PARKSON 百盛

PARKSON RETAIL ASIA LIMITED

ANNUAL REPORT 2014

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CORPORATE PROFILE

ABOUT PARKSON RETAIL ASIA

Listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 3 November 2011, Parkson Retail Asia Limited ("Parkson" or the "Company", and together with its subsidiaries, the "Group") is a leading and award-winning Asian department store operator with an extensive network of 63 stores (including one supermarket) as at 30 June 2014, spanning approximately 649,159 square meters of retail space across cities in Malaysia, Vietnam, Indonesia and Myanmar. Established in 1987, Parkson operates an efficient and competitive business model through a blend of concessionaire sales model, anchor tenant, customised product mix and state-of-the-art management tools.

Over the last 25 years, the Group has built up a solid reputation as Southeast Asia's leading department store operator through its continuous innovation and collaboration with numerous international brands to offer consumers in the middle and upper-middle income segment a wide range of merchandise. Well-entrenched in Asia, Parkson is well-poised to harness the potential of the region's strong retail growth.

Malaysia
Number of stores: 39
Retail space: 360,932 sqm

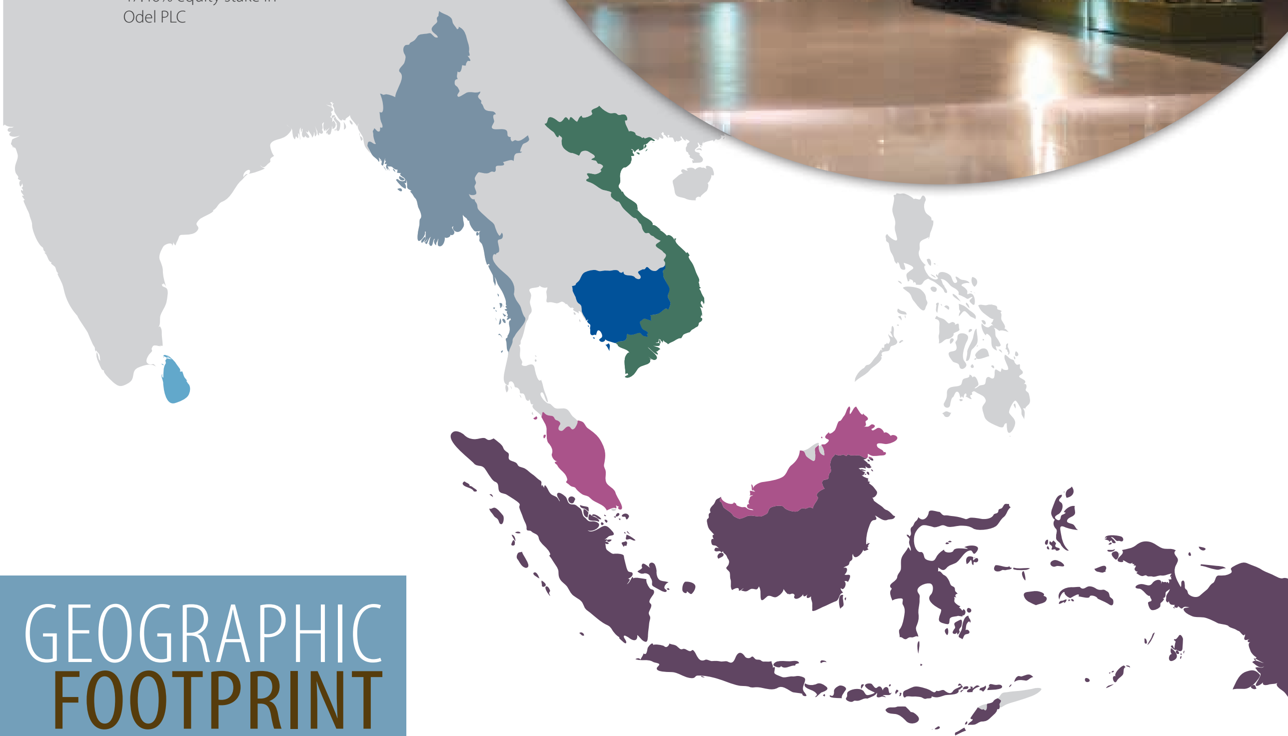
Vietnam
Number of stores: 9
Retail space (leased): 87,831 sqm
Retail space (owned): 22,603 sqm
Retail space (managed): 50,897 sqm

Indonesia
Number of stores: 14
Retail space: 123,863 sqm

Cambodia
First store is expected to open in FY2016

Myanmar
Number of store: 1
Retail space: 3,033 sqm

Sri Lanka
47.46% equity stake in Odel PLC



GEOGRAPHIC FOOTPRINT

Parkson's department store network comprises 63 stores (including one supermarket) in Malaysia, Vietnam, Indonesia and Myanmar, spanning 649,159 sqm of retail space.

Established in 1987, Parkson operates an efficient and competitive business model through a blend of concessionaire sales model, anchor tenant, customised product mix and state-of-the-art management tools. Merchandise sales generated from Parkson's stores are S$1,038 million, S$1,092 million and S$1,062 million, respectively, for the financial years ended 30 June 2012, 2013 and 2014.

KEY MILESTONES

2014

- Opened first Parkson-branded stores in Indonesia in the cities of Medan and Jakarta.

2013

- Entered Myanmar with our first store of gross floor area of 4,000 sqm in FMI Centre, Yangon. In line with the Company's "first-mover" strategy, Parkson is the first modern retailer to tap on the underserved city

2012

- Entered Sri Lanka by acquiring a 47.46% equity stake in Odel PLC, Sri Lanka's leading fashion retailer listed on the Colombo Stock Exchange

2011

- **Listed on SGX-ST**
- Entered Indonesia by acquiring Centro department store network in Indonesia, Southeast Asia's fastest growing retail market

2007

- Opened Parkson Pavilion, the Company's flagship store in Malaysia. Parkson is one of the anchor tenants at Pavilion Kuala Lumpur
- Opened third store in Vietnam

2005

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

2000

- Parkson opened its 26th store in Malaysia, consolidating its position as the nation's leading department store operator

1987

- The first Parkson store opened in Malaysia to offer families a one-stop shopping destination with products ranging from cosmetics and fragrance, fashion to home essentials and others

CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report of Parkson Retail Asia Limited for the financial year ended 30 June 2014 ("FY2014").

Despite the challenging retail environment, the financial year has seen significant milestones achieved for the company. We opened our first Parkson-branded stores in Indonesia in the cities of Medan and Jakarta. These openings highlight our confidence in Indonesia's growth potential and also the strengthening role Indonesia will play in the Group's operations. In Myanmar, the market has shown great potential and our first-mover presence in Yangon makes us well-placed to capture opportunities in the country.

As a testament to our sound fundamentals, we have closed the year with a strong cash position and healthy balance sheet, despite unforeseen events that have affected our operations. In our traditionally strong market of Malaysia, the reduction in Chinese tourist arrivals into Malaysia arising from the MH370 incident and the kidnappings off the coast of Sabah has led to some drag in our performance in the second half of FY2014. The government's subsidy rationalization programmes and the central bank's measures to curb household debt have dampened consumer sentiment in Malaysia. In Vietnam, the retail environment is weakened by excess retail space, especially in our northern stores in Hanoi. However, our southern stores in Ho Chi Minh City continue to do well and have helped buffer our overall performance in Vietnam.

The growing middle class and rising affluence will continue to drive our performance. This trend is especially apparent in Indonesia, where we are targeting the underserved markets in Indonesia's first-tier and second-tier cities. We have also successfully completed the necessary store renovations and negotiations with our concessionaires, which will help bolster our operations for the next financial year.

Despite the challenging retail environment, the financial year has seen significant milestones achieved for the Company.

We remain committed to our long-term growth strategy, as we look to ride the wave of rising consumption spending in Asia. We have opened seven more stores in FY2014 to build a larger and stronger base for the future. During this period of gestation and investment, we are prepared to incur some short-term increase in expenses before sales and profitability ramp up. Along the same line of enhancing longer-term sales performance, we closed three stores in Malaysia temporarily in the first quarter of FY2014 to refurbish them. They have since reopened.

Our strong balance sheet, store network and comfortable cash position allows us the necessary capital to ride out the current gestation period of our new stores and the macroeconomic headwinds. We plan to open more stores, especially in Indonesia, where prospects are strongest. The current target is about four to five stores a year in Indonesia.

Moreover, our strong cash generative business model has allowed us to reward our loyal shareholders with a special FY2014 interim dividend of 3.0 cents per share which was paid on 20 June 2014. The Board is pleased to also propose a final dividend of 2.5 cents per share for FY2014, subject to shareholders' approval at the forthcoming Annual General Meeting. This would bring the total dividend payout to 5.5 cents per share.

I would also like to warmly welcome the appointment of Datuk Lee Kok Leong as a Non-Executive & Non-Independent Director of the Group. Datuk Lee has vast experience and intimate knowledge of the retail and branding industry with over 15 years in the retail business. His experience will lend a great helping hand to the business. On behalf of our shareholders, I would like to welcome him on board.

Finally, on behalf of the Board, I wish to express my gratitude and appreciation to our employees, customers, shareholders, suppliers, business associates and other stakeholders for their contribution and continuous support to the Group.

Tan Sri Cheng Heng Jem
Executive Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

The operating environments have been challenging in the financial year just ended, especially for our Malaysia and Vietnam markets. Overall, the Group recorded Gross Sales Proceeds of S$1.08 billion and revenue of S$432.0 million in FY2014, with Group net profit at S$34.9 million.

Consumer spending in Indonesia remained largely optimistic in FY2014. Indonesia posted a revenue of S$53.7 million and a net profit of S$2.7 million for FY2014. Indonesian operations recorded a SSSG of 6.0% for FY2014 which was an improvement over the SSSG of 5.6% generated in FY2013. The strong operational performance in Indonesia was due to robust domestic consumption with Bank Indonesia reporting that the country's consumer confidence index ("CCI") remained above the 100-point confidence threshold throughout FY2014.

Our dual brand strategy in Indonesia – with our Parkson-branded stores targeting the middle-upper/premium segment and the Centro-branded stores targeting the middle segment of the consumer market – was realized with the opening of our first two Parkson-branded stores in Medan and Jakarta. The country's strong emerging middle-class consumers will continue to support the growth in discretionary retail spending. Our store in Bali also benefitted from increased tourist arrivals driven by a weaker Indonesian Rupiah and improved flight connectivity.

For FY2014, Malaysia posted a revenue of S$333.7 million and a net profit of S$33.7 million. The Malaysia operations recorded a relatively flat SSSG of -0.1% for FY2014 due to challenges to the retail environment caused by an increased costs of living arising from the government's subsidy rationalization programmes and the central bank's actions to curb household debt. We took measures to improve our blended gross margin by way of targeted discounting which has resulted in lesser discount days, and stringent control of stock shrinkages resulting in improvement in blended gross margin by 110 bps for our Malaysia operations. During the year, we have also decided to temporarily close and refurbish three of our stores in order to provide a refreshed shopping experience and boost store productivity. This decision was made in view of the tepid retail environment in Malaysia. I am pleased to report that these three stores have re-opened during FY2014 and will contribute to the Group's performance going forward.

The Vietnam operations recorded a decline in SSSG of -4.2% for FY2014 with discretionary retail spending remaining weak despite signs of economic stability. Nielsen reported that the country's CCI remained below the 100-point confidence threshold throughout FY2014. The sales at our stores in Hanoi were especially affected by the significant increase in new retail space amid a weak retail environment. We have taken various measures to address the weak operating environment in Vietnam, including introduction of new mid-level price point merchandise in line with the lower spending preference of consumers,

Our store opening programme remains on track with seven new stores opened across the countries of Indonesia, Malaysia and Vietnam in FY2014.

launch of targeted promotional activities to drive sales and reduction of operating costs via cost management initiatives.

Our store in Myanmar has been in operations for more than 12 months and we are seeing good ramp-up in sales growth. There are plans to increase our existing retail space of 3,033 sq.m, as our joint-venture partner in Myanmar has identified a site adjacent to our existing store which will allow us to expand the store space to exceed 10,000 sq.m. in about two years' time.

Our store opening programme remains on track with seven new stores opened across the countries of Indonesia, Malaysia and Vietnam in FY2014. This contributed to an increase of 81,606 sq.m. or 14% to our retail space. The store openings have brought our total store count to 63 stores with a total retail space of approximately 649,159 sq.m. Our associate, Odel PLC, has also opened three new stores in FY2014.

We are scheduled to open another seven new stores for the forthcoming FY2015 with three new stores planned for Malaysia and two new stores each in Indonesia and Vietnam respectively. Our expansion in the forthcoming FY2015 will include our first Parkson store in the city of Da Nang in Vietnam and our first Centro stores in the cities of Manado in Sulawesi and Balikpapan in Kalimantan, Indonesia. The store expansion is part of our strategy to establish our presence across the different major cities and towns in each of our markets, to allow us to continually reach out to an ever-increasing customer base with a premium offering of quality brands and products.

On a final note, I wish to express my sincere appreciation to the management and staff of Parkson for their dedication and commitment in ensuring that Parkson remains a leading department store retailer in Asia. I wish to also thank all the other stakeholders for their contribution and support which continues to be vital in ensuring Parkson's long-term success.

Toh Peng Koon
Chief Executive Officer

FINANCIAL HIGHLIGHTS

	2010 SGD'000	2011 SGD'000	Restated 2012 SGD'000	Restated 2013 SGD'000	2014 SGD'000	CAGR[3] %
Consolidated Income Statement						
Gross sales proceeds[1]	781,641	868,910	1,054,913	1,109,387	**1,077,891**	8.4%
Revenue	332,959	367,314	433,475	446,728	**432,037**	6.7%
Earnings before interest, tax, depreciation and amortisation	44,739	62,456	75,918	66,328	**59,461**	7.4%
Profit for the year	22,443	35,821	44,393	37,491	**32,577**	9.8%
Profit attributable to the owners of the Company	21,375	35,013	45,057	39,048	**34,901**	13.0%
Basic and diluted earnings per share (cents)[2]	3.58	5.86	6.65	5.77	**5.15**	9.5%
Consolidated Balance Sheet						
Total assets	293,972	286,274	416,878	437,070	**418,743**	
– cash and cash equivalents	126,883	96,123	190,346	176,830	**150,881**	
Total liabilities	150,678	159,374	176,862	179,788	**179,924**	
Total equity	143,294	126,900	240,016	257,282	**238,819**	

Notes:

1. Gross sales proceeds represent the total of sales proceeds from direct sales and concessionaire sales, consultancy and management service fees and rental income.
2. The basic and diluted earnings per share for the financial years 2010 and 2011 are calculated by dividing the Group's profit for the respective years attributable to the owners of the Company by the pre-invitation share capital of 597,300,000 ordinary shares.
3. Compound Annual Growth Rate from 2010 to 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operational Results

The Group recorded Gross Sales Proceeds ("GSP") of S$1.078 billion for FY2014, representing a decline of (2.8)% Year-on-Year ("YoY"). The components of GSP for FY2014 are as follows:–

	Group	
	FY2014 S$'000	**FY2013 S$'000**
		(Restated)
GSP		
Sale of goods – direct sales	210,298	223,358
Sale of goods – concessionaire sales	851,306	868,354
Total merchandise sales	1,061,604	1,091,712
Consultancy and management service fees	1,044	1,231
Rental income	15,243	16,444
Total GSP	1,077,891	1,109,387

GSP declined for FY2014 due to a combination of factors i.e. (i) decline in Same Store Sales Growth ("SSSG") for Vietnam at -4.2% YoY, (ii) local currency weakness especially of the Indonesian Rupiah which reduced the sales contribution from the foreign operations upon translation to the presentation currency in Singapore Dollar, and (iii) impact of lost sales from 3 stores closed for renovation for a period of time and re-opened during FY2014. There was also 1 store permanently closed in the 4th quarter of the preceding FY2013 for which there was no corresponding sales figure in the current FY2014.

The Group generated total merchandise sales of S$1.062 billion for FY2014, with concessionaire sales contributing 80.2% and direct sales contributing the balance of 19.8%. By product segment, the Fashion & Apparel category constituted 53.2% of the total merchandise sales, the Cosmetic & Accessories category constituted 28.3%, the Household, Electrical Goods & Others category constituted 15.0% while the remaining balance of 3.5% came from the Groceries & Perishables category.

The merchandise gross margin (a combination of the commission from concessionaires and direct sales margin) for FY2014 increased by 70 bps YoY to 23.4% due mainly to reduced discounting and lesser stock shrinkages.

