PARKSON HOLDINGS BERHAD

2009

PARKSON HOLDINGS BERHAD

A Member of The Lion Group (89194-P)

laporan tahunan
annual report 2009

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting of Parkson Holdings Berhad will be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 18 November 2009 at 2.00 pm for the following purposes:

AGENDA

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2009. **Resolution 1**

2. To approve the payment of a first and final cash dividend of 5.0 sen per ordinary share tax exempt and the distribution of share dividend on the basis of one (1) treasury share for every one hundred (100) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares to be disregarded. **Resolution 2**

3. To approve the payment of Directors' fees amounting to RM199,000 (2008 : RM207,000). **Resolution 3**

4. To re-elect Directors:

   In accordance with Article 98 of the Company's Articles of Association, the following Directors retire by rotation and, being eligible, offer themselves for re-election:

   Y. Bhg. Dato' Hassan bin Abdul Mutalip **Resolution 4**
   Mr Yeow Teck Chai **Resolution 5**

   In accordance with Article 99 of the Company's Articles of Association, Y. Bhg. Dato' Mohamad Daud bin Haji Dol Moin who was appointed subsequent to the financial year retires and, being eligible, offers himself for re-election. **Resolution 6**

5. To re-appoint Auditors to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Resolution 7**

6. Special Business

   To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

6.1 Authority to Directors to issue shares

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." **Resolution 8**

6.2 Proposed Shareholders' Mandate for Recurrent Related Party Transactions

"THAT approval be and is given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of Part A of the Circular to Shareholders of the Company dated 27 October 2009 ("Related Parties") which has been despatched to the shareholders of the Company, provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and **Resolution 9**

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

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

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

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

whichever is the earlier; and

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

6.3 Proposed Renewal of Authority for Share Buy-Back

"THAT, subject to the Companies Act, 1965, the provisions of the Articles of Association of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements, and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to buy-back such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that: **Resolution 10**

(i) the aggregate number of shares bought-back does not exceed 10% of the total issued and paid-up capital of the Company at any point of time; and

(ii) the maximum amount of funds to be allocated for the share buy-back shall not exceed the amount of the retained profits or the share premium of the Company or both

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

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

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

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

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

whichever occurs first; and

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares of RM1.00 each in the Company so purchased by the Company as treasury shares and/or cancel them and to distribute the treasury shares as share dividends and/or resell the treasury shares; and

FURTHER, THAT authority be and is hereby unconditionally and generally given to the Directors of the Company to take all such steps as are necessary or expedient and/or enter into any and all agreements, arrangements and guarantee with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities."

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

DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT a depositor shall qualify for entitlement to the first and final cash dividend and share dividend only in respect of:

(a) shares deposited into the depositor's securities account before 12.30 pm on 19 November 2009 in respect of shares exempted from mandatory deposit;

(b) shares transferred into the depositor's securities account before 4.00 pm on 23 November 2009 in respect of transfers; and

(c) shares bought on the Exchange on a cum entitlement basis according to the Rules of the Exchange.

Subject to the approval of shareholders at the Twenty-Sixth Annual General Meeting, the first and final cash dividend will be paid on 15 December 2009, and the share dividend will be credited into the depositors' securities account on 15 December 2009, to shareholders on the Register of Members and the Record of Depositors of the Company at the close of business on 23 November 2009.

By Order of the Board

CHAN POH LAN
LIM KWEE PENG
Secretaries

Kuala Lumpur
27 October 2009

Notes:

1. *Proxy*

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

   - *The instrument of proxy shall be deposited at the Registered Office of the Company, Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.*

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

2. *Circular to Shareholders dated 27 October 2009 ("Circular")*

   Details on the following are set out in the Circular enclosed together with the 2009 Annual Report:

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

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

3. *Resolution 3*

   It is proposed that the fees for the Directors be increased due to the increased duties and responsibilities of the Directors pursuant to the expansion of the retail business of the Group.

4. *Resolution 8*

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

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 19 November 2008 which will lapse at the conclusion of this Annual General Meeting.

