
– Amortisation of deferred lease expense (Note 17)	**999**	1,465
	109,460	111,818
Allowance for doubtful trade and other receivables, net (Note 17):		
– Rental deposits paid for a closed store	**–**	3,708
– Rental deposits paid for a planned store	**498**	–
– Deposits to managed stores	**2,283**	8,211
– Advances to managed stores	**2,972**	–
– Advances to an associate	**3,525**	–
– Trade and other receivables	**14**	248
	9,292	12,167
Loss on disposal of property, plant and equipment	**15**	85
Property, plant and equipment written off (Note 11)	**428**	2,503
Intangible assets written off (Note 18)	**–**	16
Impairment of property, plant and equipment (Note 11)	**5,399**	–
Impairment on prepaid rental (Note 16)	**2,771**	–
Inventory shrinkages (Note 21)	**624**	865
Inventory written down (Note 21)	**–**	209
Provision for contingent expenses in relation to closure of a store (Note 13)	**–**	64,729

9. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2016 and 2015 are as follows:

	Group	
	2016 SGD'000	2015 SGD'000
Consolidated income statement:		
Current income tax		
– Current income taxation	**6,671**	12,934
– Under provision in respect of previous years	**905**	1,178
– Withholding taxes	**276**	457
	7,852	14,569
Deferred income tax (Note 15)		
– Origination and reversal of temporary differences	**(3,959)**	(2,949)
– Effect of change in tax rate on deferred tax	**–**	223
– Under provision in respect of previous years	**687**	361
– Reversal of deferred tax in respect of previous years' tax losses	**1,745**	–
	(1,527)	(2,365)
Income tax expense recognised in profit or loss	**6,325**	12,204
Statement of comprehensive income:		
Deferred tax income related to other comprehensive income:		
– Re-measurement of defined benefit plan	**(23)**	(3)

(b) Relationship between income tax expense and accounting profit/(loss)

Reconciliation between income tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rates for the years ended 30 June 2016 and 2015 is as follows:

	Group	
	2016 SGD'000	2015 SGD'000
Profit/(loss) before tax	**34,920**	(40,591)
Tax at the domestic tax rates applicable to profits in the countries where the Group operates	**7,348**	(8,108)
Adjustments:		
– Non-deductible expenses	**2,495**	16,480
– Income not subject to taxation	**(9,893)**	(2,212)
– Effect on opening deferred tax as a result of change in foreign income tax rate	**–**	223
– Deferred tax assets not recognised	**2,762**	3,832
– Income subject to different tax rate	**–**	(7)
– Under provision of current tax in respect of previous years	**905**	1,178
– Under provision of deferred tax in respect of previous years	**687**	361
– Reversal of deferred tax in respect of previous years' tax losses	**1,745**	–
– Withholding taxes	**276**	457
Income tax expense recognised in profit or loss	**6,325**	12,204

9. Income tax expense (Continued)

(b) Relationship between income tax expense and accounting profit/(loss) (Continued)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. A summary of domestic tax rates by country where the Group operates is as follows:

	2016 %	2015 %
Malaysia	**24**	25
Vietnam	**20**	22
Indonesia	**25**	25
Myanmar	**25**	25
Cambodia	**20**	20
Singapore	**17**	17
British Virgin Islands	**Nil**	Nil

10. Earnings/(loss) per share

Basic earnings per share is calculated by dividing the profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the profit/(loss) and share data used in the computation of basic earnings per share for the years ended 30 June:

	Group	
	2016	**2015**
Profit/(loss) for the year attributable to owners of the Company (SGD'000)	**30,177**	(34,688)
Weighted average number of ordinary shares for basic earnings per share computation ('000)	**676,278**	677,300

There are no potential dilution effects on the ordinary shares of the Company. Accordingly, the basic and diluted earnings per share for the financial years ended 30 June 2016 and 2015 are the same.

11. Property, plant and equipment

	Renovation SGD'000	Land SGD'000	Buildings SGD'000	Furniture and equipment SGD'000	Motor vehicles SGD'000	Capital work-in-progress SGD'000	Total SGD'000
2016							
Group							
Cost							
At 1 July 2015	93,324	3,383	19,561	64,402	1,356	11,793	193,819
Additions	40,302	–	244	21,229	163	17,488	79,426
Disposals	(67)	–	–	(209)	(219)	–	(495)
Reclassification	4,956	–	–	2,313	–	(7,269)	–
Written off	(8,085)	–	–	(6,274)	–	–	(14,359)
Exchange differences	(3,055)	40	(485)	(3,307)	(43)	(408)	(7,258)
At 30 June 2016	127,375	3,423	19,320	78,154	1,257	21,604	251,133
Accumulated depreciation and impairment loss							
At 1 July 2015	50,089	–	5,949	39,979	1,024	–	97,041
Depreciation for the year (Note 8)	12,642	–	821	8,228	113	–	21,804
Impairment loss (Note 8)	5,071	–	–	328	–	–	5,399
Disposals	(63)	–	–	(165)	(219)	–	(447)
Reclassification	(1,181)	–	413	768	–	–	–
Written off	(7,929)	–	–	(6,002)	–	–	(13,931)
Exchange differences	(2,089)	–	(169)	(2,076)	(42)	–	(4,376)
At 30 June 2016	56,540	–	7,014	41,060	876	–	105,490
Net carrying amount	70,835	3,423	12,306	37,094	381	21,604	145,643

Additions to renovation during the year include provision for restoration costs of SGD2,950,000 (2015: Nil).

11. Property, plant and equipment (Continued)

	Renovation SGD'000	Land SGD'000	Buildings SGD'000	Furniture and equipment SGD'000	Motor vehicles SGD'000	Capital work-in-progress SGD'000	Total SGD'000
2015							
Group							
Cost							
At 1 July 2014	91,667	–	18,616	69,766	1,424	8,453	189,926
Additions	13,343	–	15	9,094	80	9,844	32,376
Disposals	(74)	–	–	(3,576)	(86)	–	(3,736)
Reclassification	2,329	3,383	–	478	–	(6,190)	–
Written off	(7,829)	–	(130)	(4,975)	–	(16)	(12,950)
Property, plant and equipment of disposal group classified as held for sale	(1,385)	–	–	(2,245)	–	–	(3,630)
Exchange differences	(4,727)	–	1,060	(4,140)	(62)	(298)	(8,167)
At 30 June 2015	93,324	3,383	19,561	64,402	1,356	11,793	193,819
Accumulated depreciation and impairment loss							
At 1 July 2014	50,773	–	4,940	43,704	987	–	100,404
Depreciation for the year (Note 8)	10,415	–	821	8,359	150	–	19,745
Disposals	(45)	–	–	(3,307)	(61)	–	(3,413)
Written off	(6,522)	–	(127)	(3,798)	–	–	(10,447)
Property, plant and equipment of disposal group classified as held for sale	(1,176)	–	–	(1,944)	–	–	(3,120)
Exchange differences	(3,356)	–	315	(3,035)	(52)	–	(6,128)
At 30 June 2015	50,089	–	5,949	39,979	1,024	–	97,041
Net carrying amount	43,235	3,383	13,612	24,423	332	11,793	96,778

Land

The Group owns 2 pieces of land with a total area of 2,981 square metres 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.

11. Property, plant and equipment (Continued)

Capital work-in-progress

Capital work-in-progress includes ongoing renovation for department stores and expenditures for an office building in the course of construction. These capital work-in-progress will be transferred to appropriate categories of property, plant and equipment when they are ready for their intended use.

Impairment of assets

During the financial year, the Group carried out a review on the recoverable amount of the property, plant and equipment of its loss-making stores. An impairment loss of SGD5,399,000 was recognised in 'other expenses' line item of profit or loss in respect of two of its loss-making stores in Malaysia and Indonesia for the financial year ended 30 June 2016.

12. Land use right

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Cost		
At 1 July	**9,114**	8,622
Exchange differences	**(226)**	492
At 30 June	**8,888**	9,114
Accumulated amortisation		
At 1 July	**887**	709
Amortisation for the year	**135**	135
Exchange differences	**(25)**	43
At 30 June	**997**	887
Net carrying amount	**7,891**	8,227
Amount to be amortised:		
– Not later than one year	**135**	135
– Later than one year but not later than five years	**539**	539
– Later than five years	**7,217**	7,553
	7,891	8,227

The Group has a land use right over a plot of state-owned land in Hai Phong City, Vietnam where one of the Group's department stores resides. The land use right is not transferable and has a remaining tenure of 59 years and 6 months (2015: 60 years and 6 months).

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

13. Investments in subsidiaries

	Company 2016 SGD'000	Company 2015 SGD'000
Shares, at cost	**164,950**	164,950
Impairment loss	**(2,205)**	–
Exchange difference	**(27,726)**	(19,301)
	135,019	145,649

The Company has the following subsidiaries as at 30 June:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2016 %	Proportion of ownership interest 2015 %
Held by the Company				
Parkson Corporation Sdn Bhd[b]	Operation of department stores and supermarkets	Malaysia	**100**	100
Centro Retail Pte Ltd[a]	Investment holding	Singapore	**100**	100
PT. Tozy Sentosa[b]	Operation of department stores, supermarkets and merchandising	Indonesia	**100[*]**	100[*]
Parkson Myanmar Co Pte Ltd[a]	Investment holding	Singapore	**100**	100
Held by Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd[b]	Retailing and operation of a modern shopping centre	Vietnam	**100**	100
Parkson Haiphong Co Ltd[b]	Upgrade and leasing of retail space for establishment of a modern department store	Vietnam	**100**	100
Kiara Innovasi Sdn Bhd[b]	Operation of department stores	Malaysia	**60**	60

13. Investments in subsidiaries (Continued)

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2016 %	2015 %
Parkson Online Sdn Bhd[c]	Dormant	Malaysia	**100**	100
Parkson Cambodia Holdings Co Ltd[b]	Investment holding	British Virgin Islands	**100**	100
Parkson SGN Co Ltd[b]	Retailing and operation of modern shopping centres	Vietnam	**100**	100
Parkson Edutainment World Sdn Bhd[b]	Operating theme park, related food & beverage and merchandising, education centres and nursery centres	Malaysia	**70**	70
Parkson Lifestyle Sdn Bhd[1][b]	Trading of apparels and consumer products	Malaysia	**100**	100
Super Gem Resources Sdn Bhd[2][b]	Trading of apparels and consumer products	Malaysia	**70**	100
Parkson Unlimited Beauty Sdn Bhd (f.k.a. Bold Paramount Sdn Bhd)[3][b]	Distribution and sales of fragrance and beauty care products	Malaysia	**100**	–
Max Outlet Sdn Bhd (f.k.a. Perfect Gatelink Sdn Bhd)[c][4]	Dormant	Malaysia	**100**	–
Solid Gatelink Sdn Bhd[c][5]	Dormant	Malaysia	**100**	–
Parkson Trend Sdn Bhd (f.k.a. Orient Greentech Sdn Bhd)[c][6]	Dormant	Malaysia	**100**	–
Parkson Trading (Vietnam) Co Ltd[c][7]	Dormant	Vietnam	**100**	–

