PARKSON HOLDINGS BERHAD

A Member of Lion Group

(89194-P)

Laporan Tahunan 2015 Annual Report

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Second Annual General Meeting of Parkson Holdings Berhad will be held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur on 24 November 2015 at 9.00 am for the following purposes:

AGENDA

1.	To receive the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2015.	**Note 3**
2.	To approve the payment of Directors' fees amounting to RM215,000 (2014: RM205,000).	**Resolution 1**
3.	To re-elect Directors:	
	In accordance with Article 98 of the Company's Articles of Association, Cik Zainab binti Dato' Hj. Mohamed retires by rotation and, being eligible, offers herself for re-election.	**Resolution 2**
	In accordance with Article 99 of the Company's Articles of Association, Ms Cheng Hui Yen, Natalie who was appointed subsequent to the financial year retires and, being eligible, offers herself for re-election.	**Resolution 3**
4.	To consider and, if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 as an ordinary resolution:	
	"THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Tan Sri William H.J. Cheng be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting of the Company."	**Resolution 4**
5.	To re-appoint Auditors to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.	**Resolution 5**
6.	Special Business	
	To consider and, if thought fit, pass the following resolutions as ordinary resolutions:	
6.1	Retention of Independent Non-Executive Director	
	"THAT pursuant to the recommendation of the Malaysian Code on Corporate Governance 2012, Mr Yeow Teck Chai who has served as an independent non-executive Director of the Company for more than nine (9) years, be and is hereby retained as an independent non-executive Director of the Company to hold office until the next annual general meeting of the Company."	**Resolution 6**
6.2	Authority to Directors to Issue Shares	
	"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."	**Resolution 7**

6.3 Proposed Shareholders' Mandate for Recurrent Related Party Transactions

"THAT approval be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of Part A of the Circular to Shareholders of the Company dated 2 November 2015 ("Related Parties") which has been despatched to the shareholders of the Company, provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and **Resolution 8**

THAT authority conferred by this ordinary resolution will only continue to be in force until:

(i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier; and

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

6.4 Proposed Renewal of Authority for Share Buy-Back

"THAT, subject to the Companies Act, 1965, the provisions of the Articles of Association of the Company, the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant authorities, the Company be and is hereby authorised to buy back such number of ordinary shares of RM1.00 each in the Company ("Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that: **Resolution 9**

(i) the aggregate number of shares bought back and/or held by the Company does not exceed 10% of the total issued and paid-up capital of the Company at any point of time provided always that in the event the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders' mandates for share buy-back which were obtained at the previous Annual General Meetings held on or before 19 November 2014, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed 10% of the total issued and paid-up capital of the Company; and

(ii) the maximum funds to be allocated for the share buy-back shall not exceed the retained profits or the share premium account of the Company or both, based on its latest audited financial statements available up to the date of the share buy-back transaction

(hereinafter referred to as the "Proposed Share Buy-Back"); and

THAT authority conferred by this ordinary resolution shall commence immediately upon the passing of this resolution and will only continue to be in force until:

(i) the conclusion of the next annual general meeting of the Company, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first; and

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to cancel the Shares so purchased by the Company, to retain the Shares so purchased as treasury shares, or to retain part of such Shares so purchased as treasury shares and cancel the remainder, and to distribute the treasury shares as share dividends and/or resell the treasury shares on the market of Bursa Securities;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things and to execute all necessary documents, to give full effect to the Proposed Share Buy-Back with full power to assent to or make any modifications, variations and/or amendments as may be required by the relevant authorities or as may be deemed necessary by the Directors and to take all steps and actions as may be required by the relevant authorities and as the Directors may deem necessary and expedient to finalise, implement and give full effect to the Proposed Share Buy-Back."

7. To transact any other business for which due notice shall have been given.

By Order of the Board

CHAN POH LAN
LIM KWEE PENG
Secretaries

Kuala Lumpur
2 November 2015

Notes:

1. Proxy

- *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 17 November 2015 shall be eligible to attend the Meeting.*

- *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.*

  Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

- *The instrument of proxy shall be deposited at the Office of the Registrar of the Company, Level 13, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.*

- *Completed Form of Proxy sent through facsimile transmission shall not be accepted.*

2. *Circular to Shareholders dated 2 November 2015 ("Circular")*

   Details on the following are set out in the Circular enclosed together with the 2015 Annual Report:

   (i) Part A - Proposed Shareholders' Mandate for Recurrent Related Party Transactions

   (ii) Part B - Proposed Renewal of Authority for Share Buy-Back

3. *Agenda Item 1*

   This item of the Agenda is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 require that the Directors' Report and the Audited Financial Statements be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

4. *Resolution 6*

   The Board assisted by the Nomination Committee, has assessed the independence of Mr Yeow Teck Chai who has served on the Board as an independent non-executive Director of the Company for more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to retain Mr Yeow as an independent non-executive Director as he possesses the following attributes necessary in discharging his roles and functions as an independent non-executive Director of the Company:

   (i) Fulfills the criteria of an independent Director as defined in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

   (ii) Challenges Management in an effective and constructive manner, providing a check and balance, and bringing an element of objectivity to the Board.

   (iii) Performs his duties as a Director without being subject to influence of Management.

   (iv) Participates in Board and Board committees deliberations and provide an independent voice to the Board.

   (v) Exercises due care in all undertakings of the Group and carries out his professional duties in the interest of the Company and minority shareholders.

5. *Resolution 7*

   This approval will allow the Company to procure the renewal of the general mandate ("General Mandate") which will empower the Directors of the Company to issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 19 November 2014 which will lapse at the conclusion of this Annual General Meeting.

   The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for purposes of funding future investment projects, working capital and/or acquisitions.

6. *Resolution 8*

   This approval will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with those related parties as set out in paragraph 3.2 of Part A of the Circular, which are necessary for the Group's day-to-day operations undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

7. *Resolution 9*

   This approval will empower the Directors of the Company to purchase the Company's shares up to 10% of the issued and paid-up capital of the Company at any point of time. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of the Director standing for re-appointment at the Thirty-Second Annual General Meeting of the Company are set out in the Directors' Profile on page 6 of the 2015 Annual Report.

CORPORATE INFORMATION

Board of Directors	:	Y. Bhg. Tan Sri William H.J. Cheng *(Chairman and Managing Director)* Ms Cheng Hui Yen, Natalie *(Executive Director)* Y. Bhg. Tan Sri Abdul Rahman bin Mamat Cik Zainab binti Dato' Hj. Mohamed Mr Yeow Teck Chai Mr Ooi Kim Lai
Secretaries	:	Ms Chan Poh Lan Ms Lim Kwee Peng
Company No	:	89194-P
Registered Office	:	Level 14, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Tel No : 03-21420155 Fax No : 03-21413448 Website : www.lion.com.my/parkson
Share Registrar	:	Secretarial Communications Sdn Bhd Level 13, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Tel Nos : 03-21420155, 03-21418411 Fax No : 03-21428409
Auditors	:	Ernst & Young Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
Principal Bankers	:	Bank of China HSBC Amanah Malaysia Berhad CIMB Bank Berhad Industrial and Commercial Bank of China (Malaysia) Berhad Malayan Banking Berhad
Stock Exchange Listing	:	Bursa Malaysia Securities Berhad ("Bursa Securities")
Stock Name	:	PARKSON
Bursa Securities Stock No	:	5657
Reuters Code	:	PRKN.KL
ISIN Code	:	MYL5657OO001

DIRECTORS' PROFILE

Tan Sri William H.J. Cheng
Non-Independent Chairman and Managing Director

Y. Bhg. Tan Sri William H.J. Cheng, a Malaysian, aged 72, was appointed to the Board on 30 March 1989. He was appointed the Managing Director and the Chairman of the Company on 16 August 2006 and 13 November 2006 respectively.

Tan Sri William Cheng has more than 40 years of experience in the business operations of the Lion Group encompassing retail, branding, credit financing, property development, mining, steel, tyre, motor, agriculture and computer.

Tan Sri William Cheng was the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("KLSCCCI") from 2003 to 2012. He is now a Life Honorary President of ACCCIM and KLSCCCI, and the President of Malaysia Retailers Association and Malaysia Steel Association.

Tan Sri William Cheng's other directorships in public listed companies are as follows:

- Chairman of Lion Diversified Holdings Berhad and Lion Forest Industries Berhad
- Chairman and Managing Director of Lion Corporation Berhad

He is also the Chairman of Lion AMB Resources Berhad and ACB Resources Berhad, and a Founding Trustee of The Community Chest, a company limited by guarantee incorporated for charity purposes.

Tan Sri William Cheng has a direct shareholding of 356,785,266 ordinary shares of RM1.00 each in the Company ("Parkson Shares") and an indirect interest in 297,617,329 Parkson Shares. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on page 195 of this Annual Report.

Tan Sri William Cheng is the father of Ms Cheng Hui Yen, Natalie, the Executive Director of the Company, and the uncle of Y. Bhg. Tan Sri Cheng Yong Kim, a major shareholder of the Company.

Tan Sri William Cheng attended all ten (10) Board Meetings of the Company held during the financial year ended 30 June 2015.

Cheng Hui Yen, Natalie
Executive Director

Ms Cheng Hui Yen, Natalie, a Malaysian, aged 32, was appointed the Executive Director of the Company on 26 August 2015.

Ms Cheng graduated with a Bachelor of Arts in Media and Communications from the University of Melbourne, Australia in 2004.

Ms Cheng joined Parkson Corporation Sdn Bhd in 2005 as an Assistant Buyer in the Cosmetics and Fragrances Department followed by the Gents and Sports Departments, and currently, she heads the Merchandising Department as Director - Merchandising. Prior to joining Parkson, Ms Cheng who is fluent in Mandarin had worked for Saatchi & Saatchi Beijing in the People's Republic of China as an intern in the Strategic Planning Department before returning to Malaysia.

Apart from overseeing Parkson's Merchandising Department in Malaysia, Ms Cheng regularly visits the Parkson stores in China, Indonesia and Vietnam to keep abreast of the retail scene in these countries as well as in Malaysia for the improvement of the Parkson stores.

Ms Cheng has a direct shareholding of 50,000 ordinary shares in Parkson Retail Asia Limited, a subsidiary of the Company listed on the Singapore Exchange Securities Trading Limited.

Ms Cheng is the daughter of Y. Bhg. Tan Sri William H.J. Cheng who is the Chairman, Managing Director and a major shareholder of the Company, and a cousin of Y. Bhg. Tan Sri Cheng Yong Kim, a major shareholder of the Company.

Tan Sri Abdul Rahman bin Mamat
Independent Non-Executive Director

Y. Bhg. Tan Sri Abdul Rahman bin Mamat, a Malaysian, aged 62, was appointed to the Board on 14 March 2011. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company.

Tan Sri Abdul Rahman graduated with a Bachelor of Economics (Honours) from University Malaya, Malaysia and has an Advanced Management Programme qualification from Harvard Business School, Boston, the United States of America.

Tan Sri Abdul Rahman joined the Ministry of International Trade and Industry ("MITI") as an Assistant Director on 18 April 1975 and served in various capacities in MITI for 35 years before retiring in December 2010 which included: (1) Deputy Trade Commissioner, Malaysian Trade Office, New York, the United States of America; (2) Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; (3) Economic Counsellor/Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission (ESCAP), Malaysian Trade Office, Bangkok, Thailand; (4) Special Assistant to the Minister of International Trade and Industry, Tan Sri Rafidah binti Abdul Aziz; (5) Chairman of Malaysia External Trade Development Corporation (MATRADE); (6) Director of Industries; (7) Senior Director, Policy and Industry, Services Division; (8) Deputy Secretary-General (Industry); and (9) Secretary-General of MITI.

During his tenure in MITI, he also served as MITI's representative on the board of various companies and corporations including Malaysian Industrial Development Authority (MIDA), MATRADE, Johor Corporation, Regional Economic Development Authority (RECODA), Sarawak and Small and Medium Corporation, Malaysia (SME CORP), Pahang State Economic Development Corporation and Malaysian Technology Development Corporation (MTDC).

Tan Sri Abdul Rahman has represented Malaysia in numerous international meetings, negotiations, conferences and symposiums and has also contributed towards formulating, implementing and monitoring policies and programmes on international trade and industrial growth as well as entrepreneurship development. He was an honorary member of the ASEAN Federation of Engineering Organisations, a Malaysian Leader for the High Level Task Force on ASEAN Economic Integration and is the Chairman of the Advisory Board of the International Council for SME & Entrepreneurship-Malaysia.

He currently serves on the board of several private limited companies involved in manufacturing, retail and services sectors covering global logistics, petrochemical, healthcare and oil, gas and energy.

He is also the Chairman of Hiap Teck Venture Berhad, Dagang NeXchange Berhad and Bioalpha Holdings Berhad, all public listed companies, and a Trustee of Enactus Malaysia Foundation, a non-profit organisation aimed at grooming university students into future leaders.

Tan Sri Abdul Rahman attended all ten (10) Board Meetings of the Company held during the financial year ended 30 June 2015.

Zainab binti Dato' Hj. Mohamed
Independent Non-Executive Director

Cik Zainab binti Dato' Hj. Mohamed, a Malaysian, aged 58, was appointed to the Board on 23 November 2012. She is also the Chairman of the Company's Audit Committee and a member of the Nomination Committee, Remuneration Committee and Executive Share Option Scheme Committee of the Company.

Cik Zainab obtained her Diploma in Accountancy from Universiti Teknologi MARA (UiTM) in 1978 and studied at the London School of Accountancy, England for the Association of Chartered Certified Accountants qualification from 1979 to 1981. She is a Fellow Member of the Association of Chartered Certified Accountants and a Chartered Accountant with the Malaysian Institute of Accountants.

Cik Zainab has more than 33 years of experience in the audit and finance fields holding various positions in an audit firm, a commercial bank, an investment and holding company, a petroleum multinational company, a general insurance company and a solid waste management concessionaire.

Currently, she manages her own management and consultancy firm, ANZ Consultancy Services.

Cik Zainab attended all ten (10) Board Meetings of the Company held during the financial year ended 30 June 2015.

Yeow Teck Chai
Independent Non-Executive Director

Mr Yeow Teck Chai, a Malaysian, aged 65, was appointed to the Board on 16 August 2006. He is also the Chairman of the Nomination Committee and Executive Share Option Scheme Committee, and a member of the Audit Committee and Remuneration Committee of the Company.

Mr Yeow holds a Bachelor of Economics (Hons) from the University of Malaya.

Mr Yeow served the Malaysian Industrial Development Authority ("MIDA") for 32 years and held the post of Deputy Director General prior to his retirement in August 2006. He was responsible for the promotion, coordination and development of the manufacturing and services sectors in MIDA. In 2011, Mr Yeow was appointed a council member of the Federation of Malaysian Manufacturers.

He is also a Director of Globetronics Technology Berhad, a public listed company.

Mr Yeow attended nine (9) of the ten (10) Board Meetings of the Company held during the financial year ended 30 June 2015.

Ooi Kim Lai
Non-Independent Non-Executive Director

Mr Ooi Kim Lai, a Malaysian, aged 48, was appointed to the Board on 12 May 2014. He is also a member of the Nomination Committee and Remuneration Committee of the Company.

Mr Ooi obtained his Diploma in Accountancy from Tunku Abdul Rahman College and is a Fellow Member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

Mr Ooi started his career in 1991 as an auditor in a public accounting firm and joined the Lion Group in 1993 as Group Accountant. He is presently the Group Chief Accountant and is responsible for the accounting and financial management of certain listed companies in Malaysia and overseas within the Lion Group. He is also actively involved in the corporate exercises of the Lion Group including initial public offerings (IPOs), corporate restructuring, mergers and acquisitions, and undertakes investor relations by engaging with fund managers and analysts on various industries covering retail, branding, credit financing, steel, property, mining and services.

Mr Ooi is also a Director of Lion Diversified Holdings Berhad, a public listed company.

Mr Ooi has a direct shareholding of 188 ordinary shares of RM1.00 each in the Company.

Mr Ooi attended all ten (10) Board Meetings of the Company held during the financial year ended 30 June 2015.

Save as disclosed above, none of the Directors has (i) any interest in shares in the Company or its subsidiaries; (ii) any family relationship with any Director and/or major shareholder of the Company; (iii) any conflict of interests with the Company; and (iv) any conviction for offences within the past ten (10) years.

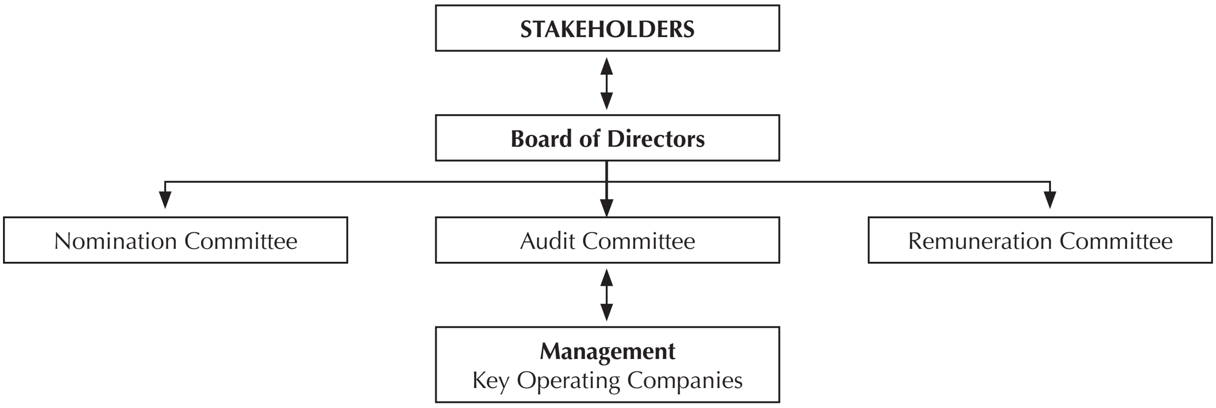
CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Directors ("Board") recognises the importance of practising and maintaining sound corporate governance to direct the businesses and practices of the Group towards enhancing business prosperity, sustainability and on-going value creation for its stakeholders. The Board is fully committed in ensuring that a high standard of corporate governance is practised and maintained throughout the Group as the underlying principles in discharging its roles and responsibilities.

The Board is pleased to present below the Governance Framework and how the Group has applied the guiding principles of good governance and the extent to which it has complied with the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG"). The principles and recommended best practices have been applied consistently throughout the financial year ended 30 June 2015 except where otherwise rationalised herein. The Board has also taken into account the requirements issued by the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and under the various Guides.

Corporate Governance Framework



Board Charter

The Board has established a Board Charter which is available on the Company's website at www.lion.com.my/parkson. The Board Charter clearly sets out the principal roles of the Board, the demarcation of the roles, functions, responsibilities and powers of the Board, the Board Committees and the Management. It also defines the specific accountabilities and responsibilities of the Board to enhance coordination, communication and facilitation between the Management and the Board and ultimately, to reinforce the overall accountability of both the Board and the Management towards the Company and the stakeholders as well as to serve as reference criteria for the Board in the assessment of its own performance and of its individual Directors.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Roles and Responsibilities of the Board

The Board establishes the vision and strategic objectives of the Group and is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals and realising long-term shareholders' values. The Board retains full and effective control of the Group's strategic plans, overseeing the conduct of the Group's businesses, implementing, reviewing and maintaining an appropriate system of risk, control and compliance management and ensuring the adequacy and integrity of the Group's system of internal control. The Board is also responsible in ensuring financial integrity, setting the Group's risk appetite, reviewing and approving material contracts or transactions, related party transactions, capital financing and succession planning and for the implementation of shareholders' communications.

The Board delegates to the Managing Director ("MD") the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time. The MD may delegate aspects of his authority and powers but remains accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units and operations.

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the financial year ended 30 June 2015, ten (10) Board Meetings were held and each Director attended at least 50% of the total Board Meetings held during the financial year. Details of attendance and a brief profile of each member of the Board are set out in the Directors' Profile section of this Annual Report.

Delegation by the Board

The Board delegates certain functions to several committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, to support and assist in discharging its fiduciary duties and responsibilities. The respective committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board may form other committees delegated with specific authorities to act on its behalf whenever required. These committees operate under approved terms of reference or guidelines set out by the Board.

Board Composition, Independence and Diversity Balance

The Board comprises six (6) Directors, four (4) of whom are non-executive. The current Board composition complies with the Listing Requirements. The broad range of experience, skills and knowledge of the Directors effectively facilitate the discharge of the Board's stewardship.