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

5. *Resolution 9*

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

6. *Resolution 10*

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

CORPORATE INFORMATION

Board of Directors	:	Y. Bhg. Tan Sri William H.J. Cheng *(Chairman and Managing Director)* Y. Bhg. Dato' Hassan bin Abdul Mutalip Y. Bhg. Dato' Mohamad Daud bin Haji Dol Moin Mr Yeow Teck Chai Mr Folk Jee Yoong Mr Cheng Sin Yeng
Secretaries	:	Ms Chan Poh Lan Ms Lim Kwee Peng
Company No.	:	89194-P
Registered Office	:	Level 46, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel Nos : 03-21622155, 03-21613166 Fax No : 03-21623448 Homepage: http://www.lion.com.my/parkson
Share Registrar	:	Secretarial Communications Sdn Bhd Level 46, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel Nos : 03-21622155, 03-21648411 Fax No : 03-21623448
Auditors	:	Ernst & Young Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
Principal Bankers	:	JPMorgan Chase Bank CIMB Bank Berhad RHB Bank Berhad
Stock Exchange Listing	:	Bursa Malaysia Securities Berhad ("Bursa Securities")
Stock Name	:	PARKSON
Bursa Securities Stock No.	:	5657
Reuters Code	:	PRKN.KL
ISIN Code	:	MYL5657OO001

DIRECTORS' PROFILE

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

Y. Bhg. Tan Sri William H.J. Cheng, a Malaysian, aged 66, was appointed to the Board on 30 March 1989. He was appointed the Managing Director and the Chairman of the Company on 16 August 2006 and 13 November 2006 respectively.

Tan Sri William Cheng has more than 35 years of experience in the business operations of The Lion Group encompassing steel, retail, property development, tyre, computer, motor and plantation.

Tan Sri William Cheng is the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor.

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

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

Save for Silverstone Corporation Berhad, Silverstone Berhad and Amsteel Corporation Berhad, all the above companies are public listed companies.

Tan Sri William Cheng has a direct shareholding of 222,563,589 ordinary shares of RM1.00 each in the Company ("Parkson Holdings Share") and an indirect interest in 329,932,110 Parkson Holdings Shares. In addition, he also has an indirect interest in RM228,800,000 nominal value of 3.5% redeemable convertible secured loan stocks 2007/2010 ("RCSLS") convertible into 57,200,000 new Parkson Holdings Shares at a conversion price of RM4.00 nominal amount of the RCSLS for every one new Parkson Holdings Share. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on page 134 of this Annual Report.

Tan Sri William Cheng is the uncle of Y. Bhg. Datuk Cheng Yong Kim, a major shareholder of the Company.

Tan Sri William Cheng attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2009.

Dato' Hassan bin Abdul Mutalip
Independent Non-Executive Director

Y. Bhg. Dato' Hassan bin Abdul Mutalip, a Malaysian, aged 64, was appointed to the Board on 4 July 2001. He is also the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee, and a member of the Executive Share Option Scheme Committee of the Company.

Dato' Hassan holds a Diploma in Police Science from Universiti Kebangsaan Malaysia, a Certificate in Management from Louisiana State University, United States of America, a Certificate in Senior Police Administrators from National Police Academy, Japan and a Certificate in Prosecution from Police College, Polis DiRaja Malaysia. Dato' Hassan is a retired Deputy Commissioner of Police with more than 30 years of experience in the police force.

Dato' Hassan attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2009.

Dato' Mohamad Daud Bin Haji Dol Moin
Independent Non-Executive Director

Y. Bhg. Dato' Mohamad Daud Bin Haji Dol Moin, a Malaysian, aged 56, was appointed to the Board on 26 August 2009. He is also a member of the Audit Committee of the Company.

Dato' Mohamad Daud graduated with a Bachelor of Economics (Honours) degree majoring in Applied Economics from University Malaya, Malaysia in 1975 and received his Masters degree in Public Administration from John F. Kennedy School of Government, Harvard University, Cambridge Massachusetts, United States of America in 1990.

Dato' Mohamad Daud joined Bank Negara Malaysia ("BNM") in 1975 and served BNM for more than 32 years. Dato' Mohamad Daud was appointed Assistant Governor, Supervision Portfolio in 1997, served as the Managing Director of Danamodal Nasional Berhad for a year and returned to BNM in September 1999 to resume his position as the Assistant Governor of BNM, a post he held until his official retirement on 1 May 2009.

During his service as the Assistant Governor with BNM, Dato' Daud was responsible for the development and enhancement of strategic capabilities of the Central Bank and past duties involved extensive and direct participation in market regulation, banking, finance, Islamic finance and takaful, insurance, and management and rehabilitation of banking institutions and insurance companies.

Yeow Teck Chai
Independent Non-Executive Director

Mr Yeow Teck Chai, a Malaysian, aged 59, was appointed to the Board on 16 August 2006. He is also the Chairman of the Executive Share Option Scheme Committee, and a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

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

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

Mr Yeow attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2009.

Folk Jee Yoong
Independent Non-Executive Director

Mr Folk Jee Yoong, a Malaysian, aged 48, was appointed to the Board on 18 October 2001. He is also a member of the Audit Committee and Nomination Committee of the Company.

