



# **PARKSON HOLDINGS BERHAD**

(Incorporated in Malaysia)

(89194-P)

## **Interim Financial Report for the Fourth Quarter Ended 30 June 2013**

---

|  |        |
|--|--------|
| Condensed Consolidated Income Statement                  | 1      |
| Condensed Consolidated Statement of Comprehensive Income | 2      |
| Condensed Consolidated Statement of Financial Position   | 3      |
| Condensed Consolidated Statement of Changes in Equity    | 4      |
| Condensed Consolidated Statement of Cash Flows           | 5      |
| Notes to the Condensed Financial Statements              | 6 - 14 |

**PARKSON HOLDINGS BERHAD (89194-P)**

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2013

(The figures have not been audited)

**CONDENSED CONSOLIDATED INCOME STATEMENT**

|   | Note | 3 MONTHS ENDED      |                                   | YEAR-TO-DATE ENDED  |                                   |
|---|------|---------------------|-----------------------------------|---------------------|-----------------------------------|
|   |      | 30.6.2013<br>RM'000 | 30.6.2012<br>RM'000<br>(Restated) | 30.6.2013<br>RM'000 | 30.6.2012<br>RM'000<br>(Restated) |
| <b>Gross sales proceeds</b>                                     |      | <b>2,689,591</b>    | <b>2,611,153</b>                  | <b>11,568,984</b>   | <b>11,194,031</b>                 |
| <b>Revenue</b>  | 7    | <b>801,484</b>      | <b>799,559</b>                    | <b>3,501,677</b>    | <b>3,420,578</b>                  |
| Operating expenses :  |      |                     |                                   |                     |                                   |
| - Employee share-based payments ( * )                           |      | (2,759)             | (52)                              | (15,887)            | (207)                             |
| - Others  |      | (789,776)           | (713,918)                         | (3,234,365)         | (2,920,819)                       |
| Finance income  |      | 36,160              | 32,472                            | 117,340             | 140,157                           |
| Other operating income  |      | 76,070              | 82,898                            | 326,357             | 336,020                           |
| Operating profit  |      | 121,179             | 200,959                           | 695,122             | 975,729                           |
| Finance costs   |      | (33,285)            | (13,444)                          | (74,170)            | (88,222)                          |
| Share of results of associates                                  |      | 125                 | 26                                | 1,877               | 156                               |
| <b>Profit before tax</b>  | 23   | <b>88,019</b>       | <b>187,541</b>                    | <b>622,829</b>      | <b>887,663</b>                    |
| Income tax expense  | 16   | (31,447)            | (47,454)                          | (186,620)           | (218,951)                         |
| Profit for the period   |      | 56,572              | 140,087                           | 436,209             | 668,712                           |
| Profit for the period attributable to :                         |      |                     |                                   |                     |                                   |
| - Owners of the parent  |      | 30,162              | 81,704                            | 240,367             | 380,076                           |
| - Non-controlling interests                                     |      | 26,410              | 58,383                            | 195,842             | 288,636                           |
|   |      | 56,572              | 140,087                           | 436,209             | 668,712                           |
| Earnings per share attributable to owners of the parent (sen) : |      |                     |                                   |                     |                                   |
| - Basic   | 21   | 2.79                | 7.52                              | 22.17               | 34.93                             |
| - Diluted   | 21   | 2.79                | 7.52                              | 22.17               | 34.93                             |

( \* ) 3 months and year-to-date ended 30.6.2013 : Arising from share options granted by Parkson Retail Group Limited, a 51.5% owned subsidiary of the Company, to its eligible employees

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)

**PARKSON HOLDINGS BERHAD (89194-P)**

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2013

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|  | 3 MONTHS ENDED      |                     | YEAR-TO-DATE ENDED  |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 30.6.2013<br>RM'000 | 30.6.2012<br>RM'000 | 30.6.2013<br>RM'000 | 30.6.2012<br>RM'000 |
| <b>Profit for the period</b>                                   | <b>56,572</b>       | <b>140,087</b>      | <b>436,209</b>      | <b>668,712</b>      |
| <u>Other comprehensive income/(loss)</u>                       |                     |                     |                     |                     |
| - Gain/(Loss) on fair value changes                            | 235                 | (766)               | 6,380               | (1,753)             |
| - Foreign currency translation<br>and cash flow hedges         | 107,133             | 104,522             | 62,306              | 223,140             |
| Other comprehensive income<br>for the period, net of tax       | 107,368             | 103,756             | 68,686              | 221,387             |
| <b>Total comprehensive income<br/>for the period</b>           | <b>163,940</b>      | <b>243,843</b>      | <b>504,895</b>      | <b>890,099</b>      |
| Total comprehensive income for the<br>period attributable to : |                     |                     |                     |                     |
| - <b>Owners of the parent</b>                                  | <b>91,006</b>       | <b>146,569</b>      | <b>278,586</b>      | <b>504,809</b>      |
| - Non-controlling interests                                    | 72,934              | 97,274              | 226,309             | 385,290             |
|  | <b>163,940</b>      | <b>243,843</b>      | <b>504,895</b>      | <b>890,099</b>      |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)

