



**Interim Financial Report
for the Third Quarter Ended
31 March 2014**

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PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the third quarter ended 31 March 2014

(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
		31.3.2014 RM'000	31.3.2013 RM'000 (Restated)	31.3.2014 RM'000	31.3.2013 RM'000 (Restated)
Gross sales proceeds		3,188,279	3,086,679	9,026,495	8,699,680
Revenue	7	957,951	918,579	2,737,371	2,659,010
Other operating income		73,552	86,781	235,548	246,130
Operating expenses		(899,970)	(828,730)	(2,698,119)	(2,427,668)
Operating profit		131,533	176,630	274,800	477,472
Finance income		30,922	27,411	83,415	78,902
Finance costs		(19,908)	(13,174)	(59,468)	(40,885)
Share of results of associates		146	83	1,928	1,752
Share of results of a jointly controlled entity	1	5,165	4,665	14,323	14,968
Profit before tax	23	147,858	195,615	314,998	532,209
Income tax expense	16	(45,698)	(52,425)	(129,235)	(152,572)
Profit for the period		102,160	143,190	185,763	379,637
Profit for the period attributable to :					
- Owners of the parent		55,064	76,919	111,388	210,205
- Non-controlling interests		47,096	66,271	74,375	169,432
		102,160	143,190	185,763	379,637
Earnings per share attributable to owners of the parent (sen) :					
- Basic	21	5.25	7.09	10.43	19.38
- Diluted	21	5.25	7.09	10.43	19.38

(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)

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
Profit for the period	102,160	143,190	185,763	379,637
<u>Other comprehensive income/(loss)</u>				
- Gain on fair value changes	-	3,335	-	6,145
- Foreign currency translation and cash flow hedges	(84,529)	36,326	45,329	(44,827)
Other comprehensive (loss)/income for the period, net of tax, representing items that may be reclassified subsequently to profit or loss	(84,529)	39,661	45,329	(38,682)
Total comprehensive income for the period	17,631	182,851	231,092	340,955
Total comprehensive income for the period attributable to :				
- Owners of the parent	9,072	100,626	136,252	187,580
- Non-controlling interests	8,559	82,225	94,840	153,375
	17,631	182,851	231,092	340,955

(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)

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	AS AT 31.3.2014 RM'000	AS AT 30.6.2013 RM'000 (Restated)
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,198,358	2,150,278
Investment properties		257,358	259,247
Intangible assets		1,357,831	1,344,035
Land use rights		261,096	262,379
Investments in associates		87,205	70,270
Investment in a jointly controlled entity	1	25,141	20,953
Deferred tax assets		112,917	97,900
Other assets and derivative		366,114	182,495
Investment securities		30,233	30,233
		4,696,253	4,417,790
Current Assets			
Inventories		324,317	290,223
Receivables (#)		869,686	845,177
Deposits, cash and bank balances		2,831,079	2,986,540
		4,025,082	4,121,940
TOTAL ASSETS		8,721,335	8,539,730
EQUITY AND LIABILITIES			
Share capital		1,093,902	1,093,902
Other reserves		1,507,280	1,654,940
Retained profits		141,340	31,822
Equity attributable to owners of the parent		2,742,522	2,780,664
Non-controlling interests		1,628,131	1,625,336
Total equity		4,370,653	4,406,000
Non-Current Liabilities			
Deferred tax liabilities		131,456	134,122
Loans and borrowings	18	1,692,610	1,579,669
Long term payables		314,684	214,799
		2,138,750	1,928,590
Current Liabilities			
Payables and other liabilities		2,163,701	2,164,252
Loans and borrowings	18	20	20
Tax payables		48,211	40,868
		2,211,932	2,205,140
Total Liabilities		4,350,682	4,133,730
TOTAL EQUITY AND LIABILITIES		8,721,335	8,539,730
Net assets per share attributable to owners of the parent (RM)		2.69	2.57

(#) Comprises deposit paid for acquisition of land and building in Qingdao, China of RM316 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 third quarter ended 31 March 2014

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the parent					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000	Retained profits RM'000			
31 March 2014									
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		-	-	-	24,864	111,388	136,252	94,840	231,092
Transfer to capital reserves		-	-	-	2,067	(2,067)	-	-	-
Employee share-based payments		-	-	-	1,608	197	1,805	1,666	3,471
Purchase of treasury shares	5	-	-	(176,642)	-	-	(176,642)	-	(176,642)
Purchase and cancellation of treasury shares by a subsidiary		-	-	-	443	-	443	(33,161)	(32,718)
Dividends to non-controlling interests		-	-	-	-	-	-	(60,550)	(60,550)
At 31 March 2014		1,093,902	3,731,416	(234,814)	(1,989,322)	141,340	2,742,522	1,628,131	4,370,653
31 March 2013									
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		-	-	-	(22,625)	210,205	187,580	153,375	340,955
Transfer to capital reserves		-	-	-	2,266	(2,266)	-	-	-
Dilution of interest in subsidiaries		-	-	-	-	10,672	10,672	(10,672)	-
Employee share-based payments		-	-	-	6,765	-	6,765	6,363	13,128
Purchase of treasury shares		-	-	(1,856)	-	-	(1,856)	-	(1,856)
Dividends to non-controlling interests		-	-	-	-	-	-	(69,118)	(69,118)
Dividend paid		-	-	-	-	(108,439)	(108,439)	-	(108,439)
At 31 March 2013		1,093,902	3,731,416	(47,540)	(2,505,992)	509,024	2,780,810	1,614,083	4,394,893