In promoting diversity, gender and opportunities, the Board in its appointments and composition pays due recognition and weightage to the skills, experience and business acumen of the Directors. The Board reviews the appropriate mix of skills, experience and knowledge required of its members, in the context of the needs of the Group's businesses and strategies. The Board reviews its composition and size from time to time for appropriateness and the fulfilment of the gender diversity representation.The Board currently has two (2) female Directors.

Represented on the Board are three (3) independent non-executive Directors who bring their independent advice, views and judgement to bear on the decision-making process of the Group to ensure that a balanced and unbiased deliberation process is in place to safeguard the interests of other stakeholders. As and when a potential conflict of interest arises, it is mandatory practice for the Directors concerned to declare their interests and abstain from the decision-making process.

The Board acknowledges that although the current Board composition complies with the Listing Requirements, the Company was not able to apply the recommendation of the MCCG which requires that the board must comprise a majority of independent directors where the chairman of the board is not an independent director and the Board will endeavour to fulfil the recommendation under the MCCG.

Directors' Code of Ethics

The Board in discharging its functions has observed the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ("CCM") which can be viewed from the CCM's website at www.ssm.com.my, the provisions of the Companies Act, 1965, and the principles of the MCCG.

The Group has put in place a Code of Ethics covering Code of Business Practice for all Directors and employees of the Group, including the Whistleblower Policy, Competition Policy, Sexual Harassment Policy and Sustainability Policy & Framework of the Group and such codes, policies and ethics are made aware to all Directors and employees and accessible for reference within the Group. Key policies including the Code of Business Practice and the Whistleblower Policy are available on the Company's website at www.lion.com.my/parkson.

The Board ensures the implementation of appropriate internal control system to support, promote and ensure the compliance with the above and notes any exception and monitors the resolutions of the issues highlighted via the Compliance Risk Self-Assessment reporting on a half-yearly basis.

Sustainability

The Board in discharging its governance role is guided by the Group's Sustainability Plans/Framework to ensure that the Group's and the Company's business strategies and businesses promote sustainability. This includes due attention and consideration of the Environmental, Social and Governance, and Risks and Compliance aspects of the businesses and operations which underpin its business sustainability. The sustainability activities carried out by the Group are set out in the Sustainability section of the Chairman's Statement on pages 29 to 49 of this Annual Report. The Governance aspects are set out herein whilst the Risks and Compliance aspects are also set out herein and in the Statement on Risk Management and Internal Control on pages 18 to 20 of this Annual Report.

Supply of Information

The Board, as a whole and its members in their individual capacities, has unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information to enable them to obtain a comprehensive understanding of the issues to be deliberated upon. Senior management of the Group are also invited to attend Board meetings to provide their professional views, advice and explanation on specific items on the agenda in order for the Board to arrive at an informed decision.

Besides direct interactions with the Management, external independent professional advisers are also made available at the Company's expense to render their independent views and advice to the Board, whenever deemed necessary and under appropriate circumstances or at the request of the Board.

Company Secretaries

The Company Secretaries advise the Board on its duties and obligations, and the appropriate requirements, disclosures and procedures to be complied with in relation thereto. The Company Secretaries are also responsible in ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

The Company Secretaries also facilitate the communication of decisions made at Board and Board Committees to the relevant Management for appropriate actions.

The Company Secretaries update and appraise the Directors on a continuing basis on new and revised requirements to the Listing Requirements and the MCCG.

The appointment and removal of Company Secretaries are subject to the approval of the Board.

STRENGTHEN COMPOSITION

Nomination Committee

The Nomination Committee comprises three (3) members, all of whom are non-executive Directors with a majority of them being independent Directors. The Nomination Committee is chaired by Mr Yeow Teck Chai, an independent Director, who is also the senior independent Director identified by the Board. The members and terms of reference of the Nomination Committee are presented on page 26 of this Annual Report.

Appointment to the Board and the Effectiveness of the Board

The Nomination Committee is responsible for identifying, evaluating and nominating suitable candidates with the necessary mix of skills, experience and competencies to be appointed to the Board and Board Committees to ensure the effectiveness of the Board and the Board Committees. The Nomination Committee annually reviews and assesses the effectiveness of the Board and the Board Committees as well as individual Directors based on the criteria set out by the Board and according to the fulfilment of the respective Board Committee's terms of reference.

The assessment criteria of the Board's evaluation/performance review process as well as the process and criteria to identify candidates for appointment as directors, and directors for re-election and re-appointment are set out in the Board Charter.

In assessing and recommending to the Board suitable candidature of Directors, the Nomination Committee shall consider the competencies, commitment, contribution, performance and board diversity including the appropriateness and the fulfilment of the gender diversity representation and the required mix of skills, qualifications, expertise and experience, knowledge, professionalism and integrity which would contribute to the overall desired composition of the Board.

The Directors' mix of skills are set out in the respective Director's Profile on pages 6 to 8 of this Annual Report.

Activities of the Nomination Committee for the Financial Year

The Nomination Committee met once since the date of the last Annual Report and had carried out the following duties in accordance with the terms of reference whereat all the members attended:

(i) Reviewed and assessed the effectiveness of the Board and the Board Committees as well as the individual Directors and their independence based on the broad Fit & Proper, and Independence criteria using a set of quantitative and qualitative performance evaluation forms approved by the Board, and made the appropriate recommendation to the Board.

(ii) Reviewed the retirement and re-election, and re-appointment of Directors for Board's consideration.

(iii) Reviewed the retention of an independent Director whose tenure of service has exceeded nine (9) years for recommendation to shareholders for their approval based on his attributes necessary in discharging his roles and functions as an independent Director.

(iv) Reviewed the training needs of the Directors.

(v) Reviewed and recommended for Board's consideration, the appointment of Ms Cheng Hui Yen, Natalie as the Executive Director of the Company.

(vi) Approved and recommended for Board's consideration the Nomination Committee Report for inclusion in the Annual Report.

Re-election, Re-appointment and Retention of Directors

In accordance with the Articles of Association of the Company, one-third (1/3) of the Directors shall retire from office at every annual general meeting and all Directors shall retire from office at least once in every three (3) years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next annual general meeting following their appointment. The Nomination Committee is responsible for recommending to the Board for re-appointment of those Directors who are over 70 years of age and the retention of the independent Directors whose tenure of service will exceed nine (9) years or has exceeded nine (9) years, for shareholders' approval at the next annual general meeting.

Directors' Remuneration

The Company has adopted the objective as recommended by the MCCG in determining the remuneration of executive Directors so as to ensure that it attracts and retains the Directors needed to manage the Company and the Group effectively. Directors do not participate in decisions regarding their own remuneration. The responsibilities for developing a formal remuneration policy and determining the remuneration packages of executive Directors lie with the Remuneration Committee. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors. The members and terms of reference of the Remuneration Committee are presented on page 26 of this Annual Report.

Directors' fees are recommended by the Board for the approval by shareholders of the Company at the annual general meeting.

For confidentiality, the details of the Directors' remuneration are not disclosed for each individual Director. The transparency and accountability aspects of corporate governance applicable to Directors' remuneration recommended by the best practices of the MCCG are deemed appropriately served by the disclosures in the ensuing paragraphs.

The aggregate remuneration of Directors who served during the financial year ended 30 June 2015 are categorised as follows:

	Fees RM'000	Salaries & Other Emoluments RM'000	Total RM'000
Executive Director	285	746	1,031
Non-executive Directors	165	–	165
	450	746	1,196

The number of Directors whose total remuneration falls into the respective bands is as follows:

Range of Remuneration (RM)	Number of Directors Executive	Non-executive
25,000 & below	–	1
25,001 – 50,000	–	3
1,000,001 – 1,050,000	1	–

REINFORCE INDEPENDENCE

Assessment of Independent Directors and Board Performance Evaluation

The Board observes the recommendation by the MCCG in ensuring that the independent Directors bring independent and objective judgement to the Board deliberations. Accordingly, the Board assisted by the Nomination Committee assesses the independent Directors on an annual basis. In addition, the independent Directors affirm their independence annually to the Board. The Board with the assistance of the Nomination Committee also assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director, including independent Directors, on an annual basis. All assessments and evaluations carried out by the Nomination Committee in discharging its duties were also properly documented.

In line with the MCCG, the Board has adopted a nine (9)-year policy for independent Directors. The tenure of an independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent Director. In the event such Director is to be retained as an independent Director, the Board must first justify and obtain shareholders' approval.

Based on the assessment carried out for the financial year ended 30 June 2015, the Board was satisfied with the level of independence of the independent non-executive Directors and their ability to act in the best interest of the Company. The Board was also satisfied that the Board and the Board Committees have discharged their duties and responsibilities effectively and that the Board composition in terms of size, the balance between executive, non-executive and independent Directors, and mix of skills and experience was adequate.

The Role and Functions of Chairman and MD

The Group Chairman also assumes the position of the Group's MD. He brings with him a wealth of over 40 years of experience in the business operations of the Group and possesses the calibre to ensure that policies and strategies approved by the Board are effectively implemented. In view of the vast experience of the Group Chairman/MD, the Group stands to benefit directly from the extensive knowledge and involvement of the Chairman in the business deriving from his years of experience and industry goodwill. The Board considers the departure from the recommended practice of separating the functions as appropriate under the present circumstances.

FOSTER COMMITMENT

Time Commitment

A Director shall notify the Chairman of the Board of his/her acceptance of any new directorship in public listed companies. In any event the maximum number of appointments in public listed companies shall be limited to five (5) or any other number as set out in the Listing Requirements.

The notification shall include an assurance of his/her continued time commitment to serve the existing Board and that his/her other appointments shall not be in conflict or compete with the existing appointment with the Company.

Directors' Training

All members of the Board except for Ms Cheng Hui Yen, Natalie, have attended Bursa Securities' Mandatory Accreditation Programme ("MAP"). Ms Cheng Hui Yen, Natalie who was appointed to the Board on 26 August 2015 will attend the MAP as prescribed in the Listing Requirements.

The Directors are also encouraged to attend relevant external professional programmes as necessary to keep abreast of issues facing the changing business environment within which the Group operates.

During the financial year, the Directors had attended the following seminars, breakfast series, workshops and training programmes ("Programmes") on topics/subjects in relation to corporate governance, business opportunities and prospects in various industries and countries, risk management and internal controls, economic and regional issues, management and entrepreneurship, regulatory updates and requirements, finance, and sustainability covering community, environment, marketplace and workplace:

Name of Directors	**Programmes**
Tan Sri William H.J. Cheng	• Lion Group In-house Directors' Training on: 1. General pillars of ASEAN Economic Community ("AEC") 2. Protection of intellectual property in view of the AEC single market • Seminar on Hong Kong Regulatory Requirement on Directors – Disclosure of Inside Information
Tan Sri Abdul Rahman bin Mamat	• Bursa Malaysia in collaboration with The Institute of Internal Auditors Malaysia – Audit Committee Breakfast Series: "Enhancing Internal Audit Practice" • PEMANDU in collaboration with Bursa Malaysia – Lead the Change Event: Getting Women on Boards • Bursa Malaysia – Risk Management & Internal Control Workshop for Audit Committee Members: Is Our Line of Defence Adequate and Effective?
Zainab binti Dato' Hj. Mohamed	• Bursa Malaysia in collaboration with FTSE – Education Seminar: Overview of Environmental, Social and Governance Index and Industry Classification Benchmark • Lion Group In-house Directors' Training on: 1. The Key Factors of Goods and Services Tax and its Implementation 2. Transfer Pricing • Lion Group In-house Directors' Training on: 1. General pillars of ASEAN Economic Community ("AEC") 2. Protection of intellectual property in view of the AEC single market
Yeow Teck Chai	• Malaysian Investment Development Authority (MIDA) jointly with Nottingham MyResearch – Seminar on "A Tax Efficient Way to Invest in Research and Development" • KPMG – Breakfast Workshop on Audit Committee "Cyber Security" • Bursa Malaysia & Iclif – Nominating Committee Programme Part 2: Effective Board Evaluations • Lion Group In-house Directors' Training on: 1. The Key Factors of Goods and Services Tax and its Implementation 2. Transfer Pricing • Bursa Malaysia – Seminar on "Strengthening Corporate Governance Disclosure" • Bursa Malaysia – Risk Management & Internal Control Workshop for Audit Committee Members: Is Our Line of Defence Adequate and Effective? • Lion Group In-house Directors' Training on: 1. General pillars of ASEAN Economic Community ("AEC") 2. Protection of intellectual property in view of the AEC single market
Ooi Kim Lai	• Bursa Malaysia in collaboration with FTSE – Education Seminar: Overview of Environmental, Social and Governance Index and Industry Classification Benchmark • Bursa Malaysia & Iclif – Nominating Committee Programme Part 2: Effective Board Evaluations • Lion Group In-house Directors' Training on: 1. The Key Factors of Goods and Services Tax and its Implementation 2. Transfer Pricing • Lion Group In-house Directors' Training on: 1. General pillars of ASEAN Economic Community ("AEC") 2. Protection of intellectual property in view of the AEC single market

In addition, the Company would arrange site visits for the Directors, whenever necessary, to enhance their understanding of the Group's businesses and have a better awareness of the risks associated with the Group's operations.

The Directors are also updated and appraised on a continuing basis by the Company Secretaries on new and revised requirements to the Listing Requirements and the MCCG ("Continuing Updates").

The Board, after having undertaken an assessment of the training needs of each Director, views the aforementioned Programmes attended by the Directors, and the Continuing Updates provided to the Directors, as adequate to enhance the Directors' skills and knowledge to carry out their duties as Directors.

The Board will, on a continuing basis, evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enable the Directors to sustain their active participation in board deliberations and effectively discharge their duties.

Newly appointed Directors are required to attend a familiarisation programme. This includes meeting key senior management to be briefed on the core businesses and operations of the Group. It also serves as a platform to establish effective channel of communication and interaction with Management.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's position, financial performance and future prospects to the Company's stakeholders through the annual financial statements, quarterly financial reports and corporate announcements which are in accordance with the Listing Requirements. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to the adoption of the quarterly financial results and the annual audited financial statements of the Group and of the Company, including timely and quality disclosure through appropriate corporate disclosure policies and procedures adopted.

The Audit Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group. The Audit Committee comprises three (3) members, all of whom are independent Directors. The terms of reference and the main activities undertaken by the Audit Committee during the financial year under review are set out in the Audit Committee Report on pages 21 to 25 of this Annual Report.

Directors' Responsibility in Financial Reporting

The Board is responsible for ensuring that the quarterly and annual financial statements are prepared in accordance with the applicable financial reporting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements. The Board is satisfied that for the financial year ended 30 June 2015, the financial statements presented give a true and fair view of the state of affairs, results and cash flows of the Group and of the Company.

Relationship with the External Auditors

The Board has established a formal and transparent relationship with the external auditors through the Audit Committee. The Audit Committee evaluates the performance and assesses the suitability and independence of the external auditors and recommends the appointment of the external auditors and their remuneration to the Board. The appointment of the external auditors is subject to the approval of shareholders at the annual general meeting whilst their remuneration is determined by the Board. The external auditors meet with the Audit Committee at least twice a year and attend the annual general meeting of the Company.

The Audit Committee has obtained written confirmation from the external auditors on their independence in undertaking the annual audit of the Company's financial statements.

RECOGNISE AND MANAGE RISKS

Risk Management Framework

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

The Board delegates the oversight of risk management and internal control to the Audit Committee. The Audit Committee is assisted by the Risk Management Committee ("RMC") in overseeing the implementation of the risk management framework via the Corporate Performance Scorecards ("CPS") and the Corporate Risk Scorecards ("CRS"). The Risk Management Team of each key operating company together with the RMC reports the CPS and CRS to the Audit Committee on a half-yearly basis. The detailed processes of risk management are described in the Statement on Risk Management and Internal Control on pages 18 to 20 of this Annual Report.

The RMC also assesses all material and key risks associated with the Group's businesses and operations as well as corporate proposals.

Internal Control

The Board has overall responsibility in maintaining a sound internal control system for the Group to achieve its objectives within an acceptable risk profile as well as safeguarding the interests of stakeholders including shareholders' investment and the Group's assets. An overview of the state of internal control within the Group is set out in the Statement on Risk Management and Internal Control on pages 18 to 20 of this Annual Report.

Internal Audit Function

The Board has established an internal audit function within the Group. The internal audit function is led by a Chief Internal Auditor who reports directly to the Audit Committee. The internal auditors attend all meetings of the Audit Committee and the detailed internal audit function is set out in the Audit Committee Report on pages 21 to 25 of this Annual Report.

Compliance Function

The Board has approved a Compliance Framework which lays down mechanisms and tools to ensure consistency and efficiency in identifying, managing and mitigating compliance risks within the Group. Reviews are conducted by the Group Compliance Function to assess the degree of compliance with statutory, regulatory and codes of ethics/standards requirements and internal standard operating procedures aligned to the business objectives. The Audit Committee is provided with compliance reports at agreed intervals to facilitate the Board with a holistic and overview of all compliance matters.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Board ensures its adherence to and compliance with the disclosure requirements of the Listing Requirements as well as the Corporate Disclosure Guide issued by Bursa Securities.

The Company's shareholders and members of the public may gain access to any latest corporate information of the Company on its website at www.lion.com.my/parkson which is linked to the announcements published on the website of Bursa Securities at www.bursamalaysia.com.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board has oversight over the implementation and maintenance of the required effective communications and engagements with shareholders.

The annual general meetings and the extraordinary general meetings are the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session at which shareholders may raise questions regarding the proposed resolutions at the said meetings as well as on matters relating to the Group's businesses and affairs. The Chairman and the Board members are in attendance to respond to shareholders' queries. The Chairman also shares with the shareholders, the Company's responses to questions submitted in advance of the annual general meetings by the Minority Shareholder Watchdog Group.

The Group also values dialogues with institutional investors, fund managers and analysts. The Group has been practising open discussions with investors/fund managers/analysts upon request through meetings, teleconferencing and emails. In this regard, information is disseminated with strict adherence to the disclosure requirements of Bursa Securities.

The Company's website at www.lion.com.my/parkson provides easy access to corporate information, Board Charter, key policies, annual reports and company announcements pertaining to the Group and its activities.

The Board has identified the Company Secretaries to whom concerns may be conveyed and who would bring the same to the attention of the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors ("Board") acknowledges the importance of maintaining a sound system of internal control to safeguard the interests of stakeholders (including shareholders' investments) and the Group's assets. Guided by the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers*, Corporate Disclosure Guide and Corporate Governance Guide (2nd Edition), the Board is pleased to present the Statement on Risk Management and Internal Control of the Group (excluding associated companies, as the Board does not have control over their operations) pursuant to the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Board Responsibility

The Board affirms its overall responsibility for the Group's system of risk management and internal control which is key to managing principal risks which may impede the achievement of the Group's corporate and business objectives, consistent with the requirements of Principle 6 of the Malaysian Code on Corporate Governance 2012. This responsibility includes reviewing the adequacy and integrity of this system which covers enterprise risk management, financial, organisational, operational and compliance controls. However, in view of the inherent limitations in any system, such system of internal control can only provide reasonable and not absolute assurance against material misstatements, frauds or losses and unforeseen emerging risks.

The Board regards risk management as an integral part of business operations and confirms that the Management will continue to undertake the process of identifying, evaluating and managing significant risks. The Board delegates the oversight of risk management and internal control to the Audit Committee.

Management Responsibility

The Management is responsible for implementing the framework, policies and procedures on risk and internal control approved by the Board.

The Risk Management Committee ("RMC") continues to play a pivotal role in overseeing the implementation of the risk management framework, periodically reviewing the risk management processes and ensuring that on-going measures taken were adequate to manage, address or mitigate the identified risks and reporting the status to the Audit Committee.

Risk Management Process

In establishing a bottom-up reporting of the risk profile of the key operating companies ("KOCs"), the respective Risk Management Team ("RMT") in the KOCs identified possible and actual risks faced by the KOC together with an analysis of the causes, impact and mitigating actions.

The KOCs' business performance objectives for the financial year are reflected in their Corporate Performance Scorecard ("CPS") which outlined the critical action plans across their value chain system. Key Performance Indicators ("KPI") were assigned to these objectives and their performance were tracked by the KPI owners under the supervision of the heads of the KOCs.

The RMTs identified and analysed risks which may thwart the successful achievement of these objectives and such risks often made up the baseline risks in the KOCs' risk profile. The risk owners were responsible to ensure preventative, detective and corrective controls were in place to address these risks. Gaps in controls and continual improvements were implemented through management action plans. This process was executed by the RMTs and documented in the Corporate Risk Scorecard ("CRS").

