PARKSON 百盛

PARKSON RETAIL ASIA LIMITED

ANNUAL REPORT **2015**

CONTENTS

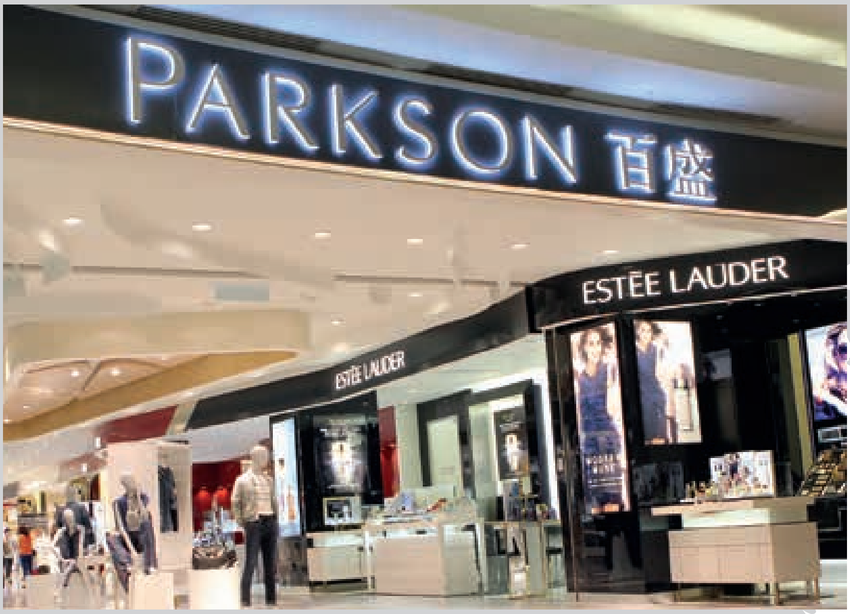
CORPORATE PROFILE

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 66 stores (including one supermarket) as at 30 June 2015, spanning approximately 642,000 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.

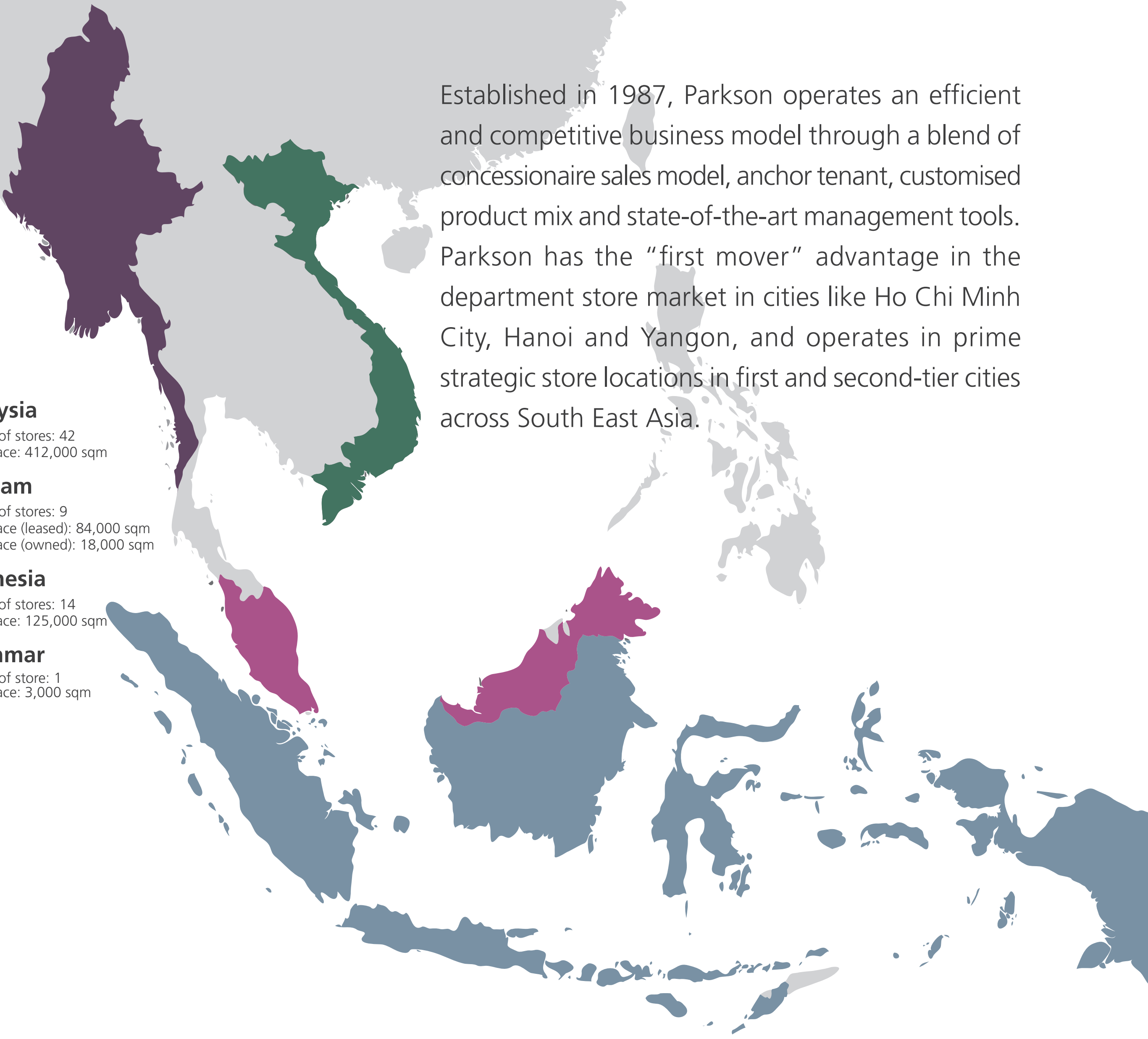
Over the last 25 years, the Group has built up a solid reputation as Southeast Asia's leading department store retailer through its continuous innovation and collaboration with numerous international brands to offer consumers in the middle and upper-middle income segment a wide range of merchandise.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

GEOGRAPHIC **FOOTPRINT**



PARKSON'S DEPARTMENT STORE NETWORK COMPRISES 66 STORES (INCLUDING ONE SUPERMARKET) IN MALAYSIA, VIETNAM, INDONESIA AND MYANMAR, SPANNING 642,000 SQUARE METRES 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. Parkson has the "first mover" advantage in the department store market in cities like Ho Chi Minh City, Hanoi and Yangon, and operates in prime strategic store locations in first and second-tier cities across South East Asia.



Malaysia
Number of stores: 42
Retail space: 412,000 sqm

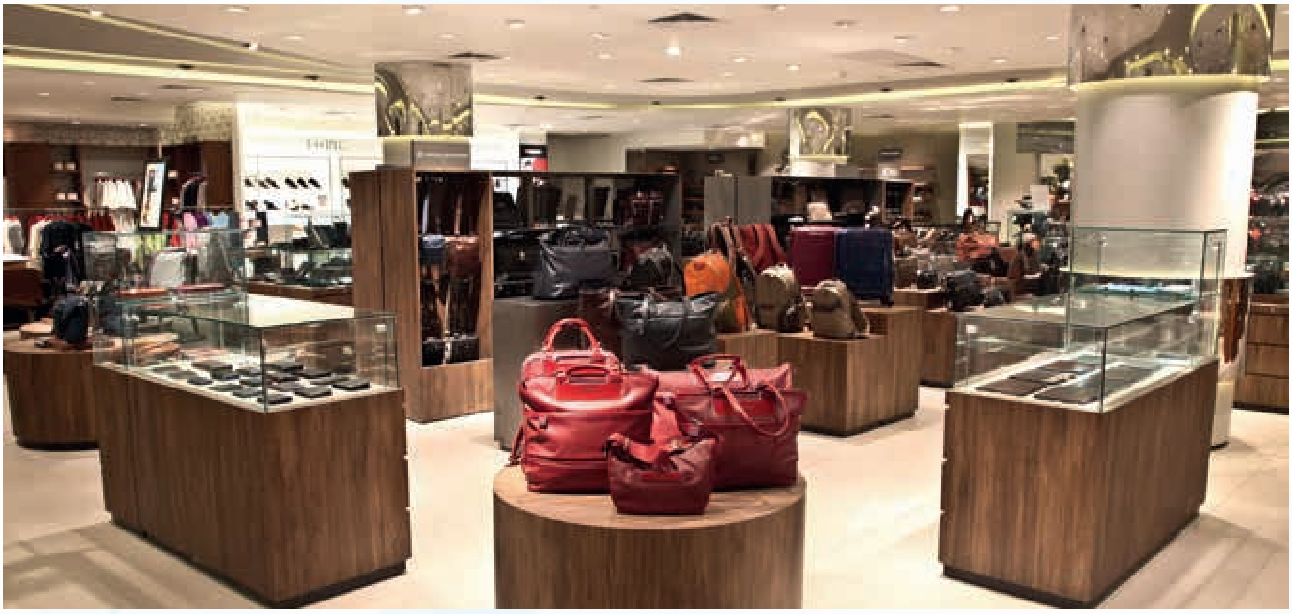
Vietnam
Number of stores: 9
Retail space (leased): 84,000 sqm
Retail space (owned): 18,000 sqm

Indonesia
Number of stores: 14
Retail space: 125,000 sqm

Myanmar
Number of store: 1
Retail space: 3,000 sqm

KEY MILESTONES

by financial year



2015

- Opened 40th store in Malaysia at IOI City Mall, Putrajaya
- Expanded foothold in Vietnam with the opening of our 9th store in the city of Danang

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 this underserved city

2012

- **Listed on SGX-ST**

2011

- Entered Indonesia by acquiring Centro department store network in Indonesia, Southeast Asia's fastest growing retail market

2008

- Opened 4th store in Vietnam in the capital city of Hanoi

2007

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

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

THE GROUP PLANS TO TRANSFORM PARKSON INTO A LIFESTYLE CONCEPT RETAIL BUSINESS BY VENTURING INTO BUSINESSES THAT WILL COMPLEMENT OUR DEPARTMENT STORE OPERATIONS AND ATTRACT FURTHER FOOTFALL.

I am pleased to present the Annual Report of Parkson Retail Asia Limited for the financial year ended 30 June 2015 ("FY2015").

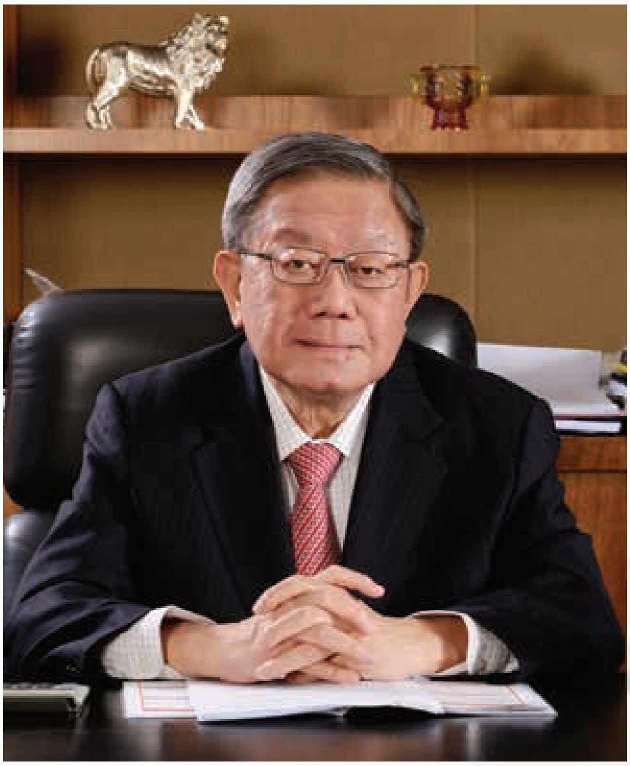
The financial year that ended has been challenging, especially for our Malaysian and Vietnamese markets. Overall, the Group recorded Gross Sales Proceeds of S$1.08 billion and revenue of S$428.8 million in FY2015, with Group net profit before non-recurring items at S$22.5 million. The Group incurred non-recurring losses in FY2015, principally due to contingent expenses of S$64.7 million related to early-termination of the lease for a store in Hanoi, Vietnam, which closed in January 2015 to prevent any further losses resulting from the challenging retail environment. Including the impact of the non-recurring items, the Group recorded net loss of S$52.8 million in FY2015. These one-time, non-cash write-offs do not impact the Group's operational performance.

While the Group encountered weak consumer sentiments in Malaysia and Vietnam, Indonesia and Myanmar continue to remain as bright spots. Propelled by the affluent growing middle class in Indonesia, demand continues to be robust in the market. Our Yangon store is seeing strong ramp-up in sales after the first year of operations. Both countries' operations recorded positive same-store sales growth ("SSSG"), with Myanmar in the double-digits.

In Malaysia, the Group recorded a decline in SSSG of -4.5% for FY2015. The Malaysia Institute of Economic Research reported that the country's consumer sentiment index remained below the 100-point confidence threshold throughout the four quarters in FY2015. Consumer sentiment was negatively affected by increased costs of living caused by the government's subsidy rationalisation programmes, the central bank's actions to curb household debts and the introduction of the Goods & Services Tax ("GST") in FY2015. The Group's Malaysian operations posted revenue of S$322.3 million and net profit of S$26.2 million.

Our Vietnamese operations recorded a decline in SSSG of -5.1% for FY2015. The sales at our stores in the northern cities of Hanoi and Hai Phong were especially affected by the significant increase in new retail space. On a brighter note, our southern stores in Ho Chi Minh City continued to perform well considering the challenging market, and have helped buffer our overall performance in Vietnam.

Vietnam posted revenue of S$45.2 million and a net loss before non-recurring items of S$2.5 million in FY2015. The Vietnamese operations incurred non-recurring losses during the financial year, principally related to contingent expenses of S$64.7 million on the early-termination of a lease for a store in Hanoi, Vietnam by a subsidiary, Parkson Hanoi Co Ltd ("PHCL"). The closure of the said store in Hanoi, which had been loss-making since its opening, was made in the context of a weak discretionary spending environment that was compounded by a more competitive retail landscape. These contingent expenses of S$64.7 million represent possible compensation payable by PHCL to the landlord of the store for breach of terms of the tenancy agreement. No legal action has been initiated by the landlord to seek compensation thus far but PHCL has provided for this sum as a contingency and will contest any legal claim that may arise. Including



the impact of the non-recurring losses, our Vietnamese operations recorded net loss of S$79.2 million in FY2015. The Group has completed the disposal of approximately 30% equity interest in PHCL after the financial year-end, which will result in a gain on disposal of approximately S$46.4 million in the coming year FY2016.

Indonesia's performance has been encouraging with consumer spending in Indonesia remaining largely optimistic in FY2015. The Group's Indonesian operations recorded SSSG of 8.4% for FY2015 which was an improvement from the SSSG of 6.0% generated in FY2014. The strong sales performance in Indonesia was due to robust domestic consumption with Bank Indonesia reporting that the country's consumer confidence index remained above the 100-point confidence threshold throughout the four quarters in FY2015.

