



**Interim Financial Report
for the Second Quarter Ended
31 December 2013**

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PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
		31.12.2013 RM'000	31.12.2012 RM'000 (Restated)	31.12.2013 RM'000	31.12.2012 RM'000 (Restated)
Gross sales proceeds		3,166,032	2,978,608	5,838,216	5,613,001
Revenue	7	948,098	916,323	1,779,420	1,740,431
Other operating income		86,058	83,897	161,996	159,349
Operating expenses		(961,319)	(829,599)	(1,798,149)	(1,598,938)
Operating profit		72,837	170,621	143,267	300,842
Finance income		27,133	24,928	52,493	51,491
Finance costs		(17,895)	(14,015)	(39,560)	(27,711)
Share of results of associates		1,009	989	1,782	1,669
Share of results of a jointly controlled entity	1	4,778	5,523	9,158	10,303
Profit before tax	23	87,862	188,046	167,140	336,594
Income tax expense	16	(51,761)	(57,558)	(83,537)	(100,147)
Profit for the period		36,101	130,488	83,603	236,447
Profit for the period attributable to :					
- Owners of the parent		25,586	74,247	56,324	133,286
- Non-controlling interests		10,515	56,241	27,279	103,161
		36,101	130,488	83,603	236,447
Earnings per share attributable to owners of the parent (sen) :					
- Basic	21	2.38	6.85	5.22	12.29
- Diluted	21	2.38	6.85	5.22	12.29

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Profit for the period	36,101	130,488	83,603	236,447
<u>Other comprehensive income/(loss)</u>				
- Gain on fair value changes	-	829	-	2,810
- Foreign currency translation and cash flow hedges	52,934	(8,755)	129,858	(81,153)
Other comprehensive income/(loss) for the period, net of tax, representing items that may be reclassified subsequently to profit or loss	52,934	(7,926)	129,858	(78,343)
Total comprehensive income for the period	89,035	122,562	213,461	158,104
Total comprehensive income for the period attributable to :				
- Owners of the parent	53,482	68,446	127,180	86,954
- Non-controlling interests	35,553	54,116	86,281	71,150
	89,035	122,562	213,461	158,104

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT 31.12.2013 RM'000	AS AT 30.6.2013 RM'000 (Restated)
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,265,117	2,150,278
Investment properties		258,860	259,247
Intangible assets		1,395,296	1,344,035
Land use rights		270,895	262,379
Investments in associates		71,011	70,270
Investment in a jointly controlled entity	1	20,754	20,953
Deferred tax assets		107,869	97,900
Other assets and derivative		360,318	182,495
Investment securities		30,233	30,233
		4,780,353	4,417,790
Current Assets			
Inventories		348,139	290,223
Receivables (#)		869,807	845,177
Deposits, cash and bank balances		3,410,776	2,986,540
		4,628,722	4,121,940
TOTAL ASSETS		9,409,075	8,539,730
EQUITY AND LIABILITIES			
Share capital		1,093,902	1,093,902
Other reserves		1,679,659	1,654,940
Retained profits		86,104	31,822
Equity attributable to owners of the parent		2,859,665	2,780,664
Non-controlling interests		1,657,955	1,625,336
Total equity		4,517,620	4,406,000
Non-Current Liabilities			
Deferred tax liabilities		136,647	134,122
Loans and borrowings	18	1,730,893	1,579,669
Long term payables		288,386	214,799
		2,155,926	1,928,590
Current Liabilities			
Payables and other liabilities		2,690,445	2,164,252
Loans and borrowings	18	20	20
Tax payables		45,064	40,868
		2,735,529	2,205,140
Total Liabilities		4,891,455	4,133,730
TOTAL EQUITY AND LIABILITIES		9,409,075	8,539,730
Net assets per share attributable to owners of the parent (RM)		2.68	2.57

(#) Comprises deposit paid for acquisition of land and building in Qingdao, China of RM310 million (30.6.2013 : RM207 million)