13. **Investments in subsidiaries** (Continued)

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2016 %	2015 %
Held by Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd[b]	Management and consulting services on real estate, business and marketing in relation to department stores (commercial)	Vietnam	**100**	100
Parkson Hanoi Co Ltd[b][8]	Retailing and operation of modern shopping centres	Vietnam	**–[***]**	76
Held by Parkson Cambodia Holdings Co Ltd				
Parkson (Cambodia) Co Ltd[b]	Operation of department stores	Cambodia	**100**	100
Held by Parkson Myanmar Co Pte Ltd				
Parkson Myanmar Investment Company Pte Ltd[a]	Investment holding	Singapore	**70**	70
Held by Parkson Myanmar Investment Company Pte Ltd				
Parkson Myanmar Asia Pte Ltd[a]	Investment holding	Singapore	**100**	100
Myanmar Parkson Company Limited[b]	Retailing and operation of a modern shopping centre	Myanmar	**100[**]**	100[**]

(a) Audited by Ernst & Young LLP, Singapore

(b) Audited by member firms of Ernst & Young Global in their respective countries

(c) Not material to the Group and not required to be disclosed under SGX Listing Rule 717

(*) 10% (2015: 27.78%) held via Centro Retail Pte Ltd

(**) 10% held via Parkson Myanmar Asia Pte Ltd

(***) The Group lost control over Parkson Hanoi Co Ltd on 17 August 2015

13. Investments in subsidiaries (Continued)

Additional investments in subsidiaries

(1) In January 2016, Parkson Corporation Sdn Bhd ("PCSB"), a wholly-owned subsidiary of the Company, subscribed to additional 4,999,998 ordinary shares issued and allotted by Parkson Lifestyle Sdn Bhd for a cash consideration of RM4,999,998 (SGD1,683,000).

(2) In November 2015, Super Gem Resources Sdn Bhd ("SGRSB"), a wholly-owned subsidiary of PCSB, increased its authorised and paid-up share capital to 1,000,000 ordinary shares at RM1 each, for which PCSB subscribed for an additional 699,998 new ordinary shares at RM1 each for a cash consideration of RM699,998 (SGD236,000). Following the subscription, SGRSB became a 70% – owned subsidiary of PCSB, thereby increasing its investment from 2 to 700,000 ordinary shares in SGRSB.

Acquisition of subsidiaries

(3) In August 2015, PCSB acquired the entire paid-up share capital of Parkson Unlimited Beauty Sdn Bhd (f.k.a. Bold Paramount Sdn Bhd) ("PUSB") of 2 ordinary shares at RM1 each for a cash consideration of RM2 (SGD0.67). PUSB was dormant on the date of acquisition. Subsequent to the acquisition, the authorised and paid-up share capital of PUSB were increased to 1,000,000 ordinary shares at RM1 each, for which PCSB subscribed for an additional 999,998 new ordinary shares at RM1 each for a cash consideration of RM999,998 (SGD337,000).

(4) In August 2015, PCSB acquired the entire paid-up share capital of a dormant company, Max Outlet Sdn Bhd (f.k.a. Perfect Gatelink Sdn Bhd) of 2 ordinary shares at RM1 each for a cash consideration of RM2 (SGD0.67).

(5) In October 2015, PCSB acquired the entire paid-up share capital of a dormant company, Solid Gatelink Sdn Bhd ("SGSB") of 2 ordinary shares at RM1 each for a cash consideration of RM2 (SGD0.67). Subsequent to the acquisition, the authorised and paid-up share capital of SGSB were increased to 350,000 ordinary shares at RM1 each, for which PCSB subscribed for an additional 349,998 new ordinary shares at RM1 each for a cash consideration of RM349,998 (SGD118,000).

(6) In February 2016, PCSB acquired the entire paid-up share capital of a dormant company, Parkson Trend Sdn Bhd (f.k.a. Orient Greentech Sdn Bhd) ("PTSB") of 2 ordinary shares at RM1 each for a cash consideration of RM2 (SGD0.67). Subsequent to the acquisition, the authorised and paid-up share capital of PTSB were increased to 2,000,000 ordinary shares at RM1 each, for which PCSB subscribed for an additional 1,999,998 new ordinary shares at RM1 each for a cash consideration of RM1,999,998 (SGD673,000).

(7) In September 2015, PCSB incorporated Parkson Trading (Vietnam) Co Ltd and contributed USD300,000 (SGD404,000) to its charter capital. The contribution was made in the form of cash.

13. Investments in subsidiaries (Continued)

Partial disposal of a subsidiary which results in loss of control

(8) In June 2015, Parkson Vietnam Co Ltd ("Parkson Vietnam"), a wholly-owned subsidiary, entered into a capital assignment agreement with Mr. Hoang Manh Cuong to dispose of its 31% interest in the charter capital of Parkson Hanoi Co Ltd ("Parkson Hanoi") for a cash consideration of USD5,000 (SGD7,000). The capital assignment transaction was completed on 17 August 2015, on which date the Group lost control of Parkson Hanoi. The Group's remaining interest in Parkson Hanoi of 45% was remeasured at its fair value and accounted for as an associate using the equity method of accounting. Details of investment in the associate are disclosed in Note 14.

The value of assets and liabilities of Parkson Hanoi recorded in the consolidated financial statements as at 17 August 2015, and the effects of the disposal are as follows:

	2016 SGD'000
Property, plant and equipment	389
Prepayments	575
Intangible assets	15
Inventories	902
Trade and other receivables	2,322
Tax recoverable	168
Cash and short-term deposits	520
	4,891
Trade and other payables	(14,536)
Other liabilities	(5,261)
Provision for contingent expenses in relation to closure of a store	(64,729)
Deferred tax liabilities	(79)
Carrying value of net liabilities	(79,714)
Cash consideration	7
Cash and cash equivalents of Parkson Hanoi	(520)
Net cash outflow on disposal of Parkson Hanoi	(513)

Gain on disposal:

	2016 SGD'000
Cash received	7
Net liabilities derecognised	79,714
Non-controlling interest derecognised	(19,471)
Impairment on advances to Parkson Hanoi prior to loss of control	(10,969)
Reversal of bargain purchase arising from initial acquisition of Parkson Hanoi	453
Cumulative exchange differences in respect of the net liabilities of Parkson Hanoi reclassified from equity on loss of control	(2,937)
Gain on disposal	46,797

13. Investments in subsidiaries (Continued)

Partial disposal of a subsidiary which results in loss of control (Continued)

Included in the liabilities of Parkson Hanoi as at 17 August 2015 was a provision of SGD64,729,000 in relation to the early-termination of a lease at Landmark 72, Hanoi made in the previous financial year. Parkson Hanoi holds the operating license for the store at Landmark 72. These contingent expenses represent possible compensation payable by Parkson Hanoi to the landlord of the Landmark 72 store for breach of terms of tenancy agreement. No legal action has been initiated by the landlord to seek such compensation as at 17 August 2015, but Parkson Hanoi has provided for this sum as a contingency and will contest any legal claim that may arise.

This amount substantially represents the maximum rental for the remaining lease term of approximately 7 years for the said store. Under the terms of the tenancy agreement, the landlord may seek compensation equivalent to the rental payable during the vacancy period of the premises or where the premises is re-tenanted, the differences in the rental rates (if any). As such, any compensation claim (if successful) will be a lower amount than the maximum contingent expenses provided as at balance sheet date in the event that the premises is re-tenanted, resulting in a possible write-back of the said provision.

Impairment

During the financial year, the Company carried out a review on the recoverable amount of its loss-making subsidiaries. An impairment loss of SGD2,205,000 (2015: Nil) was recognised in profit or loss for the financial year ended 30 June 2016.

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have material NCI as at 30 June:

Name of company	Principal place of business	Proportion of ownership interest held by NCI %	Loss allocated to NCI during the year SGD'000	Accumulated NCI at 30 June SGD'000
30 June 2016				
Kiara Innovasi Sdn Bhd	Malaysia	**40**	**248**	**(160)**
Parkson Edutainment World Sdn Bhd	Malaysia	**30**	**501**	**(418)**
Super Gem Resources Sdn Bhd	Malaysia	**30**	**215**	**(114)**
Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	Myanmar	**30**	**521**	**95**
30 June 2015				
Parkson Hanoi Co Ltd	Vietnam	24	17,687	(18,769)
Kiara Innovasi Sdn Bhd	Malaysia	40	268	94
Parkson Edutainment World Sdn Bhd	Malaysia	30	17	92
Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	Myanmar	30	135	624

13. Investments in subsidiaries (Continued)

Summarised financial information of subsidiaries with material NCI

Summarised financial information including goodwill on acquisition but before intercompany eliminations of subsidiaries with material NCI are as follows:

	Kiara Innovasi Sdn Bhd		Parkson Edutainment World Sdn Bhd		Super Gem Resource Sdn Bhd		Parkson Hanoi Co Ltd		Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	
	2016	2015	2016	2015	2016	2015(**)	2016(*)	2015	2016	2015
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Balance sheets										
Current										
Assets	**1,002**	1,051	**400**	581	**4,869**	–	**–**	2,227	**1,336**	1,845
Liabilities	**(941)**	(501)	**(6,718)**	(543)	**(7,440)**	–	**–**	(80,521)	**(1,364)**	(1,185)
	61	550	**(6,318)**	38	**(2,571)**	–	**–**	(78,294)	**(28)**	660
Non-current										
Assets	**650**	996	**5,938**	269	**2,191**	–	**–**	2,514	**526**	1,611
Liabilities	**(1,111)**	(1,310)	**(1,013)**	–	**–**	–	**–**	(1,000)	**(180)**	(192)
	(461)	(314)	**4,925**	269	**2,191**	–	**–**	1,514	**346**	1,419
Net (liabilities)/ assets	**(400)**	236	**(1,393)**	307	**(380)**	–	**–**	(76,780)	**318**	2,079
Statement of comprehensive income										
Revenue	**3,115**	3,790	**37**	–	**3,239**	–	**626**	10,259	**1,804**	1,904
Loss after tax	**(621)**	(669)	**(1,671)**	–	**(716)**	–	**(406)**	(73,694)	**(1,737)**	(450)
Other comprehensive income	**(15)**	(38)	**(29)**	–	**4**	–	**–**	(299)	**(24)**	(138)
Total comprehensive income	**(636)**	(707)	**(1,700)**	–	**(712)**	–	**(406)**	(73,993)	**(1,761)**	(588)
Other information										
Net cash flow from operating activities	**83**	(1)	**(635)**	–	**(732)**	–	**–**	(548)	**(404)**	177

(*) Disclosed under Note 14 following the Group's loss of control over Parkson Hanoi Co Ltd on 17 August 2015.