Our single store in Yangon, Myanmar, has entered its second year of operations and is recording good ramp-up in sales growth, with revenue of S$1.9 million for FY2015. The fundamentals of Myanmar are promising and we are in discussion to open more stores to harness the rising consumption growth in the country.

Going forward, the Group is taking measures to improve performance, such as boosting same-store sales growth with aggressive target marketing activities, enhancing overall productivity, revamping merchandise assortments and range, as well as improving efficiency in operational costs. The Group has a healthy cashflow and strong balance sheet that will help us to ride out the macroeconomic headwinds.

In line with our strategy to maintain and strengthen our position as a leading department store operator in South East Asia, we will be expanding our regional footprint with the targeted opening of our first store in Phnom Penh, Cambodia, in the coming financial year FY2016. The Group is also on track to open more stores in Indonesia where we are targeting the underserved markets in the country's first-tier and second-tier cities. By establishing our presence across the different major cities and towns in each of our markets, we continually reach out to our customers with the best offerings, and wider brand and product choices.

The Group plans to transform Parkson into a lifestyle concept retail business by venturing into businesses that will complement our department store operations and attract further footfall. We have during FY2015 entered into a joint venture to operate theme parks, education centres and nursery centres in the Maju Junction mall in Kuala Lumpur. The edutainment facilities are scheduled for opening in the coming financial year FY2016. We are also in discussion to introduce private label brands, and food and beverage offerings to expand the product and service choices available within our stores.

There have been some changes to the composition of the board. Mr Toh Peng Koon has retired from his position as the Chief Executive Officer and has also stepped down as a board member. Mr Michel Grunberg, who is due to retire at the forthcoming Annual General Meeting ("AGM"), has decided not to seek for re-election due to medical reasons. On behalf of the board, I wish to express my thanks to both Mr Toh and Mr Grunberg for their invaluable contributions over the years. At the same time, I welcome the appointment of Ms Cheng Hui Yuen, Vivien, as an Executive Director of the Company. Ms Cheng is involved in the area of business development for the Parkson branding division and her expertise will be of invaluable assistance to the Group's business. On behalf of our shareholders, I would like to welcome her on board.

The Board is pleased to propose a final dividend of 2.0 cents per share for FY2015, which is subject to shareholders' approval at the forthcoming AGM. This final dividend is in addition to the special FY2015 interim dividend of 4.0 cents per share which was paid on 7 January 2015, bringing the total dividend payout for FY2015 to 6.0 cents per share.

Finally, on behalf of the Board, I wish to thank 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

FINANCIAL HIGHLIGHTS

	Restated 2011 SGD'000	Restated 2012 SGD'000	Restated 2013 SGD'000	Restated 2014 SGD'000	2015 SGD'000	Pro forma 2015[3] SGD'000
Consolidated Income Statement						
Gross sales proceeds[1]	868,910	1,054,913	1,109,387	1,077,891	1,077,567	1,077,567
Revenue	367,314	433,475	446,728	432,037	428,751	428,751
Earnings before interest, tax, depreciation and amortisation	61,553	75,446	65,857	59,650	(25,869)	49,400
Profit/(Loss) for the year	34,918	43,921	37,020	32,058	(52,795)	22,474
Profit/(Loss) attributable to the owners of the Company	34,110	44,585	38,577	34,382	(34,688)	24,225
Basic and diluted earnings per share (cents)[2]	5.71	6.58	5.70	5.08	(5.12)	3.58
Consolidated Balance Sheet						
Total assets	287,095	417,817	438,134	419,866	374,407	384,947
– cash and short-term deposits	83,716	177,868	153,873	129,204	126,711	126,711
Total liabilities	163,479	181,558	185,110	185,814	244,361	179,632
Total equity	123,615	236,259	253,024	234,052	130,046	205,315

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 year 2011 is calculated by dividing the Group's profit for the year attributable to the owners of the Company by the pre-invitation share capital of 597,300,000 ordinary shares.
3. Pro-forma figures are derived after excluding the following non-recurring items:

	SGD'000
Gain on disposal of an associate	(1,379)
Provision for contingent expenses in relation to closure of a store	64,729
Allowances for doubtful trade and other receivables	
– Deposits paid for closed stores	3,708
– Deposits paid for managed stores	8,211
	75,269

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONAL RESULTS

Gross Sales Proceeds ("GSP") for FY2015 remained flat Year-on-Year ("YoY") at S$1.078 billion. The components of GSP for FY2015 are as follows:–

	Group	
	FY2015 S$'000	FY2014 S$'000
GSP		
Sale of goods – direct sales	198,771	210,298
Sale of goods – concessionaire sales	860,709	851,306
Total merchandise sales	1,059,480	1,061,604
Consultancy and management service fees	952	1,044
Rental income	17,135	15,243
Total GSP	1,077,567	1,077,891

GSP for the year remained flat, despite sales contribution from new stores, due significantly to the negative SSSG recorded by the Malaysian and Vietnamese operations of -4.5% and -5.1% respectively.

The Group generated total merchandise sales of S$1.059 billion for the year FY2015, with concessionaire sales contributing 81.2% and direct sales contributing the balance of 18.8%. By product segment, the Fashion & Apparel category constituted 53.0% of the total merchandise sales, the Cosmetic & Accessories category constituted 28.5%, 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 year FY2015 increased by 40 bps YoY to 23.8%. Gross margin improved due mainly to reduced discounting and lesser stock shrinkages.

REVIEW OF FINANCIAL RESULTS

REVENUE AND OTHER INCOME

The Group recorded a revenue of S$428.8 million for FY2015, representing a marginal decline of (0.8)% YoY. The marginal decline in revenue is generally in line with the movement of GSP which remained flat YoY. The components of revenue for FY2015 are as follows:–

	Group	
	FY2015 S$'000	FY2014 S$'000
Revenue		
Sale of goods – direct sales	198,771	210,298
Commission from concessionaire sales	211,893	205,452
Consultancy and management service fees	952	1,044
Rental income	17,135	15,243
Total revenue	428,751	432,037

Other income, including finance income, for FY2015 increased by 14.0% to S$16.0 million. Other income increased due significantly to gain on disposal of an associate, Odel PLC, of S$1.4 million.

EXPENSES

Total expenses for FY2015 increased by 20.9% YoY to S$485.3 million. Analysis of the major operating expense items for FY2015 is as follows:

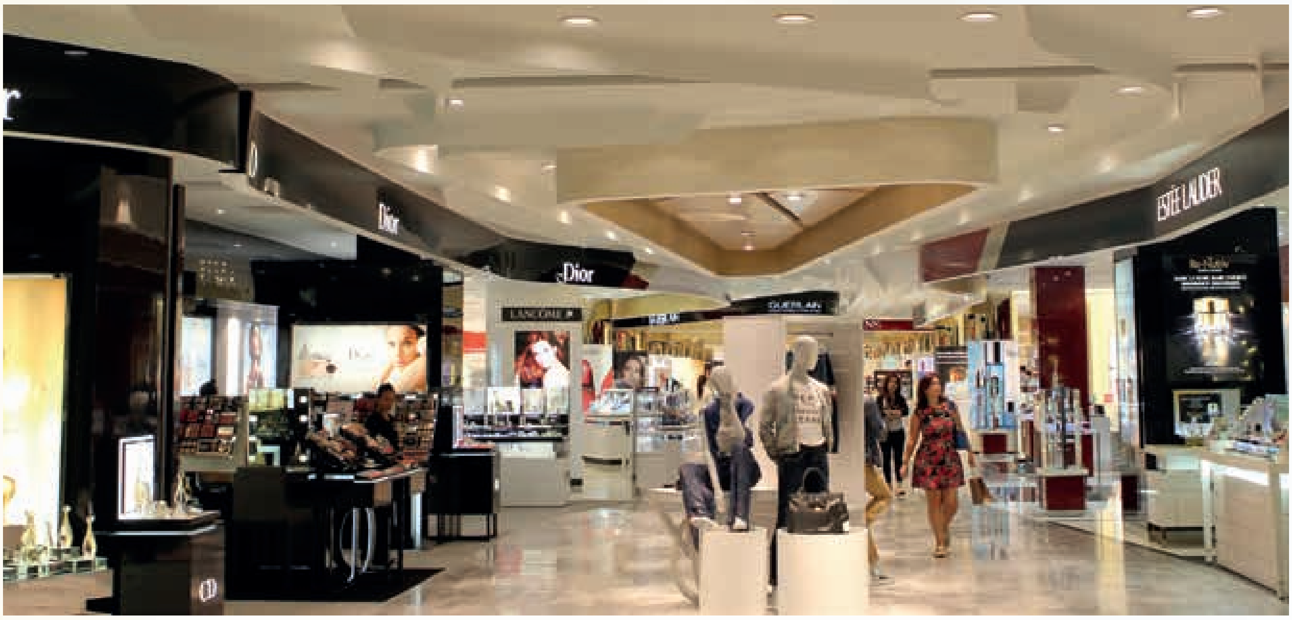
Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables refer to the cost of direct sales. Cost of direct sales for FY2015 declined by (5.6)% to S$158.0 million. The decline is in line with the decline in direct sales.

Employee benefits expense

Employee benefits expense or staff cost increased by 6.2% to S$52.6 million for FY2015. The increase is primarily due to the inclusion of staff cost for new stores operating in FY2015 and yearly wage increase.

MANAGEMENT DISCUSSION AND ANALYSIS



As a percentage of revenue, the staff cost ratio increased by 80 bps YoY to 12.3% for FY2015. Staff cost ratio increased due to (i) negative SSSG recorded by the Malaysian and Vietnamese operations resulting in lower staff productivity and (ii) staff cost for new stores where the sales are lower at the initial stages of operations.

Promotional and advertising expenses

Promotional and advertising expenses remained relatively flat YoY at S$9.4 million for FY2015. These expenses remained flat, despite the opening of new stores, due to more targeted promotional and advertising programmes being adopted in FY2015 resulting in cost savings.

As a percentage of revenue, promotional and advertising expenses ratio remained flat at 2.2% for FY2015 due to more targeted promotional and advertising programmes adopted resulting in higher productivity despite the opening of new stores in FY2015.

Depreciation and amortisation expenses

Depreciation and amortisation expenses for FY2015 remained relatively flat YoY at S$20.5 million. Depreciation and amortisation expenses remained flat due to the increase in depreciation costs for new stores operating in FY2015 being offset by lower depreciation on older stores and the absence of depreciation for a store in Hanoi closed in January 2015.

As a percentage of revenue, depreciation and amortisation expenses ratio increased by 10 bps YoY to 4.8% for FY2015. The higher ratio for FY2015 is primarily due to depreciation incurred for new stores but where the sales are lower at the initial stages of operations.

Rental expenses

Rental expenses increased by 7.6% YoY to S$111.8 million for FY2015. Rental expenses increased due to the inclusion of rental costs for the 11 new stores operating in FY2015.

As a percentage of revenue, the rental expense ratio increased by 210 bps YoY to 26.1% for FY2015. Rental expense ratio increased due to (i) new stores that are paying base rentals but where the sales are lower at the initial stages of operations and (ii) the decline in SSSG for Malaysian and Vietnamese operations resulting in lower store productivity.

Other expenses

Other expenses consisted mainly of (a) selling and distribution expenses and (b) general and administrative expenses. Other expenses for FY2015 increased by >100.0% YoY to S$132.4 million. Other expenses increased substantially due to incurrence of non-recurring items i.e. (i) contingent expenses related to closure of a store in Hanoi of S$64.7 million comprising of possible compensation payable to the landlord in the event of legal claim and (ii) impairment of deposits due from two managed-stores located in Ho Chi Minh City of S$8.2 million.

As a percentage of revenue, the other expenses ratio for FY2015 increased substantially due to incurrence of the above said non-recurring items.

SHARE OF RESULTS OF AN ASSOCIATE

The Company has completed the disposal of its entire equity interest of 47.46% in Odel PLC in November 2014. The Group's share of results of Odel PLC declined in part due to the equity accounting of results in FY2015 for less than 6 months to disposal date, as compared to the 12 months share of results in the comparative year FY2014.

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

The Group recorded pre-tax loss of S$(40.6) million for FY2015. The major factors contributing to the significant deterioration in the Group's pre-tax results for FY2015 are due to the following non-recurring items:

(i) Contingent expenses of S$64.7 million related to the early-termination of the lease of a store in Hanoi by a subsidiary, Parkson Hanoi Co Ltd ("PHCL"). PHCL holds the operating license for the store. These contingent expenses represent possible compensation payable by PHCL to the landlord for breach of terms of tenancy agreement. No legal action has been initiated by the landlord to seek such compensation thus far but PHCL has provided for this sum as a contingency and will contest any legal claim that may arise. This amount substantially represents the maximum rental for the remaining lease term of approximately 7 years for the said store and will be a lower amount in the event that the lease space is re-tenanted. Notwithstanding the above contingent provision, the liabilities of the shareholders of PHCL are limited to their respective contributed equity capital. The Group's contribution to its share of PHCL's equity capital has been fully written down in the previous financial year;

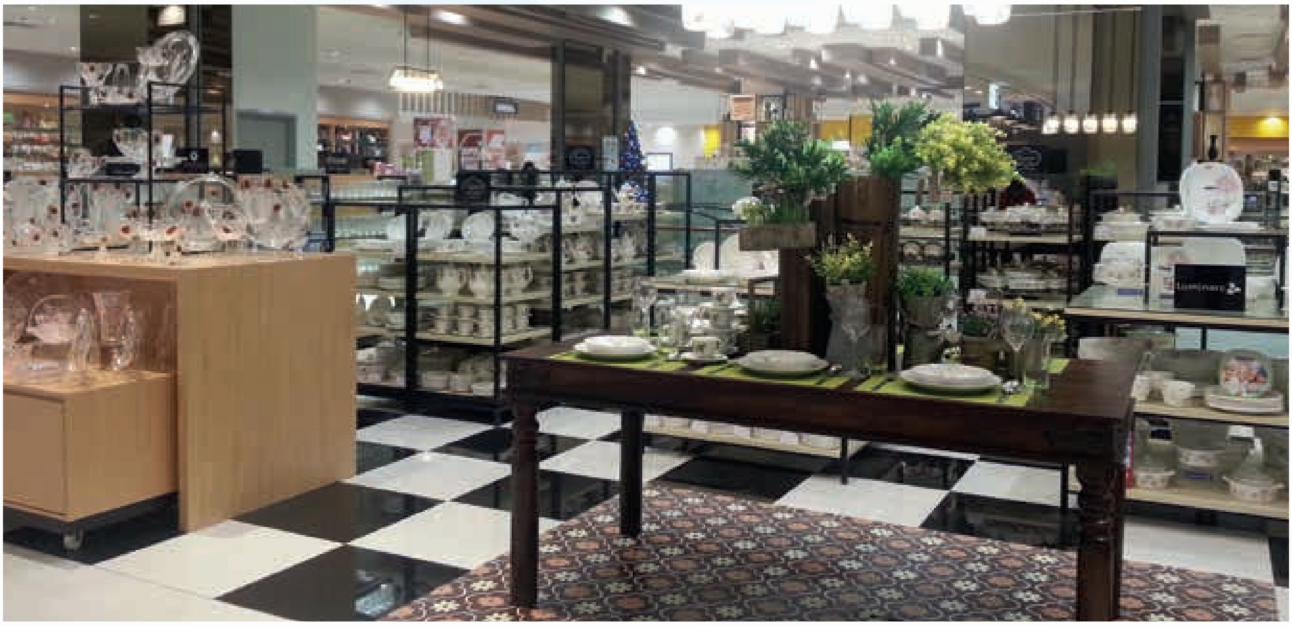
(ii) Impairment of deposits due from two managed-stores located in Ho Chi Minh City of S$8.2 million.