Review of Financial Results

Revenue and Other Income

The Group recorded a revenue of S$432.0 million for FY2014, representing a decline of (3.3)% YoY. The decline in revenue is in line with the decline in GSP. The components of revenue for FY2014 are as follows:–

	Group	
	FY2014 S$'000	**FY2013 S$'000**
		(Restated)
Revenue		
Sale of goods – direct sales	210,298	223,358
Commission from concessionaire sales	205,452	205,695
Consultancy and management service fees	1,044	1,231
Rental income	15,243	16,444
Total revenue	432,037	446,728

Other income for FY2014 increased by 12.7% YoY to S$14.0 million. The components of other income include finance income of S$7.0 million for FY2014. Other income increased due to increase in finance income of S$1.2 million and increase in miscellaneous income (e.g. promotion income) of S$0.4 million.

Expenses

For FY2014, total expenses of the Group declined by (1.5)% YoY to S$400.6 million. Analysis of the major operating expense items for FY2014 is as follows:

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables refer to the cost of direct sales. Cost of direct sales for FY2014 declined by (7.9)% YoY to S$167.4 million, in line with the decline in direct sales and also contributed by lesser stock shrinkages in the financial year.

Employee benefits expense

Staff cost increased by 4.1% YoY to S$49.5 million for FY2014. The increase is primarily due to the inclusion of staff costs for the new stores operating in FY2014 and yearly wage increase, however, mitigated by costs rationalisation.

As a percentage of revenue, the staff cost ratio increased by 80 bps YoY to 11.5% for FY2014. The increase is due to (i) staff costs for new stores where the sales are lower at the initial stages of operations, (ii) staff costs of the stores temporarily closed for renovation where these staffs are re-deployed to other stores but without corresponding sales contribution of these closed stores and (iii) decline in SSSG for the Vietnam operations resulting in lower staff productivity.

Depreciation and amortisation expenses

Depreciation and amortisation increased by 3.9% YoY to S$20.4 million for FY2014. The increase is primarily due to the inclusion of the depreciation costs for the new stores and renovated stores operating in FY2014.

As a percentage of revenue, depreciation and amortization expenses ratio increased by 30 bps YoY to 4.7% for FY2014. The higher ratio is primarily due to depreciation for new stores operating in FY2014 but where the sales are lower at the initial stages of operations.

Promotional and advertising expenses

Promotional and advertising expenses increased by 2.8% to S$9.4 million for FY2014. The increase is largely due to costs attributable to opening of new stores in FY2014.

As a percentage of revenue, promotional and advertising expenses ratio increased by 20 bps YoY to 2.2% for FY2014 due to promotional and advertising expenses incurred for the new stores but where the sales are lower at the initial stages of operations.

Rental expenses

Rental expenses increased by 2.2% to S$103.3 million for FY2014. The increase is significantly due to the inclusion of base rentals for new stores, increase in rental for renewal stores and higher service charges incurred for the Indonesian stores, however, mitigated by absence of rental costs for the closed stores.

As a percentage of revenue, the rental expenses ratio increased by 130 bps YoY to 23.9% for FY2014. The higher ratio is significantly due to (i) new stores that are paying base rentals but where the sales are lower at the initial stages of operations and (ii) decline in SSSG for the Vietnam operations resulting in lower store productivity.

Other expenses

Other expenses consist mainly of (a) selling and distribution expenses and (b) general and administrative expenses which increased by 5.3% YoY to S$49.9 million for FY2014. Other expenses increased due to costs attributable to the new stores operating in FY2014.

As a percentage of revenue, the other expenses ratio increased by 100 bps YoY to 11.6% for FY2014. The higher ratio for FY2014 is contributed by other expenses incurred for new stores but where the sales are lower at the initial stages of operations.

Share of profits of an associate

The Group recorded a share of profits of Odel PLC of S$0.879 million for FY2014. Share of profits increased due largely to increased interest income earned on the funds of approximately LKR2.5 billion (or S$24.0 million) raised from the rights issue of shares completed in December 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit Before Tax ("PBT")

PBT declined by (11.9)% YoY to S$46.3 million for FY2014. The factors contributing to the decline in PBT include (i) the de-leveraging impact from the negative SSSG of -4.2% of the Vietnam operations (and compounded by costs pressure), (ii) the initial loss-making periods associated with new stores opened in the financial year (including pre-opening expenses) before sales at these stores ramp-up and profitability commences (there were 7 new stores opened in FY2014 vs 2 new stores opened in preceding FY2013), (iii) the temporary closure of 3 stores for renovation in Malaysia resulting in the absence of gross profit contribution from these stores and (iv) local currency weakness especially of the Indonesian Rupiah which reduced the PBT contribution from the foreign operations upon translation to the presentation currency in Singapore Dollar. However, the decline in PBT YoY was mitigated by improvement in gross profit margin for FY2014 by 70 bps. As a percentage of revenue, PBT ratio for FY2014 declined by 110 bps YoY to 10.7%.

Taxation

The Group effective tax rate for FY2014 increased to 29.6%. The effective tax rate is higher than the statutory tax rates of the countries where the Group operates due significantly to the losses incurred by the store located at Landmark 72, Hanoi, whereby the local tax regulation do not allow for set-off of tax losses between Group companies.

Net Profit

Net profit for FY2014 was lower by (13.1)% YoY at S$32.6 million. As a percentage of revenue, the net profit ratio for FY2014 declined by 90 bps YoY to 7.5%.

Review of Financial Resources

Property, plant and equipment increased to S$89.5 million as at 30 June 2014 due to addition of assets related to new stores opened in the current financial year. The non-current portion of Prepayments declined to S$13.6 million due to re-classification of advance rentals to the current portion and local currency weakness especially of the Indonesian Rupiah reducing the translated amount of the prepayments shown in Singapore dollars. Intangible assets declined to S$5.7 million due to amortisation impact and local currency weakness of the Indonesian Rupiah.

The current portion of the Trade and other receivables declined to S$23.5 million as at 30 June 2014 due to lower sales and improved timing of settlement from banks on the credit card sales. The current portion of Other liabilities increased to S$27.0 million due to higher accrued liability for capital expenditure attributable to increase store openings.

The Group's financial position remains healthy, with a working capital of S$77.0 million as at 30 June 2014. The Group balance sheet position remains strong with total equity of S$238.8 million as at 30 June 2014.

The Group's net cash generated from operations for the year FY2014 was S$55.6 million despite being faced with challenging environments. The Group cash balance as at 30 June 2014 remained strong at S$150.9 million.

CSR PROGRAMME

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

At Parkson, corporate social responsibility forms an important part of our business ethos. We believe in giving back to the community where we operate and making a difference. Our two key programmes, *Parkson EduCare* and *Centro EduCare*, focus on improving lives through education to equip young people with the knowledge and skills to succeed in life.

Parkson EduCare is a corporate social responsibility collaborative programme started 13 years ago between Parkson Corporation Sdn Bhd, Siri Jayanti Association and Yayasan Maha Karuna. Our partners, including Lion-Parkson Foundation and KL Festival City mall, have contributed generously to the programme, making it a successful cause year after year.

Centro EduCare is a corporate social responsibility programme conducted by the Centro group of stores in Indonesia and conducts annual donation drives to purchase school supplies for impoverished children.

INDONESIA

With the launch of a new outlet at Lippo Mall Puri-St. Moritz Jakarta, Parkson donated 500 school packages, comprising of school supplies such as books and stationery, to impoverished children who are beneficiaries of *Parkson EduCare*. The donation of the school packages was done in collaboration with the Sahabat Anak Foundation, a non-profit organisation that provides quality education and advocates for children's rights in an effort to encourage and inspire Jakarta's street children to escape urban poverty.

As part of *Centro EduCare's* annual public donation drive, Centro stores across Indonesia collected public donations to purchase school supplies, including stationery, school bags and lunch boxes, which were subsequently donated to public elementary schools. A total of 640 school packages, containing the school supplies, were distributed for the financial year 2014.

The financial year 2014 marks another successful conclusion to our corporate social mission to improve the lives of the communities we operate in. We look forward to growing our social impact in the next financial year of 2015.

MALAYSIA

As part of *Parkson EduCare's* annual "Parkson Back To School" campaign, in November 2013, Parkson Corporation Sdn Bhd, along with Lion-Parkson Foundation, KL Festival City mall, Siri Jayanti Association and Yayasan Maha Karuna, undertook a public donation drive to collect school supplies such as school uniforms and stationery. These school supplies were subsequently donated to Siri Jayanti Association and Yayasan Maha Karuna to benefit impoverished children. Thirty-eight Parkson stores donated merchandise totaling RM100,000 by the end of the campaign.

The "Parkson Back To School" campaign took place over the last term of the school holidays, which started in November and ended in early January 2014. The campaign not only equipped the children sufficiently for the start of the school term in 2014, but brought Christmas joy and spirit over the holiday seasons in December.

In a symbolic handover ceremony held in KL Festival City mall in December 2013, the donation items were handed over to Ven. B. Sri Saranankara Nayaka Maha Thera, the Chairman of Yayasan Maha Karuna, by Dr. Chua Siew Kiat, Lion-Parkson Foundation Trustee and witnessed by Mr. Loh Chai Hoon, General Manager of Operations, Parkson Corporation Sdn Bhd, and Mdm. Ang Ya Hap, Shopping Centre Manager, Festival City Sdn Bhd.

BOARD OF DIRECTORS

TAN SRI CHENG HENG JEM Executive Director, Chairman

Tan Sri Cheng Heng Jem was appointed as a Director of the Company on 31 March 2011 and was last re-appointed on 24 October 2013. He was previously the Non-Executive Chairman of the Company and a member of the Remuneration Committee ("RC"). Subsequent to his re-designation as Executive Chairman on 31 May 2013, he relinquished his position as a member of the RC and became a member of the Nominating Committee ("NC").

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

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

Tan Sri Cheng previously served as the President of both The Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("KLSCCCI") and is now a Life Honorary President of ACCCIM and KLSCCCI.

MR TOH PENG KOON Executive Director, Chief Executive Officer

Mr Toh Peng Koon was appointed as a Director of the Company on 31 March 2011 and was last re-elected on 24 October 2013. He was appointed as the Chief Executive Officer of the Company on 9 May 2013.

He also oversees our Malaysian and Indonesian operations as the Chief Executive Officer – Malaysia and President Director – Indonesia. Mr Toh joined our Malaysian subsidiary, Parkson Corporation Sdn Bhd ("PCSB"), in 1988 and has held various positions including as General Manager, Chief Operating Officer and Chief Executive Officer and has been instrumental in the growth of our retail business in Malaysia.

Mr Toh has served in various capacities for the Malaysia Retailers Association, including as the President for eight years and as the Deputy President for four years. Mr Toh was also previously the Deputy Chairman of the Commerce Committee of ACCCIM.

Mr Toh holds a Bachelor of Science (Mathematics) degree from Universiti Sains Malaysia.

MR TAN SIANG LONG Non-Independent, Non-Executive Director

Mr Tan Siang Long was appointed as a Director of the Company on 14 June 2011 and was last re-elected on 31 October 2012. He is a member of the Audit Committee and became a member of the Remuneration Committee on 31 May 2014.

Mr Tan was a nominee of our shareholder, PT Mitra Samaya ("MS"). MS was previously our substantial shareholder but has ceased to be a substantial shareholder on 18 September 2012.

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

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

BOARD OF DIRECTORS

DATUK LEE KOK LEONG
Non-Independent, Non-Executive Director

Datuk Lee Kok Leong was appointed as a Director of the Company on 21 August 2014.

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

Datuk Lee has accumulated vast experience and intimate knowledge of the retail and branding industry with over 15 years in the retail business. He has worked in Padini, the largest branded clothing and accessories company in Malaysia. He then worked for Aktif Lifestyle store (formerly Yaohan) as store manager before the company was acquired by PCSB. While previously employed at PCSB, Datuk Lee was assigned to supervise various Parkson stores throughout Malaysia, handling the day to day operations including in one of our best performance Parkson KLCC store. Datuk Lee was later promoted to divisional manager and was involved in the merchandising function. Since 2010, he has been visiting and studying our Parkson stores operations in the various countries Parkson is in. Datuk Lee has been assisting Tan Sri Cheng in overseeing the retail and branding business and identifying business opportunities. He is currently the Non-Executive Director of PRGL and Odel PLC.

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

MR WEE KHENG JIN
Independent, Non-Executive Director

Mr Wee Kheng Jin was appointed as a Director of the Company on 28 September 2011.

Mr Wee has more than 33 years of financial experience in a broad range of industries including banking, construction, hospitality services and real estate development. Mr Wee has previously worked at Citibank NA and Citicorp Investment Bank Singapore Limited in various senior positions. He is currently an Executive Director of Far East Organization and a Non-Executive Director of Yeo Hiap Seng Limited.

Mr Wee holds a Bachelor of Accountancy degree from the University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

GEN (R) TAN SRI DATO' SERI MOHD. ZAHIDI BIN HAJI ZAINUDDIN
Independent, Non-Executive Director

Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin was appointed as a Director of the Company on 28 September 2011 and was last re-elected on 31 October 2012. He is the Chairman of the Audit Committee and Nominating Committee, and a member of the Remuneration Committee.

Gen (R) Tan Sri Dato' Seri Mohd. Zahidi served the Malaysian Armed Forces for 37 years, holding many key appointments. He was the Chief of Defence Force with the rank of General from January 1999 until his retirement in April 2005. Gen (R) Tan Sri Dato' Seri Mohd. Zahidi currently serves as the audit chairman of a listed company in Malaysia, Genting Plantations Berhad. He is also the Chairman of the board of directors of Affin Holdings Bhd, a listed financial group holding company in Malaysia.

Gen (R) Tan Sri Dato' Seri Mohd. Zahidi is a graduate of the Senior Executive Program in National and International Security from Harvard University. He also holds a Master of Science (Defence and Strategic Studies) degree from Quaid-I-Azam University in Islamabad, Pakistan.

MR TAN SOO KHOON Independent, Non-Executive Director

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

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

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

MR MICHEL GRUNBERG Independent, Non-Executive Director

Mr Michel Grunberg was appointed as a Director of the Company on 28 September 2011 and was last re-elected on 24 October 2013. He is a member of the Nominating Committee.

He has more than 35 years of business and work experience in the retail industry. In particular, Mr Grunberg has worked with the Estee Lauder Group in senior capacities worldwide, including Europe, the Middle East, Africa and the Asia-Pacific Region. Notably, from 2000 to 2007, he served as the Senior Vice President & Regional Head of the Asia-Pacific Region, working in both Singapore and China. Since 2008, he has been a non-executive director of C.K. Tang Ltd., a retail company which operates the Tangs department stores in Singapore. Mr Grunberg also owns a business consultancy, MG Consultancy Pte Ltd.

Mr Grunberg holds a Master in Business Administration degree in Industrial Administration from Bosphorus University in Istanbul, Turkey and a Bachelor of Arts degree in Industrial Administration from Robert College in Istanbul, Turkey.

KEY MANAGEMENT

MR TOH PENG KOON

Chief Executive Officer

Mr Toh Peng Koon is the Chief Executive Officer of the Company. He is also an Executive Director of the Company. Details of his working experience are set out under the section on the Board of Directors.

MR THAM TUCK CHOY

Chief Executive Officer of Vietnam, Myanmar and Cambodia operations

Mr Tham Tuck Choy is the Chief Executive Officer of our Vietnam, Myanmar and Cambodia operations. Mr Tham joined PCSB since 1987, as Merchandising Manager and General Manager. In January 2005, Mr Tham was appointed as the Chief Operating Officer of our Vietnam operations and was subsequently appointed as the Chief Executive Officer of Parkson Vietnam. Prior to joining PCSB, Mr Tham worked for the Emporium group of companies which operated supermarkets and department stores in Malaysia.

Mr Tham obtained a Malaysia Certificate of Education from Catholic High School, Malaysia.

MR GUI CHENG HOCK

Group Chief Operating Officer of Indonesian operations

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

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

MR FANDAWAN RAMALI

Chief Operating Officer of PT Tozy Sentosa

Mr Fandawan Ramali is the Chief Operating Officer of our Indonesian subsidiary, PT Tozy Sentosa. Mr Fandawan has over 30 years of experience in the retail industry. He has previously worked for PT Matahari Putra Prima, a retail company listed on the Jakarta Stock Exchange and was also previously in charge of a representative office of The Continuity Company, a British retail company, in Indonesia. He was employed by PT Tozy Bintang Sentosa between 1996 and 2003 and by PT Tozy Sentosa since 2003.

Mr Fandawan holds a Bachelor of Business Administration degree from the Catholic University of Parahyangan Bandung, Indonesia.

MR KOH HUAT LAI

Chief Financial Officer

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

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

MS LEE SOOK BENG

Chief Auditor

Ms Lee Sook Beng is the Chief Auditor of the Company. Ms Lee has over 20 years of experience in accounting and audit functions in the retail industry. She has worked as an accountant at PCSB, in charge of general ledger section in the Head Office Accounts Department and at RA-PPB (Tops) Retail Sdn Bhd (Tops Supermarket chain) where she was a Category Manager in the merchandising department with responsibility over imports. From 2000 to May 2011, Ms Lee then worked at PRGL, where she was the Chief Auditor for all the Parkson stores in China. Since May 2011, Ms Lee has been the Chief Auditor in charge of audit for all our stores in Malaysia, Indonesia, Vietnam and Myanmar.