The Group's Compliance Function conducted review of the risk profiles, either focusing on specific risk issues or the completeness of the risk assessment process for selected risk profiles. The results of the review were communicated to the administrators of risk scorecards and/or heads of KOCs for improvement and implementation.

The CPS and CRS were presented by the RMT and RMC to the Audit Committee on a half-yearly basis for review on the status of the performance objectives and management action plans implementation.

The Audit Committee reviewed significant risks, if any, across Strategic, Business, Financial and Operational risk themes and guided the KOCs on further mitigations where required.

Key Elements of Risk Management and Internal Control

The Board is committed to maintaining a strong internal control structure for the proper conduct of the Group's business operations. The key elements include:

- An operational structure and organisational chart with defined lines of responsibility and delegation of authority together with a hierarchical structure of reporting and accountability. The authority matrix outlines the decision areas and the persons empowered to requisite, authorise and approve the expenditure/commitment. Delegated authority carries with it the obligation to exercise sound judgement, good business sense and accountability.

- A set of Group level internal policies and procedures which is maintained centrally and accessible to employees via intranet. The policies and procedures at both Group level and business or operational level are regularly reviewed for updates to resolve operational deficiencies or to meet new compliance requirements. Enhancement efforts to streamline local policies, guidelines or procedures at business or operational level to key Group Policies and Procedures are continuing.

- An annual exercise involving all business units to prepare a comprehensive budget and business plan which includes development of business strategies and the establishment of key performance indicators against which the overall performance of the companies within the Group can be measured and evaluated.

- Review of key business variables and the monitoring of the achievements of the Group's performance on a quarterly basis by the Board and the Audit Committee.

- Review of business processes and systems of internal control by the internal audit function which submits its reports to the Audit Committee on a quarterly basis. Regular and systematic risk based reviews of the system of internal control of the operating companies within the Group are performed to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in accordance with Management instructions, policies and guidelines; and in a manner consistent with company objectives and with high standards of administrative practice.

- Confirmation of the effectiveness of internal control and risk assessment process by the respective head of KOC and head of accounts and finance (on financial related matters) with the signing off of the Risk Management and Internal Control – Self-Assessment Questionnaire (RMIC-SAQ) on an annual basis.

- A Corporate Risk Management System encompassing an Enterprise Wide Risk Management Framework (CRMS-ERM) that sets out in a comprehensive manner the process adopted by the Group towards risk identification, evaluation, control and monitoring as well as in determining the Group's risks appetite.

- Compliance Risk Self-Assessment (CRSA) with mitigations identified to address breaches or material non-compliance.

- Updates and tracking of CPS which are developed based on balanced scorecard approach and CRS of operating companies with appropriate performance and risk indicators via an automated and web-based tool, namely Q-Radar system.

- Development of Compliance Matrices reflecting requirements of key Group Policies and Procedures and major statutory and regulatory compliances.

- A compliance programme reviewed by the Audit Committee on an annual basis addressing key compliance areas of statutory and regulatory requirements, codes and internal ethics/standards/policies and procedures. Periodically reported by the Compliance Function to the Compliance Committee to monitor and address on-going changes and implementations in the legislative and regulatory requirements affecting the Group.

- A formalised groupwide integrity framework that accentuates the Group's commitment to uphold integrity in all manner of conduct by its employees at all times in their interaction with various stakeholders, both internal and external. This framework includes Integrity & Fraud Risk Policy which interphases with many of the existing policies adopted within the Group and also addresses fraud reporting and investigation.

- A formalised Group Procurement/Tender Policy providing a fairly standardised, uniform and consistent set of controls by promoting accountability, ownership and transparency. This increases the ability of the Group to develop a pool of reliable and competent vendors through proper governance, selection of appropriate procurement method and vendor management.

- A Code of Business Practices which sets out the principles to guide employees' conduct to the highest standards of personal and corporate integrity. The code covers areas such as conflict of interest, use of company assets, confidentiality of proprietary information, acceptance of gifts and business courtesies as well as prohibition of kickbacks.

- A Whistleblower Policy providing the channels to report wrongdoings by employees and/or other stakeholders whilst ensuring the integrity of the process and information and also protecting the rights of informants. The implementation of this policy enables the Group to address such concerns that may adversely affect the reputation and interests of the Group more effectively.

- Other key policies such as Competition Policy and Sexual Harassment Policy which complement the Group's Code of Business Practices. These policies direct the employees to behave ethically and professionally in ensuring compliance with relevant laws and creation of a conducive working environment.

- A Crisis Management and Communication Policy and process established under the Corporate Communications Function to guide the handling of external communications in the event of any crisis/disaster.

- Development and enhancements to existing operations and safety and hazards action plans of operating companies which include Emergency Action Plan with a view to developing the Business Continuity Management and implementing a roadmap to enhance the business resilience and robustness in contingencies, crisis management and disaster recovery management.

- An appropriate insurance programme to safeguard major assets against financial loss resulting from property damage, machinery breakdown, business interruption and general liability, which is reviewed annually.

- A Group Sustainability Framework and Plan providing the roadmap to enhance Governance, Social and Environmental engagements of the stakeholders.

Conclusion

The Board is of the view that the system of risk management and internal control in place throughout the Group is sound and effective, providing reasonable assurance that the structure and operation of controls are appropriate for the Group's operations.

Implementation measures are continuously taken to strengthen the system of risk management and internal control so as to safeguard shareholders' investments and the Group's assets.

Review by External Auditors

The external auditors have reviewed the Statement on Risk Management and Internal Control in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Recommended Practice Guide 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group.

Based on the limited assurance procedures and review, the external auditors have informed the Board that nothing has come to their attention that has caused them to believe that the Statement on Risk Management and Internal Control has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers* or that it is factually inaccurate.

AUDIT COMMITTEE REPORT

COMPOSITION

As at the date of this Annual Report, the composition of the Audit Committee is as follows:

- **Members**

  Cik Zainab binti Dato' Hj. Mohamed
  (Chairman, Independent Non-Executive Director)

  Y. Bhg. Tan Sri Abdul Rahman bin Mamat
  (Independent Non-Executive Director)

  Mr Yeow Teck Chai
  (Independent Non-Executive Director)

  The composition of the Audit Committee complies with Chapter 15 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

- **Secretaries**

  The Secretaries of Parkson Holdings Berhad, Ms Chan Poh Lan and Ms Lim Kwee Peng, are also Secretaries of the Audit Committee.

- **Membership**

  The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, all of whom shall be non-executive Directors with a majority of them being independent Directors. The composition of the Audit Committee shall fulfil the requirements as prescribed in the Listing Requirements. The members of the Audit Committee shall elect a chairman among themselves who is an independent Director.

- **Meetings and Minutes**

  The Audit Committee shall meet at least four (4) times annually and the Chief Internal Auditor and the Chief Financial Officer shall normally be invited to attend the meetings. A majority of independent Directors present shall form a quorum. The Audit Committee shall meet with the external auditors without the executive Board members being present at least twice a year.

  Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and the Board. The Chairman of the Audit Committee shall report on each meeting to the Board.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee which are in line with to the provisions of the Listing Requirements and other best practices are available for reference on the Company's website at www.lion.com.my/parkson.

ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year under review, eight (8) Audit Committee Meetings were held. Except for Mr Yeow Teck Chai who was absent for one (1) Meeting, the other two members of the Audit Committee attended all the eight (8) Meetings held in the financial year.

The Audit Committee carried out its duties in accordance with its Terms of Reference during the year.

The main activities undertaken by the Audit Committee during the year are as follows:

- **Financial Results**

  Reviewed the quarterly interim unaudited financial statements and the annual audited financial statements of the Group prior to submission to the Board for its consideration and approval focusing particularly on changes in or implementation of major accounting policies, significant and unusual events and compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board ("MASB") and other legal requirements, and the main factors contributing to the financial performance of the Group in terms of revenue and earnings.

- **Internal Audit**

  (a) Reviewed the annual audit plan to ensure adequate scope and coverage on the activities of the Group, taking into consideration the assessment of key risk areas.

  (b) Reviewed the audit programmes, resource requirements and skill levels of the internal auditors for the year and assessed the performance of the internal audit function.

  (c) Reviewed the internal audit reports, audit recommendations made and Management's response to these recommendations and actions taken to improve the system of internal control and procedures recommendations. Where appropriate, the Audit Committee has directed Management to rectify and improve control procedures and workflow processes based on the internal auditors' recommendations and suggestions for improvement.

  (d) Monitored the implementation of the audit recommendations to ensure that all key risks and controls have been addressed.

  (e) Reviewed the annual Risk Management and Internal Control – Self-Assessment ratings submitted by the respective operations management. The internal auditors would validate the ratings during their audit review and adjustments to the ratings, if any, would be made accordingly and reported to the Audit Committee.

  (f) Reviewed recurrent related party transactions of a revenue or trading nature reports on a quarterly basis for compliance with the review procedures outlined in the Shareholders' Mandate.

  (g) Reviewed the investigative reports tabled during the year and ensured appropriate remedial actions/measures were taken.

  (h) Reviewed the Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group prior to the Board's approval for inclusion in the Annual Report. The Statement on Risk Management and Internal Control which had been reviewed by the external auditors is set out on pages 18 to 20 of this Annual Report.

  (i) Approved the Audit Committee Report and recommended the same for Board's approval for inclusion in the Annual Report.

- **External Audit**

  (a) Reviewed with external auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB.

  (b) Reviewed with external auditors the results of the audit and the audit report in particular, accounting issues and significant audit adjustments arising from the external audit.

  (c) Reviewed with external auditors the memorandum of comments and recommendations arising from their study and evaluation of the system of internal and accounting controls together with Management's response to the findings of the external auditors.

  (d) Evaluated the performance and assessed the suitability and independence of the external auditors during the year vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the Audit Committee.

  The Audit Committee had received from the external auditors written confirmation that they are not aware of any relationships or matters that, in their professional judgement, may reasonably be thought to bear on their independence and that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

  (e) Recommended to the Board on the appointment of the external auditors and their remuneration.

  (f) Notation of the non-audit fees paid to the external auditors.

  (g) Convened two (2) meetings with the external auditors without executive Board members and Management being present to discuss issues arising from their review.

- **Corporate Governance**

  Compliance

  (a) Monitored on a half-yearly basis the implementation progress and shortfall, if any, of the Compliance Program/Work Plan for the financial year ended 30 June 2015 ("2015 Compliance Program/Work Plan"). The 2015 Compliance Program/Work Plan identified for implementation, the necessary policies, procedures, processes, awareness and competencies training to be used as management tools and support to give the reasonable assurance of due compliance, compliance risk management, updating and reviewing of existing and new compliance across the laws, regulatory requirements, standards/code of ethics and internal policies and procedures of all the key operating companies and functions.

  The Audit Committee noted the establishment of the following policies which formed part of the Compliance Program/Work Plan, during the year:

  - Integrity and Fraud Risk Policy

    The objective of the Integrity and Fraud Risk Policy is to formalise the culture of integrity and professionalism in the Group. It also served as a sustainable business practice of integrity and transparency in the way things were done and to address incidences of integrity breaches and fraud risks management in an integrated manner.

  - Procurement Policy

    The Procurement Policy enabled progressive enhancement to the Group's procurement capabilities through improved abilities to compare prices more effectively and to establish the capability of potential vendors. The governance and structured processes provided means for check and balance and prevent the risk of or opportunity for fraud, bribery and/or kickbacks.

(b) Ensured that all material non-compliances/breaches of regulatory and/or statutory requirements were reported vide a half-yearly Compliance Risk Self-Assessment declaration by the Chief Executive Officer, Chief Financial Officer, Heads of Business/Operations, Chief Accountant and Company Secretary.

(c) Notation and review of the Analysis of Corporate Governance Disclosures in Annual Reports, Annual Reports 2012-2013 by Bursa Securities. The Audit Committee directed that measures be put in place to close the gaps and enhance both the practise of corporate governance and the quality of governance disclosures.

- **Risk Management**

  Reviewed the performance status as presented by the Risk Management Team ("RMT") of Key Operating Companies ("KOCs") together with the Risk Management Committee via half-yearly Corporate Performance Scorecard updates. The Audit Committee also reviewed the KOCs' Corporate Risk Scorecard in addressing any significant risk that may impact the achievement of the KOCs' performance objectives and the mitigation actions as identified by the RMTs.

- **Related Party Transactions**

  (a) Reviewed related party transactions entered into by the Group, and recommended the same for approval of the Board.

  (b) Reviewed recurrent related party transactions of a revenue or trading nature on a quarterly basis for compliance under the Shareholders' Mandate.

- **Material Transaction**

  Reviewed material transaction entered into by the Group, and recommended the same for approval of the Board.

- **Other Activities**

  Tax

  Reviewed the readiness of the Group for the implementation of the Goods and Services Tax which took effect on 1 April 2015.

INTERNAL AUDIT FUNCTION

The Internal Audit Function is undertaken by the Group Management Audit Department ("GMA Department"). Its principal activity is to perform regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively.

The purpose, authority and responsibility of the Internal Audit Function as well as the nature of the assurance activities provided by the function are articulated in the Internal Audit Charter approved by the Audit Committee.

In discharging its function, the GMA Department adopts the *International Standards for the Professional Practice of Internal Auditing* as well as established auditing guidelines to enhance its competency and proficiency.

A risk-based audit plan is tabled to the Audit Committee for approval on an annual basis. The audit plan covers key operational and financial activities that are significant to the overall performance of the Group and is developed to ensure adequate coverage on a regular basis. Key risk areas are continuously identified and prioritised to ascertain the scope of the audit activities through the adoption by the operation management of the Risk Management and Internal Control – Self-Assessment Questionnaire and the Corporate Performance and Risk Scorecards.

During the financial year, the internal auditors had conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Safeguarding of assets
- Compliance with set policies and procedures
- Identification of opportunities to improve the operations and processes
- Investigations and special audit reviews

The internal auditors also established follow-up review to monitor and to ensure that internal audit recommendations are effectively implemented.

The internal audit activities have been carried out according to the internal audit plan approved by the Audit Committee for the financial year.

The total cost incurred in managing the internal audit function of the Group for the financial year was RM333,800.

NOMINATION COMMITTEE

Chairman : Mr Yeow Teck Chai
(Independent Non-Executive Director)

Members : Cik Zainab binti Dato' Hj. Mohamed
(Independent Non-Executive Director)

Mr Ooi Kim Lai
(Non-Independent Non-Executive Director)

Terms of Reference :

- To recommend to the Board, candidates for directorships in Parkson Holdings Berhad
- To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder
- To recommend to the Board, Directors to fill the seats on Board Committees
- To assist the Board in reviewing on an annual basis, the required mix of skills and experience and other qualities, including core competencies which non-executive Directors should bring to the Board
- To assess, on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, based on the process and procedure laid out by the Board

REMUNERATION COMMITTEE

Chairman : Tan Sri Abdul Rahman bin Mamat
(Independent Non-Executive Director)

Members : Mr Yeow Teck Chai
(Independent Non-Executive Director)

Cik Zainab binti Dato' Hj. Mohamed
(Independent Non-Executive Director)

Mr Ooi Kim Lai
(Non-Independent Non-Executive Director)

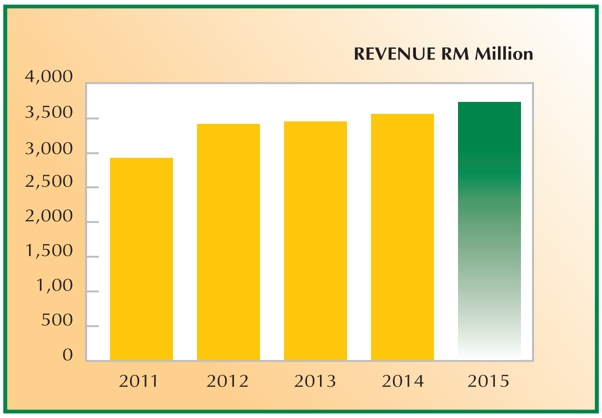
Terms of Reference :

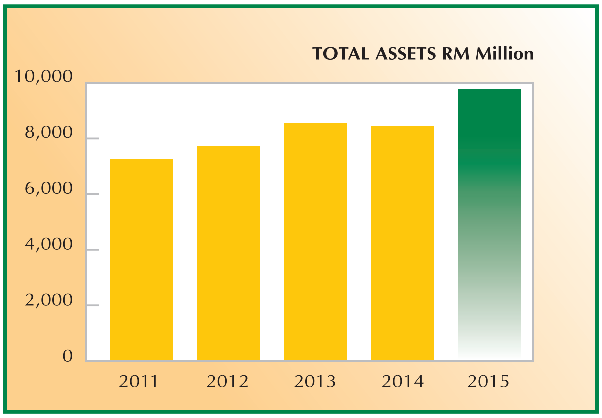
- To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary
- To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time

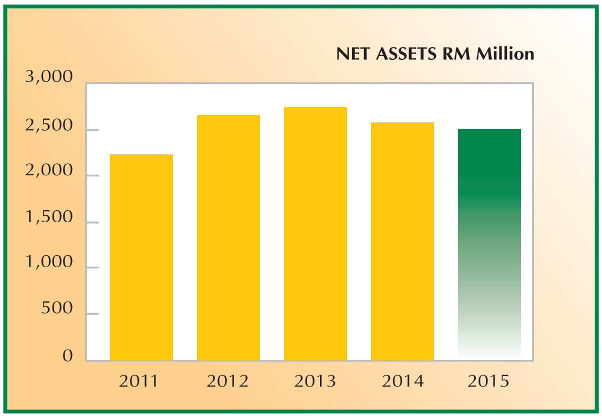
5 YEARS GROUP FINANCIAL HIGHLIGHTS

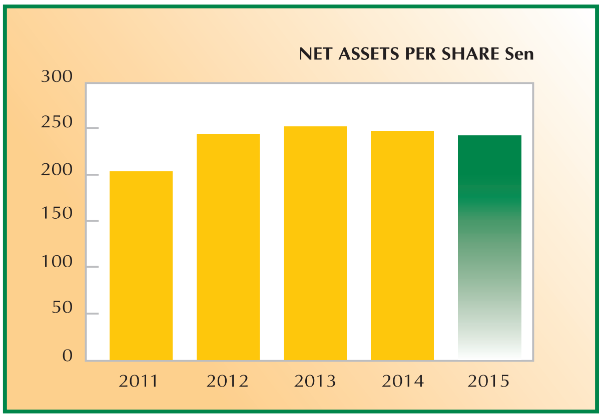
Financial years ended 30 June		**2011**	**2012**	**2013**	**2014**	**2015**
Gross sales proceeds	(RM'000)	9,493,726	11,196,311	11,347,650	11,583,344	**11,938,208**
Revenue	(RM'000)	2,925,082	3,422,858	3,454,958	3,553,882	**3,739,179**
Profit before tax	(RM'000)	805,267	887,663	614,872	382,504	**56,416**
Profit/(loss) after tax	(RM'000)	606,622	668,712	434,938	239,055	**(12,946)**
Net profit attributable to owners of the parent	(RM'000)	348,404	380,076	238,204	138,148	**46,593**
Total assets	(RM'000)	7,270,943	7,745,347	8,541,110	8,471,865	**9,823,345**
Net assets	(RM'000)	2,236,090	2,666,088	2,751,773	2,580,545	**2,512,456**
Total borrowings	(RM'000)	1,950,361	1,260,791	1,579,689	1,718,621	**2,351,334**
Earnings per share	(Sen)	32.3	34.9	22.0	13.0	**4.4**
Net assets per share	(Sen)	205	246	254	249	**244**
Dividends (Paid and Proposed):						
• Cash dividend:						
- Rate	(Sen)	15.0	16.0	18.0	–	**–**
- Amount (net of tax)	(RM'000)	162,398	173,918	195,141	–	**–**
• Share dividend	(No. of shares)	–	–	–	3 for 50	*****

** In respect of the financial year ended 30 June 2015: 3 for 50 distributed on 8 August 2014, 1 for 20 distributed on 26 March 2015 and 3 for 50 distributed on 2 July 2015.*









PARKSON NETWORK, AS AT 30 JUNE 2015

CHAIRMAN'S STATEMENT

TAN SRI WILLIAM H.J. CHENG
Chairman

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of Parkson Holdings Berhad ("PHB" or "the Group") for the financial year ended 30 June 2015.

FINANCIAL PERFORMANCE

Market conditions that confronted Asian retailers in the financial year under review were largely difficult amidst the global macroeconomic uncertainties. In the year 2014, the People's Republic of China ("PRC" or "China") recorded the weakest Gross Domestic Product growth rate of 7.4% for the past 24 years. In the emerging Southeast Asian markets, competition has intensified as retailers seize the opportunity to serve the rapidly growing middle-class population.