(**) Not presented as the company was a wholly-owned subsidiary in the previous financial year.

14. Investment in an associate

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Shares, at cost	**–**	–
Share of post-acquisition reserves	**–**	–
	–	–

Details of the associate are as follows:

Name of company	**Principal activities**	**Principal place of business**	**Ownership interest**	
			2016	**2015**
			%	**%**
Held by Parkson Vietnam Co Ltd:				
Parkson Hanoi Co Ltd[(a)]	Retailing and operation of modern shopping centres	Vietnam	**45**	–

(a) Audited by Ernst & Young, Vietnam

Acquisition of an associate

As disclosed in Note 13, the Group lost control of Parkson Hanoi Co Ltd ("Parkson Hanoi") following the disposal of its 31% interest in the charter capital of Parkson Hanoi to Mr. Hoang Manh Cuong on 17 August 2015. The Group's remaining interest in Parkson Hanoi of 45% was remeasured at its fair value and was accounted for as an associate using the equity method of accounting.

Disposal of an associate in FY2015

In September 2014, Softlogic Holdings PLC together with Softlogic Retail (Private) Limited (collectively, "Softlogic") acquired 122,894,000 shares or 45.16% of the issued and paid up share capital in Odel PLC ("Odel") at prices between LKR21.80 and LKR22.00 per share from Otara Del Gunewardene, Ruchi Hubert Gunewardene and Ajit Damon Gunewardene and from the open market.

Pursuant to the Sri Lanka Company Take-Overs and Mergers Code (1995) (amended in 2003), Softlogic made a mandatory offer in September 2014 for all the remaining shares in Odel at LKR22.00 per share.

The Company accepted Softlogic's mandatory offer and disposed of its 47.46% interest in Odel on 4 November 2014 for a total cash consideration of LKR2,841,319,008 (SGD27,919,000).

14. Investment in an associate (Continued)

Disposal of an associate in FY2015 (Continued)

The effects of the disposal as at 4 November 2014 were as follows:

	Group SGD'000
Cash received	27,919
Realisation of cost of investment	(27,024)
Realisation of share of post-acquisition reserves	(509)
Cumulative exchange differences in respect of the carrying amount of investment in Odel reclassified from equity	993
Gain on disposal	1,379

Summarised financial information of the associate

The summarised financial information of the associate and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Parkson Hanoi Co Ltd	
	2016 SGD'000	2015 SGD'000
Balance sheets		
Current assets	1,765	–
Non-current assets	2,286	–
Total assets	4,051	–
Current liabilities	(81,409)	–
Non-current liabilities	(631)	–
Total liabilities	(82,040)	–
Net liabilities	(77,989)	–
Proportion of the Group's ownership	45%	–
Group's share of net liabilities	(35,095)	–
Group's share of net liabilities not recognised	35,095	–
Group's carrying amount of the investment	–	–
Statement of comprehensive income		
Revenue	4,705	–
Loss after tax	(2,404)	–
Total comprehensive income	(1,209)	–

The Group has not recognised losses relating to Parkson Hanoi where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period which was also the share of the current year's losses was SGD911,000. The Group has no obligation in respect of these losses.

15. Deferred tax assets/(liabilities)

	Deferred tax assets				Deferred tax liabilities				
	Difference in depreciation for tax purposes SGD'000	Provisions SGD'000	Unutilised tax losses SGD'000	Deferred tax assets, total SGD'000	Difference in depreciation for tax purposes SGD'000	Unremitted foreign earnings SGD'000	Others SGD'000	Deferred tax liabilities, total SGD'000	Deferred tax, total SGD'000
Group									
At 30 June 2014	509	6,192	1,400	8,101	(3,101)	–	(179)	(3,280)	4,821
Recognised in profit or loss	139	643	2,479	3,261	(943)	–	47	(896)	2,365
Recognised in other comprehensive income	–	3	–	3	–	–	–	–	3
Deferred tax of disposal group classified as held for sale	–	–	–	–	77	–	–	77	77
Exchange differences	(21)	(296)	2	(315)	280	–	–	280	(35)
At 30 June 2015	627	6,542	3,881	11,050	(3,687)	–	(132)	(3,819)	7,231
Recognised in profit or loss	945	1,537	(122)	2,360	(486)	(394)	47	(833)	1,527
Recognised in other comprehensive income	–	23	–	23	–	–	–	–	23
Exchange differences	12	(312)	15	(285)	205	–	1	206	(79)
At 30 June 2016	1,584	7,790	3,774	13,148	(3,968)	(394)	(84)	(4,446)	8,702

	Unremitted foreign earnings, representing total deferred tax liabilities SGD'000
Company	
At 30 June 2014	–
Recognised in profit or loss	–
At 30 June 2015	–
Recognised in profit or loss	(394)
At 30 June 2016	(394)

15. Deferred tax assets/(liabilities) (Continued)

	Group		Company	
	2016	2015	2016	2015
	SGD'000	SGD'000	SGD'000	SGD'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	**9,096**	7,231	**–**	–
Deferred tax liabilities	**(394)**	–	**(394)**	–
	8,702	7,231	**(394)**	–

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately SGD36,000,000 (2015: SGD32,341,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The 2015 tax losses included an amount of SGD16,228,000 relating to Parkson Hanoi, a former subsidiary of the Group (Note 13). The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date except for an amount of SGD27,087,000 (2015: SGD27,508,000) which will expire in 2017-2021 (2015: 2017-2020).

Tax consequences of proposed dividend

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 29).

16. Prepayments

	Group		Company	
	2016	2015	2016	2015
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Prepaid rental	**3,771**	4,270	**–**	–
Prepayment to suppliers	**1,033**	740	**–**	–
Others	**226**	224	**13**	21
	5,030	5,234	**13**	21
Non-current:				
Prepaid rental	**5,581**	8,944	**–**	–
Others	**32**	–	**–**	–
	5,613	8,944	**–**	–

16. Prepayments (Continued)

Impairment

During the financial year, the Group carried out a review on the recoverable amount of its prepaid rental. An impairment loss of SGD2,771,000 (2015: Nil) was recognised in profit or loss in respect of prepaid rental of a planned store in Cambodia for the financial year ended 30 June 2016.

17. Trade and other receivables

	Group		Company	
	2016	**2015**	**2016**	**2015**
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**
Current:				
Trade receivables	**3,337**	3,164	**–**	–
Credit card receivables	**1,663**	954	**–**	–
Sales tax receivables	**3,192**	3,841	**–**	–
Other receivables	**7,397**	3,170	**137**	4
Rental deposits	**2,821**	1,760	**–**	–
Other deposits	**1,289**	3,338	**–**	–
Deferred lease expenses	**686**	611	**–**	–
Amount due from managed stores	**199**	538	**–**	–
Amount due from subsidiaries (non-trade)	**–**	–	**23,018**	32,458
Amount due from ultimate holding company (non-trade)	**9**	32	**–**	–
Amount due from related companies (non-trade)	**84**	32	**–**	–
Amount due from an associate	**10**	–	**–**	–
	20,687	17,440	**23,155**	32,462
Non-current:				
Rental deposits	**9,864**	9,361	**–**	–
Other deposits	**1,852**	1,265	**–**	–
Deferred lease expenses	**12,223**	11,135	**–**	–
Loans to subsidiaries (non-trade)	**–**	–	**31,094**	23,161
	23,939	21,761	**31,094**	23,161
Total trade and other receivables (current and non-current)	**44,626**	39,201	**54,249**	55,623
Add: Cash and short-term deposits (Note 22)	**69,509**	126,711	**1,679**	7,644
Less:				
Deferred lease expenses	**(12,909)**	(11,746)	**–**	–
Sales tax receivables	**(3,192)**	(3,841)	**–**	–
Total loans and receivables	**98,034**	150,325	**55,928**	63,267

17. Trade and other receivables (Continued)

Trade receivables

Trade receivables are non-interest bearing and are generally on 10 to 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to SGD2,806,000 (2015: SGD2,898,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Less than 30 days	**597**	826
30 to 60 days	**856**	534
61 to 90 days	**408**	425
More than 90 days	**945**	1,113
	2,806	2,898

Trade and other receivables (current) that are impaired

Trade and other receivables of the Group and Company that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**
Current				
Trade receivables – nominal amounts	**346**	330	**–**	–
Less: Allowance for impairment	**(346)**	(330)	**–**	–
	–	–	**–**	–
Other receivables – nominal amounts	**13**	22	**–**	–
Less: Allowance for impairment	**(13)**	(22)	**–**	–
	–	–	**–**	–
Other deposits – nominal amounts	**11,247**	9,258	**–**	–
Less: Allowance for impairment	**(11,247)**	(9,258)	**–**	–
	–	–	**–**	–

17. Trade and other receivables (Continued)

Trade receivables (Continued)

Trade and other receivables (current) that are impaired (Continued)

	Group		Company	
	2016 SGD'000	**2015 SGD'000**	**2016 SGD'000**	**2015 SGD'000**
Amount due from managed stores – nominal amounts	**2,930**	–	**–**	–
Less: Allowance for impairment	**(2,930)**	–	**–**	–
	–	–	**–**	–
Amount due from an associate – nominal amounts	**3,474**	–	**23**	–
Less: Allowance for impairment	**(3,474)**	–	**(23)**	–
	–	–	**–**	–
Amount due from subsidiaries – nominal amounts	**–**	–	**7,764**	–
Less: Allowance for impairment	**–**	–	**(1,702)**	–
	–	–	**6,062**	–
Non-current				
Rental deposits – nominal amounts	**539**	–	**–**	–
Less: Allowance for impairment	**(491)**	–	**–**	–
	48	–	**–**	–

Movement in allowance accounts:

	Trade receivables SGD'000	**Other receivables SGD'000**	**Amount due from managed stores SGD'000**	**Amount due from an associate SGD'000**	**Rental deposits SGD'000**	**Other deposit**	**Total SGD'000**
Group							
At 1 July 2014	415	23	–	–	–	1,035	1,473
Charge for year (Note 8)	248	–	–	–	3,708	8,211	12,167
Disposal group classified as held for sales	(356)	–	–	–	(3,752)	–	(4,108)
Exchange differences	23	(1)	–		44	12	78
At 30 June 2015 and 1 July 2015	330	22	–	–	–	9,258	9,610
Charge for year (Note 8)	24	(10)	2,972	3,525	498	2,283	9,292
Exchange differences	(8)	1	(42)	(51)	(7)	(294)	(401)
At 30 June 2016	**346**	**13**	**2,930**	**3,474**	**491**	**11,247**	**18,501**

17. Trade and other receivables (Continued)

Trade receivables (Continued)

Trade and other receivables (current) that are impaired (Continued)

	Amount due from an associate SGD'000	Amount due from subsidiaries SGD'000	Total SGD'000
Company			
At 1 July 2014 and 30 June 2015	–	–	–
Charge for year	23	1,692	1,715
Exchange differences	–	10	10
At 30 June 2016	23	1,702	1,725

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties. These receivables are not secured by any collateral or credit enhancements.

