



# PARKSON HOLDINGS BERHAD

A Member of The Lion Group

(89194-P)

## **Interim Financial Report for the Fourth Quarter Ended 30 June 2014**

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# PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2014

(The figures have not been audited)

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
		30.6.2014 RM'000	30.6.2013 RM'000 (Restated)	30.6.2014 RM'000	30.6.2013 RM'000 (Restated)
<b>Gross sales proceeds</b>		<b>2,553,855</b>	<b>2,647,970</b>	<b>11,580,350</b>	<b>11,347,650</b>
<b>Revenue</b>	7	<b>813,526</b>	<b>795,948</b>	<b>3,550,897</b>	<b>3,454,958</b>
Other operating income		<b>68,104</b>	73,159	<b>303,652</b>	319,289
Operating expenses		<b>(823,239)</b>	(791,881)	<b>(3,521,358)</b>	(3,219,549)
Operating profit		<b>58,391</b>	77,226	<b>333,191</b>	554,698
Finance income		<b>29,943</b>	35,450	<b>113,358</b>	114,352
Finance costs		<b>(20,572)</b>	(33,286)	<b>(80,040)</b>	(74,171)
Share of results of associates		<b>(239)</b>	125	<b>1,689</b>	1,877
Share of results of a jointly controlled entity	1	<b>3,395</b>	4,652	<b>17,718</b>	19,620
<b>Profit before tax</b>	23	<b>70,918</b>	<b>84,167</b>	<b>385,916</b>	<b>616,376</b>
Income tax expense	16	<b>(15,022)</b>	(27,362)	<b>(144,257)</b>	(179,934)
Profit for the period		<b>55,896</b>	56,805	<b>241,659</b>	436,442
Profit for the period attributable to :					
- <b>Owners of the parent</b>		<b>26,939</b>	<b>29,503</b>	<b>138,327</b>	<b>239,708</b>
- Non-controlling interests		<b>28,957</b>	27,302	<b>103,332</b>	196,734
		<b>55,896</b>	56,805	<b>241,659</b>	436,442
Earnings per share attributable to owners of the parent (sen) :					
- Basic	21	<b>2.58</b>	2.72	<b>13.02</b>	22.11
- Diluted	21	<b>2.58</b>	2.72	<b>13.02</b>	22.11

(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 fourth quarter ended 30 June 2014

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2014 RM'000	30.6.2013 RM'000	30.6.2014 RM'000	30.6.2013 RM'000
<b>Profit for the period</b>	<b>55,896</b>	<b>56,805</b>	<b>241,659</b>	<b>436,442</b>
<u>Other comprehensive income/(loss)</u>				
- Net (loss)/gain on fair value changes and transfer to profit or loss upon disposal of available-for-sale financial assets	-	(4,432)	-	1,713
- Foreign currency translation and cash flow hedges	(57,675)	106,464	(12,346)	61,637
Other comprehensive (loss)/income for the period, net of tax, representing items that may be reclassified subsequently to profit or loss	(57,675)	102,032	(12,346)	63,350
<b>Total comprehensive income/(loss) for the period</b>	<b>(1,779)</b>	<b>158,837</b>	<b>229,313</b>	<b>499,792</b>
Total comprehensive income/(loss) for the period attributable to :				
- <b>Owners of the parent</b>	<b>(7,043)</b>	<b>82,993</b>	<b>129,209</b>	<b>270,573</b>
- Non-controlling interests	5,264	75,844	100,104	229,219
	<b>(1,779)</b>	<b>158,837</b>	<b>229,313</b>	<b>499,792</b>

*(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 fourth quarter ended 30 June 2014