Other factors contributing to the decline in the Group's pre-tax results included the de-leveraging impact from the negative SSSG of the Malaysian and Vietnamese operations and the initial loss-making periods of new stores in their 1st year of operations.

As a percentage of revenue, the PBT ratio for FY2015 deteriorated substantially due to incurrence of the above said non-recurring items.

TAXATION

The Group effective tax rate for FY2015 is substantially higher than the statutory tax rates of the countries where the Group operates due significantly to the inclusion of losses associated with the above said non-recurring items which are not tax-deductible.



MANAGEMENT DISCUSSION AND ANALYSIS

NET PROFIT/(LOSS)

The Group recorded net loss of S$(52.8) million for FY2015. The significant decline in net results is due to the incurrence of non-recurring items related to contingent expenses for closure of a store in Hanoi and impairment of financial assets in Vietnam as well as the initial loss-making periods of new stores in their 1st year of operations. As a percentage of revenue, the net results ratio deteriorated significantly due to incurrence of the said non-recurring items.

REVIEW OF FINANCIAL RESOURCES

The equity accounting for the investment in an associate, Odel PLC, has ceased as at the balance sheet date as the Company has divested its entire equity interest of 47.46% in November 2014.

The non-current portion of other receivables declined to S$21.8 million due in part to the write-down of the tenancy deposits for the store closed in Hanoi by the subsidiary, PHCL. The non-current portion of prepayments declined to S$8.9 million while the current portion of prepayments declined to S$5.2 million due to progressive utilisation of prepaid rentals to rental costs in the income statement.

Available-for-sale financial assets, classified under current portion of investment securities, declined to S$11.9 million due to redemption of money market funds for cash. Trade and other receivables declined to S$17.4 million as at 30 June 2015 due to the impairment made on the deposits due from two managed-stores located in Ho Chi Minh City in FY2015 of S$8.2 million.

The non-current portion of other payables declined to S$6.9 million mainly due to reversal of deferred lease income following the closure of the store in Hanoi.

The Group's financial position remained robust with total equity of S$130.0 million as at 30 June 2015.

The Group generated healthy net cash from operations for the year FY2015 of S$44.8 million despite being faced with challenging environments. The Group cash balance as at 30 June 2015 remained strong at S$138.6 million (including money market funds of S$11.9 million classified separately as available-for-sale financial assets).

CSR PROGRAMME

OVERVIEW

Corporate Social Responsibility is an integral part of Parkson's business ethos. As a leading departmental store operator in Southeast Asia, we believe in making a difference in the communities where we have established our stores. We believe in improving the lives of young people through education and by equipping them with the knowledge and skills they need to succeed, so that they may in turn also contribute to their communities. We are supported by strong partners, such as the Lion-Parkson Foundation and KL Festival City mall, who have contributed generously to our CSR endeavours.

Below are some of our key CSR programmes and activities:

Parkson EduCare and Centro EduCare

For 14 years, Parkson Malaysia has been involved in Parkson EduCare, one of our key CSR activities. It is a collaborative programme between Parkson Corporation Sdn Bhd, Siri Jayanti Association and Yaysan Maha Karuna. Under this programme, Parkson stores throughout Malaysia have been acting as collection centres for the public to contribute school items such as schoolbags, shoes, uniforms and stationery for needy students nationwide. Every year, about 5,000 school-going children from 200 government schools and orphanages benefit from these donations. The programme collected RM82,993 in 2014.

As a result of the success of the programme, Parkson is replicating it in our overseas markets. In Indonesia, during the launch period of a new outlet at Lippo Mall Puri-St. Moritz Jakarta from June to August 2014, Parkson donated 500 sets of school supplies to impoverished children who are the beneficiaries of Parkson EduCare. The donation was done in collaboration with the Sahabat Anak Foundation, a non-profit organisation that provides quality education and advocates for children's rights to help Jakarta's street children escape urban poverty.

In February 2015, Parkson EduCare organised a Lunar New Year event at Parkson St. Moritz, which raised IDR 10 million in cash sponsorship that went towards providing school supplies and lunch for the children under Sahabat Anak's care.

Similar to Parkson EduCare, Centro EduCare also conducts annual donation drives to purchase school supplies for impoverished children. It is organised by the Centro group of stores in Indonesia. In 2014, the programme distributed a total of 640 school packages to 10 schools in areas surrounding Centro Department Stores.

CSR PROGRAMME

Chinese New Year Calligraphy Charity Sale

CNY Calligraphy Charity Sale was started in 2010 to benefit needy students and initially targeted to raise RM800,000 over a four-year period. It exceeded the target by raising RM1.008 million for students in the four participating independent high schools in Kuala Lumpur. Calligraphy pieces by students from the schools and by Lion-Parkson Foundation Chairman, Puan Sri Chelsia Cheng, and her calligraphy centre were sold in nine Parkson outlets during the periods before Chinese New Year each year.

The programme expanded in 2014 when two more schools participated. The six schools raised more than RM192,000 from the sale of their calligraphy pieces in 11 Parkson stores. In 2015, they raised more than RM196,000.

Lion-Parkson Run

To raise funds for the *Home for the Handicapped & Mentally Disabled Children Association Selangor*, the Lion-Parkson Foundation held its inaugural charity run on 14 September 2014 at Padang Merbok in Kuala Lumpur. The funds will go towards the construction of second and third phases of the Home, which is estimated to cost RM6 million. Presently, the Home can accommodate 100 children with a playground and therapy pool. Upon completion of the second and third phases, the Home will be able to take in another 100 children. The additional construction includes classroom facilities, an orphanage and an old folks' home.

The 10km charity run attracted 2,500 people and raised RM1.008 million. Plans are already underway to organise another charity run in November 2015.

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 30 October 2014. He is 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, a Malaysian based diversified business group (which includes our Company) encompassing retail, branding, credit financing, property development, mining, steel, tyre, motor, agriculture and computer. He oversees the operation of the Lion Group and is responsible for the formulation and monitoring of the overall corporate strategic plans and business development of the Lion Group.

Tan Sri Cheng is also the Chairman and Managing Director of Parkson Holdings Berhad ("PHB"), our ultimate holding company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Executive Director and Chairman of Parkson Retail Group Limited ("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 Asiapac Limited, a public company 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"). He is now a Life Honorary President of ACCCIM and KLSCCCI, and the President of Malaysia Retailers Association and Malaysia Steel Association.

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

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

MS CHENG HUI YUEN, VIVIEN

Executive Director

Ms Cheng Hui Yuen, Vivien, was appointed as an Executive Director of the Company on 18 September 2015.

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

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

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

MR TAN SIANG LONG

Non-Independent, Non-Executive Director

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

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

BOARD OF DIRECTORS

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

DATUK LEE KOK LEONG

Non-Independent, Non-Executive Director

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

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

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

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 and was last re-elected on 30 October 2014.

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

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

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

GEN (R) DATO' SERI DIRAJA TAN SRI MOHD. ZAHIDI BIN HAJI ZAINUDDIN

Independent, Non-Executive Director

Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin was appointed as a Director of the Company on 28 September 2011 and was last re-elected on 30 October 2014. He is the Chairman of the Audit Committee and Nominating Committee, and a member of the Remuneration Committee.

Tan Sri 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. Tan Sri Zahidi is the Chairman of the board of directors of Affin Holdings Berhad and the Chairman of the Audit Committee of Genting Plantation Berhad, both of which are listed on the stock exchange in Malaysia.

Tan Sri 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.

Tan Sri Zahidi was elected as Orang Kaya Bendahara Seri Maharaja of Perak in 2014.

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 is in charge of overseeing the growth of the company. Mr Tan is also an independent director of Metro Holdings Limited.

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

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

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 40 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 Masters 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.

In accordance with Article 91 of the Articles of Association of the Company, Mr Grunberg will be retiring at the forthcoming AGM and he has decided not to seek for re-election.

KEY MANAGEMENT

MR TIANG CHEE SUNG

Chief Executive Officer of Vietnam, Myanmar and Cambodia operations

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

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

MR GUI CHENG HOCK

Group Chief Operating Officer of Indonesia operations

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

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

MR LAW BOON ENG

Chief Operating Officer of Malaysia operations

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

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

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Non-Independent Directors

Tan Siang Long
Datuk Lee Kok Leong

Independent Directors

Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin
Tan Soo Khoon
Michel Grunberg
Wee Kheng Jin

AUDIT COMMITTEE

Chairman

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

Members

Tan Soo Khoon
Tan Siang Long

NOMINATING COMMITTEE

Chairman

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

Members

Michel Grunberg
Tan Sri Cheng Heng Jem

REMUNERATION COMMITTEE

Chairman

Tan Soo Khoon

Members

Gen (R) Dato' Seri DiRaja Tan Sri 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
8 Robinson Road #03-00
ASO Building
Singapore 048544

AUDITORS

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

PRINCIPAL BANKERS

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

The Board meets at least four times a year. Fixed meetings are scheduled at the end of each year. Ad hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings. The Company's 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 2015 ("FY2015") and the attendance of the Directors for the meetings are as follows:

	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended
Executive Director								
Tan Sri Cheng Heng Jem	C	7/7	–	–	M	2/2	–	–
Toh Peng Koon[(1)]	M	7/7	–	–	–	–	–	–
Non-executive Non-independent Director								
Tan Siang Long	M	7/7	M	4/4	–	–	M	3/3
Datuk Lee Kok Leong[(2)]	M	6/6	–	–	–	–	–	–

CORPORATE GOVERNANCE REPORT

	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended
Independent Directors								
Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin	M	6/7	C	3/4	C	2/2	M	3/3
Wee Kheng Jin	M	7/7	–	–	–	–	–	–
Tan Soo Khoon	M	7/7	M	4/4	–	–	C	3/3
Michel Grunberg	M	7/7	–	–	M	2/2	–	–

(1) resigned on 18 September 2015
(2) appointed on 21 August 2014
Legend:
C – Chairman
M – Member

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 Management on the Group's structure, businesses, operations, and policies. Each new Director who has not acted as director of other companies will be encouraged to attend training conducted by the Singapore Institute of Directors on 'Duties and Responsibilities of Directors' and other relevant courses to help him familiarise with the roles and responsibilities of a director of a listed company. All Directors are also given the opportunity to visit the Group's operational facilities and meet with Management.

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

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

CORPORATE GOVERNANCE REPORT

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 FY2015, a training session was conducted by an external consultant pertaining to corporate governance. 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 FY2015. Datuk Lee Kok Leong was appointed as a Non-independent Non-executive Director of the Company on 21 August 2014. On 18 September 2015, subsequent to FY2015, Mr Toh Peng Koon resigned as an Executive Director and Ms Cheng Hui Yuen, Vivien, was appointed on the same date as an Executive Director. During FY2015 and up to 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 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 Directors are non-independent. The four Directors who have been determined to be independent are Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin, Mr Wee Kheng Jin, Mr Tan Soo Khoon and Mr Michel Grunberg.

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 have served on the Board for more than nine years.

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

CORPORATE GOVERNANCE REPORT

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

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

Gen (R) Dato' Seri DiRaja Tan Sri 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 Management in meeting agreed goals and objectives and monitor the reporting of performance.

To facilitate a more effective check on Management, Non-executive Directors are encouraged to meet regularly without the presence of Management. The Non-executive Directors who are not involved in the operations of the Group had held an informal meeting at least once during FY2015 without the presence of Management.

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

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

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

The Board has appointed Gen (R) Dato' Seri DiRaja Tan Sri 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 Director 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.

CORPORATE GOVERNANCE REPORT

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) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin, the lead independent Director, is also the Chairman of the Nominating Committee.

The Nominating Committee is comprised of:

Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin – Chairman
Michel Grunberg – Member
Tan Sri Cheng Heng Jem – Member

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

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

The Nominating Committee has put in place a process for selection and appointment of new directors which includes identification of potential candidates, evaluation of candidates' skills, knowledge and experience and assessment of the candidate's suitability. All potential candidates, through the recommendation of the directors, professional firms and associates, and if 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.

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

CORPORATE GOVERNANCE REPORT

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

The Nominating Committee and the Board are of the view that, setting a maximum number of listed company board representations a Director may hold is not meaningful. The contribution of each Director would depend on his individual circumstances, including whether or not he has a full time vocation or other responsibilities, his individual capabilities and the nature and the complexity of the organizations in which he holds appointments. The Nominating Committee, with the concurrence of the Board, was satisfied that each of the Directors is able to and had adequately carried out his duties as a Director of the Company in FY2015, and had given sufficient time and attention to the affairs of the Company.

The Company's Articles of Association provide 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 of the Company, Mr Tan Siang Long and Mr Michel Grunberg will retire at the forthcoming AGM. All the retiring Directors, with the exception of Mr Michel Grunberg, have submitted themselves for re-appointment/re-election. Mr Michel Grunberg, who is on medical leave since 01 July 2015, has decided not to seek for re-election at the forthcoming AGM. 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.

The Company has appointed Ms Cheng Hui Yuen, Vivien, as an Executive Director on 18 September 2015. Pursuant to Article 97 of the Articles of Association of the Company, Ms Cheng shall retire as director at the forthcoming AGM. Being eligible, she has submitted herself for re-election. The Board recommended her re-election.

CORPORATE GOVERNANCE REPORT

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

The Board has implemented a process for the Nominating Committee to assess the effectiveness of the Board and its board committees through a confidential questionnaire (covering areas such as the effectiveness of the Board and its board committees in its monitoring role and the ability to attain 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) which is completed by each Director individually. The performance criteria have been endorsed by the Nominating Committee and the Board.

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

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

The last Board of Directors' evaluation was conducted in August 2015. 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 FY2015.

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

The Remuneration Committee is comprised of:

Tan Soo Khoon – Chairman
Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin – Member
Tan Siang Long – Member

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

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

The Remuneration Committee recommends to the Board a framework of remuneration for the Directors and key management personnel, and is responsible for proposing specific remuneration packages for each Director and key management personnel. The Remuneration Committee considers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind.

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

CORPORATE GOVERNANCE REPORT

The Remuneration Committee will seek expert advice inside and/or outside the company on remuneration of all directors if necessary. During the financial year, the Company engaged Aon Hewitt Singapore Pte Ltd ("Aon Hewitt") to conduct remuneration benchmarking for the Directors. Aon Hewitt and its consultants are independent and not related to the Group or any of its Directors.

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

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

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

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

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

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

The Directors' fee structure is as follows:

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

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

The Remuneration Committee had recommended to the Board a maximum amount of S$460,000 as the total Directors' fees to be paid for the financial year ending 30 June 2016 payable quarterly in arrears (no change from the previous financial year). This recommendation will be tabled for shareholders' approval at the AGM.

