

Company Registration No. 201107706H

Parkson Retail Asia Limited and its subsidiaries

Annual Financial Statements
30 June 2015

Parkson Retail Asia Limited and its subsidiaries

General Information

Directors

Tan Sri Cheng Heng Jem
Toh Peng Koon
Tan Siang Long
Wee Kheng Jin
Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin
Tan Soo Khoon
Datuk Lee Kok Leong
Michel Grunberg

Company Secretaries

Ang Siew Koon
Teo Meng Keong

Registered Office

80 Robinson Road
#02-00
Singapore 068898

Bankers

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
Malayan Banking Berhad
CIMB Bank Berhad
Vietnam International Bank
PT Bank Permata Tbk

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in charge: Philip Ng Weng Kwai
(Date of appointment: since financial year ended 30 June 2013)

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Parkson Retail Asia Limited and its subsidiaries

Directors' report

The directors present their report to the members together with the audited consolidated financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2015.

Directors

The directors of the Company in office at the date of this report are:

Tan Sri Cheng Heng Jem
Toh Peng Koon
Tan Siang Long
Wee Kheng Jin
Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin
Tan Soo Khoon
Datuk Lee Kok Leong
Michel Grunberg

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<i>Ordinary shares of the Company</i>				
Tan Sri Cheng Heng Jem	500,000	500,000	457,933,300	457,933,300
Toh Peng Koon	90,000	90,000	—	—
Tan Siang Long	60,000	60,000	—	—
Wee Kheng Jin	60,000	60,000	—	—
Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin	60,000	60,000	—	—
Michel Grunberg	60,000	60,000	—	—
Tan Soo Khoon	60,000	60,000	—	—

Parkson Retail Asia Limited and its subsidiaries

Directors' report

Directors' interests in shares and debentures (cont'd)

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<i>Ordinary shares of the ultimate holding company (Parkson Holdings Berhad ("PHB"))</i>				
Tan Sri Cheng Heng Jem	258,050,652	336,589,876	292,291,161	276,281,166
<i>Ordinary shares of a related corporation (Parkson Retail Group Limited ("PRGL"))</i>				
Tan Sri Cheng Heng Jem	—	—	1,448,270,000	1,448,270,000

The direct interest of the directors in shares of the Company arose in connection with the listing of the Company on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 3 November 2011. The directors were offered reserved shares at a price of S\$0.94 per share for which the directors subscribed accordingly.

The immediate holding company is East Crest International Limited ("ECIL"). Parkson Holdings Berhad ("PHB") is the sole shareholder of ECIL, and is as such deemed to be interested in the shares of the Company held by ECIL. Tan Sri Cheng Heng Jem has a direct interest in 32.65% and an indirect interest in 26.80% of the ordinary shares of PHB, and as such by virtue of his control of the exercise of not less than 20.0% of the votes attached to the voting shares in PHB, is deemed to be interested in the shares of the Company held by ECIL.

By virtue of Section 7 of the Companies Act, Tan Sri Cheng Heng Jem is deemed to be interested in the shares held by the Company in its subsidiaries.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2015.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Parkson Retail Asia Limited and its subsidiaries

Directors' report

Directors' contractual benefits

Other than as disclosed in this financial statements and in the financial statements of related corporations, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the 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.

Options

No options were issued by the Company or its subsidiaries during the financial year. As at 30 June 2015, there were no options on the unissued shares of the Company or its subsidiaries which were outstanding.

Audit committee

The Audit Committee ("AC") comprises Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin, Tan Siang Long and Tan Soo Khoon. The chairman of the AC is Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Haji Zainuddin. Majority of the members, including the Chairman, are independent non-executive directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Group's Corporate Governance Report in the Annual Report.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Tan Sri Cheng Heng Jem
Director

Toh Peng Koon
Director

Singapore
9 September 2015

Parkson Retail Asia Limited and its subsidiaries

Statement by directors

We, Tan Sri Cheng Heng Jem and Toh Peng Koon, being two of the directors of Parkson Retail Asia Limited, do hereby state that, in the opinion of the directors,

- (i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2015 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

On behalf of the board of directors:

Tan Sri Cheng Heng Jem
Director

Toh Peng Koon
Director

Singapore
9 September 2015

Parkson Retail Asia Limited and its subsidiaries

**Independent auditor's report
For the financial year ended 30 June 2015**

Independent auditor's report to the members of Parkson Retail Asia Limited

Report on the financial statements

We have audited the accompanying financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 7 to 96, which comprise the balance sheets of the Group and the Company as at 30 June 2015, the statement of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 management, 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.

Parkson Retail Asia Limited and its subsidiaries

**Independent auditor's report
For the financial year ended 30 June 2015**

Independent auditor's report to the members of Parkson Retail Asia Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note 24 to the financial statements which describes the uncertainty related 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 our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
9 September 2015

Parkson Retail Asia Limited and its subsidiaries

**Consolidated income statement
For the financial year ended 30 June 2015**

	Note	2015 SGD'000	2014 (Restated) SGD'000
Revenue	4	428,751	432,037
Other items of income			
Finance income	5	6,354	6,973
Other income	6	9,597	7,014
Items of expense			
Changes in merchandise inventories and consumables		(158,014)	(167,449)
Employee benefits expense	7	(52,586)	(49,525)
Depreciation and amortisation expenses		(20,475)	(20,365)
Promotional and advertising expenses		(9,406)	(9,392)
Rental expenses		(111,818)	(103,903)
Finance costs	5	(601)	(674)
Other expenses		(132,432)	(49,970)
Share of results of an associate		39	879
(Loss)/profit before tax	8	(40,591)	45,625
Income tax expense	9	(12,204)	(13,567)
(Loss)/profit for the year		<u>(52,795)</u>	<u>32,058</u>
(Loss)/profit for the year attributable to:			
Owners of the Company		(34,688)	34,382
Non-controlling interests		(18,107)	(2,324)
		<u>(52,795)</u>	<u>32,058</u>
(Loss)/earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	<u>(5.12)</u>	<u>5.08</u>

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

Parkson Retail Asia Limited and its subsidiaries

**Consolidated statement of comprehensive income
For the financial year ended 30 June 2015**

	2015	2014 (Restated)
	SGD'000	SGD'000
(Loss)/profit for the year	(52,795)	32,058
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of defined benefit plan, net of tax	(8)	54
Share of results of an associate	-	(33)
<i>Item that has been reclassified to profit or loss:</i>		
Cumulative exchange differences on disposal of an associate	993	-
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	(8,171)	(12,445)
	(7,186)	(12,424)
Total comprehensive income for the year	(59,981)	19,634
Attributable to:		
Owners of the Company	(41,868)	21,966
Non-controlling interests	(18,113)	(2,332)
	(59,981)	19,634

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

Parkson Retail Asia Limited and its Subsidiaries

**Balance sheets
As at 30 June 2015**

		Group			Company	
	Note	30.6.2015 SGD'000	30.6.2014 SGD'000 (Restated)	1.7.2013 SGD'000 (Restated)	2015 SGD'000	2014 SGD'000
ASSETS						
Non-current assets						
Property, plant and equipment	11	96,778	89,522	77,046	—	—
Land use right	12	8,227	7,913	8,173	—	—
Investments in subsidiaries	13	—	—	—	145,649	148,440
Investment in an associate	14	—	26,539	27,071	—	26,074
Deferred tax assets	15	7,231	4,928	3,161	—	—
Other receivables	16	21,761	24,876	23,823	23,161	32,135
Prepayments		8,944	13,576	19,560	—	—
Intangible assets	17	5,350	5,737	7,205	—	—
Derivatives	18	19	20	21	—	—
Investment securities	19	83	91	93	—	—
		148,393	173,202	166,153	168,810	206,649
Current assets						
Inventories	20	57,817	63,628	58,209	—	—
Investment securities	19	11,867	21,677	22,957	—	—
Trade and other receivables	16	17,440	23,514	29,130	32,462	27,493
Prepayments		5,234	6,126	3,779	21	22
Tax recoverable		2,271	2,515	4,033	—	—
Cash and short-term deposits	21	126,711	129,204	153,873	7,644	3,514
Assets of disposal group classified as held for sale	22	4,674	—	—	—	—
		226,014	246,664	271,981	40,127	31,029
Total assets		374,407	419,866	438,134	208,937	237,678
EQUITY AND LIABILITIES						
Current liabilities						
Trade and other payables	23	140,150	147,828	151,773	912	762
Other liabilities	24	26,111	26,995	23,256	—	—
Bank overdrafts	25	735	—	—	—	—
Tax payable		123	790	1,529	—	—
Liabilities of disposal group classified as held for sale	22	70,293	—	—	—	—
		237,412	175,613	176,558	912	762
Net current (liabilities)/assets		(11,398)	71,051	95,423	39,215	30,267
Non-current liabilities						
Other payables	23	6,949	10,094	8,397	—	—
Deferred tax liabilities	15	—	107	155	—	—
		6,949	10,201	8,552	—	—
Total liabilities		244,361	185,814	185,110	912	762
Net assets		130,046	234,052	253,024	208,025	236,916

Parkson Retail Asia Limited and its Subsidiaries

**Balance sheets
As at 30 June 2015**

		Group			Company	
	Note	30.6.2015 SGD'000	30.6.2014 SGD'000 (Restated)	1.7.2013 SGD'000 (Restated)	2015 SGD'000	2014 SGD'000
Equity attributable to owners of the Company						
Share capital	26	231,676	231,676	231,676	231,676	231,676
Other reserves	27	(157,036)	(150,250)	(137,813)	(30,278)	(11,710)
Retained earnings		73,751	152,472	156,675	6,627	16,950
Reserve of disposal group classified as held for sale	22	(386)	—	—	—	—
		148,005	233,898	250,538	208,025	236,916
Non-controlling interests		(17,959)	154	2,486	—	—
Total equity		130,046	234,052	253,024	208,025	236,916
Total equity and liabilities		374,407	419,866	438,134	208,937	237,678
Net current assets, excluding net liabilities of disposal group held for sale						
		54,221	71,051	95,423	39,215	30,267
Net assets, excluding net liabilities of disposal group held for sale						
		195,665	234,052	253,024	208,025	236,916

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

Parkson Retail Asia Limited and its Subsidiaries

**Statements of changes in equity
For the financial year ended 30 June 2015**

	Attributable to owners of the Company						
	Equity, total SGD'000	Equity attributable to owners of the Company, total SGD'000	Share capital (Note 26) SGD'000	Retained earnings SGD'000	Other reserves (Note 27) SGD'000	Reserve of disposal group classified as held for sale SGD'000	Non- controlling interests SGD'000
Opening balance at 1 July 2014							
As previously reported	238,819	238,665	231,676	157,326	(150,337)	—	154
Prior year adjustments	(4,767)	(4,767)	—	(4,854)	87	—	—
As restated	234,052	233,898	231,676	152,472	(150,250)	—	154
Loss for the year	(52,795)	(34,688)	—	(34,688)	—	—	(18,107)
<u>Other comprehensive income</u>							
Foreign currency translation	(8,171)	(8,165)	—	—	(8,165)	—	(6)
Cumulative exchange differences on disposal of an associate	993	993	—	—	993	—	—
Remeasurement of defined benefit plan, net of tax	(8)	(8)	—	(8)	—	—	—
	(7,186)	(7,180)	—	(8)	(7,172)	—	(6)
Total comprehensive income for the year	(59,981)	(41,868)	—	(34,696)	(7,172)	—	(18,113)
Reserve of disposal group classified as held for sale	—	—	—	—	386	(386)	—
<u>Distributions to owners</u>							
Dividends on ordinary shares (Note 28), representing total transactions with owners in their capacity as owners	(44,025)	(44,025)	—	(44,025)	—	—	—
Closing balance at 30 June 2015	130,046	148,005	231,676	73,751	(157,036)	(386)	(17,959)