For the financial year under review, the Group continued to witness increasing complexities in the market place with the rapidly evolving retailing environment, ever more demanding and sophisticated consumers, growing competition and rising costs. Amidst this challenging operating environment, the Group had registered the following results for the financial year ended 30 June 2015:

- Marginally higher gross sales proceeds of RM11.9 billion, up by 3% as compared to RM11.6 billion in the previous year; and
- Lower segment profit of RM191 million, down by 41% as compared to RM327 million in the previous year.

Nevertheless, the Group's financial position as at 30 June 2015 remains healthy with a cash position of RM2.8 billion and shareholders' funds of RM2.5 billion. This position of strength will allow the Group to build sustainable growth in the future and also explore merger and acquisition opportunities.

CORPORATE DEVELOPMENTS

During and subsequent to the financial year, the Group had undertaken the following significant corporate events:

(i) In January 2015, the Group completed the disposal of KL Festival City Mall for a cash consideration of RM349 million.

(ii) On 12 October 2015, PHB announced that the proposed internal reorganisation of the group structure of PHB which entails the proposed disposal of the Group's entire equity interest in its Singapore-listed subsidiary, Parkson Retail Asia Limited to its Hong Kong-listed subsidiary, Parkson Retail Group Limited ("Proposed Internal Reorganisation"); and the proposed distribution of RM0.10 in cash to all entitled shareholders of PHB, will not proceed as one of the conditions precedent for the Proposed Internal Reorganisation was not met.

REVIEW OF OPERATIONS

The Group is principally engaged in the operation of the "Parkson" and "Centro" brands department stores. Its stores offer a wide range of internationally renowned brands of fashion and lifestyle related merchandise focusing on four main categories namely, *Fashion & Apparel*, *Cosmetics & Accessories*, *Household & Electrical*, and *Groceries & Perishables*, targeting the young and contemporary market segment.

The retail businesses of the Group are mainly undertaken by the two listed subsidiaries, namely Parkson Retail Group Limited, listed on the Stock Exchange of Hong Kong Limited, which operates *Parkson* department stores in China; and Parkson Retail Asia Limited, listed on the Singapore Exchange Securities Trading Limited that houses all our retail stores in Southeast Asia. The year witnessed the growth of the Group's portfolio from 120 stores at the beginning of the financial year to 126 stores as at 30 June 2015.

The number of owned and managed stores and the performance in each location are as follows:

	Number of Stores	
(As at 30 June)	**2015**	**2014**
Malaysia (Parkson)	**42**	39
China (Parkson)	**60**	57
Vietnam and Myanmar (Parkson)	**10**	10
Indonesia (Centro and Parkson)	**14**	14
	126	120

	Revenue		Segment Profit/(Loss)	
(RM Million)	**2015**	**2014**	**2015**	**2014**
Retail operations in:				
- Malaysia	**862**	861	**89**	106
- China	**2,496**	2,401	**127**	223
- Vietnam and Myanmar	**124**	115	**(17)**	(12)
- Indonesia	**157**	138	**(10)**	6
	3,639	3,515	**189**	323
Property and others	**103**	44	**2**	4
Less: Inter-segment	**(3)**	(5)	**–**	–
	3,739	3,554	**191**	327

("Segment profit/(loss)" refers to operating profit/(loss) before employee share-based payments, interests, share of results of associates and joint ventures, income tax expense and non-recurring items)

Malaysia (Parkson)

Our local Parkson operations reported a negative same store sales ("SSS") growth of 4.5% (2014: -0.1%) for the current financial year as consumer sentiments were affected by the depreciating currency and rising cost of living due to the government's subsidy rationalisation programmes, the central bank's actions to curb household debts and the implementation of the Goods and Services Tax ("GST") on 1 April 2015.

To further strengthen its operations and network, Parkson Malaysia added 3 stores to its chain by taking up anchor tenant spaces in IOI City Mall (Putrajaya), Perda City Mall (Seberang Prai) and Imago Shopping Mall (Kota Kinabalu). These new stores have increased our domestic network coverage to 42 stores as at 30 June 2015.

For the financial year under review, the Group continued its strategy of expanding and enhancing its merchandise offerings. Through collaboration with internationally renowned brands such as *Kent*, *Geoffrey Beene*, *Trucco*, *The Class* and *Pepe Jeans* on exclusive basis, the Group aims to offer its customers the latest range of products in the market ahead of its competitors. The launch of private labels; *MARQ*, *MAVE* and *Estela* will improve the competitiveness of our stores and at the same time, strengthen the Group's profit margin.

China (Parkson)

Against the backdrop of market slowdown and weakened consumer sentiments, the PRC government's austerity measures further affected discretionary spending in China. Aggravated by intense competition from different retail formats such as e-commerce, group discount shopping, new forms of shopping malls and specialty stores, Parkson China reported a negative SSS growth of 6% for the financial year under review.

Despite the challenges brought on by the new retail environment in China, the Group sees ample opportunities for retail business to progress. Looking ahead, the Group seeks to transform its business from a traditional department store to a lifestyle concept retail business and is rolling out the following business plans and strategies to ensure that it is able to maximise all opportunities while meeting the challenges:

- **Laying the Foundation**

  Customers in the PRC, especially the emerging middle class in growing cities, are increasingly looking for lifestyle experiences encompassing shopping, dining and entertainment. As such, the Group is bringing in lifestyle elements to its store network through the introduction of food and beverage ("F&B") brands and broadening its product offerings with the launch of a new gourmet supermarket brand to cater to the needs of the elite group of customers looking for high quality imported and local food products.

The Group is also strengthening its merchandise resources through the introduction of international brands and development of private labels. New additions of international brands to the Group's distribution list include *FRNCH, Alma En Pena, Tous Fragrance, Cocomojo, Redeye* and *Tom Tailor*; whilst introducing own private labels such as *Weekender Messages, Zie Zac* and *Serena* to the PRC market.

The Group recorded an encouraging increase in active VIP card member base following the launch of its new customer loyalty card programme during the financial year. New shopping and lifestyle privileges, including the use of VIP lounges in our stores, exclusive event invitations and attractive bonus points redemption scheme are offered to the VIP members. The new loyalty programme aims at attracting existing and new VIP members for repeat patronage.

In line with our lifestyle concept retail business, the Group will open lifestyle shopping malls in cities with high growth potential, and transform some of its existing stores into lifestyle shopping malls. At the same time, the Group will continue to work closely with real estate industry leaders to open new stores in their successful shopping malls.

- **Gaining Momentum**

  The Group believes the future of retail lies in both traditional and online shopping. The integration of both online and offline businesses will cater to affluent customers who seek a well-rounded service. The Group will continue to introduce creative omni-channel marketing campaigns such as promotions through *Tencent's WeChat* platform and the collaboration with *Dianping.com* to enhance our brand positioning and drive sales.

  As at 30 June 2015, the Group operates 60 stores across 34 cities in the PRC. In view of the different development stages of PRC cities, the Group is classifying its markets into three categories, namely, prime stores, up and coming stores, and fashion outlets. The Group will modify its product mix to meet localised market demands. One of our new strategies is to convert stores in some cities into fashion outlets to capture a distinct group of middle class customers who desire value for money products.

Vietnam and Myanmar (Parkson)

The Group's operations in Vietnam continued to encounter weak discretionary spending compounded by the entry of competing retailers in the northern cities of Hanoi and Hai Phong. This was however countered by the positive growth registered by our stores in Ho Chi Minh City despite the increasingly competitive environment, which have helped buffer our overall performance in Vietnam. For the financial year under review, Parkson Vietnam recorded a negative SSS growth of 5%.

During the financial year, the Group made the bold decision to close *Parkson Landmark 72* in Hanoi which had been loss-making since its opening. As such, a one-off provision for contingent expenses of approximately RM171 million due to early termination of the said lease was made during the financial year. Nevertheless, the Group remains positive on the retail market in Vietnam as evident from the opening of a flagship store in Danang in January 2015. As at 30 June 2015, Parkson Vietnam has a network of 9 stores (inclusive of 3 managed stores), with 6 in Ho Chi Minh City and one each in Hanoi, Hai Phong and Danang.

Our only store in Myanmar recorded a strong ramp-up in sales in its second year of operations with a SSS growth of 22%. The Group plans to open more stores in Myanmar to capture the rising consumption growth in the country.

Indonesia (Parkson, Centro and Kem Chicks)

The robust consumer spending supported by the emerging middle class and young population in the country has enabled our Indonesian operations to deliver a strong SSS growth of 8%. However, losses were posted in the current year under review due largely to the losses incurred by the new stores.

The Group currently has an extensive network of stores in Indonesia, spanning across Medan, Bali and major cities in the Java island. The Group is on track to open more stores where we are targeting the underserved markets in the country's first-tier and second-tier cities. By establishing our presence across the different major cities and towns, we continually reach out to our customers with the best offerings and wider brand and product choices.

Property and Others

The increase in revenue for this Division was mainly contributed by the Group's newly acquired food and beverage ("F&B") businesses. This new contribution has mitigated the loss in rental income from KL Festival City Mall which was disposed of during the financial year.

Following the complete acquisition of the 60% equity interest in AUM Hospitality Sdn Bhd together with its group of companies in October 2014, the Group now operates and manages F&B outlets ranging from coffeehouse, restaurant to bar, namely *Johnny Rockets, Franco, The Library Coffee Bar* and *Quiznos*. The Group's foray into the F&B sector was a good strategy and complemented the retail business of the Group, contributing positively to its profits.

In November 2014, the Group had commenced business operations in the consumer financing business under the name of *Parkson Credit* which provides customers the convenience of purchasing products, namely motorcycles and household appliances via easy payment instalments.

DIVIDENDS

Share dividends approved in respect of the financial year ended **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;

- A total of 50,954,468 treasury shares were distributed as share dividend on 26 March 2015 on the basis of one (1) treasury share for every twenty (20) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded; and

- A total of 61,839,781 treasury shares were distributed as share dividend on 2 July 2015 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.

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 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.

SUSTAINABILITY

The Group is moving towards a more comprehensive Sustainability reporting based on the Global Reporting Initiative (GRI) to address the challenges, opportunities and interests of our workplace, marketplace, community and the environment. This reflects our commitment towards good corporate governance and the sustainability of our business operations.

Community

Corporate Social Responsibility is an integral part of our business ethos with the Group ever mindful of its role as a corporate citizen in contributing to society while enhancing the bottom-line and stakeholders' value. The Group is focused on helping the community to advance through education and medical care via the two Foundations established by Lion Group of Companies of which the Group is a member.

The Lion-Parkson Foundation disburses funds for various needs such as education, charity and scientific research; and every year, offers scholarships to undergraduates in the local universities. The Foundation had organised a charity run in September 2014 to raise funds for the construction of phases 2 and 3 of the Home for Handicapped and Mentally Disabled

Children in Selangor. The Lion Group Medical Assistance Fund provides financial assistance to the less fortunate suffering from critical illnesses who require medical treatment including surgery, purchase of medical equipment and medication. The Fund also sponsors community health programmes such as medical camps, and the purchase of dialysis machines for Dialysis Centres providing subsidised treatment to those suffering from kidney failure.

The Group also organises its yearly Back-To-School Charity Drive with Parkson stores nationwide providing collection bins for the public to donate essential school items such as uniforms, shoes and stationery, which are distributed to needy school children throughout the country.

Environment

Under its *Parkson Cares My Park* programme, the Group had adopted parks in various states with the objective to maintain the parks for the enjoyment and benefit of the surrounding communities. The programme involved restoration, enhancement and upgrading the facilities to improve the condition of the parks and recreational amenities in promoting a green environment and healthier lifestyle for the public.

Parkson's commitment to preserving the environment is also reflected in its line of environmentally friendly woven bags made from recycled plastic bottles and participation in the 'No Plastic Bag Day' adopted by several states to reduce the use of plastic bags.

Marketplace

Following the implementation of the Personal Data Protection Act, 2010 in 2014, the Group has embarked on a Group Data Protection Framework that aims to put in place, more efficient controls to facilitate compliance with the Act.

We have reinforced corporate values and good business ethics through the formalisation of policies namely, Integrity & Fraud Risk, Group Procurement, Code of Business Practices, Competition, and Whistleblower Policies which also seek to reach out to stakeholders in the marketplace via increased transparency with the policies published on our corporate website.

In line with the implementation of GST on 1 April 2015, the Group had undertaken the necessary action including employee training, reviewing standard operating procedures and upgrading the existing accounting software to ensure compliance with the tax.

Workplace

We recognise our employees as key assets, hence managing talent at all levels is a key priority. Our Human Resource (HR) policies and guidelines comply with all relevant legislations and have been designed to ensure that our workplace embraces diversity, inclusion, equality and innovation. Above all, we expect honesty, integrity and respect to be exhibited in our dealings and interactions within and outside the Group.

The Group's efforts to attract, develop, motivate and retain its employees are pursued within the ambit of five HR strategic focus areas or pillars – Talent Management, Rewards, Capability Building, HR Operational Excellence and Employee Engagement.

The following are key highlights of our efforts to create a healthy and conducive work-place:

- **Talent Acquisition**

  We assess applicants for employment in our Group of Companies based on objective criteria regardless of their ethnic background, gender, age, religion, disability or any factors which do not have bearing on job requirements. Lion-Parkson scholarship programme builds a healthy pipeline of talent for our businesses.

- **Talent Development**

  We take stock of talent requirements for our businesses and ensure that our employees are developed and progressed to senior and challenging roles within the Company and Group.

- **Capability Building**

  We provide learning and development opportunities in respect of technical, functional and behaviour competencies for our employees in line with their job requirements and career aspirations. Learning interventions are delivered on-the-job, via formal events and continuing education.

- **Reward and Performance**

  We review and implement remuneration practices that are externally competitive and internally fair and equitable. Our reward process is closely linked to performance management process; our employees can expect to receive salary adjustments and bonus awards which directly relate to their performance and contributions.

- **HR Operational Excellence**

  We continue to streamline, standardise and simplify our HR policies and processes in line with the requirements of our global organisation. To this end, we will be implementing LionPeople Global HR Information System (HRIS) in 2016. This initiative will take our people management agenda to the next level.

- **Employee Engagement**

  We espouse the requirement to engage and listen to our employees in order to create a conducive, happy and productive workplace. We create forums to enable effective employee engagement such as town hall meetings, "lunch & learn", festival open houses, sports and recreation activities/pursuits. Such engagements address both work and social requirements of our employees.

- **Safety & Health in the Workplace**

  The safety and health of our employees is vital to our businesses, hence we actively promote a safe and healthy culture. We ensure training and equipment are in place to prevent accidents and injuries at all times. Incidents are taken seriously; they are investigated and appropriate actions taken to prevent recurrence.

- **Employee Code of Conduct**

  We appraise our employees on the Group's Code of Conduct and the need to conduct business at the highest ethical standards. We adopt zero tolerance to bribery and corrupt practices or behaviours that may bring disrepute to the Group or its employees.

PROSPECTS

The economic slowdown and the rise of the e-commerce sector in **China** are expected to persist for some time. However, the Group sees opportunities from the growing purchasing power of the young and affluent middle to upper class which would accelerate domestic consumption and coupled with the Group's transformation strategies, offer prospects for a brighter future. The Group strongly believes that it can meet the present challenges and welcomes the opportunities that lie ahead.

The Group's retailing operations in the **Southeast Asian** region are anticipated to remain challenging in the near future. Our local Parkson operations are expected to experience a drag from the soft consumer sentiments amid concerns over rising cost of living whilst Parkson Vietnam will continue to be impacted by the change in the competitive retail landscape. Nevertheless, the robust domestic demand and middle class population growth in Indonesia will continue to drive our performance and deliver encouraging results.

BOARD OF DIRECTORS

The Board would like to extend its warm welcome to Ms Cheng Hui Yen, Natalie on her appointment as the Executive Director of the Company subsequent to the financial year. Ms Cheng's involvement and experience in retail merchandising will be of invaluable contribution to the Group's business.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to extend my sincere thanks and appreciation to all our valued customers, suppliers, financiers, business associates, Government authorities and shareholders for their continued support, co-operation and confidence in the Group.

I would also like to convey my sincere appreciation and gratitude to my fellow Directors for their invaluable guidance and contribution throughout the year as well as to record my appreciation to our employees at all levels for their dedication, commitment and contribution to the Group.

TAN SRI WILLIAM H.J. CHENG
Chairman

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Parkson Holdings Berhad ("PHB" atau "Kumpulan") bagi tahun kewangan berakhir 30 Jun 2015.

PRESTASI KEWANGAN

Bagi tahun kewangan dalam kajian, peruncit-peruncit di Asia berdepan dengan keadaan pasaran yang sebahagian besarnya menyukarkan di tengah-tengah makroekonomi global yang tidak menentu. Pada tahun 2014, Republik Rakyat China ("PRC" atau "China") mencatatkan Keluaran Dalam Negeri Kasar paling lemah sebanyak 7.4% sejak tempoh 24 tahun lalu. Di negara-negara pasaran baru muncul di Asia Tenggara, persaingan semakin sengit apabila peruncit-peruncit merebut peluang untuk menawarkan perkhidmatan mereka kepada penduduk kelas pertengahan yang pesat berkembang.

Dalam tempoh yang sama, Kumpulan terus menyaksikan pasaran peruncitan menjadi semakin rumit dengan persekitaran yang pesat berkembang, cita rasa pengguna yang kian pelbagai dan canggih, persaingan yang semakin sengit dan kenaikan kos. Dalam persekitaran operasi yang mencabar ini, Kumpulan telah mencatatkan keputusan berikut bagi tahun kewangan berakhir 30 Jun 2015:

- Hasil jualan kasar lebih tinggi sedikit sebanyak RM11.9 bilion, meningkat sebanyak 3% berbanding RM11.6 bilion pada tahun sebelumnya; dan
- Keuntungan segmen yang lebih rendah sebanyak RM191 juta, jatuh sebanyak 41% berbanding dengan RM327 juta pada tahun sebelumnya.

Meskipun begitu, kedudukan kewangan Kumpulan sehingga 30 Jun 2015 kekal baik dengan pegangan tunai sebanyak RM2.8 bilion dan dana pemegang saham sebanyak RM2.5 bilion. Ini membolehkan Kumpulan mencatat pertumbuhan yang mampan pada masa depan dan juga menerokai peluang-peluang penggabungan dan pengambilalihan.

PERKEMBANGAN KORPORAT

Semasa dan berikutan dengan tahun kewangan, Kumpulan telah melaksanakan peristiwa-peristiwa korporat yang penting seperti berikut:

(i) Pada bulan Januari 2015, Kumpulan telah selesai melupuskan KL Festival City Mall melibatkan pertimbangan tunai sebanyak RM349 juta.

(ii) Pada 12 Oktober 2015, PHB telah mengumumkan bahawa cadangan penyusunan semula struktur dalaman kumpulan PHB yang melibatkan cadangan penjualan keseluruhan kepentingan ekuiti dalam anak syarikat yang tersenarai di Singapura, Parkson Retail Asia Limited kepada anak syarikat yang tersenarai di Hong Kong, Parkson Retail Group Limited ("Cadangan Penyusunan Semula Dalaman"); dan cadangan pengagihan tunai sebanyak RM0.10 kepada kesemua pemegang saham PHB yang layak tidak akan diteruskan kerana salah satu daripada syarat-syarat terdahulu untuk Cadangan Penyusunan Semula Dalaman itu tidak dipenuhi.

KAJIAN OPERASI

Kumpulan terlibat dalam mengendalikan operasi gedung beli-belah jenama "Parkson" dan "Centro". Gedung-gedung ini menawarkan rangkaian meluas pelbagai jenama fesyen antarabangsa terkemuka dan barangan gaya hidup yang berkaitan dengan menumpukan kepada empat kategori utama iaitu, *Fesyen & Pakaian*, *Kosmetik & Aksesori*, *Kelengkapan Rumah & Barangan Elektrik*, dan *Barangan Makanan & Barangan Mudah Rosak*, dengan menyasarkan kepada segmen pasaran golongan muda dan kontemporari.

Perniagaan peruncitan Kumpulan dikendalikan terutamanya oleh dua buah anak syarikat senaraian awam iaitu Parkson Retail Group Limited, tersenarai di Stock Exchange of Hong Kong Limited, yang mengendalikan gedung beli-belah *Parkson* di China; dan Parkson Retail Asia Limited, tersenarai di Singapore Exchange Securities Trading Limited, yang menaungi kesemua gedung peruncitan kita di Asia Tenggara. Tahun kewangan ini menyaksikan portfolio Kumpulan menokok daripada 120 buah gedung pada awal tahun kewangan kepada 126 buah gedung pada 30 Jun 2015.