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←	Attributable to owners of the parent					→	Non-	Total
		Share capital	Share premium	Treasury shares	Other reserves	Retained profits			
Note		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2013									
At 1 July 2013		1,093,902	3,731,416	(58,172)	(2,018,304)	31,822	2,780,664	1,625,336	4,406,000
Total comprehensive income for the period		-	-	-	70,856	56,324	127,180	86,281	213,461
Transfer to capital reserves		-	-	-	2,042	(2,042)	-	-	-
Employee share-based payments		-	-	-	1,792	-	1,792	1,679	3,471
Purchase of treasury shares	5	-	-	(49,971)	-	-	(49,971)	-	(49,971)
Dividends to non-controlling interests		-	-	-	-	-	-	(55,341)	(55,341)
At 31 December 2013		1,093,902	3,731,416	(108,143)	(1,943,614)	86,104	2,859,665	1,657,955	4,517,620
31 December 2012									
At 1 July 2012		1,093,902	3,731,416	(45,684)	(2,492,398)	398,852	2,686,088	1,534,135	4,220,223
Total comprehensive income/(loss) for the period		-	-	-	(46,332)	133,286	86,954	71,150	158,104
Transfer to capital reserves		-	-	-	2,174	(2,174)	-	-	-
Employee share-based payments		-	-	-	4,835	-	4,835	4,547	9,382
Purchase of treasury shares		-	-	(1,414)	-	-	(1,414)	-	(1,414)
Dividends to non-controlling interests		-	-	-	-	-	-	(73,121)	(73,121)
Dividend paid		-	-	-	-	(108,439)	(108,439)	-	(108,439)
At 31 December 2012		1,093,902	3,731,416	(47,098)	(2,531,721)	421,525	2,668,024	1,536,711	4,204,735

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)

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Interim financial report for the second quarter ended 31 December 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	31.12.2013 RM'000	31.12.2012 RM'000 (Restated)
OPERATING ACTIVITIES		
Profit before tax	167,140	336,594
Adjustments for :		
Non-cash items	151,714	115,856
Non-operating items	(23,872)	(35,512)
Operating profit before working capital changes	294,982	416,938
Changes in working capital :		
Net changes in assets	(103,929)	(174,045)
Net changes in liabilities	476,594	672,164
Others (mainly interest and tax paid)	(75,663)	(73,541)
	591,984	841,516
INVESTING ACTIVITIES		
Acquisition of an associate	-	(68,473)
Prepayment for acquisition of land and building	(93,728)	(96,809)
Changes in deposits with banks	(215,470)	(131,825)
Others (mainly purchase of property, plant and equipment)	(168,435)	(205,113)
	(477,633)	(502,220)
FINANCING ACTIVITIES		
Dividends paid to :		
- Shareholders of the Company	-	(108,439)
- Non-controlling interests	(55,341)	(73,121)
Purchase of treasury shares	(71,881)	(1,414)
Loans and borrowings	96,907	(19)
	(30,315)	(182,993)
Net changes in cash and cash equivalents	84,036	156,303
Effects of changes in exchange rates	42,243	(15,971)
Cash and cash equivalents at beginning of period	1,238,078	1,302,092
Cash and cash equivalents at end of period	1,364,357	1,442,424
Cash and cash equivalents at end of period comprise the following :		
Deposits, cash and bank balances	3,410,776	3,216,482
Less : Deposits with banks with original maturity of more than three months when acquired	(2,046,419)	(1,774,058)
	1,364,357	1,442,424

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2013

(The figures have not been audited)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("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 ("IASB").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2013. 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 2013.

