FINANCIAL STATEMENTS
2013
For The Financial Year Ended 30 June 2013

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the year	436,442	(3,598,419)
Profit/(Loss) for the year attributable to:		
Owners of the parent	239,708	(3,598,419)
Non-controlling interests	196,734	–
	436,442	(3,598,419)

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

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

DIVIDENDS

The amount of dividends paid by the Company since 30 June 2012 were as follows:

	RM'million
In respect of the financial year ended 30 June 2013:	
• An interim single tier dividend of 10% (10 sen per share) was declared on 12 November 2012 and paid on 10 December 2012; and	108
• A second interim single tier dividend of 8% (8 sen per share) was declared on 24 April 2013 and paid on 22 May 2013.	87
Total dividends paid since 30 June 2012	195

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

DIRECTORS

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

Tan Sri William H.J. Cheng
Tan Sri Abd Rahman Bin Mamat
Zainab binti Dato' Hj. Mohamed (Appointed on 23.11.2012)
Yeow Teck Chai
Cheng Sin Yeng
Dr Folk Jee Yoong (Retired on 21.11.2012)

Mr Cheng Sin Yeng retires at the forthcoming Annual General Meeting and does not seek re-election at the forthcoming Annual General Meeting.

In accordance with Article 99 of the Company's Articles of Association, Cik Zainab binti Dato' Hj. Mohamed who was appointed during the financial year retires at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

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

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 8(b) to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 34 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			
	1.7.2012	**Acquired**	**Disposed**	**30.6.2013**
Tan Sri William H.J. Cheng				
Direct interest	218,439,012	–	–	218,439,012
Indirect interest	300,330,856	–	5,872	300,324,984

DIRECTORS' INTERESTS (continued)

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

	Nominal value per ordinary share	1.7.2012	Number of shares Acquired	Disposed	30.6.2013
Tan Sri William H.J. Cheng					
Direct Interest					
Parkson Retail Asia Limited ("Parkson Asia")	*	500,000	–	–	500,000
Tan Sri William H.J. Cheng					
Indirect Interest					
Kiara Innovasi Sdn Bhd	RM1.00	3,000,000	–	–	3,000,000
Parkson Asia	*	457,983,300	–	–	457,983,300
Parkson Retail Group Limited	HK$0.02	1,448,270,000	–	–	1,448,270,000

	Nominal value per ordinary share	15.2.2013#	Number of shares Acquired	Disposed	30.6.2013
Parkson Myanmar Investment Company Pte Ltd	*	2,100,000	–	–	2,100,000

	Currency	1.7.2012	Acquired	Disposed	30.6.2013
Investments in the People's Republic of China					
Chongqing Wanyou Parkson Plaza Co Ltd	Rmb	21,000,000	–	–	21,000,000
Dalian Tianhe Parkson Shopping Centre Co Ltd	Rmb	60,000,000	–	–	60,000,000
Guizhou Shenqi Parkson Retail Development Co Ltd	Rmb	10,200,000	–	–	10,200,000
Qingdao No. 1 Parkson Co Ltd	Rmb	223,796,394	–	–	223,796,394
Wuxi Sanyang Parkson Plaza Co Ltd	Rmb	48,000,000	–	–	48,000,000
Xinjiang Youhao Parkson Development Co Ltd	Rmb	10,200,000	–	–	10,200,000
Investment in Vietnam					
Parkson Hanoi Co Ltd	US$	3,360,000	–	–	3,360,000

* Shares in companies incorporated in Singapore do not have a par value.
\# Became a related corporation on 15 February 2013.

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

TREASURY SHARES

During the financial year, the Company repurchased a total of 3,086,400 of its issued ordinary shares from the open market at an average price of RM4.05 per share. The total consideration paid for the repurchase including transaction costs was RM12.49 million. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 June 2013, the Company held 12,389,631 treasury shares with a carrying amount of RM58.17 million and further relevant details are disclosed in Note 27 to the financial statements.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company became effective on 7 May 2008 and will expire on 6 May 2018 upon its renewal for a further period of five years from 7 May 2013 to 6 May 2018. The main features of the ESOS are set out in Note 29 to the financial statements.

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

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

Grant date	Subscription price per share	Number of options				
		1.7.2012	**Granted**	**Exercised**	**Lapsed**	**30.6.2013**
7 April 2010	RM5.31	70,000	–	–	–	70,000

OTHER STATUTORY INFORMATION

(a) Before the income statements, the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in respect of these financial statements; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (continued)

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made, except as disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 37 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 October 2013.

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

CHENG SIN YENG
Director

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

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

We, **Tan Sri William H.J. Cheng** and **Cheng Sin Yeng**, being two of the Directors of **Parkson Holdings Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 50 to 160 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2013 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 44 to the financial statements on page 161 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 October 2013.

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

CHENG SIN YENG
Director

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

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

I, **Tan Sri William H.J. Cheng**, the Director primarily responsible for the financial management of **Parkson Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 50 to 161 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **Tan Sri William H.J. Cheng**
at Kuala Lumpur in the Federal Territory
on 18 October 2013.

TAN SRI WILLIAM H.J. CHENG

Before me,

W530
TAN SEOK KETT
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PARKSON HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Parkson Holdings Berhad, which comprise the statements of financial position as at 30 June 2013 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 50 to 160.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 44 to the financial statements on page 161 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

(a) As stated in Note 2.2 to the financial statements, Parkson Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2012 and 1 July 2011, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 30 June 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as at 30 June 2013 and financial performance and cash flows for the year then ended.

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
18 October 2013

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	4	**3,502,523**	3,422,858	**180,000**	150,000
Other items of income					
Other income	5	**324,681**	336,020	**13**	28
Items of expense					
Purchase of goods and changes in inventories		**(1,142,908)**	(1,098,829)	**–**	–
Employee benefits expense	6	**(409,088)**	(341,085)	**(898)**	(492)
Depreciation and amortisation		**(218,450)**	(190,934)	**(27)**	(27)
Promotional and advertising expenses		**(111,256)**	(110,393)	**–**	–
Rental expenses		**(786,646)**	(604,479)	**–**	–
Allowance for impairment loss on an amount due from a subsidiary	21	**–**	–	**(3,777,000)**	–
Other expenses		**(584,954)**	(577,586)	**(2,060)**	(3,482)
Operating profit/(loss)		**573,902**	835,572	**(3,599,972)**	146,027
Finance income	7	**117,287**	140,157	**1,711**	1,587
Finance costs	7	**(74,171)**	(88,222)	**(5)**	(6)
Share of results of associates		**1,877**	156	**–**	–
Profit/(Loss) before tax	8	**618,895**	887,663	**(3,598,266)**	147,608
Income tax expense	9	**(182,453)**	(218,951)	**(153)**	(97)
Profit/(Loss) for the year		**436,442**	668,712	**(3,598,419)**	147,511
Profit/(Loss) for the year attributable to:					
Owners of the parent		**239,708**	380,076	**(3,598,419)**	147,511
Non-controlling interests		**196,734**	288,636	**–**	–
		436,442	668,712	**(3,598,419)**	147,511
Earnings per share attributable to owners of the parent (sen)					
Basic	11(a)	**22.11**	34.93		
Diluted	11(b)	**22.11**	34.93		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit/(Loss) for the year	**436,442**	668,712	**(3,598,419)**	147,511
Other comprehensive income/(loss)				
Net gain/(loss) on available-for-sale financial assets:				
- Gain/(Loss) on fair value changes	**5,809**	(1,753)	**–**	–
- Transfer to profit or loss upon disposal	**(4,096)**	–	**–**	–
(Loss)/Gain on fair value changes in hedging instruments on cash flow hedges	**(26,007)**	31,520	**–**	–
Foreign currency translation	**87,644**	191,620	**–**	–
Other comprehensive income for the year, net of tax, representing items that may be reclassified subsequently to profit or loss	**63,350**	221,387	**–**	–
Total comprehensive income/(loss) for the year	**499,792**	890,099	**(3,598,419)**	147,511
Total comprehensive income/(loss) for the year attributable to:				
Owners of the parent	**270,573**	504,809	**(3,598,419)**	147,511
Non-controlling interests	**229,219**	385,290	**–**	–
	499,792	890,099	**(3,598,419)**	147,511

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013 RM'000	2012 RM'000	As at 1.7.2011 RM'000
Assets				
Non-current assets				
Property, plant and equipment	12	**2,153,419**	1,719,704	1,493,277
Investment properties	13	**259,247**	173,951	178,200
Intangible assets	14	**1,344,035**	1,309,512	1,235,534
Land use rights	15	**262,379**	281,737	272,005
Investments in associates	17	**70,270**	1,163	937
Deferred tax assets	19	**98,836**	61,949	38,106
Other assets	20	**182,443**	364,391	97,207
Investment securities	22	**30,233**	43,416	14,543
Derivative	23	**52**	52	52
		4,400,914	3,955,875	3,329,861
Current assets				
Inventories	24	**292,470**	280,476	246,240
Trade and other receivables	25	**838,335**	512,523	345,849
Investment securities		**–**	–	604,447
Tax recoverable		**10,106**	6,481	3,848
Deposits, cash and bank balances	26	**3,044,017**	3,030,992	2,740,698
		4,184,928	3,830,472	3,941,082
Total assets		**8,585,842**	7,786,347	7,270,943
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	27	**1,093,902**	1,093,902	1,093,673
Share premium	27	**3,731,416**	3,731,416	3,729,979
Treasury shares	27	**(58,172)**	(45,684)	(13,707)
Other reserves	28	**(2,018,304)**	(2,492,398)	(2,771,887)
Retained profits		**31,822**	398,852	198,032
		2,780,664	2,686,088	2,236,090
Non-controlling interests		**1,625,336**	1,534,135	1,147,275
Total equity		**4,406,000**	4,220,223	3,383,365

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013 (continued)

	Note	2013 RM'000	2012 RM'000	As at 1.7.2011 RM'000
Non-current liabilities				
Deferred tax liabilities	19	**134,122**	119,714	114,085
Loans and borrowings	30	**1,579,669**	1,245,822	739,151
Long term payables	32	**214,799**	122,953	73,050
Derivative financial instruments designated as hedging instruments	39(c)	**–**	14,798	22,236
		1,928,590	1,503,287	948,522
Current liabilities				
Trade and other payables and other liabilities	33	**2,210,364**	2,017,557	1,703,585
Loans and borrowings	30	**20**	171	1,184,457
Tax payables		**40,868**	45,109	46,497
Derivative financial instruments designated as hedging instruments		**–**	–	4,517
		2,251,252	2,062,837	2,939,056
Total liabilities		**4,179,842**	3,566,124	3,887,578
Total equity and liabilities		**8,585,842**	7,786,347	7,270,943

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013 RM'000	2012 RM'000	As at 1.7.2011 RM'000
Assets				
Non-current assets				
Property, plant and equipment	12	**81**	108	135
Intangible assets	14	**28**	28	28
Investments in subsidiaries	16	**23,951**	23,951	23,758
Amount due from a subsidiary	21	**3,866,799**	7,863,067	7,901,958
		3,890,859	7,887,154	7,925,879
Current assets				
Trade and other receivables	25	**17,813**	18,909	25,753
Amounts due from subsidiaries	21	**229,048**	30,707	118,941
Deposits, cash and bank balances	26	**21,918**	28,961	7,140
		268,779	78,577	151,834
Total assets		**4,159,638**	7,965,731	8,077,713
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	27	**1,093,902**	1,093,902	1,093,673
Share premium	27	**3,731,416**	3,731,416	3,729,979
Treasury shares	27	**(58,172)**	(45,684)	(13,707)
Other reserves	28	**2,905,969**	2,905,969	2,926,501
(Accumulated losses)/Retained profits		**(3,515,155)**	278,405	338,917
Total equity		**4,157,960**	7,964,008	8,075,363
Non-current liability				
Loans and borrowings	30	**69**	90	109
Current liabilities				
Trade and other payables and other liabilities	33	**1,480**	1,570	2,223
Amount due to a subsidiary	21	**36**	35	–
Loans and borrowings	30	**20**	19	18
Tax payables		**73**	9	–
		1,609	1,633	2,241
Total liabilities		**1,678**	1,723	2,350
Total equity and liabilities		**4,159,638**	7,965,731	8,077,713

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	Share capital RM'000 (Note 27)	Share premium RM'000 (Note 27)	Treasury shares RM'000 (Note 27)	Other reserves RM'000 (Note 28)	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the parent							
		Non-distributable							
At 1 July 2012		**1,093,902**	**3,731,416**	**(45,684)**	**(2,492,398)**	**398,852**	**2,686,088**	**1,534,135**	**4,220,223**
Total comprehensive income for the year		**–**	**–**	**–**	**30,865**	**239,708**	**270,573**	**229,219**	**499,792**
Transactions with owners									
Transfer to capital reserves		–	–	–	2,294	(2,294)	–	–	–
Dilution of interest in subsidiaries	16(c)	–	–	–	7,357	16,082	23,439	(23,439)	–
Employee share options lapsed		–	–	–	(11,217)	11,217	–	–	–
Employee share options exercised		–	–	–	(1)	14	13	12	25
Purchase of treasury shares	27	–	–	(12,488)	–	–	(12,488)	–	(12,488)
Transfer to merger deficit		–	–	–	436,616	(436,616)	–	–	–
Equity-settled share option arrangements granted by a subsidiary		–	–	–	8,180	–	8,180	7,695	15,875
Contributions by non-controlling interests		–	–	–	–	–	–	3,632	3,632
Dividends to non-controlling interests		–	–	–	–	–	–	(125,918)	(125,918)
Dividends paid to shareholders of the Company	10	–	–	–	–	(195,141)	(195,141)	–	(195,141)
Total transactions with owners		–	–	(12,488)	443,229	(606,738)	(175,997)	(138,018)	(314,015)
At 30 June 2013		**1,093,902**	**3,731,416**	**(58,172)**	**(2,018,304)**	**31,822**	**2,780,664**	**1,625,336**	**4,406,000**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (continued)

		← Attributable to owners of the parent							
		← Non-distributable			→				
	Note	Share capital RM'000 (Note 27)	Share premium RM'000 (Note 27)	Treasury shares RM'000 (Note 27)	Other reserves RM'000 (Note 28)	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2011		1,093,673	3,729,979	(13,707)	(2,771,887)	198,032	2,236,090	1,147,275	3,383,365
Total comprehensive income for the year		–	–	–	124,733	380,076	504,809	385,290	890,099
Transactions with owners									
Transfer from capital reserves		–	–	–	(2,272)	2,272	–	–	–
Dilution of interest in a subsidiary	16(c)	–	–	–	–	207,898	207,898	136,700	344,598
Acquisition of interest in a subsidiary	16(b)	–	–	–	(3,843)	–	(3,843)	(1,386)	(5,229)
Employee share options lapsed/terminated		–	–	–	(20,288)	20,288	–	–	–
Employee share options exercised		229	1,437	–	(451)	–	1,215	–	1,215
Purchase of treasury shares	27	–	–	(31,977)	–	–	(31,977)	–	(31,977)
Transfer to merger deficit		–	–	–	181,403	(181,403)	–	–	–
Equity-settled share option arrangements granted by the Company		–	–	–	207	–	207	–	207
Dividends to non-controlling interests		–	–	–	–	–	–	(133,744)	(133,744)
Dividends paid to shareholders of the Company	10	–	–	–	–	(228,311)	(228,311)	–	(228,311)
Total transactions with owners		229	1,437	(31,977)	154,756	(179,256)	(54,811)	1,570	(53,241)
At 30 June 2012		1,093,902	3,731,416	(45,684)	(2,492,398)	398,852	2,686,088	1,534,135	4,220,223

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	← Non-distributable			→	(Accumulated) losses)/ Retained profits RM'000	Total equity RM'000
		Share capital RM'000 (Note 27)	Share premium RM'000 (Note 27)	Treasury shares RM'000 (Note 27)	Other reserves RM'000 (Note 28)		
At 1 July 2012		**1,093,902**	**3,731,416**	**(45,684)**	**2,905,969**	**278,405**	**7,964,008**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**	**(3,598,419)**	**(3,598,419)**
Transactions with owners							
Purchase of treasury shares	27	**–**	**–**	**(12,488)**	**–**	**–**	**(12,488)**
Dividends paid	10	**–**	**–**	**–**	**–**	**(195,141)**	**(195,141)**
Total transactions with owners		**–**	**–**	**(12,488)**	**–**	**(195,141)**	**(207,629)**
At 30 June 2013		**1,093,902**	**3,731,416**	**(58,172)**	**2,905,969**	**(3,515,155)**	**4,157,960**
At 1 July 2011		1,093,673	3,729,979	(13,707)	2,926,501	338,917	8,075,363
Total comprehensive income for the year		–	–	–	–	147,511	147,511
Transactions with owners							
Employee share options lapsed/terminated		–	–	–	(20,288)	20,288	–
Employee share options exercised		229	1,437	–	(451)	–	1,215
Purchase of treasury shares	27	–	–	(31,977)	–	–	(31,977)
Equity-settled share option arrangements granted		–	–	–	207	–	207
Dividends paid	10	–	–	–	–	(228,311)	(228,311)
Total transactions with owners		229	1,437	(31,977)	(20,532)	(208,023)	(258,866)
At 30 June 2012		1,093,902	3,731,416	(45,684)	2,905,969	278,405	7,964,008