Mr Folk received his Bachelor of Business degree in Accounting & Secretarial Administration from Curtin University of Technology in Perth, Western Australia, Bachelor of Economics degree from University of Western Australia and Master of Commerce degree in Accounting from University of Auckland, New Zealand. Currently, he is pursuing doctoral studies in business administration. He is a member of the Australian Society of Certified Practising Accountants and the Malaysian Institute of Accountants.

Mr Folk has over twenty years of experience in corporate finance, restructurings, audits and financial management in diversified industries such as mortgage banking, property development, construction, seafood trawling & processing, pulp & paper, jewellery, office furniture, multi-level marketing, plastic injection moulding, timber plantation & processing, hospitality and thermo vacuum forming. Between 1984 and 1990, amongst other public accounting firms, he was attached, to Deloitte, Haskins & Sells, New Zealand and McLaren & Stewart, Perth, Australia. He has also worked with multi-nationals such as Sinar Mas Group, Raja Garuda Mas Group and Fletcher Challenge Group in various countries such as New Zealand, India and Indonesia.

Mr Folk attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2009.

Cheng Sin Yeng
Non-Independent Non-Executive Director

Mr Cheng Sin Yeng, a Malaysian, aged 57, was appointed to the Board on 29 August 2001. He is also a member of the Remuneration Committee of the Company.

Mr Cheng is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He was attached to Coopers & Lybrand (now known as PricewaterhouseCoopers) for seven (7) years as an audit assistant. After completing his professional examination as a Certified Public Accountant, he joined the Hong Leong Group and was with its Property Division for three (3) years as an Accountant. Mr Cheng joined The Lion Group in 1982 as the Chief Accountant of Posim Berhad (now known as Lion Forest Industries Berhad). He was subsequently promoted to Senior Chief Accountant of the Property & Construction Division. He is currently the General Manager - Accounts of The Lion Group Finance Division.

Mr Cheng is also a Director of Silverstone Berhad, a public company.

Mr Cheng attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2009.

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

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") recognises the importance of practising and maintaining good corporate governance to direct the businesses of the Group towards enhancing business prosperity and long term value for its shareholders. The Board is fully committed in ensuring that the highest standard of corporate governance is practised and maintained throughout the Group as the underlying principle in discharging its responsibilities.

The Board is pleased to present below a description of how the Group has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Malaysian Code on Corporate Governance ("Code"). These principles and best practices have been applied consistently throughout the financial year ended 30 June 2009 except where otherwise stated herein.

1. DIRECTORS

The Board

The Board is entrusted with the responsibility in leading and directing the Group towards realising long term shareholders' values. The Board retains full and effective control of the Group's strategic plans, overseeing the conduct of the Group's businesses, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Group's system of internal control.

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the financial year ended 30 June 2009, five (5) Board Meetings were held and all the Directors attended all the Board Meetings held during the financial year. A brief profile of each member of the Board are set out in the Directors' Profile section of this Annual Report.

Board Composition and Balance

The Board comprises six (6) Directors, five (5) of whom are non-executive. The current Board composition complies with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"). The broad range of experience, skills and knowledge of the Directors effectively facilitate the discharge of the Board's stewardship.

Represented on the Board are four (4) independent non-executive Directors who bring their independent advice, views and judgement to bear on the decision-making process of the Group to ensure that a balanced and unbiased deliberation process is in place to safeguard the interests of other stakeholders. As and when a potential conflict of interest arises, it is mandatory practice for the Directors concerned to declare their interests and abstain from the decision-making process.

The Group Chairman also assumes the position of the Group's Managing Director. He brings with him a wealth of over 35 years of experience in the business operations of the Group and possesses the calibre to ensure that policies and strategies approved by the Board are effectively implemented. In view of the vast experience of the Group Chairman/Managing Director, the Board considers the departure from the recommended practice of separating the functions as appropriate under the present circumstances.

Board Committees

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

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

Supply of Information

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

Besides direct access to management staff, external independent professional advisers are also made available to render their independent views and advice to the Board, whenever deemed necessary and under appropriate circumstances, at the Company's expense.

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

Appointments to the Board

The Nomination Committee is responsible for recommending the right candidates with the necessary mix of skill, experience and competency to be appointed to the Board and Board Committees to ensure the effectiveness of the Board. Newly appointed Directors will be given an orientation programme to familiarise themselves with the Group's operations to better understand the Group's businesses.

The process of assessing the Directors is an on-going responsibility of the Nomination Committee and the Board.

The members and terms of reference of the Nomination Committee are presented on page 18 of this Annual Report.

Re-election of Directors

In accordance with the Articles of Association of the Company, one-third (1/3) of the Directors shall retire from office at every annual general meeting and all Directors shall retire from office at least once in every three (3) years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next annual general meeting following their appointment.