**PARKSON HOLDINGS BERHAD (89194-P)**

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2013

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|  | <u>Note</u> | <b>AS AT<br/>30.6.2013<br/>RM'000</b> | <b>AS AT<br/>30.6.2012<br/>RM'000</b> |
|--|-------------|---------------------------------------|---------------------------------------|
| <b>ASSETS</b>  |             |                                       |                                       |
| <b>Non-Current Assets</b>                                      |             |                                       |                                       |
| Property, plant and equipment                                  |             | 2,171,590                             | 1,719,704                             |
| Investment properties  |             | 265,640                               | 173,951                               |
| Intangible assets  |             | 1,347,031                             | 1,309,512                             |
| Land use rights  |             | 262,379                               | 281,737                               |
| Investment in associates                                       |             | 70,270                                | 1,163                                 |
| Deferred tax assets  |             | 90,214                                | 61,949                                |
| Other assets and derivative ( ** )                             |             | 103,194                               | 364,443                               |
| Investment securities  |             | 30,233                                | 43,416                                |
|  |             | <b>4,340,551</b>                      | <b>3,955,875</b>                      |
| <b>Current Assets</b>  |             |                                       |                                       |
| Inventories  |             | 292,435                               | 280,476                               |
| Receivables (#)  |             | 929,379                               | 519,004                               |
| Deposits, cash and bank balances                               |             | 3,044,016                             | 3,030,992                             |
|  |             | <b>4,265,830</b>                      | <b>3,830,472</b>                      |
| <b>TOTAL ASSETS</b>  |             | <b>8,606,381</b>                      | <b>7,786,347</b>                      |
| <b>EQUITY AND LIABILITIES</b>                                  |             |                                       |                                       |
| Share capital  |             | 1,093,902                             | 1,093,902                             |
| Other reserves   |             | 1,666,149                             | 1,193,334                             |
| Retained profits   |             | 23,706                                | 398,852                               |
| Equity attributable to owners of the parent                    |             | <b>2,783,757</b>                      | <b>2,686,088</b>                      |
| Non-controlling interests                                      |             | 1,624,433                             | 1,534,135                             |
| Total equity   |             | <b>4,408,190</b>                      | <b>4,220,223</b>                      |
| <b>Non-Current Liabilities</b>                                 |             |                                       |                                       |
| Deferred tax liabilities                                       |             | 152,555                               | 119,714                               |
| Loans and borrowings   | 18          | 1,579,668                             | 1,260,620                             |
| Long term payables   |             | 206,422                               | 122,953                               |
|  |             | <b>1,938,645</b>                      | <b>1,503,287</b>                      |
| <b>Current Liabilities</b>                                     |             |                                       |                                       |
| Payables and other liabilities                                 |             | 2,218,686                             | 2,017,557                             |
| Loans and borrowings   | 18          | 21                                    | 171                                   |
| Tax payables   |             | 40,839                                | 45,109                                |
|  |             | <b>2,259,546</b>                      | <b>2,062,837</b>                      |
| <b>Total Liabilities</b>                                       |             | <b>4,198,191</b>                      | <b>3,566,124</b>                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                            |             | <b>8,606,381</b>                      | <b>7,786,347</b>                      |
| Net assets per share attributable to owners of the parent (RM) |             | <b>2.57</b>                           | <b>2.48</b>                           |

( \*\* ) 30.6.2012 : Comprises prepayment for acquisition of land and building in Tianjin, China of RM211 million

( # ) 30.6.2013 : Comprises prepayment for acquisition of land and building in Qingdao, China of RM212 million

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)