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	Group 2013 RM'000	Group 2012 RM'000 Restated	Company 2013 RM'000	Company 2012 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		**618,895**	887,663	**(3,598,266)**	147,608
Adjustments for:					
Allowance for impairment loss on an amount due from a subsidiary		**–**	–	**3,777,000**	–
Depreciation and amortisation	8	**218,450**	190,934	**27**	27
Amortisation of deferred lease expenses and income, net	8	**781**	853	**–**	–
Property, plant and equipment written off	8	**545**	343	**–**	–
Goodwill written off	8	**–**	2,834	**–**	–
Impairment loss on goodwill	8	**3,000**	–	**–**	–
(Reversal of)/Allowance for impairment loss on receivables, net	8	**(815)**	717	**–**	–
(Reversal of)/Write down of inventories	8	**(77)**	675	**–**	–
Employee share-based payment	6	**15,875**	207	**–**	14
Defined benefit plan	6	**(1,380)**	1,635	**–**	–
Unrealised exchange gain	8	**(4,711)**	(6,625)	**–**	–
Loss on disposal of property, plant and equipment	8	**1,623**	453	**–**	–
Gain on disposal of investment securities	8	**(4,655)**	–	**–**	–
Share of results of associates		**(1,877)**	(156)	**–**	–
Interest expense	7	**74,171**	88,222	**5**	6
Interest income	7	**(117,287)**	(140,157)	**(1,711)**	(1,587)
Dividend income from:					
- A subsidiary	4	**–**	–	**(180,000)**	(150,000)
- Investment securities	4	**(1,409)**	–	**–**	–
Operating profit/(loss) before working capital changes		**801,129**	1,027,598	**(2,945)**	(3,932)
Changes in working capital:					
Inventories		**(7,096)**	(25,710)	**–**	–
Receivables and other assets		**(113,189)**	(216,227)	**22,926**	135,142
Payables		**212,044**	290,473	**(89)**	(618)
Net changes in working capital		**91,759**	48,536	**22,837**	134,524
Cash flows generated from operations		**892,888**	1,076,134	**19,892**	130,592
Taxes paid		**(222,563)**	(256,918)	**(89)**	(88)
Interest paid		**(51,664)**	(91,459)	**(5)**	(6)
Interest received		**103,387**	152,674	**808**	414
Net cash flows generated from operating activities		**722,048**	880,431	**20,606**	130,912

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (continued)

	Note	Group 2013 RM'000	Group 2012 RM'000 Restated	Company 2013 RM'000	Company 2012 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment	12	**(366,003)**	(308,309)	**–**	–
Additions to investment properties	13	**(95,869)**	(8,439)	**–**	–
Additions to intangible assets	14	**(3,690)**	(5,112)	**–**	–
Proceeds from disposal of property, plant and equipment		**4,808**	1,601	**–**	–
Proceeds from disposal of investment securities		**20,209**	–	**–**	–
Acquisition of interest in a subsidiary	16	**–**	(5,229)	**–**	–
Acquisition of an associate	17	**(68,036)**	–	**–**	–
Purchase of investment securities		**–**	(30,000)	**–**	–
Prepayment for acquisition of land and building	20	**–**	(211,338)	**–**	–
Deposit paid for acquisition of land and building	25	**(206,880)**	–	**–**	–
Dividends received from:					
- A subsidiary		**–**	–	**180,000**	150,000
- An associate		**701**	191	**–**	–
- Investment securities		**1,409**	–	**–**	–
Changes in deposits with banks		**(17,541)**	63,942	**–**	–
Net cash flows (used in)/generated from investing activities		**(730,892)**	(502,693)	**180,000**	150,000
Cash flows from financing activities					
Dividends paid to:					
- Shareholders of the Company		**(195,141)**	(228,311)	**(195,141)**	(228,311)
- Non-controlling interests		**(125,918)**	(133,744)	**–**	–
Issuance of shares by:					
- The Company		**–**	1,215	**–**	1,215
- A subsidiary		**25**	–	**–**	–
Contributions by non-controlling interests		**3,632**	–	**–**	–
Net proceeds from listing of a subsidiary	16	**–**	344,598	**–**	–
Purchase of treasury shares		**(12,900)**	(31,977)	**(12,488)**	(31,977)
Proceeds from loans and borrowings		**1,750,086**	475,022	**–**	–
Repayment of loans, borrowings, notes and derivative liability		**(1,493,171)**	(618,127)	**–**	–
Hire purchase principal payments		**(32)**	(42)	**(20)**	(18)
Net cash flows used in financing activities		**(73,419)**	(191,366)	**(207,649)**	(259,091)
Net (decrease)/increase in cash and cash equivalents		**(82,263)**	186,372	**(7,043)**	21,821
Effects of changes in exchange rates		**19,990**	55,932	**–**	–
Cash and cash equivalents at 1 July		**1,357,828**	1,115,524	**28,961**	7,140
Cash and cash equivalents at 30 June	26	**1,295,555**	1,357,828	**21,918**	28,961

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

1. CORPORATE INFORMATION

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 October 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

For the periods up to and including the financial year ended 30 June 2012, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRSs"). These financial statements, for the financial year ended 30 June 2013, are the Group's and the Company's first annual financial statements prepared in accordance with MFRSs and IFRSs.

The transition to MFRSs did not entail any significant adjustments, other than those disclosed in Note 2.2.

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

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

2.2 First-time adoption of MFRSs

These audited financial statements are the Group's and the Company's first annual financial statements prepared under the MFRSs framework. Accordingly, the Group and the Company have applied MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* upon their adoption of the MFRSs framework on 1 July 2012.

The estimates as at 1 July 2011 and as at 30 June 2012 were consistent with those made for the same dates in accordance with FRSs. The estimates used by the Group and the Company to present these amounts in accordance with MFRSs reflect conditions as at 1 July 2011, the date of transition to MFRSs and as at 30 June 2012.

In the preparation of the Group's and the Company's opening MFRSs statements of financial position as at 1 July 2011, the amounts previously reported in accordance with the previous FRSs framework have been adjusted for the financial effects of the adoption of the MFRSs framework. There are no adjustments arising from the transition to MFRSs, other than those discussed below.

Accordingly, notes related to statements of financial position as at the date of transition to MFRSs are only presented for those items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 First-time adoption of MFRSs (continued)

Definition of cash and cash equivalents

Under FRSs, the Group defined cash and cash equivalents as cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, less bank overdrafts that form an integral part of the cash management process.

Upon transition to MFRSs, the Group designated cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, with a short maturity of generally within three months, less bank overdrafts as cash and cash equivalents.

The effects of transition from FRSs to MFRSs on the comparative statement of cash flows of the Group as at 30 June 2012 are as follows:

	FRSs RM'000	Effects of transition to MFRSs RM'000	MFRSs RM'000
Changes in deposits with banks	–	63,942	63,942
Effects of changes in exchange rates	170,247	(114,315)	55,932
Cash and cash equivalents at 1 July	2,738,175	(1,622,651)	1,115,524
Cash and cash equivalents at 30 June	3,030,852	(1,673,024)	1,357,828

The above changes did not have any impact on the cash flows of the Company and on the financial position and financial performance of the Group and of the Company.

2.3 Standards issued but not yet effective

At the date of authorisation of the audited financial statements, the following MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretation were issued but not yet effective and have not been applied by the Group and the Company:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

MFRSs, Amendments to MFRSs and IC Interpretation (continued)		**Effective for annual periods beginning on or after**
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
Amendments to MFRS 1	First-time Adoption of MFRSs - Government Loans	1 January 2013
Amendments to MFRS 1	First-time Adoption of MFRSs (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11	Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 10	Investment Entities	1 January 2014
Amendments to MFRS 12	Investment Entities	1 January 2014
Amendments to MFRS 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuance of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

The above MFRSs, Amendments to MFRSs and IC Interpretation are not expected to have a material impact on the financial statements of the Group and of the Company, except as discussed below:

MFRS 10 Consolidated Financial Statements

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

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

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

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

MFRS 11 Joint Arrangements

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

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

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

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

The application of this new standard will affect the financial position of the Group due to the cessation of proportionate consolidation of Xinjiang Youhao Parkson Development Co Ltd ("Xinjiang Youhao"). Under MFRS 11, Xinjiang Youhao is treated as a joint venture and will be accounted for using the equity method.

MFRS 11 will be applied in accordance with the relevant transitional provisions set out in MFRS 11. The initial investment as at 1 July 2013 for the purposes of applying the equity method will be measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated.

MFRS 12 Disclosures of Interests in Other Entities

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

MFRS 127 Separate Financial Statements

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

MFRS 128 Investments in Associates and Joint Ventures

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

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted.

Upon adoption of MFRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties. The adoption of MFRS 13 is expected to result in higher fair value of certain properties of the Group.

MFRS 119 Employee Benefits

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" as permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to MFRS 119 require retrospective application with certain exceptions. The application of the amendments to MFRS 119 is expected to change the amounts reported in the financial statements in respect of the Group's defined benefit plan. The Group is currently assessing the impact of the amendments on the financial position and performance of the Group.

MFRS 3 Business Combinations (IFRS 3 issued by IASB in March 2004) and MFRS 127 Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)

An entity shall apply these earlier versions of MFRS 3 and MFRS 127 only if the entity has elected to do so as allowed in MFRS 10 *Consolidated Financial Statements*. The adoption of these standards are not expected to have a significant impact to the Group and the Company.

MFRS 9 Financial Instruments: Classification and Measurement

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 *Financial Instruments: Recognition and Measurement* and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Subsidiaries and basis of consolidation

(a) Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to that entity's financial and operating policies.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as at 30 June each year.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intragroup balances, transactions, unrealised gains and losses resulting from intragroup transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it 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 derecognises (i) the assets (including goodwill) and liabilities of the subsidiary; (ii) the carrying amount of any non-controlling interest; and (iii) the cumulative translation differences recorded in equity, and recognises (i) the fair value of the consideration received; (ii) any investment retained in the former subsidiary at its fair value; and (iii) any resulting gain or loss in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

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

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

(c) Transactions with non-controlling interests

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Transactions with NCI are accounted for using the entity concept method, whereby, transactions with NCI are accounted for as transactions with owners. On acquisition of NCI, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to NCI is recognised directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Investments in associates

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of profit or loss and represents profit or loss after tax and NCI in the subsidiaries of the associate.

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is 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.

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

2.6 Interest in a joint venture

The Group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The arrangement requires unanimous agreement for financial and operating decisions among the venturers. The Group recognises its interest in the joint venture using the proportionate consolidation method. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statement of the joint venture is prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

The Group's share of intragroup balances, transactions and unrealised gains and losses on such transactions between the Group and its joint venture are eliminated on consolidation. Losses on these transactions are recognised immediately if there is evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

Upon loss of joint control, the Group measures and recognises its remaining investment at its fair value. The difference between the carrying amount of the investment upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as an investment in an associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment and depreciation

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

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

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

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

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

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

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

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

2.8 Investment properties

Investment properties and investment properties under construction ("IPUC") are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. IPUC are not depreciated as they are not yet ready for their intended use.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rental or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Business combination and goodwill

Consideration transferred in a business combination is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the NCI in the acquiree that are present ownership interests and entitle their holders to proportionate share of assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of NCI are measured at fair value. Acquisition-related costs are expensed as incurred.

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for NCI and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 30 June. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Where goodwill has been allocated to a CGU (or groups of CGUs) and part of the operation within that 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 the disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Other intangible assets

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

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

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

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

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

- **Customer relationships**

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

- **Computer software**

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

- **Club memberships**

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

2.11 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised over their lease terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of non-financial assets

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

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

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

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

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

The following assets have specific characteristics for impairment testing:

<u>Goodwill</u>

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

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

<u>Intangible assets</u>

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement

(a) Financial assets

Initial recognition and measurement

Financial assets within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* ("MFRS 139") are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss includes financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised as finance income or finance costs in profit or loss.

The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss.

The Group evaluates its financial assets held-for-trading, other than derivatives, to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held-to-maturity depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

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

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(a) Financial assets (continued)

<u>Loans and receivables</u>

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

Loans and receivables are classified as current assets, except for those having maturity dates later than twelve months after the reporting date which are classified as non-current.

<u>Held-to-maturity investments</u>

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within twelve months after the reporting date which are classified as current.

<u>Available-for-sale financial assets</u>

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, 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 the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income as available-for-sale investment revaluation reserve until the investments are derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to profit or loss as finance costs and removed from the available-for-sale investment revaluation reserve. Interest income on available-for-sale debt securities is calculated using the EIR method and is recognised in profit or loss.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the ability and intention to hold these assets for the foreseeable future or until maturity. Reclassification to held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial assets accordingly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(a) Financial assets (continued)

Available-for-sale financial assets (continued)

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR method. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

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

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within twelve months after the reporting date.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired. A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition 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.

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In such case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(b) Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(b) Impairment of financial assets (continued)

<u>Available-for-sale financial assets</u>

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an asset or a group of assets is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair values after impairments 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 in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

<u>Unquoted equity securities carried at cost</u>

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.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of MFRS 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Classification of financial liabilities is determined at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

Financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(c) Financial liabilities (continued)

Subsequent measurement

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

<u>Financial liabilities at fair value through profit or loss</u>

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

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

Gains or losses on financial liabilities held-for-trading are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

<u>Other financial liabilities</u>

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the EIR method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statements of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(e) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- using recent arm's length market transactions;
- reference to the current fair value of another instrument that is substantially the same; or
- a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details of fair value measurement are disclosed in Note 38.

2.14 Cash and cash equivalents

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

2.15 Inventories

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

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

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

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

2.16 Provisions

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Borrowing costs

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

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

2.18 Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

2.19 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

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

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk);

- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

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

Fair value hedges

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

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

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

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

Cash flow hedges

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

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

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond twelve months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.

Embedded derivates that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and a non-current portion only if a reliable allocation can be made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Employee benefits

(a) Defined contribution plans

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

(b) Defined benefit plan

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

Actuarial gains or losses are recognised in profit or loss when the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting year exceed 10% of the defined benefit obligation at that date. Such gains or losses in excess of the 10% corridor are amortised on a straight-line basis over the expected average remaining service years of the covered employees.

Past service cost is recognised as an expense on a straight-line basis over the average period until the benefit becomes vested. To the extent that the benefit is already vested immediately following the introduction of, or changes to, the employee benefit programme, the Group recognises past service cost immediately.

The related estimated liability for employee benefits is the aggregate of the present value of the defined benefit obligations at the end of the reporting period and unrecognised actuarial gains and losses, less unrecognised past service cost.

(c) Employee share option plans

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Leases

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

(a) As lessee

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

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

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

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

(b) As lessor

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

2.22 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Foreign currency (continued)

(b) Foreign currency transactions (continued)

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

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

(c) Foreign operations

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

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

2.23 Revenue recognition

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

(a) Sale of goods

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

(b) Commissions from concessionaire sales

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

(c) Interest income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Revenue recognition (continued)

(d) Revenue from services

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

(e) Rental income

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

(f) Royalty income

Royalty income is recognised on an accrual basis.

(g) Promotion income and sales commissions

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

(h) Management and consultancy fees

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

(i) Revenue from customer loyalty award

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

(j) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.24 Customer loyalty award

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Income taxes

(a) Current tax

Current tax assets and liabilities 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 by the reporting date.

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

(b) Deferred tax

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Income taxes (continued)

(b) Deferred tax (continued)

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.

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

(c) Sales tax

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

- where the sales tax incurred in a purchase of assets or services is not recoverable from the 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.

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

2.26 Segmental reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

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

2.28 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity. Voting rights related to treasury shares are nullified and no dividends are allocated to them.

2.29 Contingencies

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

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

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

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

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

(ii) Impairment of available-for-sale financial assets

The Group reviews its available-for-sale financial assets at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investment when there has been a significant or prolonged decline in the fair value below its cost.

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

(iii) 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.

(iv) Tax provisions

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty

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

(i) Income taxes

Significant estimation is involved in determining the 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 and the Company recognise 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.

(ii) Share-based payment

The Group measures the cost of equity-settled transactions with employees by reference to fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and valuation models used are disclosed in Note 29.

(iii) Operating lease commitments - the Group as lessee

The Group has entered into commercial property leases for its retail stores business. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of relevant properties and so accounts for them as operating leases. A 5% difference in the minimum lease payments would result in approximately 9% (2012: 4%) variance in the profit for the year.

(iv) Useful lives of plant and equipment

Plant and equipment are depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 4 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A 10% difference in the average useful lives of these assets from management's estimates would result in approximately 5% (2012: 2%) variance in the profit for the year.

(v) Impairment of loans and receivables

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(vi) Impairment of goodwill and other intangibles

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

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

(vii) Deferred tax assets

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

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

During the financial year, the Group has recognised RM7,610,000 (2012: RM17,778,000) of unused tax losses as management considered that it is probable that taxable profits will be available against which the losses can be utilised.

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

(viii) Fair value of financial instruments

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

(ix) Defined benefit plan

The cost of defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making certain assumptions which include discount rates, future salary increases and retirement age. Due to the complexity of the valuation, the underlying assumptions and its long term nature, defined benefit obligations are sensitive to changes in assumptions above. Further details are disclosed in Note 32(iii).

(x) Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in profit or loss. The carrying amount of available-for-sale financial assets was RM233,000 (2012: RM13,416,000) as at 30 June 2013.