Credit card receivables

Credit card receivables are trade related, non-interest bearing and generally on 1 to 7 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables

Other receivables are unsecured, non-interest bearing and repayable on demand.

Rental deposits

Rental deposits are unsecured and non-interest bearing. Non-current amounts have a maturity ranging from 1 to 22 years (2015: 1 to 23 years). Rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded as deferred lease expenses.

During the financial year, the Group carried out a review on the recoverable amount of its rental deposits. An impairment loss of SGD498,000 was recognised in profit or loss in respect of rental deposit of a planned store in Cambodia for the financial year ended 30 June 2016. In 2015, an impairment loss of SGD3,708,000 was recognised in respect of the rental deposit of a closed store in Vietnam.

17. Trade and other receivables (Continued)

Rental deposits (Continued)

Rental deposits denominated in foreign currencies are as follows:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
United States Dollar	**2,510**	2,781

Other deposits (current)

Included in other deposits is an amount of SGD10,353,000 (2015: SGD10,616,000) paid by Parkson Vietnam Co Ltd ("Parkson Vietnam") to the individual owners of two Vietnamese companies as well as to one of these Vietnamese companies for the purpose of acquiring the share capital of these two Vietnam companies. These companies own three Parkson department stores in Vietnam operated and managed by Parkson Vietnam Management Services Co Ltd, pursuant to management agreements entered into with these companies ("managed stores"). These deposits are non-interest bearing and secured by collateral over the charter capital of the respective companies and assets created with such amounts provided.

During the financial year, Parkson Vietnam carried out a review on the recoverable amount of the deposits paid for the three managed stores. An impairment loss of SGD2,283,000 (2015: SGD8,211,000) was recognised in profit or loss for the financial year ended 30 June 2016.

Amount due from managed stores

These balances are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

During the financial year, the Group carried out a review on the recoverable amount of these balances. An impairment loss of SGD2,972,000 (2015: Nil) was recognised in profit or loss for the financial year ended 30 June 2016.

17. Trade and other receivables (Continued)

Deferred lease expenses (current and non-current)

Deferred lease expenses relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the remaining lease terms ranging from 1 to 22 years (2015: 1 to 23 years).

The movement in deferred lease expenses is as follows:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
At 1 July	**11,746**	13,074
Additions during the year	**2,534**	951
Recognised in profit or loss (Note 8)	**(999)**	(1,465)
Disposal group classified as held for sale	**–**	(910)
Exchange differences	**(372)**	96
At 30 June	**12,909**	11,746

Amounts due from ultimate holding company/related companies/subsidiaries/associate

These balances are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash. Related companies refer to companies within the Parkson Holdings Berhad Group.

During the financial year, the Group carried out a review on the recoverable amount of balance due from its loss-making associate. An impairment loss of SGD3,525,000 (2015: Nil) was recognised in profit or loss for the financial year ended 30 June 2016.

Similarly, the Company reviewed the recoverable amount of balances due from its loss-making associate and subsidiaries, and recognised impairment losses of SGD23,000 (2015: Nil) and SGD1,692,000 (2015: Nil) respectively in profit or loss for the financial year ended 30 June 2016.

Loans to subsidiaries

These balances are unsecured, repayable upon demand and are to be settled in cash. The settlement of loans to subsidiaries is not likely to occur in the foreseeable future. Loans to subsidiaries are non-interest bearing except for loan to a subsidiary amounting to SGD31,063,000 (2015: SGD23,146,000), which bears interest at 10.38% (2015: 10.30%) per annum.

18. Intangible assets

	Customer relationships SGD'000	Goodwill SGD'000	Club memberships SGD'000	Software SGD'000	Licensing fee SGD'000	Total SGD'000
Group						
Cost						
At 1 July 2014	1,159	4,276	98	1,582	–	7,115
Additions	–	–	–	375	–	375
Written off	–	–	–	(23)	–	(23)
Intangible assets of disposal group classified as held for sale	–	–	–	(23)	–	(23)
Exchange differences	(34)	(125)	(7)	(34)	–	(200)
At 30 June 2015 and 1 July 2015	1,125	4,151	91	1,877	–	7,244
Additions	–	–	–	239	505	744
Exchange differences	13	48	(6)	(37)	–	18
At 30 June 2016	**1,138**	**4,199**	**85**	**2,079**	**505**	**8,006**
Accumulated amortisation and impairment loss						
At 1 July 2014	695	–	25	658	–	1,378
Amortisation for the year (Note 8)	234	–	–	361	–	595
Written off	–	–	–	(7)	–	(7)
Intangible assets of disposal group classified as held for sale	–	–	–	(8)	–	(8)
Exchange differences	(29)	–	(2)	(33)	–	(64)
At 30 June 2015 and 1 July 2015	900	–	23	971	–	1,894
Amortisation for the year (Note 8)	226	–	–	254	104	584
Exchange differences	12	–	(2)	(34)	1	(23)
At 30 June 2016	**1,138**	**–**	**21**	**1,191**	**105**	**2,455**
Net carrying amount						
At 30 June 2015	225	4,151	68	906	–	5,350
At 30 June 2016	**–**	**4,199**	**64**	**888**	**400**	**5,551**

18. Intangible assets (Continued)

Customer relationships

Customer relationships arise from the Privilege Card loyalty programme that was acquired in a business combination and have been fully amortised during the year. In prior year, customer relationships have an average remaining amortisation period of 1 year.

Licensing fee

Licensing fee relates to payment in respect of the Group's exclusive right to develop and operate bakery stores using the Hogan trademark and technique in Malaysia and have an average remaining amortisation period of 9 years (2015: nil).

Impairment testing of goodwill

Intangibles acquired through business combinations have been allocated to the cash-generating unit ("CGU") which is also the reportable geographical segment in Indonesia as described in Note 32. The operations in the Indonesia geographical segment are managed by one of the Company's subsidiary, PT Tozy Sentosa. The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are 17.5% (2015: 18.0%) and 1.0% (2015: 3.0%) respectively.

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

Budgeted gross margins – Gross margins are based on past performances and the expectation of market developments.

Growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industry relevant to the CGU.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Market share assumptions – These assumptions are important because, besides using industry data for growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the Indonesia's retail market to be growing over the budget period.

During the financial years ended 30 June 2016 and 2015, no impairment loss for intangible assets were recognised in profit or loss.

19. Derivatives

	Group	
	2016	2015
	SGD'000	SGD'000
Option to purchase additional shares in Kiara Innovasi[1], representing total financial assets at fair value through profit or loss	**18**	19

(1) This relates to an irrevocable option granted to PCSB by Galaxy Point Sdn Bhd to purchase the remaining 40% paid-up share capital of Kiara Innovasi from the non-controlling shareholder at the net tangible assets value of Kiara Innovasi.

20. Investment securities

	Group	
	2016	2015
	SGD'000	SGD'000
Current:		
Available-for-sale financial assets:		
Money market instruments (quoted)	**–**	11,867
Non-current:		
Available-for-sale financial assets:		
Equity instruments (unquoted), at cost	**78**	83

21. Inventories

	Group	
	2016	2015
	SGD'000	SGD'000
Balance sheet:		
Merchandise inventories	**76,933**	57,789
Consumables	**13**	28
	76,946	57,817
Income statement:		
Inventories recognised as an expense in changes in merchandise inventories and consumables	**144,238**	158,014
Inclusive of the following charge:		
– Inventory shrinkages	**624**	865
– Inventories written down	**–**	209

22. Cash and short-term deposits

	Group		Company	
	2016	2015	2016	2015
	SGD'000	SGD'000	SGD'000	SGD'000
Cash and bank balances	**27,573**	20,432	**1,679**	593
Short-term deposits placed with				
– licensed banks	**15,002**	65,184	**–**	7,051
– finance institutions	**26,934**	41,095	**–**	–
Cash and short-term deposits	**69,509**	126,711	**1,679**	7,644
Bank overdrafts (Note 26)	**–**	(735)	**–**	–
Cash and cash equivalents	**69,509**	125,976	**1,679**	7,644

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short-term deposits earn interests at the respective short- term deposit rates. The weighted average effective interest rates for the Group and the Company as at 30 June 2016 were 3.47% (2015: 3.36%) and Nil (2015: 0.41%) respectively per annum.

Cash and short-term deposits denominated in foreign currencies are as follows:

	Group		Company	
	2016	2015	2016	2015
	SGD'000	SGD'000	SGD'000	SGD'000
Singapore Dollar	**804**	466	**804**	466
United States Dollar	**2,356**	11,722	**323**	7,171

23. Disposal group classified as held for sale

On 16 June 2015, the Company announced that Parkson Vietnam Co Ltd ("Parkson Vietnam"), a wholly-owned subsidiary of the Company, entered into a capital assignment agreement with Mr. Hoang Manh Cuong to dispose of its 31% interest in the charter capital of Parkson Hanoi Co Ltd ("Parkson Hanoi") for a cash consideration of USD5,000 (SGD7,000).

As at 30 June 2015, the assets and liabilities related to Parkson Hanoi were presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale", as the capital assignment transaction had yet to be completed pending fulfilment of certain conditions precedent.

23. Disposal group classified as held for sale (Continued)

The capital assignment transaction of Parkson Hanoi was completed on 17 August 2015 as disclosed in Note 13.