Ms Lee obtained a Certificate from the Institute of Chartered Secretaries and Administrators in the United Kingdom.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Tan Sri Cheng Heng Jem
(Executive Chairman)

Toh Peng Koon (Chief Executive Officer)

Non-Executive Non-Independent Directors

Tan Siang Long

Datuk Lee Kok Leong

Independent Directors

Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin

Tan Soo Khoon

Michel Grunberg

Wee Kheng Jin

AUDIT COMMITTEE

Chairman

Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin
(Lead Independent Director)

Members

Tan Soo Khoon

Tan Siang Long

NOMINATING COMMITTEE

Chairman

Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin

Members

Michel Grunberg

Tan Sri Cheng Heng Jem

REMUNERATION COMMITTEE

Chairman

Tan Soo Khoon

Members

Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin

Tan Siang Long

COMPANY SECRETARIES

Ang Siew Koon (ACIS)

Teo Meng Keong (ACIS)

REGISTERED OFFICE

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

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S Private Limited
63 Cantonment Road
Singapore 089758

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner in-charge:
Mr Philip Ng Weng Kwai
(Since the financial year ended 30 June 2013)

PRINCIPAL BANKERS

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

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

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

Vietnam International Bank
Sailing Tower Building
111A Pasteur Street
Ben Nghe Ward, District 1
Ho Chi Minh City
Vietnam

WEBSITE

www.parkson.com.sg

FINANCIAL CONTENTS

PARKSON RECEIVES SINGAPORE CORPORATE GOVERNANCE AWARD
Parkson Retail Asia Limited was awarded the Singapore Corporate Governance Award 2013, Most Improved Category, at the 14th SIAS Investors Choice Award held in Singapore on 8th November 2013. The award was presented to Mr Toh Peng Koon (CEO) by Mrs Josephine Teo, Senior Minister of State (Ministry of Finance and Ministry of Transport, Singapore).

CORPORATE GOVERNANCE REPORT

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

The Board meets at least four times a year. Fixed meetings are scheduled at the end of each year. Ad hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings. The Company's Articles of Association provide for Board meetings to be held via telephone, or other similar communication facilities whereby all persons participating in the meeting are able to communicate as a group, with at least one of the Directors present at the venue of the meeting for the duration of the meeting. The number of Board and Board Committee meetings held in the financial year ended 30 June 2014 ("FY2014") and the attendance of the Directors for the meetings are as follows:

	Board of Directors		**Audit Committee**		**Nominating Committee**		**Remuneration Committee**	
	Position	**Number of Meetings Attended**	**Position**	**Number of Meetings Attended**	**Position**	**Number of Meetings Attended**	**Position**	**Number of Meetings Attended**
Executive Directors								
Tan Sri Cheng Heng Jem	C	4/4	–	–	M	2/2	–	–
Toh Peng Koon	M	4/4	–	–	–	–	–	–
Non-executive Non-independent Directors								
Datuk Cheng Yoong Choong*	M	4/4	–	–	–	–	M	1/1
Tan Siang Long	M	4/4	M	4/4	–	–	–	–
Independent Directors								
Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin	M	4/4	C	4/4	C	2/2	M	1/1
Wee Kheng Jin	M	4/4	–	–	–	–	–	–
Tan Soo Khoon	M	4/4	M	4/4	–	–	C	1/1
Michel Grunberg	M	4/4	–	–	M	2/2	–	–

* Resigned on 31 May 2014

Legend:

C – Chairman

M – Member

CORPORATE GOVERNANCE REPORT

A formal letter will be given to each new Director upon his appointment, setting out the Director's duties and obligations. Incoming Directors, when appointed, will receive an orientation that includes briefings by the Management on the Group's structure, businesses, operations, and policies. All Directors are also given the opportunity to visit the Group's operational facilities and meet with the Management.

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

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

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

During FY2014, a training session was conducted by an external consultant pertaining to corporate communications. All the Directors attended the training session.

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

There was a change in the Board composition during FY2014. Datuk Cheng Yoong Choong ("Datuk Cheng"), a non-independent non-executive Director resigned on 31 May 2014. On 21 August 2014, Datuk Lee Kok Leong was appointed as a non-independent non-executive Director of the Company to fill the vacancy. As at the date of this report, the Board comprises eight members, six of whom are non-executive Directors. Four of the non-executive Directors, making up half of the Board, are independent i.e., they have no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company, and they are able to exercise objective judgment on corporate affairs independently from the Management. The other two non-executive Directors who are non-independent are Mr Tan Siang Long and Datuk Lee Kok Leong.

The independence of the Board as well as individual Directors is of utmost importance to the Board. The Nominating Committee determines the independence of each Director on an annual basis and as and when circumstances require, based on the guidelines provided in the Code. In addition, the Nominating Committee requires each Director to state whether he considers himself independent despite not having any relationships identified in the Code. Based on the above, the Nominating Committee determined that four Directors are independent and four are non-independent. The four Directors determined independent are Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin, Mr Wee Kheng Jin, Mr Tan Soo Khoon and Mr Michel Grunberg.

CORPORATE GOVERNANCE REPORT

As half of the Board is independent, the Board and the Nominating Committee are satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs.

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

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

The Board and the Nominating Committee are also of the view that the current Board and its board committees comprises Directors, who as a group, provide an appropriate balance and diversity of skills, experience and knowledge of the Group as well as core competencies such as accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. Profiles of the Directors are set out in the "Board of Directors" section in this Annual Report.

Although all Directors have an equal responsibility for the Company's operations, the role of the non-executive Directors is particularly important in ensuring that the strategies proposed by the Management are constructively challenged, fully discussed and examined, and that they take into account the long term interests of the Group's stakeholders, which includes shareholders, employees, customers and suppliers.

Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin, the lead independent non-executive Director, leads and co-ordinates the activities of the non-executive Directors and provides assistance to the non-executive Directors to constructively challenge and help develop proposals on strategy, review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance.

To facilitate a more effective check on Management, non-executive Directors are encouraged to meet regularly without the presence of Management.

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

The Chairman and the Chief Executive Officer are separate persons and there is no family relationship between them. Tan Sri Cheng Heng Jem is the Executive Chairman and Mr Toh Peng Koon is the Chief Executive Officer. There is a clear division of responsibilities between the Chairman and the Chief Executive Officer to ensure that there is a balance of power, increased accountability and greater capacity of the Board for independent decision making

The Chairman leads the Board in adhering to and maintaining a high standard of corporate governance with full support of the Directors and Management. He is responsible for, among others, the formulation of the Group's strategic directions and expansion plans and managing the Group's overall business development. As the Chairman of the Board, he approves the agenda of each Board meeting in consultation with the Chief Executive Officer and ensures material information is provided to the Board to

CORPORATE GOVERNANCE REPORT

facilitate good decision-making. He also promotes open dialogue and debate during Board meetings. The Chairman monitors communications and relations between the Company and its shareholders, between the Board and the Management and between independent and non-independent Directors, in order to facilitate and encourage constructive relations and dialogue among them.

Mr Toh Peng Koon, the Chief Executive Officer, is responsible for the expansion of the Group's retail business and assumes the executive responsibility for the day-to-day management of the Group.

The Board has appointed Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin to act as the lead independent Director. Shareholders with concerns may contact him directly, when contact through the normal channels via the Chairman, Executive Directors and Chief Financial Officer has failed to provide satisfactory resolution or when such contact is inappropriate. As the lead independent Director, he leads and encourages dialogue between independent Directors without the presence of the other Directors and provides feedback to the Chairman after such meetings.

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

The Nominating Committee has been constituted to make recommendations to the Board on matters relating to board appointments. It comprises the following three Directors, the majority of whom, including the chairman of the Nominating Committee, are independent. Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin, the lead independent Director is also the Chairman of the Nominating Committee.

Independent Directors
Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin (Chairman)
Michel Grunberg

Executive Director
Tan Sri Cheng Heng Jem

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

The Nominating Committee and the Board are of the view that, setting a maximum number of listed company board representation a Director may hold is not meaningful, as the contribution of each Director would depend on their individual circumstances. This includes whether or not they have a full time vocation or other responsibilities, their individual capabilities and the nature and the complexity of the organizations in which they hold appointments. The Nominating Committee, with the concurrence of the Board, were satisfied that each of the Directors is able to and had adequately carried out his duties as a Director of the Company in FY2014, and had given sufficient time and attention to the affairs of the Company.

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

Pursuant to Section 153 of the Companies Act, Cap. 50, Tan Sri Cheng Heng Jem shall retire at the forthcoming AGM. In accordance with Article 91 of the Articles of Association ("AoA") of the Company, Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin and Mr Wee Kheng Jin will retire at the forthcoming AGM. All the 3 retiring Directors have submitted themselves for re-appointment/re-election. In this regard, the Nominating Committee, having considered the attendance and participation of the retiring Directors at the Board and Board committee meetings, in particular, their contribution to the business and operations of the Company, has recommended their re-appointment/re-election. The Board has concurred with the Nominating Committee's recommendation.

CORPORATE GOVERNANCE REPORT

The Company has appointed Datuk Lee Kok Leong ("Datuk Lee") as non-independent and non- executive Director in place of Datuk Cheng on 21 August 2014. Pursuant to Article 97 of the AoA of the Company, Datuk Lee shall retire at the forthcoming AGM. The Board recommended his re-election.

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

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

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

The last Board of Directors' evaluation was conducted in August 2014. The Board was satisfied that the Board as a whole and its board committee were effective and that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the Board Committees. The Board did not engage an external facilitator for the assessment process for FY2014.

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

Directors are furnished with complete and adequate information from the Management about the Group. Information provided includes board papers and related materials, relevant background or explanatory information relating to the business to be discussed at Board meetings, copies of disclosure documents, budgets and financial statements. The Directors are also provided with the contact details of the Management to provide for and facilitate separate and independent access by the Directors, and to facilitate timely responses from the Management in the event the Directors have further enquiries or need to request for additional information to make informed decisions. The Management will disclose and explain any material variance between the projections and actual results in respect of budgets.

All Directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary attends all meetings of the Board and ensures that the Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also attends all meetings of the Audit Committee, Nominating Committee

CORPORATE GOVERNANCE REPORT

and Remuneration Committee. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flows within the Board and its committees and between Management and the non-executive Directors.

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

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

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

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

Non-Executive Independent Directors
Tan Soo Khoon (Chairman)
Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin

Non-Executive Director
Datuk Cheng Yoong Choong (resigned on 31 May 2014)
Tan Siang Long (appointed on 31 May 2014)

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

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

The Remuneration Committee is to recommend to the Board a framework of remuneration for the Directors and key management personnel, and to determine specific remuneration packages for each Director and key management personnel. All aspects of remuneration, including but not limited to the Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered by the Remuneration Committee.

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

CORPORATE GOVERNANCE REPORT

The Remuneration Committee will seek expert advice inside and/or outside the company on remuneration of all directors if necessary. No external remuneration consultant was engaged in FY2014. The Company may engage an external consultant in FY2015 to assist the Remuneration Committee in putting up a framework on remuneration for the Directors and key management personnel.

The Company had entered into a service agreement with the Executive Director, Mr Toh Peng Koon, as disclosed in the Company's prospectus dated 27 October 2011, and which is valid for an initial period of three years commencing from the date of listing of the Company on the SGX-ST, being 3 November 2011. He is generally bound by confidentiality obligations and is required to observe non-compete restrictions pursuant to which he has covenanted not to be employed in or carry on business in competition with our Group or solicit the senior employees, suppliers, customers, officers, agents or consultants of our Group in countries in which our Group has carried on business for 12 months after the date of cessation of employment under his service agreement. The service agreement does not contain onerous removal clauses.

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

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

The Remuneration Committee periodically considers and reviews remuneration packages in order to maintain their attractiveness, so as to retain and motivate the Directors and key executives, and to ensure that a proportion of the remuneration is linked to corporate and individual's performance and to align the interests of the executive directors and key management personnel with those of shareholders and long-term success of the Company; and through, among others, participation in the Parkson Retail Asia Limited Employee Share Option Scheme (the "ESOS") or other share plans that may be implemented by the Group.

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

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

CORPORATE GOVERNANCE REPORT

Directors' fee structure is as follows:

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

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

The Remuneration Committee had recommended to the Board a maximum amount of S$460,000 as total Directors' fees to be paid for FY2015. This recommendation will be tabled for shareholders' approval at the AGM.

Principle 9: Disclosure on Remuneration
Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown, showing the level and mix of each individual Director's remuneration for FY2014 is as follows:

	Fee %	Salary %	Variable Bonus %	Benefits in kind %	Total %	Total S$'000
Executive Directors						
Tan Sri Cheng Heng Jem	100	–	–	–	100	55
Toh Peng Koon	17	52	20	11	100	330
Non-Executive Directors						
Datuk Cheng Yoong Choong*	6	19	60	15	100	914
Tan Siang Long	100	–	–	–	100	60
Gen (R) Tan Sri Dato Seri Mohd Zahidi bin Haji Zainuddin	100	–	–	–	100	65
Wee Kheng Jin	100	–	–	–	100	55
Tan Soo Khoon	100	–	–	–	100	60
Michel Grunberg	100	–	–	–	100	55
						1,594

* Datuk Cheng Yoong Choong resigned from the board with effect from 31 May 2014

CORPORATE GOVERNANCE REPORT

A breakdown, showing the level and mix of the 5 key management personnel's (who are not also Directors) remuneration (in bands of S$250,000) for FY2014 is as follows:

	Salary %	Variable Bonus %	Benefits in kind %	Total %
Key Executives				
Band A[1]				
Tham Tuck Choy	60	19	21	100
Raymond Teo Kheng San (resigned on 31 July 2014)	65	21	14	100
Fandawan Ramali	79	16	5	100
Koh Huat Lai	71	17	12	100
Lee Sook Beng	55	15	30	100

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

For FY2014, the aggregate total remuneration paid to the top 5 key management personnel amounted to S$897,381.

Ms Cheng Hui Yen, Natalie, who is the daughter of Tan Sri Cheng Heng Jem, has an employment relationship with a subsidiary of the Company, and has received remuneration (comprising salary, bonus and benefits-in-kind) within the band from S$50,000 to S$99,999 during FY2014. The basis for determining her remuneration was the same as the basis for determining the remuneration of unrelated employees.

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

The Company had on 12 October 2011 adopted the ESOS, representing share-based incentive options of the Company. As at 30 June 2014, no options under the ESOS have been granted.

The main features of the ESOS are as follows:

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements. The Compliance Officer was invited to attend all the Audit Committee and Board Meetings in FY2014.

Management provides the Executive Directors with monthly financial reports. Additional or ad-hoc meetings are conducted, when required.

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

The Board, with the concurrence of the Audit Committee, is of the opinion that, based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, the various Board committees and the Board, the system of internal controls in place is adequate and effective in addressing the financial, operational and compliance and information technology controls, and risk management systems of the Group, as at 30 June 2014. It should be noted that the system of internal controls and risk management can provide only reasonable, but not absolute, assurance against financial misstatements or loss, and of safeguarding of assets, maintenance of proper accounting records, reliability of financial information and compliance with all relevant legislation. The Board will continue its on-going risk assessment process with a view to improve the Company's internal controls system.

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

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

Non-Executive Independent Directors
Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin (Chairman)
Tan Soo Khoon

CORPORATE GOVERNANCE REPORT

Non-Executive Non- Independent Director
Tan Siang Long

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

- reviewing the significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- reviewing the adequacy of the Group's internal controls comprising internal financial controls, operational and compliance controls, including procedures for entering into hedging transactions, and risk management policies and systems established by the management (collectively, "internal controls"), ensuring that such review of the effectiveness of the internal controls is conducted at least annually;
- reviewing, with the external auditor, his evaluation of the system of internal accounting controls;
- reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;
- reviewing the effectiveness of the Group's internal audit function;
- appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls; and
- making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

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

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

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

Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin currently serves as the chairman of the audit committee of a company listed on Bursa Malaysia, Genting Plantations Berhad and Mr Tan Soo Khoon has been the managing director of a watch distribution company, Crystal Time (S) Pte Ltd, since 1978. One of the Audit Committee members, Mr Tan Siang Long is knowledgeable about information technology (IT) systems and controls and possesses relevant experience to assess IT-related matters, in addition to his experience in the retail industry. Please refer to the profile in the Board of Directors Section in this Annual Report.

The Audit Committee held four meetings in FY2014. These meetings were attended by the Chief Executive Officer, the Chief Executive Officer in-charge of the Group's operations in Vietnam, Myanmar and Cambodia. the Chief Financial Officer, the Chief Auditor and the Compliance Officer at the invitation of the Audit Committee. The Group's external auditors were also present at relevant junctures during some of these meetings.