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 2013 except for the adoption of the following MFRSs and Amendments to MFRSs effective for the financial period beginning 1 July 2013 :

MFRS 3 *Business Combinations (IFRS 3 issued by IASB in March 2004)*
MFRS 10 *Consolidated Financial Statements*
MFRS 11 *Joint Arrangements*
MFRS 12 *Disclosure of Interests in Other Entities*
MFRS 13 *Fair Value Measurement*
MFRS 119 *Employee Benefits*
MFRS 127 *Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)*
MFRS 127 *Separate Financial Statements (IAS 27 as amended by IASB in May 2011)*
MFRS 128 *Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)*
Amendments to MFRS 1 *First-time Adoption of MFRSs - Government Loans*
Amendments to MFRS 1 *First-time Adoption of MFRSs (Annual Improvements 2009-2011 Cycle)*
Amendments to MFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 10 *Consolidated Financial Statements: Transition Guidance*
Amendments to MFRS 11 *Joint Arrangements: Transition Guidance*
Amendments to MFRS 12 *Disclosure of Interests in Other Entities: Transition Guidance*
Amendments to MFRS 101 *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
Amendments to MFRS 116 *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
Amendments to MFRS 132 *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
Amendments to MFRS 134 *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*

The adoption of the above mentioned MFRSs and Amendments to MFRSs did not have any significant effect on the financial performance, position or presentation of financials of the Group, except as discussed below :

MFRS 11 Joint Arrangements

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

Prior to the adoption of MFRS 11, the Group's share of the assets, liabilities, revenue, income and expenses of a JCE were proportionately consolidated in the consolidated financial statements. Upon the adoption of MFRS 11, the Group has determined its interest to be a joint venture and accordingly accounted for the investment using the equity method.

1. Accounting policies and methods of computation (Cont'd.)

The Group has adopted MFRS 11 and applied this standard retrospectively during the current period. The financial effects on initial adoption of MFRS 11, together with certain reclassification made to conform with current period's presentation are as follows :

	As previously reported	Effects	Restated
	RM'000	RM'000	RM'000
Condensed Consolidated Income Statement			
<u>Year-to-date ended 31.12.2012</u>			
Revenue	1,767,345	(26,914)	1,740,431
Share of results of a jointly controlled entity	-	10,303	10,303
Profit before tax	<u>338,402</u>	<u>(1,808)</u>	<u>336,594</u>
Condensed Consolidated Statement of Financial Position			
<u>As at 30.6.2013</u>			
Assets	8,585,842	(67,065)	8,518,777
Investment in a jointly controlled entity	-	20,953	20,953
Liabilities	<u>4,179,842</u>	<u>(46,112)</u>	<u>4,133,730</u>
Condensed Consolidated Statement of Cash Flows			
<u>Year-to-date ended 31.12.2012</u>			
Net changes in cash and cash equivalents	154,170	2,133	156,303
Cash and cash equivalents at beginning of period	1,357,828	(55,736)	1,302,092
Cash and cash equivalents at end of period	<u>1,496,027</u>	<u>(53,603)</u>	<u>1,442,424</u>

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 15,680,400 ordinary shares of its issued ordinary shares from the open market at an average price of RM3.19 per share. The total consideration paid for the repurchase including transaction costs amounting to RM49.97 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 31 December 2013, the number of treasury shares held were 28,070,031 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

There was no dividend paid during the current quarter and financial year-to-date.

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)	5,030,428	
Less : Cost of concessionaire sales	<u>(4,058,796)</u>	
Commissions from concessionaire sales		971,632
Sales of goods - Direct sales		693,250
Others (including rental income and management service fees)		114,538
		<u><u>1,779,420</u></u>

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
Revenue						
Total sales	453,938	1,181,159	56,873	71,059	19,124	1,782,153
Inter-segment sales	-	-	-	-	(2,733)	(2,733)
External sales	<u>453,938</u>	<u>1,181,159</u>	<u>56,873</u>	<u>71,059</u>	<u>16,391</u>	<u>1,779,420</u>
Results						
Segment profit/(loss)	71,536	65,045	(1,858)	6,551	5,464	146,738
Employee share-based payments						(3,471)
Operating profit						143,267
Finance income						52,493
Finance costs						(39,560)
Share of results of associates						1,782
Share of results of a jointly controlled entity						9,158
Profit before tax						<u>167,140</u>
Total assets	<u>744,427</u>	<u>7,487,704</u>	<u>231,828</u>	<u>141,153</u>	<u>803,963</u>	<u>9,409,075</u>