Parkson Retail Asia Limited and its Subsidiaries

**Statements of changes in equity
For the financial year ended 30 June 2015**

Group	Attributable to owners of the Company					
	Equity, total SGD'000	Equity attributable to owners of the Company, total SGD'000	Share capital (Note 26) SGD'000	Retained earnings SGD'000	Other reserves (Note 27) SGD'000	Non- controlling interests SGD'000
Opening balance at 1 July 2013						
As previously reported	257,282	254,796	231,676	161,010	(137,890)	2,486
Prior year adjustments	(4,258)	(4,258)	—	(4,335)	77	—
As restated	253,024	250,538	231,676	156,675	(137,813)	2,486
Profit for the year						
As previously reported	32,577	34,901	—	34,901	—	(2,324)
Prior year adjustments	(519)	(519)	—	(519)	—	—
As restated	32,058	34,382	—	34,382	—	(2,324)
Other comprehensive income						
Foreign currency translation						
As previously reported	(12,455)	(12,447)	—	—	(12,447)	(8)
Prior year adjustments	10	10	—	—	10	—
As restated	(12,445)	(12,437)	—	—	(12,437)	(8)
Remeasurement of defined benefit plan, net of tax	54	54	—	54	—	—
Share of results of an associate	(33)	(33)	—	(33)	—	—
Total comprehensive income for the year						
<u>Distributions to owners</u>						
	(12,424)	(12,416)	—	21	(12,437)	(8)
	19,634	21,966	—	34,403	(12,437)	(2,332)
Dividends on ordinary shares (Note 28), representing total transactions with owners in their capacity as owners	(38,606)	(38,606)	—	(38,606)	—	—
Closing balance at 30 June 2014						
	234,052	233,898	231,676	152,472	(150,250)	154

Parkson Retail Asia Limited and its Subsidiaries

**Statements of changes in equity
For the financial year ended 30 June 2015**

	Equity, total SGD'000	Share capital (Note 26) SGD'000	Retained earnings SGD'000	Other reserves (Note 27) SGD'000
Company				
Opening balance at 1 July 2014	236,916	231,676	16,950	(11,710)
Profit for the year	33,702	–	33,702	–
<u>Other comprehensive income</u>				
Foreign currency translation, representing total other comprehensive income for the year	(18,568)	–	–	(18,568)
Total comprehensive income for the year	15,134	–	33,702	(18,568)
<u>Distributions to owners</u>				
Dividends on ordinary shares (Note 28), representing total transactions with owners in their capacity as owners	(44,025)	–	(44,025)	–
Closing balance at 30 June 2015	208,025	231,676	6,627	(30,278)
Opening balance at 1 July 2013	246,702	231,676	19,276	(4,250)
Profit for the year	36,280	–	36,280	–
<u>Other comprehensive income</u>				
Foreign currency translation, representing total other comprehensive income for the year	(7,460)	–	–	(7,460)
Total comprehensive income for the year	28,820	–	36,280	(7,460)
<u>Distributions to owners</u>				
Dividends on ordinary shares (Note 28), representing total transactions with owners in their capacity as owners	(38,606)	–	(38,606)	–
Closing balance at 30 June 2014	236,916	231,676	16,950	(11,710)

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

Parkson Retail Asia Limited and its Subsidiaries

Consolidated statement of cash flows
For the financial year ended 30 June 2015

	Note	2015	2014
		SGD'000	(Restated) SGD'000
Operating activities			
(Loss)/profit before tax		(40,591)	45,625
Adjustments for:			
Depreciation of property, plant and equipment	11	19,745	19,638
Amortisation of intangible assets	17	595	596
Amortisation of land use right	12	135	131
Allowance for doubtful trade and other receivables, net	16	12,167	1,126
Unrealised exchange gain		(415)	(1,264)
Net benefit expense from defined benefit plan	23	120	98
Property, plant and equipment written off		2,503	88
Intangible assets written off		16	—
Impairment of property, plant and equipment		—	540
Loss/(gain) on disposal of property, plant and equipment	6,8	85	(50)
Amortisation of deferred lease expense	16	2,052	2,197
Amortisation of deferred lease income	23	(628)	(699)
Writedown of inventories	20	209	—
Income from expired gift vouchers	6	(732)	(1,025)
Share of results of an associate		(39)	(879)
Provision for contingent expenses in relation to closure of a store	24	64,729	—
Gain on disposal of an associate	14	(1,379)	—
Dividend income from investment securities	6	(84)	—
Finance costs	5	601	674
Finance income	5	(6,354)	(6,973)
Operating cash flows before changes in working capital		52,735	59,823
Changes in working capital:			
Decrease/(increase) in:			
Inventories		952	(7,597)
Trade and other receivables		(8,536)	(241)
Prepayments		5,022	948
(Decrease)/increase in:			
Trade and other payables		(4,110)	4,553
Other liabilities		7,167	6,005
Cash flows from operations		53,230	63,491
Interest received		6,079	6,668
Interest paid		(3)	(9)
Income taxes paid		(14,516)	(14,510)
Net cash flows from operating activities		44,790	55,640

Parkson Retail Asia Limited and its Subsidiaries

Consolidated statement of cash flows
For the financial year ended 30 June 2015

	Note	2015	2014
		SGD'000	(Restated) SGD'000
Investing activities			
Proceeds from disposal of an associate	14	27,919	—
Proceeds from withdrawal of money market instruments		8,545	577
Proceeds from disposal of property, plant and equipment		238	226
Purchase of property, plant and equipment	A	(32,602)	(37,960)
Additions to intangible assets	17	(375)	(315)
Dividend income from investment securities		84	—
Dividend income from an associate		—	295
Net cash flows from/(used in) investing activities		3,809	(37,177)
Financing activity			
Dividends paid on ordinary shares	28	(44,025)	(38,606)
Net cash flows used in financing activity		(44,025)	(38,606)
Net increase/(decrease) in cash and cash equivalents		4,574	(20,143)
Effect of exchange rate changes on cash and cash equivalents		(7,802)	(4,526)
Cash and cash equivalents at 1 July		129,204	153,873
Cash and cash equivalents at 30 June	21	125,976	129,204

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2015	2014
		SGD'000	SGD'000
Current year additions to property, plant and equipment	11	32,376	37,332
Less: Payable to creditors	23	(198)	(713)
Less: Accrued expenses	24	(253)	—
		31,925	36,619
Add: Payments for prior year purchase		677	1,341
Net cash outflow for purchase of property, plant and equipment		32,602	37,960

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

Parkson Retail Asia Limited and its subsidiaries

Notes to the financial statements For the financial year ended 30 June 2015

1. Corporate information

Parkson Retail Asia Limited (the "Company") is a public listed company incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is located at 80 Robinson Road, #02-00, Singapore, 068898. The principal places of business of the Group are located at:

- Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia;
- 35 Bis - 45 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam;
- TD Plaza Building, Cat Bi T Junction Urban Area, Hai Phong City, Vietnam;
- Hung Vuong Plaza, No. 126 Hung Vuong Street, Ward 12, District 5 Ho Chi Minh City, Vietnam;
- Viet Tower Building, 198B Tay Son Street, Dong Da District, Hanoi, Vietnam;
- Jl. Prof. Dr. Satrio Blok A/35, Sentosa Building Sector VII Bintaro Jaya, Tangerang, Banten, Indonesia; and
- No.380 Bogyoke Aung San Road, FMI Centre, Pabedan Township, Yangon, Myanmar.

The immediate holding company is East Crest International Limited ("ECIL"), a company incorporated in the British Virgin Islands. The ultimate holding company is Parkson Holdings Berhad ("PHB"), a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 13.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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 Singapore Dollars ("SGD") and all values in the tables are rounded to the nearest thousand (SGD'000), except when otherwise indicated.

2. Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Fundamental accounting concept

The Group incurred a net loss of \$52,795,000 (2014: profit of \$32,058,000) during the financial year ended 30 June 2015 and as at that date, the Group's current liabilities exceeded its current assets by \$11,398,000 (2014: net assets of \$71,051,000). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Included in the Group's net liabilities was an amount of \$65,619,000 attributable to the net liabilities of the disposal group classified as held for sale as disclosed in Note 22. The capital assignment of the disposal group was completed on 17 August 2015 as disclosed in Note 22 and Note 36. Excluding the liabilities of the disposal group classified as held for sale, the Group would have net current assets of \$54,221,000 as at 30 June 2015. Accordingly, the Board of the Company are of the view that the going concern assumption is appropriate for the preparation of the financial statements of the Group.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 16 and FRS 41 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to FRS 111 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
(b) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
(c) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
(d) Amendments to FRS 34 <i>Interim Financial Reporting</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 <i>Investment Entities: Applying the Consolidation Exception (Editorial corrections in June 2015)</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018

Except for FRS 115, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 is described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. 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 is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

(b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- 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.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

2. Summary of significant accounting policies (cont'd)

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Functional and foreign currency*

The functional currency of the Company is Malaysian Ringgit ("RM"). The Company has chosen to present its consolidated financial statements using Singapore Dollars ("SGD") as it is incorporated in Singapore. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated and separate financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to the non-controlling interest and are not recognised in profit or loss. For partial disposal of associate that is foreign operation, the proportionate share of the accumulated differences is reclassified to profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than land are measured at cost less accumulated depreciation and any accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, 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.

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

Renovation	2 - 10 years
Buildings	25 years
Furniture, fittings and equipment	1 - 10 years
Motor vehicles	4 - 7 years

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 plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 *Intangible assets*

(a) *Goodwill*

Goodwill is initially measured at cost. Following 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 the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2. Summary of significant accounting policies (cont'd)

2.8 Intangible assets (cont'd)

(a) Goodwill (cont'd)

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment 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 de-recognition 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 (cont'd)

2.8 *Intangible assets (cont'd)*

(b) *Other intangible assets (cont'd)*

(i) Club memberships

Club memberships which were acquired separately are amortised on a straight-line basis over their estimated useful lives of 25 to 99 years.

(ii) Customer relationships

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

(iii) Software

Software which were acquired separately are amortised on a straight-line basis over their estimated useful lives of 8 years.

2.9 *Land use right*

Land use right is initially measured at cost. Following initial recognition, land use right is measured at cost less accumulated amortisation. The land use right is amortised on a straight-line basis over the lease term of 66 years and 10 months.

2.10 *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 an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and 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 cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (cont'd)

2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Associate

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

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of the financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in 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.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

a) Financial assets (cont'd)

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments (cont'd)*

b) **Financial liabilities**

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of 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.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, 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 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 increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, and short-term deposits that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Merchandise and consumables: purchase costs on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.17 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where 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. Summary of significant accounting policies (cont'd)

2.18 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. In particular, the Company's subsidiaries in Malaysia make contributions to the Employees Provident Fund. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) 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 "Labour Law"). 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 other comprehensive income 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.

2. Summary of significant accounting policies (cont'd)

2.19 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the 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 charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(d). Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.20 Revenue

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 made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements except for concessionaire sales of which it generates commission income. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer, usually on 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.

(b) Commissions from concessionaire sales

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

(c) Consultancy and management service fees

Consultancy and management service fees are recognised net of service taxes and discounts when the services are rendered.

(d) Rental income

Rental income arising from operating leases on department stores is accounted for on a straight-line basis over the lease terms. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Revenue from customer loyalty award

The Group operates Parkson Card and Privilege Card 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, subject to a minimum number of points being obtained.

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) on the balance sheet 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. Summary of significant accounting policies (cont'd)

2.20 Revenue (cont'd)

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Royalty income

Royalty income is recognised on an accrual basis over the life of the royalty agreements.