4. REVENUE

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Sales of goods - direct sales	**1,368,065**	1,341,689	**–**	–
Commissions from concessionaire sales [(i)]	**1,906,945**	1,881,587	**–**	–
Consultancy and management service fees	**9,908**	7,947	**–**	–
Rental income	**216,196**	191,635	**–**	–
Dividend income from:				
A subsidiary	**–**	–	**180,000**	150,000
Investment securities	**1,409**	–	**–**	–
	3,502,523	3,422,858	**180,000**	150,000

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

	Group	
	2013 RM'000	**2012 RM'000**
Gross revenue from concessionaire sales	**9,975,563**	9,655,040
Commissions from concessionaire sales	**1,906,945**	1,881,587

5. OTHER INCOME

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Promotion income	**62,179**	49,124	**–**	–
Credit card handling fees	**96,646**	116,476	**–**	–
Government grants [(i)]	**4,802**	3,306	**–**	–
Equipment and display space lease income	**26,247**	25,073	**–**	–
Administration and management fees	**80,450**	79,132	**–**	–
Service fees	**15,967**	18,604	**–**	–
Other income	**38,390**	44,305	**13**	28
	324,681	336,020	**13**	28

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

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages, salaries and bonuses	**283,127**	231,942	**775**	390
Defined contribution plans	**34,377**	28,645	**63**	28
Employee share-based payments:				
The Company	**–**	207	**–**	14
A subsidiary	**15,875**	–	**–**	–
Defined benefit plan (Note 32(iii))	**(1,380)**	1,635	**–**	–
Other staff related expenses	**77,089**	78,656	**60**	60
	409,088	341,085	**898**	492

Included in employee benefits expense of the Group and of the Company are an executive Director's remuneration amounting to RM729,000 (2012: RM694,000) and RM244,000 (2012: RM244,000) respectively as further disclosed in Note 8(b).

7. FINANCE INCOME/COSTS

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Finance income				
Interest income on:				
Amount due from a related party (Note 34(a))	**898**	1,173	**898**	1,173
Cross currency interest rate swap arrangement (Note 30(i))	**18,606**	11,767	**–**	–
Credit linked notes	**–**	21,712	**–**	–
Unwinding of discount on rental deposits receivable	**2,154**	2,789	**–**	–
Short term deposits and others	**95,629**	102,716	**813**	414
	117,287	140,157	**1,711**	1,587
Finance costs				
Interest expenses on:				
Senior guaranteed notes due November 2011	**–**	19,319	**–**	–
Term loans and bank loans	**61,027**	67,460	**–**	–
Bonds (Note 30(ii))	**11,553**	–	**–**	–
Unwinding of discount on rental deposits payable	**1,305**	1,037	**–**	–
Hire purchase liabilities (Note 31)	**6**	6	**5**	6
Bank overdrafts and others	**280**	400	**–**	–
	74,171	88,222	**5**	6

8. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Directors' remuneration (Note b)	**894**	888	**409**	438
Auditors' remuneration:				
- Statutory audit	**1,969**	1,718	**30**	30
- Parkson Retail's statutory audit	**2,105**	2,226	**–**	–
Depreciation and amortisation:				
- Property, plant and equipment	**202,345**	178,397	**27**	27
- Investment properties	**5,166**	3,220	**–**	–
- Land use rights	**7,870**	8,421	**–**	–
- Intangible assets	**3,069**	896	**–**	–
Property, plant and equipment written off	**545**	343	**–**	–
Goodwill written off	**–**	2,834	**–**	–
Impairment loss on goodwill	**3,000**	–	**–**	–
Allowance for impairment loss on receivables	**160**	1,141	**–**	–
Reversal of impairment loss on receivables	**(975)**	(424)	**–**	–
(Reversal of)/Write down of inventories	**(77)**	675	**–**	–
Exchange gain, net:				
- Realised	**(4,340)**	(507)	**–**	(4)
- Unrealised	**(4,711)**	(6,625)	**–**	–
Loss on disposal of property, plant and equipment	**1,623**	453	**–**	–
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	**640,107**	499,407	**–**	–
- Contingent lease payments	**143,942**	102,839	**–**	–
- Amortisation of deferred lease expenses	**2,597**	2,233	**–**	–
Direct operating expenses of investment properties	**10,206**	9,814	**–**	–
Gain on disposal of investment securities	**(4,655)**	–	**–**	–
Gross rental income in respect of investment properties	**(48,047)**	(45,516)	**–**	–
Sub-letting of properties:				
- Minimum lease payments	**(113,973)**	(101,094)	**–**	–
- Contingent lease payments	**(52,360)**	(43,645)	**–**	–
- Amortisation of deferred lease income	**(1,816)**	(1,380)	**–**	–

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

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

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Executive Director:				
Fees	**266**	231	**50**	50
Salaries and other emoluments	**420**	420	**180**	180
Pension costs - defined contribution plans	**43**	43	**14**	14
	729	694	**244**	244
Non-executive Directors*:				
Fees	**165**	194	**165**	194
	894	888	**409**	438

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

	Number of Directors	
	2013	**2012**
Executive Director:		
- RM650,001 to RM700,000	**–**	1
- RM700,001 to RM750,000	**1**	–
Non-executive Directors*:		
- RM25,000 and below	**2**	2
- RM25,001 to RM50,000	**3**	4

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

2012: Including Directors who resigned during the financial year ended 30 June 2012.

9. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 30 June 2013 and 30 June 2012 are:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax:				
Malaysian income tax	**38,445**	38,852	**149**	66
Foreign tax	**167,825**	202,263	**–**	–
	206,270	241,115	**149**	66
(Over)/Under provision in prior years:				
Malaysian income tax	**(250)**	614	**4**	31
	206,020	241,729	**153**	97
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	**(20,100)**	(22,586)	**–**	–
Over provision in prior years	**(3,467)**	(192)	**–**	–
	(23,567)	(22,778)	**–**	–
Total income tax expense	**182,453**	218,951	**153**	97

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

Domestic current income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

Under the relevant PRC income tax law, except for certain preferential treatments available to certain PRC subsidiaries of the Group, the PRC companies are subject to corporate income tax at a rate of 25% (2012: 25%) on their respective taxable income. During the financial year, the relevant PRC tax authorities granted preferential corporate income tax rates or corporate income tax exemptions to 2 (2012: 2) PRC entities within the Group.

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

9. INCOME TAX EXPENSE (continued)

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 30 June 2013 and 30 June 2012 are as follows:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Profit/(Loss) before tax	**618,895**	887,663	**(3,598,266)**	147,608
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	**154,724**	221,916	**(899,567)**	36,902
Different tax rates in other jurisdiction	**(7,626)**	(11,096)	**–**	–
Expenses not deductible for tax purposes	**22,337**	18,349	**944,989**	996
Income not subject to tax	**(10,526)**	(9,953)	**(45,273)**	(37,832)
Utilisation of previously unrecognised tax losses	**(331)**	(24,024)	**–**	–
Deferred tax assets not recognised	**21,369**	23,376	**–**	–
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**6,692**	–	**–**	–
Over provision of deferred tax in prior years	**(3,467)**	(192)	**–**	–
(Over)/Under provision of income tax in prior years	**(250)**	614	**4**	31
Effects on share of results of associates	**(469)**	(39)	**–**	–
Tax expense	**182,453**	218,951	**153**	97
Tax savings during the financial year arising from: Utilisation of previously unrecognised tax losses	**331**	24,024	**–**	–

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

10. DIVIDENDS

	Dividends in respect of financial year			Dividends recognised in financial year	
	2013 RM'000	2012 RM'000	2011 RM'000	2013 RM'000	2012 RM'000
Single tier dividend:					
- Interim for 2011 (10 sen per share) (i)	**–**	–	108,005	**–**	–
- Final for 2011 (5 sen per share) (i)	**–**	–	54,393	**–**	54,393
- Interim for 2012 (10 sen per share) (ii)	**–**	108,785	–	**–**	108,785
- Second interim for 2012 (6 sen per share) (ii)	**–**	65,133	–	**–**	65,133
- Interim for 2013 (10 sen per share) (iii)	**108,439**	–	–	**108,439**	–
- Second interim for 2013 (8 sen per share) (iii)	**86,702**	–	–	**86,702**	–
	195,141	173,918	162,398	**195,141**	228,311

(i) In respect of the financial year ended 30 June 2011:

- An interim single tier dividend of 10% (10 sen per share), amounting to RM108,005,000 was paid on 16 December 2010; and
- A final single tier dividend of 5% (5 sen per share), amounting to RM54,393,000 was paid on 21 December 2011.

(ii) In respect of the financial year ended 30 June 2012:

- An interim single tier dividend of 10% (10 sen per share), amounting to RM108,785,000 was paid on 22 December 2011; and
- A second interim single tier dividend of 6% (6 sen per share), amounting to RM65,133,000 was paid on 20 June 2012.

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

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

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

11. EARNINGS PER SHARE

(a) Basic

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

	Group	
	2013	**2012**
Profit for the year attributable to owners of the parent (RM'000)	**239,708**	380,076
Weighted average number of ordinary shares in issue ('000)	**1,084,037**	1,088,216
Basic earnings per share (sen)	**22.11**	34.93

(b) Diluted

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

	Group	
	2013	**2012**
Profit for the year attributable to owners of the parent (RM'000)	**239,708**	380,076
Weighted average number of ordinary shares in issue ('000)	**1,084,037**	1,088,216
Effect of dilution:		
- ESOS ('000)	**–**	1
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	**1,084,037**	1,088,217
Diluted earnings per share (sen)	**22.11**	34.93

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

12. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovation RM'000	Capital work-in-progress (i) RM'000	Total RM'000
At 30 June 2013						
Cost						
At 1 July 2012	1,277,140	14,912	399,081	918,091	23,189	2,632,413
Additions	2,427	2,998	39,827	98,525	433,564	577,341
Disposals	–	(1,744)	(15,348)	(29,884)	–	(46,976)
Write off	–	(171)	(18,488)	(8,073)	–	(26,732)
Reclassification from investment properties (Note 13)	14,568	–	–	–	–	14,568
Reclassification from/to intangible assets, net (Note 14)	–	–	187	–	–	187
Reclassification from land use rights (Note 15)	44,246	–	–	–	–	44,246
Reclassification	–	62	2,563	25,418	(28,043)	–
Exchange differences	39,643	338	8,930	24,547	649	74,107
At 30 June 2013	1,378,024	16,395	416,752	1,028,624	429,359	3,269,154
Accumulated depreciation						
At 1 July 2012	193,538	8,783	249,467	460,921	–	912,709
Charge for the year	30,400	2,014	38,444	131,487	–	202,345
Disposals	–	(1,374)	(12,777)	(26,394)	–	(40,545)
Write off	–	(164)	(18,111)	(7,912)	–	(26,187)
Reclassification from investment properties (Note 13)	8,543	–	–	–	–	8,543
Reclassification from/to intangible assets, net (Note 14)	–	–	395	–	–	395
Reclassification from land use rights (Note 15)	24,470	–	–	–	–	24,470
Exchange differences	8,425	309	6,878	18,393	–	34,005
At 30 June 2013	265,376	9,568	264,296	576,495	–	1,115,735
Net book value						
At 30 June 2013	1,112,648	6,827	152,456	452,129	429,359	2,153,419

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovation RM'000	Capital work-in-progress (i) RM'000	Total RM'000
At 30 June 2012						
Cost						
At 1 July 2011	1,129,438	13,485	331,875	655,189	76,136	2,206,123
Additions	894	2,453	66,658	167,105	71,199	308,309
Disposals	–	(1,554)	(7,201)	(825)	(63)	(9,643)
Write off	–	(135)	(4,833)	(9,375)	–	(14,343)
Reclassification from investment properties (Note 13)	12,817	–	–	–	–	12,817
Reclassification	54,546	–	461	70,187	(125,194)	–
Exchange differences	79,445	663	12,121	35,810	1,111	129,150
At 30 June 2012	1,277,140	14,912	399,081	918,091	23,189	2,632,413
Accumulated depreciation						
At 1 July 2011	151,533	7,644	214,582	339,087	–	712,846
Charge for the year	29,196	2,172	36,454	110,575	–	178,397
Disposals	–	(1,364)	(5,777)	(448)	–	(7,589)
Write off	–	(128)	(4,512)	(9,360)	–	(14,000)
Exchange differences	12,809	459	8,720	21,067	–	43,055
At 30 June 2012	193,538	8,783	249,467	460,921	–	912,709
Net book value						
At 30 June 2012	1,083,602	6,129	149,614	457,170	23,189	1,719,704

Company	Motor vehicle 2013 RM'000	2012 RM'000
Cost		
At 1 July/30 June	**137**	137
Accumulated depreciation		
At 1 July	**29**	2
Charge for the year	**27**	27
At 30 June	**56**	29
Net book value		
At 30 June	**81**	108

12. PROPERTY, PLANT AND EQUIPMENT (continued)

(i) Capital work-in-progress includes a building under construction located in the Tianjin City, the PRC of RM358 million (2012: RM Nil). These capital work-in-progress will be reclassified to appropriate categories of property, plant and equipment when they are ready for their intended use.

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

	Group	
	2013	**2012**
	RM'000	**RM'000**
Aggregate costs of purchase of property, plant and equipment	**577,341**	308,309
Prepayment for acquisition of land and building in the previous financial year (Note 20)	**(211,338)**	–
Cash payments during the financial years	**366,003**	308,309

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Motor vehicles	**81**	163	**81**	108

13. INVESTMENT PROPERTIES

	2013			2012		
Group	**Completed investment properties RM'000**	**IPUC RM'000**	**Total RM'000**	**Completed investment properties RM'000**	**IPUC RM'000**	**Total RM'000**
Net book value						
At 1 July	**173,951**	**–**	**173,951**	29,914	148,286	178,200
Additions	**2,852**	**93,017**	**95,869**	–	8,439	8,439
Reclassification to property, plant and equipment (Note 12)	**(6,025)**	**–**	**(6,025)**	(12,817)	–	(12,817)
Reclassification to completed investment properties	**–**	**–**	**–**	156,725	(156,725)	–
Reclassification from inventories	**–**	**–**	**–**	1,263	–	1,263
Charge for the year	**(5,166)**	**–**	**(5,166)**	(3,220)	–	(3,220)
Exchange differences	**618**	**–**	**618**	2,086	–	2,086
At 30 June	**166,230**	**93,017**	**259,247**	173,951	–	173,951

13. INVESTMENT PROPERTIES (continued)

The net book value and the estimated fair value of the investment properties of the Group are as follows:

	Office premises (i) RM'000	Buildings (ii) RM'000	Land (iii) RM'000	Total RM'000
Net book value at 30 June 2013				
Cost	**13,654**	**161,118**	**93,017**	**267,789**
Accumulated depreciation	**(6,736)**	**(1,806)**	**–**	**(8,542)**
	6,918	**159,312**	**93,017**	**259,247**
Estimated fair value at 30 June 2013	**17,403**	**272,037**	**98,000**	**387,440**

	Office premises (i) RM'000	Buildings (ii) RM'000	Total RM'000
Net book value at 30 June 2012			
Cost	13,197	172,297	185,494
Accumulated depreciation	(5,698)	(5,845)	(11,543)
	7,499	166,452	173,951
Estimated fair value at 30 June 2012	30,918	207,518	238,436

(i) The fair values of the office premises were determined based on the valuations performed by an accredited independent firm of professional valuers, on a direct comparison approach.

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

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

The fair value of the other building as at 30 June 2013 and 30 June 2012 were internally appraised by reference to observed market price in other similar property transactions.

(iii) The Group had on 3 September 2012 and 21 November 2012 entered into conditional sale and purchase agreement and supplemental agreement respectively to acquire 15 acres out of the 23.22 acres undivided interest of land located in Melaka, Malaysia for a cash consideration of RM93 million, as further disclosed in Note 36(d). The land has a leasehold term of 99 years.

The Group intends to develop a shopping mall on the land.

The fair value of the land as at 30 June 2013 was determined based on the valuations performed by an accredited independent firm of professional valuers, on a direct comparison approach.

14. INTANGIBLE ASSETS

Group	Goodwill RM'000	Customer relationships RM'000	Computer software RM'000	Club memberships RM'000	Total RM'000
Cost					
At 1 July 2011	1,237,925	3,770	2,056	388	1,244,139
Additions	–	–	5,112	–	5,112
Write off	(2,834)	–	–	–	(2,834)
Exchange differences	72,673	(31)	108	(1)	72,749
At 30 June 2012 and 1 July 2012	**1,307,764**	**3,739**	**7,276**	**387**	**1,319,166**
Additions	**–**	**–**	**3,690**	**–**	**3,690**
Reclassification to/from property, plant and equipment, net (Note 12)	**–**	**–**	**(187)**	**–**	**(187)**
Exchange differences	**36,771**	**(178)**	**169**	**1**	**36,763**
At 30 June 2013	**1,344,535**	**3,561**	**10,948**	**388**	**1,359,432**
Accumulated amortisation and impairment loss					
At 1 July 2011	6,550	–	1,948	107	8,605
Amortisation	–	765	67	64	896
Exchange differences	–	14	138	1	153
At 30 June 2012 and 1 July 2012	**6,550**	**779**	**2,153**	**172**	**9,654**
Amortisation	**–**	**715**	**2,354**	**–**	**3,069**
Impairment loss	**3,000**	**–**	**–**	**–**	**3,000**
Reclassification to/from property, plant and equipment, net (Note 12)	**–**	**–**	**(395)**	**–**	**(395)**
Exchange differences	**–**	**(70)**	**139**	**–**	**69**
At 30 June 2013	**9,550**	**1,424**	**4,251**	**172**	**15,397**
Net carrying amount					
At 30 June 2013	**1,334,985**	**2,137**	**6,697**	**216**	**1,344,035**
At 30 June 2012	1,301,214	2,960	5,123	215	1,309,512

14. INTANGIBLE ASSETS (continued)

Company	**Club memberships**	
	2013	**2012**
	RM'000	**RM'000**
Cost		
At 1 July/30 June	**135**	135
Accumulated amortisation and impairment loss		
At 1 July/30 June	**107**	107
Net carrying amount		
At 30 June	**28**	28

Goodwill

Beijing Haisheng, previously a branch of Parkson Retail Development Co Ltd was closed down in the previous financial year. Accordingly, the goodwill of RM2,834,000 arising on the acquisition of Beijing Haisheng was written off in the previous financial year.