The major classes of assets and liabilities of Parkson Hanoi classified as held for sale and the related foreign currency translation reserve as at 30 June 2015 were as follows:

	Group 2015 SGD'000
Assets:	
Property, plant and equipment	510
Prepayments	225
Intangible assets	15
Inventories	959
Trade and other receivables	2,176
Tax recoverable	164
Cash and short-term deposits	625
Assets of disposal group classified as held for sale	4,674
Liabilities:	
Trade and other payables	(3,144)
Other liabilities	(2,343)
Provision for contingent expenses in relation to closure of a store	(64,729)
Deferred tax liabilities	(77)
Liabilities of disposal group classified as held for sale	(70,293)
Net liabilities of disposal group classified as held for sale	(65,619)
Other reserves of disposal group classified as held for sale	(386)

24. Trade and other payables

	Group		Company	
	2016 SGD'000	2015 SGD'000 (Restated)	2016 SGD'000	2015 SGD'000
Current:				
Trade payables	**139,379**	114,514	**–**	–
Payables to suppliers of property, plant and equipment	**4,579**	198	**–**	–
Other payables	**10,710**	11,220	**453**	400
Sales tax payables	**2,587**	3,902	**–**	–
Rental deposits	**1,138**	1,355	**–**	–
Deferred lease income	**143**	79	**–**	–
Amount due to ultimate holding company (non-trade)	**6**	5	**–**	–
Amounts due to related companies (non-trade)	**915**	1,437	**–**	512
Amount due to an associate	**41**	–	**–**	–
Amount due to a corporate shareholder	**1,014**	–	**–**	–
	160,512	132,710	**453**	912
Non-current:				
Rental deposits	**3,957**	3,254	**–**	–
Deferred lease income	**1,487**	1,806	**–**	–
Provision for severance allowance	**118**	113	**–**	–
Defined benefit plan	**697**	434	**–**	–
	6,259	5,607	**–**	–
Total trade and other payables (current and non-current)	**166,771**	138,317	**453**	912
Add:				
Other liabilities (Note 25)	**13,150**	7,558	**–**	–
Bank overdrafts (Note 26)	**–**	735	**–**	–
Less:				
Sales tax payables	**(2,587)**	(3,902)	**–**	–
Deferred lease income	**(1,630)**	(1,885)	**–**	–
Defined benefit plan	**(697)**	(434)	**–**	–
Provision for severance allowance	**(118)**	(113)	**–**	–
Total financial liabilities carried at amortised cost	**174,889**	140,276	**453**	912

Details of the restatement of other payables in FY2015 are in Note 36.

24. Trade and other payables (Continued)

Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Other payables

Other payables are non-interest bearing and are normally settled on 30 to 90 day's terms.

Other payables denominated in foreign currencies as at 30 June are as follows:

	Group and Company	
	2016	**2015**
	SGD'000	**SGD'000**
Singapore Dollar	**280**	223

Amounts due to ultimate holding company/associate/related companies/corporate shareholder

These balances are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Rental deposits (current and non-current)

Rental deposits are unsecured and non-interest bearing. Non-current rental deposits have maturity ranging from 1 to 11 years (2015: 1 to 12 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded in deferred lease income.

Rental deposits denominated in foreign currencies as at 30 June are as follows:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
United States Dollar	**114**	139

24. Trade and other payables (Continued)

Deferred lease income (current and non-current)

Deferred lease income relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which is amortised on a straight-line basis over the remaining lease terms ranging from 1 to 11 years (2015: 1 to 12 years). The movement in deferred lease income is as follows:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
At 1 July	**1,885**	4,049
Additions/(reversal) during the year	**124**	(1,417)
Recognised in profit or loss	**(288)**	(628)
Reclassification of disposal group classified as held for sale	**–**	(107)
Exchange differences	**(91)**	(12)
At 30 June	**1,630**	1,885

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 principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2016 are as follows:

Annual discount rate:	8.00% (2015: 8.74%)
Future annual salary increment:	8.00% (2015: 8.00%)
Retirement age:	55 years of age (2015: 55 years of age)

The following table summarises the components of net employee benefits expense recognised in the consolidated income statements:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Current service cost	**128**	92
Interest cost on benefit obligations	**44**	34
Expected return on planned assets	**(6)**	(6)
Net benefit expense recognised in profit or loss	**166**	120

24. Trade and other payables (Continued)

Defined benefit plan (Continued)

The estimated liabilities for employee benefits as at the financial years ended 30 June 2016 and 2015 are as follows:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Defined benefit obligations	**764**	505
Fair value of planned assets	**(67)**	(71)
Liabilities as at 30 June	**697**	434
Changes in the present value of the defined benefit obligations are as follows:		
Benefits obligations at 1 July	**434**	316
Recognised in profit or loss	**166**	120
Recognised in other comprehensive income	**92**	11
Exchange difference	**5**	(13)
Benefits obligations at 30 June	**697**	434

25. Other liabilities

	2016	**2015**
	SGD'000	**SGD'000**
		(Restated)
Current:		
Accrued operating expenses	**9,170**	5,322
Accrued staff costs	**331**	301
Accrued expenses for additions to property, plant and equipment	**208**	253
Others	**3,441**	1,682
Total accruals	**13,150**	7,558
Deferred revenue from gift vouchers	**7,503**	8,921
Deferred revenue from customer loyalty award	**4,145**	2,018
Accrued rent	**1,654**	773
	26,452	19,270
Non-current:		
Accrued rent	**19,466**	15,623
Provisions	**3,021**	–
	22,487	15,623
Total other liabilities (current and non-current)	**48,939**	34,893

Details of the restatement of accrued operating expenses in FY2015 are in Note 36.

25. Other liabilities (Continued)

Deferred revenue from customer loyalty award

Deferred revenue from customer loyalty award represents consideration received from the sale of goods that is allocated to the points issued under the customer loyalty programme that are expected to be redeemed but are still outstanding as at the end of the reporting period. The movement in the deferred revenue is as follows:

	Group	
	2016 SGD'000	2015 SGD'000
At 1 July	**2,018**	3,290
Additions during the year	**4,986**	2,238
Recognised in profit or loss	**(2,821)**	(3,326)
Deferred revenue of disposal group classified as held for sale	**–**	(43)
Exchange differences	**(38)**	(141)
At 30 June	**4,145**	2,018

Provisions

	Group 2016 SGD'000
At 1 July	**–**
Arose during the year	**2,950**
Discount adjustments (Note 5)	**71**
At 30 June	**3,021**

Provisions represent estimated cost of restoring leased space used in the principal activities of the Group. Provisions made are capitalised as part of the carrying amount of the Group's property, plant and equipment.

26. Bank overdrafts

	Group	
	2016 SGD'000	2015 SGD'000
Current:		
Bank overdrafts	**–**	735

Bank overdrafts were payable on demand, denominated in MYR, bore interest at 4.6% p.a. and were unsecured.

27. Share capital and treasury shares

(a) Share capital

	Company			
	2016		2015	
	No. of shares '000	SGD'000	No. of shares '000	SGD'000
Issued and fully paid ordinary shares:				
At 1 July and 30 June	**677,300**	**231,676**	677,300	231,676

The ordinary shares of the Company have no par value. All issued ordinary shares are fully paid. The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

(b) Treasury shares

	Company			
	2016		2015	
	No. of shares '000	SGD'000	No. of shares '000	SGD'000
At 1 July	**–**	**–**	–	–
Acquired during the year	**(3,500)**	**(549)**	–	–
At 30 June	**(3,500)**	**(549)**	–	–

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 3,500,000 (2015: nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $549,000 (2015: nil) and this was presented as a component within shareholders' equity.

28. Other reserves

		Group		Company	
	Note	2016 SGD'000	2015 SGD'000	2016 SGD'000	2015 SGD'000
Foreign currency translation reserve	(a)	**(49,724)**	(43,243)	**(42,472)**	(30,278)
Capital redemption reserve	(b)	**1**	1	**–**	–
Capital contribution from ultimate holding company	(c)	**9,959**	9,959	**–**	–
Merger reserve	(d)	**(123,753)**	(123,753)	**–**	–
		(163,517)	(157,036)	**(42,472)**	(30,278)

28. Other reserves (Continued)

(a) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company and subsidiaries whose functional currencies are different from that of the Company and Group's presentation currency. The movement in the foreign currency translation reserve is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**
At 1 July	**(43,243)**	(36,896)	**(30,278)**	(11,710)
Foreign currency translation difference	**(5,588)**	(8,165)	**(12,194)**	(18,568)
Cumulative exchange differences on disposal of an associate	**–**	993	**–**	–
Reserve of disposal group classified as held for sale	**(893)**	825	**–**	–
At 30 June	**(49,724)**	(43,243)	**(42,472)**	(30,278)

(b) Capital redemption reserve

Capital redemption reserve arose from redemption of preference shares of PCSB in previous years.

(c) Capital contribution from ultimate holding company

Capital contribution from ultimate holding company represents the equity-settled share options granted by PHB to eligible employees of the Group. This capital contribution is made up of the cumulative value of services received from eligible employees recorded on grant of share options under the Executive Share Option Scheme of PHB ("PHB ESOS") for eligible employees of the Group.

The Company had on 12 October 2011 adopted its own employee share option scheme ("Parkson Retail ESOS") representing equity-settled share options of the Company which can be granted to executives and non-executive directors and eligible employees of the Group at the absolute discretion of the Company. As at 30 June 2016, no options under the Parkson Retail ESOS have been granted. Due to the adoption of the Parkson Retail ESOS, the options held by the eligible employees of the Group under the PHB ESOS were terminated on 31 May 2012 in accordance with the relevant Bylaw of the PHB ESOS which do not allow participation in other company's option scheme. Accordingly, the exercise period for the options under the PHB ESOS granted to the employees of the Group that were due to expire on 6 May 2013 were terminated on 31 May 2012.

(d) Merger reserve

This represents the difference between the consideration paid and the paid-in capital of the subsidiaries when entities under common control are accounted for by applying the "pooling of interest method".