(h) Promotion income

Promotion income is recognised according to the underlying contract terms with concessionaires and as these services have been provided in accordance therewith.

2.21 Taxes

(a) Current income tax

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. 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 at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where 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 (cont'd)

2.21 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, 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:

- Where 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 the end of each reporting period 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 reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit 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 end of each reporting period.

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 other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation 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
- Receivables and payables that are stated with the amount of sales tax included.

2. Summary of significant accounting policies (cont'd)

2.22 Segment reporting

The Group has a single operating segment, which is the operation and management of department stores. For management purposes, the Group is organised into business units based on the geographical location of customers and assets 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 the 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 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. Summary of significant accounting policies (cont'd)

2.25 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.26 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); or
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgements

The preparation of the Group's consolidated 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 end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

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

(a) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable and tax recoverable as at 30 June 2015 were approximately SGD123,000 (2014: SGD790,000) and SGD2,271,000 (2014: SGD2,515,000). The carrying amounts of the Group's deferred tax assets and deferred tax liabilities as at 30 June 2015 were SGD7,231,000 (2014: SGD4,928,000) and nil (2014: SG107,000) respectively.

(b) 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.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Significant accounting estimates and judgments (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(a) Customer loyalty award

The Group allocates the consideration received from the sale of goods to the goods sold and the points issued under its loyalty programmes. The consideration allocated to the points issued is measured at their fair value. Fair value is determined inter alia by the following factors:

- the range of merchandise available to the customers;
- the prices at which the Group sells the merchandise which can be redeemed and the discounts available for these merchandise;
- changes in the popularity of the programmes; and
- changing patterns in the redemption rates.

Details of deferred revenue from customer loyalty award are disclosed in Note 24.

(b) Defined benefit plans

The cost of defined benefit pension plans 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 these assumptions. Further details are provided in Note 23.

(c) Useful lives of intangible assets

The cost of intangible assets (excluding goodwill) are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these intangible assets to be within 3 to 99 years. Management estimates the useful lives of these intangible assets based on historical experience of the actual useful lives of assets with similar nature and functions, as well as the economic environment and the expected use of the assets acquired. Changes in the market demand or technological developments could impact the economic useful lives of these assets; therefore, future amortisation expenses could be revised. The carrying amount of the Group's intangible assets (excluding goodwill) at the end of the reporting period is disclosed in Note 17.

(d) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's goodwill at the end of the reporting period is disclosed in Note 17.

3. Significant accounting estimates and judgments (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(e) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

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 amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 16.

(f) Impairment of property, plant and equipment

The Group recognised impairment loss in respect of a subsidiary's property, plant and equipment. This requires an estimation of the value in use of the subsidiary's cash-generating unit to which the property, plant and equipment is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's property, plant and equipment and impairment loss recognised at the end of the reporting period are disclosed in Note 11.

(g) Provision for contingent expenses in relation to closure of a store

During the financial year, the Group made a provision in relation to the early-termination of a lease for a closed store. This amount substantially represents the maximum rental for the remaining lease term of approximately 7 years for the said store. Under the terms of the tenancy agreement, the landlord may seek compensation equivalent to the rental payable during the vacancy period of the premises or where the premises is re-tenanted, the differences in the rental rates (if any). As such, any compensation claim (if successful) will be a lower amount than the maximum contingent expenses provided as at balance sheet date in the event that the premises is re-tenanted, resulting in a possible write-back of the said provision. Please refer to Note 24 for further details of the provision.

Parkson Retail Asia Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 30 June 2015

4. Revenue

	Group	
	2015	2014
	SGD'000	SGD'000
Sale of goods - direct sales	198,771	210,298
Commissions from concessionaire sales	211,893	205,452
Consultancy and management service fees	952	1,044
Rental income	17,135	15,243
	<u>428,751</u>	<u>432,037</u>

5. Finance income/costs

	Group	
	2015	2014
	SGD'000	SGD'000
<i>Finance income</i>		
Interest income on:		
- Short-term deposits and others	5,365	5,976
- Rental deposits receivables	989	997
	<u>6,354</u>	<u>6,973</u>
<i>Finance costs</i>		
Interest expense on:		
- Bank overdrafts	(3)	(8)
- Rental deposit payables	(598)	(666)
	<u>(601)</u>	<u>(674)</u>

Parkson Retail Asia Limited and its subsidiaries

Notes to the financial statements
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6. Other income

	Group	
	2015	2014
	SGD'000	SGD'000
Cash discount from suppliers	1,283	1,253
Promotion income	1,664	2,067
Income recognised from gift vouchers expired	732	1,025
Gain on disposal of property, plant and equipment	—	50
Gain on disposal of an associate (Note 14)	1,379	—
Dividend income from investment securities	84	—
Exchange gain:		
- Realised	1,411	2
- Unrealised	415	266
Others	2,629	2,351
	9,597	7,014

7. Employee benefits expense

	Group	
	2015	2014
	SGD'000	SGD'000
Wages, salaries and bonuses	40,064	37,645
Contribution to defined contribution plans	3,878	3,452
Net benefit expense from defined benefit plan (Note 23)	120	98
Other staff related expenses	8,524	8,330
	52,586	49,525

Included in employee benefits expense of the Group are remuneration of directors and key management personnel as further disclosed in Note 29(b).

Parkson Retail Asia Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

8. (Loss)/profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Group	
	2015	2014
		(Restated)
	SGD'000	SGD'000
Audit fees:		
- Auditors of the Company	167	121
- Other auditors	325	358
Non-audit fees:		
- Auditors of the Company	23	63
- Other auditors	23	25
Total audit and non-audit fees	538	567
Depreciation of property, plant and equipment (Note 11)	19,745	19,638
Amortisation of land use right (Note 12)	135	131
Amortisation of intangible assets (Note 17)	595	596
Loss on disposal of property, plant and equipment	85	—
Property, plant and equipment written off (Note 11)	2,503	88
Intangible assets written off (Note 17)	16	—
Impairment of property, plant and equipment (Note 11)	—	540
Inventory shrinkages (Note 20)	865	1,159
Inventories written-down (Note 20)	209	—
Allowance for doubtful trade and other receivables, net (Note 16):		
- Deposits paid for closed stores	3,708	1,034
- Deposits paid for managed stores	8,211	—
- Others	248	92
Provision for contingent expenses in relation to closure of a store (Note 24)	64,729	—
Rental expenses:		
- Minimum lease payments	108,158	98,304
- Contingent lease payments	2,195	3,402
- Amortisation of deferred lease expense (Note 16)	1,465	2,197

Parkson Retail Asia Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

9. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2015 and 2014 are as follows:

	Group	
	2015	2014
	SGD'000	(Restated) SGD'000
Consolidated income statement:		
- Current income taxation	12,934	14,926
- Under provision in respect of previous years	1,178	186
- Withholding taxes	457	506
	14,569	15,618
Deferred income tax (Note 15)		
- Origination and reversal of temporary differences	(2,949)	(1,944)
- Effect of change in tax rate on deferred tax	223	102
- Under/(over) provision in respect of previous years	361	(209)
	(2,365)	(2,051)
Income tax expense recognised in profit or loss	12,204	13,567
Statement of comprehensive income:		
Deferred tax (income)/expense related to other comprehensive income:		
- Re-measurement of defined benefit plan	(3)	18
	(3)	18

Parkson Retail Asia Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

9. Income tax expense (cont'd)

(b) Relationship between income tax expense and accounting (loss)/profit

A reconciliation between income tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rates for the years ended 30 June 2015 and 2014 is as follows:

	Group	
	2015	2014
	SGD'000	(Restated)
	SGD'000	SGD'000
(Loss)/profit before tax	(40,591)	45,625
Tax at the domestic tax rates applicable to profits in the countries where the Group operates	(8,108)	10,403
Adjustments:		
- Non-deductible expenses	16,480	2,039
- Income not subject to taxation	(2,212)	(928)
- Effect on opening deferred tax as a result of change in foreign income tax rate	223	102
- Deferred tax assets not recognised	3,832	1,468
- Income subject to different tax rate	(7)	—
- Under provision of current tax in respect of previous years	1,178	186
- Under/(over) provision of deferred tax in respect of previous years	361	(209)
- Withholding taxes	457	506
Income tax expense recognised in profit or loss	12,204	13,567

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. A summary of domestic tax rates by country where the Group operates is as follows:

	2015	2014
	%	%
Malaysia	25	25
Vietnam	22	22
Indonesia	25	25
Myanmar	25	25
Cambodia	20	20
Singapore	17	17
British Virgin Islands	Nil	Nil

Parkson Retail Asia Limited and its subsidiaries

**Notes to the financial statements
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10. (Loss)/earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the profit and share data used in the computation of basic earnings per share for the years ended 30 June:

	Group	
	2015	2014
		(Restated)
(Loss)/profit for the year attributable to owners of the Company (SGD'000)	(34,688)	34,382
Weighted average number of ordinary shares for basic earnings per share computation ('000)	677,300	677,300

There are no potential dilution effects on the ordinary shares of the Company. Accordingly, the basic and diluted earnings per share for the financial years ended 30 June 2015 and 2014 are the same.

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

11. Property, plant and equipment

	Renovation SGD'000	Land SGD'000	Buildings SGD'000	Furniture and equipment SGD'000	Motor vehicles SGD'000	Capital work- in-progress SGD'000	Total SGD'000
2015							
Group							
Cost							
At 1 July 2014	91,667	–	18,616	69,766	1,424	8,453	189,926
Additions	13,343	–	15	9,094	80	9,844	32,376
Disposals	(74)	–	–	(3,576)	(86)	–	(3,736)
Reclassification	2,329	3,383	–	478	–	(6,190)	–
Written off	(7,829)	–	(130)	(4,975)	–	(16)	(12,950)
Property, plant and equipment of disposal group classified as held for sale	(1,385)	–	–	(2,245)	–	–	(3,630)
Exchange differences	(4,727)	–	1,060	(4,140)	(62)	(298)	(8,167)
At 30 June 2015	93,324	3,383	19,561	64,402	1,356	11,793	193,819
Accumulated depreciation and impairment loss							
At 1 July 2014	50,773	–	4,940	43,704	987	–	100,404
Depreciation for the year	10,415	–	821	8,359	150	–	19,745
Disposals	(45)	–	–	(3,307)	(61)	–	(3,413)
Written off	(6,522)	–	(127)	(3,798)	–	–	(10,447)
Property, plant and equipment of disposal group classified as held for sale	(1,176)	–	–	(1,944)	–	–	(3,120)
Exchange differences	(3,356)	–	315	(3,035)	(52)	–	(6,128)
At 30 June 2015	50,089	–	5,949	39,979	1,024	–	97,041
Net carrying amount	43,235	3,383	13,612	24,423	332	11,793	96,778

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

11. Property, plant and equipment (cont'd)

2014	Renovation	Buildings	Furniture and	Motor	Capital work-	Total
Group	SGD'000	SGD'000	equipment	vehicles	in-progress	SGD'000
Cost			SGD'000	SGD'000	SGD'000	SGD'000
At 1 July 2013	78,023	19,922	64,112	1,665	2,326	166,048
Additions	18,647	7	10,527	53	8,098	37,332
Disposals	—	—	(403)	(192)	—	(595)
Reclassification	1,120	(2)	486	—	(1,604)	—
Written off	(1,265)	(991)	(2,522)	—	—	(4,778)
Exchange differences	(4,858)	(320)	(2,434)	(102)	(367)	(8,081)
At 30 June 2014	91,667	18,616	69,766	1,424	8,453	189,926
Accumulated depreciation and impairment loss						
At 1 July 2013	43,118	5,064	39,861	959	—	89,002
Depreciation for the year	10,288	974	8,163	213	—	19,638
Impairment loss	540	—	—	—	—	540
Disposals	—	—	(277)	(142)	—	(419)
Written off	(1,200)	(991)	(2,499)	—	—	(4,690)
Exchange differences	(1,973)	(107)	(1,544)	(43)	—	(3,667)
At 30 June 2014	50,773	4,940	43,704	987	—	100,404
Net carrying amount	40,894	13,676	26,062	437	8,453	89,522

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

11. Property, plant and equipment (cont'd)

Land

The Group owns 2 pieces of land with a total area of 2,981 square metres located in Tangerang Selatan, Banten with Building Use Rights (Hak Guna Bangunan or HGB). The HGBs will expire on 18 December 2020 and 20 October 2028 respectively. Management believes that there will be no difficulty in extending the land rights since all the land were acquired legally and supported by sufficient evidence of ownership.