**PARKSON HOLDINGS BERHAD (89194-P)**

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2013

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

|   | Note    | Attributable to owners of the parent |                            |                              |                             |                               | Total<br>RM'000  | Non-<br>controlling<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
|---|---------|--------------------------------------|----------------------------|------------------------------|-----------------------------|-------------------------------|------------------|--|---------------------------|
|   |         | Share<br>capital<br>RM'000           | Share<br>premium<br>RM'000 | Treasury<br>shares<br>RM'000 | Other<br>reserves<br>RM'000 | Retained<br>profits<br>RM'000 |                  |  |                           |
| <b>30 June 2013</b>                     |         |                                      |                            |                              |                             |                               |                  |  |                           |
| <b>At 1 July 2012</b>                   |         | <b>1,093,902</b>                     | <b>3,731,416</b>           | <b>(45,684)</b>              | <b>(2,492,398)</b>          | <b>398,852</b>                | <b>2,686,088</b> | <b>1,534,135</b>                           | <b>4,220,223</b>          |
| Total comprehensive income for the year |         | -                                    | -                          | -                            | 38,219                      | 240,367                       | <b>278,586</b>   | 226,309                                    | 504,895                   |
| Transfer to capital reserves            |         | -                                    | -                          | -                            | 2,281                       | (2,281)                       | -                | -  | -                         |
| Dilution of interest in subsidiaries    | 9(viii) | -                                    | -                          | -                            | -                           | 18,525                        | <b>18,525</b>    | (18,525)                                   | -                         |
| Employee share-based payments           |         | -                                    | -                          | -                            | 8,187                       | -                             | <b>8,187</b>     | 7,700                                      | 15,887                    |
| Purchase of treasury shares             | 5       | -                                    | -                          | (12,488)                     | -                           | -                             | <b>(12,488)</b>  | -  | (12,488)                  |
| Transfer to merger deficit              |         | -                                    | -                          | -                            | 436,616                     | (436,616)                     | -                | -  | -                         |
| Dividends to non-controlling interests  |         | -                                    | -                          | -                            | -                           | -                             | -                | (125,186)                                  | (125,186)                 |
| Dividends paid                          | 6       | -                                    | -                          | -                            | -                           | (195,141)                     | <b>(195,141)</b> | -  | (195,141)                 |
| <b>At 30 June 2013</b>                  |         | <b>1,093,902</b>                     | <b>3,731,416</b>           | <b>(58,172)</b>              | <b>(2,007,095)</b>          | <b>23,706</b>                 | <b>2,783,757</b> | <b>1,624,433</b>                           | <b>4,408,190</b>          |
| <b>30 June 2012</b>                     |         |                                      |                            |                              |                             |                               |                  |  |                           |
| <b>At 1 July 2011</b>                   |         | <b>1,093,673</b>                     | <b>3,729,979</b>           | <b>(13,707)</b>              | <b>(2,771,887)</b>          | <b>198,032</b>                | <b>2,236,090</b> | <b>1,147,275</b>                           | <b>3,383,365</b>          |
| Total comprehensive income for the year |         | -                                    | -                          | -                            | 124,733                     | 380,076                       | <b>504,809</b>   | 385,290                                    | 890,099                   |
| Transfer from capital reserves          |         | -                                    | -                          | -                            | (2,272)                     | 2,272                         | -                | -  | -                         |
| Dilution of interest in a subsidiary    |         | -                                    | -                          | -                            | -                           | 207,898                       | <b>207,898</b>   | 136,700                                    | 344,598                   |
| Acquisition of interest in a subsidiary |         | -                                    | -                          | -                            | (3,843)                     | -                             | <b>(3,843)</b>   | (1,386)                                    | (5,229)                   |
| Employee share-based payments           |         | 229                                  | 1,437                      | -                            | (20,532)                    | 20,288                        | <b>1,422</b>     | -  | 1,422                     |
| Purchase of treasury shares             |         | -                                    | -                          | (31,977)                     | -                           | -                             | <b>(31,977)</b>  | -  | (31,977)                  |
| Transfer to merger deficit              |         | -                                    | -                          | -                            | 181,403                     | (181,403)                     | -                | -  | -                         |
| Dividends to non-controlling interests  |         | -                                    | -                          | -                            | -                           | -                             | -                | (133,744)                                  | (133,744)                 |
| Dividends paid                          |         | -                                    | -                          | -                            | -                           | (228,311)                     | <b>(228,311)</b> | -  | (228,311)                 |
| <b>At 30 June 2012</b>                  |         | <b>1,093,902</b>                     | <b>3,731,416</b>           | <b>(45,684)</b>              | <b>(2,492,398)</b>          | <b>398,852</b>                | <b>2,686,088</b> | <b>1,534,135</b>                           | <b>4,220,223</b>          |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)

**PARKSON HOLDINGS BERHAD (89194-P)**

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2013

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | Note   | YEAR-TO-DATE ENDED  |                                   |
|---|--------|---------------------|-----------------------------------|
|   |        | 30.6.2013<br>RM'000 | 30.6.2012<br>RM'000<br>(Restated) |
| <b>OPERATING ACTIVITIES</b>   |        |                     |                                   |
| Profit before tax   |        | 622,829             | 887,663                           |
| Adjustments for :   |        |                     |                                   |
| Non-cash items  |        | 229,610             | 190,391                           |
| Non-operating items   |        | (45,047)            | (52,091)                          |
| Operating profit before working capital changes   |        | 807,392             | 1,025,963                         |
| Changes in working capital :  |        |                     |                                   |
| Net changes in assets   |        | (135,754)           | (241,937)                         |
| Net changes in liabilities  |        | 194,944             | 292,108                           |
| Others (mainly interest and tax paid)   |        | (151,246)           | (195,703)                         |
|   |        | <b>715,336</b>      | <b>880,431</b>                    |
| <b>INVESTING ACTIVITIES</b>   |        |                     |                                   |
| Prepayment for acquisition of land and building   |        | (211,623)           | (211,338)                         |
| Acquisition of interest in a subsidiary   |        | -                   | (5,229)                           |
| Acquisition of an associate   | 9(iii) | (68,555)            | -                                 |
| Purchase of investment securities   |        | -                   | (30,000)                          |
| Proceeds from disposal of investment securities   |        | 20,019              | -                                 |
| Changes in deposits with banks  | 1      | (17,541)            | 63,942                            |
| Others (mainly purchase of property, plant and equipment)                                 |        | (478,118)           | (320,068)                         |
|   |        | <b>(755,818)</b>    | <b>(502,693)</b>                  |
| <b>FINANCING ACTIVITIES</b>   |        |                     |                                   |
| Dividends paid to :   |        |                     |                                   |
| - Shareholders of the Company   |        | (195,141)           | (228,311)                         |
| - Non-controlling interests   |        | (125,186)           | (133,744)                         |
| Issue of shares   |        | 25                  | 1,215                             |
| Net proceeds from listing of a subsidiary   |        | -                   | 344,598                           |
| Purchase of treasury shares   |        | (12,488)            | (31,977)                          |
| Loans and borrowings  |        | 291,008             | (143,147)                         |
|   |        | <b>(41,782)</b>     | <b>(191,366)</b>                  |
| Net changes in cash and cash equivalents  |        | <b>(82,264)</b>     | 186,372                           |
| Effects of changes in exchange rates  | 1      | 19,990              | 55,932                            |
| Cash and cash equivalents at beginning of year  | 1      | 1,357,828           | 1,115,524                         |
| Cash and cash equivalents at end of year  | 1      | <b>1,295,554</b>    | <b>1,357,828</b>                  |
| Cash and cash equivalents at end of year comprise the following :                         |        |                     |                                   |
| Deposits, cash and bank balances  |        | 3,044,016           | 3,030,992                         |
| Less : Bank overdrafts  |        | -                   | (140)                             |
| Less : Deposits with banks with original maturity of more than three months when acquired |        | (1,748,462)         | (1,673,024)                       |
|   |        | <b>1,295,554</b>    | <b>1,357,828</b>                  |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)

# PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2013

(The figures have not been audited)

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. Accounting policies and methods of computation

#### **First-time adoption of Malaysian Financial Reporting Standards ("MFRS")**

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. For the periods up to and including the financial year ended 30 June 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The interim financial statements are the Group's first MFRS compliant interim financial statements for part of the periods covered by the Group's first MFRS annual financial statements for the financial year ended 30 June 2013 and hence MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2012. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2012.

The MFRS is effective for the Group from 1 July 2012 and the date of transition to the MFRS framework for the purpose of the first MFRS compliant interim financial statements is 1 July 2011. As at that date of transition, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1.

#### **Significant accounting policies and application of MFRS 1**

The audited financial statements of the Group for the financial year ended 30 June 2012 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in the interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2012 except as discussed below :

#### Definition of cash and cash equivalents

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

Upon transition to MFRS, the Group redefined its cash and cash equivalents as cash at bank and on hand, demand deposits, and short-term deposits for purposes of meeting short-term funding requirements, less bank overdrafts. The comparative information for the financial year ended 30 June 2012 in the condensed consolidated statement of cash flows has been restated accordingly :

|  | <b>FRS</b>       |                         | <b>MFRS</b>      |
|--|------------------|-------------------------|------------------|
|  | <b>for year</b>  |                         | <b>for year</b>  |
|  | <b>ended</b>     |                         | <b>ended</b>     |
|  | <b>30.6.2012</b> | <b>Reclassification</b> | <b>30.6.2012</b> |
|  | RM'000           | RM'000                  | RM'000           |
| Changes in deposits with banks                 | -                | 63,942                  | 63,942           |
| Effects of changes in exchange rates           | 170,247          | (114,315)               | 55,932           |
| Cash and cash equivalents at beginning of year | 2,738,175        | (1,622,651)             | 1,115,524        |
| Cash and cash equivalents at end of year       | <u>3,030,852</u> | <u>(1,673,024)</u>      | <u>1,357,828</u> |

#### **Comparatives**

Certain comparative figures have been reclassified to conform with current periods' presentation.

**2. Comments about seasonal or cyclical factors**

The Group's retail operations generally perform better with higher sales generated during the festive and holiday seasons.

**3. Unusual items due to their nature, size or incidence**

Other than as disclosed in Note 23, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year-to-date.

**4. Changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter and financial year-to-date results.

**5. Debt and equity securities**

During the financial year-to-date, the Company repurchased a total of 3,086,400 ordinary shares of its issued ordinary shares from the open market at an average price of RM4.05 per share. The total consideration paid for the repurchase including transaction costs amounting to RM12.49 million was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 30 June 2013, the number of treasury shares held were 12,389,631 shares.

Other than the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year-to-date.

**6. Dividends paid**

In respect of the financial year ended 30 June 2013 :

- a) An interim single tier dividend of 10 sen per ordinary share amounting to RM108 million was declared by the Company on 12 November 2012 and paid on 10 December 2012; and
- b) A second interim single tier dividend of 8 sen per ordinary share amounting to RM87 million was declared by the Company on 24 April 2013 and paid on 22 May 2013.

**7. Revenue and segmental information**

The Group's revenue for the financial year-to-date was as follows :

|  | RM'000             | RM'000                  |
|--|--------------------|-------------------------|
| Concessionaire sales (gross)                                 | 9,974,208          |                         |
| Less : Cost of concessionaire sales                          | <u>(8,067,307)</u> |                         |
| Commissions from concessionaire sales                        |                    | 1,906,901               |
| Sales of goods - Direct sales                                |                    | 1,368,605               |
| Others (including rental income and management service fees) |                    | <u>226,171</u>          |
|  |                    | <u><u>3,501,677</u></u> |