Bilangan gedung yang dimiliki dan diuruskan serta prestasi di setiap lokasi adalah seperti berikut:

(Sehingga 30 Jun)	Bilangan Gedung Beli-Belah	
	2015	**2014**
Malaysia (Parkson)	**42**	39
China (Parkson)	**60**	57
Vietnam dan Myanmar (Parkson)	**10**	10
Indonesia (Centro dan Parkson)	**14**	14
	126	120

(RM Juta)	Pendapatan		Segmen Untung/(Rugi)	
	2015	**2014**	**2015**	**2014**
Operasi peruncitan di:				
- Malaysia	**862**	861	**89**	106
- China	**2,496**	2,401	**127**	223
- Vietnam dan Myanmar	**124**	115	**(17)**	(12)
- Indonesia	**157**	138	**(10)**	6
	3,639	3,515	**189**	323
Hartanah dan lain-lain	**103**	44	**2**	4
Tolak: Antara segmen	**(3)**	(5)	**–**	–
	3,739	3,554	**191**	327

(“Segmen untung/(rugi)” merujuk kepada untung/(rugi) operasi sebelum pembayaran berasaskan saham pekerja, faedah, hasil keputusan kewangan syarikat-syarikat bersekutu dan usaha sama, perbelanjaan cukai pendapatan dan barangan tidak berulang)

Malaysia (Parkson)

Operasi Parkson di Malaysia mencatatkan pertumbuhan negatif bagi jualan gedung yang sama (“SSS”) sebanyak 4.5% (2014: -0.1%) dalam tahun kewangan semasa apabila sentimen pengguna terjejas akibat penyusutan nilai mata wang dan peningkatan kos sara hidup berikutan pelaksanaan program rasionalisasi subsidi kerajaan, tindakan diambil oleh bank pusat untuk membendung hutang isi rumah dan pelaksanaan Cukai Barangan dan Perkhidmatan (“GST”) pada 1 April 2015.

Untuk memantapkan lagi operasi dan rangkaiannya, Parkson Malaysia menambah 3 buah gedung lagi dengan menjadi penyewa utama di IOI City Mall (Putrajaya), Perda City Mall (Seberang Prai) dan Imago Shopping Mall (Kota Kinabalu). Gedung-gedung baru ini telah meningkatkan liputan rangkaian dalam negara kita kepada 42 buah gedung pada 30 Jun 2015.

Bagi tahun kewangan dalam kajian, Kumpulan meneruskan strategi untuk memperluas dan meningkatkan penawaran barangannya. Melalui kerjasama eksklusif dengan jenama terkenal antarabangsa seperti *Kent*, *Geoffrey Beene*, *Trucco*, *The Class* dan *Pepe Jeans*, Kumpulan menyasarkan untuk menawarkan kepada pelanggan pelbagai produk terbaharu di pasaran lebih awal daripada pesaingnya. Pelancaran label persendirian; *MARQ*, *MAVE* dan *Estela* akan meningkatkan daya saing gedung kita dan pada masa yang sama, mengukuhkan margin keuntungan Kumpulan.

China (Parkson)

Di sebalik pertumbuhan perlahan pasaran dan sentimen pengguna yang lemah, langkah-langkah jimat cermat Kerajaan China menjejaskan lagi perbelanjaan secara berhemah di negara itu. Keadaan itu diburukkan lagi oleh persaingan sengit daripada peruncitan cara lain seperti e-dagang, diskaun membeli-belah berkumpulan, pusat membeli-belah bentuk baharu dan gedung-gedung khusus, sehingga menyebabkan Parkson China melaporkan pertumbuhan SSS yang negatif sebanyak 6% bagi tahun kewangan dalam kajian.

Di sebalik cabaran yang dihadapi oleh persekitaran peruncitan yang baharu di China, Kumpulan melihat adanya banyak peluang untuk perniagaan peruncitan berkembang. Melihat ke hadapan, Kumpulan berusaha untuk mengubah perniagaannya daripada gedung beli-belah tradisional kepada perniagaan peruncitan berkonsep gaya hidup dan sedang melancarkan pelan perniagaan dan strategi berikut untuk memastikan ia mampu memaksimumkan kesemua peluang sambil mendepani cabaran-cabaran yang ada:

- **Membina Asas Pertumbuhan**

  Para pelanggan di China terutamanya kelas pertengahan yang baru muncul di bandar-bandar yang sedang berkembang semakin mementingkan pengalaman gaya hidup baharu yang merangkumi aktiviti membeli-belah, makan-minum dan hiburan. Oleh itu, Kumpulan membawa masuk unsur-unsur gaya hidup berkenaan kepada rangkaian gedung beli-belahnya melalui pengenalan jenama makanan dan minuman ("F & B") dan memperluas penawaran produknya dengan pelancaran pasar raya *gourmet* yang baharu untuk memenuhi keperluan kumpulan pelanggan elit yang menginginkan produk import dan produk makanan tempatan berkualiti tinggi.

  Kumpulan juga mengukuhkan sumber barangannya melalui pengenalan jenama-jenama antarabangsa dan memajukan label persendirian. Penambahan baru yang melibatkan jenama-jenama antarabangsa ke dalam senarai pengedaran Kumpulan termasuk *FRNCH*, *Alma En Pena*, *Tous Fragrance*, *Cocomojo*, *Redeye* dan *Tom Tailor*; sambil memperkenalkan label persendirian seperti *Weekender Messages*, *Zie Zac* dan *Serena* ke pasaran China.

  Kumpulan mencatatkan peningkatan bilangan ahli VIP aktif yang memberangsangkan selepas pelancaran program kad kesetiaan pelanggan baru dalam tahun kewangan ini. Keistimewaan beli-belah dan gaya hidup yang baharu, termasuk penggunaan "lounge" VIP di gedung kita, jemputan ke acara-acara eksklusif dan skim penebusan mata ganjaran yang menarik ditawarkan kepada ahli-ahli VIP. Program kesetiaan yang baru ini menyasarkan kepada usaha menarik ahli VIP yang baru dan sedia ada untuk kembali berkunjung ke gedung beli-belah kita.

  Selari dengan perniagaan runcit berkonsepkan gaya hidup, Kumpulan akan membuka pusat membeli-belah gaya hidup baharu di bandar-bandar yang berpotensi mencatatkan pertumbuhan tinggi, dan mengubah sebahagian gedung sedia ada kepada pusat membeli-belah dengan gaya hidup. Pada masa yang sama, Kumpulan akan terus bekerjasama dengan para peneraju industri hartanah untuk membuka gedung-gedung baru dalam pusat membeli-belah mereka yang berjaya.

- **Semakin Diterima**

  Kumpulan percaya masa depan peruncitan terletak kepada kedua-dua kaedah membeli-belah secara tradisional dan juga atas talian. Integrasi kedua-dua medium perniagaan atas talian dan luar talian ini akan memenuhi kehendak pengguna yang berpengaruh dan yang mahukan perkhidmatan tanpa sekatan. Kumpulan akan terus memperkenalkan kempen pemasaran kreatif "omni – channel" seperti promosi melalui platform *Tencent WeChat* dan kerjasama dengan *Dianping.com* untuk meningkatkan posisi jenama kita dan memacu jualan.

  Setakat 30 Jun 2015, Kumpulan mengendalikan 60 buah gedung di 34 buah bandar di China. Memandangkan peringkat pembangunan bandar yang berbeza-beza, Kumpulan mengklasifikasikan pasarannya kepada tiga kategori iaitu gedung utama, gedung maju (up and coming) dan outlet fesyen. Kumpulan akan mengubah campuran penawaran produk untuk memenuhi permintaan pasaran setempat. Salah satu daripada strategi baru kita ialah menukar beberapa gedung di sesetengah bandar kepada outlet fesyen untuk menarik kumpulan tertentu dalam kalangan pelanggan kelas pertengahan yang inginkan produk berbaloi dengan wang yang mereka belanjakan.

Vietnam dan Myanmar (Parkson)

Operasi Kumpulan di Vietnam terus berdepan dengan aktiviti berbelanja secara berhemah yang lemah dalam kalangan warga negara itu selain diburukkan dengan kemasukan peruncit yang menjadi pesaing di bandar-bandar utara Hanoi dan Hai Phong. Keadaan ini, bagaimanapun, diatasi dengan pertumbuhan positif yang dicatatkan oleh gedung-gedung kita di Bandar Raya Ho Chi Minh meskipun persekitaran yang semakin kompetitif, sekaligus membantu menampan prestasi keseluruhan kita di Vietnam. Bagi tahun kewangan dalam kajian, Parkson Vietnam mencatatkan pertumbuhan SSS yang negatif sebanyak 5%.

Dalam tahun kewangan, Kumpulan telah mengambil satu keputusan berani apabila menutup *Parkson Landmark 72* di Hanoi yang mengalami kerugian sejak mula dibuka lagi. Oleh itu, peruntukan tidak berulang untuk perbelanjaan luar jangkaan berjumlah RM171 juta kerana penamatan awal pajakan telah dibuat dalam tahun kewangan. Kumpulan, bagaimanapun, kekal positif terhadap potensi pasaran peruncitan di Vietnam seperti yang dibuktikan melalui pembukaan sebuah gedung utama di Danang pada bulan Januari 2015. Pada 30 Jun 2015, Parkson Vietnam mempunyai rangkaian 9 buah gedung (termasuk 3 buah gedung yang dikendalikan sendiri), dengan 6 buah di Bandar Raya Ho Chi Minh dan masing-masing sebuah di Hanoi, Hai Phong dan Danang.

Gedung tunggal kita di Myanmar mencatatkan jualan yang kukuh pada tahun kedua operasi dengan pertumbuhan SSS sebanyak 22%. Kumpulan merancang untuk membuka lebih banyak gedung di Myanmar untuk merebut peluang pertumbuhan berikutan penggunaan yang semakin meningkat di negara ini.

Indonesia (Parkson, Centro dan Kem Chicks)

Perbelanjaan pengguna yang pesat disokong oleh kemunculan kelas pertengahan dan golongan muda di negara ini telah membolehkan operasi kita di Indonesia mencapai pertumbuhan SSS yang kukuh sebanyak 8%. Walau bagaimanapun, disebabkan kebanyakan gedung baru yang mengalami kerugian, kerugian telah dicatatkan pada tahun kewangan ini.

Kumpulan kini mempunyai serangkaian luas gedung di Indonesia, merentasi Medan, Bali dan bandar-bandar utama di pulau Jawa. Kumpulan mempunyai perancangan untuk membuka lebih banyak gedung di kawasan yang terpinggir di bandar-bandar tahap pertama dan tahap kedua. Dengan melebarkan tapak di bandar-bandar utama dan kota-kota yang berlainan, kita meneruskan usaha mendekati para pelanggan dengan penawaran terbaik, serta jenama dan pilihan produk yang lebih meluas.

Hartanah dan lain-lain

Peningkatan pendapatan Bahagian ini disumbangkan terutamanya oleh perniagaan makanan dan minuman ("F&B") yang baru diambilalih oleh Kumpulan. Sumbangan baru ini mengurangkan kerugian daripada kehilangan pendapatan sewa dari *KL Festival City Mall* yang telah dijual dalam tahun kewangan.

Berikutan dengan selesainya pengambilalihan sebanyak 60% kepentingan ekuiti dalam AUM Hospitality Sdn Bhd bersama-sama dengan kumpulan syarikat-syarikatnya pada bulan Oktober 2014, Kumpulan kini mengendali dan menguruskan outlet F&B yang terdiri daripada *coffee house*, restoran hinggalah bar iaitu *Johnny Rockets*, *Franco*, *The Library Coffee Bar* dan *Quiznos*. Pembabitan Kumpulan dalam sektor F&B merupakan satu strategi yang baik dan menjadi pelengkap kepada perniagaan peruncitan Kumpulan, untuk memberikan sumbangan positif kepada keuntungannya.

Pada bulan November 2014, Kumpulan telah memulakan operasi perniagaan menawarkan pembiayaan kepada pengguna di bawah nama *Parkson Kredit* yang membolehkan para pelanggan membeli produk seperti motosikal dan perkakas rumah secara bayaran ansuran mudah.

<u>DIVIDEN</u>

Dividen saham yang diluluskan pada tahun kewangan berakhir **30 Jun 2015**:

- Sejumlah 61,703,857 saham perbendaharaan diagihkan sebagai dividen saham pada 8 Ogos 2014 pada asas tiga (3) saham perbendaharaan untuk setiap lima puluh (50) saham biasa bernilai RM1.00 sesaham yang dipegang dalam Syarikat, pecahan saham perbendaharaan diabaikan;

- Sejumlah 50,954,468 saham perbendaharaan diagihkan sebagai dividen saham pada 26 Mac 2015 pada asas satu (1) saham perbendaharaan untuk setiap dua puluh (20) saham biasa bernilai RM1.00 sesaham yang dipegang dalam Syarikat, pecahan saham perbendaharaan diabaikan; dan

- Sejumlah 61,839,781 saham perbendaharaan diagihkan sebagai dividen saham pada 2 Julai 2015 pada asas tiga (3) saham perbendaharaan untuk setiap lima puluh (50) saham biasa bernilai RM1.00 sesaham yang dipegang dalam Syarikat, pecahan saham perbendaharaan diabaikan.

Bagi tahun kewangan berakhir **30 Jun 2014**, sebanyak 61,078,145 saham perbendaharaan telah diagihkan sebagai dividen saham pada 25 April 2014 pada asas tiga (3) saham perbendaharaan untuk setiap lima puluh (50) saham biasa bernilai RM1.00 sesaham yang dipegang dalam Syarikat, pecahan saham perbendaharaan diabaikan.

KELESTARIAN

Kumpulan kini berusaha melaksanakan pelaporan Kelestarian secara lebih komprehensif berdasarkan Inisiatif Pelaporan Global (GRI) dalam menangani cabaran, peluang dan kepentingan tempat kerja, pasaran, komuniti dan alam sekitar. Ini menggambarkan komitmen kita ke arah tadbir urus korporat yang baik dan kemapanan operasi perniagaan.

Komuniti

Ketika mengendalikan operasi perniagaan, Kumpulan sentiasa sedar akan tanggungjawabnya sebagai warga korporat dalam menyumbang kepada masyarakat, di samping meningkatkan keuntungan dan nilai pemegang kepentingan. Kumpulan menumpukan kepada usaha membantu masyarakat mencapai kemajuan melalui pendidikan dan rawatan perubatan menerusi dua buah yayasan yang diasaskan oleh Syarikat-syarikat Kumpulan Lion di mana Kumpulan menjadi ahli.

Yayasan Lion-Parkson mengagihkan dana untuk pelbagai keperluan seperti pendidikan, kebajikan dan penyelidikan saintifik; dan setiap tahun, menawarkan biasiswa kepada mahasiswa di universiti-universiti tempatan. Yayasan telah menganjurkan satu larian amal pada bulan September 2014 untuk mengumpul dana bagi pembinaan fasa 2 dan 3 Rumah Untuk Kanak-kanak Cacat dan Terencat Akal di Selangor. Tabung Bantuan Perubatan Kumpulan Lion pula menyediakan bantuan kewangan kepada golongan kurang bernasib baik yang menderita penyakit kritikal dan memerlukan rawatan perubatan termasuk pembedahan, pembelian peralatan perubatan dan ubat-ubatan. Tabung ini juga menaja program kesihatan masyarakat seperti kem perubatan dan pembelian mesin dialisis untuk pusat dialisis yang menyediakan rawatan subsidi kepada para pesakit buah pinggang.

Kumpulan juga menganjurkan program amal tahunan *'Back-To-School'* bersama gedung-gedung Parkson di seluruh negara dengan menyediakan tong pengumpulan untuk orang ramai menderma barang-barang keperluan sekolah seperti pakaian seragam, kasut dan alat tulis untuk disumbangkan kepada kanak-kanak sekolah yang memerlukan di seluruh negara.

Alam Sekitar

Di bawah program *Parkson Cares My Park*, Kumpulan telah menjadikan beberapa taman di negeri-negeri tertentu sebagai 'taman angkat' dengan memulihara taman-taman ini untuk masyarakat setempat memanfaat dan menikmati kemudahannya. Program ini melibatkan pemulihan, peningkatan dan menaik taraf taman-taman ini dan kemudahan rekreasi yang terdapat bagi menggalakkan persekitaran yang hijau dan gaya hidup sihat kepada orang ramai.

Komitmen Parkson dalam memulihara alam sekitar juga terserlah melalui rangkaian beg tenunan mesra alam yang diperbuat daripada botol plastik kitar semula dan pembabitannya dalam *'No Plastic Bag Day'* yang diterapkan di beberapa negeri untuk mengurangkan penggunaan beg plastik.

Dalam Pasaran

Berikutan pelaksanaan Akta Perlindungan Data Peribadi, 2010 pada tahun 2014, Kumpulan telah melaksanakan Rangka Kerja Pelindungan Data Kumpulan yang bertujuan mewujudkan kawalan yang lebih efisien untuk memudahkan cara pematuhan Akta tersebut.

Kita telah memantapkan lagi nilai-nilai korporat dan etika perniagaan baik dengan merumuskan polisi-polisi antara lain. Polisi Integriti & Risiko Penipuan, Pemerolehan Kumpulan, Kod Amalan Perniagaan, Persaingan dan Pemberi Maklumat yang juga merupakan usaha untuk mendekati pihak pemegang kepentingan di pasaran dengan peningkatan ketelusan melalui polisi-polisi yang dipaparkan di laman web korporat kita.

Selaras dengan pelaksanaan GST pada 1 April 2015, Kumpulan telah melaksanakan tindakan yang perlu termasuk latihan pekerja, mengkaji semula prosedur operasi standard dan menaik taraf perisian perakaunan yang sedia ada bagi memastikan pematuhan cukai.

Tempat Kerja

Kakitangan adalah aset utama, oleh itu pengurusan bakat di semua peringkat menjadi keutamaan. Dasar dan garis panduan Sumber Manusia ("HR") kita mematuhi semua peraturan yang berkaitan dan bertujuan untuk memastikan tempat kerja merangkumi kepelbagaian, penyertaan, kesaksamaan dan inovasi. Paling penting, kita mengharapkan kejujuran, integriti dan sifat saling menghormati diterapkan dalam semua urusan dan interaksi kita, baik di dalam mahupun di luar Kumpulan.

Usaha Kumpulan untuk menarik, mengekal dan memotivasikan pekerja dilakukan di bawah lima bidang tumpuan strategik atau tunggak HR iaitu Ganjaran, Pembangunan Bakat, Pembangunan Keupayaan, Kecemerlangan Operasi HR dan Penglibatan Pekerja.

Berikut merupakan tumpuan utama usaha kita untuk membentuk tempat kerja yang sihat dan persekitaran yang sesuai:

- **Pencarian Bakat**

  Kita menilai pemohon yang ingin mendapatkan pekerjaan dalam Kumpulan Syarikat-syarikat kita berdasarkan kriteria yang objektif tanpa mengira latar belakang etnik, jantina, umur, agama, kecacatan atau sebarang faktor yang tiada kaitan dengan keperluan pekerjaan. Program biasiswa Lion- Parkson merupakan satu saluran yang baik dalam mendapatkan bakat-bakat baharu untuk operasi kita.

- **Pembangunan Bakat**

  Kita mengambil kira keperluan tenaga mahir untuk perniagaan dan memastikan kakitangan kita berpeluang mengembangkan karier ke jawatan kanan dan yang lebih mencabar dalam Syarikat dan Kumpulan.

- **Membina Keupayaan**

  Kita menyediakan peluang pembelajaran dan pembangunan berkenaan dengan teknikal, kecekapan fungsi dan tingkah laku untuk kakitangan kita selaras dengan keperluan pekerjaan mereka dan aspirasi kerjaya. Intervensi pembelajaran berlangsung di tempat kerja, melalui acara-acara rasmi dan pendidikan berterusan.

- **Ganjaran dan Prestasi**

  Kita mengkaji semula dan melaksanakan amalan imbuhan yang kompetitif jika dibandingkan dengan pihak luar dan juga adil dan saksama di peringkat dalaman. Proses ganjaran kita berkait rapat dengan proses pengurusan prestasi; para pekerja kita boleh mengharapkan pelarasan gaji dan anugerah bonus seiring dengan prestasi dan sumbangan mereka.

- **Kecemerlangan Operasi HR**

  Kita terus memperkemaskan, menyeragamkan dan memudahkan dasar dan proses HR selaras dengan keperluan organisasi global kita. Untuk tujuan ini, kita akan melaksanakan Sistem Maklumat HR Global LionPeople (HRIS) pada tahun 2016. Inisiatif ini akan meningkatkan agenda pengurusan warga kerja kita ke tahap yang seterusnya.