Capital work-in-progress

Capital work-in-progress includes ongoing renovation for department stores. These capital work-in-progress will be transferred to appropriate categories of property, plant and equipment when they are ready for their intended use.

Impairment of assets

In the previous year, Parkson Hanoi Co Ltd carried out a review on the recoverable amount of the property, plant and equipment of its loss-making store in Hanoi, Vietnam. An impairment loss of SGD 540,000 was recognised in profit or loss for the financial year ended 30 June 2014.

12. Land use right

	Group	
	2015	2014
	SGD'000	SGD'000
Cost		
At 1 July	8,622	8,763
Exchange differences	492	(141)
At 30 June	9,114	8,622
Accumulated amortisation		
At 1 July	709	590
Amortisation for the year	135	131
Exchange differences	43	(12)
At 30 June	887	709
Net carrying amount	8,227	7,913
Amount to be amortised:		
- Not later than one year	135	131
- Later than one year but not later than five years	539	526
- Later than five years	7,553	7,256
	8,227	7,913

Parkson Retail Asia Limited and its Subsidiaries**Notes to the financial statements
For the financial year ended 30 June 2015****12. Land use right (cont'd)**

The Group has a land use right over a plot of state-owned land in Hai Phong City, Vietnam where one of the Group's department stores resides. The land use right is not transferable and has a remaining tenure of 60 years and 6 months (2014: 61 years and 6 months).

13. Investments in subsidiaries

	Company	
	2015	2014
	SGD'000	SGD'000
Shares, at cost	164,950	155,506
Exchange difference	(19,301)	(7,066)
	<u>145,649</u>	<u>148,440</u>

The Company has the following subsidiaries as at 30 June:

Name of company	Principal activities	Country of incorporation	Ownership interest	
			2015	2014
			%	%
Held by the Company				
Parkson Corporation Sdn Bhd ^(b)	Operation of department stores	Malaysia	100	100
Centro Retail Pte Ltd ^{(a)(1)}	Investment holding	Singapore	100	100
PT. Tozy Sentosa ^{(b)(2)}	Operation of department stores, supermarkets and merchandising	Indonesia	100 ^(*)	100 ^(*)
Parkson Myanmar Co Pte Ltd ^{(a)(3)}	Investment holding	Singapore	100	100

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

13. Investments in subsidiaries (cont'd)

Name of company	Principal activities	Country of incorporation	Ownership interest	
			2015 %	2014 %
Held by Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd ^(b)	Retailing and operation of a modern shopping centre	Vietnam	100	100
Parkson Haiphong Co Ltd ^(b)	Upgrade and leasing of retail space for establishment of a modern department store	Vietnam	100	100
Kiara Innovasi Sdn Bhd ^(b)	Operation of department stores	Malaysia	60	60
Parkson Online Sdn Bhd ^(c)	Online retailing	Malaysia	100	100
Parkson Cambodia Holdings Co Ltd ^(c)	Investment holding	British Virgin Islands	100	100
Parkson SGN Co Ltd ^{(b)(4)}	Retailing and operation of modern shopping centres	Vietnam	100	100
Parkson Edutainment World Sdn Bhd (f.k.a. Matrix Treasure Sdn Bhd) ^{(c)(5)}	Dormant	Malaysia	70	—
Parkson Lifestyle Sdn Bhd (f.k.a. Zillion Paramount Sdn Bhd) ^{(c)(6)}	Dormant	Malaysia	100	—
Super Gem Resources Sdn Bhd ^{(c)(7)}	Dormant	Malaysia	100	—
Held by Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd ^(c)	Management and consulting services on real estate, business and marketing in relation to department stores (commercial)	Vietnam	100	100
Parkson Hanoi Co Ltd ^{(b)(8)}	Retailing and operation of modern shopping centres	Vietnam	70	70
Held by Parkson Cambodia Holdings Co Ltd				
Parkson (Cambodia) Co Ltd ^(b)	Operation of department stores	Cambodia	100	100

Parkson Retail Asia Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 June 2015

13. Investments in subsidiaries (cont'd)

Name of company	Principal activities	Country of incorporation	Ownership interest	
			2015 %	2014 %
Held by Parkson Myanmar Co Pte Ltd				
Parkson Myanmar Investment Company Pte Ltd ^(a)	Investment holding	Singapore	70	70
Held by Parkson Myanmar Investment Company Pte Ltd				
Parkson Myanmar Asia Pte Ltd ^(a)	Investment holding	Singapore	100	100
Myanmar Parkson Company Limited ^(b)	Retailing and operation of a modern shopping centre	Myanmar	100 ^(**)	100 ^(**)

^(a) Audited by Ernst & Young LLP, Singapore

^(b) Audited by member firms of Ernst & Young Global in their respective countries

^(c) Not material to the Group and not required to be disclosed under SGX Listing Rule 717

^(*) 10% (2014: 27.78%) is held via Centro Retail Pte Ltd

^(**) 10% is held via Parkson Myanmar Asia Pte Ltd

Additional investments in subsidiaries

⁽¹⁾ In December 2014, the Company subscribed to 1 ordinary share issued and allotted by Centro Retail Pte Ltd for a consideration of RM10,820,000 (SGD3,867,000). The consideration was settled by way of offsetting against loan advanced to Centro Retail Pte Ltd.

⁽²⁾ In October 2014, the Company subscribed to 32,000 ordinary shares issued and allotted by PT. Tozy Sentosa for a consideration of IDR32,000,000,000 (SGD3,237,000). The consideration was settled by way of offsetting against loan advanced to PT. Tozy Sentosa. Following the subscription, the Company now owns a 90% (2014: 72.22%) direct interest in PT. Tozy Sentosa. The remaining 10% (2014: 27.78%) interest is held via Centro Retail Pte Ltd.

⁽³⁾ In December 2014, the Company subscribed to 1 ordinary share issued and allotted by Parkson Myanmar Co Pte Ltd for a consideration of RM6,549,000 (SGD2,340,000). The consideration was settled by way of offsetting with loan advanced to Parkson Myanmar Co Pte Ltd.

⁽⁴⁾ In April 2015, Parkson Corporation Sdn Bhd ("PCSB"), a wholly-owned subsidiary of the Company contributed additional USD1,000,000 (SGD1,350,000) to the charter capital of Parkson SGN Co Ltd. The contribution was settled in cash.

Parkson Retail Asia Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 June 2015

13. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries

- (5) In May 2015, PCSB acquired the entire paid-up share capital of Parkson Edutainment World Sdn Bhd (f.k.a. Matrix Treasure Sdn Bhd) ("PEW") of 2 ordinary shares at RM1 each for a cash consideration of RM2 (SGD0.71). Subsequent to the acquisition, the authorised and paid-up share capital of PEW were increased to 1,000,000 ordinary shares at RM1 each on the same day, for which PCSB subscribed for an additional 699,998 new ordinary shares at RM1 each for a cash consideration of RM699,998 (SGD250,000). Following the subscription, PEW became a 70%-owned subsidiary of PCSB.
- (6) In June 2015, PCSB acquired the entire paid-up share capital of Parkson Lifestyle Sdn Bhd (f.k.a Zillion Paramount Sdn Bhd) of 2 ordinary shares at RM1 each for a cash consideration of RM2 (SGD0.71).
- (7) In June 2015, PCSB acquired the entire paid-up share capital of Super Gem Resources Sdn Bhd of 2 ordinary shares at RM1 each for a cash consideration of RM2 (SGD0.71).

Partial disposal of a subsidiary

- (8) In June 2015, Parkson Vietnam Co Ltd ("Parkson Vietnam"), a wholly-owned subsidiary of the Company entered into a capital assignment agreement with Mr. Hoang Manh Cuong to dispose of a 27.8% interest in the charter capital of Parkson Hanoi Co Ltd ("Parkson Hanoi") for a cash consideration of USD5,000 (SGD7,000). The capital assignment transaction was completed on 17 August 2015 (Note 36).

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have material NCI as at 30 June:

Name of company	Principal place of business	Ownership interest held by NCI %	Loss allocated to NCI during the year SGD'000	Accumulated NCI at 30 June SGD'000
30 June 2015				
Parkson Hanoi Co Ltd	Vietnam	23.9	17,687	(18,769)
Kiara Inovasi Sdn Bhd	Malaysia	40	268	94
Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	Myanmar	30	135	624

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

13. Investments in subsidiaries (cont'd)

Interest in subsidiaries with material non-controlling interest ("NCI") (cont'd)

Name of company	Principal place of business	Ownership interest held by NCI %	Loss allocated to NCI during the year SGD'000	Accumulated NCI at 30 June SGD'000
30 June 2014				
Parkson Hanoi Co Ltd	Vietnam	26.5	1,878	(1,023)
Kiara Inovasi Sdn Bhd	Malaysia	40	160	377
Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	Myanmar	30	286	800

Summarised financial information of subsidiaries with material NCI

Summarised financial information including goodwill on acquisition but before intercompany eliminations of subsidiaries with material NCI are as follows:

	Parkson Hanoi Co Ltd		Kiara Inovasi Sdn Bhd		Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	
	2015	2014	2015	2014	2015	2014
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Balance sheets						
Current						
Assets	2,227	4,986	1,051	1,339	1,845	1,699
Liabilities	(80,521)	(14,767)	(501)	(205)	(1,185)	(945)
	(78,294)	(9,781)	550	1,134	660	754
Non-current						
Assets	2,514	9,616	996	1,378	1,611	2,108
Liabilities	(1,000)	(3,174)	(1,310)	(1,569)	(192)	(195)
	1,514	6,442	(314)	(191)	1,419	1,913
Net (liabilities)/ assets	(76,780)	(3,339)	236	943	2,079	2,667

Parkson Retail Asia Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 30 June 2015

13. Investments in subsidiaries (cont'd)

Summarised financial information of subsidiaries with material NCI (cont'd)

	Parkson Hanoi Co Ltd		Kiara Inovasi Sdn Bhd		Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	
	2015	2014	2015	2014	2015	2014
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Statement of comprehensive income						
Revenue	10,259	13,561	3,790	4,167	1,904	1,787
Loss after tax	(73,694)	(7,059)	(669)	(400)	(450)	(955)
Other comprehensive income	(299)	(81)	(38)	(77)	(138)	(34)
Total comprehensive income	(73,993)	(7,140)	(707)	(477)	(588)	(989)
Other information						
Net cash flow from operating activities	(548)	(3,221)	(1)	(282)	177	(718)

14. Investment in an associate

	Group		Company	
	2015	2014	2015	2014
	SGD'000	SGD'000	SGD'000	SGD'000
Shares, at cost	–	27,024	–	27,024
Share of post-acquisition reserves	–	470	–	–
Exchange difference	–	(955)	–	(950)
	–	26,539	–	26,074
Fair value of investment in an associate for which there is published price quotation	n/a	28,728	n/a	28,728

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
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14. Investment in an associate (cont'd)

Details of the associate are as follows:

Name of company	Principal activities	Country of incorporation	Ownership interest	
			2015 %	2014 %
Odel PLC ^(a)	Retailing and operation of modern shopping centres	Sri Lanka	–	47.46

^(a) Audited by Ernst & Young, Sri Lanka

Disposal of an associate

In September 2014, Softlogic Holdings PLC together with Softlogic Retail (Private) Limited (collectively, "Softlogic") acquired 122,894,000 shares or 45.16% of the issued and paid up share capital in Odel PLC ("Odel") at prices between LKR21.80 and LKR22.00 per share from Otara Del Gunewardene, Ruchi Hubert Gunewardene and Ajit Damon Gunewardene and from the open market.