## 7. Revenue and segmental information (Cont'd)

The Group's segmental information for the financial year-to-date was as follows :

|                                | ← Retailing →  |                            |                     |                | Property and investment holding | Total            |
|--------------------------------|----------------|----------------------------|---------------------|----------------|---------------------------------|------------------|
|                                | Malaysia       | People's Republic of China | Vietnam and Myanmar | Indonesia      |                                 |                  |
|                                | RM'000         | RM'000                     | RM'000              | RM'000         | RM'000                          | RM'000           |
| <b>Revenue</b>                 |                |                            |                     |                |                                 |                  |
| Total sales                    | 872,144        | 2,357,050                  | 108,610             | 130,402        | 38,600                          | <b>3,506,806</b> |
| Inter-segment sales            | -              | -                          | -                   | -              | (5,129)                         | <b>(5,129)</b>   |
| External sales                 | <b>872,144</b> | <b>2,357,050</b>           | <b>108,610</b>      | <b>130,402</b> | <b>33,471</b>                   | <b>3,501,677</b> |
| <b>Results</b>                 |                |                            |                     |                |                                 |                  |
| Segment profit                 | 109,042        | 466,023                    | 3,828               | 13,144         | 1,632                           | <b>593,669</b>   |
| Finance income                 |                |                            |                     |                |                                 | <b>117,340</b>   |
| Employee share-based payments  |                |                            |                     |                |                                 | <b>(15,887)</b>  |
| Operating profit               |                |                            |                     |                |                                 | <b>695,122</b>   |
| Finance costs                  |                |                            |                     |                |                                 | <b>(74,170)</b>  |
| Share of results of associates |                |                            |                     |                |                                 | <b>1,877</b>     |
| Profit before tax              |                |                            |                     |                |                                 | <b>622,829</b>   |
| Total assets                   | 620,533        | 6,820,416                  | 210,475             | 131,932        | 823,025                         | <b>8,606,381</b> |

## 8. Subsequent events

There were no material events subsequent to the end of the current quarter.

## 9. Changes in composition of the Group

There were no material changes in the composition of the Group during the financial year-to-date other than the following:

- i) Dissolution of Beijing Century Parkson E-Business Co Ltd, a company incorporated in the People's Republic of China ("PRC" or "China"), which was an indirect wholly-owned subsidiary of Parkson Retail Group Limited ("Parkson Retail"), a 51.5% owned subsidiary of the Company.
- ii) Incorporation of Parkson Myanmar Co Pte Ltd ("Parkson Myanmar") in Singapore by Parkson Retail Asia Limited ("Parkson Asia"), a 67.6% owned subsidiary of the Company.
- iii) Acquisition by Parkson Asia on 31 July 2012 of a total of 61,150,896 ordinary shares in Odel PLC ("Odel") ("Shares") representing 42.19% of the then issued and paid-up share capital of Odel, a company listed on the Colombo Stock Exchange in Sri Lanka.

Parkson Asia was required under the Sri Lankan Company Take-Over and Mergers Code 1995 (As amended in 2003) to make a mandatory offer ("Offer") for all of the remaining Shares. As at 11 September 2012, being the closing date of the Offer, 3,424,536 Shares representing 2.36% of the then issued and paid-up share capital of Odel had been accepted under the Offer ("Completion of the Offer"). Following the Completion of the Offer, Parkson Asia owned a total of 64,575,432 Shares representing 44.55% of the then issued and paid-up share capital of Odel.

Odel had undertaken a one-for-one rights issue of Shares ("Odel Rights Issue"), where Parkson Asia had subscribed for its full entitlement of 64,575,432 new Shares. Subsequent to the Odel Rights Issue, Parkson Asia owned a total of 129,150,864 Shares representing 47.46% of the issued and paid-up share capital of Odel.

- iv) Acquisition by Dyna Puncak Sdn Bhd ("Dyna Puncak"), a wholly-owned subsidiary of the Company, of 100% equity interest in Magna Rimbun Sdn Bhd, the legal and beneficial owner of the entire equity interest in Megan Mastika Sdn Bhd.

## 9. Changes in composition of the Group (Cont'd)

- v) Incorporation by Parkson Myanmar and its joint venture partners of a joint venture company, Parkson Myanmar Investment Company Pte Ltd ("PMIC"), and its wholly-owned subsidiary, Parkson Myanmar Asia Pte Ltd ("PMA"), both in Singapore.

Consequent to the increase in the share capital of PMIC from US\$3 to US\$3 million, PMIC and PMA became subsidiaries of Parkson Asia and the Company.

- vi) Incorporation of Panzhihua Parkson Retail Development Co Ltd in the PRC by Kunming Yun Shun He Retail Development Co Ltd, a wholly-owned subsidiary of Parkson Retail.

- vii) Acquisition by Dyna Puncak of 100% equity interest in Gema Binari Sdn Bhd, the legal and beneficial owner of the entire equity interest in Dimensi Armani Sdn Bhd.

- viii) Disposal by East Crest International Limited, a wholly-owned subsidiary of the Company, of its entire 100% equity interest in Victor Crest Limited ("Victor Crest") to Grand Parkson Retail Group Limited, a wholly-owned subsidiary of Parkson Retail ("Disposal"). Victor Crest is the sole legal and beneficial owner of the 100% equity interest in Wide Crest Limited ("Wide Crest"), which in turn is the sole legal and beneficial owner of the 100% equity interest in Parkson Venture Pte Ltd ("Parkson Venture"), Sea Coral Limited ("Sea Coral") and Wide Field International Limited ("Wide Field").