CORPORATE GOVERNANCE REPORT

In FY2014, the Audit Committee has met with the external auditors twice, without the presence of the Executive Directors and Management, in August 2013 and February 2014 and has met the internal auditors once without the presence of the Executive Directors and Management in November 2013. Subsequent to FY2014, a private session was also held with the External Auditors and Internal Auditors separately in August 2014.

The Audit Committee also reviewed the Group's full-year results announcement, the financial statements of the Company and the consolidated financial statements of the Group for FY2014 prior to making recommendations to the Board for approval.

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

The Audit Committee has reviewed non-audit services provided by the external auditors, Ernst & Young LLP, for FY2014, and is of the opinion that the provision of such services did not affect the independence or objectivity of the external auditors. The external auditors have affirmed their independence in this respect.

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

	Financial year ended 30 June 2014	
	S$'000	**Percentage %**
Audit services	102	100.00
Non-audit services	–	–
	102	100.00

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

The Company has complied with Rules 712 and Rule 715 or 716 in relation to its auditors.

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

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

CORPORATE GOVERNANCE REPORT

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

The internal audit department is a department independent of Management. Ms Lee Sook Beng, the Chief Auditor, has a direct and primary reporting line to the chairman of the Audit Committee, with administrative reporting to the Chief Executive Officer. The relevant qualifications and experience of Ms Lee are set out in the Key Management section of this Annual Report.

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

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

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

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

Based on the last review, the Audit Committee is satisfied that the internal audit function is adequately resourced, with appropriate standing within the Company.

Principal 14: Shareholder Rights
Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

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

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

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

CORPORATE GOVERNANCE REPORT

Principal 15: Communications with Shareholders
Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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

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

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

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

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

The Company believes in encouraging greater shareholder participation at general meetings. Shareholders have the opportunity to participate effectively and to vote at general meetings. A shareholder may either vote in person or in absentia through the appointment of not more than two proxies to vote on his behalf at the meeting by sending in the proxy form(s) within 48 hours of the general meeting. At general meetings, shareholders are given the opportunity to participate in the question and answer session.

Each resolution to be voted in the general meetings are clearly separated.

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

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

CORPORATE GOVERNANCE REPORT

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

DEALING IN SECURITIES

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

MATERIAL CONTRACTS

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

STATUS REPORT ON USE OF IPO PROCEEDS

The Company had successfully raised net proceeds of S$72.4 million from its initial public offering of 80,000,000 new ordinary shares at S$0.94 each on 3 November 2011. As at 30 June 2014, the Company has utilized:

- S$23.7 million for the purpose of store openings in Malaysia, Indonesia and Vietnam;
- S$2.9 million for the purpose of information technology investment;
- S$12.4 million to subscribe for the rights issue of shares in an associate company, Odel PLC; and
- S$2.6 million as capital contribution to a joint-venture company established to operate department stores in Myanmar.

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

The Company will make periodic announcements on the use of the balance net proceeds, as and when the funds are materially disbursed.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS (IPTs)

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

The Audit Committee has reviewed the IPTs for FY2014. The aggregate value of the IPTs between the Group and the interested persons for FY2014 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Lion Corporation Berhad Group(1)	–	180
Lion Forest Industries Berhad Group(2)	163	1,368
Lion Industries Corporation Berhad Group(3)	–	116
Parkson Holdings Berhad Group(4)	190	1,917
Secom (Malaysia) Sdn Bhd(5)	–	300
Bonuskad Loyalty Sdn Bhd(6)	–	10,292
WatchMart (M) Sdn Bhd(7)	–	181
PT Monica Hijaulestari(8)	–	3,971
PT Tozy Bintang Sentosa(9)	–	258

Notes:

(1) Purchase of equipment, furniture and fittings from Lion Trading & Marketing Sdn Bhd and sales of gift vouchers to Megasteel Sdn Bhd.

(2) (i) Purchase of merchandise from Brands Pro Management Sdn Bhd totaling S$0.163 million;

(ii) Purchase of building materials from Posim Marketing Sdn Bhd and purchases of light fittings and procurement of energy conservation services from Posim EMS Sdn Bhd totaling S$1.368 million.

(3) Sale of gift vouchers to Amsteel Mills Marketing Sdn Bhd and Amsteel Mills Sdn Bhd..

(4) (i) Royalty expenses payable to Smart Spectrum Limited totaling S$0.190 million;

(ii) Rental of retail space from Festival City Sdn Bhd, sale of gift cards to Festival City Sdn Bhd and concessionaire agreements with Park Avenue Fashion Sdn Bhd totaling S$1.917 million

(5) Purchase of security equipment and procurement of security services

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

(7) Purchase of merchandise

(8) Purchase of "The Body Shop" products

(9) Rental of office and warehouse

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2014.

DIRECTORS

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

Tan Sri Cheng Heng Jem
Toh Peng Koon
Tan Siang Long
Wee Kheng Jin
Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin
Tan Soo Khoon
Michel Grunberg
Datuk Lee Kok Leong (appointed on 21 August 2014)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Tan Sri Cheng Heng Jem	500,000	500,000	457,933,300	457,933,300
Toh Peng Koon	90,000	90,000	–	–
Tan Siang Long	60,000	60,000	–	–
Wee Kheng Jin	60,000	60,000	–	–
Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin	60,000	60,000	–	–
Michel Grunberg	60,000	60,000	–	–
Tan Soo Khoon	60,000	60,000	–	–

DIRECTORS' REPORT

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the ultimate holding company (Parkson Holdings Berhad ("PHB"))				
Tan Sri Cheng Heng Jem	218,439,012	258,050,652	300,324,984	292,291,161
Ordinary shares of a related corporation (Parkson Retail Group Limited ("PRGL"))				
Tan Sri Cheng Heng Jem	–	–	1,448,270,000	1,448,270,000

The direct interest of the directors in shares of the Company arose in connection with the listing of the Company on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 3 November 2011. The directors were offered reserved shares at a price of S$0.94 per share for which the directors subscribed accordingly.

The immediate holding company is East Crest International Limited ("ECIL"). Parkson Holdings Berhad ("PHB") is the sole shareholder of ECIL, and is as such deemed to be interested in the shares of the Company held by ECIL. Tan Sri Cheng Heng Jem has a direct interest in 24.95% and an indirect interest in 28.26% of the ordinary shares of PHB, and as such by virtue of his control of the exercise of not less than 20.0% of the votes attached to the voting shares in PHB, is deemed to be interested in the shares of the Company held by ECIL.

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2014.

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

DIRECTORS' CONTRACTUAL BENEFITS

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

DIRECTORS' REPORT

OPTIONS

No options were issued by the Company or its subsidiaries during the financial year. As at 30 June 2014, there were no options on the unissued shares of the Company or its subsidiaries which were outstanding.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin, Tan Siang Long and Tan Soo Khoon. The chairman of the AC is Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Haji Zainuddin. Majority of the members, including the Chairman, are independent non-executive directors.

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

AUDITOR

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

On behalf of the board of directors:

Tan Sri Cheng Heng Jem
Director

Toh Peng Koon
Director

Singapore
23 September 2014

STATEMENT BY DIRECTORS

We, Tan Sri Cheng Heng Jem and Toh Peng Koon, being two of the directors of Parkson Retail Asia Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

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

On behalf of the board of directors:

Tan Sri Cheng Heng Jem
Director

Toh Peng Koon
Director

Singapore
23 September 2014

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
Independent Auditor's Report to the Members of Parkson Retail Asia Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 45 to 129, which comprise the balance sheets of the Group and the Company as at 30 June 2014, the statement of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Independent Auditor's Report to the Members of Parkson Retail Asia Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
23 September 2014

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
(Amounts expressed in Singapore Dollars)

	Note	2014 SGD'000	2013 SGD'000 (Restated)
Revenue	4	**432,037**	446,728
Other items of income			
Finance income	5	**6,973**	5,817
Other income	6	**7,014**	6,592
Items of expense			
Changes in merchandise inventories and consumables		**(167,449)**	(181,731)
Employee benefits expense	7	**(49,525)**	(47,588)
Depreciation and amortisation expenses		**(20,365)**	(19,610)
Promotional and advertising expenses		**(9,392)**	(9,139)
Rental expenses		**(103,308)**	(101,049)
Finance costs	5	**(674)**	(363)
Other expenses		**(49,916)**	(47,401)
Share of results of an associate		**879**	269
Profit before tax	8	**46,274**	52,525
Income tax expense	9	**(13,697)**	(15,034)
Profit for the year		**32,577**	37,491
Profit for the year attributable to:			
Owners of the Company		**34,901**	39,048
Non-controlling interests		**(2,324)**	(1,557)
		32,577	37,491
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	**5.15**	5.77

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
(Amounts expressed in Singapore Dollars)

	2014 SGD'000	2013 SGD'000 (Restated)
Profit for the year	**32,577**	37,491
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan, net of tax	**54**	821
Share of results of an associate	**(33)**	(75)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(12,455)**	(1,792)
	(12,434)	(1,046)
Total comprehensive income for the year	**20,143**	36,445
Attributable to:		
Owners of the Company	**22,475**	38,051
Non-controlling interests	**(2,332)**	(1,606)
	20,143	36,445

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

BALANCE SHEETS

AS AT 30 JUNE 2014
(Amounts expressed in Singapore Dollars)

	Note	Group 30.6.2014 SGD'000	Group 30.6.2013 SGD'000 (Restated)	Group 1.7.2012 SGD'000 (Restated)	Company 30.6.2014 SGD'000	Company 30.6.2013 SGD'000
ASSETS						
Non-current assets						
Property, plant and equipment	13	**89,522**	77,046	79,502	**–**	–
Land use right	14	**7,913**	8,173	8,494	**–**	–
Investments in subsidiaries	11	**–**	–	–	**148,440**	153,122
Investment in an associate	12	**26,539**	27,071	–	**26,074**	27,157
Deferred tax assets	15	**3,805**	2,097	848	**–**	–
Other receivables	16	**24,876**	23,823	24,091	**32,135**	20,311
Prepayments		**13,576**	19,560	14,167	**–**	–
Intangible assets	17	**5,737**	7,205	7,513	**–**	–
Derivatives	18	**20**	21	21	**–**	–
Investment securities	19	**91**	93	93	**–**	–
		172,079	165,089	134,729	**206,649**	200,590
Current assets						
Inventories	20	**63,628**	58,209	58,231	**–**	–
Trade and other receivables	16	**23,514**	29,130	29,311	**27,493**	25,320
Prepayments		**6,126**	3,779	3,035	**22**	–
Tax recoverable		**2,515**	4,033	1,226	**–**	–
Cash and short-term deposits	21	**150,881**	176,830	190,346	**3,514**	21,373
		246,664	271,981	282,149	**31,029**	46,693
Total assets		**418,743**	437,070	416,878	**237,678**	247,283
EQUITY AND LIABILITIES						
Current liabilities						
Trade and other payables	22	**141,869**	146,451	143,656	**762**	581
Other liabilities	23	**26,995**	23,256	23,234	**–**	–
Loans and borrowings		**–**	–	61	**–**	–
Tax payable		**790**	1,529	1,329	**–**	–
		169,654	171,236	168,280	**762**	581
Net current assets		**77,010**	100,745	113,869	**30,267**	46,112
Non-current liabilities						
Other payables	22	**10,094**	8,397	8,034	**–**	–
Deferred tax liabilities	15	**176**	155	548	**–**	–
		10,270	8,552	8,582	**–**	–
Total liabilities		**179,924**	179,788	176,862	**762**	581
Net assets		**238,819**	257,282	240,016	**236,916**	246,702

BALANCE SHEETS

AS AT 30 JUNE 2014
(Amounts expressed in Singapore Dollars)

		Group			Company	
	Note	**30.6.2014 SGD'000**	**30.6.2013 SGD'000 (Restated)**	**1.7.2012 SGD'000 (Restated)**	**30.6.2014 SGD'000**	**30.6.2013 SGD'000**
Equity attributable to owners of the Company						
Share capital	24	**231,676**	231,676	231,676	**231,676**	231,676
Other reserves	25	**(150,337)**	(137,890)	(136,147)	**(11,710)**	(4,250)
Retained earnings		**157,326**	161,010	141,535	**16,950**	19,276
		238,665	254,796	237,064	**236,916**	246,702
Non-controlling interests		**154**	2,486	2,952	**–**	–
Total equity		**238,819**	257,282	240,016	**236,916**	246,702
Total equity and liabilities		**418,743**	437,070	416,878	**237,678**	247,283

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
(Amounts expressed in Singapore Dollars)

		Attributable to owners of the Company				
	Equity, total SGD'000	Equity attributable to owners of the Company, total SGD'000	Share capital (Note 24) SGD'000	Retained earnings SGD'000	Other reserves (Note 25) SGD'000	Non-controlling interests SGD'000
Group						
Opening balance at 1 July 2013						
– As previously reported	**257,871**	**255,385**	**231,676**	**161,614**	**(137,905)**	**2,486**
– Effects of adoption of revised FRS19	**(880)**	**(880)**	**–**	**(895)**	**15**	**–**
– Adjustment on investment in an associate	**(455)**	**(455)**	**–**	**(455)**	**–**	**–**
– Remeasurement of defined benefit plan, net of tax	**821**	**821**	**–**	**821**	**–**	**–**
– Share of results of an associate	**(75)**	**(75)**	**–**	**(75)**	**–**	**–**
– As restated	**257,282**	**254,796**	**231,676**	**161,010**	**(137,890)**	**2,486**
Profit for the year	**32,577**	**34,901**	**–**	**34,901**	**–**	**(2,324)**
Other comprehensive income						
Foreign currency translation	**(12,455)**	**(12,447)**	**–**	**–**	**(12,447)**	**(8)**
Remeasurement of defined benefit plan, net of tax	**54**	**54**	**–**	**54**	**–**	**–**
Share of results of an associate	**(33)**	**(33)**	**–**	**(33)**	**–**	**–**
	(12,434)	**(12,426)**	**–**	**21**	**(12,447)**	**(8)**
Total comprehensive income for the year	**20,143**	**22,475**	**–**	**34,922**	**(12,447)**	**(2,332)**
Contributions by and distributions to owners						
Dividends on ordinary shares (Note 26), representing total transactions with owners in their capacity as owners	**(38,606)**	**(38,606)**	**–**	**(38,606)**	**–**	**–**
Closing balance at 30 June 2014	**238,819**	**238,665**	**231,676**	**157,326**	**(150,337)**	**154**

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
(Amounts expressed in Singapore Dollars)

		Attributable to owners of the Company				
	Equity, total SGD'000	**Equity attributable to owners of the Company, total SGD'000**	**Share capital (Note 24) SGD'000**	**Retained earnings SGD'000**	**Other reserves (Note 25) SGD'000**	**Non-controlling interests SGD'000**
Group						
Opening balance at 1 July 2012						
– As previously reported	240,776	237,824	231,676	142,295	(136,147)	2,952
– Effects of adoption of revised FRS19	(760)	(760)	–	(760)	–	–
– As restated	240,016	237,064	231,676	141,535	(136,147)	2,952
Profit for the year						
– As previously reported	38,081	39,638	–	39,638	–	(1,557)
– Effects of adoption of revised FRS19	(135)	(135)	–	(135)	–	–
– Adjustment on investment in associate (Note 33)	(455)	(455)	–	(455)	–	–
– As restated	37,491	39,048	–	39,048	–	(1,557)
Other comprehensive income						
Foreign currency translation						
– As previously reported	(1,807)	(1,758)	–	–	(1,758)	(49)
– Effects of adoption of revised FRS19	15	15	–	–	15	–
– As restated	(1,792)	(1,743)	–	–	(1,743)	(49)
Remeasurement of defined benefit plan, net of tax	821	821	–	821	–	–
Share of results of an associate	(75)	(75)	–	(75)	–	–
	(1,046)	(997)	–	746	(1,743)	(49)
Total comprehensive income for the year	36,445	38,051	–	39,794	(1,743)	(1,606)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
(Amounts expressed in Singapore Dollars)

		Attributable to owners of the Company				
	Equity, total SGD'000	Equity attributable to owners of the Company, total SGD'000	Share capital (Note 24) SGD'000	Retained earnings SGD'000	Other reserves (Note 25) SGD'000	Non-controlling interests SGD'000
Group						
Opening balance at 1 July 2012 (Continued)						
Contributions by and distributions to owners						
Dividends on ordinary shares (Note 26)	(20,319)	(20,319)	–	(20,319)	–	–
Contributions by non-controlling interests	1,140	–	–	–	–	1,140
Total transactions with owners in their capacity as owners	(19,179)	(20,319)	–	(20,319)	–	1,140
Closing balance at 30 June 2013						
– As previously reported	257,871	255,385	231,676	161,614	(137,905)	2,486
– Effects of adoption of revised FRS19	(880)	(880)	–	(895)	15	–
– Adjustment on investment in an associate (Note 33)	(455)	(455)	–	(455)	–	–
– Remeasurement of defined benefit plan, net of tax	821	821	–	821	–	–
– Share of results of an associate	(75)	(75)	–	(75)	–	–
– As restated	257,282	254,796	231,676	161,010	(137,890)	2,486