Pursuant to the Sri Lanka Company Take-Overs and Mergers Code (1995) (amended in 2003), Softlogic made a mandatory offer in September 2014 for all the remaining shares in Odel at LKR22.00 per share.

The Company accepted Softlogic's mandatory offer and disposed of its 47.46% interest in Odel on 4 November 2014 for a total cash consideration of LKR2,841,319,008 (SGD27,919,000).

The effects of the disposal as at 4 November 2014 are as follows:

	Group SGD'000
Cash received	27,919
Realisation of cost of investment	(27,024)
Realisation of share of post-acquisition reserves	(509)
Cumulative exchange differences in respect of the carrying amount of investment in Odel reclassified from equity	993
Gain on disposal	<u>1,379</u>

Parkson Retail Asia Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 30 June 2015

14. Investments in an associate (cont'd)

Summarised financial information of the associate

The summarised financial information of the associate and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Odel PLC	
	2015	2014(*)
	SGD'000	SGD'000
Balance sheets		
Current		
Assets	–	36,292
Liabilities	–	(13,319)
	–	22,973
Non-current		
Assets	–	30,560
Liabilities	–	(3,480)
	–	27,080
Net assets	–	50,053
Proportion of the Group's ownership	–	47.46%
Group's share of net assets	–	23,755
Fair value adjustments	–	3,318
Other adjustments	–	421
Exchange difference	–	(955)
Group's carrying amount of the investment	–	26,539

	Odel PLC	
	2015	2014(*)
	SGD'000	SGD'000
Statement of comprehensive income		
Revenue	–	44,183
Profit after tax	–	1,851
Other comprehensive income	–	(70)
Total comprehensive income	–	1,781

(*) The Group recognised its share of results based on Odel's audited financial statements drawn up to the most recent reporting date, which is 31 March 2014. Being a listed entity on the Colombo Stock Exchange, Odel is unable to release information other than those publicly published.

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**Notes to the financial statements
For the financial year ended 30 June 2015**

15. Deferred tax assets/liabilities

Group	Deferred tax assets				Deferred tax liabilities			
	Difference in depreciation for tax purposes SGD'000	Provisions SGD'000	Unutilised tax losses SGD'000	Deferred tax assets, total SGD'000	Difference in depreciation for tax purposes SGD'000	Others SGD'000	Deferred tax liabilities, total SGD'000	Deferred tax, total SGD'000
At 1 July 2013								
As previously stated	623	3,670	-	4,293	(2,071)	(280)	(2,351)	1,942
Prior year adjustments	-	1,064	-	1,064	-	-	-	1,064
As restated	623	4,734	-	5,357	(2,071)	(280)	(2,351)	3,006
Recognised in profit or loss								
As previously stated	1	1,524	1,425	2,950	(1,083)	55	(1,028)	1,922
Prior year adjustments	-	130	-	130	-	-	-	130
As restated	1	1,654	1,425	3,080	(1,083)	55	(1,028)	2,052
Recognised in other comprehensive income								
Exchange differences	(115)	(178)	(25)	(318)	-	46	99	(18)
At 30 June 2014	509	6,192	1,400	8,101	(3,101)	(179)	(3,280)	4,821
Recognised in profit or loss	139	643	2,479	3,261	(943)	47	(896)	2,365
Recognised in other comprehensive income	-	3	-	3	-	-	-	3
Deferred tax of disposal group classified as held for sale	-	-	-	-	77	-	77	77
Exchange differences	(21)	(296)	2	(315)	280	-	280	(35)
At 30 June 2015	627	6,542	3,881	11,050	(3,687)	(132)	(3,819)	7,231

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

15. Deferred tax assets/liabilities (cont'd)

	Group	
	2015	2014
		(Restated)
	SGD'000	SGD'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	7,231	4,928
Deferred tax liabilities	–	(107)
	<u>7,231</u>	<u>4,821</u>

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately SGD29,196,000 (2014: SGD16,831,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividend

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 28).

16. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Trade receivables	3,164	4,539	–	–
Credit card receivables	954	1,298	–	–
Other receivables:				
- VAT receivables	3,841	1,804	–	–
- Others	3,170	2,517	4	4
Rental deposits	1,760	1,500	–	–
Other deposits	3,338	10,630	–	–
Deferred lease expense	611	603	–	–
Amount due from subsidiaries (non-trade)	–	–	32,458	27,487
Amount due from ultimate holding company (non-trade)	32	1	–	–
Amount due from related companies (non-trade)	570	620	–	–
Amount due from an associate	–	2	–	2
	<u>17,440</u>	<u>23,514</u>	<u>32,462</u>	<u>27,493</u>

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

16. Trade and other receivables (cont'd)

	Group		Company	
	2015	2014	2015	2014
		(Restated)		
	SGD'000	SGD'000	SGD'000	SGD'000
<i>Non-current:</i>				
Rental deposits	9,361	11,996	—	—
Deferred lease expenses	11,135	12,471	—	—
Other deposits	1,265	409	—	—
Loans to subsidiaries (non-trade)	—	—	23,161	32,135
	21,761	24,876	23,161	32,135
Total trade and other receivables (current and non-current)	39,201	48,390	55,623	59,628
Add: Cash and short-term deposits (Note 21)	126,711	129,204	7,644	3,514
Less:				
Deferred lease expenses	(11,746)	(13,074)	—	—
VAT receivables	(3,841)	(1,804)	—	—
Total loans and receivables	150,325	162,716	63,267	63,142

Trade receivables

Trade receivables are non-interest bearing and are generally on 10 to 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to SGD2,898,000 (2014: SGD3,081,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2015	2014
	SGD'000	SGD'000
Less than 30 days	826	904
30 to 60 days	534	461
61 to 90 days	425	564
More than 90 days	1,113	1,152
	2,898	3,081

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

16. Trade and other receivables (cont'd)

Trade and other receivables (current) that are impaired

The Group's trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2015	2014
	SGD'000	SGD'000
Trade and other receivables – nominal amounts	13,718	1,473
Less: Allowance for impairment	(13,718)	(1,473)
	–	–
Movement in allowance accounts:		
At 1 July	1,473	358
Charge for the year, net	12,167	1,126
Exchange differences	78	(11)
At 30 June	13,718	1,473

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Credit card receivables

Credit card receivables are trade related, non-interest bearing and generally on 1 to 7 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables

Other receivables are unsecured, non-interest bearing and repayable on demand.

Rental deposits

Rental deposits are unsecured and non-interest bearing. Non-current amounts have a maturity ranging from 1 to 23 years (2014: 1 to 24 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded as deferred lease expenses.

During the year, an impairment loss of SGD3,708,000 (2014: SGD1,034,000) was recognised in respect of the rental deposit of a closed store.

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

16. Trade and other receivables (cont'd)

Rental deposits denominated in foreign currencies are as follows:

	Group	
	2015	2014
	SGD'000	SGD'000
United States Dollar	2,781	6,652

Other deposits (current)

Included in "Other deposits" are deposits amounting to SGD10,616,000 (2014: SGD9,931,000) paid by Parkson Vietnam Co Ltd ("Parkson Vietnam") to the individual owners of two Vietnamese companies as well as to one of the Vietnamese companies for the purpose of acquiring the share capital of these two Vietnam companies. These companies own three Parkson department stores in Vietnam operated and managed by Parkson Vietnam Management Services Co Ltd, pursuant to management agreements entered into with these companies ("managed stores"). These deposits are non-interest bearing and secured by collateral over the charter capital of the respective companies and assets created with such amounts provided.

During the year, Parkson Vietnam carried out a review on the recoverable amount of the deposits paid for the three managed stores. An impairment loss of SGD8,211,000 (2014: Nil) was recognised in profit or loss for the financial year ended 30 June 2015.

Deferred lease expenses (current and non-current)

Deferred lease expenses relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the remaining lease terms ranging from 1 to 23 years (2014: 1 to 24 years).

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**Notes to the financial statements
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16. Trade and other receivables (cont'd)

Deferred lease expenses (current and non-current) (cont'd)

The movement in deferred lease expenses is as follows:

	Group	
	2015	2014
	SGD'000	SGD'000
At 1 July	13,074	12,497
Additions during the year	951	3,047
Recognised in profit or loss (Note 8)	(1,465)	(2,197)
Deferred lease expense of disposal group classified as held for sale	(910)	—
Exchange differences	96	(273)
At 30 June	<u>11,746</u>	<u>13,074</u>

Amounts due from ultimate holding company / related companies / subsidiaries / associate

The outstanding balances are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash. Related companies refer to companies within the Parkson Holdings Berhad Group.

Loans to subsidiaries

The outstanding balances are non-trade related, unsecured, repayable upon demand and are to be settled in cash. The settlement of loans to subsidiaries is not likely to occur in the foreseeable future. The loans to subsidiaries are non-interest bearing except for loan to one of the subsidiaries amounting to SGD26,741,000 (2014: SGD25,380,000), which bears interest at 10.30% (2014: 9.55%) per annum.

Parkson Retail Asia Limited and its Subsidiaries

Notes to the financial statements
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17. Intangible assets

	Customer relationships	Goodwill	Club memberships	Software	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Group					
Cost					
At 1 July 2013	1,421	5,242	101	1,374	8,138
Additions	—	—	—	315	315
Exchange differences	(262)	(966)	(3)	(107)	(1,338)
At 30 June 2014 and 1 July 2014	1,159	4,276	98	1,582	7,115
Additions	—	—	—	375	375
Written off	—	—	—	(23)	(23)
Intangible assets of disposal group classified as held for sale	—	—	—	(23)	(23)
Exchange differences	(34)	(125)	(7)	(34)	(200)
At 30 June 2015	1,125	4,151	91	1,877	7,244
Accumulated amortisation and impairment loss					
At 1 July 2013	568	—	26	339	933
Additions	246	—	—	350	596
Exchange differences	(119)	—	(1)	(31)	(151)
At 30 June 2014 and 1 July 2014	695	—	25	658	1,378
Additions	234	—	—	361	595
Written off	—	—	—	(7)	(7)
Intangible assets of disposal group classified as held for sale	—	—	—	(8)	(8)
Exchange differences	(29)	—	(2)	(33)	(64)
At 30 June 2015	900	—	23	971	1,894
Net carrying amount					
At 30 June 2014	464	4,276	73	924	5,737
At 30 June 2015	225	4,151	68	906	5,350

17. Intangible assets (cont'd)

Customer relationships

Customer relationships arise from the Privilege Card loyalty programme that was acquired in a business combination. As disclosed in Note 2.8(b)(ii), customer relationships will be amortised over their estimated useful lives of 5 years and the remaining useful lives is 2 years.

Amortisation expense

The amortisation of customer relationships, club memberships and software is included in the "Depreciation and amortisation expenses" line item in profit or loss.