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	AS AT 30.6.2014 RM'000	AS AT 30.6.2013 RM'000 (Restated)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		2,159,945	2,150,278
Investment properties		266,301	259,247
Intangible assets		1,336,579	1,344,035
Land use rights		255,163	262,379
Investments in associates		86,325	70,270
Investment in a jointly controlled entity	1	18,320	20,953
Deferred tax assets		112,492	97,900
Other assets and derivatives		366,065	182,495
Investment securities		30,233	30,233
		<b>4,631,423</b>	<b>4,417,790</b>
<b>Current Assets</b>			
Inventories		325,759	290,223
Receivables (#)		883,146	845,177
Deposits, cash and bank balances		2,626,097	2,986,540
		<b>3,835,002</b>	<b>4,121,940</b>
<b>TOTAL ASSETS</b>		<b>8,466,425</b>	<b>8,539,730</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		1,093,902	1,093,902
Other reserves		1,416,518	1,654,940
Retained profits		98,595	31,822
Equity attributable to owners of the parent		<b>2,609,015</b>	<b>2,780,664</b>
Non-controlling interests		1,607,111	1,625,336
Total equity		<b>4,216,126</b>	<b>4,406,000</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		133,096	134,122
Loans and borrowings	18	1,575,171	1,579,669
Long term payables		322,631	214,799
		<b>2,030,898</b>	<b>1,928,590</b>
<b>Current Liabilities</b>			
Payables and other liabilities		2,046,312	2,164,252
Loans and borrowings	18	143,450	20
Tax payables		29,639	40,868
		<b>2,219,401</b>	<b>2,205,140</b>
<b>Total Liabilities</b>		<b>4,250,299</b>	<b>4,133,730</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,466,425</b>	<b>8,539,730</b>
Net assets per share attributable to owners of the parent (RM)		<b>2.52</b>	<b>2.57</b>

(#) Comprises deposit paid for acquisition of land and building in Qingdao, China of RM317 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 fourth quarter ended 30 June 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			
<b>30 June 2014</b>									
<b>At 1 July 2013</b>		<b>1,093,902</b>	<b>3,731,416</b>	<b>(58,172)</b>	<b>(2,018,304)</b>	<b>31,822</b>	<b>2,780,664</b>	<b>1,625,336</b>	<b>4,406,000</b>
Total comprehensive income/ (loss) for the year		-	-	-	(9,118)	138,327	<b>129,209</b>	100,104	229,313
Transfer to capital reserves		-	-	-	2,164	(2,164)	-	-	-
Employee share-based payments		-	-	-	1,603	196	<b>1,799</b>	1,653	3,452
Purchase of treasury shares	5	-	-	(303,100)	-	-	<b>(303,100)</b>	-	(303,100)
Transfer to merger deficit		-	-	-	69,586	(69,586)	-	-	-
Purchase and cancellation of treasury shares by a subsidiary		-	-	-	443	-	<b>443</b>	(32,481)	(32,038)
Dividends to non-controlling interests		-	-	-	-	-	-	(87,501)	(87,501)
Dividends paid - Share dividend	6	-	(194,600)	194,600	-	-	-	-	-
<b>At 30 June 2014</b>		<b>1,093,902</b>	<b>3,536,816</b>	<b>(166,672)</b>	<b>(1,953,626)</b>	<b>98,595</b>	<b>2,609,015</b>	<b>1,607,111</b>	<b>4,216,126</b>
<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		-	-	-	30,865	239,708	<b>270,573</b>	229,219	499,792
Transfer to capital reserves		-	-	-	2,294	(2,294)	-	-	-
Dilution of interest in subsidiaries		-	-	-	7,357	16,082	<b>23,439</b>	(23,439)	-
Employee share-based payments		-	-	-	(3,038)	11,231	<b>8,193</b>	7,707	15,900
Purchase of treasury shares		-	-	(12,488)	-	-	<b>(12,488)</b>	-	(12,488)
Transfer to merger deficit		-	-	-	436,616	(436,616)	-	-	-
Contributions by non-controlling interests		-	-	-	-	-	-	3,632	3,632
Dividends to non-controlling interests		-	-	-	-	-	-	(125,918)	(125,918)
Dividends paid		-	-	-	-	(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>(2,018,304)</b>	<b>31,822</b>	<b>2,780,664</b>	<b>1,625,336</b>	<b>4,406,000</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 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 fourth quarter ended 30 June 2014