During the financial year, the Group made an allowance for impairment loss on goodwill of RM3,000,000. The allowance is made after considering the decline in the quoted price of a listed subsidiary and a measurable decrease in the estimated future cash flows from the said subsidiary.

Customer relationships

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

(a) Impairment tests for goodwill

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

	2013	**2012**
	%	%
CGU		
People's Republic of China ("PRC")	**9.6**	11.4
Malaysia	**9.6**	11.1
Indonesia	**11.0**	11.0

14. INTANGIBLE ASSETS (continued)

(a) Impairment tests for goodwill (continued)

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

	Malaysia RM'000	PRC RM'000	Indonesia RM'000	Total RM'000
Retailing				
At 30 June 2013	**19,723**	**1,302,129**	**13,133**	**1,334,985**
At 30 June 2012	19,723	1,267,647	13,844	1,301,214

(b) Key assumptions used in value in use calculations

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

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

(c) Sensitivity to changes in assumptions

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

15. LAND USE RIGHTS

	Group 2013 RM'000	Group 2012 RM'000
Cost		
At 1 July	**351,551**	326,769
Reclassification to property, plant and equipment (Note 12)	**(44,246)**	–
Exchange differences	**10,981**	24,782
At 30 June	**318,286**	351,551
Accumulated amortisation		
At 1 July	**69,814**	54,764
Reclassification to property, plant and equipment (Note 12)	**(24,470)**	–
Amortisation for the year	**7,870**	8,421
Exchange differences	**2,693**	6,629
At 30 June	**55,907**	69,814
Net book value	**262,379**	281,737
Amount to be amortised:		
- Not later than one year	**6,924**	8,421
- Later than one year but not later than five years	**27,696**	33,684
- Later than five years	**227,759**	239,632

Land use rights include the payment for land use rights to the PRC authorities which are amortised on a straight-line basis over their respective lease periods, ranging from 42 to 45 years. The net book values of the said leasehold lands as at 30 June 2013 are RM241.9 million (2012: RM261.5 million).

16. INVESTMENTS IN SUBSIDIARIES

	Company 2013 RM'000	Company 2012 RM'000
Unquoted shares, at cost	*	*
Share option granted to employees of subsidiaries	**23,951**	23,951
	23,951	23,951
Market value of quoted subsidiaries	**3,788,475**	5,688,060

* Represent RM22 (2012: RM22)

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
East Crest International Limited	British Virgin Islands	Investment holding	**100**	100
Parkson Vietnam Investment Holdings Co Ltd	British Virgin Islands	Investment holding	**100**	100
Parkson Properties Holdings Co Ltd	British Virgin Islands	Investment holding	**100**	100
Prime Yield Holdings Limited	British Virgin Islands	Investment holding	**100**	100
Puncak Pelita Sdn Bhd ƒ	Malaysia	Investment holding	**100**	100
<u>Subsidiaries of East Crest International Limited</u>				
PRG Corporation Limited ƒ	British Virgin Islands	Investment holding	**100**	100
Serbadagang Holdings Sdn Bhd ƒ	Malaysia	Investment holding	**100**	100
Park Avenue Fashion Sdn Bhd	Malaysia	Retailing business	**100**	100
Smart Spectrum Limited	British Virgin Islands	Investment holding	**100**	100
Parkson Retail Asia Limited ("Parkson Asia") + β	Singapore	Investment holding	**67.6**	67.6
<u>Subsidiaries of Parkson Vietnam Investment Holdings Co Ltd</u>				
Parkson HCMC Holdings Co Ltd	British Virgin Islands	Dormant	**100**	100
Parkson HaiPhong Holdings Co Ltd	British Virgin Islands	Dormant	**100**	100
Parkson TSN Holdings Co Ltd	British Virgin Islands	Investment holding	**100**	100

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Subsidiaries of Parkson Properties Holdings Co Ltd				
Parkson Properties NDT (Emperor) Co Ltd	British Virgin Islands	Dormant	**100**	100
Parkson Properties Hanoi Co Ltd	British Virgin Islands	Dormant	**100**	100
Subsidiary of Prime Yield Holdings Limited				
Dyna Puncak Sdn Bhd	Malaysia	Investment holding	**100**	100
Subsidiary of PRG Corporation Limited				
Parkson Retail Group Limited ("Parkson Retail") + @	Cayman Islands	Investment holding	**51.2** *1 **0.3**	51.2 *1 0.3
Subsidiary of Parkson Retail				
Grand Parkson Retail Group Limited +	British Virgin Islands	Investment holding	**100**	100
Subsidiaries of Grand Parkson Retail Group Limited				
Leonemas International Limited +	British Virgin Islands	Investment holding	**100**	100
Malverest Property International Limited +	British Virgin Islands	Investment holding	**100**	100
Oroleon International Limited +	British Virgin Islands	Investment holding	**100**	100
Releomont International Limited +	British Virgin Islands	Investment holding	**100**	100
Exonbury Limited +	Hong Kong SAR	Investment holding	**100**	100
Parkson Investment Pte Ltd +	Singapore	Investment holding	**100**	100
Parkson Supplies Pte Ltd +	Singapore	Investment holding	**100**	100

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Subsidiaries of Grand Parkson Retail Group Limited (continued)				
Creation International Investment & Development Limited +	British Virgin Islands	Investment holding	**100**	100
Step Summit Limited +	Hong Kong SAR	Investment holding	**100**	100
Global Heights Investment Limited +	British Virgin Islands	Investment holding	**100**	100
Golden Village Group Limited +	British Virgin Islands	Investment holding	**100**	100
Lung Shing International Investment & Development Co Ltd +	British Virgin Islands	Investment holding	**100**	100
Capital Park Development Limited +	British Virgin Islands	Investment holding	**100**	100
Favor Move International Limited +	British Virgin Islands	Investment holding	**100**	100
Jet East Investments Limited +	British Virgin Islands	Investment holding	**100**	100
Bond Glory Limited +	British Virgin Islands	Investment holding	**100**	100
Victor Crest Limited +	British Virgin Islands	Investment holding	**100**	*1 100
Subsidiary of Leonemas International Limited				
Leonemas (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiary of Malverest Property International Limited				
Malverest (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Subsidiary of Malverest (Hong Kong) Limited				
Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Subsidiaries of Parkson Retail Development Co Ltd				
Beijing Huadesheng Property Management Co Ltd +	People's Republic of China	Property management	**100**	100
Shijiazhuang Parkson Retail Co Ltd (formerly Shijiazhuang Shishang Parkson Trading Co Ltd) +	People's Republic of China	Operation of department stores	**100**	100
Tianjin Parkson Shopping Mall Co Ltd ("Tianjin Parkson") +	People's Republic of China	Operation of department stores and property management	**100**	100
Zhangjiakou Parkson Shopping Mall Co Ltd (formerly Zhangjiakou Shishang Parkson Shopping Mall Co Ltd) +	People's Republic of China	Operation of department stores	**100**	100
Subsidiary of Oroleon International Limited				
Oroleon (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiary of Releomont International Limited				
Releomont (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiaries of Exonbury Limited				
Hong Kong Fen Chai Investment Limited +	Hong Kong SAR	Investment holding	**100**	100
Shanghai Nine Sea Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Subsidiaries of Exonbury Limited (continued)				
Shanghai Lion Parkson Investment Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100
Parkson Investment Holdings Co Ltd +	People's Republic of China	Investment holding	**70** *2 **30**	70 *2 30
Jinan Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Subsidiary of Hong Kong Fen Chai Investment Limited				
Xi'an Lucky King Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**91** *3 **9**	91 *3 9
Subsidiaries of Xi'an Lucky King Parkson Plaza Co Ltd				
Xi'an Chang'an Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	**51** *4 **49**	51 *4 49
Xi'an Shidai Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	**51** *4 **49**	51 *4 49
Shanxi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Subsidiaries of Shanghai Lion Parkson Investment Consultant Co Ltd				
Shanghai Shi Jie Fashions Co Ltd + ^	People's Republic of China	Retail operation	**100**	–
Beijing Century Parkson E-business Co Ltd + (Dissolved on 10.7.2012)	People's Republic of China	Research and development of computer software	**–** **–**	99 *5 1

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Subsidiaries of Parkson Investment Holdings Co Ltd				
Hangzhou Parkson Retail Development Co Ltd + (Dissolved on 26.6.2013)	People's Republic of China	Operation of department stores	–	100
Shanghai Xinzhuang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Lanzhou Parkson Retail Co Ltd (formerly Lanzhou Shishang Parkson Retail Development Co Ltd) +	People's Republic of China	Operation of department stores	**100**	100
Zigong Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Subsidiary of Parkson Investment Pte Ltd				
Rosenblum Investments Pte Ltd +	Singapore	Investment holding	**100**	100
Subsidiaries of Parkson Supplies Pte Ltd				
Chongqing Wanyou Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**70**	70
Mianyang Fulin Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**60** *6 **40**	60 *6 40
Sichuan Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100

16. **INVESTMENTS IN SUBSIDIARIES** (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Subsidiary of Creation International Investment & Development Limited				
Creation (Hong Kong) Investment & Development Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiaries of Step Summit Limited				
Guizhou Shenqi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**60**	60
Shanghai Hongqiao Parkson Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Hefei Parkson Xiaoyao Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Subsidiaries of Shanghai Hongqiao Parkson Development Co Ltd				
Changshu Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Shaoxing Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Changzhou Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Changzhou Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Subsidiary of Hefei Parkson Xiaoyao Plaza Co Ltd				
Anshan Tianxing Parkson Shopping Centre Co Ltd +	People's Republic of China	Operation of department stores	**51** *7 **49**	51 *7 49
Subsidiary of Global Heights Investment Limited				
Asia Victory International Limited +	British Virgin Islands	Investment holding	**100**	100
Subsidiary of Asia Victory International Limited				
Shunhe International Investment Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiary of Shunhe International Investment Limited				
Kunming Yun Shun He Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Subsidiaries of Kunming Yun Shun He Retail Development Co Ltd				
Zunyi Parkson Retail Development Co Ltd (formerly Guizhou Zunyi Parkson Retail Development Co Ltd) +	People's Republic of China	Operation of department stores	**90** *8 **10**	90 *8 10
Liupanshui Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Kunshan Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Panzhihua Parkson Retail Development Co Ltd + ^	People's Republic of China	Retail operation	**100**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Subsidiaries of Golden Village Group Limited				
Duo Success Investments Limited +	British Virgin Islands	Investment holding	**100**	100
Jiangxi Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Subsidiary of Duo Success Investments Limited				
Huge Return Investment Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiary of Lung Shing International Investment & Development Co Ltd				
Anshan Lung Shing Property Services Limited +	People's Republic of China	Property management	**100**	100
Subsidiary of Capital Park Development Limited				
Capital Park (HK) Investment & Development Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiary of Capital Park (HK) Investment & Development Limited				
Wuxi Sanyang Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**60**	60
Subsidiary of Favor Move International Limited				
Hanmen Holdings Limited +	Hong Kong SAR	Investment holding	**100**	100

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Subsidiary of Jet East Investments Limited				
Victory Hope Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiaries of Victory Hope Limited				
Nanning Brilliant Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	**70** *9 **30**	70 *9 30
Tianjin Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Subsidiary of Bond Glory Limited				
Choice Link Limited +	British Virgin Islands	Investment holding	**100**	100
Subsidiary of Choice Link Limited				
Great Dignity Development Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiary of Great Dignity Development Limited				
Shantou Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Subsidiary of Victor Crest Limited				
Wide Crest Limited +	British Virgin Islands	Investment holding	**100**	100

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Subsidiaries of Wide Crest Limited				
Wide Field International Limited +	Hong Kong SAR	Investment holding	**100**	100
Sea Coral Limited +	Hong Kong SAR	Investment holding	**100**	*1 100
Parkson Venture Pte Ltd +	Singapore	Investment holding	**100**	*1 100
Subsidiary of Wide Field International Limited				
Shenyang Parkson Shopping Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Subsidiary of Sea Coral Limited				
Dalian Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100
Subsidiary of Parkson Venture Pte Ltd				
Qingdao No. 1 Parkson Co Ltd +	People's Republic of China	Property development and operation of department stores	**95.9**	*10 95.9
Subsidiary of Serbadagang Holdings Sdn Bhd				
Dalian Tianhe Parkson Shopping Centre Co Ltd ƒ £	People's Republic of China	Operation of department stores	**60**	60

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Subsidiaries of Parkson Asia				
Parkson Corporation Sdn Bhd	Malaysia	Operation of department stores	**100**	100
Centro Retail Pte Ltd +	Singapore	Investment holding	**100**	100
PT Tozy Sentosa +	Indonesia	Operation of department stores, supermarket and merchandising	**72.2** *11 **27.8**	72.2 *11 27.8
Parkson Myanmar Co Pte Ltd + ^	Singapore	Investment holding	**100**	–
Subsidiaries of Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd +	Vietnam	Operation of department stores	**100**	100
Parkson Haiphong Co Ltd +	Vietnam	Operation of department stores	**100**	100
Kiara Innovasi Sdn Bhd	Malaysia	Operation of department stores	**60**	60
Parkson Cambodia Holdings Co Ltd +	British Virgin Islands	Investment holding	**100**	100
Parkson Online Sdn Bhd	Malaysia	Online retailing	**100**	100
Subsidiaries of Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd +	Vietnam	Operation of department stores	**100**	100
Parkson Hanoi Co Ltd +	Vietnam	Operation of department stores	**70**	70
Subsidiary of Parkson Cambodia Holdings Co Ltd				
Parkson (Cambodia) Co Ltd +	Cambodia	Operation of department stores	**100**	100

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Subsidiary of Parkson Myanmar Co Pte Ltd				
Parkson Myanmar Investment Company Pte Ltd + ^	Singapore	Investment holding	**70**	–
Subsidiaries of Parkson Myanmar Investment Company Pte Ltd				
Parkson Myanmar Asia Pte Ltd + ^	Singapore	Investment holding	**100**	–
Myanmar Parkson Company Limited + ^	Myanmar	Retailing and leasing of retail space	**90** *12 **10**	– –
Subsidiary of Parkson TSN Holdings Co Ltd				
Parkson HBT Properties Co Ltd +	Vietnam	Real estate consulting and management services	**100**	100
Subsidiaries of Dyna Puncak Sdn Bhd				
Idaman Erajuta Sdn Bhd	Malaysia	Investment holding	**100**	100
Magna Rimbun Sdn Bhd	Malaysia	Investment holding	**100**	–
Gema Binari Sdn Bhd	Malaysia	Investment holding	**100**	–
True Excel Investments Limited	British Virgin Islands	Investment holding	**100**	–
Subsidiary of Idaman Erajuta Sdn Bhd				
Festival City Sdn Bhd	Malaysia	Property management and investment holding	**100**	100
Subsidiary of Magna Rimbun Sdn Bhd				
Megan Mastika Sdn Bhd	Malaysia	Property management and investment holding	**100**	–

16. **INVESTMENTS IN SUBSIDIARIES** (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Subsidiary of Gema Binari Sdn Bhd				
Dimensi Armani Sdn Bhd	Malaysia	Property management and investment holding	**100**	–
Subsidiary of True Excel Investments Limited				
True Excel Investments (Cambodia) Co Ltd + ^	Cambodia	Dormant	**100**	–

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

*1 Held by East Crest International Limited.

*2 Held by Parkson Investment Pte Ltd.

*3 Held by Huge Return Investment Limited.

*4 Held by Parkson Retail Development Co Ltd.

*5 Held by Shanghai Nine Sea Parkson Plaza Co Ltd.

*6 Held by Shanghai Hongqiao Parkson Development Co Ltd.

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

*8 Held by Parkson Investment Holdings Co Ltd.

*9 Held by Hanmen Holdings Limited.

*10 50% held by Parkson Venture Pte Ltd and 45.9% held by Serbadagang Holdings Sdn Bhd.

*11 Held by Centro Retail Pte Ltd.

*12 Held by Parkson Myanmar Asia Pte Ltd.

^ Subsidiaries which were newly incorporated during the financial year.

β Listed on the Singapore Exchange Securities Trading Limited.

@ Listed on The Stock Exchange of Hong Kong Limited.

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

16. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries

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

	Consideration RM
Magna Rimbun Sdn Bhd	2
Megan Mastika Sdn Bhd	2
Gema Binari Sdn Bhd	2
Dimensi Armani Sdn Bhd	2
True Excel Investments Limited	3
	11

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

(2) In the previous financial year, the Group acquired the following subsidiaries for a total consideration of RM4:

	Consideration RM
Puncak Pelita Sdn Bhd	2
Parkson Online Sdn Bhd	2
	4

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

(b) Increase in shareholdings in a subsidiary

In the previous financial year, the Group acquired 1,500,000 ordinary shares of HK$0.02 each in Parkson Retail at an average price of HK$8.51 per share, amounting to a total consideration of RM5,229,000 which represented 0.05% of the then equity interest of Parkson Retail.

(c) Dilution of interest in subsidiaries

(1) During the financial year, East Crest International Limited, a wholly-owned subsidiary of the Company, completed the disposal of its entire equity interest in Victor Crest Limited ("Victor Crest") to Grand Parkson Retail Group Limited, a wholly-owned subsidiary of Parkson Retail, which is in turn a subsidiary of the Company, as further disclosed in Note 36(c). On completion of the disposal, the Group's effective interest in Victor Crest was diluted from 100% to 51.5%.