Impairment testing of goodwill

Intangibles acquired through business combinations have been allocated to the cash-generating unit ("CGU") which is also the reportable geographical segment in Indonesia as described in Note 31. The operations in the Indonesia geographical segment are managed by one of the Company's subsidiary, PT Tozy Sentosa. The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are 18.0% (2014: 18.0%) and 3.0% (2014: 2.0%) respectively.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on past performances and the expectation of market developments.

Growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industry relevant to the CGU.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Parkson Retail Asia Limited and its Subsidiaries

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17. Intangible assets (cont'd)

Market share assumptions – These assumptions are important because, besides using industry data for growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the Indonesia's retail market to be growing over the budget period.

During the financial years ended 30 June 2015 and 2014, no impairment loss for intangible assets were recognised in profit or loss.

18. Derivatives

	Group	
	2015	2014
	SGD'000	SGD'000
Option to purchase additional shares in Kiara Innovasi ⁽¹⁾ , representing total financial assets at fair value through profit or loss	19	20

⁽¹⁾ This relates to an irrevocable option granted to PCSB by Galaxy Point Sdn Bhd to purchase the remaining 40% paid-up share capital of Kiara Innovasi from the non-controlling shareholder at the net tangible assets value of Kiara Innovasi.

19. Investment securities

	Group	
	2015	2014
	SGD'000	SGD'000
Current		
<i>Available-for-sale financial assets:</i>		
Money market instruments (quoted)	11,867	21,677
Non-current		
<i>Available-for-sale financial assets:</i>		
Equity instruments (unquoted), at cost	83	91

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

20. Inventories

	Group	
	2015	2014
	SGD'000	SGD'000
Balance sheet:		
Merchandise inventories	57,789	63,594
Consumables	28	34
	<u>57,817</u>	<u>63,628</u>
Income statement:		
Inventories recognised as an expense in changes in merchandise inventories and consumables	158,014	167,449
Inclusive of the following charge:		
- Inventory shrinkages	865	1,159
- Inventories written-down	209	–

21. Cash and short-term deposits

	Group		Company	
	2015	2014	2015	2014
		(Restated)		
	SGD'000	SGD'000	SGD'000	SGD'000
Cash and bank balances	20,432	18,576	593	413
Short-term deposits placed with licensed banks	65,184	87,287	7,051	3,101
finance institutions	41,095	23,341	–	–
Cash and short-term deposits	<u>126,711</u>	<u>129,204</u>	<u>7,644</u>	<u>3,514</u>
Bank overdrafts (Note 25)	(735)	–	–	–
Cash and cash equivalents	<u>125,976</u>	<u>129,204</u>	<u>7,644</u>	<u>3,514</u>

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short-term deposits earn interests at the respective short-term deposit rates. The weighted average effective interest rates for the Group and the Company as at 30 June 2015 were 3.36% (2014: 3.05%) and 0.41% (2014: 0.33%) respectively per annum.

Cash and short-term deposits denominated in foreign currencies are as follows:

	Group		Company	
	2015	2014	2015	2014
	SGD'000	SGD'000	SGD'000	SGD'000
Singapore Dollar	466	3,276	466	3,276
United States Dollar	11,722	10,614	7,171	66
Sri Lanka Rupee	–	172	–	172

Parkson Retail Asia Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 June 2015

22. Disposal group classified as held for sale

On 16 June 2015, the Company announced that Parkson Vietnam Co Ltd ("Parkson Vietnam"), a wholly-owned subsidiary of the Company, entered into a capital assignment agreement with Mr. Hoang Manh Cuong to dispose of a 27.8% interest in the charter capital of Parkson Hanoi Co Ltd ("PHCL") for a cash consideration of USD5,000 (SGD7,000).

The capital assignment transaction of PHCL was completed on 17 August 2015.

As at 30 June 2015, the assets and liabilities related to PHCL have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale."

The major classes of assets and liabilities of PHCL classified as held for sale and the related foreign currency translation reserve as at 30 June 2015 are as follows:

	Group 2015 SGD'000
Assets:	
Property, plant and equipment	510
Prepayments	225
Intangible assets	15
Inventories	959
Trade and other receivables	2,176
Tax recoverable	164
Cash and short-term deposits	625
Assets of disposal group classified as held for sale	<u>4,674</u>
Liabilities:	
Trade and other payables	(3,144)
Other liabilities	(2,343)
Provision for contingent expenses in relation to closure of a store	(64,729)
Deferred tax liabilities	(77)
Liabilities of disposal group classified as held for sale	<u>(70,293)</u>
Net liabilities of disposal group classified as held for sale	<u>(65,619)</u>
Other reserves of disposal group classified as held for sale	<u>(386)</u>

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

23. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
		(Restated)		
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Trade payables	114,514	127,687	—	—
Payables to suppliers of property, plant and equipment	198	713	—	—
Other payables	22,562	17,148	400	403
Rental deposits	1,355	1,563	—	—
Deferred lease income	79	74	—	—
Amount due to ultimate holding company (non-trade)	5	—	—	—
Amounts due to related companies (non-trade)	1,437	643	512	359
	140,150	147,828	912	762
Non-current:				
Rental deposits	3,254	4,237	—	—
Deferred lease income	1,806	3,975	—	—
Provision for severance allowance	113	125	—	—
Defined benefit plan	434	316	—	—
Other payables	1,342	1,441	—	—
	6,949	10,094	—	—
Total trade and other payables (current and non-current)	147,099	157,922	912	762
Add:				
Other liabilities (Note 24)	15,172	15,020	—	—
Bank overdrafts (Note 25)	735	—	—	—
Less:				
Deferred lease income	(1,885)	(4,049)	—	—
Defined benefit plan	(434)	(316)	—	—
Provision for severance allowance	(113)	(125)	—	—
Total financial liabilities carried at amortised cost	160,574	168,452	912	762

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

23. Trade and other payables (cont'd)

Trade payables

These amounts are non-interest bearing and are normally settled on 30 to 90 days' terms.

Other payables

Other payables are non-interest bearing and are normally settled on 30 to 90 day's terms.

Other payables denominated in foreign currencies as at 30 June are as follows:

	Group and Company	
	2015	2014
	SGD'000	SGD'000
Singapore Dollar	223	120

Amounts due to ultimate holding company/related companies (non-trade)

The outstanding balances are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Rental deposits (current and non-current)

Rental deposits are unsecured and non-interest bearing. Non-current rental deposits have maturity ranging from 1 to 15 years (2014: 1 to 16 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded in deferred lease income.

Rental deposits denominated in foreign currencies as at 30 June are as follows:

	Group	
	2015	2014
		(Restated)
	SGD'000	SGD'000
United States Dollar	139	47

Notes to the financial statements
For the financial year ended 30 June 2015

23. Trade and other payables (cont'd)

Deferred lease income (current and non-current)

Deferred lease income relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which is amortised on a straight-line basis over the remaining lease terms ranging from 1 to 15 years (2014: 1 to 16 years). The movement in deferred lease income is as follows:

	Group	
	2015	2014
	SGD'000	SGD'000
At 1 July	4,049	2,620
(Reversal)/additions during the year	(1,417)	2,230
Recognised in profit or loss	(628)	(699)
Reclassification of disposal group classified as held for sale	(107)	–
Exchange differences	(12)	(102)
At 30 June	1,885	4,049

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 principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2015 are as follows:

Annual discount rate: 8.74% (2014: 8.74%)
 Future annual salary increment: 8% (2014: 8%)
 Retirement age: 55 years of age (2014: 55 years of age)

The following table summarises the components of net employee benefits expense recognised in the consolidated income statements:

	Group	
	2015	2014
	SGD'000	SGD'000
Current service cost	92	80
Interest cost on benefit obligations	34	18
Expected return on planned assets	(6)	–
Net benefit expense recognised in profit or loss	120	98

Parkson Retail Asia Limited and its Subsidiaries**Notes to the financial statements
For the financial year ended 30 June 2015**

23. Trade and other payables (cont'd)***Defined benefit plan (cont'd)***

The estimated liabilities for employee benefits as at the financial years ended 30 June 2015 and 2014 are as follows:

	Group	
	2015 SGD'000	2014 SGD'000
Defined benefit obligations	505	411
Fair value of planned assets	(71)	(95)
Liabilities as at 30 June	<u>434</u>	<u>316</u>

Changes in the present value of the defined benefit obligations are as follows:

Benefits obligations at 1 July	316	357
Recognised in profit or loss	120	98
Recognised in other comprehensive income	11	(72)
Exchange difference	(13)	(67)
Benefits obligations at 30 June	<u>434</u>	<u>316</u>

24. Other liabilities

	Group	
	2015 SGD'000	2014 SGD'000
Accrued operating expenses	12,936	12,608
Accrued staff costs	301	219
Accrued expenses for additions to property, plant and equipment	253	—
Others	<u>1,682</u>	<u>2,193</u>
	15,172	15,020
Deferred revenue from gift vouchers	8,921	8,685
Deferred revenue from customer loyalty award	<u>2,018</u>	<u>3,290</u>
	<u>26,111</u>	<u>26,995</u>

Notes to the financial statements
For the financial year ended 30 June 2015

24. Other liabilities (cont'd)

Deferred revenue from customer loyalty award

Deferred revenue from customer loyalty award represents consideration received from the sale of goods that is allocated to the points issued under the customer loyalty programme that are expected to be redeemed but are still outstanding as at the end of the reporting period. The movement in the deferred revenue is as follows:

	Group	
	2015	2014
	SGD'000	SGD'000
At 1 July	3,290	3,686
Additions during the year	2,238	2,237
Recognised in profit or loss	(3,326)	(2,244)
Deferred revenue of disposal group classified as held for sale	(43)	—
Exchange differences	(141)	(389)
At 30 June	2,018	3,290

Provision for contingent expenses in relation to closure of a store

	Group	
	2015	2014
	SGD'000	SGD'000
At 1 July	—	—
Recognised in profit or loss	64,729	—
Provision of disposal group classified as held for sale	(64,729)	—
At 30 June	—	—

During the financial year, Parkson Hanoi Co Ltd ("PHCL") made a provision of SGD64,729,000 in relation to the early-termination of a lease at Landmark 72, Hanoi. PHCL holds the operating license for the store at Landmark 72. These contingent expenses represent possible compensation payable by PHCL to the landlord of the Landmark 72 store for breach of terms of tenancy agreement. No legal action has been initiated by the landlord to seek such compensation as at the date of these financial statements but PHCL has provided for this sum as a contingency and will contest any legal claim that may arise.

This amount substantially represents the maximum rental for the remaining lease term of approximately 7 years for the said store. Under the terms of the tenancy agreement, the landlord may seek compensation equivalent to the rental payable during the vacancy period of the premises or where the premises is re-tenanted, the differences in the rental rates (if any). As such, any compensation claim (if successful) will be a lower amount than the maximum contingent expenses provided as at balance sheet date in the event that the premises is re-tenanted, resulting in a possible write-back of the said provision.

Notwithstanding the above contingent provision, the liabilities of PHCL's shareholders are limited to their respective contributed equity capital in the event of dissolution. The Group's contribution to its share of PHCL's equity capital has been fully written down in the previous financial year.

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

25. Bank overdrafts

	Group	
	2015	2014
	SGD'000	SGD'000
Current		
Bank overdrafts	735	–

Bank overdrafts are payable on demand, denominated in MYR, bear interest at 4.6% p.a. and are unsecured.