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

On completion of the Disposal, Victor Crest and its subsidiaries namely Wide Crest, Parkson Venture, Sea Coral, Wide Field, Qingdao Parkson, Dalian Parkson and Shenyang Parkson became subsidiaries of Parkson Retail and they remain subsidiaries of the Company.

- ix) Acquisition by Dyna Puncak of 100% equity interest in True Excel Investments Limited ("True Excel") incorporated in the British Virgin Islands.
- x) Incorporation of Myanmar Parkson Company Limited in Myanmar, with 90% held by PMIC and 10% held by PMA.
- xi) Incorporation of True Excel Investments (Cambodia) Co Ltd in the Kingdom of Cambodia by True Excel.
- xii) Incorporation of Shanghai Shi Jie Fashions Co Ltd in the PRC by Shanghai Lion Parkson Investment Consultant Co Ltd, a wholly-owned subsidiary of Parkson Retail.
- xiii) Dissolution of Hangzhou Parkson Retail Development Co Ltd, a company incorporated in the PRC, which was an indirect wholly-owned subsidiary of Parkson Retail.

## 10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since 30 June 2012.

**11. Performance review**

|                                 | 3 MONTHS ENDED      |                     | YEAR-TO-DATE ENDED  |                     |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                 | 30.6.2013<br>RM'000 | 30.6.2012<br>RM'000 | 30.6.2013<br>RM'000 | 30.6.2012<br>RM'000 |
| <b>Revenue</b>                  |                     |                     |                     |                     |
| Retailing :                     |                     |                     |                     |                     |
| - Malaysia                      | 197,579             | 198,241             | 872,144             | 830,575             |
| - China                         | 542,547             | 547,117             | 2,357,050           | 2,339,869           |
| - Vietnam and Myanmar (#)       | 17,355              | 16,492              | 108,610             | 99,110              |
| - Indonesia                     | 34,202              | 29,699              | 130,402             | 130,486             |
|                                 | 791,683             | 791,549             | 3,468,206           | 3,400,040           |
| Property and investment holding | 9,801               | 8,010               | 33,471              | 20,538              |
|                                 | <b>801,484</b>      | <b>799,559</b>      | <b>3,501,677</b>    | <b>3,420,578</b>    |
| <b>Segment profit/(loss)</b>    |                     |                     |                     |                     |
| Retailing :                     |                     |                     |                     |                     |
| - Malaysia                      | 8,187               | 16,976              | 109,042             | 121,145             |
| - China                         | 80,655              | 143,047             | 466,023             | 690,402             |
| - Vietnam and Myanmar (#)       | (2,461)             | 603                 | 3,828               | 11,577              |
| - Indonesia                     | 443                 | (2,054)             | 13,144              | 8,671               |
|                                 | 86,824              | 158,572             | 592,037             | 831,795             |
| Property and investment holding | 954                 | 9,967               | 1,632               | 3,984               |
|                                 | <b>87,778</b>       | <b>168,539</b>      | <b>593,669</b>      | <b>835,779</b>      |

(#) : First Parkson store launched in Yangon, Myanmar in May 2013

The financial year under review was a challenging year for our retail operations amidst the global macroeconomic uncertainties, which resulted in weak consumer sentiments especially in the China and Vietnam retail markets. Same store sales growth ("SSSG") of both Parkson China and Parkson Vietnam were -1%. Our retail operations in Malaysia and Indonesia, on the other hand, managed to sustain their positive SSSG of 5% and 6% respectively. Together with the contribution of 7 new stores (four in China, one each in Malaysia, Indonesia and Myanmar) opened during the financial year, the Group's **Retailing** Division completed the financial year with a revenue of RM3,468 million, a 2% growth from RM3,400 million posted a year ago. Given the relatively tougher operating environment, negative SSSG of China and Vietnam and new stores losses, full year operating profit was 29% lower at RM592 million.

The encouraging occupancy rate achieved by our *KL Festival City* shopping mall has enabled the **Property and Investment Holding** Division to report a full year revenue of RM33 million as compared with RM21 million for its 8 months of operations in the previous financial year. Higher profit recorded in the 3 months and year-to-date ended 30 June 2012 were due to foreign exchange gain.

**12. Comment on material change in profit before tax**

|   | Revenue<br>RM'000 | Profit<br>Before Tax<br>RM'000 |
|---|-------------------|--------------------------------|
| Current quarter (30 June 2013)              | 801,484           | 88,019                         |
| Immediate preceding quarter (31 March 2013) | 932,848           | 196,408                        |

As expected, and mentioned in the previous interim report, the Group reported a seasonal lower performance in the absence of major festivities in the current quarter as against a strong consumer spending during the Lunar New Year festive occasion in the immediate preceding quarter. Accordingly, revenue was 14% lower at RM801 million with profit before tax reducing to RM88 million.