8. Subsequent events

Other than as disclosed in Note 17(a), 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) Incorporation of Zhongshan Parkson Retail Co Ltd in the People's Republic of China ("PRC" or "China") by Nanning Brilliant Parkson Commercial Co Ltd, a wholly-owned subsidiary of Parkson Retail Group Limited ("Parkson Retail"), a 51.6% owned subsidiary of the Company.
- ii) Incorporation of Qingdao Parkson Retail Development Co Ltd in the PRC by Hefei Parkson Xiaoyao Plaza Co Ltd, a wholly-owned subsidiary of Parkson Retail.
- iii) Incorporation of Parkson SGN Co Ltd in Vietnam by Parkson Corporation Sdn Bhd, a wholly-owned subsidiary of Parkson Retail Asia Limited, a 67.6% owned subsidiary of the Company.
- iv) Incorporation of Qingdao Parkson Beer City Shopping Mall Co Ltd in the PRC by Beijing Huadesheng Property Management Co Ltd, a 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 2013.

11. Performance review

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
<u>Revenue</u>				
Retailing :				
- Malaysia	239,192	242,576	453,938	464,733
- China	638,084	604,873	1,181,159	1,137,212
- Vietnam and Myanmar	29,345	28,169	56,873	54,752
- Indonesia	33,290	32,787	71,059	67,970
	939,911	908,405	1,763,029	1,724,667
Property and investment holding	8,187	7,918	16,391	15,764
	948,098	916,323	1,779,420	1,740,431
<u>Segment profit/(loss)</u>				
Retailing :				
- Malaysia	41,843	38,917	71,536	72,868
- China (#)	27,829	133,609	65,045	222,794
- Vietnam and Myanmar	(354)	2,294	(1,858)	3,729
- Indonesia	2,085	4,610	6,551	9,787
	71,403	179,430	141,274	309,178
Property and investment holding	1,434	573	5,464	1,046
	72,837	180,003	146,738	310,224

(#) 3 months and year-to-date ended 31.12.2013 : Included the one-off accelerated depreciation and provision for penalty of early termination of lease contracts of stores with potential closure amounted to approximately RM46 million

11. Performance review (Cont'd.)

Compared with a year ago, the Group's **Retailing** Division registered a marginally higher revenue for the 6 months ended 31 December 2013; whilst operating profit decreased by 54% to RM141 million for the reporting period. The weak financial results were attributed to a combination of the following factors :

- Malaysia

The inflationary pressure due to subsidy rationalisation programmes and the Malaysian Central Bank's tightening measures to curb household debts have affected the consumer sentiments, resulting in only marginally positive same store sales ("SSS") growth for the current financial year-to-date.

Performance of our local Parkson operations was also affected by the temporary closure of three performing stores (i.e. Parkson at Ipoh Parade, Seremban Prima and Klang Parade) for major renovation which had led to lost of sales and profit contribution. The new refreshed *Parkson Ipoh Parade* and *Parkson Seremban Prima* were re-opened in October 2013 whilst *Parkson Klang Parade* was subsequently re-launched in January 2014.

- China

Weaker consumer sentiments and increasing competition especially from the e-commerce operation have resulted in Parkson China to report a negative SSS growth for the 6 months ended 31 December 2013. Together with the new stores' losses, stores affected by subway construction as well as temporary closure of the Shanghai flagship store from May 2013 to September 2013 for major remodeling, operating profit declined by 71% as compared to that recorded a year ago.

- Vietnam and Myanmar

The recovery in discretionary retail spending continued to be patchy despite signs of economic stability in Vietnam. For the 6 months ended 31 December 2013, Parkson Vietnam recorded a negative SSS growth of 2%. Operating loss of Parkson Vietnam was mainly due to the negative SSS growth, costs pressure and under performance of northern stores.