(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)

(Incorporated in Malaysia)

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	31.3.2014 RM'000	31.3.2013 RM'000 (Restated)
OPERATING ACTIVITIES		
Profit before tax	314,998	532,209
Adjustments for :		
Non-cash items	212,113	169,962
Non-operating items	(40,199)	(54,414)
Operating profit before working capital changes	486,912	647,757
Changes in working capital :		
Net changes in assets	(125,788)	(174,316)
Net changes in liabilities	71,856	423,637
Others (mainly interest and tax paid)	(117,321)	(89,190)
	315,659	807,888
INVESTING ACTIVITIES		
Proceeds from disposal of investment securities	-	19,283
Acquisition of associates	(16,300)	(68,062)
Deposit paid for acquisition of land and building	(106,013)	(199,280)
Changes in deposits with banks	(72,530)	(255,790)
Others (mainly purchase of property, plant and equipment)	(222,503)	(447,381)
	(417,346)	(951,230)
FINANCING ACTIVITIES		
Dividends paid to :		
- Shareholders of the Company	-	(108,439)
- Non-controlling interests	(60,550)	(69,118)
Issuance of shares by a subsidiary	-	25
Purchase of treasury shares	(209,360)	(1,856)
Loans and borrowings	94,708	156,048
	(175,202)	(23,340)
Net changes in cash and cash equivalents	(276,889)	(166,682)
Effects of changes in exchange rates	23,881	(7,750)
Cash and cash equivalents at beginning of period	1,238,078	1,302,092
Cash and cash equivalents at end of period	985,070	1,127,660
Cash and cash equivalents at end of period comprise the following :		
Deposits, cash and bank balances	2,831,079	3,050,784
Less : Deposits with banks with original maturity of more than three months when acquired	(1,846,009)	(1,923,124)
	985,070	1,127,660

(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 third quarter ended 31 March 2014

(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 31.3.2013</u>			
Revenue	2,700,193	(41,183)	2,659,010
Share of results of a jointly controlled entity	-	14,968	14,968
Profit before tax	<u>534,810</u>	<u>(2,601)</u>	<u>532,209</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 31.3.2013</u>			
Net changes in cash and cash equivalents	(161,035)	(5,647)	(166,682)
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>1,189,043</u>	<u>(61,383)</u>	<u>1,127,660</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 61,048,600 ordinary shares of its issued ordinary shares from the open market at an average price of RM2.89 per share. The total consideration paid for the repurchase including transaction costs amounting to RM176.64 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 March 2014, the number of treasury shares held were 73,438,231 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. Dividend paid

In respect of the financial year ending 30 June 2014, a total of 61,078,145 treasury shares were distributed as share dividend on 25 April 2014 on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.

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)	7,778,558	
Less : Cost of concessionaire sales	<u>(6,289,124)</u>	
Commissions from concessionaire sales		1,489,434
Sales of goods - Direct sales		1,070,848
Others (including rental income and management service fees)		<u>177,089</u>
		<u><u>2,737,371</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
<u>Revenue</u>						
Total sales	666,883	1,853,060	87,851	104,551	29,000	2,741,345
Inter-segment sales	-	-	-	-	(3,974)	(3,974)
External sales	<u>666,883</u>	<u>1,853,060</u>	<u>87,851</u>	<u>104,551</u>	<u>25,026</u>	<u>2,737,371</u>
<u>Results</u>						
Segment profit/(loss)	96,469	171,245	(1,634)	6,856	5,335	278,271
Employee share-based payments						(3,471)
Operating profit						274,800
Finance income						83,415
Finance costs						(59,468)
Share of results of associates						1,928
Share of results of a jointly controlled entity						14,323
Profit before tax						<u>314,998</u>
Total assets	<u>702,623</u>	<u>7,004,668</u>	<u>209,773</u>	<u>145,848</u>	<u>658,423</u>	<u>8,721,335</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 52.1% 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.
- v) Acquisition by the Company of 100% equity interest in Corporate Code Sdn Bhd ("Corporate Code") which in turn acquired (a) 50% equity interest each in Watatime Marketing Sdn Bhd, J. Bovier Time (M) Sdn Bhd, Watatime Group Sdn Bhd, The Time Shop Sdn Bhd and Wata Time (S) Pte Ltd; (b) 31.07% equity interest in Watatime (Subang) Sdn Bhd; and (c) 39.42% equity interest in Watatime (M) Sdn Bhd.