CORPORATE GOVERNANCE REPORT

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 FY2015 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[(2)]	16	51	23	10	100	341
Non-Executive Directors						
Tan Siang Long	100	–	–	–	100	60
Gen (R) Dato' Seri DiRaja Tan Sri 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
Datuk Lee Kok Leong[(1)]	100	–	–	–	100	47
						738

(1) Datuk Lee Kok Leong was appointed to the Board on 21 August 2014 and his director's fee is pro-rated.

(2) Mr Toh Peng Koon resigned on 18 September 2015 (subsequent to FY2015).

The remuneration (shown in bands of S$250,000) of the top five key management personnel (excluding those who are Directors) for FY2015 is disclosed in the table below:

	Salary %	Variable Bonus %	Benefits in kind %	Total %
Key Executives				
Band B[(1)]				
Gui Cheng Hock	46	15	39	100
Band A[(1)]				
Tiang Chee Sung	50	16	34	100
Law Boon Eng[(2)]	81	7	12	100
Koh Huat Lai	81	7	12	100
Lee Sook Beng[(3)]	56	14	30	100

(1) Band A refers to remuneration at or below the equivalent of S$250,000;
Band B refers to remuneration between the equivalent of S$250,001 and S$500,000

(2) Mr Law Boon Eng joined the Group in October 2014

(3) Ms Lee Sook Beng left the employment of the Group in August 2015 (subsequent to FY2015)

CORPORATE GOVERNANCE REPORT

For FY2015, the aggregate total remuneration paid to the top five key management personnel amounted to S$787,306.

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 FY2015. The basis for determining her remuneration was the same as the basis for determining the remuneration of other employees.

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

The Company had on 12 October 2011 adopted the ESOS, representing share-based incentive options of the Company. As at 30 June 2015, no options under the ESOS have been granted.

The main features of the ESOS are as follows:

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

Management provides all members of the Board with the results of the Group's performance, financial position and prospects on a quarterly basis. 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. A compliance manual covering legislative and regulatory requirements has been circulated to the management team and is updated when there are amendments to the legislative and regulatory requirements. The compliance manual was last updated, reviewed and adopted by the Board in August 2015. The Compliance Manager attends all the Board and Audit Committee meetings, and in some instances other Board Committee meetings.

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Audit Committee. Management also assesses all material and key risks associated with the Group's businesses and operations as well as corporate proposals. The Board reviewed the Strategic Corporate Risk Management Scorecard of key operations and the mitigating controls to address identified risks.

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

The Board has received written assurance from the Group 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, and the written assurance from the CEO and the CFO, the Group's internal controls addressing key financial, operational, compliance and information technology risks, and risk management systems were adequate and effective as at 30 June 2015. 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:

Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin – Chairman
Tan Soo Khoon – Member
Tan Siang Long – Member

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

- reviewing the significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;

CORPORATE GOVERNANCE REPORT

- 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 Management (collectively, "internal controls"), ensuring that such review of the effectiveness of the internal controls is conducted at least annually;
- reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;
- reviewing the effectiveness of the Group's internal audit function;
- appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls; and
- making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

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

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

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

Gen (R) Dato' Seri DiRaja Tan Sri 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 FY2015. These meetings were attended by the Group Chief Executive Officer, the Chief Executive Officer in-charge of the Group's operations in Vietnam, Myanmar and Cambodia, the Chief Financial Officer, the Finance Manager, the Chief Auditor and/or the Audit Manager 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.

In FY2015, the Audit Committee met the external auditors and the internal auditors separately without the presence of the Executive Directors and Management in August 2014, February 2015 and May 2015.

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 FY2015 prior to making recommendations to the Board for approval.

CORPORATE GOVERNANCE REPORT

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

The Audit Committee has reviewed the non-audit services provided by the external auditors, Ernst & Young LLP, for FY2015 and is of the opinion that the provision of such services did not affect the independence or objectivity of the external auditors as the percentage of the fees for non-audit services is relatively small as compared to the fees for audit services. The external auditors have affirmed their independence in this respect.

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

	Financial year ended 30 June 2015	
	S$'000	**%**
Audit services	167	87.9
Non-audit services	23	12.1
	190	100.0

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

The Company confirms that it has complied with Rules 712 and Rule 715 or 716 of the Listing Manual 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 is 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. The Chief Auditor, has a direct and primary reporting line to the chairman of the Audit Committee, with administrative reporting to the Group Chief Executive Officer. The Audit Committee approves the hiring, removal, evaluation and compensation of the Chief Auditor.

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

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

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

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

For FY2015, the Audit Committee is satisfied that the internal audit function was adequately resourced, with appropriate standing within the Company.

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

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

The Company is committed to provide shareholders with adequate, timely and sufficient information 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 the Board may deem appropriate.

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

The Company believes in encouraging greater shareholder participation at general meetings. Shareholders have the opportunity to participate effectively and to vote at general meetings. 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 on at a general meeting will be clearly separated.

The external auditors are present at the AGM to address shareholders' queries on the conduct of the audit and the preparation and content of the auditors' report. The Directors and the 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 Management, and will make such minutes available to shareholders upon their request.

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

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 of S$0.94 each on 3 November 2011. As at 30 June 2015, the Company has utilized:

– S$43.9 million for the purpose of store openings in Malaysia, Indonesia and Vietnam;
– S$3.9 million for the purpose of information technology investment;
– S$12.4 million to subscribe for the rights issue of shares in Odel PLC, a former associate company; and
– S$2.6 million as capital contribution to a joint-venture company established to operate department stores in Myanmar.

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

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

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.

CORPORATE GOVERNANCE REPORT

The Audit Committee has reviewed the IPTs for FY2015. The aggregate value of the material IPTs between the Group and the interested persons for FY2015 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)	–	305
Lion Forest Industries Berhad Group(2)	–	1,839
Parkson Holdings Berhad Group(3)	204	3,261
Secom (Malaysia) Sdn Bhd(4)	–	266
Bonuskad Loyalty Sdn Bhd(5)	–	9,688
WatchMart (M) Sdn Bhd(6)	–	135
PT Monica Hijaulestari(7)	–	4,811
PT Tozy Bintang Sentosa(8)	–	245

Notes:

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

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

(3) (i) Royalty expenses totaling S$0.204 million;

(ii) Rental of retail space, sale of gift vouchers, purchase of merchandises and net concessionaire sales totaling S$3.261 million.

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

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

(6) Purchases of merchandise.

(7) Purchases of merchandise.

(8) Rental of office and warehouse.

DIRECTORS' REPORT

The directors 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 2015.

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) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin
Tan Soo Khoon
Datuk Lee Kok Leong
Michel Grunberg

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) Dato' Seri DiRaja Tan Sri 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	258,050,652	336,589,876	292,291,161	276,281,166
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 32.65% and an indirect interest in 26.80% 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 2015.

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 2015, 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) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin, Tan Siang Long and Tan Soo Khoon. The chairman of the AC is Gen (R) Dato' Seri DiRaja Tan Sri 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
9 September 2015

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 2015 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 Group 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
9 September 2015

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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 135, which comprise the balance sheets of the Group and the Company as at 30 June 2015, 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 financial statements and to maintain accountability of assets.

Auditor's responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Emphasis of matter

We draw attention to Note 24 to the financial statements which describes the uncertainty related to the amount of provision made in relation to the early termination of a lease at Landmark 72, Hanoi by Parkson Hanoi Co Ltd. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
9 September 2015

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 SGD'000	2014 SGD'000 (Restated)
Revenue	4	**428,751**	432,037
Other items of income			
Finance income	5	**6,354**	6,973
Other income	6	**9,597**	7,014
Items of expense			
Changes in merchandise inventories and consumables		**(158,014)**	(167,449)
Employee benefits expense	7	**(52,586)**	(49,525)
Depreciation and amortisation expenses		**(20,475)**	(20,365)
Promotional and advertising expenses		**(9,406)**	(9,392)
Rental expenses		**(111,818)**	(103,903)
Finance costs	5	**(601)**	(674)
Other expenses		**(132,432)**	(49,970)
Share of results of an associate		**39**	879
(Loss)/profit before tax	8	**(40,591)**	45,625
Income tax expense	9	**(12,204)**	(13,567)
(Loss)/profit for the year		**(52,795)**	32,058
(Loss)/profit for the year attributable to:			
Owners of the Company		**(34,688)**	34,382
Non-controlling interests		**(18,107)**	(2,324)
		(52,795)	32,058
(Loss)/earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	**(5.12)**	5.08

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 2015

	2015 SGD'000	2014 SGD'000 (Restated)
(Loss)/profit for the year	**(52,795)**	32,058
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan, net of tax	**(8)**	54
Share of results of an associate	**–**	(33)
Item that has been reclassified to profit or loss:		
Cumulative exchange differences on disposal of an associate	**993**	–
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(8,171)**	(12,445)
	(7,186)	(12,424)
Total comprehensive income for the year	**(59,981)**	19,634
Attributable to:		
Owners of the Company	**(41,868)**	21,966
Non-controlling interests	**(18,113)**	(2,332)
	(59,981)	19,634

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

BALANCE SHEETS
AS AT 30 JUNE 2015

	Note	Group 30.6.2015 SGD'000	Group 30.6.2014 SGD'000 (Restated)	Group 1.7.2013 SGD'000 (Restated)	Company 2015 SGD'000	Company 2014 SGD'000
ASSETS						
Non-current assets						
Property, plant and equipment	11	**96,778**	89,522	77,046	**–**	–
Land use right	12	**8,227**	7,913	8,173	**–**	–
Investments in subsidiaries	13	**–**	–	–	**145,649**	148,440
Investment in an associate	14	**–**	26,539	27,071	**–**	26,074
Deferred tax assets	15	**7,231**	4,928	3,161	**–**	–
Other receivables	16	**21,761**	24,876	23,823	**23,161**	32,135
Prepayments		**8,944**	13,576	19,560	**–**	–
Intangible assets	17	**5,350**	5,737	7,205	**–**	–
Derivatives	18	**19**	20	21	**–**	–
Investment securities	19	**83**	91	93	**–**	–
		148,393	173,202	166,153	**168,810**	206,649
Current assets						
Inventories	20	**57,817**	63,628	58,209	**–**	–
Investment securities	19	**11,867**	21,677	22,957	**–**	–
Trade and other receivables	16	**17,440**	23,514	29,130	**32,462**	27,493
Prepayments		**5,234**	6,126	3,779	**21**	22
Tax recoverable		**2,271**	2,515	4,033	**–**	–
Cash and short-term deposits	21	**126,711**	129,204	153,873	**7,644**	3,514
Assets of disposal group classified as held for sale	22	**4,674**	–	–	**–**	–
		226,014	246,664	271,981	**40,127**	31,029
Total assets		**374,407**	419,866	438,134	**208,937**	237,678
EQUITY AND LIABILITIES						
Current liabilities						
Trade and other payables	23	**140,150**	147,828	151,773	**912**	762
Other liabilities	24	**26,111**	26,995	23,256	**–**	–
Bank overdrafts	25	**735**	–	–	**–**	–
Tax payable		**123**	790	1,529	**–**	–
Liabilities of disposal group classified as held for sale	22	**70,293**	–	–	**–**	–
		237,412	175,613	176,558	**912**	762
Net current (liabilities)/assets		**(11,398)**	71,051	95,423	**39,215**	30,267
Non-current liabilities						
Other payables	23	**6,949**	10,094	8,397	**–**	–
Deferred tax liabilities	15	**–**	107	155	**–**	–
		6,949	10,201	8,552	**–**	–
Total liabilities		**244,361**	185,814	185,110	**912**	762
Net assets		**130,046**	234,052	253,024	**208,025**	236,916

BALANCE SHEETS

AS AT 30 JUNE 2015

	Note	Group 30.6.2015 SGD'000	Group 30.6.2014 SGD'000 (Restated)	Group 1.7.2013 SGD'000 (Restated)	Company 2015 SGD'000	Company 2014 SGD'000
Equity attributable to owners of the Company						
Share capital	26	**231,676**	231,676	231,676	**231,676**	231,676
Other reserves	27	**(157,036)**	(150,250)	(137,813)	**(30,278)**	(11,710)
Retained earnings		**73,751**	152,472	156,675	**6,627**	16,950
Reserve of disposal group classified as held for sale	22	**(386)**	–	–	**–**	–
		148,005	233,898	250,538	**208,025**	236,916
Non-controlling interests		**(17,959)**	154	2,486	**–**	–
Total equity		**130,046**	234,052	253,024	**208,025**	236,916
Total equity and liabilities		**374,407**	419,866	438,134	**208,937**	237,678
Net current assets, excluding net liabilities of disposal group held for sale		**54,221**	71,051	95,423	**39,215**	30,267
Net assets, excluding net liabilities of disposal group held for sale		**195,665**	234,052	253,024	**208,025**	236,916

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 2015

		Attributable to owners of the Company					
Group	**Equity, total SGD'000**	**Equity attributable to owners of the Company, total SGD'000**	**Share capital (Note 26) SGD'000**	**Retained earnings SGD'000**	**Other reserves (Note 27) SGD'000**	**Reserve of disposal group classified as held for sale SGD'000**	**Non-controlling interests SGD'000**
Opening balance at 1 July 2014							
As previously reported	238,819	238,665	231,676	157,326	(150,337)	–	154
Prior year adjustments	(4,767)	(4,767)	–	(4,854)	87	–	–
As restated	234,052	233,898	231,676	152,472	(150,250)	–	154
Loss for the year	(52,795)	(34,688)	–	(34,688)	–	–	(18,107)
Other comprehensive income							
Foreign currency translation	(8,171)	(8,165)	–	–	(8,165)	–	(6)
Cumulative exchange differences on disposal of an associate	993	993	–	–	993	–	–
Remeasurement of defined benefit plan, net of tax	(8)	(8)	–	(8)	–	–	–
	(7,186)	(7,180)	–	(8)	(7,172)	–	(6)
Total comprehensive income for the year	(59,981)	(41,868)	–	(34,696)	(7,172)	–	(18,113)
Reserve of disposal group classified as held for sale	–	–	–	–	386	(386)	–
Distributions to owners							
Dividends on ordinary shares (Note 28), representing total transactions with owners in their capacity as owners	(44,025)	(44,025)	–	(44,025)	–	–	–
Closing balance at 30 June 2015	130,046	148,005	231,676	73,751	(157,036)	(386)	(17,959)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Group	Equity, total SGD'000	Equity attributable to owners of the Company, total SGD'000	Share capital (Note 26) SGD'000	Retained earnings SGD'000	Other reserves (Note 27) SGD'000	Non-controlling interests SGD'000
		Attributable to owners of the Company				
Opening balance at 1 July 2013						
As previously reported	257,282	254,796	231,676	161,010	(137,890)	2,486
Prior year adjustments	(4,258)	(4,258)	–	(4,335)	77	–
As restated	253,024	250,538	231,676	156,675	(137,813)	2,486
Profit for the year						
As previously reported	32,577	34,901	–	34,901	–	(2,324)
Prior year adjustments	(519)	(519)	–	(519)	–	–
As restated	32,058	34,382	–	34,382	–	(2,324)
Other comprehensive income						
Foreign currency translation						
As previously reported	(12,455)	(12,447)	–	–	(12,447)	(8)
Prior year adjustments	10	10	–	–	10	–
As restated	(12,445)	(12,437)	–	–	(12,437)	(8)
Remeasurement of defined benefit plan, net of tax	54	54	–	54	–	–
Share of results of an associate	(33)	(33)	–	(33)	–	–
	(12,424)	(12,416)	–	21	(12,437)	(8)
Total comprehensive income for the year	19,634	21,966	–	34,403	(12,437)	(2,332)
Distributions to owners						
Dividends on ordinary shares (Note 28), representing total transactions with owners in their capacity as owners	(38,606)	(38,606)	–	(38,606)	–	–
Closing balance at 30 June 2014	234,052	233,898	231,676	152,472	(150,250)	154