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	YEAR-TO-DATE ENDED	
	30.6.2014 RM'000	30.6.2013 RM'000 (Restated)
<b>OPERATING ACTIVITIES</b>		
Profit before tax	385,916	616,376
Adjustments for :		
Non-cash items	280,952	227,041
Non-operating items	(52,725)	(62,094)
Operating profit before working capital changes	614,143	781,323
Changes in working capital :		
Net changes in assets	(164,061)	(118,564)
Net changes in liabilities	(10,492)	228,388
Others (mainly interest and tax paid)	(134,493)	(170,840)
	<b>305,097</b>	<b>720,307</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of investment securities	-	20,209
Acquisition of associates	(19,500)	(68,036)
Deposit paid for acquisition of land and building	(110,366)	(206,880)
Changes in deposits with banks	1,077,275	(17,541)
Others (mainly purchase of property, plant and equipment)	(266,678)	(458,644)
	<b>680,731</b>	<b>(730,892)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid to :		
- Shareholders of the Company	-	(195,141)
- Non-controlling interests	(87,501)	(125,918)
Issuance of shares by a subsidiary	-	25
Contributions by non-controlling interests	-	3,632
Purchase of treasury shares	(335,138)	(12,900)
Loans and borrowings	143,409	256,883
	<b>(279,230)</b>	<b>(73,419)</b>
Net changes in cash and cash equivalents	706,598	(84,004)
Effects of changes in exchange rates	11,586	19,990
Cash and cash equivalents at beginning of year	1,238,078	1,302,092
Cash and cash equivalents at end of year	<b>1,956,262</b>	<b>1,238,078</b>
Cash and cash equivalents at end of year comprise the following :		
Deposits, cash and bank balances	2,626,097	2,986,540
Less : Deposits with banks with original maturity of more than three months when acquired	(669,835)	(1,748,462)
	<b>1,956,262</b>	<b>1,238,078</b>

(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 fourth quarter ended 30 June 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 :

	<b>As previously reported</b>	<b>Effects</b>	<b>Restated</b>
	RM'000	RM'000	RM'000
<b>Condensed Consolidated Income Statement</b>			
<u>Year-to-date ended 30.6.2013</u>			
Revenue	3,502,523	(47,565)	3,454,958
Share of results of a jointly controlled entity	-	19,620	19,620
Profit before tax	<u>618,895</u>	<u>(2,519)</u>	<u>616,376</u>
<b>Condensed Consolidated Statement of Financial Position</b>			
<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>
<b>Condensed Consolidated Statement of Cash Flows</b>			
<u>Year-to-date ended 30.6.2013</u>			
Net changes in cash and cash equivalents	(82,263)	(1,741)	(84,004)
Cash and cash equivalents at beginning of year	1,357,828	(55,736)	1,302,092
Cash and cash equivalents at end of year	<u>1,295,555</u>	<u>(57,477)</u>	<u>1,238,078</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 108,196,200 ordinary shares of its issued ordinary shares from the open market at an average price of RM2.80 per share. The total consideration paid for the repurchase including transaction costs amounting to RM303.1 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.

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.

As at 30 June 2014, the number of treasury shares held after deducting share dividend distributed were 59,507,686 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 2014, a total of 61,078,145 treasury shares were distributed as share dividend on 25 April 2014 as mentioned in Note 5.