29. Dividends

	Company	
	2016	**2015**
	SGD'000	**SGD'000**
Declared and paid during the financial year:		
Interim exempt (one-tier) dividend for 2016: Nil (2015: SGD0.04) per ordinary share	**–**	(27,092)
Final exempt (one-tier) dividend for 2015: SGD0.02 (2014: SGD0.025) per ordinary share	**(13,546)**	(16,933)
	(13,546)	(44,025)
Proposed and not recognised as a liability as at 30 June:		
Dividend on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2016: SGD0.005 (2015: SGD0.02) per ordinary share	**3,369**	13,546

30. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Sale of gift vouchers to director related companies:		
– Amsteel Mills Marketing Sdn Bhd	**2**	90
– Amsteel Mills Sdn Bhd	**–**	5
– East Crest Limited	**16**	–
– Lion Group Management Services Sdn Bhd	**70**	–
– Megasteel Sdn Bhd	**3**	5
– Posim Petroleum Marketing Sdn Bhd	**87**	27
– Parkson Branding Sdn Bhd	**10**	–
– Valino International Apparel Sdn Bhd	**4**	–
– Parkson Holdings Bhd	**–**	4
	192	131

30. Related party transactions (Continued)

(a) Sale and purchase of goods and services (Continued)

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Purchase of goods and services from director related companies:		
– Secom (Malaysia) Sdn Bhd	**465**	266
– Posim Marketing Sdn Bhd	**711**	596
– Posim EMS Sdn Bhd	**872**	1,045
– Lion Trading & Marketing Sdn Bhd	**3**	300
– WatchMart (M) Sdn Bhd	**91**	135
– PT Monica Hijaulestari	**4,159**	4,811
– Bonuskad Loyalty Sdn Bhd	**3,292**	3,972
– Brands Pro Management Sdn Bhd	**242**	199
	9,835	11,324
Purchase of goods and services from a subsidiary of the ultimate holding company:		
– Park Avenue Fashion Sdn Bhd	**3**	8
– Parkson Branding Sdn Bhd	**1,895**	626
– Watatime (M) Sdn Bhd	**1,203**	38
– Parkson Fashion Sdn Bhd	**227**	61
– Valino International Apparel Sdn Bhd	**2,471**	1,570
– Daphne Malaysia Sdn Bhd	**4**	24
– Giftmate Sdn Bhd	**66**	–
	5,869	2,327
Purchase of property, plant and equipment from a director related company:		
– Lion Steelwork Sdn Bhd	**302**	–
Sale of goods and services to a director related company:		
– Bonuskad Loyalty Sdn Bhd	**4,333**	5,716
Rental of office space from a director related company:		
– Visionwell Sdn Bhd	**84**	98
Rental of office and warehouse space from a subsidiary of a shareholder, PT Mitra Samaya:		
– PT Tozy Bintang Sentosa	**319**	245
Rental of retail space from a subsidiary of the ultimate holding company:		
– Festival City Sdn Bhd	**–**	930
Rental of retail space to a subsidiary of the ultimate holding company:		
– Prestasi Serimas Sdn Bhd	**597**	–
Royalty expense to a subsidiary of the ultimate holding company:		
– Smart Spectrum Limited	**190**	204

30. Related party transactions (Continued)

(b) Compensation of key management personnel

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Short-term employee benefits	**1,129**	1,423
Contribution to defined contribution plans	**62**	102
	1,191	1,525
Comprise amounts paid to:		
Directors of the Company	**454**	738
Other key management personnel	**737**	787
	1,191	1,525

No employee share options were granted to key management personnel during the financial years ended 30 June 2016 and 2015.

31. Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Capital commitments in respect of property, plant and equipment	**51,828**	32,827

(b) Operating lease commitments – as lessee

In addition to the land use right disclosed in Note 12, the Group has entered into commercial leases on certain department stores. These leases have remaining lease terms of between 1 and 22 years (2015: 1 and 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.

In addition to the above, the annual contingent rental amount is chargeable on a percentage of the respective stores' turnover or profit, where appropriate, as stated in the relevant lease agreements.

Minimum lease payments, contingent rental payments and amortisation of the land use right recognised as expense in profit or loss for the financial years ended 30 June 2016 and 2015 are disclosed in Note 8.

31. Commitments (Continued)

(b) Operating lease commitments – as lessee (Continued)

Future minimum rental payable under non-cancellable operating leases (excluding land use right) at the end of the reporting period are as follows:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Not later than one year	**84,825**	82,886
Later than one year and not later than five years	**167,962**	197,229
Later than five years	**302,417**	325,445
	555,204	605,560

(c) Operating lease commitments – as lessor

The Group has entered into commercial subleases on its department stores. These non-cancellable subleases have remaining lease terms of between 1 and 11 years (2015: 1 and 12 years) with terms of renewal included in the contracts.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Not later than one year	**6,788**	11,183
Later than one year and not later than five years	**3,449**	4,934
Later than five years	**2,818**	3,296
	13,055	19,413

32. Segment information

The Group has one single operating segment – the operation and management of retail stores. For management purposes, the Group is organised into business units based on the geographical location of customers and assets, and has five reportable segments as follows:

(a) Malaysia
(b) Vietnam
(c) Indonesia
(d) Myanmar
(e) Cambodia

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Certain expenses are managed on a group basis and are not allocated to operating segments.

32. Segment information (Continued)

	Malaysia SGD'000	Vietnam SGD'000	Indonesia SGD'000	Myanmar SGD'000	Cambodia SGD'000	Adjustments and eliminations SGD'000	Note	Total SGD'000
2016								
Revenue:								
Sales to external customers	**291,190**	**34,642**	**60,744**	**1,804**	**–**	**37**		**388,417**
Segment results:								
Depreciation and amortisation expenses	**(13,742)**	**(2,465)**	**(5,096)**	**(974)**	**–**	**(246)**		**(22,523)**
Allowance for doubtful trade and other receivables:								
– Deposits to managed stores	**–**	**(2,283)**	**–**	**–**	**–**	**–**		**(2,283)**
– Advances to managed stores	**–**	**(2,972)**	**–**	**–**	**–**	**–**		**(2,972)**
– Advances to an associate	**–**	**(3,525)**	**–**	**–**	**–**	**–**		**(3,525)**
– Rental deposits	**–**	**–**	**–**	**–**	**(498)**	**–**		**(498)**
– Prepaid rental	**–**	**–**	**–**	**–**	**(2,771)**	**–**		**(2,771)**
Rental expenses	**(67,585)**	**(16,089)**	**(24,435)**	**(1,169)**	**–**	**(182)**		**(109,460)**
Gain on partial disposal of a former subsidiary	**–**	**46,797**	**–**	**–**	**–**	**–**		**46,797**
Finance income	**2,907**	**686**	**469**	**10**	**29**	**134**		**4,235**
Finance costs	**(85)**	**(173)**	**(71)**	**–**	**–**	**–**		**(329)**
Taxation	**(6,158)**	**(2,118)**	**2,622**	**–**	**–**	**(671)**		**(6,325)**
Segment profit/(loss)	**7,350**	**34,891**	**(5,353)**	**(1,734)**	**(3,290)**	**(3,269)**	A	**28,595**
Assets:								
Additions to non-current assets	**62,377**	**1,012**	**15,222**	**56**	**1,503**	**–**	B	**80,170**
Segment assets	**236,599**	**47,612**	**76,221**	**1,862**	**9,953**	**1,830**	C	**374,077**
Segment liabilities	**166,487**	**18,694**	**27,896**	**1,081**	**9**	**2,584**	D	**216,751**
2015								
Revenue:								
Sales to external customers	322,250	45,175	59,422	1,904	–	–		428,751
Segment results:								
Depreciation and amortisation expenses	(11,328)	(4,103)	(4,754)	(290)	–	–		(20,475)
Allowance for doubtful trade and other receivables:								
– Deposits paid for closed stores	–	(3,708)	–	–	–	–		(3,708)
– Deposits paid for managed stores	–	(8,211)	–	–	–	–		(8,211)
Provision for contingent expenses in relation to closure of a store	–	(64,729)	–	–	–	–		(64,729)
Rental expenses	(68,510)	(19,015)	(23,243)	(1,050)	–	–		(111,818)
Finance income	4,776	1,011	513	–	26	28		6,354
Finance costs	(44)	(557)	–	–	–	–		(601)
Taxation	(13,427)	(585)	2,049	–	–	(241)		(12,204)
Segment profit/(loss)	26,195	(79,196)	(1,304)	(448)	(11)	1,969	A	(52,795)
Assets:								
Additions to non-current assets	22,821	1,982	7,943	5	–	–	B	32,751
Segment assets	237,847	63,075	64,094	619	1,103	7,669	C	374,407
Segment liabilities	130,745	88,064	19,143	984	7	5,418	D	244,361

32. Segment information (Continued)

Note Nature of adjustments to arrive at amounts reported in the consolidated financial statements

A The following items are added to/(deducted from) the segment profit to arrive at "profit for the year" presented in the consolidated income statement:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Corporate (expenses)/income	**(1,598)**	551
Net loss from theme park and education centre operations	**(1,671)**	–
Gain on disposal of an associate	**–**	1,379
Share of profit of an associate	**–**	39
	(3,269)	1,969

B Additions to non-current assets refer to additions to property, plant and equipment, land use rights and intangible assets.

C Adjustment and eliminations assets are added to the segment assets to arrive at "total assets" reported in the consolidated balance sheet.

D Adjustment and eliminations liabilities are added to the segment liabilities to arrive at "total liabilities" reported in the consolidated balance sheet.

Non-current assets information based on the geographical locations of customers and assets respectively are as follows:

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
Malaysia	**89,573**	46,268
Vietnam	**23,783**	25,840
Indonesia	**43,941**	36,985
Myanmar	**285**	1,262
Cambodia	**1,503**	–
	159,085	110,355

Non-current assets information presented above consist of property, plant and equipment, land use right and intangible assets as presented in the consolidated balance sheet.

33. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced liquidation or sale.

(a) Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group			
	2016 SGD'000	**2015 SGD'000**	**2016 SGD'000**	**2015 SGD'000**
	Quoted prices in active markets for identical instruments (Level 1)		**Significant unobservable inputs (Level 3)**	
Money market instruments (Note 20)	**–**	11,867	**–**	–
Derivatives (Note 19)	**–**	–	**18**	19

Determination of fair value

Derivatives (Note 19): Fair value is determined using a valuation technique based on the probability of PCSB exercising the option to purchase additional shares in Kiara Innovasi that is not supportable by observable market data.

33. Fair value of financial instruments (Continued)

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

Current trade and other receivables (Note 17), Cash and short-term deposits (Note 22), Current trade and other payables (Note 24) and Current other liabilities (Note 25)

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values due to their short term nature.