- **Penglibatan Pekerja**

  Kita memberi perhatian penting kepada keperluan untuk melibatkan diri dan mendengar suara hati kakitangan kita dalam usaha mewujudkan tempat kerja yang kondusif, gembira dan produktif. Kita mewujudkan pelbagai forum yang menyaksikan penglibatan pekerja secara berkesan seperti perjumpaan *"town hall"*, *"lunch & learn"*, pengajuran rumah terbuka ketika perayaan, aktiviti/kegiatan sukan dan rekreasi. Penglibatan seupama ini mengisi kedua-dua keperluan pekerjaan dan sosial para pekerja kita.

- **Keselamatan dan Kesihatan di Tempat Kerja**

  Keselamatan dan kesihatan para pekerja adalah penting untuk perniagaan kita, maka kita secara aktif menggalakkan budaya kerja yang selamat dan sihat. Kita memastikan latihan dan peralatan tersedia untuk mengelakkan kemalangan dan kecederaan daripada berlaku setiap ketika. Sebarang insiden diambil serius; disiasat dan tindakan sewajarnya diambil untuk mengelakkannya berulang.

- **Kod Etika Pekerja**

  Kita menilai kakitangan kita berdasarkan Kod Tatalaku Kumpulan dan keperluan untuk menjalankan perniagaan mengikut piawaian etika yang tertinggi. Kita mengamalkan toleransi sifar ke atas amalan rasuah dan korup atau tingkah laku yang mendatangkan keburukan kepada Kumpulan atau pekerjanya.

PROSPEK

Kelembapan ekonomi dan peningkatan sektor e-dagang di **China** dijangka berterusan untuk satu jangka masa. Kumpulan, bagaimanapun, melihat terdapatnya peluang daripada peningkatan kuasa beli dalam kalangan golongan muda, kelas pertengahan dan atasan yang berpengaruh yang dapat mempercepatkan penggunaan dalam negara bersama-sama strategi transformasi Kumpulan, menawarkan prospek masa depan yang lebih cerah. Kumpulan yakin bahawa ia mampu mendepani cabaran semasa dan merebut peluang yang ada di hadapan.

Operasi peruncitan Kumpulan di rantau **Asia Tenggara** dijangka kekal mencabar dalam jangka masa terdekat. Operasi Parkson di Malaysia dijangka mengalami pertumbuhan perlahan kerana sentimen pengguna yang lemah di tengah-tengah kebimbangan terhadap kenaikan kos sara hidup manakala Parkson Vietnam akan terus terjejas dengan perubahan dalam landskap peruncitan yang kompetitif. Walau bagaimanapun, kepesatan yang berlaku dalam permintaan domestik dan pertumbuhan penduduk kelas pertengahan di Indonesia akan terus memacu prestasi kita untuk memberikan hasil yang menggalakkan.

LEMBAGA PENGARAH

Lembaga Pengarah mengalu-alukan pelantikan Cik Cheng Hui Yen, Natalie sebagai Pengarah Eksekutif Syarikat dalam tahun kewangan seterusnya. Penglibatan dan pengalaman Cik Cheng dalam dagangan peruncitan akan memberikan sumbangan yang tidak ternilai kepada perniagaan Kumpulan.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada para pelanggan, pembekal, pembiaya kewangan, sekutu perniagaan, pihak berkuasa Kerajaan dan pemegang saham atas sokongan berterusan, kerjasama dan keyakinan kepada Kumpulan.

Saya juga ingin merakamkan setinggi-tinggi penghargaan dan rasa terhutang budi kepada rakan-rakan Pengarah atas bimbingan dan sumbangan yang tidak ternilai yang diberikan sepanjang tahun kewangan. Tidak dilupakan penghargaan saya kepada semua warga kerja di semua peringkat atas dedikasi, komitmen dan sumbangan mereka kepada Kumpulan.

TAN SRI WILLIAM H.J. CHENG
Pengerusi


主席报告

我谨代表董事会，欣然提呈百盛控股有限公司 (“百盛控股” 或 “本集团”) 截至2015年6月30日会计年度的常年报告和经审核财务报告。

财务表现

在本会计年度，由于全球总体经济变化无常，亚洲零售商面对的市场情况大体上是困难的。在2014年，中国的国内生产总值仅达7.4%，为24年来新低。在东南亚各新兴市场，竞争日渐激烈因为零售业者都把握机会为迅速增加的中产阶级人口服务。

在本会计年度，在零售环境迅速演变，消费者要求更多和更精明、竞争日益激烈以及成本上升的环境下，本集团再次见证日益复杂的市场。在这种具挑战性的营业环境之下，本集团在截至2015年6月30日的会计年度取得如下业绩：

- 销售所得款额略为增加，为119亿令吉，比上一年度的116亿令吉增长3%；以及
- 较低的各组利润，为1亿9千100万令吉，比上一年度的3亿2千700万令吉减少41%。

虽然如此，本集团在2015年6月30日的财务状况仍然健全，拥有28亿令吉的净现金和25亿令吉的股东基金。这样的实力将为本集团建立可持续的增长，以及探讨合并与收购的机会。

公司发展

在本会计年度期间及期后，本集团进行下述的重大企业事项：

(i) 在2015年1月，本集团完成脱售吉隆坡百乐广场，取得3亿4千900万令吉的现金。

(ii) 百盛控股在2015年10月12日公布，由于其中一项建议内部重组的先决条件不通过，百盛控股将不会继续以下建议，即建议对百盛控股结构进行内部重组，脱售本集团持有在新加坡上市的 Parkson Retail Asia Limited 给在香港上市的百盛商业集团有限公司 (“建议内部重组”)；及建议分配10仙的现金给所有有权享有股息的百盛控股的股东。

业务检讨

本集团主要是从事 “百盛” 和 “Centro” 品牌的百货公司的业务。本集团提供一系列与时尚及生活方式有关的国际知名牌子的商品，主要集中在四类商品即*时装与服装*、*化妆品与装饰品*、*家庭用品与电器用品*以及*食品杂货和生鲜商品*，目标瞄准年轻人和当代市场领域。

本集团的零售业务主要由两家上市子公司负责经营，即在香港股票交易所上市的百盛商业集团有限公司，负责在中国经营 “Parkson” 品牌的百货公司；以及在新加坡股票交易所上市的 Parkson Retail Asia Limited，负责经营我们在东南亚的全部零售百货公司。本年度见证其业务的成长，百货公司从本会计年度开始时的120间增加至2015年6月30日的126间。

本集团在每一地点拥有和管理的百货公司的数目及其业务表现如下：

	百货公司数目	
(在6月30日)	**2015**	**2014**
马来西亚（百盛）	**42**	39
中国（百盛）	**60**	57
越南和缅甸（百盛）	**10**	10
印尼（Centro和百盛）	**14**	14
	126	120

	营业额		各组利润/(亏损)	
（单位：百万令吉）	**2015**	**2014**	**2015**	**2014**
零售业务：				
- 马来西亚	**862**	861	**89**	106
- 中国	**2,496**	2,401	**127**	223
- 越南和缅甸	**124**	115	**(17)**	(12)
- 印尼	**157**	138	**(10)**	6
	3,639	3,515	**189**	323
产业和其他	**103**	44	**2**	4
减去：各组之间交易	**(3)**	(5)	**–**	–
	3,739	3,554	**191**	327

(“各组利润/(亏损)“，是指在还未把雇员股份开支、利息、分享联号和联营公司的业绩、所得税开支和一次过的项目计算在内的营业利润/(亏损))

马来西亚（百盛）

在本会计年度，我们本地的百盛业务取得-4.5%的同店销售增长(2014年度：-0.1%)，这是由于消费者情绪受到马币贬值、政府推行津贴合理化计划而生活费上涨、中央银行采取行动抑制家庭债务，以及政府在2015年4月1日起实施消费税的影响。

为了进一步加强业务与网络，马来西亚百盛在其连锁店网络中增加3间百货公司，即在 IOI City Mall (布城)、Perda City Mall (北赖) 和 Imago Shopping Mall (哥打京那峇鲁) 成为旗舰租户。这些新的百货公司，使到在2015年6月30日时，我们在本地的百货公司增加至42间。

在本会计年度，本集团继续其扩大及加强所提供的商品的策略。通过和国际知名品牌的合作，包括成为 *Kent*、*Geoffrey Beene*、*Trucco*、*The Class* 和 *Pepe Jeans* 的专卖店，本集团的目的是要领先竞争者，为顾客提供最新的产品系列。所推介的自有品牌包括 *MARQ*、*MAVE* 和 *Estela* 将改善我们的百货公司的竞争能力，同时加强本集团的利润率。

中国（百盛）

在市场放慢和消费者情绪疲弱的背景之下，中国政府采取节约措施进一步影响中国人民的可自由支配开支。加上来自不同的零售形式的竞争，诸如电子商务、集体折扣购物、新形式的购物广场和专门店等，中国百盛在本会计年度取得-6%的同店销售增长。

尽管在中国面对新零售环境的挑战，本集团认为零售业还有发展的大好机会。展望未来，本集团将会从传统的百货商转型为时尚生活概念零售商，并推出下述的商业计划和策略以确保在应付挑战的同时能够把所有机会极大化：

- **奠定基础**

  中国顾客在购物，餐饮及娱乐方面渐讲求时尚体验，居于快速增长城市的新兴中产阶级尤其如是。因此，本集团通过引进餐饮品牌为其百货店网络注入时尚生活元素，通过推出一项崭新的精品超市品牌扩充其产品供应满足追求高质量进口及本地食品的高端客户。

  本集团也正通过分销国际品牌及推出自有品牌以丰富其商品资源。本集团分销业务中引入一批新的国际品牌包括 *FRNCH*、*Alma En Pena*、*Tous Fragrance*、*Cocomojo*、*Redeye* 和 *Tom Tailor*；同时向中国市场推介自有品牌诸如 *Weekender Messages*、*Zie Zac* 和 *Serena*。

  在本会计年度，本集团推介全新的会员卡计划，活跃贵宾会员的增加令人鼓舞。本集团提供贵宾会员崭新购物和时尚礼遇，包括专用旗下门店的贵宾厅，参与会员专享的推广活动及享有诱人的积分折扣。此全新的贵宾计划将吸引新旧贵宾再次在门店消费。

  本集团将在具有巨大增长潜力的城市开设时尚购物中心，与旗下时尚生活概念零售业务相辅相成，并推动部分现有门店转型为时尚购物中心。同时，本集团将继续与领先的房地产商紧密合作，让旗下新店进驻它们著名的购物中心。

- **增添发展动力**

  本集团相信推动零售业务的长远发展，关键在于运用传统及创新两手，结合线上及线下业务的双引擎，迎合富裕顾客对周全服务的需求。本集团也继续推出具创意的全渠道营销活动，诸如通过腾讯的微信平台促销和与 *Dianping.com* 合作，以提升品牌地位及推高销售额。

  截止2015年6月30日，本集团经营60间百货公司，遍及中国34个城市。有见于中国城市正处于不同的发展阶段，本集团将旗下市场分为三个类别，包括优质店、优晋店与时尚专门店，并会调整产品组合，务求迎合当地市场需求。本集团的其中一项新策略是推动部分城市的门店转型为时尚专门店，重点争取追求物超所值产品的中产阶级顾客。

越南和缅甸（百盛）

本集团在越南的营业继续因为消费者疲弱和谨慎花费，加上在北部城市河内和海防由于受到竞争的零售商加入市场，而受到影响。然而，我们在胡志明市的各家百货公司尽管面对日益激烈的竞争环境却取得积极的增长并协助缓冲我们在越南的整体表现。在本会计年度，越南百盛取得-5%的同店销售增长。

在本会计年度，本集团作出了果断的决定关闭在河内自开业以来就一直蒙受亏损的 *Parkson Landmark 72*。这样一来，本集团因提前终止此租约，在本年度提拨一次过的偶开发支大约1亿7千100万令吉。无论如何，本集团对于越南的零售市场仍然持正面看法，这可以从我们在2015年1月在岘港开设旗舰百货公司反映出来。越南百盛共有9间百货公司（包括3间管理百货公司），6间在胡志明市，河内、海防及岘港各一间。

我们在缅甸开设的唯一一间百货公司，在营业的第二年业绩突飞猛进，录得22%的同店销售增长。本集团打算在缅甸开设更多百货公司以便把握该国日益上升的消费增长。

印尼（百盛、Centro 和 Kem Chicks）

新兴中产阶级和年轻的人口，使印尼消费者开支得到蓬勃发展。我们在印尼的业务录得强劲的8%的同店销售增长。不过，由于新开的百货公司挂失，本组在本会计年度蒙受亏损。

本集团目前在印尼拥有广大的百货公司网络，分布在棉兰、峇厘和爪哇岛各大城市。本集团正按照计划开设更多百货公司，目标是在该国目前百货公司缺乏的第一级和第二级城市。我们在印尼各不同的大城市和市镇遍开百货公司，提供最佳的商品和广泛的品牌及产品选择为顾客服务。

产业和其他

这组的营业额增加主要是来自本集团新收购的餐饮业的贡献。这项新的贡献缓和了由于失去了来自吉隆坡百乐广场的租金收入的损失。吉隆坡百乐广场是本在会计年度内出售。

随着在2014年10月完成收购 AUM Hospitality Sdn Bhd 以及其属下各公司的60%股权，本集团目前经营和管理餐饮商店，包括咖啡馆、餐馆和酒吧，即*Johnny Rockets*、*Franco*、*The Library Coffee Bar* 及 *Quiznos*。本集团进军餐饮业是一项好策略，是对本集团的零售业的辅助，为本集团的盈利作出积极贡献。

在2014年11月，本集团开始了消费者融资业的商业运作，取名 *Parkson Credit*，提供顾客通过简易分期付款方便购买产品，诸如摩多西卡和家用设备。

股息

就2015年6月30日的会计年度经批准的股票股息如下：

- 2014年8月8日，总共发出61,703,857股库存股作为股票股息，分发的基础按在公司持有的每股1.00令吉的普通股每50股分配3股库存股，库存股不足1股者不计；
- 2015年3月26日，总共发出50,954,468股库存股作为股票股息，分发的基础按在公司持有的每股1.00令吉的普通股每20股分配1股库存股，库存股不足1股者不计；及
- 2015年7月2日，总共发出61,839,781股库存股作为股票股息，分发的基础按在公司持有的每股1.00令吉的普通股每50股分配3股库存股，库存股不足1股者不计。

本公司在2014年4月25日，就2014年6月30日的会计年度，总共发出61,078,145股库存股作为股票股息，分发的基础按在公司持有的每股1.00令吉的普通股每50股分配3股库存股，库存股不足1股者不计。

可持续性

本集团根据“全球报告倡议”，朝向更全面性的可持续性报告，以应对我们的工作场所、市场、社区和环境所面对的挑战、机会和利益。这反映我们的承诺，朝向更好的企业管理方法和我们的商业营运的可持续性。

社区

企业社会责任是我们的商业精神特质的组成部分，本集团一向明瞭其作为企业公民的角色，是在加强账本底线的价值和利益相关者的价值的同时，对社会作出贡献。本集团集中在通过教育和医疗照顾协助社区进步，我们是通过由金狮集团（本集团是其中一个成员）设立的两项基金进行教育和医疗照顾工作。

金狮-百盛基金派发基金充作各种需要，诸如教育、慈善和科学研究；每一年，基金提供奖学金给在本地大学深造的本科生。基金在2014年9月主办义跑，以便为设在雪兰莪的“残障和智障儿童之家”进行第二期和第三期的兴建工程筹款。金狮集团医药援助基金为患重病需要医药治疗（包括动手术、购买医药器材和药品）的贫穷人士提供财务援助。这项基金也赞助健康计划，诸如主办医药营，为向肾病患者提供津贴治疗的洗肾中心购买洗肾机等。

本集团也继续主办常年的“回校慈善运动”，在全国各地的百盛百货公司放置收集箱，让公众人士捐献基本的学校用品，诸如校服、鞋子和文具，然后分发给全国各地有需要的学童。

环境

本集团在 “百盛关心我的公园”的计划下，在各州 “领养”公园，目的是要维持有关公园，让周围的社区享用和受惠。这项计划涉及修复、加强和提升设施，以改善公园和休闲设施的情况，促进绿色环境，为公众人士带来更健康的生活方式。

百盛之矢言保护环境，也反映在它使用利用再循环的塑胶瓶制成的环保机织袋，以及参与几个州推行的 “无塑胶袋日”，以减少对塑胶袋的使用。

市场

随着在2014年落实的2010年个人资料保护法令，本集团已制定了集团资料保护架构，以便达到更有效的控制，遵守相关法令的规定。

我们也通过制定一些政策，比如廉正与欺诈风险、集团采购、商业行为守则、竞争及告密者政策，加强企业价值与奉行良好的商业道德，同时也通过在我们的企业网站公布这些政策以提高透明度，让市场上的利益相关者同样遵守这些政策。

配合在2015年4月1日实施的消费税，本集团已采取相应的措施，包括员工培训、审查标准作业程序和优化现有的会计软件，以确保符合税务的要求 。

工作场所

我们认为我们的雇员是资产，因此管理各阶层的人才是要务。我们的人力资源政策和指南，符合所有法规，其设计是确保我们的工作场所包括多元性，包容性、平等和创新。最重要的是，我们要确保在本集团的内部和对外的交易与互动展现真诚、廉正和尊重。

本集团致力于吸引、发展、激发和保留其雇员，是在人力资源的5个策略集中区域或支柱的范畴内进行 – 人才管理、奖掖、建立能力、人力资源营运优越以及雇员接触。

以下是我们致力于创造健全和建设性工作场所的努力的重点：

- **引进人才**

  我们根据客观标准来评估到本集团属下各公司求职的申请者，而不理会他们的种族、性别、年龄、宗教信仰，是否残缺以及和工作要求没有关系的其他因素。金狮-百盛奖学金计划，为我们的业务建立了健全的人才来源管道。

- **人才发展**

  我们重视我们的业务的人才要求，确保我们的雇员得到发展和晋升到在本公司和本集团内担任高级职员及负起挑战性任务。

- **建立能力**

  我们为雇员们提供学习和发展的机会，包括技术、功能及行为能力，以符合他们的工作要求和职业生涯抱负，学习是通过正常的重大事件和持续教育在职进行。

- **奖掖和表现**

  我们检讨和实施的薪酬措施，对外具有竞争性，对内公平和平等。我们给的薪酬，与表现管理程序息息相关；我们的雇员可以预期，能够得到和他们的表现和贡献直接相关的调薪和花红。

- **人力资源营运优越**

  我们继续合理化、标准化和简化我们的人力资源政策与程序，以符合我们作为全球性机构的要求，为了达到这个目标，我们将在2016年实施“金狮民众全球人力资源资讯系统”。这项倡议将把我们的民众管理议程提升到另一个层次。

- **雇员接触**

  我们深信和雇员接触和倾听他们的心声的需要，以便创造具有建设性、愉快和生产性的工作场所。我们设立论坛，和雇员进行有效接触，诸如会议、″午餐兼学习″、节日开放门户、体育、和休闲活动/娱乐。这类接触迎合了我们的雇员的工作和社交需求。

- **工作场所的安全和健康**

  我们的雇员的安全和健康，对于我们的业务非常重要，因此我们积极推动安全和健康文化。我们确保训练与配备就位，以便在任何时候都防止意外和受伤。意外事件受到高度重视；它们受到调查和采取适当行动，以防止再度发生。

- **雇员行为准则**

  我们根据本集团的行为准则和根据最高道德标准的要求来推行业务来评估我们的雇员。我们采取绝不容忍贿赂和贪污的做法或行为的立场，因为那些行为会使本集团或其雇员蒙羞。

展望

中国经济放缓及电子商贸业务兴起的趋势将会持续一段时间。然而，随着年轻富裕中高收入阶层的购买力与日俱增，为本集团提供机会以加速中国国内的消费，加上本集团的转型策略，提供了光明前途的展望。本集团深信其有能力面对目前的挑战，同时会迎接未来涌现的机遇。

本集团在东南亚地区的零售业务预料在近期内仍将充满挑战。随着人们关注生活费用日益高涨，我们在本地的百盛业务预料将会受到消费者的情绪疲软所拖累，而越南百盛将会继续因零售市场竞争情景的改变而受到影响。然而，印尼强劲的国内需求以及中产阶级人口的增加将继续推动我们的表现和带来令人鼓舞的业绩。

董事部

董事部热烈欢迎锺惠严小姐在下一个会计年度被委任为本公司的执行董事。锺小姐参与零售商务和在这个领域的经验，对本集团的业务将会有很大的贡献。

鸣谢

我谨代表董事会，真诚感谢所有尊贵的客户、供应商、商业伙伴、政府机构以及股东们，感谢他们继续给予本集团支持与合作，以及对本集团具有信心。

我也要深切赞扬和感谢董事们，在过去一年来给予宝贵的指导与贡献。我同时感谢各阶层的所有雇员对本集团的贡献、承诺与服务。

主席
丹斯里锺廷森

FINANCIAL STATEMENTS
2015
For The Financial Year Ended 30 June 2015

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and of the Group during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(12,946)	(204,868)
Loss for the financial year attributable to:		
Owners of the parent	46,593	(204,868)
Non-controlling interests	(59,539)	–
	(12,946)	(204,868)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than, in respect of the Group:

(a) gain on disposal of non-current assets held for sale amounting to RM110,672,000;

(b) provision for contingent expenses amounting to RM170,813,000;

(c) provision for arbitral award in respect of tenancy agreement amounting to RM79,338,000; and

(d) impairment of deposits amounting to RM21,668,000; and

in respect of the Company, an allowance made for impairment loss on amounts due from subsidiaries of RM207,910,000 (2014: RM1,394,000,000).