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
(Amounts expressed in Singapore Dollars)

	Equity, total SGD'000	Share capital (Note 24) SGD'000	Retained earnings SGD'000	Other reserves (Note 25) SGD'000
Company				
Opening balance at 1 July 2013	**246,702**	**231,676**	**19,276**	**(4,250)**
Profit for the year	**36,280**	**–**	**36,280**	**–**
Other comprehensive income				
Foreign currency translation, representing total other comprehensive income for the year	**(7,460)**	**–**	**–**	**(7,460)**
Total comprehensive income for the year	**28,820**	**–**	**36,280**	**(7,460)**
Distributions to owners				
Dividends on ordinary shares (Note 26), representing total transactions with owners in their capacity as owners	**(38,606)**	**–**	**(38,606)**	**–**
Closing balance at 30 June 2014	**236,916**	**231,676**	**16,950**	**(11,710)**
Opening balance at 1 July 2012	250,374	231,676	21,224	(2,526)
Profit for the year	18,371	–	18,371	–
Other comprehensive income				
Foreign currency translation, representing total other comprehensive income for the year	(1,724)	–	–	(1,724)
Total comprehensive income for the year	16,647	–	18,371	(1,724)
Distributions to owners				
Dividends on ordinary shares (Note 26), representing total transactions with owners in their capacity as owners	(20,319)	–	(20,319)	–
Closing balance at 30 June 2013	246,702	231,676	19,276	(4,250)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
(Amounts expressed in Singapore Dollars)

	Note	2014 SGD'000	2013 SGD'000 (Restated)
Operating activities			
Profit before tax		**46,274**	52,525
Adjustments for:			
Depreciation of property, plant and equipment	13	**19,638**	18,905
Amortisation of intangible assets	17	**596**	574
Amortisation of land use right	14	**131**	131
Allowance/(write-back) for doubtful trade and other receivables, net		**1,126**	(108)
Unrealised exchange (gain)/loss		**(266)**	584
Net benefit expense/(income) from defined benefit plan	22	**98**	(388)
Property, plant and equipment written off		**88**	194
Impairment of property, plant and equipment		**540**	–
Gain on disposal of property, plant and equipment		**(50)**	(12)
Amortisation of deferred lease expense	16	**2,197**	1,043
Amortisation of deferred lease income	22	**(699)**	(500)
Income from expired gift vouchers		**(1,025)**	(1,045)
Share of results of an associate		**(879)**	(269)
Dividend income from investment securities		**–**	(84)
Finance costs		**674**	363
Finance income		**(6,973)**	(5,817)
Operating cash flows before changes in working capital		**61,470**	66,096
Changes in working capital:			
Decrease/(increase) in:			
Inventories		**(7,597)**	296
Trade and other receivables		**(241)**	2,719
Prepayments		**948**	(9,279)
Increase in:			
Trade and other payables		**2,975**	3,538
Other liabilities		**6,005**	944
Cash flows from operations		**63,560**	64,314
Interest received		**6,668**	4,544
Interest paid		**(132)**	(2)
Income taxes paid		**(14,510)**	(19,012)
Net cash flows from operating activities		**55,586**	49,844
Investing activities			
Proceeds from disposal of property, plant and equipment		**226**	33
Purchase of property, plant and equipment	A	**(37,960)**	(17,004)
Additions to intangible assets		**(315)**	(517)
Investment in an associate		**–**	(27,364)
Dividend income from investment securities		**–**	84
Dividend income from an associate		**295**	280
Net cash flows used in investing activities		**(37,754)**	(44,488)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
(Amounts expressed in Singapore Dollars)

	Note	2014 SGD'000	2013 SGD'000 (Restated)
Financing activities			
Repayment of finance lease obligations		**–**	(5)
Dividends paid on ordinary shares	26	**(38,606)**	(20,319)
Contributions by non-controlling interests		**–**	1,140
Net cash flows used in financing activities		**(38,606)**	(19,184)
Net decrease in cash and cash equivalents		**(20,774)**	(13,828)
Effect of exchange rate changes on cash and cash equivalents		**(5,175)**	368
Cash and cash equivalents at 1 July		**176,830**	190,290
Cash and cash equivalents at 30 June	21	**150,881**	176,830

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2014 SGD'000	2013 SGD'000
Current year additions to property, plant and equipment	13	**37,332**	17,851
Less: Payable to creditors	22	**(713)**	(1,341)
		36,619	16,510
Add: Payments for prior year purchase		**1,341**	494
Net cash outflow for purchase of property, plant and equipment		**37,960**	17,004

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

1. CORPORATE INFORMATION

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

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

- Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia;
- 35 Bis – 45 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam;
- TD Plaza Building, Cat Bi T Junction Urban Area, Hai Phong City, Vietnam;
- Hung Vuong Plaza, No. 126 Hung Vuong Street, Ward 12, District 5 Ho Chi Minh City, Vietnam;
- Viet Tower Building, 198B Tay Son Street, Dong Da District, Hanoi, Vietnam;
- Jl. Prof. Dr. Satrio Blok A/35, Sentosa Building Sector VII Bintaro Jaya, Tangerang, Banten, Indonesia; and
- No.380 Bogyoke Aung San Road, FMI Centre, Pabedan Township, Yangon, Myanmar.

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollars ("SGD"). All values in the table are rounded to the nearest thousand (SGD'000) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company except for those as discussed below:

Revised FRS 19 Employee Benefits

On 1 July 2013, the Group adopted the Revised FRS 19 Employee Benefits.

For defined benefit plans, the revised FRS 19 requires all actuarial gains and losses to be recognised in other comprehensive income and unvested past service costs to be recognised immediately in profit or loss when incurred.

Prior to adoption of the revised FRS 19, the Group recognised actuarial gains and losses as income or expense when the net cumulative unrecognised gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognised unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised FRS 19, the Group changed its accounting policy to recognise all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

The revised FRS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

The changes in accounting policies have been applied retrospectively. The effects of adoption on the comparative figures are disclosed in Note 33. The Group has determined that it is impractical to determine the amount of the adjustment for the current period upon adoption of the revised FRS 19.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 36 Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
FRS 110, FRS 111 and FRS 112 Amendments to the transition guidance of FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities	1 January 2014
FRS 110, FRS 112 and FRS 27 Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities	1 January 2014
INT FRS 120 Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities	1 January 2014
Amendments to FRS 19 Defined Benefits Plans: Employee Contributions	1 July 2014
Improvements to FRS 2014:	
– Amendments to FRS 16 Property, Plant and Equipment	1 July 2014
– Amendments to FRS 24 Related Party Disclosures	1 July 2014
– Amendment to FRS 113 Fair Value Measurement	1 July 2014

Except for FRS 112, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 112 are described below.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when applied in the financial year ending 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Basis of consolidation

(a) *Basis of consolidation*

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

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

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

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

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Basis of consolidation (Continued)

(b) *Business combinations*

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

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

2.6 Functional and foreign currency

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

(a) Transactions and balances

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Functional and foreign currency (Continued)

(b) *Consolidated and separate financial statements*

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

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

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

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	25 years
Renovation	2 – 10 years
Furniture, fittings and equipment	1 – 10 years
Motor vehicles	4 – 7 years

Capital work-in-progress is not depreciated as it is 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment (Continued)

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 Intangible assets

(a) Goodwill

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the exchange rates prevailing at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Intangible assets (Continued)

(b) *Other intangible assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

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

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

(i) Club memberships

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

(ii) Customer relationships

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Intangible assets (Continued)

(b) Other intangible assets (Continued)

(iii) Software

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

(iv) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures for online retail website are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of expected usage (i.e. 3 years) on a straight line basis.

2.9 Land use right

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units 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 are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also 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 as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associate is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associate.

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

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

For publicly listed associated company, it would not be practicable to ensure that their results are released prior to the results of the Group. Therefore, the Group accounts for its share of the results of its publicly listed associated company based on publicly-announced financial statements for the twelve months period ended 31 March 2014. This is applied on a consistent basis and adjustments are made for any significant events that occur between 1 April 2014 to 30 June 2014. As such, the Group will account for the results of publicly listed associated company with a time lag of 3 months.

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 aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Related parties

A related party is defined as follows:

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

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

(ii) has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial instruments (Continued)

(a) *Financial assets (Continued)*

Subsequent measurement (Continued)

(ii) Loans and receivables

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

(iii) Available-for-sale financial assets

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

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

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

De-recognition

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

Regular way purchase or sale of a financial asset

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial instruments (Continued)

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement – financial liabilities at amortised cost

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

De-recognition

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

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Impairment of financial assets

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

(a) *Financial assets carried at amortised cost*

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Impairment of financial assets (Continued)

(b) *Financial assets carried at cost*

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

(c) *Available-for-sale financial assets*

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

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

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Cash and cash equivalents

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

2.17 Inventories

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

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

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

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

2.18 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company's subsidiaries in Malaysia make contributions to the Employees Provident Fund. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

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

(c) *Defined benefit plan*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: 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 even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) As lessee

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

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

Operating lease payments 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.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(d). Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue

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

(a) *Sale of goods*

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

(b) *Commissions from concessionaire sales*

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

(c) *Consultancy and management service fees*

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

(d) *Rental income*

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

(e) *Revenue from customer loyalty award*

The Group operates the Elite Card and Privilege Card 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, subject to a minimum number of points being obtained.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue (Continued)

(f) *Interest income*

Interest income is recognised using the effective interest method.

(g) *Royalty income*

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

(h) *Promotion income*

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

2.22 Taxes

(a) *Current income tax*

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

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

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

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

– In respect of taxable temporary differences associated with investments in subsidiaries and associate, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Taxes (Continued)

(b) *Deferred tax (Continued)*

Deferred income 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 accounting profit nor taxable profit or loss; and

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

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

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

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and 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 income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Taxes (Continued)

(c) Sales tax

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

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of trade and other receivables or trade and other payables in the balance sheet.

2.23 Segment reporting

The Group has a single operating segment, which is the operation and management of department stores. For management purposes, the Group is organised into business units based on the geographical location of customers and assets which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issue expenses

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Contingencies

A contingent liability is:

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. 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 periods.

3.1 Judgements made in applying accounting policies

No critical judgements were made by management in the process of applying the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

3.2 Key sources of estimation uncertainty

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

(a) 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 recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 9. The carrying amount of tax recoverable as at 30 June 2014 was SGD2,515,000 (2013: SGD4,033,000). The carrying amount of tax payable as at 30 June 2014 was SGD790,000 (2013: SGD1,529,000). The carrying amounts of the Group's deferred tax assets and deferred tax liabilities as at 30 June 2014 were SGD3,805,000 (2013: SGD2,097,000) and SGD176,000 (2013: SGD155,000) respectively.

(b) Customer loyalty award

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

- the range of merchandise available to the customers;
- the prices at which the Group sells the merchandise which can be redeemed and the discounts available for these merchandise;
- changes in the popularity of the programmes; and
- changing patterns in the redemption rates.

Details of deferred revenue from customer loyalty award are disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(c) *Defined benefit plans*

The cost of defined benefit pension plans 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 these assumptions. Further details are provided in Note 22.

(d) *Useful lives of intangible assets*

The cost of intangible assets (excluding goodwill) are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these intangible assets to be within 3 to 99 years. Management estimates the useful lives of these intangible assets based on historical experience of the actual useful lives of assets with similar nature and functions, as well as the economic environment and the expected use of the assets acquired. Changes in the market demand or technological developments could impact the economic useful lives of these assets; therefore, future amortisation expenses could be revised. The carrying amount of the Group's intangible assets (excluding goodwill) at the end of the reporting period was SGD1,461,000 (2013: SGD1,963,000).

(e) *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's goodwill at the end of the reporting period was SGD4,276,000 (2013: SGD5,242,000).

(f) *Impairment of property, plant and equipment*

The Group recognised impairment loss in respect of a subsidiary's property, plant and equipment. This requires an estimation of the value in use of the subsidiary's cash-generating unit to which the property, plant and equipment is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's property, plant and equipment at the end of the reporting period was SGD 89,522,000 (2013: SGD 77,046,000). Further details of the impairment loss recognised are disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

4. REVENUE

	Group	
	2014	2013
	SGD'000	SGD'000
		(Restated)
Sale of goods – direct sales	**210,298**	223,358
Commissions from concessionaire sales	**205,452**	205,695
Consultancy and management service fees	**1,044**	1,231
Rental income	**15,243**	16,444
	432,037	446,728

5. FINANCE INCOME/COSTS

	Group	
	2014	2013
	SGD'000	SGD'000
		(Restated)
Finance income		
Interest income on:		
– Short-term deposits and others	**5,976**	4,952
– Rental deposits receivables	**997**	865
	6,973	5,817
Finance costs		
Interest expense on:		
– Bank overdrafts	**8**	10
– Rental deposit payables	**666**	323
– Others	**–**	30
	674	363

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

6. OTHER INCOME

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
		(Restated)
Cash discount from suppliers	**1,253**	1,419
Promotion income	**2,067**	1,840
Income recognised from gift vouchers expired	**1,025**	1,045
Gain on disposal of property, plant and equipment	**50**	12
Dividend income	**–**	84
Others	**2,619**	2,192
	7,014	6,592

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
		(Restated)
Wages, salaries and bonuses	**37,645**	36,796
Contribution to defined contribution plans	**3,452**	3,298
Net benefit expense/(income) from defined benefit plan (Note 22)	**98**	(388)
Other staff related expenses	**8,330**	7,882
	49,525	47,588

Included in employee benefits expense of the Group are remuneration of directors and key management personnel as further disclosed in Note 27(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

8. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
		(Restated)
Audit fees:		
– Auditors of the Company	**102**	95
– Other auditors	**354**	328
Non-audit fees:		
– Auditors of the Company	**–**	–
– Other auditors	**9**	82
Total audit and non-audit fees	**465**	505
Depreciation of property, plant and equipment (Note 13)	**19,638**	18,905
Amortisation of land use right (Note 14)	**131**	131
Amortisation of intangible assets (Note 17)	**596**	574
Property, plant and equipment written off	**88**	194
Impairment of property, plant and equipment (Note 13)	**540**	–
Inventory shrinkages (Note 20)	**1,159**	2,380
Allowance/(write-back) for doubtful trade and other receivables, net (Note 16)	**1,126**	(108)
Exchange (gain)/loss:		
– Realised	**(2)**	(372)
– Unrealised	**(266)**	584
Operating lease expense (Note 28(b)):		
– Minimum lease payments	**97,709**	96,648
– Contingent lease payments	**3,402**	3,358
– Amortisation of deferred lease expense (Note 16)	**2,197**	1,043

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

9. INCOME TAX EXPENSE

(a) Major components of income tax expense

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

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
		(Restated)
Consolidated income statement:		
– Current income taxation	**15,281**	17,020
– Under/(over) provision in respect of previous years	**187**	(102)
– Withholding taxes relating to foreign sourced income	**151**	79
	15,619	16,997
Deferred income tax		
– Origination and reversal of temporary differences	**(1,814)**	(554)
– Effect of change in tax rate on deferred tax	**102**	–
– Over provision in respect of previous years	**(210)**	(1,409)
	(1,922)	(1,963)
Income tax expense recognised in profit or loss	**13,697**	15,034
Statement of comprehensive income:		
Deferred tax expense related to other comprehensive income:		
– Re-measurement of defined benefit plan	**18**	274

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

9. INCOME TAX EXPENSE (Continued)

(b) Relationship between income tax expense and accounting profit

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the years ended 30 June 2014 and 2013 is as follows:

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
		(Restated)
Profit before tax	**46,274**	52,525
Tax at the domestic tax rates applicable to profits in the countries where the Group operates	**9,012**	13,614
Adjustments:		
– Non-deductible expenses	**3,560**	2,758
– Income not subject to taxation	**(270)**	(799)
– Income subject to different tax rates	**(303)**	(386)
– Effect of tax exemption	**–**	(451)
– Effect on opening deferred tax as a result of change in foreign income tax rate	**102**	–
– Deferred tax assets not recognised	**1,468**	1,709
– Under/(over) provision of current tax in respect of previous years	**187**	(102)
– Overprovision of deferred tax in respect of previous years	**(210)**	(1,409)
– Withholding taxes relating to foreign sourced income	**151**	79
– Others	**–**	21
Income tax expense recognised in profit or loss	**13,697**	15,034

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

9. INCOME TAX EXPENSE (Continued)

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

Parkson Corporation Sdn Bhd ("PCSB"), Kiara Innovasi Sdn Bhd ("Kiara Innovasi") and Parkson Online Sdn Bhd ("POSB")

The above companies are incorporated in Malaysia and are subjected to a tax rate of 25% for the financial year ended 30 June 2014 (2013: 25%).