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Equity, total SGD'000	Share capital (Note 26) SGD'000	Retained earnings SGD'000	Other reserves (Note 27) SGD'000
Company				
Opening balance at 1 July 2014	**236,916**	**231,676**	**16,950**	**(11,710)**
Profit for the year	**33,702**	**–**	**33,702**	**–**
Other comprehensive income				
Foreign currency translation, representing total other comprehensive income for the year	**(18,568)**	**–**	**–**	**(18,568)**
Total comprehensive income for the year	**15,134**	**–**	**33,702**	**(18,568)**
Distributions to owners				
Dividends on ordinary shares (Note 28), representing total transactions with owners in their capacity as owners	**(44,025)**	**–**	**(44,025)**	**–**
Closing balance at 30 June 2015	**208,025**	**231,676**	**6,627**	**(30,278)**
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 28), 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)

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 2015

	Note	2015 SGD'000	2014 SGD'000 (Restated)
Operating activities			
(Loss)/profit before tax		**(40,591)**	45,625
Adjustments for:			
Depreciation of property, plant and equipment	11	**19,745**	19,638
Amortisation of intangible assets	17	**595**	596
Amortisation of land use right	12	**135**	131
Allowance for doubtful trade and other receivables, net	16	**12,167**	1,126
Unrealised exchange gain		**(415)**	(1,264)
Net benefit expense from defined benefit plan	23	**120**	98
Property, plant and equipment written off		**2,503**	88
Intangible assets written off		**16**	–
Impairment of property, plant and equipment		**–**	540
Loss/(gain) on disposal of property, plant and equipment	6,8	**85**	(50)
Amortisation of deferred lease expense	16	**2,052**	2,197
Amortisation of deferred lease income	23	**(628)**	(699)
Writedown of inventories	20	**209**	–
Income from expired gift vouchers	6	**(732)**	(1,025)
Share of results of an associate		**(39)**	(879)
Provision for contingent expenses in relation to closure of a store	24	**64,729**	–
Gain on disposal of an associate	14	**(1,379)**	–
Dividend income from investment securities	6	**(84)**	–
Finance costs	5	**601**	674
Finance income	5	**(6,354)**	(6,973)
Operating cash flows before changes in working capital		**52,735**	59,823
Changes in working capital:			
Decrease/(increase) in:			
Inventories		**952**	(7,597)
Trade and other receivables		**(8,536)**	(241)
Prepayments		**5,022**	948
(Decrease)/increase in:			
Trade and other payables		**(4,110)**	4,553
Other liabilities		**7,167**	6,005
Cash flows from operations		**53,230**	63,491
Interest received		**6,079**	6,668
Interest paid		**(3)**	(9)
Income taxes paid		**(14,516)**	(14,510)
Net cash flows from operating activities		**44,790**	55,640

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 SGD'000	2014 SGD'000 (Restated)
Investing activities			
Proceeds from disposal of an associate	14	**27,919**	–
Proceeds from withdrawal of money market instruments		**8,545**	577
Proceeds from disposal of property, plant and equipment		**238**	226
Purchase of property, plant and equipment	A	**(32,602)**	(37,960)
Additions to intangible assets	17	**(375)**	(315)
Dividend income from investment securities		**84**	–
Dividend income from an associate		**–**	295
Net cash flows from/(used in) investing activities		**3,809**	(37,177)
Financing activity			
Dividends paid on ordinary shares	28	**(44,025)**	(38,606)
Net cash flows used in financing activity		**(44,025)**	(38,606)
Net increase/(decrease) in cash and cash equivalents		**4,574**	(20,143)
Effect of exchange rate changes on cash and cash equivalents		**(7,802)**	(4,526)
Cash and cash equivalents at 1 July		**129,204**	153,873
Cash and cash equivalents at 30 June	21	**125,976**	129,204

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2015 SGD'000	2014 SGD'000
Current year additions to property, plant and equipment	11	**32,376**	37,332
Less: Payable to creditors	23	**(198)**	(713)
Less: Accrued expenses	24	**(253)**	–
		31,925	36,619
Add: Payments for prior year purchase		**677**	1,341
Net cash outflow for purchase of property, plant and equipment		**32,602**	37,960

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 2015

1. CORPORATE INFORMATION

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollars ("SGD") and all values in the tables are rounded to the nearest thousand (SGD'000), except when otherwise indicated.

Fundamental accounting concept

The Group incurred a net loss of $52,795,000 (2014: profit of $32,058,000) during the financial year ended 30 June 2015 and as at that date, the Group's current liabilities exceeded its current assets by $11,398,000 (2014: net current assets of $71,051,000). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Included in the Group's net liabilities was an amount of $65,619,000 attributable to the net liabilities of the disposal group classified as held for sale as disclosed in Note 22. The capital assignment of the disposal group was completed on 17 August 2015 as disclosed in Note 22 and Note 36. Excluding the liabilities of the disposal group classified as held for sale, the Group would have net current assets of $54,221,000 as at 30 June 2015. Accordingly, the Board of the Company are of the view that the going concern assumption is appropriate for the preparation of the financial statements of the Group.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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**
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 16 and FRS 41 *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception (Editorial corrections in June 2015)*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (Continued)

(a) *Basis of consolidation (Continued)*

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

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

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

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

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

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

(b) *Business combinations*

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (Continued)

(b) Business combinations (Continued)

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

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

– The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.

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

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

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

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

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

2.5 Transactions with non-controlling interests

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Functional and foreign currency

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

(a) *Transactions and balances*

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

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

(b) *Consolidated and 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 other than land are measured at cost less accumulated depreciation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

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

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

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

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

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

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

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

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

2.8 Intangible assets

(a) Goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

(a) *Goodwill (Continued)*

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill 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.

(b) *Other intangible assets*

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

(b) Other intangible assets (Continued)

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

(i) Club memberships

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

(ii) Customer relationships

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

(iii) Software

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

2.9 Land use right

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

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets (Continued)

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.

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

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

2.12 Associate

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Associate (Continued)

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

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

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

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

2.13 Financial instruments

a) Financial assets

Initial recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

a) *Financial assets (Continued)*

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. Derivatives, including separated embedded derivatives are also classified as held for trading.

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

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

(ii) Loans and receivables

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

a) Financial assets (Continued)

Subsequent measurement (Continued)

(iii) Available-for-sale financial assets

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

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

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

De-recognition

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

Regular way purchase or sale of a financial asset

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of financial assets

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

(a) *Financial assets carried at amortised cost*

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

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 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 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 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Cash and cash equivalents

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

2.16 Inventories

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

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

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

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

2.17 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

(c) *Defined benefit plan*

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases

(a) As lessee

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

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

Operating lease payments 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 2.20(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.20 Revenue

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue (Continued)

(a) *Sale of goods*

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

(b) *Commissions from concessionaire sales*

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

(c) *Consultancy and management service fees*

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

(d) *Rental income*

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

(e) *Revenue from customer loyalty award*

The Group operates Parkson Card 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 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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.

2.21 Taxes

(a) Current income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (Continued)

(b) Deferred tax

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (Continued)

(b) Deferred tax (Continued)

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

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

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

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

2.22 Segment reporting

The Group has a single operating segment, which is the operation and management of 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 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Share capital and share issue expenses

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

2.24 Contingencies

A contingent liability is:

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

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

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

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

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

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

2.25 Non-current assets held for sale and discontinued operations

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.26 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 2015

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Judgements made in applying accounting policies

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

(a) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable and tax recoverable as at 30 June 2015 were approximately SGD123,000 (2014: SGD790,000) and SGD2,271,000 (2014: SGD2,515,000). The carrying amounts of the Group's deferred tax assets and deferred tax liabilities as at 30 June 2015 were SGD7,231,000 (2014: SGD4,928,000) and nil (2014: SGD107,000) respectively.

(b) Operating lease commitments – the Group as lessee

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (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 the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Customer loyalty award*

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

– the range of merchandise available to the customers;

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

– changes in the popularity of the programmes; and

– changing patterns in the redemption rates.

Details of deferred revenue from customer loyalty award are disclosed in Note 24.

(b) *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 23.

(c) *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 is disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(d) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's goodwill at the end of the reporting period is disclosed in Note 17.

(e) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 16.

(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 and impairment loss recognised at the end of the reporting period are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(g) *Provision for contingent expenses in relation to closure of a store*

During the financial year, the Group made a provision in relation to the early-termination of a lease for a closed store. This amount substantially represents the maximum rental for the remaining lease term of approximately 7 years for the said store. Under the terms of the tenancy agreement, the landlord may seek compensation equivalent to the rental payable during the vacancy period of the premises or where the premises is re-tenanted, the differences in the rental rates (if any). As such, any compensation claim (if successful) will be a lower amount than the maximum contingent expenses provided as at balance sheet date in the event that the premises is re-tenanted, resulting in a possible write-back of the said provision. Please refer to Note 24 for further details of the provision.

4. REVENUE

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Sale of goods – direct sales	**198,771**	210,298
Commissions from concessionaire sales	**211,893**	205,452
Consultancy and management service fees	**952**	1,044
Rental income	**17,135**	15,243
	428,751	432,037

5. FINANCE INCOME/COSTS

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Finance income		
Interest income on:		
– Short-term deposits and others	**5,365**	5,976
– Rental deposits receivables	**989**	997
	6,354	6,973
Finance costs		
Interest expense on:		
– Bank overdrafts	**(3)**	(8)
– Rental deposit payables	**(598)**	(666)
	(601)	(674)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

6. OTHER INCOME

	Group	
	2015	2014
	SGD'000	SGD'000
Cash discount from suppliers	**1,283**	1,253
Promotion income	**1,664**	2,067
Income recognised from gift vouchers expired	**732**	1,025
Gain on disposal of property, plant and equipment	**–**	50
Gain on disposal of an associate (Note 14)	**1,379**	–
Dividend income from investment securities	**84**	–
Exchange gain:		
– Realised	**1,411**	2
– Unrealised	**415**	266
Others	**2,629**	2,351
	9,597	7,014

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2015	2014
	SGD'000	SGD'000
Wages, salaries and bonuses	**40,064**	37,645
Contribution to defined contribution plans	**3,878**	3,452
Net benefit expense from defined benefit plan (Note 23)	**120**	98
Other staff related expenses	**8,524**	8,330
	52,586	49,525

Included in employee benefits expense of the Group are remuneration of directors and key management personnel as further disclosed in Note 29(b).

8. (LOSS)/PROFIT BEFORE TAX

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

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
		(Restated)
Audit fees:		
– Auditors of the Company	**167**	121
– Other auditors	**325**	358
Non-audit fees:		
– Auditors of the Company	**23**	63
– Other auditors	**23**	25
Total audit and non-audit fees	**538**	567
Depreciation of property, plant and equipment (Note 11)	**19,745**	19,638
Amortisation of land use right (Note 12)	**135**	131
Amortisation of intangible assets (Note 17)	**595**	596
Loss on disposal of property, plant and equipment	**85**	–
Property, plant and equipment written off (Note 11)	**2,503**	88
Intangible assets written off (Note 17)	**16**	–
Impairment of property, plant and equipment (Note 11)	**–**	540
Inventory shrinkages (Note 20)	**865**	1,159
Inventories written-down (Note 20)	**209**	–
Allowance for doubtful trade and other receivables, net (Note 16):		
– Deposits paid for closed stores	**3,708**	1,034
– Deposits paid for managed stores	**8,211**	–
– Others	**248**	92
Provision for contingent expenses in relation to closure of a store (Note 24)	**64,729**	–
Rental expenses:		
– Minimum lease payments	**108,158**	98,304
– Contingent lease payments	**2,195**	3,402
– Amortisation of deferred lease expense (Note 16)	**1,465**	2,197

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

9. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
		(Restated)
Consolidated income statement:		
– Current income taxation	**12,934**	14,926
– Under provision in respect of previous years	**1,178**	186
– Withholding taxes	**457**	506
	14,569	15,618
Deferred income tax (Note 15)		
– Origination and reversal of temporary differences	**(2,949)**	(1,944)
– Effect of change in tax rate on deferred tax	**223**	102
– Under/(over) provision in respect of previous years	**361**	(209)
	(2,365)	(2,051)
Income tax expense recognised in profit or loss	**12,204**	13,567
Statement of comprehensive income:		
Deferred tax (income)/expense related to other comprehensive income:		
– Re-measurement of defined benefit plan	**(3)**	18

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

9. INCOME TAX EXPENSE (CONTINUED)

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

A reconciliation between income tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rates for the years ended 30 June 2015 and 2014 is as follows:

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
		(Restated)
(Loss)/profit before tax	**(40,591)**	45,625
Tax at the domestic tax rates applicable to profits in the countries where the Group operates	**(8,108)**	10,403
Adjustments:		
– Non-deductible expenses	**16,480**	2,039
– Income not subject to taxation	**(2,212)**	(928)
– Effect on opening deferred tax as a result of change in foreign income tax rate	**223**	102
– Deferred tax assets not recognised	**3,832**	1,468
– Income subject to different tax rate	**(7)**	–
– Under provision of current tax in respect of previous years	**1,178**	186
– Under/(over) provision of deferred tax in respect of previous years	**361**	(209)
– Withholding taxes	**457**	506
Income tax expense recognised in profit or loss	**12,204**	13,567

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

	2015	**2014**
	%	**%**
Malaysia	**25**	25
Vietnam	**22**	22
Indonesia	**25**	25
Myanmar	**25**	25
Cambodia	**20**	20
Singapore	**17**	17
British Virgin Islands	**Nil**	Nil

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

10. (LOSS)/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	
	2015	**2014 (Restated)**
(Loss)/profit for the year attributable to owners of the Company (SGD'000)	**(34,688)**	34,382
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 2015 and 2014 are the same.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

11. PROPERTY, PLANT AND EQUIPMENT

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

11. 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
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

Land

The Group owns 2 pieces of land with a total area of 2,981 square metres located in Tangerang Selatan, Banten with Building Use Rights (Hak Guna Bangunan or HGB). The HGBs will expire on 18 December 2020 and 20 October 2028 respectively. Management believes that there will be no difficulty in extending the land rights since all the land were acquired legally and supported by sufficient evidence of ownership.

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Capital work-in-progress

Capital work-in-progress includes ongoing renovation for department stores. 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

In the previous year, Parkson Hanoi Co Ltd 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 was recognised in profit or loss for the financial year ended 30 June 2014.