DIVIDENDS

Share dividends approved in respect of the financial year ended 30 June 2015:

(a) The Company had during the current financial year distributed:

(i) a total of 61,703,857 treasury shares 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; and

(ii) a total of 50,954,468 treasury shares as share dividend on 26 March 2015 on the basis of one (1) treasury share for every twenty (20) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.

(b) The Company had on 2 July 2015 distributed a total of 61,839,781 treasury shares as share dividend 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.

The Directors do not recommend the payment of a final dividend in respect of the current financial year.

DIRECTORS

The Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri William H.J. Cheng
Cheng Hui Yen, Natalie (Appointed on 26 August 2015)
Tan Sri Abdul Rahman bin Mamat
Zainab binti Dato' Hj. Mohamed
Yeow Teck Chai
Ooi Kim Lai

In accordance with Article 98 of the Company's Articles of Association, Cik Zainab binti Dato' Hj. Mohamed retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

In accordance with Article 99 of the Company's Articles of Association, Ms Cheng Hui Yen, Natalie who was appointed subsequent to the financial year retires at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

Pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Tan Sri William H.J. Cheng retires and offers himself for re-appointment as Director of the Company to hold office until the next Annual General Meeting.

Mr Yeow Teck Chai who has served on the Board as an independent non-executive Director for more than nine years, retires at the forthcoming Annual General Meeting and the Company shall seek shareholders' approval for his retention as an independent non-executive Director.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as shown in Note 8(b) to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares in the Company during and at the end of the financial year are as follows:

	Number of ordinary shares of RM1.00 each			
	1.7.2014	**Acquired**	**Disposed**	**30.6.2015**
Tan Sri William H.J. Cheng				
Direct interest	258,050,652	78,539,224	–	336,589,876
Indirect interest	292,291,161	30,939,443	(46,949,438)	276,281,166
Ooi Kim Lai				
Direct interest	161	17	–	178

The interests of the Directors in office at the end of the financial year in shares in the related corporations during and at the end of the financial year are as follows:

	Nominal value per ordinary share	**1.7.2014**	**Number of shares Acquired**	**Disposed**	**30.6.2015**
Tan Sri William H.J. Cheng Direct Interest					
Parkson Retail Asia Limited ("Parkson Asia")	*	500,000	–	–	500,000
Tan Sri William H.J. Cheng Indirect Interest					
Kiara Innovasi Sdn Bhd	RM1.00	3,000,000	–	–	3,000,000
Parkson Asia	*	457,983,300	–	–	457,983,300
Parkson Retail Group Limited	HK$0.02	1,448,270,000	–	–	1,448,270,000
Parkson Myanmar Investment Company Pte Ltd	*	2,100,000	–	–	2,100,000

	Currency	**1.7.2014**	**Acquired**	**Disposed**	**30.6.2015**
Investments in the People's Republic of China					
Chongqing Wanyou Parkson Plaza Co Ltd	Rmb	24,500,000	–	–	24,500,000
Dalian Tianhe Parkson Shopping Centre Co Ltd	Rmb	60,000,000	–	–	60,000,000
Guizhou Shenqi Parkson Retail Development Co Ltd	Rmb	10,200,000	–	–	10,200,000
Qingdao No. 1 Parkson Co Ltd	Rmb	223,796,394	–	–	223,796,394
Wuxi Sanyang Parkson Plaza Co Ltd	Rmb	48,000,000	–	–	48,000,000
Xinjiang Youhao Parkson Development Co Ltd	Rmb	10,200,000	–	–	10,200,000
Investment in Vietnam					
Parkson Hanoi Co Ltd	US$	6,720,000	840,000	–	7,560,000

DIRECTORS' INTERESTS (continued)

	Nominal value per ordinary share	1.8.2014 [(a)]	Number of shares Acquired	Disposed	30.6.2015
Giftmate Sdn Bhd	RM1.00	120,000	–	–	120,000

	Nominal value per ordinary share	8.10.2014 [(b)]	Number of shares Acquired	Disposed	30.6.2015
AUM Hospitality Sdn Bhd	RM1.00	60,000	–	–	60,000
Fantastic Red Sdn Bhd	RM1.00	75,000	–	–	75,000
AUM Asiatic Restaurants Sdn Bhd	RM1.00	187,500	–	–	187,500
Urban Palette Sdn Bhd	RM1.00	720,000	–	–	720,000
The Opera Gastroclub Sdn Bhd	RM1.00	2,250,000	–	–	2,250,000
Collective Entity Sdn Bhd	RM1.00	300,000	–	–	300,000
Vertigo Dot My Sdn Bhd	RM1.00	60,000	–	–	60,000

	Nominal value per ordinary share	31.3.2015 [(c)]	Number of shares Acquired	Disposed	30.6.2015
Lion Food & Beverage Ventures Limited	Rmb1.00	3,640,000	–	–	3,640,000

	Nominal value per ordinary share	14.5.2015 [(d)]	Number of shares Acquired	Disposed	30.6.2015
Parkson Edutainment World Sdn Bhd	RM1.00	700,000	–	–	700,000

* Shares in companies incorporated in Singapore do not have a par value.
(a) Became a related corporation on 1 August 2014.
(b) Became related corporations on 8 October 2014.
(c) Date of subscription of shares.
(d) Became a related corporation on 14 May 2015.

Save as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during and at the end of the financial year.

TREASURY SHARES

During the financial year, the Company repurchased a total of 116,292,500 of its issued ordinary shares from the open market at an average price of RM2.30 per share. The total consideration paid for the repurchased shares including transaction costs was RM267,427,000. The repurchase transactions were 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 disclosed under "Dividends" paragraph in this Report, the Company has, during the financial year ended 30 June 2015, distributed a total of 112,658,325 treasury shares as share dividends.

As at 30 June 2015, the number of treasury shares held after deducting share dividends distributed were 63,141,861 shares and after deducting 61,839,781 treasury shares distributed as share dividend on 2 July 2015 as mentioned in Note 28(b)(ii) to the financial statements, the remaining treasury shares held were 1,302,080 shares. Further details are disclosed in Note 28 to the financial statements.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company became effective on 7 May 2008 and will expire on 6 May 2018 upon its renewal for a further period of five years from 7 May 2013 to 6 May 2018. The main features of the ESOS are set out in Note 30 to the financial statements.

The persons to whom the options have been granted have no right to participate, by virtue of the options, in any share issue of any other company.

The movements in the number of options granted, exercised and lapsed pursuant to the ESOS during the financial year are as follows:

Grant date	Subscription price per share	Number of options				
		1.7.2014	Granted	Exercised	Lapsed	30.6.2015
7 April 2010	RM5.31	70,000	–	–	–	70,000

OTHER STATUTORY INFORMATION

(a) Before the statements of profit or loss, the statements of other comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in respect of these financial statements; and

(ii) the values attributed to the current assets in these financial statements misleading.

OTHER STATUTORY INFORMATION (continued)

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

   (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 37 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 September 2015.

TAN SRI WILLIAM H.J. CHENG
Chairman and Managing Director

OOI KIM LAI
Director

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **Tan Sri William H.J. Cheng** and **Ooi Kim Lai**, being two of the Directors of **Parkson Holdings Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 59 to 190 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 45 to the financial statements on page 191 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 September 2015.

TAN SRI WILLIAM H.J. CHENG
Chairman and Managing Director

OOI KIM LAI
Director

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Tan Sri William H.J. Cheng**, the Director primarily responsible for the financial management of **Parkson Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 59 to 191 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **Tan Sri William H.J. Cheng**
at Kuala Lumpur in the Federal Territory
on 22 September 2015.

TAN SRI WILLIAM H.J. CHENG

Before me,

W530
TAN SEOK KETT
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PARKSON HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Parkson Holdings Berhad, which comprise the statements of financial position as at 30 June 2015 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 59 to 190.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of matter

We draw attention to Note 34(iv)(aa) to the financial statements which describes the uncertainty relating to the amount of provision made in relation to the early termination of a lease at Landmark 72, Hanoi by Parkson Hanoi Co Ltd. Our opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report the following:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) we have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) we are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) the auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 45 to the financial statements on page 191 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

LOW KHUNG LEONG
No. 2697/01/17(J)
Chartered Accountant

Kuala Lumpur, Malaysia
22 September 2015

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group 2015 RM'000	Group 2014 RM'000 (Restated)	Company 2015 RM'000	Company 2014 RM'000
Revenue	4	**3,739,179**	3,553,882	**–**	–
Other items of income					
Other income	5	**330,569**	294,724	**7,225**	229
Items of expense					
Purchase of goods and changes in inventories		**(1,275,980)**	(1,151,414)	**–**	–
Employee benefits expense	6	**(532,541)**	(448,898)	**(1,020)**	(743)
Depreciation and amortisation		**(298,306)**	(275,507)	**(27)**	(27)
Promotional and advertising expenses		**(99,969)**	(104,657)	**–**	–
Rental expenses		**(913,469)**	(866,846)	**–**	–
Allowance for impairment loss on amounts due from subsidiaries	21	**–**	–	**(207,910)**	(1,394,000)
Other expenses	8(d)	**(758,151)**	(677,984)	**(3,261)**	(3,355)
Operating profit/(loss)		**191,332**	323,300	**(204,993)**	(1,397,896)
Finance income	7	**106,408**	119,920	**1,100**	2,096
Finance costs	7	**(92,958)**	(80,124)	**(975)**	(88)
Share of results of associates		**156**	2,334	**–**	–
Share of results of joint ventures		**12,625**	17,074	**–**	–
Gain on disposal of non-current assets held for sale, net of real property gains tax ("RPGT")	27(b)	**110,672**	–	**–**	–
Provision for contingent expenses	34(iv)	**(170,813)**	–	**–**	–
Provision for arbitral award in respect of tenancy agreement	34(iv)	**(79,338)**	–	**–**	–
Impairment of deposits	25(ii)(b)	**(21,668)**	–	**–**	–
Profit/(loss) before tax	8	**56,416**	382,504	**(204,868)**	(1,395,888)
Income tax expense	9	**(69,362)**	(143,449)	**–**	(6)
(Loss)/profit for the financial year		**(12,946)**	239,055	**(204,868)**	(1,395,894)
(Loss)/profit for the financial year attributable to:					
Owners of the parent		**46,593**	138,148	**(204,868)**	(1,395,894)
Non-controlling interests		**(59,539)**	100,907	**–**	–
		(12,946)	239,055	**(204,868)**	(1,395,894)
Earnings per share attributable to owners of the parent (sen)					
Basic	11(a)	**4.42**	13.00		
Diluted	11(b)	**4.42**	13.00		

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
(Loss)/profit for the financial year	**(12,946)**	239,055	**(204,868)**	(1,395,894)
Other comprehensive income/(loss)				
Item that has been reclassified to profit or loss:				
Cumulative exchange differences on disposal of an associate	**2,620**	–	**–**	–
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income of an associate	**–**	54	**–**	–
Foreign currency translation	**556,355**	(2,734)	**–**	–
Other comprehensive income/(loss) for the financial year, net of tax	**558,975**	(2,680)	**–**	–
Total comprehensive income/(loss) for the financial year	**546,029**	236,375	**(204,868)**	(1,395,894)
Total comprehensive income/(loss) for the financial year attributable to:				
Owners of the parent	**358,016**	139,352	**(204,868)**	(1,395,894)
Non-controlling interests	**188,013**	97,023	**–**	–
	546,029	236,375	**(204,868)**	(1,395,894)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 RM'000	2014 RM'000 (Restated)	As at 1.7.2013 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	12	**2,483,081**	2,090,548	2,150,278
Investment properties	13	**204,931**	109,036	259,247
Intangible assets	14	**1,590,732**	1,336,182	1,344,035
Land use rights	15	**288,937**	255,163	262,379
Investments in associates	17	**1,246**	69,282	68,917
Investments in joint ventures	18	**39,423**	33,976	20,953
Deferred tax assets	19	**165,669**	123,509	101,569
Other assets	20	**1,194,478**	428,838	182,443
Investment securities	22	**30,245**	30,233	30,233
Derivatives	23	**52**	1,270	52
		5,998,794	4,478,037	4,420,106
Current assets				
Inventories	24	**359,358**	325,759	290,223
Trade and other receivables	25	**626,060**	809,743	834,135
Investment securities	22	**33,243**	55,684	57,514
Tax recoverable		**7,198**	6,957	10,106
Deposits, cash and bank balances	26	**2,785,599**	2,570,412	2,929,026
		3,811,458	3,768,555	4,121,004
Disposal group and non-current assets classified as held for sale	27	**13,093**	225,273	–
		3,824,551	3,993,828	4,121,004
Total assets		**9,823,345**	8,471,865	8,541,110
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	28	**1,093,902**	1,093,902	1,093,902
Share premium	28	**3,105,643**	3,536,816	3,731,416
Treasury shares	28	**(141,885)**	(166,672)	(58,172)
Other reserves	29	**(1,508,023)**	(1,944,620)	(2,018,313)
(Accumulated losses)/retained profits		**(37,181)**	61,119	2,940
		2,512,456	2,580,545	2,751,773
Non-controlling interests		**1,639,752**	1,600,719	1,621,802
Total equity		**4,152,208**	4,181,264	4,373,575

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015 (continued)

	Note	2015 RM'000	2014 RM'000 (Restated)	As at 1.7.2013 RM'000 (Restated)
Equity and liabilities (continued)				
Non-current liabilities				
Deferred tax liabilities	19	**149,581**	141,050	134,122
Loans and borrowings	31	**1,873,984**	1,575,169	1,579,669
Long term payables	33	**529,671**	322,630	214,959
		2,553,236	2,038,849	1,928,750
Current liabilities				
Trade and other payables and other liabilities	34	**2,437,916**	2,078,645	2,197,897
Loans and borrowings	31	**477,350**	143,452	20
Tax payables		**5,723**	29,655	40,868
		2,920,989	2,251,752	2,238,785
Liabilities directly associated with disposal group classified as held for sale	27	**196,912**	–	–
		3,117,901	2,251,752	2,238,785
Total liabilities		**5,671,137**	4,290,601	4,167,535
Total equity and liabilities		**9,823,345**	8,471,865	8,541,110

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 RM'000	2014 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	**27**	54
Intangible assets	14	**28**	28
Investments in subsidiaries	16	**23,951**	23,951
Amounts due from subsidiaries	21	**2,109,360**	2,411,962
		2,133,366	2,435,995
Current assets			
Trade and other receivables	25	**14,950**	14,418
Amounts due from subsidiaries	21	**1,729**	3,612
Tax recoverable		**699**	419
Deposits, cash and bank balances	26	**2,982**	8,904
		20,360	27,353
Total assets		**2,153,726**	2,463,348
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	28	**1,093,902**	1,093,902
Share premium	28	**3,105,643**	3,536,816
Treasury shares	28	**(141,885)**	(166,672)
Other reserves	29	**2,905,969**	2,905,969
Accumulated losses		**(5,115,917)**	(4,911,049)
Total equity		**1,847,712**	2,458,966
Non-current liability			
Loans and borrowings	31	**23**	46
Current liabilities			
Trade and other payables and other liabilities	34	**140,268**	4,311
Amounts due to subsidiaries		**131,123**	3
Loans and borrowings	31	**34,600**	22
		305,991	4,336
Total liabilities		**306,014**	4,382
Total equity and liabilities		**2,153,726**	2,463,348

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Share capital RM'000 (Note 28)	Share premium RM'000 (Note 28)	Treasury shares RM'000 (Note 28)	Other reserves RM'000 (Note 29)	(Accumulated) losses)/ retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		← Attributable to owners of the parent →							
		← Non-distributable →							
At 1 July 2014, restated		1,093,902	3,536,816	(166,672)	(1,944,620)	61,119	2,580,545	1,600,719	4,181,264
Total comprehensive income for the financial year		–	–	–	311,423	46,593	358,016	188,013	546,029
Transactions with owners									
Transfer to capital reserves		–	–	–	1,108	(1,108)	–	–	–
Purchase of treasury shares	28	–	–	(267,427)	–	–	(267,427)	(60,895)	(328,322)
Transfer to merger deficit		–	–	–	118,883	(118,883)	–	–	–
Cancellation of treasury shares by a subsidiary		–	–	–	5,183	(24,902)	(19,719)	–	(19,719)
Business combinations	16(a)	–	–	–	–	–	–	1,926	1,926
Dividends to non-controlling interests		–	–	–	–	–	–	(90,011)	(90,011)
Dividend paid - share dividends	10	–	(292,214)	292,214	–	–	–	–	–
Share dividend payable	10	–	(138,959)	–	–	–	(138,959)	–	(138,959)
Total transactions with owners		–	(431,173)	24,787	125,174	(144,893)	(426,105)	(148,980)	(575,085)
At 30 June 2015		1,093,902	3,105,643	(141,885)	(1,508,023)	(37,181)	2,512,456	1,639,752	4,152,208

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (continued)

	Note	Attributable to owners of the parent: Non-distributable: Share capital RM'000 (Note 28)	Share premium RM'000 (Note 28)	Treasury shares RM'000 (Note 28)	Other reserves RM'000 (Note 29)	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2013, as previously stated		1,093,902	3,731,416	(58,172)	(2,018,313)	10,318	2,759,151	1,625,336	4,384,487
Effects of prior year adjustments	44	–	–	–	–	(7,378)	(7,378)	(3,534)	(10,912)
At 1 July 2013, restated		1,093,902	3,731,416	(58,172)	(2,018,313)	2,940	2,751,773	1,621,802	4,373,575
Total comprehensive income for the financial year		–	–	–	1,204	138,148	139,352	97,023	236,375
Transactions with owners									
Transfer to capital reserves		–	–	–	2,052	(2,052)	–	–	–
Employee share options lapsed		–	–	–	(196)	196	–	–	–
Purchase of treasury shares	28	–	–	(303,100)	–	–	(303,100)	(32,229)	(335,329)
Transfer to merger deficit		–	–	–	68,082	(68,082)	–	–	–
Equity-settled share option arrangements granted by a subsidiary		–	–	–	1,799	–	1,799	1,653	3,452
Cancellation of treasury shares by a subsidiary		–	–	–	752	(10,031)	(9,279)	–	(9,279)
Dividends to non-controlling interests		–	–	–	–	–	–	(87,530)	(87,530)
Dividend paid - share dividend	10	–	(194,600)	194,600	–	–	–	–	–
Total transactions with owners		–	(194,600)	(108,500)	72,489	(79,969)	(310,580)	(118,106)	(428,686)
At 30 June 2014, restated		1,093,902	3,536,816	(166,672)	(1,944,620)	61,119	2,580,545	1,600,719	4,181,264