Revenue contribution of the maiden store in Myanmar was still negligible to the Group with an operating loss of about RM1 million reported during the current financial year-to-date.

- Indonesia

Our Indonesia operation posted a strong SSS growth of 6% for the current financial year-to-date in tandem with the growing discretionary retail spending in the country. SSS growth and contribution of three new stores opened during the current financial year-to-date have enabled the division to record higher revenue. However, operating profit for the period ended 31 December 2013 declined by 33% compared with a year ago due mainly to new stores' losses and weakening of the Indonesian Rupiah.

KL Festival City shopping mall continued to maintain a high occupancy rate of approximately 99% and generated revenue of RM16 million for the financial year-to-date. On the back of encouraging revenue and improving operating efficiency of the shopping mall, the **Property and Investment Holding** Division reported higher operating profit for the period under review.

12. Comment on material change in profit before tax

	<u>Revenue</u> RM'000	<u>Profit Before Tax</u> RM'000
Current quarter (31 December 2013)	948,098	87,862
Immediate preceding quarter (30 September 2013)	831,322	79,278

As anticipated, the Group's revenue in the current quarter was 14% higher at RM948 million with profit before tax improving by 11% to RM88 million. These were mainly due to the strong customer spending during the year-end festivities and holiday seasons, as well as the re-opening of the newly renovated stores.

13. a) Prospects

The Group's Retailing operations across Malaysia, China, Vietnam and to a lesser extent, Indonesia, are expected to benefit from the increase in consumer spending during the Chinese New Year festivities. As a result, a satisfactory performance is anticipated in the coming quarter.

In view of the challenges that the department store sector is facing, the Group has embarked on a series of adjustments to its business strategies with an aim to turn these challenges into opportunities. Leveraging on the Group's strong balance sheet and the strong Parkson brand equity, the Group believes that it is well-positioned to face the challenges ahead and maintain its leadership position in the regional retail sector.

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	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Income tax expense comprises :	RM'000	RM'000	RM'000	RM'000
Current year income tax :				
- Arising in Malaysia	12,441	13,373	23,274	24,587
- Arising outside Malaysia	39,320	44,185	60,263	75,560
	51,761	57,558	83,537	100,147

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

No.	Date of Announcement	Subject	Status
1	13.9.2013 14.2.2014	<p>Proposed lease and acquisition of a 7-storey shopping mall together with the lower ground floor and accessory parcel levels comprising retail, entertainment, fitness centre, food court and parking space ("Proposed Parkson Mall") in Cambodia by True Excel Investments (Cambodia) Co., Ltd. ("True Excel"), a wholly-owned subsidiary of the Company, from PP.SW Development Co. Ltd ("PPSW") upon the terms and conditions of the Conditional Option Agreement dated 13 September 2013 ("Option Agreement") and the Conditional Sale and Purchase Agreement dated 13 September 2013 ("SPA") ("Proposed Lease and Acquisition").</p> <p>True Excel had also entered into two conditional heads of terms with Parkson (Cambodia) Co., Ltd. ("Parkson Cambodia"), a wholly-owned subsidiary of Parkson Retail Asia Limited which in turn is a subsidiary of the Company to (i) sub-lease to Parkson Cambodia or its nominee company, of the anchor tenant space on the first floor and (ii) to lease to Parkson Cambodia or its nominee company, of the anchor tenant space on the second and third floors, of the Proposed Parkson Mall in Cambodia ("Proposed PRA Leasing").</p> <p>The Proposed Lease and Acquisition and the Proposed PRA Leasing are collectively referred to as the "Proposals".</p>	<p>The Proposals are subject to the fulfilment of the following conditions precedent :</p> <p>a) Proposed Lease and Acquisition</p> <ul style="list-style-type: none"> i. the approval of the shareholders of the Company; ii. cause and procure Land pledge to be executed by PPSW in favour of True Excel for the creation of the pledge of Land by PPSW in favour of True Excel; iii. the submission of the Certificate of Ownership of the Land at Ministry of Land Management, Urban Planning and Construction for the future obtaining of the Title Acknowledging the Private Unit Owners; iv. any other relevant authorities or parties, if required. <p>b) Proposed PRA Leasing</p> <ul style="list-style-type: none"> i. the approval of the shareholders of the Company; and ii. any other relevant authorities or parties, if required. <p>The parties to the Option Agreement and the SPA had on 14 February 2014, mutually agreed to extend the conditional period of the Option Agreement and the SPA to 30 June 2014.</p>