(2) In the previous financial year, following the listing of and quotation for Parkson Asia shares on the Main Board of the Singapore Exchange Securities Trading Limited on 3 November 2011, the Group's equity interest in Parkson Asia was diluted from 90.1% to 67.6%.

17. INVESTMENTS IN ASSOCIATES

	Group 2013 RM'000	Group 2012 RM'000
Quoted shares, at cost	**68,036**	–
Unquoted shares, at cost	**324**	324
Share of post-acquisition reserves	**1,910**	839
	70,270	1,163
Market value of quoted shares	**72,283**	–

Name	Country of incorporation	Principal activities	Equity interest 2013 %	Equity interest 2012 %
Shanghai Nine Sea Lion Properties Management Co Ltd *	People's Republic of China	Property management and real estate consulting services	**35**	35
Odel PLC ("Odel") ^ # (i)	Sri Lanka	Fashion retailing	**47.5**	–

* Audited by firms other than Ernst & Young.

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

Listed on the Colombo Stock Exchange in Sri Lanka.

(i) During the financial year, the Group completed the acquisition of 47.5% equity interest in Odel for a cash consideration of approximately RM68 million as disclosed in Note 36(b).

The summarised financial information of the associates is as follows:

	2013 RM'000	2012 RM'000
Assets and liabilities		
Current assets	**91,916**	4,722
Non-current assets	**69,570**	157
Total assets	**161,486**	4,879
Current liabilities	**(22,519)**	(1,557)
Non-current liabilities	**(11,984)**	–
Total liabilities	**(34,503)**	(1,557)
Results		
Revenue	**121,981**	12,792
Profit for the year	**3,912**	446

18. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

Details of the jointly controlled entity are as follows:

Name	Country of incorporation	Principal activities	Equity interest 2013 %	Equity interest 2012 %
Xinjiang Youhao Parkson Development Co Ltd **	People's Republic of China	Operation of department stores	**51**	51

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

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

The Group's aggregate share of assets, liabilities, income and expenses of the jointly controlled entity, which are included in the consolidated financial statements, are as follows:

	2013 RM'000	2012 RM'000
Assets and liabilities		
Current assets	**62,988**	60,466
Non-current assets	**4,077**	3,053
Total assets	**67,065**	63,519
Current liabilities	**(45,579)**	(40,425)
Non-current liabilities	**(533)**	(575)
Total liabilities	**(46,112)**	(41,000)
Income and expenses		
Revenue	**48,835**	45,809
Other income	**4,121**	3,626
Purchase of goods and changes in inventories	**(14,310)**	(12,201)
Operating expenses	**(19,442)**	(17,191)
Finance income	**2,935**	2,971
Finance costs	**–**	(434)
Profit before tax	**22,139**	22,580
Income tax expense	**(2,519)**	(2,062)
Profit for the year	**19,620**	20,518

19. DEFERRED TAX

	Group 2013 RM'000	Group 2012 RM'000
At 1 July	**(57,765)**	(75,979)
Recognised in profit or loss (Note 9)	**23,567**	22,778
Exchange differences	**(1,088)**	(4,564)
At 30 June	**(35,286)**	(57,765)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**98,836**	61,949
Deferred tax liabilities	**(134,122)**	(119,714)
	(35,286)	(57,765)

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

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Unused tax losses RM'000	Leases and others RM'000	Total RM'000
At 1 July 2012	**4,142**	**25,035**	**32,772**	**61,949**
Recognised in profit or loss	**(894)**	**7,610**	**27,063**	**33,779**
Exchange differences	**(20)**	**1,196**	**1,932**	**3,108**
At 30 June 2013	**3,228**	**33,841**	**61,767**	**98,836**
At 1 July 2011	2,096	6,368	29,642	38,106
Recognised in profit or loss	1,919	17,778	1,186	20,883
Exchange differences	127	889	1,944	2,960
At 30 June 2012	4,142	25,035	32,772	61,949

Deferred tax liabilities of the Group:

	Capital allowances RM'000	Asset revaluation RM'000	Withholding taxes RM'000	Leases, intangible assets and others RM'000	Total RM'000
At 1 July 2012	**(77,163)**	**(42,441)**	**–**	**(110)**	**(119,714)**
Recognised in profit or loss	**(2,756)**	**–**	**(6,692)**	**(764)**	**(10,212)**
Exchange differences	**(2,475)**	**(1,469)**	**(290)**	**38**	**(4,196)**
At 30 June 2013	**(82,394)**	**(43,910)**	**(6,982)**	**(836)**	**(134,122)**

19. DEFERRED TAX (continued)

Deferred tax liabilities of the Group: (continued)

	Capital allowances RM'000	Asset revaluation RM'000	Leases, intangible assets and others RM'000	Total RM'000
At 1 July 2011	(73,494)	(39,648)	(943)	(114,085)
Recognised in profit or loss	1,062	–	833	1,895
Exchange differences	(4,731)	(2,793)	–	(7,524)
At 30 June 2012	(77,163)	(42,441)	(110)	(119,714)

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

	Group 2013 RM'000	2012 RM'000
Unused tax losses	**202,582**	116,104
Unabsorbed capital allowances	**1,060**	2,062

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

Deferred tax assets have not been recognised in respect of the unused tax losses and unabsorbed capital allowances as it is not probable that taxable profit will be available against which the unused tax losses and unabsorbed capital allowances can be utilised, considering that the relevant subsidiaries have been incurring losses and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the Group's profit would have been RM50.9 million (2012: RM29.5 million) higher.

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

20. OTHER ASSETS

	Group 2013 RM'000	2012 RM'000
Deposits	**62,046**	60,351
Lease prepayments (i)	**48,428**	38,000
Deferred lease expenses (ii)	**71,969**	54,702
Prepayment for acquisition of land and building (iii)	**–**	211,338
	182,443	364,391

20. OTHER ASSETS (continued)

(i) Lease prepayments represent long term portion of the prepaid lease rental paid to lessors.

(ii) Deferred lease expenses relate to the differences between fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the lease terms ranging from 5 to 20 years (2012: 5 to 20 years).

The movement in deferred lease expenses is as follows:

	Group	
	2013	**2012**
	RM'000	**RM'000**
At 1 July	**54,702**	32,475
Additions during the year	**19,426**	23,563
Recognised in profit or loss (Note 8)	**(2,597)**	(2,233)
Exchange differences	**438**	897
At 30 June	**71,969**	54,702

(iii) This amount represents a prepayment of Rmb422.8 million (equivalent to approximately RM211.3 million) for the acquisition of the land use right and the building ownership right of a shopping complex located in the Tianjin City, the PRC. The acquisition was completed during the financial year.

21. AMOUNTS DUE FROM/TO SUBSIDIARIES

	Company	
	2013	**2012**
	RM'000	**RM'000**
Non-current		
Amount due from a subsidiary	**7,643,799**	7,863,067
Less: Allowance for impairment loss	**(3,777,000)**	–
	3,866,799	7,863,067

During the financial year, the Company has made an allowance for impairment loss on the amount due from East Crest International Limited, a wholly-owned subsidiary which holds 51.5% equity interest in Parkson Retail. The allowance is made after considering the decline in the quoted price of Parkson Retail and a measurable decrease in the estimated future cash flows from Parkson Retail.

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

Current

The amounts due from/to subsidiaries are unsecured, interest free and repayable on demand.

22. INVESTMENT SECURITIES

	Group	
	2013	**2012**
	RM'000	**RM'000**
Non-current		
Available-for-sale financial assets:		
Outside Malaysia		
- Unquoted shares		
At cost (i)	**21,296**	21,296
Accumulated impairment loss	**(21,296)**	(21,296)
	–	–
- Quoted shares, at market value (ii)	**–**	13,183
	–	13,183
In Malaysia		
- Unquoted shares, at cost (iii)	**233**	233
	233	13,416
Held-to-maturity investment:		
- Unquoted shares, at amortised cost	**30,000**	30,000
Total investment securities	**30,233**	43,416

(i) As disclosed in Note 16, the Group ceased to have management control over Dalian Tianhe Parkson Shopping Centre Co Ltd. Accordingly, the investment was accounted as available-for-sale financial assets.

(ii) The quoted shares were disposed of during the financial year.

(iii) Represents a 7% equity interest in Lion Insurance Company Limited, a related party of the Group. The relationship of the related party with the Group is further disclosed in Note 34.

23. DERIVATIVE

	Group 2013 RM'000	Group 2012 RM'000
Option to purchase additional shares in Kiara Innovasi Sdn Bhd ("Kiara Innovasi") ("Option")	**52**	52

The derivative relates to the fair value of an irrevocable option ("Option") granted by Galaxy Point Sdn Bhd ("Galaxy Point"), the 40% shareholder of Kiara Innovasi, to Parkson Corporation Sdn Bhd ("PCSB") to purchase Galaxy Point's entire shareholding in Kiara Innovasi at the proportionate net tangible assets of Kiara Innovasi. PCSB may exercise the Option at any time for a period of three years from the date of business commencement of Kiara Innovasi. The Option is renewed every three years. Further details of the Option are disclosed in Note 38(a).

24. INVENTORIES

	Group 2013 RM'000	Group 2012 RM'000
At costs:		
Merchandise inventories	**280,070**	269,768
Properties held for sale	**5,295**	5,118
Consumables	**6,883**	5,021
	292,248	279,907
At net realisable value:		
Merchandise inventories	**222**	569
	292,470	280,476

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,142,908,000 (2012: RM1,098,829,000).

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Trade receivables	**12,659**	16,867	**–**	–
Less: Allowance for impairment loss	**(574)**	(571)	**–**	–
	12,085	16,296	**–**	–
Sundry receivables (i)	**194,876**	159,607	**8**	2
Less: Allowance for impairment loss	**(3,223)**	(3,553)	**–**	–
	191,653	156,054	**8**	2
Deposits (ii)	**322,800**	84,471	**7**	7
Less: Allowance for impairment loss	**–**	(500)	**–**	–
	322,800	83,971	**7**	7
Amounts due from related parties (iii)	**17,798**	18,910	**17,798**	18,900
Lease prepayments (iv)	**211,165**	164,105	**–**	–
Prepayments	**82,834**	73,187	**–**	–
	311,797	256,202	**17,798**	18,900
Total trade and other receivables	**838,335**	512,523	**17,813**	18,909
Total trade and other receivables (as above)	**838,335**	512,523	**17,813**	18,909
Add: Deposits, cash and bank balances (Note 26)	**3,044,017**	3,030,992	**21,918**	28,961
Add: Long term deposits (Note 20)	**62,046**	60,351	**–**	–
Less: Lease prepayments	**(211,165)**	(164,105)	**–**	–
Prepayments	**(82,834)**	(73,187)	**–**	–
Total loans and receivables	**3,650,399**	3,366,574	**39,731**	47,870

25. TRADE AND OTHER RECEIVABLES (continued)

(i) Sundry receivables consist of:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Credit card sales receivables	**76,786**	46,834	**–**	–
Advances to suppliers	**72,312**	44,426	**–**	–
Accrued interest on deposits	**14,017**	11,864	**6**	–
Others	**31,761**	56,483	**2**	2
	194,876	159,607	**8**	2

Sundry receivables are non-interest bearing with average credit terms ranging from 1 to 90 days (2012: 1 to 90 days).

(ii) Included in deposits are:

(a) a refundable deposit of RM20 million (2012: RM24 million) paid to C&T Corporation ("C&T") for the proposed acquisition by the Group from C&T of a 55% equity interest in a joint-stock company, C.T Phuong Nam Joint Stock Company. In September 2010, the Group and C&T have mutually agreed to terminate the acquisition and the deposit paid will be refunded by C&T in full together with interest to the Group;

(b) deposits of RM25 million (2012: RM26 million) paid by Parkson Vietnam Co Ltd ("Parkson Vietnam") to two individuals and a Vietnamese company (collectively the "Vietnamese Store Owners"). These Vietnamese Store Owners separately own three department stores in Vietnam which are operated and managed by Parkson Vietnam Management Services Co Ltd, a subsidiary of the Group. Pursuant to agreements entered into between these Vietnamese Store Owners, Parkson Vietnam is allowed to acquire certain equity interests in the department stores upon fulfilment of certain conditions. The deposits are non-interest bearing and are secured by certain percentage of the charter capital of the Vietnamese Store Owners in the companies operating the department stores and the assets of the Vietnamese company's department store; and

(c) a deposit of Rmb400 million (equivalent to approximately RM207 million) (2012: RM Nil) paid into an escrow account for the acquisition of the land use right and the building ownership right of a shopping complex in the Qingdao City, the PRC, as further disclosed in Note 36(e).

(iii) Included in amounts due from related parties is an amount due from Total Triumph Investments Limited ("Total Triumph") as follows:

	Group/Company	
	2013 RM'000	**2012 RM'000**
Principal amount	**10,000**	12,000
Interest	**7,685**	6,787
	17,685	18,787

On 19 September 2007, the Company completed the disposal of the entire 100% equity interest in Bright Steel Sdn Bhd ("Bright Steel") to Total Triumph for a cash consideration of RM53.47 million, of which RM13.47 million was settled upon the completion. As at 30 June 2013, a total of RM30 million (2012: RM28 million) deferred payment was paid by Total Triumph to the Company.

25. TRADE AND OTHER RECEIVABLES (continued)

(iii) (continued)

On 30 September 2013, a repayment of RM2 million was further made by Total Triumph with the remaining balance to be paid by instalments.

The amount due from Total Triumph bears interest of 1% (2012: 1%) above base lending rate per annum and is secured against shares in Bright Steel.

Other than the above, the amounts due from other related parties are unsecured, interest free and repayable on demand.

The relationship of the related parties with the Group and the Company are further disclosed in Note 34.

(iv) Lease prepayments are non-interest bearing except for an amount of approximately RM126 million (2012: RM50 million) paid to landlords by subsidiaries in the PRC which bore interests ranging from 6% to 8% per annum (2012: 7% per annum).

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to a group of debtors, other than the deposit paid for the acquisition of the land use right and the building ownership right mentioned in (ii)(c) above.

Credit terms of trade receivables range from payment in advance to 90 days (2012: payment in advance to 90 days).

Other information on financial risks of trade and other receivables are disclosed in Note 39.

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

	Group	
	2013 RM'000	**2012 RM'000**
Neither past due nor impaired	**7,497**	11,028
1 to 30 days past due not impaired	**1,421**	2,524
31 to 60 days past due not impaired	**497**	689
61 to 90 days past due not impaired	**332**	283
More than 91 days past due not impaired	**2,338**	1,772
Past due but not impaired	**4,588**	5,268
Impaired	**574**	571
	12,659	16,867

Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Receivables that are past due but not impaired are unsecured in nature. Management is confident that these receivables are recoverable as these accounts are still active.

25. TRADE AND OTHER RECEIVABLES (continued)

Receivables that are impaired

The Group's trade and other receivables that are impaired at the reporting date are principally on delinquent accounts and the movement of allowance accounts used to record the impairment loss are as follows:

	Group	
	2013	**2012**
	RM'000	**RM'000**
Individually impaired		
Trade receivables - nominal amounts	**574**	571
Less: Allowance for impairment loss	**(574)**	(571)
	–	–
Sundry receivables - nominal amounts	**3,223**	3,553
Less: Allowance for impairment loss	**(3,223)**	(3,553)
	–	–
Deposits - nominal amounts	**–**	509
Less: Allowance for impairment loss	**–**	(500)
	–	9

Movement of allowance accounts is as follows:

Group	**Trade receivables RM'000**	**Sundry receivables RM'000**	**Deposits RM'000**	**Total RM'000**
At 1 July 2012	**571**	**3,553**	**500**	**4,624**
Charge for the year	**–**	**160**	**–**	**160**
Reversal of impairment loss	**–**	**(484)**	**(491)**	**(975)**
Exchange differences	**3**	**(6)**	**(9)**	**(12)**
At 30 June 2013	**574**	**3,223**	**–**	**3,797**
At 1 July 2011	563	3,306	–	3,869
Charge for the year	–	654	487	1,141
Reversal of impairment loss	–	(424)	–	(424)
Exchange differences	8	17	13	38
At 30 June 2012	571	3,553	500	4,624

26. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits, cash and bank balances:				
Cash on hand and at banks				
- Malaysia	**23,567**	20,060	**2,793**	3,704
- Foreign	**622,844**	668,460	**917**	71
Deposits with:				
Licensed banks				
- Malaysia	**246,540**	152,852	**1,100**	20,180
- Foreign	**1,967,883**	2,084,006	**17,108**	5,006
Licensed finance companies				
- Malaysia	**183,183**	105,614	**–**	–
Total deposits, cash and bank balances	**3,044,017**	3,030,992	**21,918**	28,961
Less:				
Bank overdrafts (Note 30)	**–**	(140)	**–**	–
Investments in principal guaranteed deposits	**(1,640,513)**	(1,444,487)	**–**	–
Non-pledged time deposits with original maturity of more than three months when acquired	**(107,949)**	(228,537)	**–**	–
Cash and cash equivalents	**1,295,555**	1,357,828	**21,918**	28,961

The deposits, cash and bank balances of the subsidiaries in the PRC which amounted to RM2,251 million (2012: RM2,096 million) at the reporting date are subject to the exchange control restrictions of that country. The said deposits, cash and bank balances are available for use by the subsidiaries in the country and the exchange control restrictions will only apply if the monies are to be remitted to another country outside the PRC.

The investments in principal guaranteed deposits have terms of less than one year and have an expected average annual rate of return of 4.1% (2012: 4.0%). Pursuant to the underlying contracts or notices, the investments in principal guaranteed deposits are capital guaranteed upon the maturity date.