Parkson Vietnam Co Ltd ("Parkson Vietnam"), Parkson Haiphong Co Ltd ("Parkson Haiphong"), Parkson Vietnam Management Services Co Ltd ("Vietnam Management"), Parkson Hanoi Co Ltd ("Parkson Hanoi") and Parkson SGN Co Ltd ("Parkson Saigon")

The above companies are incorporated in Vietnam and are subject to a tax rate of 22% for the financial year ended 30 June 2014 (2013: 25%).

PT. Tozy Sentosa

The above company is incorporated in Indonesia and is subjected to a tax rate of 25% for the financial year ended 30 June 2014 (2013: 25%).

Parkson Retail Asia Limited, Centro Retail Pte Ltd, Parkson Myanmar Pte Ltd, Parkson Myanmar Investment Co Pte Ltd and Parkson Myanmar Asia Pte Ltd

The above companies are incorporated in Singapore and are subjected to a tax rate of 17% for the financial year ended 30 June 2014 (2013: 17%).

Parkson Cambodia Holdings Co Ltd

The above company is incorporated in the British Virgin Islands and not required to pay taxes.

Parkson (Cambodia) Co Ltd

The above company is incorporated in Cambodia and is subjected to a tax rate of 20% for the financial year ended 30 June 2014 (2013: 20%).

Myanmar Parkson Company Ltd

The above company is incorporated in Myanmar and is subjected to a tax rate of 25% (2013: 25%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

10. EARNINGS PER SHARE

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

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

	Group	
	2014	**2013 (restated)**
Profit for the year attributable to owners of the Company (SGD'000)	**34,901**	39,048
Weighted average number of ordinary shares for basic earnings per share computation ('000)	**677,300**	677,300

There are no potential dilution effects on the ordinary shares of the Company. Accordingly, the basic and diluted earnings per share for the financial years ended 30 June 2014 and 2013 are the same.

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 SGD'000	**2013 SGD'000**
Shares, at cost	**155,506**	155,506
Exchange difference	**(7,066)**	(2,384)
	148,440	153,122

The Company has the following subsidiaries as at 30 June:

Name of company	Principal activities	Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
Held by the Company				
Parkson Corporation Sdn Bhd[(b)]	Operation of department stores	Malaysia	**100**	100
Centro Retail Pte Ltd[(a)]	Investment holding	Singapore	**100**	100
PT. Tozy Sentosa[(b)]	Operation of department stores, supermarkets and merchandising	Republic of Indonesia	**100[(*)]**	100[(*)]
Parkson Myanmar Co Pte Ltd[(a)]	Investment holding	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

11. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Principal activities	Country of incorporation	Ownership interest 2014 %	2013 %
Held by Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd[(b)]	Retailing and operation of a modern shopping centre	Socialist Republic of Vietnam	**100**	100
Parkson Haiphong Co Ltd[(b)]	Upgrade and leasing of retail space for establishment of a modern department store	Socialist Republic of Vietnam	**100**	100
Kiara Innovasi Sdn Bhd[(b)]	Operation of department stores	Malaysia	**60**	60
Parkson Online Sdn Bhd[(c)]	Online retailing	Malaysia	**100**	100
Parkson Cambodia Holdings Co Ltd[(c)]	Investment holding	British Virgin Islands	**100**	100
Parkson SGN Co Ltd(c)[(1)]	Retailing and operation of modern shopping centres	Socialist Republic of Vietnam	**100**	–
Held by Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd[(c)]	Management and consulting services on real estate, business and marketing in relation to department stores (commercial)	Socialist Republic of Vietnam	**100**	100
Parkson Hanoi Co Ltd[(b)]	Retailing and operation of modern shopping centres	Socialist Republic of Vietnam	**70**	70
Held by Parkson Cambodia Holdings Co Ltd				
Parkson (Cambodia) Co Ltd [(b)]	Operation of department stores	Kingdom of Cambodia	**100**	100
Held by Parkson Myanmar Co Pte Ltd				
Parkson Myanmar Investment Company Pte Ltd [(a)]	Investment holding	Singapore	**70**	70

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

11. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Principal activities	Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
Held by Parkson Myanmar Investment Company Pte Ltd				
Parkson Myanmar Asia Pte Ltd [(a)]	Investment holding	Singapore	**100**	100
Myanmar Parkson Company Limited[(c)]	Retailing and operation of a modern shopping centre	Republic of the Union of Myanmar	**100[(**)]**	100[(**)]

[(a)] Audited by Ernst & Young LLP, Singapore
[(b)] Audited by member firms of Ernst & Young Global in their respective countries
[(c)] Not material to the Group and not required to be disclosed under SGX Listing Rule 717
[(1)] Incorporated on 12 September 2013 with a paid-up share capital of USD1,500,000
[(*)] 27.78% is held via Centro Retail Pte Ltd
[(**)] 10% is held via Parkson Myanmar Asia Pte Ltd

12. INVESTMENT IN AN ASSOCIATE

	Group 2014 SGD'000	Group 2013 SGD'000 (Restated)	Company 2014 SGD'000	Company 2013 SGD'000
Shares, at cost	**27,024**	27,346	**27,024**	27,346
Share of post-acquisition reserves	**470**	(81)	**–**	–
Exchange difference	**(955)**	(194)	**(950)**	(189)
	26,539	27,071	**26,074**	27,157
Fair value of investment in an associate for which there is published price quotation	**28,728**	28,852	**28,728**	28,852

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

12. INVESTMENT IN AN ASSOCIATE (Continued)

Details of the associate are as follows:

Name of company	Principal activities	Country of incorporation	Ownership interest 2014 %	2013 %
Odel PLC [(a)]	Retailing and operation of modern shopping centres	Sri Lanka	**47.46**	47.46

(a) Audited by Ernst & Young, Sri Lanka

In the previous financial year, the initial accounting for the acquisition of the associate had been provisionally determined. During the measurement period as defined in FRS 103 Business Combinations, management obtained new information about facts and circumstances that existed as at the date of acquisition. Accordingly, the Group's 2013 financial information has been restated to account for the share of fair value adjustments on assets and gain on bargain purchase. The effects of restatement are disclosed in Note 33.

The Group recognises its share of the associate's results based on the associate's audited financial statements drawn up to the most recent reporting date, which is 31 March 2014. The associated company, being listed on the Colombo Stock Exchange, is unable to release information other than those publicly published.

The summarised financial information of the associate as at 31 March 2014, not adjusted for the proportion of ownership interest held by the Group and Company, is as follows:

	2014 SGD'000	2013 SGD'000
Assets and liabilities:		
Total assets	**66,852**	62,254
Total liabilities	**(16,800)**	(12,819)
Results:		
Revenue	**44,183**	43,622
Profit for the year	**1,851**	1,514

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

13. PROPERTY, PLANT AND EQUIPMENT

	Renovation SGD'000	Buildings SGD'000	Furniture and equipment SGD'000	Motor vehicles SGD'000	Capital work-in-progress SGD'000	Total SGD'000
2014						
Group						
Cost						
At 1 July 2013	78,023	19,922	64,112	1,665	2,326	166,048
Additions	18,647	7	10,527	53	8,098	37,332
Disposals	–	–	(403)	(192)	–	(595)
Reclassification	1,120	(2)	486	–	(1,604)	–
Written off	(1,265)	(991)	(2,522)	–	–	(4,778)
Exchange differences	(4,858)	(320)	(2,434)	(102)	(367)	(8,081)
At 30 June 2014	91,667	18,616	69,766	1,424	8,453	189,926
Accumulated depreciation and impairment loss						
At 1 July 2013	43,118	5,064	39,861	959	–	89,002
Depreciation for the year	10,288	974	8,163	213	–	19,638
Impairment loss	540	–	–	–	–	540
Disposals	–	–	(277)	(142)	–	(419)
Written off	(1,200)	(991)	(2,499)	–	–	(4,690)
Exchange differences	(1,973)	(107)	(1,544)	(43)	–	(3,667)
At 30 June 2014	50,773	4,940	43,704	987	–	100,404
Net carrying amount	40,894	13,676	26,062	437	8,453	89,522

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Renovation SGD'000	Buildings SGD'000	Furniture and equipment SGD'000	Motor vehicles SGD'000	Capital work-in-progress SGD'000	Total SGD'000
2013						
Group						
Cost						
At 1 July 2012	72,885	19,961	64,482	1,750	1,131	160,209
Additions	8,380	406	6,909	–	2,156	17,851
Disposals	(12)	–	(397)	(28)	–	(437)
Reclassification	543	–	393	–	(936)	–
Transfer to intangible asset (Note 17)	–	–	(142)	–	–	(142)
Written off	(3,214)	–	(7,236)	(39)	–	(10,489)
Exchange differences	(559)	(445)	103	(18)	(25)	(944)
At 30 June 2013	78,023	19,922	64,112	1,665	2,326	166,048
Accumulated depreciation and impairment loss						
At 1 July 2012	36,548	4,030	39,342	787	–	80,707
Depreciation for the year	9,648	1,130	7,887	240	–	18,905
Disposals	(1)	–	(388)	(27)	–	(416)
Transfer to intangible asset (Note 17)	–	–	(32)	–	–	(32)
Written off	(3,158)	–	(7,098)	(39)	–	(10,295)
Exchange differences	81	(96)	150	(2)	–	133
At 30 June 2013	43,118	5,064	39,861	959	–	89,002
Net carrying amount	34,905	14,858	24,251	706	2,326	77,046

Capital work-in-progress

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

Impairment of assets

During the year, Parkson Hanoi Co Ltd ("Parkson Hanoi"), a subsidiary of the Group, carried out a review on the recoverable amount of the property, plant and equipment of its loss-making store in Hanoi, Vietnam. An impairment loss of SGD 540,000 (2013: nil) was recognised in profit or loss for the financial year ended 30 June 2014. The recoverable amount of property, plant and equipment was based on its value in use and the pre-tax discount rate used was 18%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

14. LAND USE RIGHT

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
Cost		
At 1 July	**8,763**	8,963
Exchange differences	**(141)**	(200)
At 30 June	**8,622**	8,763
Accumulated amortisation		
At 1 July	**590**	469
Amortisation for the year	**131**	131
Exchange differences	**(12)**	(10)
At 30 June	**709**	590
Net carrying amount	**7,913**	8,173
Amount to be amortised:		
– Not later than one year	**131**	131
– Later than one year but not later than five years	**526**	523
– Later than five years	**7,256**	7,519
	7,913	8,173

The Group has a land use right over a plot of state-owned land in Hai Phong City, Vietnam where one of the Group's department stores resides. The land use right is not transferable and has a remaining tenure of 61 years and 6 months (2013: 62 years and 6 months).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

15. DEFERRED TAX ASSETS/LIABILITIES

	At 1 July 2012 (Restated) SGD'000	Recognised in profit or loss SGD'000	Recognised in other comprehensive income SGD'000	Exchange differences SGD'000	At 30 June 2013 (Restated) SGD'000	Recognised in profit or loss SGD'000	Recognised in other comprehensive income SGD'000	Exchange differences SGD'000	At 30 June 2014 SGD'000
Group									
Deferred tax assets:									
Difference in depreciation									
for tax purposes	651	5	–	(33)	623	1	–	(115)	**509**
Provision	2,013	1,944	(274)	(13)	3,670	2,949	(18)	(201)	**6,400**
	2,664	1,949	(274)	(46)	4,293	2,950	(18)	(316)	**6,909**
Deferred tax liabilities:									
Difference in depreciation									
for tax purposes	(2,060)	11	–	(22)	(2,071)	(1,083)	–	53	**(3,101)**
Others	(304)	3	–	21	(280)	55	–	46	**(179)**
	(2,364)	14	–	(1)	(2,351)	(1,028)	–	99	**(3,280)**
	300	1,963	(274)	(47)	1,942	1,922	(18)	(217)	**3,629**

	Group 2014 SGD'000	Group 2013 SGD'000 (Restated)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**3,805**	2,097
Deferred tax liabilities	**(176)**	(155)
	3,629	1,942

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately SGD16,831,000 (2013: SGD8,228,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividend

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Trade receivables	**4,539**	2,112	**–**	–
Credit card receivables	**1,298**	6,879	**–**	–
Other receivables:				
– VAT receivables	**1,804**	713	**–**	–
– Redemption of gift vouchers and merchandise	**122**	143	**–**	–
– Others	**2,395**	5,444	**4**	37
Rental deposits	**1,500**	2,192	**–**	–
Other deposits	**10,630**	10,771	**–**	–
Deferred lease expense	**603**	590	**–**	–
Amount due from subsidiaries (non-trade)	**–**	–	**27,487**	25,281
Amount due from ultimate holding company (non-trade)	**1**	14	**–**	–
Amount due from related companies (non-trade)	**620**	270	**–**	–
Amount due from an associate	**2**	2	**2**	2
	23,514	29,130	**27,493**	25,320
Non-current:				
Rental deposits	**11,996**	11,352	**–**	–
Deferred lease expenses	**12,471**	11,907	**–**	–
Other deposits	**409**	564	**–**	–
Loans to subsidiaries (non-trade)	**–**	–	**32,135**	20,311
	24,876	23,823	**32,135**	20,311
Total trade and other receivables (current and non-current)	**48,390**	52,953	**59,622**	45,631
Add: Cash and short-term deposits (Note 21)	**150,881**	176,830	**3,514**	21,373
Less:				
Deferred lease expenses	**(13,074)**	(12,497)	**–**	–
VAT receivables	**(1,804)**	(713)	**–**	–
Total loans and receivables	**184,393**	216,573	**63,136**	67,004

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

16. TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables

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

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to SGD3,081,000 (2013: SGD1,647,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
Less than 30 days	**904**	448
30 to 60 days	**461**	80
61 to 90 days	**564**	92
More than 90 days	**1,152**	1,027
	3,081	1,647

Trade and other receivables (current) that are impaired

The Group's trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
Trade and other receivables – nominal amounts	**1,473**	358
Less: Allowance for impairment	**(1,473)**	(358)
	–	–
Movement in allowance accounts:		
At 1 July	**358**	471
Charge/(write-back) for the year, net	**1,126**	(108)
Exchange differences	**(11)**	(5)
At 30 June	**1,473**	358

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

16. TRADE AND OTHER RECEIVABLES (Continued)

Credit card receivables

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

Other receivables

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

Rental deposits

Rental deposits are unsecured and non-interest bearing. Non-current amounts have a maturity ranging from 1 to 24 years (2013: 1 to 17 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded as deferred lease expenses.

During the year, an impairment loss of SGD 1,034,000 (2013: nil) was recognised in respect of the rental deposit of a closed store.

Rental deposits denominated in foreign currencies are as follows:

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
United States Dollar	**6,652**	6,258

Other deposits (current)

Included in "Other deposits" are deposits amounting to SGD9,931,000 (2013: SGD10,093,000) paid by Parkson Vietnam to the individual owners of two Vietnamese companies as well as to one of the Vietnamese companies for the purpose of acquiring the share capital of these two Vietnam companies. These companies own three Parkson department stores in Vietnam operated and managed by Parkson Vietnam Management Services Co Ltd, pursuant to management agreements entered into with these companies. These deposits are non-interest bearing and secured by collateral over the charter capital of the respective companies and assets created with such amounts provided.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

16. TRADE AND OTHER RECEIVABLES (Continued)

Deferred lease expenses (current and non-current)

Deferred lease expenses relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the remaining lease terms ranging from 1 to 24 years (2013: 1 to 17 years).