Non-current rental deposits receivables (Note 17) and Non-current rental deposits payables (Note 24)

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values. The fair values of these financial assets and liabilities are calculated by discounting future cash flows at incremental market rates.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value

The fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	Group		Company	
	2016 SGD'000	2015 SGD'000	2016 SGD'000	2015 SGD'000
Financial assets:				
Non-current:				
Loans to subsidiaries, at cost (Note 17):				
Carrying amount	**–**	–	**31,094**	23,161
Fair value	**–**	–	*****	*
Current:				
Equity instruments (unquoted), at cost (Note 20):				
Carrying amount	**78**	83	**–**	–
Fair value	******	**	**–**	–

* *Loans to subsidiaries carried at cost*

Fair value information has not been disclosed for the Company's loans to subsidiaries that are carried at cost because fair value cannot be measured reliably. The fair value of these balances is not determinable as the timing of the future cash flows arising from the balances cannot be estimated reliably.

33. Fair value of financial instruments (Continued)

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value (Continued)

** *Investment in equity instruments carried at cost*

Fair value information has not been disclosed for the Group's investment in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in Lion Insurance Co Ltd that is not quoted on any market and does not have any comparable industry peer that is listed. The Group does not intend to dispose of this investment in the foreseeable future. The Group intends to eventually dispose of this investment through sale to institutional investors.

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, credit risk and foreign currency risk. The management reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no trading in derivative for speculative purposes shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks throughout the years under review.

(a) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities and to maintain sufficient levels of cash including short term deposits to meet its working capital requirements.

34. Financial risk management objectives and policies (Continued)

(a) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

The tables below summarise the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less SGD'000	**One to five years SGD'000**	**Over five years SGD'000**	**Total SGD'000**
Group				
30 June 2016				
Financial assets				
Trade and other receivables	**17,495**	**12,574**	**11,365**	**41,434**
Derivatives	**–**	**–**	**18**	**18**
Investment securities	**–**	**–**	**78**	**78**
Cash and short-term deposits	**69,509**	**–**	**–**	**69,509**
Total undiscounted financial assets	**87,004**	**12,574**	**11,461**	**111,039**
Financial liabilities				
Trade and other payables	**157,925**	**5,273**	**171**	**163,369**
Other liabilities	**13,150**	**–**	**–**	**13,150**
Total undiscounted financial liabilities	**171,075**	**5,273**	**171**	**176,519**
Total net undiscounted financial assets/(liabilities)	**(84,071)**	**7,301**	**11,290**	**(65,480)**
30 June 2015 (Restated)				
Financial assets				
Trade and other receivables	13,599	10,947	10,814	35,360
Derivatives	–	–	19	19
Investment securities	11,867	–	83	11,950
Cash and short-term deposits	126,711	–	–	126,711
Total undiscounted financial assets	152,177	10,947	10,916	174,040
Financial liabilities				
Trade and other payables	128,808	4,932	128	133,868
Other liabilities	7,558	–	–	7,558
Bank overdrafts	735	–	–	735
Total undiscounted financial liabilities	137,101	4,932	128	142,161
Total net undiscounted financial assets/(liabilities)	15,076	6,015	10,788	31,879

34. Financial risk management objectives and policies (Continued)

(a) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	One year or less SGD'000	Over five years SGD'000	Total SGD'000
Company			
30 June 2016			
Financial assets			
Trade and other receivables	**23,155**	**31,094**	**54,249**
Cash and short-term deposits	**1,679**	**–**	**1,679**
Total undiscounted financial assets	**24,834**	**31,094**	**55,928**
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	**453**	**–**	**453**
Total net undiscounted financial assets	**24,381**	**31,094**	**55,475**
30 June 2015			
Financial assets			
Trade and other receivables	32,462	23,161	55,623
Cash and short-term deposits	7,644	–	7,644
Total undiscounted financial assets	40,106	23,161	63,267
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	912	–	912
Total net undiscounted financial assets	39,194	23,161	62,355

The Group's current undiscounted financial liabilities exceeded its current undiscounted financial assets by SGD84,071,000 as at 30 June 2016. As disclosed in Note 2.1, the Group is able to continue to generate net cash inflows from its operating activities for a period of 12 months from the date these financial statements were approved. Coupled with tighter expense control and cash flow management, the Group will be able to pay its debts as and when they fall due. Of the SGD157,925,000 current undiscounted trade and other payables, the Group has repaid approximately SGD146,115,000 as at the date of directors' approval of these financial statements.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

34. Financial risk management objectives and policies (Continued)

(b) Credit risk (Continued)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis.

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include operating and management of retail stores in various geographical regions. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the end of the reporting period, 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 on the balance sheets.

Credit risk concentration profile

The Group engages solely in the operation and management of retail stores in Malaysia, Vietnam, Indonesia and Myanmar.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

34. Financial risk management objectives and policies (Continued)

(c) Foreign currency risk

The Group's operations are primarily conducted in Malaysia, Vietnam, Indonesia and Myanmar in Malaysian Ringgit ("RM"), Vietnamese Dong ("VND"), Indonesian Rupiah ("IDR") and Myanmar Kyat ("MMK") respectively.

The Group's entities holds cash and short-term deposits denominated in foreign currencies for working capital purposes and have transactional currency exposures arising from non-trade purchases that are denominated in foreign currencies. In addition, the Group's entities also receive/pay certain rental deposits from/to their tenants/landlords which are denominated in foreign currencies. At the end of the reporting period, such foreign currency denominated balances are mainly in United States Dollar ("USD") and Singapore Dollar ("SGD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss/profit before tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

		Group	
		2016 SGD'000 Profit before tax	**2015 SGD'000 Loss before tax**
USD against VND	– strengthened 3%	**145**	(159)
	– weakened 3%	**(145)**	159
USD against RM	– strengthened 3%	**13**	(362)
	– weakened 3%	**(13)**	362
SGD against RM	– strengthened 3%	**1**	(7)
	– weakened 3%	**(1)**	7

35. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2016 and 30 June 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's guideline is to keep the gearing ratio below 50%. The Group includes within net debt, trade and other payables, other liabilities and loans and borrowings, less cash and short-term deposits and money market instruments. Capital consists of equity attributable to owners of the Company.

	Group	
	2016	**2015**
	SGD'000	**SGD'000**
		(Restated)
Trade and other payables (Note 24)	**166,771**	138,317
Other liabilities (current and non-current) (Note 25)	**48,939**	34,893
Borrowings (Note 26)	**–**	735
Less:		
Cash and short-term deposits (Note 22)	**(69,509)**	(126,711)
Available-for-sale financial assets:		
– Money market instruments (quoted) (Note 20)	**–**	(11,867)
Net debt	**146,201**	35,367
Equity attributable to the owners of the Company, representing total capital	**157,923**	148,005
Capital and net debt	**304,124**	183,372
Gearing ratio	**48.1%**	19.3%

36. Comparative figures

The Group enters into long term lease arrangements that include rent escalation clauses. In accordance with the accounting policy of the Group, rental expense is recognised on a straight line basis resulting in accruals being recorded on the difference between lease payments and rental expense recognised. In prior years, the Group classified such accruals within current liabilities. In the current financial year, the portion of the accrual expected to reverse after the next twelve months are classified within non-current liability to better reflect their nature and pattern of reversal. Accordingly, the following comparative figures have been reclassified to provide better comparability with current year presentation.

	Group		
	As previously reported SGD'000	**Adjustment SGD'000**	**Restated SGD'000**
Balance Sheet			
As at 30 June 2015			
Current liabilities			
Trade and other payables	140,150	(7,440)	132,710
Other liabilities	26,111	(6,841)	19,270
Non-current liabilities			
Other payables	6,949	(1,342)	5,607
Other liabilities	–	15,623	15,623
Comprising:			
Current			
Other payables (Note 24)	18,660	(7,440)	11,220
Accrued operating expenses (Note 25)	12,936	(7,614)	5,322
Accrued rent (Note 25)	–	773	773
Non-current			
Other payables (Note 24)	1,342	(1,342)	–
Accrued rent (Note 25)	–	15,623	15,623
As at 1 July 2014			
Current liabilities			
Trade and other payables	147,828	(6,284)	141,544
Other liabilities	26,995	(6,204)	20,791
Non-current liabilities			
Trade and other payables	10,094	(1,270)	8,824
Other liabilities	–	13,758	13,758

37. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 3 October 2016.

SHAREHOLDING STATISTICS

AS AT 16 SEPTEMBER 2016

NUMBER OF SHARES ISSUED (EXCLUDING TREASURY SHARES)	:	673,800,000
NUMBER / PERCENTAGE OF TREASURY SHARES	:	3,500,000 / 0.52%
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE (1) VOTE PER SHARE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 – 99	1	0.10	5	0.00
100 – 1,000	53	5.12	41,800	0.01
1,001 – 10,000	270	26.06	1,736,308	0.26
10,001 – 1,000,000	690	66.60	58,979,568	8.75
1,000,001 and above	22	2.12	613,042,319	90.98
TOTAL	1,036	100.00	673,800,000	100.00

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
UOB KAY HIAN PTE LTD	478,232,800	70.98
DBS NOMINEES PTE LTD	25,168,800	3.74
HSBC (SINGAPORE) NOMINEES PTE LTD	16,975,000	2.52
MERRILL LYNCH (SPORE) PTE LTD	16,154,000	2.40
RAFFLES NOMINEES (PTE) LTD	13,817,700	2.05
CITIBANK NOMINEES S’PORE PTE LTD	10,017,466	1.49
DBSN SERVICES PTE LTD	9,342,300	1.39
MAYBANK KIM ENG SECURITIES PTE LTD	8,951,366	1.33
THOMAS TAN SOON SENG (THOMAS CHEN SHUNCHENG)	6,000,000	0.89
PHILLIP SECURITIES PTE LTD	5,200,800	0.77
CIMB SECURITIES (S’PORE) PTE LTD	3,596,187	0.53
UNITED OVERSEAS BANK NOMINEES PTE LTD	2,959,800	0.44
GOH BEE LAN	2,500,000	0.37
LEONG MUN SUM @ LEONG HENG WAN	1,900,000	0.28
DBS VICKERS SECURITIES (S) PTE LTD	1,892,800	0.28
TAN YONG NEE	1,800,000	0.27
TH STRATEGIC INVESTMENTS PTE LTD	1,600,000	0.24
OCBC SECURITIES PRIVATE LTD	1,572,900	0.23
MELVYN BOEY KUM HOONG	1,500,000	0.22
ANG KONG MENG	1,471,800	0.22
TOTAL	610,653,719	90.64

SHAREHOLDING STATISTICS

AS AT 16 SEPTEMBER 2016

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 16 SEPTEMBER 2016

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
East Crest International Limited	457,933,300	67.96	–	–
Parkson Holdings Berhad[(1)]	–	–	457,933,300	67.96
Tan Sri Cheng Heng Jem[(2)]	500,000	0.074	457,933,300	67.96

Notes:

(1) Parkson Holdings Berhad ("PHB") is the sole shareholder of East Crest International Limited, and is deemed to be interested in the Shares held by East Crest International Limited by virtue of Section 7(4) of the Companies Act.