The average effective interest rates of deposits at the reporting date were as follows:

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Licensed banks	**3.8**	4.1	**2.9**	2.8
Licensed finance companies	**3.0**	2.9	**–**	–

Deposits of the Group and of the Company have varying periods of between one day and twelve months (2012: one day and twelve months). Bank balances are deposits held at call with licensed banks.

27. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

Group/Company	Number of ordinary shares of RM1.00 each: Share capital (Issued and fully paid-up) '000	Number of ordinary shares of RM1.00 each: Treasury shares '000	Amount: Share capital (Issued and fully paid-up) RM'000 (a)	Amount: Share premium RM'000 (a)	Amount: Total share capital and share premium RM'000	Amount: Treasury shares RM'000 (b)
At 1 July 2012	**1,093,902**	**(9,303)**	**1,093,902**	**3,731,416**	**4,825,318**	**(45,684)**
Purchase of treasury shares	**–**	**(3,087)**	**–**	**–**	**–**	**(12,488)**
At 30 June 2013	**1,093,902**	**(12,390)**	**1,093,902**	**3,731,416**	**4,825,318**	**(58,172)**
At 1 July 2011	1,093,673	(3,017)	1,093,673	3,729,979	4,823,652	(13,707)
Employee share options exercised	229	–	229	1,437	1,666	–
Purchase of treasury shares	–	(6,286)	–	–	–	(31,977)
At 30 June 2012	1,093,902	(9,303)	1,093,902	3,731,416	4,825,318	(45,684)

	Number of ordinary shares of RM1.00 each 2013 '000	Number of ordinary shares of RM1.00 each 2012 '000	Amount 2013 RM'000	Amount 2012 RM'000
Authorised share capital				
At 1 July/30 June	**4,500,000**	4,500,000	**4,500,000**	4,500,000

(a) Issue of shares

In the previous financial year, the issued and paid-up share capital of the Company was increased from RM1,093,673,250 to RM1,093,902,050 by the issuance of 228,800 new ordinary shares of RM1.00 each at an issue price of RM5.31 per share for cash pursuant to the Executive Share Option Scheme ("ESOS") of the Company.

The new ordinary shares issued ranked *pari passu* in all respects with the then existing ordinary shares of the Company.

(b) Treasury shares

This amount relates to the acquisition cost of treasury shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased a total of 3,086,400 of its issued ordinary shares from the open market at an average price of RM4.05 per share. The total consideration paid for the repurchase including transaction costs was RM12.49 million. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 June 2013, the number of outstanding ordinary shares in issue after the set off of 12,389,631 (2012: 9,303,231) treasury shares held by the Company is 1,081,512,419 (2012: 1,084,598,819) ordinary shares of RM1.00 each.

28. OTHER RESERVES

Group	Exchange fluctuation reserves RM'000	Share option reserve RM'000 (a)	Asset revaluation reserve RM'000 (b)	Capital reserves RM'000 (c)	Merger deficit RM'000 (d)	Hedging reserve RM'000	Premium on acquisition of non-controlling interests RM'000	Available-for-sale investment revaluation reserve RM'000	Total RM'000
2013									
At 1 July 2012	51,237	11,408	64,764	66,619	(2,694,683)	12,953	(3,843)	(853)	(2,492,398)
Other comprehensive income/ (loss) for the year									
Net gain/(loss) on available-for-sale financial assets:									
- Gain on fair value changes	–	–	–	–	–	–	–	5,809	5,809
- Transfer to profit or loss upon disposal	–	–	–	–	–	–	–	(4,096)	(4,096)
Loss on fair value changes in hedging instruments on cash flow hedges	–	–	–	–	–	(26,007)	–	–	(26,007)
Foreign currency translation	77,309	502	4,349	4,672	–	870	–	(58)	87,644
Less: Non-controlling interests	(39,251)	(243)	(2,108)	(2,265)	–	12,184	–	(802)	(32,485)
	38,058	259	2,241	2,407	–	(12,953)	–	853	30,865
Transactions with owners									
Transfer to capital reserves	–	–	–	2,294	–	–	–	–	2,294
Dilution of interest in subsidiaries	–	–	–	7,357	–	–	–	–	7,357
Employee share options lapsed	–	(11,217)	–	–	–	–	–	–	(11,217)
Employee share options exercised	–	(1)	–	–	–	–	–	–	(1)
Transfer from retained profits	–	–	–	–	436,616	–	–	–	436,616
Equity-settled share option arrangements granted by a subsidiary	–	8,180	–	–	–	–	–	–	8,180
	–	(3,038)	–	9,651	436,616	–	–	–	443,229
At 30 June 2013	89,295	8,629	67,005	78,677	(2,258,067)	–	(3,843)	–	(2,018,304)

28. OTHER RESERVES (continued)

Group	Exchange fluctuation reserves RM'000	Share option reserve RM'000 (a)	Asset revaluation reserve RM'000 (b)	Capital reserves RM'000 (c)	Merger deficit RM'000 (d)	Hedging reserve RM'000	Premium on acquisition of non-controlling interests RM'000	Available-for-sale investment revaluation reserve RM'000	Total RM'000
2012									
At 1 July 2011	(48,747)	31,191	60,440	64,338	(2,876,086)	(3,070)	–	47	(2,771,887)
Other comprehensive income/(loss) for the year									
Loss on fair value changes on available-for-sale financial assets	–	–	–	–	–	–	–	(1,753)	(1,753)
Gain on fair value changes in hedging instruments on cash flow hedges	–	–	–	–	–	31,520	–	–	31,520
Foreign currency translation	173,624	1,436	8,270	8,704	–	(420)	–	6	191,620
Less: Non-controlling interests	(73,491)	(699)	(4,014)	(4,223)	–	(15,074)	–	847	(96,654)
	100,133	737	4,256	4,481	–	16,026	–	(900)	124,733
Transactions with owners									
Transfer from capital reserves	–	–	–	(2,272)	–	–	–	–	(2,272)
Acquisition of interest in a subsidiary	(149)	12	68	72	–	(3)	(3,843)	–	(3,843)
Employee share options lapsed/terminated	–	(20,288)	–	–	–	–	–	–	(20,288)
Employee share options exercised	–	(451)	–	–	–	–	–	–	(451)
Transfer from retained profits	–	–	–	–	181,403	–	–	–	181,403
Equity-settled share option arrangements granted by the Company	–	207	–	–	–	–	–	–	207
	(149)	(20,520)	68	(2,200)	181,403	(3)	(3,843)	–	154,756
At 30 June 2012	51,237	11,408	64,764	66,619	(2,694,683)	12,953	(3,843)	(853)	(2,492,398)

28. OTHER RESERVES (continued)

Company	Share option reserve RM'000 (a)	Capital redemption reserve RM'000	Total RM'000
At 1 July 2012 and 30 June 2013	**138**	**2,905,831**	**2,905,969**
At 1 July 2011	20,670	2,905,831	2,926,501
Employee share options lapsed/terminated	(20,288)	–	(20,288)
Employee share options exercised	(451)	–	(451)
Equity-settled share option arrangements granted	207	–	207
At 30 June 2012	138	2,905,831	2,905,969

(a) Share option reserve

The share option reserve represents the equity-settled share options granted to employees of the Group under the employee share option scheme of the Company and its subsidiary, Parkson Retail, as set out in Note 29.

(b) Asset revaluation reserve

The asset revaluation reserve represents the fair value adjustments to the property, plant and equipment, investment properties and land use rights of Parkson Retail Development Co Ltd ("PRDC") prior to the Group acquiring the remaining 44% equity interest in PRDC in the prior years.

(c) Capital reserves

The capital reserves are maintained by the Group's subsidiaries in the PRC in accordance with the regulations in that country and are not available for payment of dividend.

(d) Merger deficit

On 19 September 2007, the Group completed the acquisition of certain retail subsidiaries. The acquisition was satisfied by way of issuance of 3,799.73 million new ordinary shares of RM1.00 each of the Company at an issue price of RM1.00 per share and RM500 million nominal value 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") at 100% of its nominal value of RM1.00 each.

The difference between the fair value of the RCSLS of and shares in the Company issued as consideration and the nominal value of the shares acquired has been classified as merger deficit. The merger deficit was subsequently partially set off against capital redemption reserve of RM2,905,831,000 pursuant to a court approval dated 24 September 2007 granted to the Company.

At each reporting date, the merger deficit will be reduced by transferring the Group's retained profits for the immediate preceding financial year in relation to the entities under common control, after adjusting for proposed/declared dividend as at that date, in accordance with the Group's accounting policy disclosed in Note 2.4(b).

29. EMPLOYEE SHARE-BASED PAYMENT

(a) Employee share-based payment of the Company

The ESOS of the Company ("Parkson Holdings ESOS") became effective on 7 May 2008.

Pursuant to the Parkson Holdings ESOS, the following share options were granted by the Company to eligible employees, including executive directors of the Group:

- On 12 May 2008, a total of 4,716,400 share options were granted to 462 eligible employees at a subscription price of RM6.35 per share; and

- On 7 April 2010, a total of 5,373,500 share options were granted to 529 eligible employees at a subscription price of RM5.31 per share.

The main features of the Parkson Holdings ESOS are as follows:

(i) Executive directors and confirmed executive employees of the Group who have been employed on a continuous full time basis for a period of not less than six months on the date of offer shall be eligible to participate in the Parkson Holdings ESOS.

(ii) The aggregate number of options exercised and options offered and to be offered under the Parkson Holdings ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at any one time during the duration of the Parkson Holdings ESOS subject to the following being complied with:

   - not more than 50% of the shares available under the Parkson Holdings ESOS shall be allocated, in aggregate, to executive directors and senior management; and

   - not more than 10% of the shares available under the Parkson Holdings ESOS shall be allocated to any eligible executive who, either singly or collectively through persons connected with him or her (as defined in paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements), holds 20% or more of the issued and paid-up share capital of the Company.

(iii) No options shall be granted for less than 100 ordinary shares nor more than the maximum allowable allotment and each grant of options shall be in multiples of 100 ordinary shares.

(iv) The subscription price of each ordinary share under the Parkson Holdings ESOS shall be the weighted average market price of the shares for the five market days immediately preceding the date of offer on which the shares were traded with a discount of not more than 10%, or the par value of the shares, whichever is the higher.

(v) The Parkson Holdings ESOS shall continue to be in force for a period of five years and the Company may, if the Board deems fit upon the recommendation of the Option Committee, renew the Parkson Holdings ESOS for a further five years, without further approval of the relevant authorities or shareholders.

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

The Company renewed the Parkson Holdings ESOS which expired on 6 May 2013 for a further period of five years from 7 May 2013 to 6 May 2018 to be implemented in accordance with the bylaws of the Parkson Holdings ESOS.

29. EMPLOYEE SHARE-BASED PAYMENT (continued)

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

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

2013	**Number of options**					
Grant date	**As at 1.7.2012**	**Granted**	**Exercised**	**Lapsed**	**As at 30.6.2013**	**Exercisable 30.6.2013**
7 April 2010	**70,000**	**–**	**–**	**–**	**70,000**	**70,000**
WAEP (RM)	**5.31**	**–**	**–**	**–**	**5.31**	**5.31**

2012	**Number of options**					
Grant date	**As at 1.7.2011**	**Granted**	**Exercised**	**Lapsed/ Terminated**	**As at 30.6.2012**	**Exercisable 30.6.2012**
12 May 2008	3,745,100	–	–	(3,745,100)	–	–
7 April 2010	4,794,600	–	(228,800)	(4,495,800)	70,000	70,000
	8,539,700	–	(228,800)	(8,240,900)	70,000	70,000
WAEP (RM)	5.77	–	5.31	5.78	5.31	5.31

(i) Share options exercised during the financial years

No option was exercised during the financial year ended 30 June 2013. Options exercised during the financial year ended 30 June 2012 resulted in the issuance of 228,800 ordinary shares at RM5.31 per share.

The related average share price of the Company during the financial year was RM4.58 (2012: RM5.41) per share.

(ii) Fair value of share options granted

The fair value of the options granted was estimated on the grant date using a Binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

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

	Grant Date	
	7.4.2010	**12.5.2008**
Fair value of share options (RM)	1.97	3.05
Dividend yield (%)	2.00	1.00
Expected volatility (%)	45.00	50.00
Risk-free interest rate (%)	2.00	3.00
Expected life (years)	2.84	5.00
Share price (RM)	5.99	6.80

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of the fair value.

29. EMPLOYEE SHARE-BASED PAYMENT (continued)

(b) Employee share-based payment of a subsidiary

The employee share option scheme ("ESOS Scheme") of Parkson Retail became effective on 9 November 2005 and is valid and effective for a period of 10 years up to 8 November 2015, after which no further share options will be granted.

On 1 March 2010, a total of 15,821,000 share options were granted by Parkson Retail to 544 eligible employees, including directors and the chief executive of Parkson Retail at an exercise price of HK$12.44 per share pursuant to the ESOS Scheme. Total share options were vested on the grant date. The expiration date for the share options is three years from 1 April 2010.

On 27 November 2012, a total of 34,171,500 share options were granted by Parkson Retail to 642 eligible employees, including directors and the chief executive of Parkson Retail at an exercise price of HK$6.24 per share pursuant to the ESOS Scheme. Total share options were vested on the grant date. Among the share options granted on 27 November 2012, the 17,085,750 share options granted are exercisable from 1 January 2013 to 31 December 2015 and were vested on 27 November 2012. The balance 17,085,750 share options granted will be exercisable from 1 January 2014 to 31 December 2016, and require an employee service period until 1 October 2013.

The salient features of the ESOS Scheme of Parkson Retail are as follows:

(i) Parkson Retail may from time to time grant options to Group employees, directors, consultants, business associates or advisers of Parkson Retail to subscribe for ordinary shares of Parkson Retail. No consideration is payable upon acceptance of the option by the grantee.

(ii) The maximum number of unexercised share options currently permitted to be granted under the ESOS Scheme is an amount equivalent, upon their exercise, to 10% of the shares of Parkson Retail on 9 November 2005. The maximum number of shares issuable under share options to each eligible participant in the ESOS Scheme within any 12-month period is limited to 1% of the shares of Parkson Retail in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. In addition, share options granted to substantial shareholders, independent non-executive directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder or an independent non-executive director or a company beneficially owned by any substantial shareholder or independent non-executive director of Parkson Retail) in excess of 0.1% of the shares of Parkson Retail in issue at any time or with an aggregate value in excess of HK$5,000,000 within any 12-month period, must be approved in advance by Parkson Retail's shareholders in general meeting.

(iii) The exercise price is determined by the directors of Parkson Retail, but must not be less than the highest of (a) the closing price of Parkson Retail's shares on the date of offer of the share options; (b) the average closing price of Parkson Retail's shares for the five trading days immediately preceding the date of offer; and (c) the nominal value of Parkson Retail's share.

(iv) The options may be exercised at any time during a period commencing on or after the date to be notified to each grantee which period shall commence not less than 1 year and not to exceed 10 years from the date of grant of the relevant option.

(v) Shares issued or transferred upon exercise of the options granted under the ESOS Scheme will rank *pari passu* in all respects with the existing ordinary shares of Parkson Retail.

29. EMPLOYEE SHARE-BASED PAYMENT (continued)

(b) Employee share-based payment of a subsidiary (continued)

The following tables illustrate the number and WAEP of, and movements in, share options during the financial years:

2013	**Number of options**					
Grant date	**As at 1.7.2012**	**Granted**	**Exercised**	**Lapsed**	**As at 30.6.2013**	**Exercisable 30.6.2013**
1 March 2010	**14,413,000**	**–**	**–**	**(14,413,000)**	**–**	**–**
27 November 2012	**–**	**34,171,500**	**(10,000)**	**(156,500)**	**34,005,000**	**16,919,250**
	14,413,000	**34,171,500**	**(10,000)**	**(14,569,500)**	**34,005,000**	**16,919,250**
WAEP (HK$)	**12.44**	**6.24**	**6.24**	**12.37**	**6.24**	**6.24**

2012	**Number of options**					
Grant date	**As at 1.7.2011**	**Granted**	**Exercised**	**Lapsed**	**As at 30.6.2012**	**Exercisable 30.6.2012**
1 March 2010	14,982,500	–	–	(569,500)	14,413,000	14,413,000
WAEP (HK$)	12.44	–	–	12.44	12.44	12.44

(i) Share options exercised during the financial years

Options exercised during the financial year ended 30 June 2013 resulted in the issuance of 10,000 ordinary shares at HK$6.24 per share. No option was exercised during the financial year ended 30 June 2012.

The related average share price of Parkson Retail during the financial year was HK$5.40 (2012: HK$9.20) per share.

(ii) Fair value of share options granted

The fair value of the options granted was estimated on the grant date using a Binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

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

	Grant Date	
	27.11.2012	**1.3.2010**
Fair value of share options (HK$)	1.45	3.00
Dividend yield (%)	3.54	1.17
Expected volatility (%)	39.01 - 45.40	52.13
Risk-free interest rate (%)	0.181 - 0.234	0.95
Expected life (years)	3.09 - 4.09	3.10
Share price (HK$)	6.24	12.44

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of the fair value.