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	
	31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
<u>Revenue</u>				
Retailing :				
- Malaysia	212,945	211,719	666,883	676,452
- China	671,901	640,250	1,853,060	1,777,462
- Vietnam and Myanmar	30,978	28,125	87,851	82,877
- Indonesia	33,492	30,579	104,551	98,549
	949,316	910,673	2,712,345	2,635,340
Property and investment holding	8,635	7,906	25,026	23,670
	957,951	918,579	2,737,371	2,659,010
<u>Segment profit/(loss)</u>				
Retailing :				
- Malaysia	24,933	26,537	96,469	96,652
- China	106,200	147,283	171,245 (#)	370,077
- Vietnam and Myanmar	224	2,560	(1,634)	6,289
- Indonesia	305	2,914	6,856	12,701
	131,662	179,294	272,936	485,719
Property and investment holding	(129)	1,082	5,335	4,881
	131,533	180,376	278,271	490,600

(#) Year-to-date ended 31.3.2014 : 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.)

For the 9 months ended 31 March 2014, revenue of the Group's **Retailing** Division increased marginally by 3% to RM2,712 million over that recorded in the corresponding period of the preceding year, whilst operating profit decreased by 44% to RM273 million for the reporting period. Factors contributing to the performance in each location are as follows :

- Malaysia

Our local consumers remained cautious with discretionary spending following the concerns over escalating cost of living arising from subsidy rationalisation and the Malaysian Central Bank's tightening measures to curb household debts. Accordingly, Parkson Malaysia recorded only a marginally positive same store sales ("SSS") growth for the current financial year-to-date.

The temporary closure of three performing Parkson stores in Ipoh Parade, Seremban Prima and Klang Parade for major renovation had also resulted in lost of sales and profit contribution to Parkson Malaysia for the 9 months ended 31 March 2014. These refurbished stores were subsequently re-opened in the middle of the financial period and have resumed contributing to the Group's results.

- China

Parkson China's SSS growth remained in a negative territory for the 9 months ended 31 March 2014. The unfavourable performance was mainly attributed to weaker consumer sentiments, increasing competition and worsened by the austerity drive promoted by the new leadership in China. In addition, the weaker financial performance was also due to the disruption to the business operation of certain stores brought by subway construction and temporary closure of the Shanghai flagship store for major remodeling in the beginning of the financial period.

- Vietnam and Myanmar

The continued weak consumer spending in Vietnam has resulted this Division to report a negative SSS growth of 4% for the 9 months ended 31 March 2014. Stores in Hanoi were affected by the significant increase in new retail space by competitors amid a weak retail environment.

Our maiden store in Myanmar reported a revenue of RM3 million with an operating loss of about RM1 million for the current financial year-to-date.

- Indonesia

SSS growth in Indonesia remained strong, increasing by 7% for the 9 months ended 31 March 2014. Contributed by the three new stores opened during the current financial year-to-date and impressive sales performance of the Bali store benefiting from increased tourist arrivals, the operation recorded a higher revenue compared with a year ago. Operating profit, on the other hand, declined by 46% due mainly to the new stores' losses and weakening of the Indonesian Rupiah.

KL Festival City shopping mall maintained its moderate performance, recording a cumulative revenue of RM25 million with occupancy rate of approximately 99%. On the back of encouraging revenue, the **Property and Investment Holding** Division reported higher operating profit for the financial year-to-date.

12. Comment on material change in profit before tax

	<u>Revenue</u> RM'000	<u>Profit Before Tax</u> RM'000
Current quarter (31 March 2014)	957,951	147,858
Immediate preceding quarter (31 December 2013)	948,098	87,862

As expected, the Group reported a satisfactory performance in the current quarter following the strong consumer spending during the Chinese New Year festivities. Revenue was marginally higher at RM958 million whilst profit before tax increased by 68% to RM148 million. Lower profit before tax in the immediate preceding quarter was mainly due to 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.

13. a) Prospects

In view of the absence of major festivities, a seasonal lower performance is expected in the coming quarter. The Group will continue to embark on a series of adjustments to its business strategies with an aim to improving its financial performance.