(2) Tan Sri Cheng Heng Jem holds, directly and indirectly, 60.47% of the voting shares in PHB, which is the sole shareholder of East Crest International Limited. As such, Tan Sri Cheng Heng Jem is deemed to be interested in the Shares held by East Crest International Limited by virtue of Section 7(4A) of the Companies Act.

PERCENTAGE OF SHAREHOLDING IN THE HANDS OF PUBLIC

As at 16 September 2016, 31.92% of the issued share capital of the Company was held in the hands of the public (based on the information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Parkson Retail Asia Limited ("**the Company**") will be held at the Pan Pacific Singapore, Level 1, Pacific 1, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Monday, 31 October 2016 at 10.00 a.m. for the purposes of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company together with the Directors' Statement and Auditors' Report of the Company for the financial year ended 30 June 2016.
(Resolution 1)

2. To re-elect Mr Tan Soo Khoon who is retiring pursuant to Article 91 of the Constitution of the Company:
(Resolution 2)

*Mr Tan Soo Khoon, if re-elected, will remain as a member of the Audit Committee and Chairman of Remuneration Committee and Nominating Committee. He is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

3. To record the retirement of Datuk Lee Kok Leong who is retiring pursuant to Article 91 of the Constitution of the Company.

4. To re-appoint Tan Sri Cheng Heng Jem, a Director retiring under the resolution passed at the Annual General Meeting of the Company ("**AGM**") held on 27 October 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (which was then in force), to hold office from the date of this AGM.
[see explanatory note (i)] (Resolution 3)

5. To approve the payment of a final one-tier tax-exempt dividend of SGD0.005 per ordinary share in respect of the financial year ended 30 June 2016.
(Resolution 4)

6. To approve the payment of Directors' fees of up to SGD350,000 for the financial year ending 30 June 2017, payable quarterly in arrears (30 June 2016: SGD460,000).
(Resolution 5)

7. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
(Resolution 6)

8. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. Authority to issue shares

"That, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:–

(a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

Provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[see explanatory note (ii)] (Resolution 7)

10. Authority to issue shares under the Parkson Retail Asia Limited Employee Share Option Scheme

"That, pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant options under the Parkson Retail Asia Limited Employee Share Option Scheme ("**the Scheme**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[see explanatory note (iii)] (Resolution 8)

11. Proposed Renewal of the General Mandate for Interested Person Transactions

That:–

(a) approval be and is hereby given for the Company, its subsidiaries and associated companies which fall within the definition of "entities at risk" under Chapter 9 of the Listing Manual or any of them to enter into any transaction falling within the categories of interested person transactions set out in the Company's circular to Shareholders dated 14 October 2016 (the "**Circular**"), with any party who is of the class or classes of interested persons described in the Circular, provided that such transaction is made on normal commercial terms and is not prejudicial to the Company and its minority shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Circular (such shareholders' general mandate hereinafter called the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or until the date on which the next annual general meeting of the Company is required by law to be held, whichever is the earlier;

(c) the audit committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") from time to time; and

(d) the directors of the Company (the "**Directors**") and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the IPT Mandate.

[see explanatory note (iv)] (Resolution 9)

12. Proposed Renewal of the Share Purchase Mandate

That:–

(a) for the purposes of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"), the authority be and is hereby conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase(s) on the SGX-ST; and/or

(ii) off-market purchase(s) if effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held or is required by law to be held; or

(ii) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and

(c) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the Share Purchase Mandate.

NOTICE OF ANNUAL GENERAL MEETING

For the purposes of this ordinary resolution 10:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares on the SGX-ST were recorded, before the day on which a market purchase was made by the Company or, as the case may be, the date of the announcement of the offer pursuant to an off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant period of five (5) market days;

"**Maximum Limit**" means that number of issued Shares representing ten per cent. (10%) of the total number of Shares excluding treasury shares as at the last annual general meeting or as at the date of the passing of this Resolution (whichever is the higher); and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:–

(a) in the case of an on-market purchase of a Share, one hundred and five per cent. (105%) of the Average Closing Price of the Shares; and

(b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, one hundred and ten per cent. (110%) of the Average Closing Price of the Shares.

[see explanatory note (v)] (Resolution 10)

On behalf of the Board

Tan Sri Cheng Heng Jem
Executive Chairman

Dated: 14 October 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Ordinary Resolution 3 under Agenda 4 above is to re-appoint Tan Sri Cheng Heng Jem ("**Tan Sri Cheng**") who is above 70 years old and who is retiring under the resolution passed at the AGM held on 27 October 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore which was then in force, allowing Tan Sri Cheng to hold office until the conclusion of this AGM. Resolution 3, if passed, will approve and authorise the continuation of Tan Sri Cheng as a Director of the Company from the date of this AGM onwards without limitation in tenure save for prevailing applicable laws, listing rules and/or regulations, including the Company's Constitution.

(ii) Ordinary Resolution 7 proposed under Agenda 9 above, if passed, will authorise and empower the Directors of the Company from the date of this AGM to the next AGM to issue shares and/or convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares) of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM.

(iii) Ordinary Resolution 8 proposed under Agenda 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM, or the date by which the next AGM is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(vi) Ordinary Resolution 9 proposed under Agenda 11 above, if passed, will authorise and empower the Directors of the Company to enter into the mandated interested person transactions as described in the Circular. Such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM is or is required by law to be held, whichever is the earlier. Please refer to the Circular for further details.

(v) Ordinary Resolution 10 proposed under Agenda 12 above, if passed, will authorise and empower the Directors of the Company to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) Shares of the Company on the terms of the Share Purchase Mandate as set out in the Circular. Such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM is or is required by law to be held, whichever is the earlier. The Company currently intends to use internal sources of funds to finance the purchase or acquisition of its Shares. Please refer to the Circular for further details.

Books Closure Date and Payment Date for Final Dividend

Subject to the approval of the shareholders at this AGM, the Share Transfer Books and Register of Members of the Company will be closed on 08 November 2016 ("**Book Closure Date**") for the purpose of determining Shareholders' entitlement to the dividend ("**Dividend**").

Duly completed registrable transfer received by the Company's Share Registrar, B.A.C.S. Private Limited of 8 Robinson Road, #03-00, ASO Building, Singapore 048544 up to 5.00 p.m. on 07 November 2016 will be registered to determine Shareholders' entitlement to the Dividend. In respect of shares in the securities accounts with The Central Depository (Pte) Limited ("**CDP**"), the Dividend will be paid by the Company to CDP which will distribute the dividend to holders of the securities accounts.

The final dividend, if approved by the shareholders at the AGM, will be paid on 15 November 2016.

Notes:

1. A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote in his stead at the AGM.

2. A member who is a relevant intermediary (as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore) is entitled to appoint more than two proxies to attend, speak and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such relevant intermediary appoints more than two proxies, please annex, to the form of proxy, the name, address, NRIC/Passport Number, number and class of shares in relation to which each proxy has been appointed.

3. A proxy need not be a member of the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company(or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PARKSON RETAIL ASIA LIMITED
Company Registration No. 201107706H
(Incorporated In Singapore)

IMPORTANT
1. *For investors who have used their CPF monies to buy Parkson Retail Asia Limited's shares, this Report is forwarded to them at the request of the CPF Agent Banks and is sent solely FOR INFORMATION ONLY.*
2. *This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.*
3. *Relevant intermediaries (as defined in Section 181(6) of the Companies Act, Chapter 50 of Singapore), should refer to Note 3 to the Proxy Form on the reverse.*

PROXY FORM
(Please see notes overleaf before completing this form)

I/We, ____________________ NRIC/Passport No. __________
of ____________________
being a member/members of Parkson Retail Asia Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings (Ordinary Shares)	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings (Ordinary Shares)	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at the Pan Pacific Singapore, Level 1, Pacific 1, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Monday, 31 October 2016 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	For*	Against*	Abstain*
1	To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2016 together with the Directors' Statement and Auditors' Report thereon			
2	To re-elect Mr Tan Soo Khoon as a Director			
3	To re-appoint Tan Sri Cheng Heng Jem as a Director			
4	To approve the payment of a tax exempt (1-tier) final dividend of SGD0.005 per ordinary share in respect of the financial year ended 30 June 2016			
5	To approve the payment of Directors' fees of up to SGD350,000 for the financial year ending 30 June 2017, payable quarterly in arrears			
6	To re-appoint Messrs Ernst & Young LLP as Auditors			
7	To authorise the Directors to issue new shares			
8	To authorise the Directors to issue new shares under the Parkson Retail Asia Limited Employee Share Option Scheme			
9	To approve the renewal of general mandate for Interested Person Transactions			
10	To approve the renewal of the Share Purchase Mandate			

* **If you wish to exercise all your votes "For", "Against" or "Abstain" please tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.**

Dated this __________ day of ____________________ 2016

Total number of Ordinary Shares in:	No. of Ordinary Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Delete where inapplicable

Notes:

1. Except for a member of the Company who is a relevant intermediary (as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**")), a member of the Company entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend, speak and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. Pursuant to Section 181(1C) of the Companies Act, a member who is entitled to attend, speak and vote at the Annual General Meeting and is a relevant intermediary is entitled to appoint more than two proxies to exercise all or any of its rights to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such relevant intermediary appoints more than two proxies, please annex, to the form of proxy, the name, address, NRIC/Passport Number, number and class of shares in relation to which each proxy has been appointed.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer on behalf of the corporation.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with the constitutional documents of the corporation and Section 179 of the Companies Act, Chapter 50 of Singapore.
6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited of 8 Robinson Road, #03-00, ASO Building, Singapore 048544 not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.
7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

Fold along this line

Affix
Postage
Stamp

Parkson Retail Asia Limited
c/o The Share Registrar
B.A.C.S. Private Limited
8 Robinson Road
#03-00, ASO Building
Singapore 048544

This flap for sealing

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where, in the Company's opinion, the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies, or if the instrument of proxy is not submitted on time and in accordance with Note 6 above. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register seventy-two (72) hours before the time set for the Annual General Meeting.
10. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend, speak and cast his vote(s) at the Annual General Meeting in person if he is appointed as a proxy. CPF Investors and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF Agent Banks and/or SRS Operators to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF Investors and SRS Investors shall be precluded from attending the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company(or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PARKSON 百盛

PARKSON RETAIL ASIA LIMITED

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SINGAPORE 068898