In respect of the financial year ending 30 June 2015, a total of 61,703,857 treasury shares were distributed as share dividend on 8 August 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)	9,957,255	
Less : Cost of concessionaire sales	<u>(8,029,453)</u>	
Commissions from concessionaire sales		1,927,802
Sales of goods - Direct sales		1,387,436
Others (including rental income and management service fees)		<u>235,659</u>
		<u><b>3,550,897</b></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	860,935	2,400,835	114,919	138,648	40,742	<b>3,556,079</b>
Inter-segment sales	-	-	-	-	(5,182)	<b>(5,182)</b>
External sales	<u><b>860,935</b></u>	<u><b>2,400,835</b></u>	<u><b>114,919</b></u>	<u><b>138,648</b></u>	<u><b>35,560</b></u>	<u><b>3,550,897</b></u>
<u>Results</u>						
Segment profit/(loss)	106,266	228,587	(9,060)	5,974	4,876	<b>336,643</b>
Employee share-based payments						<b>(3,452)</b>
Operating profit						<b>333,191</b>
Finance income						<b>113,358</b>
Finance costs						<b>(80,040)</b>
Share of results of associates						<b>1,689</b>
Share of results of a jointly controlled entity						<b>17,718</b>
Profit before tax						<u><b>385,916</b></u>
Total assets	<u>654,002</u>	<u>6,869,610</u>	<u>199,053</u>	<u>162,870</u>	<u>580,890</u>	<u><b>8,466,425</b></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.
- vi) Incorporation of Harbin Parkson Retail Development Co Ltd in the PRC by Parkson Retail Development Co Ltd, a wholly-owned subsidiary of Parkson Retail.
- vii) Acquisition by Prime Yield Holdings Limited, a wholly-owned subsidiary of the Company, of 100% equity interest in United Total Equity Sdn Bhd (now known as Parkson Credit Holdings Sdn Bhd), the beneficial owner of the entire equity interest in Harapan Kapital Baru Sdn Bhd (now known as Parkson Credit Sdn Bhd).
- viii) Acquisition by Dimensi Armani Sdn Bhd (now known as Parkson Branding Sdn Bhd), a wholly-owned subsidiary of the Company, of 100% equity interest in Lembaran Untung Sdn Bhd (now known as Parkson Fashion 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	
	30.6.2014 RM'000	30.6.2013 RM'000	30.6.2014 RM'000	30.6.2013 RM'000
<u>Revenue</u>				
Retailing :				
- Malaysia	194,052	195,657	860,935	872,109
- China	547,775	532,023	2,400,835	2,309,485
- Vietnam and Myanmar	27,068	25,735	114,919	108,612
- Indonesia	34,097	32,187	138,648	130,736
	802,992	785,602	3,515,337	3,420,942
Property and investment holding	10,534	10,346	35,560	34,016
	<b>813,526</b>	<b>795,948</b>	<b>3,550,897</b>	<b>3,454,958</b>
<u>Segment profit/(loss)</u>				
Retailing :				
- Malaysia	9,797	7,293	106,266	103,945
- China	57,342	72,747	228,587	442,824
- Vietnam and Myanmar	(7,426)	(2,461)	(9,060)	3,828
- Indonesia	(882)	443	5,974	13,144
	58,831	78,022	331,767	563,741
Property and investment holding	(459)	1,951	4,876	6,832
	<b>58,372</b>	<b>79,973</b>	<b>336,643</b>	<b>570,573</b>

## 11. Performance review (Cont'd.)

For the financial year ended 30 June 2014 ("FYE 2014"), amid the continuous macroeconomic headwinds in almost all our retail regions, the Group's **Retailing** Division registered a weaker set of results with revenue increasing only marginally by 3% to RM3,515 million as compared with RM3,421 million a year ago, whilst operating profit declined by 41% to RM332 million. The performance commentary for each location is as follows :

### - Malaysia

Local consumer sentiment was impacted by the inflationary pressure arising from the government's implementation of subsidy rationalisation and the central bank's tightening measures to curb household debts. The challenging retail environment has resulted in Parkson operations to record a flat same store sales ("SSS") growth for the financial year under review.

The temporary closure of three performing Parkson stores for major renovation, which have since re-opened in the middle of the current financial year, has also resulted in the loss in sales and profit to Parkson Malaysia for the FYE 2014.

### - China

The slowdown in the domestic economic growth, rising competition especially from the e-commerce operation and austerity drive by the government in China have continued to affect the consumers' discretionary spending, resulting in Parkson China reporting a negative SSS growth of 7% for the current financial year under review. In addition, the disruption of certain stores' operations brought about by subway construction and temporary closure of the Shanghai flagship store for major remodeling during the first half of the current financial year have also affected the sales performance of Parkson China.

### - Vietnam and Myanmar

The trading environment of the Vietnam operations continued to be difficult for the FYE 2014. On the back of negative SSS growth of 4% for the current financial year, cost pressures and new stores' losses, Parkson Vietnam recorded an operating loss of RM7 million for the financial year under review.

The Group's venture into Myanmar with the first Parkson store set up in May 2013 contributed a revenue of RM5 million for the FYE 2014 but incurred an operating loss of RM2 million during the operational gestation period.