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

	<u>3 MONTHS ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
Income tax expense comprises :	<u>31.3.2014</u> RM'000	<u>31.3.2013</u> RM'000	<u>31.3.2014</u> RM'000	<u>31.3.2013</u> RM'000
Current year income tax :				
- Arising in Malaysia	10,382	11,753	33,656	36,340
- Arising outside Malaysia	35,316	40,672	95,579	116,232
	45,698	52,425	129,235	152,572

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 proposalsa) Status of corporate proposals

No.	Date of Announcements	Subject	Status
1	13.9.2013 14.2.2014 12.5.2014	<p>Proposed lease of the lower ground floor and first floor and acquisition of the second to seventh floors, of a shopping mall together with accessory parcel levels comprising retail, entertainment, fitness center, 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 (i) the Conditional Option Agreement dated 13 September 2013 ("Option Agreement") (including the Lease Agreement to be entered into) and the Supplemental Option Agreement dated 12 May 2014; and (ii) the Conditional Sale and Purchase Agreement dated 13 September 2013 ("SPA") and the Supplemental Sale and Purchase Agreement dated 12 May 2014 respectively ("Proposed Lease and Acquisition").</p> <p>True Excel had also on 13 September 2013 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, the anchor tenant space on the first floor; and (ii) lease to Parkson Cambodia or its nominee company, 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 pending fulfilment of the following conditions precedent :</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 for the Option Agreement and the SPA to 30 June 2014 ("Extended Conditional Period").</p> <p>The following conditions precedent for the Proposed Lease and Acquisition have been fulfilled/waived :</p> <ul style="list-style-type: none"> i. 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 was executed on 13 September 2013; and ii. the submission by PPSW of the Certificate of Ownership of the Land at the Ministry of Land Management, Urban Planning and Construction for obtaining the Title Acknowledging the Private Unit Owners in the future ("MLMUPC Submission") during the Conditional Period and the Extended Conditional Period pursuant to the SPA had on 12 May 2014 been waived. Instead, the MLMUPC Submission will be a condition subsequent.

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> RM'000	<u>Long Term</u> RM'000	<u>Total</u> RM'000
Secured	<u>20</u>	<u>1,692,610</u>	<u>1,692,630</u>

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

	Foreign Currency '000	RM'000
- Ringgit Malaysia	-	73
- US Dollar	510,000	1,629,823
- Hong Kong Dollar	150,000	62,734
		<u>1,692,630</u>

19. Changes in material litigation

There was no material litigation since 30 June 2013.

20. Dividend proposed

Other than as disclosed in Note 6, the Board of Directors does not recommend any dividend for the financial quarter ended 31 March 2014.

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>	
	<u>31.3.2014</u>	<u>31.3.2013</u>	<u>31.3.2014</u>	<u>31.3.2013</u>
Profit attributable to owners of the parent (RM'000)	55,064	76,919	111,388	210,205
Weighted average number of ordinary shares in issue ('000)	1,048,509	1,084,236	1,068,338	1,084,381
Basic EPS (sen)	5.25	7.09	10.43	19.38

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	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
Profit attributable to owners of the parent (RM'000)	55,064	76,919	111,388	210,205
Weighted average number of ordinary shares in issue ('000)	1,048,509	1,084,236	1,068,338	1,084,381
Effect of dilution ('000)	-	-	-	-
	1,048,509	1,084,236	1,068,338	1,084,381
Diluted EPS (sen)	5.25	7.09	10.43	19.38

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	
	31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
a) Interest income	30,922	27,411	83,415	78,902
b) Other income including investment income	73,829	82,143	232,832	241,492
c) Interest expense	(19,908)	(13,174)	(59,468)	(40,885)
d) Depreciation and amortisation	(60,393)	(54,985)	(208,636)	(161,303)
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	-	4,638	-	4,638
h) Impairment of assets	-	-	-	-
i) Foreign exchange (loss)/gain	(277)	(1,739)	2,716	(4,178)
j) Gain/(Loss) on derivatives	-	-	-	-
k) Exceptional item : Employee share-based payments	-	(3,746)	(3,471)	(13,128)

24. Disclosure of realised and unrealised profits/losses

	AS AT 31.3.2014	AS AT 30.6.2013
	RM'000	RM'000
Total retained profits/(losses) of Parkson Holdings Berhad and its subsidiaries :		
- Realised	129,509	34,077
- Unrealised	(50)	(9,661)
Total share of retained profits from associates :		
- Realised	4,274	1,964
- Unrealised	-	-
Total share of retained profits from a jointly controlled entity :		
- Realised	7,054	4,960
- Unrealised	553	482
Total Group retained profits	141,340	31,822

PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the third quarter ended 31 March 2014

(The figures have not been audited)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

17. b) Status of utilisation of proceeds as at 31 March 2014

	<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	47.47	47.47	-	-	-	-
- Deferred payment	6.00	-	No fixed timeframe	N/A	N/A	-
	<u>53.47</u>	<u>47.47</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	26.60	Within 36 months from the date of completion of the Parkson Asia Listing	93.20	-	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>248.79</u>				