30. LOANS AND BORROWINGS

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short term loans and borrowings				
Secured:				
Hire purchase liabilities (Note 31)	**20**	31	**20**	19
Unsecured:				
Bank overdrafts	**–**	140	**–**	–
Short term loans and borrowings	**20**	171	**20**	19
Long term loans and borrowings				
Secured:				
Term loan facilities (i):				
Facility A loan	**–**	780,491	**–**	–
Facility B loan and Facility C loan	**–**	465,241	**–**	–
Bonds (ii)	**1,579,600**	–	**–**	–
Hire purchase liabilities (Note 31)	**69**	90	**69**	90
Long term loans and borrowings	**1,579,669**	1,245,822	**69**	90
Total loans and borrowings	**1,579,689**	1,245,993	**89**	109
Total loans and borrowings				
Hire purchase liabilities (Note 31)	**89**	121	**89**	109
Other loans and borrowings:				
Bank overdrafts	**–**	140	**–**	–
Term loan facilities (i)	**–**	1,245,732	**–**	–
Bonds (ii)	**1,579,600**	–	**–**	–
	1,579,689	1,245,993	**89**	109
Maturity of loans and borrowings (excluding hire purchase liabilities):				
Within one year	**–**	140	**–**	–
More than one year and less than two years	**–**	1,245,732	**–**	–
More than two years and less than five years	**1,579,600**	–	**–**	–
	1,579,600	1,245,872	**–**	–

30. LOANS AND BORROWINGS (continued)

The ranges of effective interest rates at the reporting date for loans and borrowings (other than hire purchase liabilities) were as follows:

	Group	
	2013	**2012**
	%	%
Bank overdrafts	**–**	8.6
Term loan facilities	**–**	2.2
Bonds	**4.8**	–

(i) On 10 November 2010, the Group entered into an agreement with a number of overseas banks to borrow a loan in order to (a) provide funding for its business expansion and other general corporate needs; and (b) redeem the notes in full. Pursuant to the loan agreement, the Group drew down the loan at a principal of US$250 million ("Facility A loan") in two batches of US$70 million and US$180 million on 22 November 2010 and 23 December 2010, respectively. The loan bore interest at a floating rate of LIBOR (6 months) plus 2.15% per annum, payable semi-annually in arrears on 10 May and 10 November of each year, beginning on 10 May 2011. The principal of the term loan was repayable on 12 November 2013.

In order to hedge the Group's exposure to the risks arising from the variability of interest rates and fluctuation of foreign exchange rates, the Group entered into interest rate swap and cross currency swap contracts (Note 39(c)(i)) on the respective drawdown dates. The purpose of the swap arrangement is to provide the Group with a Rmb equivalent fixed rate debt of Rmb1,665,268,000 and a fixed interest rate of 1.66% per annum.

On 29 November 2011, the Group entered into an amendment and restatement agreement with certain overseas investors ("lending banks") to upsize the syndicated loan from the original sum of US$250 million to US$400 million in order to fund its growth strategy through acquisition of certain department stores in the PRC. Pursuant to the above loan agreement, the Group was able to draw down a loan principal of US$150 million through JPMorgan Chase Bank, N.A. Hong Kong in two batches of US$100 million ("Facility B loan") and HK$390 million ("Facility C loan", approximates US$50 million) on 29 November 2011, respectively. The loan bore interest at a floating rate, which was a combination of LIBOR/HIBOR (6 months), and a margin at 2.15% per year. The entire US$350 million and HK$390 million of the syndicated loan was initially due for full repayment on 12 November 2013.

Simultaneously, the Group entered into interest rate swap (Note 39(c)(ii)) agreements to hedge the risks arising from the variability of interest rate for the Facility B loan and the Facility C loan, respectively. The purpose of the swap agreements was to provide the Group with a US$100 million loan with a fixed rate of 2.98% per annum and a HK$390 million loan with a fixed rate of 2.91% per annum, respectively.

The Group has fully repaid Facility A loan, Facility B loan and Facility C loan during the financial year using the proceeds from the issuance of the Bonds, as mentioned in (ii) below.

(ii) On 3 May 2013, Parkson Retail issued the 4.5% bonds due 2018 ("Bonds") with an aggregate principal amount of US$500 million, which are listed on The Stock Exchange of Hong Kong Limited.

The Bonds bear a fixed coupon at 4.5% per annum, payable semi-annually in arrears on 3 May and 3 November of each year and commencing on 3 November 2013. The maturity date of the Bonds is 3 May 2018 and they contain a negative pledge provision for Parkson Retail Group.

31. HIRE PURCHASE LIABILITIES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Minimum lease payments:				
Not later than one year	**24**	37	**24**	24
Later than one year and not later than two years	**24**	24	**24**	24
Later than two years and not later than five years	**49**	74	**49**	74
	97	135	**97**	122
Less: Future finance charges	**(8)**	(14)	**(8)**	(13)
	89	121	**89**	109
Present value of finance lease liabilities:				
Not later than one year	**20**	31	**20**	19
Later than one year and not later than two years	**22**	20	**22**	20
Later than two years and not later than five years	**47**	70	**47**	70
	89	121	**89**	109
Representing:				
Current	**20**	31	**20**	19
Non-current	**69**	90	**69**	90
	89	121	**89**	109

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

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	%	**%**	**%**	**%**
Contractual interest rates	**2.4 - 2.5**	2.4 - 2.5	**2.5**	2.5
Weighted average effective interest rate	**4.8**	4.8	**4.8**	4.8

32. LONG TERM PAYABLES

	Group	
	2013	**2012**
	RM'000	**RM'000**
Rental deposits [i]	**201,797**	107,897
Deferred lease income [ii]	**12,195**	12,403
Defined benefit obligation [iii]	**734**	2,228
Others	**73**	425
	214,799	122,953

(i) Non-current rental deposits have maturity ranging from 2 to 20 (2012: 2 to 20) years. The rental deposits are initially recognised at their fair values. The difference between fair value and the absolute deposit amount is recorded as deferred lease income.

(ii) Deferred lease income relates to differences between fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which is amortised on a straight-line basis over the lease terms ranging from 2 to 20 years (2012: 2 to 20 years).

The movement in deferred lease income is as follows:

	Group	
	2013	**2012**
	RM'000	**RM'000**
At 1 July	**12,403**	5,995
Additions during the year	**2,219**	8,999
Refunds during the year	**(824)**	(1,427)
Recognised in profit or loss (Note 8)	**(1,816)**	(1,380)
Exchange differences	**213**	216
At 30 June	**12,195**	12,403

(iii) The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 13/2003. The principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2013 are as follows:

Annual discount rate	:	6.36%
Future annual salary increment	:	8%
Retirement age	:	55 years of age

32. LONG TERM PAYABLES (continued)

(iii) (continued)

The following table summarises the components of net employee benefits expense/(gain) recognised in profit or loss:

	Group	
	2013	**2012**
	RM'000	**RM'000**
Current service cost	**306**	1,554
Interest cost on benefit obligations	**299**	319
Net actuarial gain recognised during the year	**(1,967)**	(149)
Expected return on assets	**(57)**	(133)
Past service cost	**39**	44
Net employee benefits (gain)/expense	**(1,380)**	1,635

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

	Group	
	2013	**2012**
	RM'000	**RM'000**
Defined benefit obligation	**2,127**	5,722
Fair value of planned assets	**(591)**	(888)
	1,536	4,834
Unrecognised actuarial gain/(loss)	**117**	(1,639)
Unrecognised past service cost	**(919)**	(967)
Liabilities at 30 June	**734**	2,228

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

	Group	
	2013	**2012**
	RM'000	**RM'000**
Benefit obligation at 1 July	**2,228**	610
Reversal during the year	**(1,380)**	–
Provision during the year	**–**	1,635
Exchange differences	**(114)**	(17)
Benefit obligation at 30 June	**734**	2,228

33. TRADE AND OTHER PAYABLES AND OTHER LIABILITIES

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Current				
Trade and other payables:				
Trade payables (i)	**1,179,120**	1,134,673	**–**	–
Other payables (ii)	**105,950**	128,998	**317**	385
Amount due to a related party (iii)	**–**	76	**–**	76
Deposits	**74,956**	92,855	**–**	–
Accruals	**124,966**	109,512	**1,163**	1,109
Total trade and other payables	**1,484,992**	1,466,114	**1,480**	1,570
Other liabilities:				
Deferred revenue from gift cards/vouchers sold	**668,148**	504,185	**–**	–
Deferred revenue from customer loyalty award (iv)	**57,224**	47,258	**–**	–
	725,372	551,443	**–**	–
	2,210,364	2,017,557	**1,480**	1,570
Total trade and other payables (as above)	**1,484,992**	1,466,114	**1,480**	1,570
Add:				
Long term payables	**201,797**	107,897	**–**	–
Loans and borrowings (Note 30)	**1,579,689**	1,245,993	**89**	109
Total financial liabilities carried at amortised cost	**3,266,478**	2,820,004	**1,569**	1,679

(i) Credit terms of trade payables granted to the Group vary from 30 to 90 days (2012: 30 to 90 days).

(ii) These amounts are non-interest bearing. Other payables are normally settled on average terms of 30 to 90 days (2012: average terms of 30 to 90 days).

(iii) The amount due to a related party, Amsteel Mills Marketing Sdn Bhd in the previous financial year was unsecured, interest free and repayable on demand.

The relationship of the related party with the Group and the Company are further disclosed in Note 34.

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

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

	Group	
	2013	**2012**
	RM'000	**RM'000**
At 1 July	**47,258**	36,619
Additions during the year	**93,136**	90,879
Recognised as revenue	**(67,923)**	(67,199)
Lapsed amounts reversed	**(16,394)**	(15,053)
Exchange differences	**1,147**	2,012
At 30 June	**57,224**	47,258

The deferred revenue from customer loyalty award is estimated based on the amount of bonus points outstanding at the reporting date that are expected to be redeemed before expiry.

Other information on financial risks of trade and other payables are disclosed in Note 39.

34. SIGNIFICANT RELATED PARTY DISCLOSURES

Related parties	Relationship
Bonuskad Loyalty Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Posim Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Posim EMS Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Lion Trading & Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Secom (Malaysia) Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
WatchMart (M) Sdn Bhd	A company in which a close member of a director of a subsidiary is a shareholder
PT Mitra Samaya	A company in which the close members of a director of a subsidiary are shareholders
PT Monica Hijaulestari	A company in which the close members of a director of a subsidiary are shareholders
PT Tozy Bintang Sentosa	A subsidiary of PT Mitra Samaya
1st Avenue Mall Sdn Bhd	A company in which a Director of the Company and a director of a subsidiary have interests. It has ceased to be a related party of the Group since April 2012
Dimensi Andaman Sdn Bhd	A company in which a Director of the Company has interest
Total Triumph Investments Limited	A company in which a Director and certain substantial shareholders of the Company have interests
Amsteel Mills Marketing Sdn Bhd	A subsidiary of Amsteel Mills Sdn Bhd, a substantial shareholder of the Company
Lion Insurance Company Limited	A company in which a Director and certain substantial shareholders of the Company have interests

34. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(a) The significant related party transactions are as follows:

	Group 2013 RM'000	Group 2012 RM'000
Purchases of goods and services from:		
- Bonuskad Loyalty Sdn Bhd	**11,415**	10,281
- Posim Marketing Sdn Bhd	**941**	955
- Posim EMS Sdn Bhd	**822**	964
- Lion Trading & Marketing Sdn Bhd	**381**	1,051
- Secom (Malaysia) Sdn Bhd	**665**	1,107
- WatchMart (M) Sdn Bhd	**590**	414
- PT Mitra Samaya	**–**	407
- PT Monica Hijaulestari	**9,767**	8,377
Rental of office and warehouse space from:		
- PT Tozy Bintang Sentosa	**747**	1,027
Rental of retail space from:		
- 1st Avenue Mall Sdn Bhd	**–**	1,738
Purchase of land from:		
- Dimensi Andaman Sdn Bhd (Note 36(d))	**93,000**	–

	Company 2013 RM'000	Company 2012 RM'000
Subsidiary:		
Dividend income	**180,000**	150,000
Related party - Total Triumph Investments Limited:		
Finance income (Note 7)	**898**	1,173

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms that are no more favourable to the related parties than those arranged with independent third parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2013 are disclosed in Note 21, Note 25 and Note 33.

34. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel

The remuneration of a Director and other members of key management during the financial year were as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term employee benefits	**5,321**	4,921	**230**	230
Post-employment benefits				
- Defined contribution plan	**410**	374	**14**	14
Employee share-based payments	**1,153**	–	**–**	–
	6,884	5,295	**244**	244

The key management personnel of the Group have been granted the following number of options under the ESOS of the Company:

	Group	
	2013	**2012**
	'000	**'000**
At 1 July	**–**	210
Exercised	**–**	(42)
Terminated [(i)]	**–**	(168)
At 30 June	**–**	–

(i) The unexercised share options granted to the key management personnel under the ESOS of the Company were terminated on 1 June 2012.

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

(c) Others

Pursuant to Parkson Retail's listing on The Stock Exchange of Hong Kong Limited in the prior years, the Company granted Parkson Retail an option/right of first refusal to acquire certain of its Parkson branded department stores located in the PRC.

Parkson Retail can exercise the option without time limit and the purchase consideration shall be negotiated on an arm's length basis between the Company and Parkson Retail at the time of acquisition.

35. COMMITMENTS

(a) Capital commitments

Capital expenditure at the reporting date is as follows:

	Group 2013 RM'000	2012 RM'000
Capital expenditure for property, plant and equipment:		
Approved and contracted for	**668,299**	162,107

(b) Non-cancellable operating lease commitments

	Group 2013 RM'000	2012 RM'000
As lessee		
Future minimum rentals payable:		
Not later than one year	**765,485**	527,068
Later than one year and not later than five years	**3,072,208**	1,971,210
Later than five years	**6,339,034**	4,989,365
	10,176,727	7,487,643

The Group leases certain of its properties and equipment under operating lease arrangements. These leases have remaining non-cancellable lease terms ranging from 1 to 24 years (2012: 1 to 25 years) with terms of renewal included in the contracts and there are no restrictions placed upon the Group by entering into these lease agreements.

A lease that is cancellable only upon the occurrence of some remote contingency is a non-cancellable operating lease as defined under the MFRSs. Pursuant to the relevant lease agreements, the Group is entitled to terminate the underlying lease agreement if the attributable retail store business has incurred losses in excess of a prescribed amount or such retail store will not be in a position to continue its business because of the losses.

In addition to the above, the annual contingent rental amount is chargeable on a percentage of the respective stores' turnover or profits, where appropriate, as stated in the relevant lease agreements. The amount of contingent rental charged is disclosed in Note 8(a).

	Group 2013 RM'000	2012 RM'000
As lessor		
Future minimum rentals receivable:		
Not later than one year	**135,905**	111,304
Later than one year and not later than five years	**182,969**	168,933
Later than five years	**79,494**	118,580
	398,368	398,817

The Group leases certain of its properties under operating leases. These leases have remaining non-cancellable lease terms ranging from 1 to 14 years (2012: 1 to 15 years) with terms of renewal included in the contracts.

In addition to the above, the annual contingent rental amount is chargeable on a percentage of the respective stores' turnover. The amount of contingent rental chargeable to lessee is disclosed in Note 8(a).

36. SIGNIFICANT EVENTS

(a) On 28 November 2011, Tianjin Parkson, a wholly-owned subsidiary of Parkson Retail Development Co Ltd ("Parkson Retail Development") which in turn is a wholly-owned subsidiary of Parkson Retail, entered into a sale and purchase agreement with Tianjin Binhai Century Plaza Co Ltd for the acquisition by Tianjin Parkson of the land use right and the building ownership right of a shopping complex located in the Tianjin City, the PRC ("Tianjin Shopping Mall") for a total acquisition price of Rmb704.6 million (equivalent to approximately RM352.2 million).

The acquisition of the Tianjin Shopping Mall was completed during the financial year upon fulfilment of all conditions precedent.

(b) On 31 July 2012, Parkson Asia completed the acquisition of a total of 60,625,000 ordinary shares in Odel PLC ("Odel") ("Shares") representing 41.82% of the then issued and paid-up share capital of Odel at LKR23.50 per Share from Otara Del Gunewardene, Ruchi Hubert Gunewardene and Ajit Damon Gunewardene (collectively, the "Gunewardene Family") for a total consideration of approximately LKR1,424.7 million (equivalent to approximately RM33.9 million) ("Acquisition"). Odel is a company listed on the Colombo Stock Exchange in Sri Lanka.

To facilitate the completion of the Acquisition, Parkson Asia had also undertaken open market purchases of an additional 525,896 Shares representing 0.37% of the then issued and paid-up share capital of Odel at a weighted average price of LKR23.46 per Share for a consideration of approximately LKR12.3 million (equivalent to approximately RM0.3 million). As a result, Parkson Asia owned 42.19% stake in Odel.

Parkson Asia was required under the Sri Lankan Company Take-Overs and Mergers Code 1995 (As amended in 2003) to make a mandatory offer ("Offer") for all of the remaining Shares at LKR23.50 per Share, being the highest price at which Parkson Asia had acquired the Shares within the twelve-month period prior to the date of completion of the Acquisition. Parkson Asia received an irrevocable undertaking from the Gunewardene Family not to accept the Offer in respect of their remaining 60,625,000 Shares held in Odel, representing 41.82% of the then issued and paid-up share capital of Odel.

As at 11 September 2012, being the closing date of the Offer, 3,424,536 Shares representing 2.36% of the then issued and paid-up share capital of Odel had been accepted under the Offer ("Completion of the Offer"). Following the Completion of the Offer, Parkson Asia owned a total of 64,575,432 Shares representing 44.55% of the then issued and paid-up share capital of Odel.

Subsequent to the Completion of the Offer, Odel had during the financial year undertaken a one-for-one rights issue of Shares at LKR20.00 per Share ("Odel Rights Issue"), where Parkson Asia had subscribed for its full entitlement of 64,575,432 new Shares for a sum of approximately LKR1,291.5 million (equivalent to approximately RM31.2 million). Consequent upon the Odel Rights Issue, Parkson Asia owns a total of 129,150,864 Shares representing 47.46% of the issued and paid-up share capital of Odel. The funds raised under the Odel Rights Issue of LKR2,543.6 million (equivalent to approximately RM61.6 million) will be utilised to fund the development and expansion of Odel in Sri Lanka.