26. Share capital

	Company			
	2015		2014	
	No. of shares '000	SGD'000	No. of shares '000	SGD'000
Issued and fully paid ordinary shares:				
At 1 July and 30 June	677,300	231,676	677,300	231,676

The ordinary shares of the Company have no par value. All issued ordinary shares are fully paid. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

27. Other reserves

		Group		Company	
		2015	2014	2015	2014
	Note	SGD'000	(Restated) SGD'000	SGD'000	SGD'000
Foreign currency translation reserve	(a)	(43,243)	(36,896)	(30,278)	(11,710)
Capital redemption reserve	(b)	1	1	–	–
Capital contribution from ultimate holding company	(c)	9,959	9,959	–	–
Merger reserve	(d)	(123,753)	(123,753)	–	–
Bargain purchase of non- controlling interests	(e)	–	439	–	–
		(157,036)	(150,250)	(30,278)	(11,710)

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

27. Other reserves (cont'd)

(a) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company and subsidiaries whose functional currencies are different from that of the Company and Group's presentation currency. The movement in the foreign currency translation reserve is as follows:

	Group		Company	
	2015	2014	2015	2014
		(Restated)		
	SGD'000	SGD'000	SGD'000	SGD'000
At 1 July	(36,896)	(24,459)	(11,710)	(4,250)
Foreign currency translation difference	(8,165)	(12,437)	(18,568)	(7,460)
Cumulative exchange differences on disposal of an associate	993	—	—	—
Reserve of disposal group classified as held for sale	825	—	—	—
At 30 June	<u>(43,243)</u>	<u>(36,896)</u>	<u>(30,278)</u>	<u>(11,710)</u>

(b) Capital redemption reserve

Capital redemption reserve arose from redemption of preference shares of PCSB in previous years.

(c) Capital contribution from ultimate holding company

Capital contribution from ultimate holding company represents the equity-settled share options granted by PHB to eligible employees of the Group. This capital contribution is made up of the cumulative value of services received from eligible employees recorded on grant of share options under the Executive Share Option Scheme of PHB ("PHB ESOS") for eligible employees of the Group.

The Company had on 12 October 2011 adopted its own employee share option scheme ("Parkson Retail ESOS") representing equity-settled share options of the Company which can be granted to executives and non-executive directors and eligible employees of the Group at the absolute discretion of the Company. As at 30 June 2015, no options under the Parkson Retail ESOS have been granted. Due to the adoption of the Parkson Retail ESOS, the options held by the eligible employees of the Group under the PHB ESOS were terminated on 31 May 2012 in accordance with the relevant Bylaw of the PHB ESOS which do not allow participation in other company's option scheme. Accordingly, the exercise period for the options under the PHB ESOS granted to the employees of the Group that were due to expire on 6 May 2013 were terminated on 31 May 2012.

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

27. Other reserves (cont'd)

(d) ***Merger reserve***

This represents the difference between the consideration paid and the paid-in capital of the subsidiaries when entities under common control are accounted for by applying the "pooling of interest method".

(e) ***Bargain purchase of non-controlling interests***

This represents the difference between the carrying value of the non-controlling interests acquired and the fair value of the consideration paid which is recognised directly in equity.

28. Dividends

	Company	
	2015	2014
	SGD'000	SGD'000
Declared and paid during the financial year:		
Interim exempt (one-tier) dividend for 2015: SGD0.04 (2014: SGD0.03) per ordinary share	(27,092)	(20,319)
Final exempt (one-tier) dividend for 2014: SGD0.025 (2013: SGD0.027) per ordinary share	(16,933)	(18,287)
	<u>(44,025)</u>	<u>(38,606)</u>
Proposed and not recognised as a liability as at 30 June:		
<i>Dividend on ordinary shares, subject to shareholders' approval at the AGM:</i>		
- Final exempt (one-tier) dividend for 2015: SGD0.02 (2014: SGD0.025) per ordinary share	<u>13,546</u>	<u>16,933</u>

Parkson Retail Asia Limited and its Subsidiaries**Notes to the financial statements
For the financial year ended 30 June 2015****29. Related party transactions****(a) Sale and purchase of goods and services**

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2015	2014
	SGD'000	SGD'000
Sale of gift vouchers to director related companies:		
- Amsteel Mills Marketing Sdn Bhd	90	83
- Amsteel Mills Sdn Bhd	5	33
- Megasteel Sdn Bhd	5	3
- Posim Petroleum Marketing Sdn Bhd	27	3
- Lion Industries Corporation Sdn Bhd	—	2
- Festival City Sdn Bhd	—	41
- Parkson Holdings Bhd	4	—
	131	165
Purchase of goods and services from director related companies:		
- Secom (Malaysia) Sdn Bhd	27	300
- Posim Marketing Sdn Bhd	596	706
- Posim EMS Sdn Bhd	1,045	663
- Lion Trading & Marketing Sdn Bhd	300	177
- WatchMart (M) Sdn Bhd	135	181
- PT Monica Hijaulestari	4,811	3,971
- Bonuskad Loyalty Sdn Bhd	3,972	4,126
- Brands Pro Management Sdn Bhd	199	163
	11,085	10,287
Purchase of goods and services from a subsidiary of the ultimate holding company:		
- Park Avenue Fashion Sdn Bhd	8	1
- Parkson Branding Sdn Bhd	626	—
- Watatime (M) Sdn Bhd	38	—
- Parkson Fashion Sdn Bhd	61	—
- Valino International Apparel Sdn Bhd	1,570	—
- Daphne Malaysia Sdn Bhd	24	—
	2,327	1
Sale of goods and services to director related companies:		
- Bonuskad Loyalty Sdn Bhd	5,716	6,166
Rental of office space from a director related company:		
- Visionwell Sdn Bhd	98	81

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

29. Related party transactions (cont'd)

(a) Sale and purchase of goods and services (cont'd)

	Group	
	2015	2014
	SGD'000	SGD'000
Rental of office and warehouse space from a subsidiary of a shareholder, PT Mitra Samaya: - PT Tozy Bintang Sentosa	245	259
Rental of retail space from a subsidiary of the ultimate holding company: - Festival City Sdn Bhd	930	1,875
Royalty expense to a subsidiary of the ultimate holding company: - Smart Spectrum Limited	204	190

(b) Compensation of key management personnel

Short-term employee benefits	1,423	2,321
Contribution to defined contribution plans	102	170
	1,525	2,491
Comprise amounts paid to:		
Directors of the Company	738	1,594
Other key management personnel	787	897
	1,525	2,491

No employee share options were granted to key management personnel during the financial years ended 30 June 2015 and 2014.

30. Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2015	2014
	SGD'000	SGD'000
Capital commitments in respect of property, plant and equipment	32,827	1,867

30. Commitments (cont'd)

(b) Operating lease commitments – as lessee

In addition to the land use right disclosed in Note 12, the Group has entered into commercial leases on certain department stores. These leases have remaining lease terms of between 1 and 22 years (2014: 1 and 23 years) with terms of renewal included in the contracts and there are no restrictions placed upon the Group by entering into these lease agreements.

In addition to the above, the annual contingent rental amount is chargeable on a percentage of the respective stores' turnover or profit, where appropriate, as stated in the relevant lease agreements.

Minimum lease payments, contingent rental payments and amortisation of the land use right recognised as expense in profit or loss for the financial years ended 30 June 2015 and 2014 are disclosed in Note 8.

Future minimum rental payable under non-cancellable operating leases (excluding land use right) at the end of the reporting period are as follows:

	Group	
	2015	2014
	SGD'000	SGD'000
Not later than one year	82,886	78,118
Later than one year and not later than five years	197,229	196,957
Later than five years	325,445	224,520
	<u>605,560</u>	<u>499,595</u>

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

30. Commitments (cont'd)

(c) Operating lease commitments – as lessor

The Group has entered into commercial subleases on its department stores. These non-cancellable subleases have remaining lease terms of between 1 and 12 years (2014: 1 and 13 years) with terms of renewal included in the contracts.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2015	2014
	SGD'000	SGD'000
Not later than one year	11,183	16,765
Later than one year and not later than five years	4,934	21,187
Later than five years	3,296	3,434
	19,413	41,386

31. Segment information

The Group has a single operating segment - the operation and management of retail stores. For management purposes, the Group is organised into business units based on the geographical location of customers and assets, and has five reportable segments as follows:

- (a) Malaysia
- (b) Vietnam
- (c) Indonesia
- (d) Myanmar
- (e) Cambodia

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Certain expenses are managed on a group basis and are not allocated to operating segments.

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

31. Segment information (cont'd)

	Malaysia SGD'000	Vietnam SGD'000	Indonesia SGD'000	Myanmar SGD'000	Cambodia SGD'000	Adjustments SGD'000	Unallocated assets/ liabilities SGD'000	Note	Total SGD'000
2015									
Revenue:									
Sales to external customers	322,250	45,175	59,422	1,904	—	—	—		428,751
Segment results:									
Depreciation and amortisation expenses	(11,328)	(4,103)	(4,754)	(290)	—	—	—		(20,475)
Allowance for doubtful trade and other receivables:									
- Deposits paid for closed stores	—	(3,708)	—	—	—	—	—		(3,708)
- Deposits paid for managed stores	—	(8,211)	—	—	—	—	—		(8,211)
Provision for contingent expenses in relation to closure of a store	—	(64,729)	—	—	—	—	—		(64,729)
Rental expenses	(68,510)	(19,015)	(23,243)	(1,050)	—	—	—		(111,818)
Finance income	4,776	1,011	513	—	26	28	—		6,354
Finance costs	(44)	(557)	—	—	—	—	—		(601)
Taxation	(13,427)	(585)	2,049	—	—	(241)	—		(12,204)
Segment profit/(loss)	26,195	(79,196)	(1,304)	(448)	(11)	1,969	—	A	(52,795)
Assets:									
Additions to non-current assets	22,821	1,982	7,943	5	—	—	—	B	32,751
Segment assets	237,847	63,075	64,094	619	1,103	—	7,669	C	374,407
Segment liabilities									
	130,745	88,064	19,143	984	7	—	5,418	D	244,361

Parkson Retail Asia Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 June 2015**

31. Segment information (cont'd)

	Malaysia SGD'000	Vietnam SGD'000	Indonesia SGD'000	Myanmar SGD'000	Cambodia SGD'000	Adjustments SGD'000	Unallocated assets/ liabilities SGD'000	Note	Total SGD'000
2014 (Restated)									
Revenue:									
Sales to external customers	333,741	42,761	53,748	1,787	-	-	-		432,037
Segment results:									
Depreciation and amortisation expenses	(12,243)	(4,291)	(3,561)	(270)	-	-	-		(20,365)
Impairment of property, plant and equipment	-	(540)	-	-	-	-	-		(540)
Rental expenses	(64,762)	(22,596)	(15,548)	(997)	-	-	-		(103,903)
Finance income	5,231	1,322	385	-	-	35	-		6,973
Finance costs	(132)	(542)	-	-	-	-	-		(674)
Taxation	(13,493)	97	(2)	-	-	(169)	-		(13,567)
Segment profit/(loss)	33,683	(2,866)	2,699	(959)	(14)	(485)	-	A	32,058
Assets:									
Additions to non-current assets	15,300	3,185	18,755	407	-	-	-	B	37,647
Segment assets	242,994	74,266	63,403	3,807	5,314	-	30,082	C	419,866
Segment liabilities									
	142,773	22,345	19,157	761	11	-	767	D	185,814

Parkson Retail Asia Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 30 June 2015

31. Segment information (cont'd)

Note Nature of adjustments to arrive at amounts reported in the consolidated financial statements

- A The following items are added to/(deducted from) the segment profit to arrive at "profit for the year" presented in the consolidated income statement:

	Group	
	2015	2014
	SGD'000	SGD'000
Corporate income /(expenses)	551	(1,364)
Gain on disposal of an associate	1,379	–
Share of profit of an associate	39	879
	<u>1,969</u>	<u>(485)</u>

- B Additions to non-current assets refer to additions to property, plant and equipment, land use rights and intangible assets.