12. LAND USE RIGHT

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Cost		
At 1 July	**8,622**	8,763
Exchange differences	**492**	(141)
At 30 June	**9,114**	8,622
Accumulated amortisation		
At 1 July	**709**	590
Amortisation for the year	**135**	131
Exchange differences	**43**	(12)
At 30 June	**887**	709
Net carrying amount	**8,227**	7,913
Amount to be amortised:		
– Not later than one year	**135**	131
– Later than one year but not later than five years	**539**	526
– Later than five years	**7,553**	7,256
	8,227	7,913

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 60 years and 6 months (2014: 61 years and 6 months).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	2014
	SGD'000	SGD'000
Shares, at cost	**164,950**	155,506
Exchange difference	**(19,301)**	(7,066)
	145,649	148,440

The Company has the following subsidiaries as at 30 June:

Name of company	Principal activities	Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Held by the Company				
Parkson Corporation Sdn Bhd[(b)]	Operation of department stores	Malaysia	**100**	100
Centro Retail Pte Ltd[(a)(1)]	Investment holding	Singapore	**100**	100
PT. Tozy Sentosa[(b)(2)]	Operation of department stores, supermarkets and merchandising	Indonesia	**100[(*)]**	100[(*)]
Parkson Myanmar Co Pte Ltd[(a)(3)]	Investment holding	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Principal activities	Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Held by Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd[b]	Retailing and operation of a modern shopping centre	Vietnam	**100**	100
Parkson Haiphong Co Ltd[b]	Upgrade and leasing of retail space for establishment of a modern department store	Vietnam	**100**	100
Kiara Innovasi Sdn Bhd[b]	Operation of department stores	Malaysia	**60**	60
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[b][4]	Retailing and operation of modern shopping centres	Vietnam	**100**	100
Parkson Edutainment World Sdn Bhd (f.k.a. Matrix Treasure Sdn Bhd)[c][5]	Dormant	Malaysia	**70**	–
Parkson Lifestyle Sdn Bhd (f.k.a. Zillion Paramount Sdn Bhd)[c][6]	Dormant	Malaysia	**100**	–
Super Gem Resources Sdn Bhd[c][7]	Dormant	Malaysia	**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)	Vietnam	**100**	100
Parkson Hanoi Co Ltd[b][8]	Retailing and operation of modern shopping centres	Vietnam	**70**	70
Held by Parkson Cambodia Holdings Co Ltd				
Parkson (Cambodia) Co Ltd[b]	Operation of department stores	Cambodia	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Principal activities	Country of incorporation	Ownership interest 2015 %	2014 %
Held by Parkson Myanmar Co Pte Ltd				
Parkson Myanmar Investment Company Pte Ltd[(a)]	Investment holding	Singapore	**70**	70
Held by Parkson Myanmar Investment Company Pte Ltd				
Parkson Myanmar Asia Pte Ltd[(a)]	Investment holding	Singapore	**100**	100
Myanmar Parkson Company Limited[(b)]	Retailing and operation of a modern shopping centre	Myanmar	**100[(**)]**	100[(**)]

(a) Audited by Ernst & Young LLP, Singapore
(b) Audited by member firms of Ernst & Young Global in their respective countries
(c) Not material to the Group and not required to be disclosed under SGX Listing Rule 717
(*) 10% (2014: 27.78%) is held via Centro Retail Pte Ltd
(**) 10% is held via Parkson Myanmar Asia Pte Ltd

Additional investments in subsidiaries

(1) In December 2014, the Company subscribed to 1 ordinary share issued and allotted by Centro Retail Pte Ltd for a consideration of RM10,820,000 (SGD3,867,000). The consideration was settled by way of offsetting against loan advanced to Centro Retail Pte Ltd.

(2) In October 2014, the Company subscribed to 32,000 ordinary shares issued and allotted by PT. Tozy Sentosa for a consideration of IDR32,000,000,000 (SGD3,237,000). The consideration was settled by way of offsetting against loan advanced to PT. Tozy Sentosa. Following the subscription, the Company now owns a 90% (2014: 72.22%) direct interest in PT. Tozy Sentosa. The remaining 10% (2014: 27.78%) interest is held via Centro Retail Pte Ltd.

(3) In December 2014, the Company subscribed to 1 ordinary share issued and allotted by Parkson Myanmar Co Pte Ltd for a consideration of RM6,549,000 (SGD2,340,000). The consideration was settled by way of offsetting with loan advanced to Parkson Myanmar Co Pte Ltd.

(4) In April 2015, Parkson Corporation Sdn Bhd ("PCSB"), a wholly-owned subsidiary of the Company contributed additional USD1,000,000 (SGD1,350,000) to the charter capital of Parkson SGN Co Ltd. The contribution was settled in cash.

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13. **INVESTMENTS IN SUBSIDIARIES** (CONTINUED)

Acquisition of subsidiaries

(5) In May 2015, PCSB acquired the entire paid-up share capital of Parkson Edutainment World Sdn Bhd (f.k.a. Matrix Treasure Sdn Bhd) ("PEW") of 2 ordinary shares at RM1 each for a cash consideration of RM2 (SGD0.71). Subsequent to the acquisition, the authorised and paid-up share capital of PEW were increased to 1,000,000 ordinary shares at RM1 each on the same day, for which PCSB subscribed for an additional 699,998 new ordinary shares at RM1 each for a cash consideration of RM699,998 (SGD250,000). Following the subscription, PEW became a 70%-owned subsidiary of PCSB.

(6) In June 2015, PCSB acquired the entire paid-up share capital of Parkson Lifestyle Sdn Bhd (f.k.a Zillion Paramount Sdn Bhd) of 2 ordinary shares at RM1 each for a cash consideration of RM2 (SGD0.71).

(7) In June 2015, PCSB acquired the entire paid-up share capital of Super Gem Resources Sdn Bhd of 2 ordinary shares at RM1 each for a cash consideration of RM2 (SGD0.71).

Partial disposal of a subsidiary

(8) In June 2015, Parkson Vietnam Co Ltd ("Parkson Vietnam"), a wholly-owned subsidiary of the Company entered into a capital assignment agreement with Mr. Hoang Manh Cuong to dispose of a 27.8% interest in the charter capital of Parkson Hanoi Co Ltd ("Parkson Hanoi") for a cash consideration of USD5,000 (SGD7,000). The capital assignment transaction was completed on 17 August 2015 (Note 36).

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

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

Name of company	Principal place of business	Ownership interest held by NCI %	Loss allocated to NCI during the year SGD'000	Accumulated NCI at 30 June SGD'000
30 June 2015				
Parkson Hanoi Co Ltd	Vietnam	**23.9**	**17,687**	**(18,769)**
Kiara Innovasi Sdn Bhd	Malaysia	**40**	**268**	**94**
Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	Myanmar	**30**	**135**	**624**

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Principal place of business	Ownership interest held by NCI %	Loss allocated to NCI during the year SGD'000	Accumulated NCI at 30 June SGD'000
30 June 2014				
Parkson Hanoi Co Ltd	Vietnam	26.5	1,878	(1,023)
Kiara Innovasi Sdn Bhd	Malaysia	40	160	377
Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	Myanmar	30	286	800

Summarised financial information of subsidiaries with material NCI

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

	Parkson Hanoi Co Ltd		Kiara Innovasi Sdn Bhd		Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	
	2015 SGD'000	2014 SGD'000	2015 SGD'000	2014 SGD'000	2015 SGD'000	2014 SGD'000
Balance sheets						
Current						
Assets	**2,227**	4,986	**1,051**	1,339	**1,845**	1,699
Liabilities	**(80,521)**	(14,767)	**(501)**	(205)	**(1,185)**	(945)
	(78,294)	(9,781)	**550**	1,134	**660**	754
Non-current						
Assets	**2,514**	9,616	**996**	1,378	**1,611**	2,108
Liabilities	**(1,000)**	(3,174)	**(1,310)**	(1,569)	**(192)**	(195)
	1,514	6,442	**(314)**	(191)	**1,419**	1,913
Net (liabilities)/assets	**(76,780)**	(3,339)	**236**	943	**2,079**	2,667

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with material NCI (Continued)

	Parkson Hanoi Co Ltd		Kiara Innovasi Sdn Bhd		Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	
	2015 SGD'000	2014 SGD'000	2015 SGD'000	2014 SGD'000	2015 SGD'000	2014 SGD'000
Statement of comprehensive income						
Revenue	**10,259**	13,561	**3,790**	4,167	**1,904**	1,787
Loss after tax	**(73,694)**	(7,059)	**(669)**	(400)	**(450)**	(955)
Other comprehensive income	**(299)**	(81)	**(38)**	(77)	**(138)**	(34)
Total comprehensive income	**(73,993)**	(7,140)	**(707)**	(477)	**(588)**	(989)
Other information						
Net cash flow from operating activities	**(548)**	(3,221)	**(1)**	(282)	**177**	(718)

14. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2015 SGD'000	2014 SGD'000	2015 SGD'000	2014 SGD'000
Shares, at cost	–	27,024	–	27,024
Share of post-acquisition reserves	–	470	–	–
Exchange difference	–	(955)	–	(950)
	–	26,539	–	26,074
Fair value of investment in an associate for which there is published price quotation	**n/a**	28,728	**n/a**	28,728

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

14. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Details of the associate are as follows:

Name of company	Principal activities	Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Odel PLC[a]	Retailing and operation of modern shopping centres	Sri Lanka	–	47.46

[a] Audited by Ernst & Young, Sri Lanka

Disposal of an associate

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

14. INVESTMENTS IN AN ASSOCIATE (CONTINUED)

Summarised financial information of the associate

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

	Odel PLC	
	2015 SGD'000	2014(*) SGD'000
Balance sheets		
Current		
Assets	–	36,292
Liabilities	–	(13,319)
	–	22,973
Non-current		
Assets	–	30,560
Liabilities	–	(3,480)
	–	27,080
Net assets	–	50,053
Proportion of the Group's ownership	–	47.46%
Group's share of net assets	–	23,755
Fair value adjustments	–	3,318
Other adjustments	–	421
Exchange difference	–	(955)
Group's carrying amount of the investment	–	26,539
Statement of comprehensive income		
Revenue	–	44,183
Profit after tax	–	1,851
Other comprehensive income	–	(70)
Total comprehensive income	–	1,781

(*) The Group recognised its share of results based on Odel's audited financial statements drawn up to the most recent reporting date, which is 31 March 2014. Being a listed entity on the Colombo Stock Exchange, Odel is unable to release information other than those publicly published.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

15. DEFERRED TAX ASSETS/LIABILITIES

	Deferred tax assets				Deferred tax liabilities			
	Difference in depreciation for tax purposes SGD'000	Provisions SGD'000	Unutilised tax losses SGD'000	Deferred tax assets, total SGD'000	Difference in depreciation for tax purposes SGD'000	Others SGD'000	Deferred tax liabilities, total SGD'000	Deferred tax, total SGD'000
Group								
At 1 July 2013								
As previously stated	623	3,670	–	4,293	(2,071)	(280)	(2,351)	1,942
Prior year adjustments	–	1,064	–	1,064	–	–	–	1,064
As restated	623	4,734	–	5,357	(2,071)	(280)	(2,351)	3,006
Recognised in profit or loss								
As previously stated	1	1,524	1,425	2,950	(1,083)	55	(1,028)	1,922
Prior year adjustments	–	130	–	130	–	–	–	130
As restated	1	1,654	1,425	3,080	(1,083)	55	(1,028)	2,052
Recognised in other comprehensive income	–	(18)	–	(18)	–	–	–	(18)
Exchange differences	(115)	(178)	(25)	(318)	53	46	99	(219)
At 30 June 2014	509	6,192	1,400	8,101	(3,101)	(179)	(3,280)	4,821
Recognised in profit or loss	139	643	2,479	3,261	(943)	47	(896)	2,365
Recognised in other comprehensive income	–	3	–	3	–	–	–	3
Deferred tax of disposal group classified as held for sale	–	–	–	–	77	–	77	77
Exchange differences	(21)	(296)	2	(315)	280	–	280	(35)
At 30 June 2015	627	6,542	3,881	11,050	(3,687)	(132)	(3,819)	7,231

	Group	
	2015 SGD'000	2014 SGD'000 (Restated)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**7,231**	4,928
Deferred tax liabilities	**–**	(107)
	7,231	4,821

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately SGD29,196,000 (2014: SGD16,831,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

15. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

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 28).

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 SGD'000	2014 SGD'000 (Restated)	2015 SGD'000	2014 SGD'000
Current:				
Trade receivables	**3,164**	4,539	**–**	–
Credit card receivables	**954**	1,298	**–**	–
Other receivables:				
– VAT receivables	**3,841**	1,804	**–**	–
– Others	**3,170**	2,517	**4**	4
Rental deposits	**1,760**	1,500	**–**	–
Other deposits	**3,338**	10,630	**–**	–
Deferred lease expense	**611**	603	**–**	–
Amount due from subsidiaries (non-trade)	**–**	–	**32,458**	27,487
Amount due from ultimate holding company (non-trade)	**32**	1	**–**	–
Amount due from related companies (non-trade)	**570**	620	**–**	–
Amount due from an associate	**–**	2	**–**	2
	17,440	23,514	**32,462**	27,493
Non-current:				
Rental deposits	**9,361**	11,996	**–**	–
Deferred lease expenses	**11,135**	12,471	**–**	–
Other deposits	**1,265**	409	**–**	–
Loans to subsidiaries (non-trade)	**–**	–	**23,161**	32,135
	21,761	24,876	**23,161**	32,135
Total trade and other receivables (current and non-current)	**39,201**	48,390	**55,623**	59,628
Add: Cash and short-term deposits (Note 21)	**126,711**	129,204	**7,644**	3,514
Less:				
Deferred lease expenses	**(11,746)**	(13,074)	**–**	–
VAT receivables	**(3,841)**	(1,804)	**–**	–
Total loans and receivables	**150,325**	162,716	**63,267**	63,142

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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 SGD2,898,000 (2014: SGD3,081,000) 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	
	2015	**2014**
	SGD'000	**SGD'000**
Less than 30 days	**826**	904
30 to 60 days	**534**	461
61 to 90 days	**425**	564
More than 90 days	**1,113**	1,152
	2,898	3,081

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	
	2015	**2014**
	SGD'000	**SGD'000**
Trade and other receivables – nominal amounts	**13,718**	1,473
Less: Allowance for impairment	**(13,718)**	(1,473)
	–	–
Movement in allowance accounts:		
At 1 July	**1,473**	358
Charge for the year, net	**12,167**	1,126
Exchange differences	**78**	(11)
At 30 June	**13,718**	1,473

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.

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 23 years (2014: 1 to 24 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 SGD3,708,000 (2014: SGD1,034,000) was recognised in respect of the rental deposit of a closed store.

Rental deposits denominated in foreign currencies are as follows:

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
United States Dollar	**2,781**	6,652

Other deposits (current)

Included in "Other deposits" are deposits amounting to SGD10,616,000 (2014: SGD9,931,000) paid by Parkson Vietnam Co Ltd ("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 ("managed stores"). These deposits are non-interest bearing and secured by collateral over the charter capital of the respective companies and assets created with such amounts provided.

During the year, Parkson Vietnam carried out a review on the recoverable amount of the deposits paid for the three managed stores. An impairment loss of SGD8,211,000 (2014: Nil) was recognised in profit or loss for the financial year ended 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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 23 years (2014: 1 to 24 years).