36. SIGNIFICANT EVENTS (continued)

(c) On 27 August 2012, East Crest International Limited ("East Crest"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Grand Parkson Retail Group Limited ("Grand Parkson"), a wholly-owned subsidiary of Parkson Retail, for the disposal by East Crest of its entire 100% equity interest in Victor Crest Limited ("Victor Crest") to Grand Parkson for a total cash consideration of Rmb420,000,001 (equivalent to approximately RM205.8 million) ("Disposal").

Victor Crest is the sole legal and beneficial owner of the 100% equity interest in Wide Crest Limited ("Wide Crest"), which in turn is the sole legal and beneficial owner of the 100% equity interest in Parkson Venture Pte Ltd ("Parkson Venture"), Sea Coral Limited ("Sea Coral") and Wide Field International Limited ("Wide Field").

Parkson Venture is the legal and beneficial owner of the 95.91% equity interest in Qingdao No. 1 Parkson Co Ltd ("Qingdao Parkson"). Sea Coral is the sole legal and beneficial owner of the 100% equity interest in Dalian Parkson Retail Development Co Ltd ("Dalian Parkson"). Wide Field is the sole legal and beneficial owner of the 100% equity interest in Shenyang Parkson Shopping Plaza Co Ltd ("Shenyang Parkson").

The Disposal was completed during the financial year whereupon, Victor Crest and its subsidiaries namely Wide Crest, Parkson Venture, Sea Coral, Wide Field, Qingdao Parkson, Dalian Parkson and Shenyang Parkson became subsidiaries of Parkson Retail and they remain subsidiaries of the Company.

(d) On 3 September 2012, Megan Mastika Sdn Bhd ("Megan Mastika"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement ("Megan Mastika SPA") with Dimensi Andaman Sdn Bhd ("Dimensi Andaman"), a company in which a Director of the Company has interest, for the acquisition of 15 acres out of the 23.22 acres undivided interest of land located in Melaka ("Melaka Land") by Megan Mastika from Dimensi Andaman for a cash consideration of RM98 million ("Purchase Consideration").

Megan Mastika had subsequently on 21 November 2012 entered into a supplemental agreement with Dimensi Andaman to vary certain terms of the Megan Mastika SPA. Pursuant to the supplemental agreement, Dimensi Andaman had among others, agreed to grant a discount of RM5 million on the Purchase Consideration, resulting in a discounted Purchase Consideration of RM93 million.

The acquisition of the Melaka Land was completed on 6 December 2012 upon fulfilment of all conditions precedent.

(e) On 20 December 2012, Beijing Huadesheng Property Management Co Ltd ("Beijing Huadesheng"), a wholly-owned subsidiary of Parkson Retail Development, entered into a cooperative agreement with Shanghai Industrial Qingdao Development Co Ltd ("Vendor") for the acquisition by Beijing Huadesheng of the land use right and the building ownership right of a shopping complex to be constructed by the Vendor on a vacant land located in the Qingdao City, the PRC ("Qingdao Shopping Mall"), for a maximum consideration of Rmb1,570 million (equivalent to approximately RM812 million).

As at 30 June 2013, the acquisition of the Qingdao Shopping Mall has not been completed pending fulfilment of certain conditions precedent.

37. SUBSEQUENT EVENTS

On 13 September 2013, True Excel Investments (Cambodia) Co Ltd ("True Excel"), a wholly-owned subsidiary of the Company, entered into the following agreements on the proposed lease and acquisition of a 7-storey shopping mall together with the lower ground and accessory parcel levels in Phnom Penh, Cambodia ("Proposed Parkson Mall"):

(a) a conditional option agreement with PP.SW Development Co. Ltd ("PPSW") wherein True Excel was granted the option to enter into a lease agreement for the lease of the lower ground floor and first floor of the Proposed Parkson Mall for a term of 50 years with automatic renewal for another 50 years, for an indicative refundable deposit of approximately US$42 million (equivalent to approximately RM138.6 million); and

(b) a conditional sale and purchase agreement with PPSW for the purchase of the second to seventh floors of the Proposed Parkson Mall for an indicative consideration of approximately US$75.09 million (equivalent to approximately RM247.8 million).

True Excel had also on 13 September 2013 entered into the following two conditional heads of terms with Parkson (Cambodia) Co Ltd ("Parkson Cambodia"), a wholly-owned subsidiary of Parkson Asia:

(a) to sub-lease to Parkson Cambodia or its nominee company, the anchor tenant space at the first floor of the Proposed Parkson Mall measuring 3,223 m^2 at lease rental rate of US$10 per m^2 per month or US$32,230 per month; and

(b) to lease to Parkson Cambodia or its nominee company, the anchor tenant space at the second floor and third floor of the Proposed Parkson Mall measuring 7,783 m^2 at lease rental rate of US$10 per m^2 per month or US$77,830 per month.

38. 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:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There have been no transfer between Levels 1, 2 and 3 during the financial year.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

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

	Group 2013 RM'000	Group 2012 RM'000
	Significant unobservable inputs (Level 3)	
Derivative	**52**	52

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

The fair values of the Group's and of the Company's financial assets and liabilities approximate to their carrying amounts except for the following:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
At 30 June 2013				
Unquoted shares	**30,233**	**^a**	**–**	**–**
Amounts due from subsidiaries	**–**	**–**	**4,095,847**	**^b**
At 30 June 2012				
Unquoted shares	30,233	^a	–	–
Amounts due from subsidiaries	–	–	7,893,774	^b

^a It is not practical to estimate the fair value of the non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

^b It is not practical to determine the fair values of the amounts due from subsidiaries in view of the uncertainty as to the timing of future cash flows.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Financial instruments classified as current

The fair values of the Group's and of the Company's financial instruments, other than amounts due from/ to subsidiaries/related parties, which are classified as current approximate to their carrying amounts due to the relatively short term maturity of these financial instruments.

(ii) Long term loans and borrowings

The fair value of long term loans and borrowings is estimated by discounting the expected cash flows using the current interest rates for the liabilities with similar risk profiles.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to fund the Group's operations. The Group has various financial assets such as deposits and other receivables, trade receivables, cash and bank balances which arise directly from its operations.

The Group had previously entered into held-to-maturity investments and derivative transactions, primarily interest rate swaps and cross currency swaps. The purpose was to manage the interest rate and currency risks arising from the Group's operations and its sources of funds.

It is the Group's policy that no trading in derivatives shall be undertaken other than the interest rate swaps and cross currency swaps as mentioned above. However, as at the reporting date, the Group has no outstanding contract on interest rate swaps and cross currency swaps.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group reviews and agrees on policies for managing each of these risks.

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

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in the market interest rates.

The Group's policy is to manage its interest rate risk using a mix of floating and fixed rate debts or structured fixed interest rate borrowings through interest rates swaps.

At the reporting date, nearly 100% (2012: 100% after taking into consideration the effect of an interest rate swap) of the Group's borrowings are at fixed rates of interest. The effects and details of the interest rates swaps are further disclosed in (c) below.

<u>Sensitivity analysis of interest rate risk</u>

A reasonably possible change of 100 basis points in interest rates, with all other variables held constant, would have no material impact on the Group's profit or loss. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group is exposed to foreign currency risk as a result of the foreign currency transactions entered into by the Group in currencies other than its functional currency. As these transactions are mainly denominated in United States Dollar ("US$"), Hong Kong Dollar ("HK$"), Singapore Dollar ("SGD") and Sri Lanka Rupee ("LKR"), the Group's foreign currency risk is primarily due to exposure to the US$, HK$, SGD and LKR. Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

In addition to the disclosure detailed elsewhere in the financial statements, the net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Net financial assets/liabilities held in				
Functional currency	**United States Dollar RM'000**	**Hong Kong Dollar RM'000**	**Singapore Dollar RM'000**	**Sri Lanka Rupee RM'000**	**Total RM'000**
At 30 June 2013					
Deposits, cash and bank balances					
Ringgit Malaysia	**46,208**	**521**	**52,441**	**957**	**100,127**
Chinese Renminbi	**455**	**65,322**	**5,813**	**–**	**71,590**
Hong Kong Dollar	**8,761**	**–**	**15,991**	**–**	**24,752**
Indonesia Rupiah	**3**	**–**	**–**	**–**	**3**
	55,427	**65,843**	**74,245**	**957**	**196,472**
At 30 June 2012					
Deposits, cash and bank balances					
Ringgit Malaysia	33,896	1,459	168,859	–	204,214
Chinese Renminbi	202,239	34,108	1,721	–	238,068
Hong Kong Dollar	4,176	–	–	–	4,176
Indonesia Rupiah	522	–	–	–	522
	240,833	35,567	170,580	–	446,980

Sensitivity analysis of foreign currency risk

A reasonably possible change of 3% in the US$, HK$, SGD and LKR exchange rates against the functional currency of the Group, with all other variables held constant, would have no material impact on the Group's profit or loss.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Hedging activities

Cash flow hedges were used to mitigate the Group's exposure to changes in cash flows attributable to interest rate fluctuations associated with interest and principal payments on the Group's variable rate interest-bearing loans (Note 30). There is no outstanding contract to hedge changes in cash flows as at the reporting date.

All derivative financial instruments were recorded at fair value on the statements of financial position. Effective changes in the fair values of these cash flow hedging instruments were recognised in the hedging reserve in the statements of financial position and were then reclassified from equity to profit or loss in the same period that the forecasted cash flows of the hedged items impact the profit. The ineffective portions of changes in fair values of derivatives that do not qualify for hedge accounting were recognised in profit or loss.

The hedging instruments that the Group had entered into in the previous financial year were as follows:

(i) Facility A loan

On 10 November 2010, the Group entered into a series of cross currency and interest rate swap contracts with the contracting parties to convert the Group's US$250 million Facility A loan (Note 30(i)) which were drawn down in several tranches to a Rmb equivalent fixed rate debt of Rmb1,665 million with a fixed interest rate of 1.66% per annum.

(ii) Facility B loan and Facility C loan

On 29 November 2011, the Group entered into a series of interest rate swap contracts with the contracting parties to convert the Group's US$100 million Facility B loan (Note 30(i)) to a US$ fixed rate loan at 2.98% per annum and the Group's HK$390 million Facility C loan (Note 30(i)) to a HK$ fixed rate loan at 2.91% per annum, respectively.

As at 30 June 2012, these outstanding hedges were in a liability position with a total fair value of RM14,798,000 which was recorded as derivative financial instruments designated as hedging instruments in the statement of financial position. These facility loans were fully repaid by the Group during the financial year.

The Group was previously exposed to counterparty credit risk on its derivative financial instruments and only entered into derivative transactions with well-established financial institutions. Therefore, the counterparty credit risk with respect to derivative financial instruments was minimal.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group manages its operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash and bank balances to meet its working capital requirements.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2013	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	**1,484,992**	**–**	**–**	**1,484,992**
Loans and borrowings:				
Hire purchase liabilities	**24**	**73**	**–**	**97**
Bonds	**71,415**	**1,872,660**	**–**	**1,944,075**
Long term payables:				
Rental deposits	**–**	**210,300**	**3,284**	**213,584**
Total undiscounted financial liabilities	**1,556,431**	**2,083,033**	**3,284**	**3,642,748**
Company				
Financial liabilities:				
Trade and other payables	**1,480**	**–**	**–**	**1,480**
Loans and borrowings:				
Hire purchase liabilities	**24**	**73**	**–**	**97**
Total undiscounted financial liabilities	**1,504**	**73**	**–**	**1,577**

(e) 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. The receivables are monitored on an ongoing basis through the Group's and the Company's management reporting procedures.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 25.

Credit risk concentration profile

The Group and the Company determine concentrations of credit risk by monitoring individual profile of its trade receivables on an ongoing basis. At the reporting date, the Group and the Company do not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risk related to any financial instrument, except for the amount due from East Crest International Limited, a subsidiary of the Company, which amounting to RM7,643,799,000 (2012: RM7,863,067,000).

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Credit risk (continued)

Financial assets that are neither past due nor impaired

Information regarding receivables that are neither past due nor impaired is disclosed in Note 25. Deposits with banks and other financial institutions are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 25.

(f) Market risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group was exposed to equity price risk in the previous financial year arising from its investment in quoted equity instrument outside Malaysia. The quoted equity instrument was listed on The Stock Exchange of Hong Kong Limited and was classified as available-for-sale financial assets. This quoted equity investment was disposed of during the financial year. The Group does not have exposure to commodity price risk.

40. CONTINGENT LIABILITY

On 25 April 2013, The Store (Terengganu) Sdn Bhd ("Plaintiff") has filed a claim against Parkson Corporation Sdn Bhd ("Defendant"), a subsidiary of the Company in respect of unlawful interference with the Plaintiff's tenancy agreement with a third party landlord. Amount claimed is subject to court ruling and is indeterminable at the reporting date. The subsidiary has been advised by its legal counsel that it has a strong case against the Plaintiff's claim and accordingly no provision for any liability has been made in these financial statements.

41. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

(i)	Retailing	-	Operation and management of retail stores in Malaysia, PRC, Vietnam, Myanmar and Indonesia
(ii)	Property and investment holding	-	Operation of a retail mall in Malaysia and investment holding

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit. Group financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to reportable segments.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

41. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows:

	Retailing Malaysia RM'000	Retailing PRC RM'000	Retailing Vietnam and Myanmar RM'000	Retailing Indonesia RM'000	Property and investment holding RM'000	Elimination RM'000	Total RM'000
30 June 2013							
Revenue:							
External customers	**872,109**	**2,357,050**	**108,612**	**130,736**	**34,016**	**–**	**3,502,523**
Inter-segment	**–**	**–**	**–**	**–**	**5,128**	**(5,128)**	**–**
Total revenue	**872,109**	**2,357,050**	**108,612**	**130,736**	**39,144**	**(5,128)**	**3,502,523**
Results:							
Segment profit	**103,945**	**462,028**	**3,828**	**13,144**	**6,832**	**–**	**589,777**
Employee share-based payments							**(15,875)**
Operating profit							**573,902**
Finance income							**117,287**
Finance costs							**(74,171)**
Share of results of associates							**1,877**
Profit before tax							**618,895**
Total assets	**628,900**	**6,791,205**	**210,636**	**131,932**	**823,169**	**–**	**8,585,842**
Total liabilities	**370,630**	**3,704,046**	**39,576**	**44,153**	**21,437**	**–**	**4,179,842**
Capital expenditure	**24,953**	**534,355**	**8,543**	**12,521**	**96,528**	**–**	**676,900**

	Retailing Malaysia RM'000	Retailing PRC RM'000	Retailing Vietnam RM'000	Retailing Indonesia RM'000	Property and Investment holding RM'000	Elimination RM'000	Total RM'000
30 June 2012							
Revenue:							
External customers	830,428	2,339,869	99,111	132,912	20,538	–	3,422,858
Inter-segment	–	–	–	–	2,938	(2,938)	–
Total revenue	830,428	2,339,869	99,111	132,912	23,476	(2,938)	3,422,858
Results:							
Segment profit	121,145	690,402	11,577	8,671	3,984	–	835,779
Employee share-based payments							(207)
Operating profit							835,572
Finance income							140,157
Finance costs							(88,222)
Share of results of an associate							156
Profit before tax							887,663
Total assets	528,198	6,192,292	202,900	107,812	755,145	–	7,786,347
Total liabilities	360,069	3,108,357	37,936	39,241	20,521	–	3,566,124
Capital expenditure	29,175	220,152	18,460	25,355	28,718	–	321,860

42. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains the Group's stability and growth in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group regularly reviews and manages its capital structure and makes adjustments to it, taking into consideration of changes in economic conditions, future capital requirements of the Group, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. No changes were made in the objective, policies or processes during the financial years ended 30 June 2013 and 2012.

The Group monitors capital using a gearing ratio, which is net adjusted debt divided by total capital plus net adjusted debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net adjusted debt, trade and other payables and other liabilities, long term payables, loans and borrowings, less deposits, cash and bank balances. Capital includes equity attributable to the owners of the parent.

	Group	
	2013 RM'000	**2012 RM'000**
Trade and other payables and other liabilities (Note 33)	**2,210,364**	2,017,557
Long term payables (Note 32)	**214,799**	122,953
Loans and borrowings (Note 30)	**1,579,689**	1,245,993
Less: Deposits, cash and bank balances (Note 26)	**(3,044,017)**	(3,030,992)
Net adjusted debt	**960,835**	355,511
Equity attributable to owners of the parent, representing total capital	**2,780,664**	2,686,088
Total capital and net adjusted debt	**3,741,499**	3,041,599
Gearing ratio	**26%**	12%

43. COMPARATIVE

Certain comparatives have been reclassified to conform with current year's presentation.

44. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits/accumulated losses of the Group and of the Company as at 30 June 2013 and 30 June 2012 into realised and unrealised profits/losses is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Securities.

	Group	
	2013	**2012**
	RM'000	**RM'000**
Total retained profits/(accumulated losses)		
- realised	**34,077**	395,253
- unrealised	**(9,661)**	(7,022)
Total share of retained profits from associates		
- realised	**1,964**	265
Total share of retained profits from a jointly controlled entity		
- realised	**4,960**	9,996
- unrealised	**482**	360
Total retained profits	**31,822**	398,852

The accumulated losses and retained profits of the Company as at 30 June 2013 and 30 June 2012 of RM3,515,155,000 and RM278,405,000 respectively, are realised.