The movement in deferred lease expenses is as follows:

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
At 1 July	**12,497**	12,690
Additions during the year	**3,047**	1,029
Recognised in profit or loss	**(2,197)**	(1,043)
Exchange differences	**(273)**	(179)
At 30 June	**13,074**	12,497

Amounts due from ultimate holding company/related companies/subsidiaries

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

Loans to subsidiaries

The outstanding balances are non-trade related, unsecured, repayable upon demand and are to be settled in cash. The settlement of loans to subsidiaries is not likely to occur in the foreseeable future. The loans to subsidiaries are non-interest bearing except for loan to one of the subsidiaries amounting to SGD 25,380,000 (2013: SGD 13,359,000), which bears interest at 9.55% (2013: 7.95%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

17. INTANGIBLE ASSETS

	Customer relation-ships SGD'000	Goodwill SGD'000	Club member-ships SGD'000	Software SGD'000	Deferred develop-ment costs SGD'000	Total SGD'000
Group						
Cost						
At 1 July 2012	1,498	5,548	101	256	470	7,873
Additions	–	–	–	517	–	517
Reclassification	–	–	–	470	(470)	–
Transfer from property, plant and equipment	–	–	–	142	–	142
Exchange differences	(77)	(306)	–	(11)	–	(394)
At 30 June 2013 and 1 July 2013	1,421	5,242	101	1,374	–	8,138
Additions	–	–	–	315	–	315
Exchange differences	(262)	(966)	(3)	(107)	–	(1,338)
At 30 June 2014	**1,159**	**4,276**	**98**	**1,582**	**–**	**7,115**
Accumulated amortisation and impairment loss						
At 1 July 2012	312	–	26	22	–	360
Additions	287	–	–	287	–	574
Transfer from property, plant and equipment	–	–	–	32	–	32
Exchange differences	(31)	–	–	(2)	–	(33)
At 30 June 2013 and 1 July 2013	568	–	26	339	–	933
Additions	246	–	–	350	–	596
Exchange differences	(119)	–	(1)	(31)	–	(151)
At 30 June 2014	**695**	**–**	**25**	**658**	**–**	**1,378**
Net carrying amount						
At 30 June 2013	853	5,242	75	1,035	–	7,205
At 30 June 2014	**464**	**4,276**	**73**	**924**	**–**	**5,737**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

17. INTANGIBLE ASSETS (Continued)

Customer relationships

Customer relationships arise from the Privilege Card loyalty programme that was acquired in a business combination. As disclosed in Note 2.8(b)(ii), customer relationships will be amortised over their estimated useful lives of 5 years and the remaining useful lives is 2 years.

Deferred development costs

Deferred development costs relate to the development costs for the online retail website. All research and development costs that are not eligible for capitalisation have been recognised in profit or loss. The online retail website has been completed and reclassified to software during the financial year ended 30 June 2013.

Amortisation expense

The amortisation of customer relationships, club memberships and software is included in the "Depreciation and amortisation expenses" line item in profit or loss.

Impairment testing of goodwill

Intangibles acquired through business combinations have been allocated to the cash-generating unit ("CGU") which is also the reportable geographical segment in Indonesia as described in Note 29. The operations in the Indonesia geographical segment are managed by one of the Company's subsidiary, PT Tozy Sentosa. The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are 18.0% (2013: 11.0%) and 2.0% (2013: 4.3%) respectively.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

17. INTANGIBLE ASSETS (Continued)

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

During the financial years ended 30 June 2014 and 2013, no impairment loss for intangible assets were recognised in profit or loss.

18. DERIVATIVES

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
Option to purchase additional shares in Kiara Innovasi[1], representing total financial assets at fair value through profit or loss	**20**	21

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

19. INVESTMENT SECURITIES

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
Available-for-sale financial assets:		
Equity instruments (unquoted), at cost	**91**	93

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

20. INVENTORIES

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
Balance sheet:		
Merchandise inventories	**63,594**	58,173
Consumables	**34**	36
	63,628	58,209
Income statement:		
Inventories recognised as an expense in changes in merchandise inventories and consumables	**167,449**	181,731
Inventory shrinkages	**1,159**	2,380

21. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**
Cash at bank and on hand	**18,576**	36,961	**413**	11,359
Short-term deposits placed with:				
– Licensed finance companies	**45,018**	73,118	**–**	–
– Licensed banks	**87,287**	66,751	**3,101**	10,014
Cash and cash equivalents	**150,881**	176,830	**3,514**	21,373

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short-term deposits earn interests at the respective short – term deposit rates. The weighted average effective interest rates for the Group and the Company as at 30 June 2014 were 3.05% (2013: 2.15%) and 0.33% (2013: 0.47%) respectively per annum.

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**
Singapore Dollar	**3,276**	20,932	**3,276**	20,932
United States Dollar	**10,614**	851	**66**	59
Sri Lanka Rupee	**172**	382	**172**	382

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	SGD'000	SGD'000 (Restated)	SGD'000	SGD'000
Current:				
Trade payables	**127,687**	132,412	**–**	–
Payables to suppliers of property, plant and equipment	**713**	1,341	**–**	–
Other payables	**11,189**	10,116	**403**	220
Rental deposits	**1,563**	1,574	**–**	–
Deferred lease income	**74**	72	**–**	–
Amount due to ultimate holding company (non-trade)	**–**	372	**–**	–
Amount due to related companies (non-trade)	**643**	564	**359**	361
	141,869	146,451	**762**	581
Non-current:				
Rental deposits	**4,237**	4,429	**–**	–
Deferred lease income	**3,975**	2,548	**–**	–
Provision for severance allowance	**125**	20	**–**	–
Defined benefit plan	**316**	357	**–**	–
Other payables	**1,441**	1,043	**–**	–
	10,094	8,397	**–**	–
Total trade and other payables (current and non-current)	**151,963**	154,848	**762**	581
Add:				
Other liabilities (Note 23)	**15,020**	11,567	**–**	–
Less:				
Deferred lease income	**(4,049)**	(2,620)	**–**	–
Defined benefit plan	**(316)**	(357)	**–**	–
Provision for severance allowance	**(125)**	(20)	**–**	–
Total financial liabilities carried at amortised cost	**162,493**	163,418	**762**	581

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

22. TRADE AND OTHER PAYABLES (Continued)

Trade payables

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

Other payables

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

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

	Group and Company	
	2014	2013
	SGD'000	SGD'000
Singapore Dollar	**120**	220

Amounts due to ultimate holding company/related companies (non-trade)

The outstanding balances are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Rental deposits (current and non-current)

Rental deposits are unsecured and non-interest bearing. Non-current rental deposits have maturity ranging from 1 to 16 years (2013: 1 to 17 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded in deferred lease income.

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

	Group	
	2014	2013
	SGD'000	SGD'000
United States Dollar	**1,584**	–

22. TRADE AND OTHER PAYABLES (Continued)

Deferred lease income (current and non-current)

Deferred lease income relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which is amortised on a straight-line basis over the remaining lease terms ranging from 1 to 16 years (2013: 1 to 17 years). The movement in deferred lease income is as follows:

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
At 1 July	**2,620**	2,743
Additions during the year	**2,230**	374
Recognised in profit or loss	**(699)**	(500)
Exchange differences	**(102)**	3
At 30 June	**4,049**	2,620

Defined benefit plan

The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No.13/2003. The principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2014 are as follows:

Annual discount rate:	8.74%
Future annual salary increment:	8%
Retirement age:	55 years of age

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

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
		(Restated)
Current service cost	**80**	(508)
Interest cost on benefit obligations	**18**	121
Loss on settlement	**–**	(1)
Net benefit expense/(income) recognised in profit or loss	**98**	(388)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

22. TRADE AND OTHER PAYABLES (Continued)

Defined benefit plan (Continued)

The estimated liabilities for employee benefits as at the financial years ended 30 June 2014 and 2013 are as follows:

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
		(Restated)
Defined benefit obligations	**411**	571
Fair value of planned assets	**(95)**	(214)
Liabilities as at 30 June	**316**	357
Changes in the present value of the defined benefit obligations are as follows:		
Benefits obligations at 1 July	**357**	1,907
Recognised in profit or loss	**98**	(388)
Recognised in other comprehensive income	**(72)**	(1,095)
Exchange difference	**(67)**	(67)
Benefits obligations at 30 June	**316**	357

23. OTHER LIABILITIES

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
Accrued operating expenses	**12,608**	9,775
Accrued staff costs	**219**	249
Others	**2,193**	1,543
	15,020	11,567
Deferred revenue from gift vouchers	**8,685**	8,003
Deferred revenue from customer loyalty award	**3,290**	3,686
	26,995	23,256

23. OTHER LIABILITIES (Continued)

Deferred revenue from customer loyalty award

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

	Group	
	2014	2013
	SGD'000	SGD'000
At 1 July	**3,686**	3,641
Additions during the year	**2,237**	2,233
Recognised in profit or loss	**(2,244)**	(2,103)
Exchange differences	**(389)**	(85)
At 30 June	**3,290**	3,686

24. SHARE CAPITAL

	Company			
	2014		2013	
	No. of shares '000	SGD'000	No. of shares '000	SGD'000
Issued and fully paid ordinary shares:				
At 1 July and 30 June	**677,300**	231,676	**677,300**	231,676

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

25. OTHER RESERVES

		Group		Company	
		2014	2013	2014	2013
		SGD'000	SGD'000 (Restated)	SGD'000	SGD'000
Foreign currency translation reserve	(a)	**(36,983)**	(24,536)	**(11,710)**	(4,250)
Capital redemption reserve	(b)	**1**	1	**–**	–
Capital contribution from ultimate holding company	(c)	**9,959**	9,959	**–**	–
Merger reserve	(d)	**(123,753)**	(123,753)	**–**	–
Bargain purchase of non-controlling interests	(e)	**439**	439	**–**	–
		(150,337)	(137,890)	**(11,710)**	(4,250)

(a) Foreign currency translation reserve

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

	Group		Company	
	2014	2013	2014	2013
	SGD'000	SGD'000	SGD'000	SGD'000
At 1 July	**(24,536)**	(22,793)	**(4,250)**	(2,526)
Foreign currency translation difference	**(12,447)**	(1,743)	**(7,460)**	(1,724)
At 30 June	**(36,983)**	(24,536)	**(11,710)**	(4,250)

(b) Capital redemption reserve

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

25. OTHER RESERVES (Continued)

(c) Capital contribution from ultimate holding company

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

The Company had on 12 October 2011 adopted its own employee share option scheme ("Parkson Retail ESOS") representing equity-settled share options of the Company which can be granted to executives and non-executive directors and eligible employees of the Group at the absolute discretion of the Company. As at 30 June 2014, no options under the Parkson Retail ESOS have been granted. Due to the adoption of the Parkson Retail ESOS, the options held by the eligible employees of the Group under the PHB ESOS were terminated on 31 May 2012 in accordance with the relevant Bylaw of the PHB ESOS which do not allow participation in other company's option scheme. Accordingly, the exercise period for the options under the PHB ESOS granted to the employees of the Group that were due to expire on 6 May 2013 were terminated on 31 May 2012.

(d) Merger reserve

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

(e) Bargain purchase of non-controlling interests

This represents the difference between the carrying value of the non-controlling interests acquired and the fair value of the consideration paid which is recognised directly in equity.

26. DIVIDENDS

	Company	
	2014	**2013**
	SGD'000	**SGD'000**
Declared and paid during the financial year:		
Interim exempt (one-tier) dividend for 2014: SGD0.03 per ordinary share	**(20,319)**	–
Final exempt (one-tier) dividend for 2013:		
SGD0.027 (2012: SGD0.03) per ordinary share	**(18,287)**	(20,319)
	(38,606)	(20,319)
Proposed and not recognised as a liability as at 30 June:		
Dividend on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2014:		
SGD0.025 (2013: SGD0.027) per ordinary share	**16,933**	18,287

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

27. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
Sale of gift vouchers to director related companies:		
– Amsteel Mills Marketing Sdn Bhd	**83**	63
– Amsteel Mills Sdn Bhd	**33**	6
– Megasteel Sdn Bhd	**3**	216
– Posim Petroleum Marketing Sdn Bhd	**3**	14
– Lion Industries Corporation Sdn Bhd	**2**	–
– Festival City Sdn Bhd	**41**	–
	165	299
Purchase of goods and services from director related companies:		
– Secom (Malaysia) Sdn Bhd	**300**	267
– Posim Marketing Sdn Bhd	**706**	379
– Posim EMS Sdn Bhd	**663**	331
– Lion Trading & Marketing Sdn Bhd	**177**	153
– WatchMart (M) Sdn Bhd	**181**	237
– PT Monica Hijaulestari	**3,971**	3,923
– Bonuskad Loyalty Sdn Bhd	**4,126**	4,527
– Brands Pro Management Sdn Bhd	**163**	–
	10,287	9,817
Purchase of goods and services from a subsidiary of the ultimate holding company:		
– Park Avenue Fashion Sdn Bhd	**1**	8
Sale of goods and services to director related companies:		
– Bonuskad Loyalty Sdn Bhd	**6,166**	6,406
Rental of office space from a director related company:		
– Visionwell Sdn Bhd	**81**	54
Rental of office and warehouse space from a subsidiary of a shareholder, PT Mitra Samaya:		
– PT Tozy Bintang Sentosa	**258**	300

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

27. RELATED PARTY TRANSACTIONS (Continued)

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

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
Rental of retail space from a subsidiary of the ultimate holding company:		
– Festival City Sdn Bhd	**1,875**	1,942
Royalty expense to a subsidiary of the ultimate holding company:		
– Smart Spectrum Limited	**190**	192

(b) Compensation of key management personnel

Short-term employee benefits	**2,321**	2,475
Contribution to defined contribution plans	**170**	156
	2,491	2,631
Comprise amounts paid to:		
Directors of the Company	**1,594**	1,676
Other key management personnel	**897**	955
	2,491	2,631

No employee share options were granted to key management personnel during the financial years ended 30 June 2014 and 2013.

(c) Financial support to Parkson Hanoi Co Ltd ("Parkson Hanoi")

The controlling and non-controlling interests of Parkson Hanoi have represented that they will provide continued financial support to the extent that Parkson Hanoi will be able to meet its liabilities as and when they fall due during the next twelve months period from the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

28. COMMITMENTS

(a) Capital commitments

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

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
Capital commitments in respect of property, plant and equipment	**1,867**	2,775

(b) Operating lease commitments – as lessee

In addition to the land use right disclosed in Note 14, the Group has entered into commercial leases on certain department stores. These leases have remaining lease terms of between 1 and 23 years (2013: 1 and 24 years) with terms of renewal included in the contracts and there are no restrictions placed upon the Group by entering into these lease agreements.

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

Minimum lease payments, contingent rental payments and amortisation of the land use right recognised as expense in profit or loss for the financial years ended 30 June 2014 and 2013 are disclosed in Note 8.

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

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
Not later than one year	**78,118**	65,795
Later than one year and not later than five years	**196,957**	161,486
Later than five years	**224,520**	296,780
	499,595	524,061

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

28. COMMITMENTS (Continued)

(c) Operating lease commitments – as lessor

The Group has entered into commercial subleases on its department stores. These non-cancellable subleases have remaining lease terms of between 1 and 13 years (2013: 1 and 14 years) with terms of renewal included in the contracts.

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

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
		(Restated)
Not later than one year	**16,765**	16,477
Later than one year and not later than five years	**21,187**	6,655
Later than five years	**3,434**	3,757
	41,386	26,889

29. SEGMENT INFORMATION

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

(a) Malaysia
(b) Socialist Republic of Vietnam ("Vietnam")
(c) Republic of Indonesia ("Indonesia")
(d) Republic of the Union of Myanmar ("Myanmar")
(e) Kingdom of Cambodia ("Cambodia")

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

29. SEGMENT INFORMATION (Continued)

	Malaysia SGD'000	Vietnam SGD'000	Indonesia SGD'000	Myanmar SGD'000	Cambodia SGD'000	Adjustments SGD'000	Unallocated assets/ liabilities SGD'000	Note	Total SGD'000
2014									
Revenue:									
Sales to external customers	333,741	42,761	53,748	1,787	–	–	–		432,037
Segment results:									
Depreciation and amortisation expenses	(12,243)	(4,291)	(3,561)	(270)	–	–	–		(20,365)
Impairment of property, plant and equipment	–	(540)	–	–	–	–	–		(540)
Rental expenses	(64,762)	(22,001)	(15,548)	(997)	–	–	–		(103,308)
Finance income	5,231	1,322	385	–	–	35	–		6,973
Finance costs	(132)	(542)	–	–	–	–	–		(674)
Taxation	(13,493)	(33)	(2)	–	–	(169)	–		(13,697)
Segment profit	33,683	(2,347)	2,699	(959)	(14)	(485)	–	A	32,577
Assets:									
Additions to non-current assets	15,300	3,185	18,755	407	–	–	–	B	37,647
Segment assets	242,994	73,143	63,403	3,807	5,314	–	30,082	C	418,743
Segment liabilities	142,773	16,455	19,157	761	11	–	767	D	179,924

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

29. SEGMENT INFORMATION (Continued)

	Malaysia SGD'000	Vietnam SGD'000	Indonesia SGD'000	Myanmar SGD'000	Cambodia SGD'000	Adjustments SGD'000	Unallocated assets/ liabilities SGD'000	Note	Total SGD'000
2013									
Revenue:									
Sales to external customers	350,194	43,808	52,498	228	–	–	–		446,728
Segment results:									
Depreciation and amortisation expenses	(11,969)	(4,118)	(3,490)	(33)	–	–	–		(19,610)
Rental expenses	(66,755)	(20,522)	(13,651)	(121)	–	–	–		(101,049)
Finance income	3,942	1,486	187	–	–	202	–		5,817
Finance costs	(52)	(311)	–	–	–	–	–		(363)
Taxation	(11,878)	(1,752)	(1,321)	–	–	(83)	–		(15,034)
Segment profit	33,898	1,538	3,978	(164)	8	(1,767)	–	A	37,491
Assets:									
Additions to non-current assets	9,960	1,867	4,998	1,543	–	–	–	B	18,368
Segment assets	246,930	78,486	52,433	5,529	5,212	(86)	48,566	C	437,070
Segment liabilities	146,013	14,162	17,445	1,574	10	–	584	D	179,788

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

29. SEGMENT INFORMATION (Continued)

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

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

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
Corporate expenses	**(1,364)**	(2,036)
Share of profit of an associate	**879**	269
	(485)	(1,767)

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

C Unallocated corporate assets are added to the segment assets to arrive at "total assets" reported in the consolidated balance sheet.