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	← Non-distributable			→		
		Share capital RM'000 (Note 28)	Share premium RM'000 (Note 28)	Treasury shares RM'000 (Note 28)	Other reserves RM'000 (Note 29)	Accumulated losses RM'000	Total equity RM'000
At 1 July 2014		**1,093,902**	**3,536,816**	**(166,672)**	**2,905,969**	**(4,911,049)**	**2,458,966**
Total comprehensive loss for the financial year		**–**	**–**	**–**	**–**	**(204,868)**	**(204,868)**
Transactions with owners							
Purchase of treasury shares	28	**–**	**–**	**(267,427)**	**–**	**–**	**(267,427)**
Dividend paid							
- share dividends	10	**–**	**(292,214)**	**292,214**	**–**	**–**	**–**
Share dividend payable	10	**–**	**(138,959)**	**–**	**–**	**–**	**(138,959)**
Total transactions with owners		**–**	**(431,173)**	**24,787**	**–**	**–**	**(406,386)**
At 30 June 2015		**1,093,902**	**3,105,643**	**(141,885)**	**2,905,969**	**(5,115,917)**	**1,847,712**
At 1 July 2013		1,093,902	3,731,416	(58,172)	2,905,969	(3,515,155)	4,157,960
Total comprehensive loss for the financial year		–	–	–	–	(1,395,894)	(1,395,894)
Transactions with owners							
Purchase of treasury shares	28	–	–	(303,100)	–	–	(303,100)
Dividend paid							
- share dividend	10	–	(194,600)	194,600	–	–	–
Total transactions with owners		–	(194,600)	(108,500)	–	–	(303,100)
At 30 June 2014		1,093,902	3,536,816	(166,672)	2,905,969	(4,911,049)	2,458,966

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Cash flows from operating activities				
Profit/(loss) before tax	**56,416**	382,504	**(204,868)**	(1,395,888)
Adjustments for:				
Allowance for impairment loss on amounts due from subsidiaries, net	**–**	–	**200,910**	1,394,000
Depreciation and amortisation	**298,306**	275,507	**27**	27
Amortisation of deferred lease expense and income, net	**5,647**	1,860	**–**	–
Write off of:				
- Property, plant and equipment	**7,179**	227	**–**	–
- Intangible assets	**43**	–	**–**	–
- Bad debts	**7**	–	**–**	–
Impairment loss on:				
- Property, plant and equipment	**–**	1,387	**–**	–
- Goodwill	**1,100**	2,400	**–**	–
Allowance for impairment loss on receivables, net	**32,038**	3,591	**–**	–
Write down of inventories	**–**	101	**–**	–
Unrealised exchange loss/(gain)	**2,069**	(5,249)	**–**	–
Loss on disposal of property, plant and equipment	**3,681**	7,076	**–**	–
Net fair value loss on a derivative	**1,218**	1,982	**–**	–
Employee share-based payments	**–**	3,452	**–**	–
Defined benefit plan	**317**	252	**–**	–
Gain on disposal of:				
- An associate	**(3,639)**	–	**–**	–
- Non-current assets held for sale, net of RPGT	**(110,672)**	–	**–**	–
Provision for:				
- Contingent expenses	**170,813**	–	**–**	–
- Arbitral award in respect of tenancy agreement	**79,338**	–	**–**	–
Share of results of associates	**(156)**	(2,334)	**–**	–
Share of results of joint ventures	**(12,625)**	(17,074)	**–**	–
Finance costs	**92,958**	80,124	**975**	88
Finance income	**(106,408)**	(119,920)	**(1,100)**	(2,096)
Dividend income from investment securities	**(1,422)**	(1,200)	**–**	–
Operating profit/(loss) before working capital changes	**516,208**	614,686	**(4,056)**	(3,869)
Changes in working capital:				
Inventories	**6,915**	(32,052)	**–**	–
Receivables and other assets	**(86,349)**	(101,163)	**103,574**	290,270
Payables	**(40,821)**	(31,540)	**128,118**	2,798
Cash flows generated from operations	**395,953**	449,931	**227,636**	289,199
Taxes paid	**(147,551)**	(168,054)	**(280)**	(498)
Interest paid	**(90,857)**	(79,451)	**(975)**	(88)
Interest received	**119,211**	107,380	**569**	1,494
Net cash flows generated from operating activities	**276,756**	309,806	**226,950**	290,107

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (continued)

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	**(361,419)**	(291,595)	**–**	–
Additions to investment properties	**(43,690)**	(10,801)	**–**	–
Additions to intangible assets	**(4,025)**	(1,054)	**–**	–
Proceeds from disposal of:				
- Non-current assets held for sale (Note 27(b))	**335,945**	–	**–**	–
- Property, plant and equipment	**5,854**	10,442	**–**	–
- An associate	**78,209**	–	**–**	–
Acquisition of subsidiaries, net of cash acquired	**(84,137)**	–	**–**	–
Acquisition of joint ventures	**(3,000)**	(16,300)	**–**	–
Acquisition of investment securities	**(12)**	–	**–**	–
Prepayment for acquisition of land and building	**(351,413)**	(110,366)	**–**	–
Dividends received from:				
- An associate	**80**	758	**–**	–
- A joint venture	**14,375**	19,919	**–**	–
- Investment securities	**222**	1,200	**–**	–
Purchase of call option	**–**	(3,200)	**–**	–
Proceeds from withdrawal of money market instruments	**27,481**	1,830	**–**	–
Changes in deposits with banks	**145,580**	100,604	**–**	–
Net cash flows used in investing activities	**(239,950)**	(298,563)	**–**	–
Cash flows from financing activities				
Dividends paid to non-controlling interests	**(90,011)**	(87,530)	**–**	–
Purchase of treasury shares	**(328,322)**	(335,329)	**(267,427)**	(303,100)
Proceeds from loans and borrowings	**412,289**	143,430	**–**	–
Repayment of loans and borrowings	**(105,941)**	–	**–**	–
Hire purchase principal payments	**(1,280)**	(21)	**(22)**	(21)
Net cash flows used in financing activities	**(113,265)**	(279,450)	**(267,449)**	(303,121)
Net decrease in cash and cash equivalents	**(76,459)**	(268,207)	**(40,499)**	(13,014)
Effects of changes in exchange rates	**124,820**	11,549	**–**	–
Cash and cash equivalents at 1 July	**923,906**	1,180,564	**8,904**	21,918
Cash and cash equivalents at 30 June (Note 26)	**972,267**	923,906	**(31,595)**	8,904

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and the principal place of business of the Company are both located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 16. There have been no significant changes in the nature of the principal activities of the Company and of the Group during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 September 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and amended MFRSs which are mandatory for annual periods beginning on or after 1 July 2014 as described fully in Note 2.2.

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

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2014, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual periods beginning on or after 1 July 2014.

Description

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, 12, 127: Investment Entities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21: Levies
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

The adoption of these standards and interpretation did not have a material impact on these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 116, 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116, 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10, 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 10, 12, 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017
MFRS 9: Financial Instruments	1 January 2018

The Directors expect that the adoption of the above standards will not have a material impact on the financial statements in the period of initial application, except as discussed below:

<u>MFRS 15 Revenue from Contracts with Customers</u>

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group and the Company are currently assessing the impact of MFRS 15 and plan to adopt the new standard on the required effective date. The Directors anticipate that the application of MFRS 15 will not have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

MFRS 9 Financial Instruments

In November 2014, Malaysian Accounting Standards Board issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The Group controls an investee if, and only if, the Group has:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation except when there are indications of impairment, unrealised losses are not eliminated.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the 'acquired' entity is reflected within equity as merger reserve/deficit. The profit or loss reflect the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

At each reporting date, the Group's retained profits for the immediate preceding financial year in relation to the entities under common control, after adjusting for proposed/declared dividend as at that date will be transferred to merger deficit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investments in associates and joint ventures

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of results of associates and joint ventures' in the Group's statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment and depreciation

Construction in progress, and plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Buildings	2% - 8%
Office equipment and vehicles	10% - 25%
Furniture, fittings and other equipment	10% - 20%
Renovations	10% - 20%

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

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Investment properties

Investment properties and investment properties under construction ("IPUC") are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. These investment properties are depreciated to write off the value over the unexpired lease terms ranging from 1.9% to 2.4% per annum (2014: 1.9% to 2.4% per annum). IPUC are not depreciated as they are not yet ready for their intended use.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

2.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit's ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Intangible assets (continued)

- **Customer relationships**

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

- **Computer software**

  Computer software of the Group is amortised on a straight-line basis over their estimated useful lives ranging from 3 to 8 years.

- **Club memberships**

  Club memberships are amortised on a straight-line basis over their estimated useful lives ranging from 25 to 99 years.

- **Brands**

  Brands represent supplier exclusive right for sales of goods and services to a chain of outlets by the Group. Brands are amortised on a straight-line basis over their estimated useful lives ranging from 11 to 12 years.

2.11 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised over their lease terms which ranged from 42 to 45 years (2014: 42 to 45 years).

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset. In this case, the impairment is recognised in OCI up to the amount of any previous revaluation.

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

2.12 Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually as at 30 June and also when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or groups of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.13 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

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

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs for loans and in cost of sales or other operating expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

Available-for-sale ("AFS") financial investments

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

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss as finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

Investments in equity investments whose fair values cannot be reliably measured are recognised at cost less impairment loss.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Derecognition (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(b) Impairment of financial assets (continued)

AFS financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(c) Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

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

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, with a maturity of three months or less. These may also include bank overdrafts (if any) that form an integral part of the cash management process.

2.15 Inventories

Inventories are valued at the lower of cost and net realisable value.

The cost of merchandise and consumables are determined using the weighted average method. The cost of merchandise and consumables comprise cost of purchase.

In determination of closing inventories, cost is calculated based on weighted average method.

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

2.16 Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risk and interest rate risk respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk);

- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as described below:

Fair value hedges

The change in the fair value of an interest rate hedging derivative is recognised in profit or loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss as finance costs.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term to maturity. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in OCI as hedging reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged finance income or finance expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

2.20 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in the normal operating cycle;

(ii) held primarily for the purpose of trading;

(iii) expected to be realised within twelve months after the reporting period; or

(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in the normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is due to be settled within twelve months after the reporting period; or

(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Pursuant to the relevant laws and regulations in the respective countries, the subsidiaries of the Group operating with employees are required to participate in the retirement benefit schemes organised by the local jurisdiction whereby the Group is required to contribute a certain percentage of the salaries of its employees to the retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to pay the ongoing required contributions. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions made to the defined contribution retirement benefits scheme are charged to profit or loss in the period in which the related service is performed.

(b) Defined benefit plan

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

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

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

(c) Employee share option plans

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognised together with a corresponding increase in share option reserve in equity over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The share option reserve is transferred to retained profits upon expiry of the share options. When the options are exercised, the share option reserve is transferred to share premium if new shares are issued, or to treasury shares if the options are satisfied by the issuance of treasury shares.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(a) As lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

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

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Foreign currency (continued)

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.24 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

(a) Sale of goods

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Revenue recognition (continued)

(b) Commissions from concessionaire sales

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

(c) Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included as finance income in profit or loss.

(d) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts and when the services are rendered.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(f) Promotion income and sales commissions

Promotion income and minimum guaranteed sales commissions are recognised according to the underlying contract terms with concessionaires and as these services have been provided in accordance therewith.

(g) Management, consultancy and credit card fees

Management, consultancy and credit card fees are recognised net of service taxes and discounts when the services are rendered.

(h) Revenue from customer loyalty award

Revenue from customer loyalty award is recognised when the obligation in respect of the award is fulfilled.

(i) Dividend income

Dividend income is recognised when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

(j) Revenue from restaurant operations

Revenue from sales of goods and services are recognised upon the delivery of products and customers' acceptance, if any, and performance of services.

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

2.25 Customer loyalty award

The Group operates loyalty programmes which allow customers to accumulate points when they purchase products in the Group's stores. The points can be redeemed for free or discounted goods from the Group's stores.

The Group allocates consideration received from the sale of goods to the goods sold and the points issued that are expected to be redeemed.

The consideration allocated to the points issued is measured at the fair value of the points. It is recognised as a liability (deferred revenue) in the statements of financial position and recognised as revenue when the points are redeemed, have expired or are no longer expected to be redeemed. The amount of revenue recognised is based on the number of points that have been redeemed, relative to the total number expected to be redeemed.

2.26 Income taxes

(a) Current tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Income taxes (continued)

(b) Deferred tax (continued)

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) Sales tax

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

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

- when receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Segmental reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Ordinary share capital and share issuance expenses

Equity instruments are any contracts that evidence a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.29 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Share options exercised during the reporting period are satisfied with treasury shares.

2.30 Contingencies

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

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

2.31 Fair value measurement

The Group measures financial instruments, such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.32 Disposal groups and non-current assets classified as held for sale

The Group classifies disposal groups and non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such disposal groups and non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale. Any differences are included in the statement of profit or loss.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification. Non-current assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

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

(i) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(ii) Operating lease commitments - the Group as lessee

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

(iii) Tax provisions

Determining tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is assessed periodically to take into account all the changes in tax legislation and practices.

(iv) De facto control over Odel PLC ("Odel")

The Group considers that it has no control over Odel even though it owned 47.5% of the voting rights. Although the Group was the single largest shareholder of Odel, 45% equity interests were held by 3 family shareholders. It might be possible that the 3 family shareholders to obtain some support from the remaining 7.5% shareholders to outvote the Group. In addition, the Group was not actively involved in the relevant activities of Odel, with 3 out of 8 directors appointed by the Group in Odel's board of directors.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

(ii) Share-based payment

The Group measures the cost of equity-settled transactions with employees by reference to fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and valuation models used are disclosed in Note 30.

(iii) Operating lease commitments - the Group as lessee

The Group has entered into commercial property leases for its retail stores business. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of relevant properties and so accounts for them as operating leases. A 5% difference in the minimum lease payments would result in approximately RM32,000,000 (2014: RM28,000,000) variance in the loss or profit (net of tax) for the financial year.

(iv) Useful lives of plant and equipment

Plant and equipment are depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 4 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A 10% difference in the average useful lives of these assets from management's estimates would result in approximately RM21,000,000 (2014: RM18,000,000) variance in the loss or profit (net of tax) for the financial year.

(v) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and of the Company's loans and receivables at the reporting date are disclosed in Note 25.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(vi) Impairment of goodwill and other intangibles

Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill and customer loyalty award are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 14.

(vii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future sales, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence, there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The Group has RM458,557,000 (2014: RM284,187,000) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group was able to recognise all unrecognised deferred tax assets, loss or profit and equity would have increased by RM110,336,000. Further details on taxes are disclosed in Note 19.

(viii) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(ix) Defined benefit plan

The cost of defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making certain assumptions which include discount rates, future salary increases and retirement age. Due to the complexity of the valuation, the underlying assumptions and its long term nature, defined benefit obligations are sensitive to changes in assumptions above. Further details are disclosed in Note 33(iii).

4. REVENUE

	Group	
	2015	**2014**
	RM'000	**RM'000**
Sales of goods - direct sales	**1,473,490**	1,387,436
Commissions from concessionaire sales [(i)]	**1,925,421**	1,927,793
Consultancy and management service fees	**11,165**	10,123
Rental income	**249,550**	227,330
Dividend income from investment securities	**1,422**	1,200
Food and beverages	**78,131**	–
	3,739,179	3,553,882

(i) The commissions from concessionaire sales are analysed as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Gross revenue from concessionaire sales	**10,124,450**	9,957,255
Commissions from concessionaire sales	**1,925,421**	1,927,793

5. OTHER INCOME

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Promotion income	**63,785**	66,590	**–**	–
Credit card handling fees	**49,049**	59,424	**–**	–
Government grants [(i)]	**4,964**	6,700	**–**	–
Equipment and display space lease income	**28,159**	27,391	**–**	–
Administration and management fees	**96,396**	96,822	**–**	–
Service fees	**16,808**	12,029	**–**	–
Compensation income [(ii)]	**22,508**	–	**–**	–
Reversal of impairment loss on amount due from a subsidiary (Note 21)	**–**	–	**7,000**	–
Other income	**48,900**	25,768	**225**	229
	330,569	294,724	**7,225**	229

(i) Various government grants were granted by the local authorities in the People's Republic of China ("PRC") to reward certain subsidiaries for their contributions to the local economy. There are no unfulfilled conditions or contingencies attached to these government grants.

(ii) The Group was entitled to receive relocation compensation from a landlord of a store in Shantou, the PRC for early termination of a lease contract.

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages, salaries and bonuses	**400,835**	317,069	**860**	614
Defined contribution plans	**48,543**	41,381	**97**	68
Employee share-based payments of a subsidiary	**–**	3,452	**–**	–
Defined benefit plan (Note 33(iii))	**317**	252	**–**	–
Other staff related expenses	**82,846**	86,744	**63**	61
	532,541	448,898	**1,020**	743

Included in employee benefits expense of the Group and of the Company are an executive Director's remuneration amounting to RM1,031,000 (2014: RM962,000) and RM247,000 (2014: RM244,000) respectively as further disclosed in Note 8(b).

7. FINANCE INCOME/COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Finance income				
Interest income on:				
Amount due from a subsidiary	**–**	–	**532**	–
Amount due from a joint venture (Note 35(a))	**532**	61	**–**	–
Amount due from a related party (Note 35(a))	**531**	688	**531**	688
Unwinding of discount on rental deposits receivable	**2,610**	2,572	**–**	–
Short term deposits and others	**102,735**	116,599	**37**	1,408
	106,408	119,920	**1,100**	2,096
Finance costs				
Interest expenses on:				
Term loans and bank loans	**7,494**	617	**–**	–
Bonds (Note 31(ii))	**81,152**	77,146	**–**	–
Unwinding of discount on:				
- Rental deposits payable	**1,578**	2,249	**–**	–
- Defered consideration (Note 16(a)(ii))	**1,356**	–	**–**	–
Hire purchase liabilities (Note 32)	**29**	4	**3**	4
Bank overdrafts and others	**1,349**	108	**972**	84
	92,958	80,124	**975**	88

8. PROFIT/(LOSS) BEFORE TAX

(a) Profit/(loss) before tax is stated at after charging/(crediting):

	Group		Company	
	2015 RM'000	**2014 RM'000 (Restated)**	**2015 RM'000**	**2014 RM'000**
Directors' remuneration (Note b)	**1,196**	1,117	**412**	399
Auditors' remuneration:				
- Statutory audit	**2,454**	2,252	**30**	30
- Parkson Retail Group Limited's statutory audit	**2,847**	2,487	**–**	–
Depreciation and amortisation:				
- Property, plant and equipment (Note 12)	**286,545**	262,165	**27**	27
- Investment properties (Note 13)	**556**	2,871	**–**	–
- Intangible assets (Note 14)	**3,357**	3,088	**–**	–
- Land use rights (Note 15)	**7,848**	7,383	**–**	–
Write off of:				
- Property, plant and equipment	**7,179**	227	**–**	–
- Intangible assets	**43**	–	**–**	–
- Bad debts	**7**	–	**–**	–
Impairment loss on:				
- Property, plant and equipment (Note 12)	**–**	1,387	**–**	–
- Goodwill (Note 14)	**1,100**	2,400	**–**	–
Allowance for impairment loss on receivables (Note 25)	**32,313**	3,875	**–**	–
Reversal of impairment loss on receivables (Note 25)	**(275)**	(284)	**–**	–
Write down of inventories	**–**	101	**–**	–
Exchange (gain)/loss, net:				
- Realised	**(2,267)**	(266)	**–**	–
- Unrealised	**2,069**	(5,249)	**–**	–
Loss on disposal of property, plant and equipment	**3,681**	7,076	**–**	–
Net fair value loss on a derivative (Note 23)	**1,218**	1,982	**–**	–
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	**829,912**	742,690	**–**	–
- Contingent lease payments	**75,891**	119,972	**–**	–
- Amortisation of deferred lease expense (Note 20(ii))	**7,666**	4,184	**–**	–
Gain on disposal of an associate	**(3,639)**	–	**–**	–
Sub-lease of properties:				
- Minimum lease payments	**(166,671)**	(138,048)	**–**	–
- Contingent lease payments	**(77,830)**	(47,059)	**–**	–
- Amortisation of deferred lease income (Note 33(ii))	**(2,019)**	(2,324)	**–**	–

8. PROFIT/(LOSS) BEFORE TAX (continued)

(b) The details of remuneration receivable by Directors of the Company during the financial years are as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Executive Director:				
Fees	**285**	276	**50**	50
Salaries and other emoluments	**674**	619	**182**	180
Pension costs - defined contribution plans	**72**	67	**15**	14
	1,031	962	**247**	244
Non-executive Directors:				
Fees	**165**	155	**165**	155
	1,196	1,117	**412**	399

(c) The number of Directors of the Company whose total remuneration during the financial years fell within the following bands is analysed below:

	Number of Directors	
	2015	**2014**
Executive Director:		
- RM950,001 to RM1,000,000	**–**	1
- RM1,000,001 to RM1,050,000	**1**	–
Non-executive Directors*:		
- RM25,000 and below	**1**	2
- RM25,001 to RM50,000	**3**	3

* 2014: Including a Director who retired at the Annual General Meeting held on 12 December 2013.

(d) Other expenses consist mainly of utilities cost, selling and distribution expenses, property management expenses, and general and administrative expenses.