**13. a) Prospects**

In line with the PRC's medium to long term economic reform objective of shifting its economic growth towards higher domestic consumption, the Group strongly believes that the emergence of the middle class in the PRC will continue to accelerate in the next decade. Given the Group's marketing focus on the middle to middle upper market segment, the Group is strategically positioned to tap on the evolving macroeconomic development. However, the competition landscape in this fast changing department store business is expected to remain challenging in the near future and consolidation is inevitable. Leveraging on the Group's strong balance sheet and the strong Parkson brand equity, the Group is well positioned and ready to capitalise on the consolidation of the retail industry in China.

On the **Southeast Asian** retail scene, the continued economic expansion in the countries where the Group has presence augurs well for Parkson as our store design and offerings will be more than able to meet the demands and expectations of the emerging middle class. We believe that our store expansion strategy will allow us to harness the largely under-served middle to upper income segment of the retail market in these countries for which the leverage potential and rewards will be significant.

The *KL Festival City* shopping mall is expected to continue contributing positively to the Group's **Property and Investment Holding** Division in the coming year. Tenant mix will be reviewed constantly to ensure good shopper traffic in the shopping mall. The Group will continue to seek expansion opportunities in key locations which commensurate with its investment strategies.

**b) Forecast or target previously announced**

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

**14. Statement of the Board of Directors' opinion on achievement of forecast or target**

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

**15. Profit forecast or profit guarantee**

No profit forecast or profit guarantee was published.

**16. Income tax expense**

|                                | 3 MONTHS ENDED      |                     | YEAR-TO-DATE ENDED  |                     |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                | 30.6.2013<br>RM'000 | 30.6.2012<br>RM'000 | 30.6.2013<br>RM'000 | 30.6.2012<br>RM'000 |
| Income tax expense comprises : |                     |                     |                     |                     |
| Current year income tax :      |                     |                     |                     |                     |
| - Arising in Malaysia          | 3,899               | 8,080               | 40,239              | 41,248              |
| - Arising outside Malaysia     | 27,548              | 39,374              | 146,381             | 177,703             |
|                                | <b>31,447</b>       | 47,454              | <b>186,620</b>      | 218,951             |

The effective tax rate of the Group for the current quarter and financial year-to-date were higher than the Malaysian statutory tax rate mainly due to certain expenses which were not deductible for tax purposes.

**17. Corporate proposals****a) Status of corporate proposals**

There were no corporate proposals pending completion for the current quarter and financial year-to-date.

**b) Status of utilisation of proceeds**

Please refer to Appendix attached.

**18. Borrowings and debt securities**

The Group's borrowings as at end of the reporting period were as follows :

|         | <u>Short Term</u> | <u>Long Term</u> | <u>Total</u>     |
|---------|-------------------|------------------|------------------|
|         | RM'000            | RM'000           | RM'000           |
| Secured | <u>21</u>         | <u>1,579,668</u> | <u>1,579,689</u> |

The Group's borrowings were denominated in the following currencies :

|                    | <b>Foreign<br/>Currency</b> | RM'000           |
|--------------------|-----------------------------|------------------|
| - Ringgit Malaysia | '000                        | RM'000           |
| - US Dollar        | -                           | 89               |
|                    | 500,000                     | <u>1,579,600</u> |
|                    |                             | <u>1,579,689</u> |

During the current quarter and financial year-to-date, Parkson Retail has issued 5-year US\$500 million 4.50% Notes due in 2018 ("Notes"). The proceeds from the Notes were primarily used to refinance the short term borrowings.

**19. Changes in material litigation**

There was no material litigation since 30 June 2012.

**20. Dividend proposed**

Other than as disclosed in Note 6, the Board of Directors does not recommend any dividend for the financial quarter ended 30 June 2013.

**21. Earnings per share ("EPS")****Basic**

Basic EPS is calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares of the Company in issue during the financial period.

|  | <u>3 MONTHS ENDED</u> |           | <u>YEAR-TO-DATE ENDED</u> |           |
|--|-----------------------|-----------|---------------------------|-----------|
|  | 30.6.2013             | 30.6.2012 | 30.6.2013                 | 30.6.2012 |
| Profit attributable to owners of the parent (RM'000)       | <u>30,162</u>         | 81,704    | <u>240,367</u>            | 380,076   |
| Weighted average number of ordinary shares in issue ('000) | <u>1,083,002</u>      | 1,086,436 | <u>1,084,037</u>          | 1,088,216 |
| Basic EPS (sen)  | <u>2.79</u>           | 7.52      | <u>22.17</u>              | 34.93     |

**21. Earnings per share ("EPS") (Cont'd)****Diluted**

For the purpose of calculating diluted EPS, the profit for the period attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. shares granted under the Executive Share Option Scheme.

|  | 3 MONTHS ENDED |           | YEAR-TO-DATE ENDED |           |
|--|----------------|-----------|--------------------|-----------|
|  | 30.6.2013      | 30.6.2012 | 30.6.2013          | 30.6.2012 |
| Profit attributable to owners of the parent (RM'000)       | 30,162         | 81,704    | 240,367            | 380,076   |
| Weighted average number of ordinary shares in issue ('000) | 1,083,002      | 1,086,436 | 1,084,037          | 1,088,216 |
| Effect of dilution ('000)                                  | -              | -         | -                  | 1         |
|  | 1,083,002      | 1,086,436 | 1,084,037          | 1,088,217 |
| Diluted EPS (sen)  | 2.79           | 7.52      | 22.17              | 34.93     |