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>20</u>	<u>1,730,893</u>	<u>1,730,913</u>

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

	Foreign Currency	RM'000
- Ringgit Malaysia	'000	RM'000
- US Dollar	-	80
- Hong Kong Dollar	510,000	1,666,938
	150,000	63,895
		<u>1,730,913</u>

19. Changes in material litigation

There was no material litigation since 30 June 2013.

20. Dividend proposed

The Board of Directors does not recommend any dividend for the current quarter and financial year-to-date.

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.

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Profit attributable to owners of the parent (RM'000)	25,586	74,247	56,324	133,286
Weighted average number of ordinary shares in issue ('000)	1,076,369	1,084,356	1,078,037	1,084,453
Basic EPS (sen)	2.38	6.85	5.22	12.29

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	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Profit attributable to owners of the parent (RM'000)	25,586	74,247	56,324	133,286
Weighted average number of ordinary shares in issue ('000)	1,076,369	1,084,356	1,078,037	1,084,453
Effect of dilution ('000)	-	-	-	-
	1,076,369	1,084,356	1,078,037	1,084,453
Diluted EPS (sen)	2.38	6.85	5.22	12.29

22. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2013 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	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
a) Interest income	27,133	24,928	52,493	51,491
b) Other income including investment income	85,101	83,897	159,003	159,349
c) Interest expense	(17,895)	(14,015)	(39,560)	(27,711)
d) Depreciation and amortisation	(91,268)	(52,289)	(148,243)	(106,318)
e) Provision for and write off of receivables	-	-	-	-
f) Provision for and write off of inventories	-	-	-	-
g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
h) Impairment of assets	-	-	-	-
i) Foreign exchange gain/(loss)	957	(488)	2,993	(2,439)
j) Gain/(Loss) on derivatives	-	-	-	-
k) Exceptional item : Employee share-based payments	-	(9,382)	(3,471)	(9,382)

24. Disclosure of realised and unrealised profits/losses

	AS AT 31.12.2013	AS AT 30.6.2013
	RM'000	RM'000
Total retained profits/(losses) of Parkson Holdings Berhad and its subsidiaries :		
- Realised	81,956	34,077
- Unrealised	(4,657)	(9,661)
Total share of retained profits from associates :		
- Realised	3,720	1,964
- Unrealised	-	-
Total share of retained profits from a jointly controlled entity :		
- Realised	4,530	4,960
- Unrealised	555	482
Total Group retained profits	86,104	31,822

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2013

(The figures have not been audited)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

17. b) Status of utilisation of proceeds as at 31 December 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	45.47	45.47	-	-	-	-
- Deferred payment	8.00	-	No fixed timeframe	N/A	N/A	-
	<u>53.47</u>	<u>45.47</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	20.49	Within 36 months from the date of completion of the Parkson Asia Listing	99.31	-	Not fully utilised
▶ Investment in information technology	12.20	7.07		5.13	-	Not fully utilised
▶ Investment in business opportunities in Sri Lanka and Myanmar	36.84	36.60		0.24	-	Not fully utilised
▶ General investments including acquisition, development and management of retail malls within commercial and residential centre developments	167.55	147.43		20.12	-	Not fully utilised
▶ Working capital and defraying expenses incurred in connection with the Parkson Asia Listing	31.09	31.09		-	-	-
	<u>367.48</u>	<u>242.68</u>				