D Unallocated corporate liabilities are added to the segment liabilities to arrive at "total liabilities" reported in the consolidated balance sheet.

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

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
Malaysia	**37,851**	36,070
Vietnam	**29,042**	31,229
Indonesia	**34,649**	23,612
Myanmar	**1,630**	1,513
	103,172	92,424

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Fair value hierarchy

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

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

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

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
	Significant unobservable inputs (Level 3)	
Derivatives (Note 18)	**20**	21

Determination of fair value

Derivatives (Note 18): Fair value is determined using a valuation technique based on the probability of PCSB exercising the option to purchase additional shares in Kiara Innovasi that is not supportable by observable market data.

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

Current trade and other receivables (Note 16), Current trade and other payables (Note 22) and Other liabilities (Note 23)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

Non-current rental deposits receivables (Note 16) and Non-current rental deposits payables (Note 22)

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

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

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**
Financial assets:				
Non-current:				
Loans to subsidiaries, at cost (Note 16):				
Carrying amount	**–**	–	**32,135**	20,311
Fair value	**–**	–	*****	*
Current:				
Equity instruments (unquoted), at cost (Note 19):				
Carrying amount	**91**	93	**–**	–
Fair value	******	**	**–**	–

* *Loans to subsidiaries carried at cost*

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

** *Investment in equity instruments carried at cost*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) Liquidity risk

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

Analysis of financial instruments by remaining contractual maturities

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

	One year or less SGD'000	**One to five years SGD'000**	**Over five years SGD'000**	**Total SGD'000**
Group				
30 June 2014				
Financial assets				
Trade and other receivables	**21,107**	**2,038**	**10,367**	**33,512**
Derivatives	**–**	**–**	**20**	**20**
Cash and short-term deposits	**150,881**	**–**	**–**	**150,881**
Total undiscounted financial assets	**171,988**	**2,038**	**10,387**	**184,413**
Financial liabilities				
Trade and other payables	**141,795**	**5,678**	**–**	**147,473**
Other liabilities	**15,020**	**–**	**–**	**15,020**
Total undiscounted financial liabilities	**156,815**	**5,678**	**–**	**162,493**
Total net undiscounted financial assets/(liabilities)	**15,173**	**(3,640)**	**10,387**	**21,920**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Liquidity risk (Continued)

	One year or less SGD'000	One to five years SGD'000	Over five years SGD'000	Total SGD'000
Group				
30 June 2013				
Financial assets				
Trade and other receivables	27,827	3,987	7,929	39,743
Derivatives	–	–	21	21
Cash and short-term deposits	176,830	–	–	176,830
Total undiscounted financial assets	204,657	3,987	7,950	216,594
Financial liabilities				
Trade and other payables	146,379	4,741	731	151,851
Other liabilities	11,567	–	–	11,567
Total undiscounted financial liabilities	157,946	4,741	731	163,418
Total net undiscounted financial assets/(liabilities)	46,711	(754)	7,219	53,176

	One year or less SGD'000	Over five years SGD'000	Total SGD'000
Company			
30 June 2014			
Financial assets			
Trade and other receivables	**27,493**	**32,135**	**59,628**
Cash and short-term deposits	**3,514**	**–**	**3,514**
Total undiscounted financial assets	**31,007**	**32,135**	**63,142**
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	**762**	**–**	**762**
Total net undiscounted financial assets	**30,245**	**32,135**	**62,380**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Liquidity risk (Continued)

	One year or less SGD'000	Over five years SGD'000	Total SGD'000
Company			
30 June 2013			
Financial assets			
Trade and other receivables	25,320	20,311	45,631
Cash and short-term deposits	21,373	–	21,373
Total undiscounted financial assets	46,693	20,311	67,004
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	581	–	581
Total net undiscounted financial assets	46,112	20,311	66,423

(b) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

Excessive risk concentration

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

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

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheets.

Credit risk concentration profile

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

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

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Foreign currency risk

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

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

Sensitivity analysis for foreign currency risk

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

		Group	
		2014	**2013**
		SGD'000	**SGD'000**
		Profit before tax	
USD against VND	– strengthened 3%	**145**	243
	– weakened 3%	**(145)**	(243)
USD against RM	– strengthened 3%	**196**	–
	– weakened 3%	**(196)**	–
SGD against RM	– strengthened 3%	**95**	621
	– weakened 3%	**(95)**	(621)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

32. CAPITAL MANAGEMENT

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

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2014 and 30 June 2013.

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

	Group	
	2014	**2013**
	SGD'000	**SGD'000**
		(Restated)
Trade and other payables (Note 22)	**151,963**	154,848
Other liabilities (Note 23)	**26,995**	23,256
Less: Cash and short-term deposits (Note 21)	**(150,881)**	(176,830)
Net debt	**28,077**	1,274
Equity attributable to the owners of the Company, representing total capital	**238,665**	254,796
Capital and net debt	**266,742**	256,070
Gearing ratio	**10.5%**	0.5%

33. COMPARATIVE FIGURES

As described in Note 2.2, the Group adopted the revised FRS 19 Employee Benefits at the beginning of the financial year. The adoption of the revised FRS 19 has resulted in the change in accounting policies which was applied retrospectively.

In addition, as described in Note 12, management obtained new information about facts and circumstances that existed as at the date of acquisition of the associate during the measurement period as defined in FRS 103 Business Combinations. Accordingly, the Group's 2013 financial information has been restated to account for the share of fair value adjustments on assets and gain on bargain purchase.

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

The effects of the above adjustment items are as follows:

	Group					
	As previously stated SGD'000	Effects of adoption of revised FRS 19 SGD'000	Share of fair value adjustments on associate's net assets SGD'000	Gain on bargain purchase of an associate SGD'000	Re-classification SGD'000	Restated SGD'000
Consolidated income statement for the financial year ended 30 June 2013						
Revenue	446,306	–	–	–	422	446,728
Finance income	6,239	–	–	–	(422)	5,817
Other income	5,760	–	–	–	832	6,592
Employee benefits expense	(47,422)	(166)	–	–	–	(47,588)
Promotional and advertising expenses	(8,307)	–	–	–	(832)	(9,139)
Finance costs	(371)	–	–	–	8	(363)
Other expenses	(47,393)	–	–	–	(8)	(47,401)
Share of results of an associate	734	(10)	(944)	489	–	269
Income tax expense	(15,075)	41	–	–	–	(15,034)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

33. COMPARATIVE FIGURES (Continued)

	Group					
	As previously stated SGD'000	**Effects of adoption of revised FRS 19 SGD'000**	**Share of fair value adjustments on associate's net assets SGD'000**	**Gain on bargain purchase of an associate SGD'000**	**Re-classification SGD'000**	**Restated SGD'000**
Consolidated statement of comprehensive income for the financial year ended 30 June 2013						
Other comprehensive income						
– Exchange differences on translating foreign operations	(1,807)	15	–	–	–	(1,792)
– Remeasurement of defined benefit plan, net of tax	–	821	–	–	–	821
– Share of results of an associate	–	10	(85)	–	–	(75)
Total comprehensive income for the year	36,274	711	(1,029)	489	–	36,445
Total comprehensive income for the year attributable to owners of the Company	37,880	711	(1,029)	489	–	38,051
Balance sheets as at 30 June 2013						
Non-current assets						
– Deferred tax assets	2,080	17	–	–	–	2,097
– Prepayments	18,586	–	–	–	974	19,560
– Investment in an associate	27,611	–	(1,029)	489	–	27,071
Current assets						
– Prepayments	4,785	–	–	–	(1,006)	3,779
Non-current liabilities						
– Other payables	7,299	66	–	–	1,032	8,397
Current liabilities						
– Trade and other payables	147,515	–	–	–	(1,064)	146,451
Equity attributable to owners of the Company						
– Other reserves – foreign currency translation reserve	(24,551)	15	–	–	–	(24,536)
Retained earnings	161,614	(64)	(1,029)	489	–	161,010
Balance sheets as at 1 July 2012						
Non-current assets						
– Deferred tax assets	594	254	–	–	–	848
Non-current liabilities						
– Other payables	7,020	1,014	–	–	–	8,034
Equity attributable to owners of the Company						
– Retained earnings	142,295	(760)	–	–	–	141,535

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

34. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 11 September 2014, Softlogic Holdings PLC together with Softlogic Retail (Private) Limited (collectively, "Softlogic") acquired 122,894,000 shares or 45.16% of the issued and paid up share capital in Odel PLC ("Odel") at prices between LKR21.80 and LKR22.00 per share from Otara Del Gunewardene, Ruchi Hubert Gunewardene and Ajit Damon Gunewardene and from the open market.

Pursuant to the Sri Lanka Company Take-Overs and Mergers Code (1995) (amended in 2003), Softlogic made a mandatory offer on 15 September 2014 for all the remaining shares in Odel at LKR22.00 per share.

A detailed offer document will be sent to all shareholders of Odel within 35 days from the date of offer, i.e. on or before 16 October 2014. The Company has not received Softlogic's offer document to acquire its 47.46% equity interest in Odel as at the date of these financial statements.

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 23 September 2014.

SHAREHOLDING STATISTICS

AS AT 19 SEPTEMBER 2014

NO. OF SHARES ISSUED	:	677,300,000
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE (1) VOTE PER SHARE
NO. OF TREASURY SHARES	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 – 999	7	1.82	1,908	0.00
1,000 – 10,000	269	69.87	1,277,000	0.19
10,001 – 1,000,000	102	26.49	5,924,000	0.87
1,000,001 AND ABOVE	7	1.82	670,097,092	98.94
TOTAL	385	100.00	677,300,000	100.00

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
UOB KAY HIAN PTE LTD	474,286,000	70.03
DBS NOMINEES PTE LTD	93,796,324	13.85
CITIBANK NOMINEES S'PORE PTE LTD	58,354,468	8.62
HSBC (SINGAPORE) NOMINEES PTE LTD	21,227,272	3.14
DBSN SERVICES PTE LTD	17,894,028	2.64
RAFFLES NOMINEES (PTE) LTD	3,243,000	0.48
CIMB SECURITIES (S'PORE) PTE LTD	1,296,000	0.19
UNITED OVERSEAS BANK NOMINEES PTE LTD	959,000	0.14
LEONG MUN SUM @ LEONG HENG WAN	650,000	0.10
LEUNG KAI FOOK MEDICAL CO PTE LTD	250,000	0.04
LIM & TAN SECURITIES PTE LTD	210,000	0.03
LEONG HENG KENG	150,000	0.02
TAN YONG NEE	127,000	0.02
TAY YOKE SAN	117,000	0.02
LIEW CHEE KONG	109,000	0.02
BAY LEE CHUANG	100,000	0.02
CHENG THENG KEE	100,000	0.02
LIM JUN YING	100,000	0.02
TAN KAY YEONG	97,000	0.01
MAYBANK KIM ENG SECURITIES PTE LTD	91,000	0.01
TOTAL	673,157,092	99.42

SHAREHOLDING STATISTICS

AS AT 19 SEPTEMBER 2014

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 19 SEPTEMBER 2014

	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%
EAST CREST INTERNATIONAL LIMITED	457,933,300	67.61	–	–
PARKSON HOLDINGS BERHAD(1)	–	–	457,933,300	67.61
TAN SRI CHENG HENG JEM(2)	500,000	0.074	457,933,300	67.61

Notes:–

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

(2) Tan Sri Cheng Heng Jem holds, directly and indirectly, 53.52% of the voting shares in PHB, which is the sole shareholder of East Crest International Limited. As such, Tan Sri Cheng Heng Jem is deemed to be interested in the Shares held by East Crest International Limited by virtue of Section 7(4A) of the Companies Act.

PERCENTAGE OF SHAREHOLDING IN THE HANDS OF PUBLIC

As at 19 September 2014, 32.26% of the issued share capital of the Company was held in the hands of the public (based on the information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Parkson Retail Asia Limited ("the Company") will be held at the Ritz-Carlton Millenia Singapore, Level 3, Garden Room, 7 Raffles Avenue, Singapore 039799 on Thursday, 30 October 2014 at 11.00am for the purposes of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 30 June 2014 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect the following Directors retiring pursuant to Article 91 of the Articles of Association of the Company:

   (a) Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Zainuddin (Resolution 2)
   (b) Mr Wee Kheng Jin (Resolution 3)

   Both Messrs Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Zainuddin and Wee Kheng Jin are considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Zainuddin will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee, Chairman of the Nominating Committee and a member of the Remuneration Committee.

3. To re-elect Datuk Lee Kok Leong as a Director of the Company pursuant to Article 97 of the Articles of Association of the Company.

   (Resolution 4)

4. To re-appoint Tan Sri Cheng Heng Jem as a Director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50 to hold office until the next Annual General Meeting of the Company.

   (Resolution 5)

5. To approve the payment of a final dividend of SGD0.025 per ordinary share tax exempt (1-tier) for the financial year ended 30 June 2014.

   (Resolution 6)

6. To approve the payment of Directors' fee of up to SGD460,000 for the financial year ending 30 June 2015, payable quarterly in arrears.

   (Resolution 7)

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

   (Resolution 8)

8. To transact any other ordinary business which may be properly transacted at an annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

9. Authority to issue shares

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

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

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

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

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

Provided that:

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

[see explanatory note (i)] (Resolution 9)

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

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

[see explanatory note (ii)] (Resolution 10)

By Order of the Board

Tan Sri Cheng Heng Jem
Executive Chairman

Singapore
Dated: 15 October 2014

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Ordinary Resolution 9 proposed under Agenda 9 above, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and/or convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(ii) Ordinary Resolution 10 proposed under Agenda 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Books Closure Date and Payment Date for Final Dividend

Subject to the approval of the shareholders at this Annual General Meeting, the Share Transfer Books and Register of Members of the Company will be closed on 06 November 2014 ("Book Closure Date") for the purpose of determining Shareholders' entitlement to the dividend ("Dividend").

Duly completed registrable transfer received by the Company's Share Registrar, B.A.C.S. Private Limited of 63 Cantonment Road Singapore 089758, up to 5.00pm. on 05 November 2014 will be registered to determine Shareholders' entitlement to the Dividend. In respect of shares in the securities accounts with The Central Depository (Pte) Limited ("CDP"), the Dividend will be paid by the Company to CDP which will distribute the dividend to holders of the securities accounts.

The final dividend, if approved by the shareholders at the Annual General Meeting, will be paid on 13 November 2014.

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

3. A proxy need not be a member of the Company.

4. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

5. The instrument appointing a proxy must be deposited at the Office of the Company's Share Registrar, B.A.C.S. Private Limited of 63 Cantonment Road Singapore 089758 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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PARKSON RETAIL ASIA LIMITED
Company Registration No. 201107706H
(Incorporated In Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy Parkson Retail Asia Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ______________________________

of ______________________________

being a member/members of Parkson Retail Asia Limited (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at the Ritz-Carlton Millenia Singapore, Level 3, Garden Room, 7 Raffles Avenue, Singapore 039799 on Thursday, 30 October 2014 at 11.00am and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

No.	**Resolutions relating to:**	**For***	**Against***
1	Directors' Report and Audited Financial Statements for the year ended 30 June 2014		
2	Re-election of Gen (R) Tan Sri Dato' Seri Mohd. Zahidi bin Zainuddin as a Director		
3	Re-election of Mr Wee Kheng Jin as a Director		
4	Re-election of Datuk Lee Kok Leong as a Director		
5	Re-appointment of Tan Sri Cheng Heng Jem as a Director		
6	Approval of a final dividend of SGD0.025 per ordinary share tax exempt (1-tier) for the financial year ended 30 June 2014		
7	Approval of Directors' fee of up to SGD460,000 for the financial year ending 30 June 2015, payable quarterly in arrears		
8	Re-appointment of Messrs Ernst & Young LLP as Auditors		
9	Authority to issue new shares		
10	Authority to issue new shares under the Parkson Retail Asia Limited Employee Share Option Scheme		

* **If you wish to exercise all your votes "For" or "Against", please tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.**

Dated this ________ day of ________________ 2014

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the office of the Singapore Share Transfer Agent, B.A.C.S. Private Limited of 63 Cantonment Road Singapore 089758 not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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(65) 6578 6522

PARKSON 百盛

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