**22. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 30 June 2012 was not qualified.

**23. Profit before tax**

Profit before tax is arrived at after crediting/(charging) the following income/(expenses) :

|  | 3 MONTHS ENDED      |                     | YEAR-TO-DATE ENDED  |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 30.6.2013<br>RM'000 | 30.6.2012<br>RM'000 | 30.6.2013<br>RM'000 | 30.6.2012<br>RM'000 |
| a) Interest income   | 36,160              | 32,472              | 117,340             | 140,157             |
| b) Other income including investment income                                | 76,070              | 82,898              | 321,719             | 336,020             |
| c) Interest expense  | (33,285)            | (13,444)            | (74,170)            | (88,222)            |
| d) Depreciation and amortisation   | (57,087)            | (52,095)            | (218,390)           | (190,934)           |
| e) Provision for and write off of receivables                              | (117)               | (887)               | (117)               | (1,141)             |
| f) Provision for and write off of inventories                              | (127)               | (675)               | (127)               | (675)               |
| g) Gain/(Loss) on disposal of quoted or unquoted investments or properties | -                   | -                   | 4,638               | -                   |
| h) Impairment of assets  | -                   | (3,177)             | -                   | (3,177)             |
| i) Foreign exchange gain/(loss)  | 9,030               | 8,690               | 4,852               | 7,132               |
| j) Gain/(Loss) on derivatives  | -                   | -                   | -                   | -                   |
| k) Exceptional item : Employee share-based payments                        | (2,759)             | (52)                | (15,887)            | (207)               |

**24. Disclosure of realised and unrealised profits/losses**

|   | <b>AS AT<br/>30.6.2013</b> | <b>AS AT<br/>30.6.2012</b> |
|---|----------------------------|----------------------------|
|   | RM'000                     | RM'000                     |
| Total retained profits/(losses) of Parkson Holdings Berhad and its subsidiaries : |                            |                            |
| - Realised  | <b>28,891</b>              | 395,253                    |
| - Unrealised  | <b>(12,551)</b>            | (7,022)                    |
| Total share of retained profits from associates :                                 |                            |                            |
| - Realised  | <b>1,924</b>               | 265                        |
| - Unrealised  | -                          | -                          |
| Total share of retained profits from a jointly controlled entity :                |                            |                            |
| - Realised  | <b>4,960</b>               | 9,996                      |
| - Unrealised  | <b>482</b>                 | 360                        |
| Total Group retained profits  | <b>23,706</b>              | 398,852                    |

## PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2013

(The figures have not been audited)

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

17. b) Status of utilisation of proceeds as at 30 June 2013

|   | <u>Proposed</u>    | <u>Actual</u>        | <u>Intended</u>  | <u>Deviation</u> |          | <u>Explanations</u> |
|---|--------------------|----------------------|--|------------------|----------|---------------------|
|   | <u>Utilisation</u> | <u>Utilisation</u>   | <u>Timeframe for</u>   | <u>Amount</u>    | <u>%</u> |                     |
|   | RM'Million         | RM'Million           |  | RM'Million       |          |                     |
| i) Disposal by the Company of its entire equity interest in Bright Steel Sdn Bhd to Total Triumph Investments Limited, a wholly-owned subsidiary of Lion Corporation Berhad, for a cash consideration of RM53.47 million :  |                    |                      |  |                  |          |                     |
| ▶ Defray expenses and working capital :   |                    |                      |  |                  |          |                     |
| - Amount received   | 43.47              | <b>43.47</b>         | -  | -                | -        | -                   |
| - Deferred payment  | 10.00              | -                    | No fixed timeframe   | N/A              | N/A      | -                   |
|   | <u>53.47</u>       | <u><b>43.47</b></u>  |  |                  |          |                     |
| ii) Listing of Parkson Retail Asia Limited on the Main Board of the Singapore Exchange Securities Trading Limited which raised a gross proceeds (including proceeds raised by East Crest International Limited as a result of the exercise of the over-allotment option) totalling approximately SGD150.62 million (equivalent to approximately RM367.48 million) (collectively the "Parkson Asia Listing") : |                    |                      |  |                  |          |                     |
| ▶ Opening of new stores in Malaysia, Indonesia, Vietnam and Cambodia  | 119.80             | <b>13.42</b>         | Within 24 months from the date of completion of the Parkson Asia Listing | 106.38           | -        | Not fully utilised  |
| ▶ Investment in information technology  | 12.20              | -                    |  | 12.20            | -        | Not utilised        |
| ▶ Investment in business opportunities in Sri Lanka and Myanmar   | 36.84              | <b>36.60</b>         |  | 0.24             | -        | Not fully utilised  |
| ▶ General investments including acquisition, development and management of retail malls within commercial and residential centre developments   | 167.55             | <b>93.00</b>         |  | 74.55            | -        | Not fully utilised  |
| ▶ Working capital and defraying expenses incurred in connection with the Parkson Asia Listing   | 31.09              | <b>28.30</b>         |  | 2.79             | -        | Not fully utilised  |
|   | <u>367.48</u>      | <u><b>171.32</b></u> |  |                  |          |                     |