### - Indonesia

Our Centro and Parkson Indonesia remained the sole bright spot to deliver a SSS growth of 6% for the financial year under review. However, resulting mainly from the new stores' losses, operating profit declined by 55% to RM6 million for the FYE 2014.

The **Property and Investment Holding** Division which constitutes mainly *KL Festival City* shopping mall, remained resilient by reporting a full year revenue of RM36 million. Operating profit was however lower as compared with a year ago due mainly to the higher branding and corporate expenses incurred.

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

	<u>Revenue</u> RM'000	<u>Profit Before Tax</u> RM'000
Current quarter (30 June 2014)	<b>813,526</b>	<b>70,918</b>
Immediate preceding quarter (31 March 2014)	957,951	147,858

As expected, in the absence of major festivities, the Group reported a lower revenue of RM814 million in the current quarter as against a strong consumer spending during the Chinese New Year celebration in the immediate preceding quarter. Accordingly, profit before tax decreased by 52% to RM71 million in the current quarter under review.

**13. a) Prospects**

The Group believes **China's** domestic consumption will gain more forward momentum in line with the Chinese government's economic rebalancing programmes to maintain a sustainable growth in the country. Nevertheless, the competition landscape of the maturing retail sector and department store industry in China will be increasingly challenging. In view of the challenges ahead, the Group will continue to make adjustments to its business strategies with an aim to turn these challenges into opportunities.

On the **Southeast Asian** retail market, the challenges as mentioned in Note 11 are expected to continue in the near future. However, the expanding middle income segment, rapid urbanisation and growing aspirations of the young demographic coupled with the Group's on-going strategy adjustments, will allow the Group to alleviate the above challenges.

**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 :	<b>30.6.2014</b> RM'000	<b>30.6.2013</b> RM'000	<b>30.6.2014</b> RM'000	<b>30.6.2013</b> RM'000
Current year income tax :				
- Arising in Malaysia	<b>7,134</b>	(606)	<b>40,790</b>	35,734
- Arising outside Malaysia	<b>7,888</b>	27,968	<b>103,467</b>	144,200
	<b>15,022</b>	27,362	<b>144,257</b>	179,934

The effective tax rate of the Group for the current quarter was lower than the Malaysian statutory tax rate mainly due to lower tax rate for certain retail operations in China. The effective tax rate of the Group for the financial year-to-date was 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 2.6.2014	<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 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 SPA and the Option Agreement have become unconditional following the approval of the shareholders of the Company on the resolutions in relation to the Proposals at the Extraordinary General Meeting held on 2 June 2014.</p>
2	10.7.2014 1.8.2014	<p>a) Proposed acquisition by Gema Binari Sdn Bhd ("Gema Binari"), a wholly-owned subsidiary of the Company, of the following :</p> <p>i) 60% equity interest in Giftmate Sdn Bhd ("Giftmate") for a cash consideration of RM8 million ("Proposed Acquisition of Giftmate"); and</p> <p>ii) 50% equity interest in Valino International Apparel Sdn Bhd ("Valino") for a cash consideration of RM3 million ("Proposed Acquisition of Valino"); and</p>	<p>The Proposed Acquisition of Giftmate was completed on 1 August 2014 following the fulfilment of the conditions precedent to the sale and purchase agreement.</p> <p>The Proposed Acquisition of Valino is conditional upon Gema Binari being satisfied with the results of the financial, tax, legal due diligence on Valino and upon fulfilment of the condition precedent, the vendors shall capitalise such amount owing to them as is necessary into ordinary shares to ensure that the net tangible asset of Valino shall not be less than RM3 million and thereafter, sell 50% of the enlarged share capital to Gema Binari.</p>

17. **Corporate proposals** (Cont'd.)a) **Status of corporate proposals** (Cont'd.)