The movement in deferred lease expenses is as follows:

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
At 1 July	**13,074**	12,497
Additions during the year	**951**	3,047
Recognised in profit or loss (Note 8)	**(1,465)**	(2,197)
Deferred lease expense of disposal group classified as held for sale	**(910)**	–
Exchange differences	**96**	(273)
At 30 June	**11,746**	13,074

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

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 SGD26,741,000 (2014: SGD25,380,000), which bears interest at 10.30% (2014: 9.55%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

17. INTANGIBLE ASSETS

	Customer relationships SGD'000	Goodwill SGD'000	Club memberships SGD'000	Software SGD'000	Total SGD'000
Group					
Cost					
At 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 and 1 July 2014	1,159	4,276	98	1,582	7,115
Additions	–	–	–	375	375
Written off	–	–	–	(23)	(23)
Intangible assets of disposal group classified as held for sale	–	–	–	(23)	(23)
Exchange differences	(34)	(125)	(7)	(34)	(200)
At 30 June 2015	**1,125**	**4,151**	**91**	**1,877**	**7,244**
Accumulated amortisation and impairment loss					
At 1 July 2013	568	–	26	339	933
Additions	246	–	–	350	596
Exchange differences	(119)	–	(1)	(31)	(151)
At 30 June 2014 and 1 July 2014	695	–	25	658	1,378
Additions	234	–	–	361	595
Written off	–	–	–	(7)	(7)
Intangible assets of disposal group classified as held for sale	–	–	–	(8)	(8)
Exchange differences	(29)	–	(2)	(33)	(64)
At 30 June 2015	**900**	**–**	**23**	**971**	**1,894**
Net carrying amount					
At 30 June 2014	464	4,276	73	924	5,737
At 30 June 2015	**225**	**4,151**	**68**	**906**	**5,350**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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.

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 31. 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% (2014: 18.0%) and 3.0% (2014: 2.0%) respectively.

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

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

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

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

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 2015 and 2014, no impairment loss for intangible assets were recognised in profit or loss.

18. DERIVATIVES

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Option to purchase additional shares in Kiara Innovasi[1], representing total financial assets at fair value through profit or loss	**19**	20

[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	
	2015	**2014**
	SGD'000	**SGD'000**
Current		
Available-for-sale financial assets:		
Money market instruments (quoted)	**11,867**	21,677
Non-current		
Available-for-sale financial assets:		
Equity instruments (unquoted), at cost	**83**	91

NOTES TO THE FINANCIAL STATEMENTS

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20. INVENTORIES

	Group	
	2015	2014
	SGD'000	SGD'000
Balance sheet:		
Merchandise inventories	**57,789**	63,594
Consumables	**28**	34
	57,817	63,628
Income statement:		
Inventories recognised as an expense in changes in merchandise inventories and consumables	**158,014**	167,449
Inclusive of the following charge:		
– Inventory shrinkages	**865**	1,159
– Inventories written-down	**209**	–

21. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2015	2014	2015	2014
	SGD'000	SGD'000 (Restated)	SGD'000	SGD'000
Cash and bank balances	**20,432**	18,576	**593**	413
Short-term deposits placed with				
licensed banks	**65,184**	87,287	**7,051**	3,101
finance institutions	**41,095**	23,341	**–**	–
Cash and short-term deposits	**126,711**	129,204	**7,644**	3,514
Bank overdrafts (Note 25)	**(735)**	–	**–**	–
Cash and cash equivalents	**125,976**	129,204	**7,644**	3,514

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 2015 were 3.36% (2014: 3.05%) and 0.41% (2014: 0.33%) respectively per annum.

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

	Group		Company	
	2015	2014	2015	2014
	SGD'000	SGD'000	SGD'000	SGD'000
Singapore Dollar	**466**	3,276	**466**	3,276
United States Dollar	**11,722**	10,614	**7,171**	66
Sri Lanka Rupee	**–**	172	**–**	172

22. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 16 June 2015, the Company announced that Parkson Vietnam Co Ltd ("Parkson Vietnam"), a wholly-owned subsidiary of the Company, entered into a capital assignment agreement with Mr. Hoang Manh Cuong to dispose of a 27.8% interest in the charter capital of Parkson Hanoi Co Ltd ("PHCL") for a cash consideration of USD5,000 (SGD7,000).

The capital assignment transaction of PHCL was completed on 17 August 2015.

As at 30 June 2015, the assets and liabilities related to PHCL have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale."

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 SGD'000	2014 SGD'000 (Restated)	2015 SGD'000	2014 SGD'000
Current:				
Trade payables	**114,514**	127,687	**–**	–
Payables to suppliers of property, plant and equipment	**198**	713	**–**	–
Other payables	**22,562**	17,148	**400**	403
Rental deposits	**1,355**	1,563	**–**	–
Deferred lease income	**79**	74	**–**	–
Amount due to ultimate holding company (non-trade)	**5**	–	**–**	–
Amounts due to related companies (non-trade)	**1,437**	643	**512**	359
	140,150	147,828	**912**	762
Non-current:				
Rental deposits	**3,254**	4,237	**–**	–
Deferred lease income	**1,806**	3,975	**–**	–
Provision for severance allowance	**113**	125	**–**	–
Defined benefit plan	**434**	316	**–**	–
Other payables	**1,342**	1,441	**–**	–
	6,949	10,094	**–**	–
Total trade and other payables (current and non-current)	**147,099**	157,922	**912**	762
Add:				
Other liabilities (Note 24)	**15,172**	15,020	**–**	–
Bank overdrafts (Note 25)	**735**	–	**–**	–
Less:				
Deferred lease income	**(1,885)**	(4,049)	**–**	–
Defined benefit plan	**(434)**	(316)	**–**	–
Provision for severance allowance	**(113)**	(125)	**–**	–
Total financial liabilities carried at amortised cost	**160,574**	168,452	**912**	762

23. 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	
	2015	**2014**
	SGD'000	**SGD'000**
Singapore Dollar	**223**	120

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 15 years (2014: 1 to 16 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	
	2015	**2014**
	SGD'000	**SGD'000**
		(Restated)
United States Dollar	**139**	47

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

23. 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 15 years (2014: 1 to 16 years). The movement in deferred lease income is as follows:

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
At 1 July	**4,049**	2,620
(Reversal)/additions during the year	**(1,417)**	2,230
Recognised in profit or loss	**(628)**	(699)
Reclassification of disposal group classified as held for sale	**(107)**	–
Exchange differences	**(12)**	(102)
At 30 June	**1,885**	4,049

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 2015 are as follows:

Annual discount rate:	8.74% (2014: 8.74%)
Future annual salary increment:	8% (2014: 8%)
Retirement age:	55 years of age (2014: 55 years of age)

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

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Current service cost	**92**	80
Interest cost on benefit obligations	**34**	18
Expected return on planned assets	**(6)**	–
Net benefit expense recognised in profit or loss	**120**	98

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

23. TRADE AND OTHER PAYABLES (CONTINUED)

Defined benefit plan (Continued)

The estimated liabilities for employee benefits as at the financial years ended 30 June 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Defined benefit obligations	**505**	411
Fair value of planned assets	**(71)**	(95)
Liabilities as at 30 June	**434**	316

	Group	
Changes in the present value of the defined benefit obligations are as follows:		
Benefits obligations at 1 July	**316**	357
Recognised in profit or loss	**120**	98
Recognised in other comprehensive income	**11**	(72)
Exchange difference	**(13)**	(67)
Benefits obligations at 30 June	**434**	316

24. OTHER LIABILITIES

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Accrued operating expenses	**12,936**	12,608
Accrued staff costs	**301**	219
Accrued expenses for additions to property, plant and equipment	**253**	–
Others	**1,682**	2,193
	15,172	15,020
Deferred revenue from gift vouchers	**8,921**	8,685
Deferred revenue from customer loyalty award	**2,018**	3,290
	26,111	26,995

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

24. 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	
	2015 SGD'000	2014 SGD'000
At 1 July	**3,290**	3,686
Additions during the year	**2,238**	2,237
Recognised in profit or loss	**(3,326)**	(2,244)
Deferred revenue of disposal group classified as held for sale	**(43)**	–
Exchange differences	**(141)**	(389)
At 30 June	**2,018**	3,290

Provision for contingent expenses in relation to closure of a store

	Group	
	2015 SGD'000	2014 SGD'000
At 1 July	**–**	–
Recognised in profit or loss	**64,729**	–
Provision of disposal group classified as held for sale	**(64,729)**	–
At 30 June	**–**	–

During the financial year, Parkson Hanoi Co Ltd ("PHCL") made a provision of SGD64,729,000 in relation to the early-termination of a lease at Landmark 72, Hanoi. PHCL holds the operating license for the store at Landmark 72. These contingent expenses represent possible compensation payable by PHCL to the landlord of the Landmark 72 store for breach of terms of tenancy agreement. No legal action has been initiated by the landlord to seek such compensation as at the date of these financial statements but PHCL has provided for this sum as a contingency and will contest any legal claim that may arise.

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

Notwithstanding the above contingent provision, the liabilities of PHCL's shareholders are limited to their respective contributed equity capital in the event of dissolution. The Group's contribution to its share of PHCL's equity capital has been fully written down in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

25. BANK OVERDRAFTS

	Group 2015 SGD'000	Group 2014 SGD'000
Current		
Bank overdrafts	**735**	–

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

26. SHARE CAPITAL

	Company 2015 No. of shares '000	Company 2015 SGD'000	Company 2014 No. of shares '000	Company 2014 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.

27. OTHER RESERVES

	Note	Group 2015 SGD'000	Group 2014 SGD'000 (Restated)	Company 2015 SGD'000	Company 2014 SGD'000
Foreign currency translation reserve	(a)	**(43,243)**	(36,896)	**(30,278)**	(11,710)
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	**–**	–
		(157,036)	(150,250)	**(30,278)**	(11,710)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

27. OTHER RESERVES (CONTINUED)

(a) Foreign currency translation reserve

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

	Group		Company	
	2015 SGD'000	2014 SGD'000 (Restated)	2015 SGD'000	2014 SGD'000
At 1 July	**(36,896)**	(24,459)	**(11,710)**	(4,250)
Foreign currency translation difference	**(8,165)**	(12,437)	**(18,568)**	(7,460)
Cumulative exchange differences on disposal of an associate	**993**	–	**–**	–
Reserve of disposal group classified as held for sale	**825**	–	**–**	–
At 30 June	**(43,243)**	(36,896)	**(30,278)**	(11,710)

(b) Capital redemption reserve

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

(c) Capital contribution from ultimate holding company

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

The Company had on 12 October 2011 adopted its own employee share option scheme ("Parkson Retail ESOS") representing equity-settled share options of the Company which can be granted to executives and non-executive directors and eligible employees of the Group at the absolute discretion of the Company. As at 30 June 2015, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

27. OTHER RESERVES (CONTINUED)

(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.

28. DIVIDENDS

	Company	
	2015	2014
	SGD'000	SGD'000
Declared and paid during the financial year:		
Interim exempt (one-tier) dividend for 2015:		
SGD0.04 (2014: SGD0.03) per ordinary share	**(27,092)**	(20,319)
Final exempt (one-tier) dividend for 2014:		
SGD0.025 (2013: SGD0.027) per ordinary share	**(16,933)**	(18,287)
	(44,025)	(38,606)
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 2015:		
SGD0.02 (2014: SGD0.025) per ordinary share	**13,546**	16,933

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

29. 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	
	2015 SGD'000	2014 SGD'000
Sale of gift vouchers to director related companies:		
– Amsteel Mills Marketing Sdn Bhd	**90**	83
– Amsteel Mills Sdn Bhd	**5**	33
– Megasteel Sdn Bhd	**5**	3
– Posim Petroleum Marketing Sdn Bhd	**27**	3
– Lion Industries Corporation Sdn Bhd	**–**	2
– Festival City Sdn Bhd	**–**	41
– Parkson Holdings Bhd	**4**	–
	131	165
Purchase of goods and services from director related companies:		
– Secom (Malaysia) Sdn Bhd	**266**	300
– Posim Marketing Sdn Bhd	**596**	706
– Posim EMS Sdn Bhd	**1,045**	663
– Lion Trading & Marketing Sdn Bhd	**300**	177
– WatchMart (M) Sdn Bhd	**135**	181
– PT Monica Hijaulestari	**4,811**	3,971
– Bonuskad Loyalty Sdn Bhd	**3,972**	4,126
– Brands Pro Management Sdn Bhd	**199**	163
	11,324	10,287
Purchase of goods and services from a subsidiary of the ultimate holding company:		
– Park Avenue Fashion Sdn Bhd	**8**	1
– Parkson Branding Sdn Bhd	**626**	–
– Watatime (M) Sdn Bhd	**38**	–
– Parkson Fashion Sdn Bhd	**61**	–
– Valino International Apparel Sdn Bhd	**1,570**	–
– Daphne Malaysia Sdn Bhd	**24**	–
	2,327	1
Sale of goods and services to director related companies:		
– Bonuskad Loyalty Sdn Bhd	**5,716**	6,166
Rental of office space from a director related company:		
– Visionwell Sdn Bhd	**98**	81

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

29. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Group 2015 SGD'000	Group 2014 SGD'000
Rental of office and warehouse space from a subsidiary of a shareholder, PT Mitra Samaya:		
– PT Tozy Bintang Sentosa	**245**	259
Rental of retail space from a subsidiary of the ultimate holding company:		
– Festival City Sdn Bhd	**930**	1,875
Royalty expense to a subsidiary of the ultimate holding company:		
– Smart Spectrum Limited	**204**	190

(b) Compensation of key management personnel

	2015 SGD'000	2014 SGD'000
Short-term employee benefits	**1,423**	2,321
Contribution to defined contribution plans	**102**	170
	1,525	2,491
Comprise amounts paid to:		
Directors of the Company	**738**	1,594
Other key management personnel	**787**	897
	1,525	2,491

No employee share options were granted to key management personnel during the financial years ended 30 June 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

30. 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	
	2015	2014
	SGD'000	SGD'000
Capital commitments in respect of property, plant and equipment	**32,827**	1,867

(b) Operating lease commitments – as lessee

In addition to the land use right disclosed in Note 12, the Group has entered into commercial leases on certain department stores. These leases have remaining lease terms of between 1 and 22 years (2014: 1 and 23 years) with terms of renewal included in the contracts and there are no restrictions placed upon the Group by entering into these lease agreements.