- C Unallocated corporate assets are added to the segment assets to arrive at "total assets" reported in the consolidated balance sheet.

- D Unallocated corporate liabilities are added to the segment liabilities to arrive at "total liabilities" reported in the consolidated balance sheet.

Non-current assets information based on the geographical locations of customers and assets respectively are as follows:

	Group	
	2015	2014
	SGD'000	SGD'000
Malaysia	46,268	37,851
Vietnam	25,840	29,042
Indonesia	36,985	34,649
Myanmar	1,262	1,630
	<u>110,355</u>	<u>103,172</u>

Non-current assets information presented above consist of property, plant and equipment, land use right and intangible assets as presented in the consolidated balance sheet.

32. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced liquidation or sale.

(a) *Fair value of financial instruments that are carried at fair value*

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group			
	2015	2014	2015	2014
	SGD'000	SGD'000	SGD'000	SGD'000
	Quoted prices in active markets for identical instruments (Level 1)		Significant unobservable inputs (Level 3)	
Money market instruments (Note 19)	11,867	21,677	–	–
Derivatives (Note 18)	–	–	19	20

Determination of fair value

Derivatives (Note 18): Fair value is determined using a valuation technique based on the probability of PCSB exercising the option to purchase additional shares in Kiara Innovasi that is not supportable by observable market data.

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value*

Current trade and other receivables (Note 16), Current trade and other payables (Note 23) and Other liabilities (Note 24)

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values due to their short term nature.

32. Fair value of financial instruments (cont'd)

- (b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value (cont'd)***

Non-current rental deposits receivables (Note 16) and Non-current rental deposits payables (Note 23)

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values. The fair values of these financial assets and liabilities are calculated by discounting future cash flows at incremental market rates.

- (c) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value***

The fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	Group		Company	
	2015	2014	2015	2014
	SGD'000	SGD'000	SGD'000	SGD'000
Financial assets:				
<i>Non-current:</i>				
Loans to subsidiaries, at cost (Note 16):				
Carrying amount	—	—	23,161	32,135
Fair value	—	—	*	*
<i>Current:</i>				
Equity instruments (unquoted), at cost (Note 19):				
Carrying amount	83	91	—	—
Fair value	**	**	—	—

* *Loans to subsidiaries carried at cost*

Fair value information has not been disclosed for the Company's loans to subsidiaries that are carried at cost because fair value cannot be measured reliably. The fair value of these balances is not determinable as the timing of the future cash flows arising from the balances cannot be estimated reliably.

32. Fair value of financial instruments (cont'd)

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value (cont'd)

**** Investment in equity instruments carried at cost**

Fair value information has not been disclosed for the Group's investment in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in Lion Insurance Co Ltd that is not quoted on any market and does not have any comparable industry peer that is listed. The Group does not intend to dispose of this investment in the foreseeable future. The Group intends to eventually dispose of this investment through sale to institutional investors.

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, credit risk and foreign currency risk. The management reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no trading in derivative for speculative purposes shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks throughout the years under review.

(a) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities and to maintain sufficient levels of cash including short term deposits to meet its working capital requirements.

33. Financial risk management objectives and policies (cont'd)**(a) Liquidity risk (cont'd)***Analysis of financial instruments by remaining contractual maturities*

The tables below summarise the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less	One to five years	Over five years	Total
	SGD'000	SGD'000	SGD'000	SGD'000
Group				
30 June 2015				
Financial assets				
Trade and other receivables	12,988	4,571	6,055	23,614
Derivatives	–	–	19	19
Investment securities	11,867	–	83	11,950
Cash and short-term deposits	126,711	–	–	126,711
Total undiscounted financial assets	151,566	4,571	6,157	162,294
Financial liabilities				
Trade and other payables	140,071	3,704	892	144,667
Other liabilities	15,172	–	–	15,172
Bank overdrafts	735	–	–	735
Total undiscounted financial liabilities	155,978	3,704	892	160,574
Total net undiscounted financial assets/(liabilities)	(4,412)	867	5,265	1,720

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33. Financial risk management objectives and policies (cont'd)

(a) Liquidity risk (cont'd)

	One year or less SGD'000	One to five years SGD'000	Over five years SGD'000	Total SGD'000
Group				
30 June 2014 (Restated)				
Financial assets				
Trade and other receivables	21,107	2,038	10,367	33,512
Derivatives	—	—	20	20
Investment securities	21,677	—	91	21,768
Cash and short-term deposits	129,204	—	—	129,204
Total undiscounted financial assets	171,988	2,038	10,478	184,504
Financial liabilities				
Trade and other payables	147,754	5,678	—	153,432
Other liabilities	15,020	—	—	15,020
Total undiscounted financial liabilities	162,774	5,678	—	168,452
Total net undiscounted financial assets/(liabilities)	9,214	(3,640)	10,478	16,052

	One year or less SGD'000	Over five years SGD'000	Total SGD'000
Company			
30 June 2015			
Financial assets			
Trade and other receivables	32,462	23,161	55,623
Cash and short-term deposits	7,644	—	7,644
Total undiscounted financial assets	40,106	23,161	63,267
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	912	—	912
Total net undiscounted financial assets	39,194	23,161	62,355

33. Financial risk management objectives and policies (cont'd)

(a) *Liquidity risk (cont'd)*

	One year or less SGD'000	Over five years SGD'000	Total SGD'000
Company			
30 June 2014			
<i>Financial assets</i>			
Trade and other receivables	27,493	32,135	59,628
Cash and short-term deposits	3,514	–	3,514
Total undiscounted financial assets	31,007	32,135	63,142
<i>Financial liabilities</i>			
Trade and other payables, representing total undiscounted financial liabilities	762	–	762
Total net undiscounted financial assets	30,245	32,135	62,380

(b) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis.

33. Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include operating and management of department stores in various geographical regions. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheets.

Credit risk concentration profile

The Group engages solely in the operation and management of department stores in Malaysia, Vietnam, Indonesia and Myanmar.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

33. Financial risk management objectives and policies (cont'd)

(c) Foreign currency risk

The Group's operations are primarily conducted in Malaysia, Vietnam, Indonesia and Myanmar in Malaysian Ringgit ("RM"), Vietnamese Dong ("VND"), Indonesian Rupiah ("IDR") and Myanmar Kyat ("MMK") respectively.

The Group's entities holds cash and short-term deposits denominated in foreign currencies for working capital purposes and have transactional currency exposures arising from non-trade purchases that are denominated in foreign currencies. In addition, the Group's entities also receive/pay certain rental deposits from/to their tenants/landlords which are denominated in foreign currencies. At the end of the reporting period, such foreign currency denominated balances are mainly in United States Dollar ("USD") and Singapore Dollar ("SGD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss/profit before tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

		Group	
		2015	2014
		SGD'000	SGD'000
		Loss before tax	Profit before tax
USD against VND	- strengthened 3%	(159)	145
	- weakened 3%	159	(145)
USD against RM	- strengthened 3%	(362)	196
	- weakened 3%	362	(196)
SGD against RM	- strengthened 3%	(7)	95
	- weakened 3%	7	(95)

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34. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2015 and 30 June 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's guideline is to keep the gearing ratio below 50%. The Group includes within net debt, trade and other payables, other liabilities and loans and borrowings, less cash and short-term deposits and money market instruments. Capital consists of equity attributable to owners of the Company.

	Group	
	2015	2014
		(Restated)
	SGD'000	SGD'000
Trade and other payables (Note 23)	147,099	157,922
Other liabilities (Note 24)	26,111	26,995
Borrowings (Note 25)	735	–
Less:		
Cash and short-term deposits (Note 21)	(126,711)	(129,204)
Available-for-sale financial assets:		
- Money market instruments (quoted) (Note 19)	(11,867)	(21,677)
Net debt	35,367	34,036
Equity attributable to the owners of the Company, representing total capital	148,005	233,898
Capital and net debt	183,372	267,934
Gearing ratio	19.3%	12.7%

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35. Comparative figures

In the course of its business, the Group has entered into various operating lease agreements for store operations.

Based on the guiding principles under FRS 17 *Leases*, the Group has revisited the terms as set out in the lease agreements, which includes escalating rate revisions, to ensure the accounting of lease payments under an operating lease is recognised as an expense on a straight-line basis over the lease term. Resulting therefrom, a subsidiary of the Group who had previously accounted for lease payments based on terms in the lease agreement revised their lease payment computation to conform to recognition of rental expense on a straight-line basis over the lease term. The effect of the adjustments has been made retrospectively.

Certain comparative figures have also been reclassified to conform to current year's presentation.

The effects of the above adjustment items are as follows:

	As previously reported SGD'000	Group Adjustments SGD'000	Restated SGD'000
<u>Consolidated income statement for the financial year ended 30 June 2014</u>			
Rental expenses	(103,308)	(595)	(103,903)
Other expenses	(49,916)	(54)	(49,970)
Profit before tax	46,274	(649)	45,625
Income tax expense	(13,697)	130	(13,567)
Profit for the year	32,577	(519)	32,058
Profit attributable to owners of the Company	34,901	(519)	34,382
<u>Consolidated statement of comprehensive income for the financial year ended 30 June 2014</u>			
Exchange differences on translating foreign operations	(12,455)	10	(12,445)
Total comprehensive income for the year	20,143	(509)	19,634
Total comprehensive income attributable to owners of the Company	22,475	(509)	21,966

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35. Comparative figures (cont'd)

	As previously reported SGD'000	Adjustments SGD'000	Group Reclassification SGD'000	Restated SGD'000
<u>Balance Sheet as at 30 June 2014</u>				
<i>Non-current assets</i>	3,805	1,192	(69)	4,928
Deferred tax assets				
<i>Non-current liabilities</i>	176	–	(69)	107
Deferred tax liabilities				
<i>Current liabilities</i>				
Trade and other payables	141,869	5,959	–	147,828
<i>Equity attributable to owners of the Company</i>				
Other reserves – foreign currency translation reserve	(36,983)	87	–	(36,896)
Retained earnings	157,326	(4,854)	–	152,472
<u>Balance Sheet as at 1 July 2013</u>				
<i>Non-current assets</i>	2,097	1,064	–	3,161
Deferred tax assets				
<i>Current liabilities</i>				
Trade and other payables	146,451	5,322	–	151,773
<i>Equity attributable to owners of the Company</i>				
Other reserves – foreign currency translation reserve	(24,536)	77	–	(24,459)
Retained earnings	161,010	(4,335)	–	156,675

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36. Events occurring after the reporting period

On 18 August 2015, the Company announced that the capital assignment transaction (as disclosed in Note 22 above) between Parkson Vietnam Co Ltd ("Parkson Vietnam") with Mr. Hoang Manh Cuong was completed on 17 August 2015.

Assuming that the capital assignment was completed as at balance sheet date, the Group would be able to recognize a gain of SGD 46,464,000 and the pro forma summarized financial statement would have been as follows:

	As reported SGD'000	Gain on partial disposal of PHCL SGD'000	Pro forma SGD'000
Consolidated income statement for the financial year ended 30 June 2015			
(Loss)/profit before tax	(40,591)	46,464	5,873
Loss for the year	(52,795)	46,464	(6,331)
(Loss)/profit attributable to owners of the Company	(34,688)	46,464	11,776
Group balance sheet as at 30 June 2015			
Current assets	226,014	(4,674)	221,340
Current liabilities	(237,412)	70,293	(167,119)
Net current (liabilities)/assets	(11,398)	65,619	54,221
Equity attributable to owners of the Company			
- Retained earnings	73,751	46,464	120,215
- Other reserves	(157,422)	386	(157,036)
Non-controlling interests	(17,959)	18,769	810

37. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 9 September 2015.