No.	Date of Announcements	Subject	Status
		b) Proposed acquisition by Prime Yield Holdings Limited ("Prime Yield"), a wholly-owned subsidiary of the Company, of 60% equity interest in AUM Hospitality Sdn Bhd ("AUM") together with its group of companies for a cash consideration of RM48 million ("Proposed Acquisition of AUM").	<p>The Proposed Acquisition of AUM is conditional upon the following :</p> <p>i) the service contracts of the relevant executives from AUM Equity Sdn Bhd, the vendor, who will continue to manage the AUM business to be finalised;</p> <p>ii) there being no material adverse findings in relation to AUM arising from Prime Yield's due diligence exercise; and</p> <p>iii) if applicable, such other consents or approvals as may be required.</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>143,450</u>	<u>1,575,171</u>	<u>1,718,621</u>

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

	<b>Foreign Currency</b>	RM'000
- Ringgit Malaysia	'000	RM'000
- US Dollar	-	68
- Hong Kong Dollar	521,250	1,642,693
	184,940	75,860
		<u>1,718,621</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 30 June 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.

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
Profit attributable to owners of the parent (RM'000)	<b>26,939</b>	29,503	<b>138,327</b>	239,708
Weighted average number of ordinary shares in issue ('000)	<b>1,045,464</b>	1,083,002	<b>1,062,635</b>	1,084,037
Basic EPS (sen)	<b>2.58</b>	2.72	<b>13.02</b>	22.11

**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	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
Profit attributable to owners of the parent (RM'000)	<b>26,939</b>	29,503	<b>138,327</b>	239,708
Weighted average number of ordinary shares in issue ('000)	<b>1,045,464</b>	1,083,002	<b>1,062,635</b>	1,084,037
Effect of dilution ('000)	-	-	-	-
	<b>1,045,464</b>	1,083,002	<b>1,062,635</b>	1,084,037
Diluted EPS (sen)	<b>2.58</b>	2.72	<b>13.02</b>	22.11

**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	
	30.6.2014 RM'000	30.6.2013 RM'000	30.6.2014 RM'000	30.6.2013 RM'000
a) Interest income	<b>29,943</b>	35,450	<b>113,358</b>	114,352
b) Other income including investment income	<b>68,184</b>	64,091	<b>301,016</b>	305,583
c) Interest expense	<b>(20,572)</b>	(33,286)	<b>(80,040)</b>	(74,171)
d) Depreciation and amortisation	<b>(66,864)</b>	(57,147)	<b>(275,500)</b>	(218,450)
e) Provision for and write off of receivables	-	(160)	-	(160)
f) Provision for and write off of inventories	-	-	-	-
g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	17	-	4,655
h) Impairment of assets	-	(3,545)	-	(3,545)
i) Foreign exchange (loss)/gain	<b>(80)</b>	13,229	<b>2,636</b>	9,051
j) Gain/(Loss) on derivatives	-	-	-	-
k) Exceptional item : Employee share-based payments	<b>19</b>	(2,747)	<b>(3,452)</b>	(15,875)

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

	AS AT	AS AT
	30.6.2014 RM'000	30.6.2013 RM'000
Total retained profits/(losses) of Parkson Holdings Berhad and its subsidiaries :		
- Realised	<b>82,450</b>	34,077
- Unrealised	<b>10,354</b>	(9,661)
Total share of retained profits/(losses) from associates :		
- Realised	<b>2,425</b>	1,964
- Unrealised	<b>(230)</b>	-
Total share of retained profits from a jointly controlled entity :		
- Realised	<b>3,288</b>	4,960
- Unrealised	<b>308</b>	482
Total Group retained profits	<b>98,595</b>	31,822



## PARKSON HOLDINGS BERHAD (89194-P)

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2014

(The figures have not been audited)

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

17. b) Status of utilisation of proceeds as at 30 June 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	<b>47.47</b>	-	-	-	-
- Deferred payment	6.00	-	No fixed timeframe	N/A	N/A	-
	<u>53.47</u>	<u><b>47.47</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>57.82</b>	Within 36 months from the date of completion of the Parkson Asia Listing	61.98	-	Not fully utilised
▶ Investment in information technology	12.20	<b>7.07</b>		5.13	-	Not fully 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>160.33</b>		7.22	-	Not fully utilised
▶ Working capital and defraying expenses incurred in connection with the Parkson Asia Listing	31.09	<b>31.09</b>		-	-	-
	<u>367.48</u>	<u><b>292.91</b></u>				