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

Minimum lease payments, contingent rental payments and amortisation of the land use right recognised as expense in profit or loss for the financial years ended 30 June 2015 and 2014 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	
	2015	2014
	SGD'000	SGD'000
Not later than one year	**82,886**	78,118
Later than one year and not later than five years	**197,229**	196,957
Later than five years	**325,445**	224,520
	605,560	499,595

30. 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 12 years (2014: 1 and 13 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	
	2015	**2014**
	SGD'000	**SGD'000**
Not later than one year	**11,183**	16,765
Later than one year and not later than five years	**4,934**	21,187
Later than five years	**3,296**	3,434
	19,413	41,386

31. 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) Vietnam
(c) Indonesia
(d) Myanmar
(e) Cambodia

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

31. 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
2015									
Revenue:									
Sales to external customers	322,250	45,175	59,422	1,904	–	–	–		428,751
Segment results:									
Depreciation and amortisation expenses	(11,328)	(4,103)	(4,754)	(290)	–	–	–		(20,475)
Allowance for doubtful trade and other receivables:									
– Deposits paid for closed stores	–	(3,708)	–	–	–	–	–		(3,708)
– Deposits paid for managed stores	–	(8,211)	–	–	–	–	–		(8,211)
Provision for contingent expenses in relation to closure of a store	–	(64,729)	–	–	–	–	–		(64,729)
Rental expenses	(68,510)	(19,015)	(23,243)	(1,050)	–	–	–		(111,818)
Finance income	4,776	1,011	513	–	26	28	–		6,354
Finance costs	(44)	(557)	–	–	–	–	–		(601)
Taxation	(13,427)	(585)	2,049	–	–	(241)	–		(12,204)
Segment profit/(loss)	26,195	(79,196)	(1,304)	(448)	(11)	1,969	–	A	(52,795)
Assets:									
Additions to non-current assets	22,821	1,982	7,943	5	–	–	–	B	32,751
Segment assets	237,847	63,075	64,094	619	1,103	–	7,669	C	374,407
Segment liabilities	130,745	88,064	19,143	984	7	–	5,418	D	244,361

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

31. 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 (Restated)									
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)	(22,596)	(15,548)	(997)	–	–	–		(103,903)
Finance income	5,231	1,322	385	–	–	35	–		6,973
Finance costs	(132)	(542)	–	–	–	–	–		(674)
Taxation	(13,493)	97	(2)	–	–	(169)	–		(13,567)
Segment profit/(loss)	33,683	(2,866)	2,699	(959)	(14)	(485)	–	A	32,058
Assets:									
Additions to non-current assets	15,300	3,185	18,755	407	–	–	–	B	37,647
Segment assets	242,994	74,266	63,403	3,807	5,314	–	30,082	C	419,866
Segment liabilities	142,773	22,345	19,157	761	11	–	767	D	185,814

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

31. 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 2015 SGD'000	Group 2014 SGD'000
Corporate income/(expenses)	**551**	(1,364)
Gain on disposal of an associate	**1,379**	–
Share of profit of an associate	**39**	879
	1,969	(485)

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 2015 SGD'000	Group 2014 SGD'000
Malaysia	**46,268**	37,851
Vietnam	**25,840**	29,042
Indonesia	**36,985**	34,649
Myanmar	**1,262**	1,630
	110,355	103,172

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.

32. 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			
	2015	**2014**	**2015**	**2014**
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**
	Quoted prices in active markets for identical instruments (Level 1)		**Significant unobservable inputs (Level 3)**	
Money market instruments (Note 19)	**11,867**	21,677	**–**	–
Derivatives (Note 18)	**–**	–	**19**	20

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Current trade and other receivables (Note 16), Current trade and other payables (Note 23) and Other liabilities (Note 24)

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

Non-current rental deposits receivables (Note 16) and Non-current rental deposits payables (Note 23)

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	
	2015 SGD'000	2014 SGD'000	2015 SGD'000	2014 SGD'000
Financial assets:				
Non-current:				
Loans to subsidiaries, at cost (Note 16):				
Carrying amount	**–**	–	**23,161**	32,135
Fair value	**–**	–	*****	*
Current:				
Equity instruments (unquoted), at cost (Note 19):				
Carrying amount	**83**	91	**–**	–
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 2015

33. 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 2015				
Financial assets				
Trade and other receivables	**12,988**	**4,571**	**6,055**	**23,614**
Derivatives	**–**	**–**	**19**	**19**
Investment securities	**11,867**	**–**	**83**	**11,950**
Cash and short-term deposits	**126,711**	**–**	**–**	**126,711**
Total undiscounted financial assets	**151,566**	**4,571**	**6,157**	**162,294**
Financial liabilities				
Trade and other payables	**140,071**	**3,704**	**892**	**144,667**
Other liabilities	**15,172**	**–**	**–**	**15,172**
Bank overdrafts	**735**	**–**	**–**	**735**
Total undiscounted financial liabilities	**155,978**	**3,704**	**892**	**160,574**
Total net undiscounted financial assets/(liabilities)	**(4,412)**	**867**	**5,265**	**1,720**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

33. 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 2014 (Restated)				
Financial assets				
Trade and other receivables	21,107	2,038	10,367	33,512
Derivatives	–	–	20	20
Investment securities	21,677	–	91	21,768
Cash and short-term deposits	129,204	–	–	129,204
Total undiscounted financial assets	171,988	2,038	10,478	184,504
Financial liabilities				
Trade and other payables	147,754	5,678	–	153,432
Other liabilities	15,020	–	–	15,020
Total undiscounted financial liabilities	162,774	5,678	–	168,452
Total net undiscounted financial assets/(liabilities)	9,214	(3,640)	10,478	16,052

	One year or less SGD'000	Over five years SGD'000	Total SGD'000
Company			
30 June 2015			
Financial assets			
Trade and other receivables	**32,462**	**23,161**	**55,623**
Cash and short-term deposits	**7,644**	**–**	**7,644**
Total undiscounted financial assets	**40,106**	**23,161**	**63,267**
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	**912**	**–**	**912**
Total net undiscounted financial assets	**39,194**	**23,161**	**62,355**

33. 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 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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

33. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Foreign currency risk

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

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

Sensitivity analysis for foreign currency risk

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

		Group	
		2015	**2014**
		SGD'000	**SGD'000**
		Loss before tax	**Profit before tax**
USD against VND	– strengthened 3%	**(159)**	145
	– weakened 3%	**159**	(145)
USD against RM	– strengthened 3%	**(362)**	196
	– weakened 3%	**362**	(196)
SGD against RM	– strengthened 3%	**(7)**	95
	– weakened 3%	**7**	(95)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

34. 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 2015 and 30 June 2014.

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

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
		(Restated)
Trade and other payables (Note 23)	**147,099**	157,922
Other liabilities (Note 24)	**26,111**	26,995
Borrowings (Note 25)	**735**	–
Less:		
Cash and short-term deposits (Note 21)	**(126,711)**	(129,204)
Available-for-sale financial assets:		
– Money market instruments (quoted) (Note 19)	**(11,867)**	(21,677)
Net debt	**35,367**	34,036
Equity attributable to the owners of the Company, representing total capital	**148,005**	233,898
Capital and net debt	**183,372**	267,934
Gearing ratio	**19.3%**	12.7%

35. COMPARATIVE FIGURES

In the course of its business, the Group has entered into various operating lease agreements for store operations.

Based on the guiding principles under FRS 17 Leases, the Group has revisited the terms as set out in the lease agreements, which includes escalating rate revisions, to ensure the accounting of lease payments under an operating lease is recognised as an expense on a straight-line basis over the lease term. Resulting therefrom, a subsidiary of the Group who had previously accounted for lease payments based on terms in the lease agreement revised their lease payment computation to conform to recognition of rental expense on a straight-line basis over the lease term. The effect of the adjustments has been made retrospectively.

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

The effects of the above adjustment items are as follows:

	Group		
	As previously reported SGD'000	Adjustments SGD'000	Restated SGD'000
Consolidated income statement for the financial year ended 30 June 2014			
Rental expenses	(103,308)	(595)	(103,903)
Other expenses	(49,916)	(54)	(49,970)
Profit before tax	46,274	(649)	45,625
Income tax expense	(13,697)	130	(13,567)
Profit for the year	32,577	(519)	32,058
Profit attributable to owners of the Company	34,901	(519)	34,382
Consolidated statement of comprehensive income for the financial year ended 30 June 2014			
Exchange differences on translating foreign operations	(12,455)	10	(12,445)
Total comprehensive income for the year	20,143	(509)	19,634
Total comprehensive income attributable to owners of the Company	22,475	(509)	21,966

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

35. COMPARATIVE FIGURES (CONTINUED)

	Group			
	As previously reported SGD'000	Adjustments SGD'000	Reclassification SGD'000	Restated SGD'000
Balance Sheet as at 30 June 2014				
Non-current assets				
Deferred tax assets	3,805	1,192	(69)	4,928
Non-current liabilities				
Deferred tax liabilities	176	–	(69)	107
Current liabilities				
Trade and other payables	141,869	5,959	–	147,828
Equity attributable to owners of the Company				
Other reserves – foreign currency translation reserve	(36,983)	87	–	(36,896)
Retained earnings	157,326	(4,854)	–	152,472
Balance Sheet as at 1 July 2013				
Non-current assets				
Deferred tax assets	2,097	1,064	–	3,161
Current liabilities				
Trade and other payables	146,451	5,322	–	151,773
Equity attributable to owners of the Company				
Other reserves – foreign currency translation reserve	(24,536)	77	–	(24,459)
Retained earnings	161,010	(4,335)	–	156,675

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 18 August 2015, the Company announced that the capital assignment transaction (as disclosed in Note 22 above) between Parkson Vietnam Co Ltd ("Parkson Vietnam") with Mr. Hoang Manh Cuong was completed on 17 August 2015.

Assuming that the capital assignment was completed as at balance sheet date, the Group would be able to recognise a gain of SGD 46,464,000 and the pro forma summarised financial statement would have been as follows:

	As reported SGD'000	Gain on partial disposal of PHCL SGD'000	Pro forma SGD'000
Consolidated income statement for the financial year ended 30 June 2015			
(Loss)/profit before tax	(40,591)	46,464	5,873
Loss for the year	(52,795)	46,464	(6,331)
(Loss)/profit attributable to owners of the Company	(34,688)	46,464	11,776
Group balance sheet as at 30 June 2015			
Current assets	226,014	(4,674)	221,340
Current liabilities	(237,412)	70,293	(167,119)
Net current (liabilities)/assets	(11,398)	65,619	54,221
Equity attributable to owners of the Company			
– Retained earnings	73,751	46,464	120,215
– Other reserves	(157,422)	386	(157,036)
Non-controlling interests	(17,959)	18,769	810

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 9 September 2015.

SHAREHOLDING STATISTICS

AS AT 15 SEPTEMBER 2015

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 – 99	3	0.70	48	0.00
100 – 1,000	52	12.18	44,395	0.01
1,001 – 10,000	220	51.52	1,259,771	0.18
10,001 – 1,000,000	141	33.02	6,567,900	0.97
1,000,001 AND ABOVE	11	2.58	669,427,886	98.84
TOTAL	427	100.00	677,300,000	100.00

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
UOB KAY HIAN PTE LTD	474,290,500	70.03
DBS NOMINEES PTE LTD	68,584,224	10.13
CITIBANK NOMINEES S'PORE PTE LTD	49,701,133	7.34
HSBC (SINGAPORE) NOMINEES PTE LTD	33,685,400	4.97
DBSN SERVICES PTE LTD	18,786,457	2.77
MERRILL LYNCH (SPORE) PTE LTD	16,156,200	2.39
RAFFLES NOMINEES (PTE) LTD	3,642,000	0.54
CIMB SECURITIES (S'PORE) PTE LTD	1,301,072	0.19
LEONG MUN SUM @ LEONG HENG WAN	1,094,000	0.16
UNITED OVERSEAS BANK NOMINEES PTE LTD	1,094,000	0.16
MORGAN STANLEY ASIA (S) SECURITIES PTE LTD	1,092,900	0.16
TAN YONG NEE	377,000	0.06
LEUNG KAI FOOK MEDICAL CO PTE LTD	350,000	0.05
LEONG HENG KENG	250,000	0.04
NG TIE JIN (HUANG ZHIREN)	172,800	0.03
QUEK KOK KWANG (GUO GUOGUANG)	163,000	0.02
OCBC NOMINEES SINGAPORE PTE LTD	162,800	0.02
GOH CHOK SIN	162,000	0.02
KEE KENG WAH	155,800	0.02
WONG THIAN SOON	134,800	0.02
TOTAL	671,356,086	99.12

SHAREHOLDING STATISTICS

AS AT 15 SEPTEMBER 2015

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 SEPTEMBER 2015

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	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, 59.46% 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 15 September 2015, 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 Pan Pacific Singapore, Level 2, Ocean 6, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Tuesday, 27 October 2015 at 2.00pm for the purposes of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2015 together with the Directors' Report and Auditors' Report thereon.
(Resolution 1)

2. To re-elect Mr Tan Siang Long who is retiring pursuant to Article 91 of the Articles of Association of the Company:
(Resolution 2)

   Mr Tan Siang Long, if re-elected, will remain as a member of the Audit Committee and Remuneration Committee.

3. To record the retirement of Mr Michel Grunberg who is retiring pursuant to Article 91 of the Articles of Association of the Company.

   Mr Michel Grunberg, upon his retirement at the conclusion of the Annual General Meeting, shall cease to be a member of the Nominating Committee.

4. To re-elect Ms Cheng Hui Yuen, Vivien, as a Director of the Company pursuant to Article 97 of the Articles of Association of the Company.
(Resolution 3)

5. 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 4)

6. To approve the payment of a final dividend of SGD0.02 per ordinary share tax exempt (1-tier) for the financial year ended 30 June 2015.
(Resolution 5)

7. To approve the payment of Directors' fee of up to SGD460,000 for the financial year ending 30 June 2016, payable quarterly in arrears (30 June 2015: SGD460,000).
(Resolution 6)

8. 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 7)

9. 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:

10. 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 8)

11. 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 9)

On behalf of the Board

Tan Sri Cheng Heng Jem
Executive Chairman

Singapore

Dated: 12 October 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Ordinary Resolution 8 proposed under Agenda 10 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 9 proposed under Agenda 11 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 05 November 2015 ("Book Closure Date") for the purpose of determining Shareholders' entitlement to the dividend ("Dividend").

Duly completed registrable transfer received by the Company's Share Registrar, B.A.C.S. Private Limited of 8 Robinson Road, #03-00, ASO Building, Singapore 048544 up to 5.00pm on 04 November 2015 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 2015.

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 8 Robinson Road, #03-00, ASO Building, Singapore 048544 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company(or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty."

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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 Pan Pacific Singapore, Level 2, Ocean 6, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Tuesday, 27 October 2015 at 2.00pm and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	For*	Against*	Abstain*
1	To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2015 together with the Directors' Report and Auditors' Report thereon			
2	To re-elect Mr Tan Siang Long as a Director			
3	To re-elect Ms Cheng Hui Yuen, Vivien, as a Director			
4	To re-appoint Tan Sri Cheng Heng Jem as a Director			
5	To approve the payment of a final dividend of SGD0.02 per ordinary share tax exempt (1-tier) for the financial year ended 30 June 2015			
6	To approve the payment of Directors' fee of up to SGD460,000 for the financial year ending 30 June 2016, payable quarterly in arrears			
7	To re-appoint Messrs Ernst & Young LLP as Auditors			
8	To authorise the Directors to issue new shares			
9	To authorise the Directors to issue new shares under the Parkson Retail Asia Limited Employee Share Option Scheme			

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

Dated this __________ day of _____________ 2015

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 8 Robinson Road, #03-00, ASO Building, Singapore 048544 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.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company(or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PARKSON 百盛

PARKSON RETAIL ASIA LIMITED

80 ROBINSON ROAD #02-00,
SINGAPORE 068898