Directors' Training

All members of the Board except for Y. Bhg. Dato' Mohamad Daud Bin Haji Dol Moin, have attended Bursa Securities' Mandatory Accreditation Programme ("MAP").

Y. Bhg. Dato' Mohamad Daud Bin Haji Dol Moin who was appointed to the Board on 26 August 2009 will attend the MAP as prescribed in the Listing Requirements.

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

During the financial year, the Directors had participated in seminars, forums, conferences and training programmes on topics/subjects in relation to corporate governance, prospects in various industries, business opportunities and current global financial crisis. The Directors had also attended various other forums and seminars organised by Bursa Securities, the Securities Commission and trade associations.

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

The Directors are also updated on a continuing basis by the Company Secretaries on new and/or revised requirements to the Listing Requirements as and when the same were advised by Bursa Securities ("Continuing Updates").

The Board views the aforementioned seminars, forums, conferences and training programmes attended and/or participated by the Directors, and the Continuing Updates provided to the Directors as adequate to enhance the Directors' skills and knowledge to carry out their duties as Directors.

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

2. DIRECTORS' REMUNERATION

The Company has adopted the objective as recommended by the Code in determining the remuneration of executive Directors so as to ensure that it attracts and retains the Directors needed to manage the Company and the Group effectively. Directors do not participate in decisions regarding their own remuneration. The responsibilities for developing the remuneration policy and determining the remuneration packages of executive Directors lie with the Remuneration Committee. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors. The members and terms of reference of the Remuneration Committee are presented on page 18 of this Annual Report.

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

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

The aggregate remuneration of Directors who served during the financial year ended 30 June 2009 are categorised as follows:

	Fees RM'000	Salaries & Other Emoluments RM'000	Total RM'000
Executive Director	108	442	550
Non-executive Directors*	159	–	159
	267	442	709

The number of Directors whose total remuneration fall into the respective bands are as follows:

Range of Remuneration (RM)	Number of Directors Executive	Non-executive*
25,000 & below	–	4
25,001 – 50,000	–	3
550,001 – 600,000	1	–

* Including Directors who retired at the previous Annual General Meeting and a Director who resigned during the financial year.

3. RELATIONS WITH SHAREHOLDERS AND INVESTORS

The annual general meeting is the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session in which shareholders may raise questions regarding the proposed resolutions at the meeting as well as on matters relating to the Group's businesses and affairs. The Chairman and the Board members are in attendance to respond to shareholders' queries.

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

The Company's homepage at www.lion.com.my/parkson provides easy access to corporate information pertaining to the Group and its activities.

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

4. ACCOUNTABILITY AND AUDIT

The Audit Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group. The Audit Committee comprises four (4) Directors, all of whom are independent. The terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 14 to 17 of this Annual Report.

Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's position and prospect to the Company's shareholders through the annual financial statements and quarterly announcements. The Board is also responsible in ensuring that the accounting records of the Group are properly kept. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to the adoption of the financial statements of the Group and of the Company.

Directors' Responsibility in Financial Reporting

The Board is satisfied that for the financial year ended 30 June 2009, the financial statements presented give a true and fair view of the state of affairs, results and cash flows of the Group and of the Company. In preparing the financial statements, the Group has applied, on a consistent basis, the applicable approved accounting standards and the provisions of the Companies Act, 1965.

Internal Control

The Board has overall responsibility in maintaining a sound internal control system for the Group to achieve its objectives within an acceptable risk profile as well as safeguarding shareholders' investment and the Group's assets. An overview of the state of internal control within the Group is set out in the Statement on Internal Control on page 13 of this Annual Report.

Relationship with the Auditors

The Board has established a formal and transparent relationship with the auditors. The Audit Committee recommends the appointment of the external auditors and their remuneration. The appointment of the external auditors is subject to the approval of shareholders at the annual general meeting whilst their remuneration is determined by the Board. The roles of both the external and internal auditors are further described in the Audit Committee Report.

STATEMENT ON INTERNAL CONTROL

Introduction

The Board of Directors ("Board") acknowledges the importance of maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets. Guided by the *Statement on Internal Control: Guidance for Directors of Public Listed Companies*, the Board is pleased to present the Statement on Internal Control of the Group (excluding associated companies, as the Board does not have control over their operations) pursuant to the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Board Responsibility

The Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and integrity of these systems. However, in view of the inherent limitations in any system, such internal control systems are designed to manage rather than to eliminate risks that may impede the achievement of the Group's objectives. The systems can therefore only provide reasonable and not absolute assurance against material misstatements, frauds or losses. The system of internal control covers risk management and financial, organisational, operational and compliance controls.

The Board confirms that there is an on-going process of identifying, evaluating and managing significant risks by the management. This process has been put in place for the year and is reviewed periodically by the Board through its Audit Committee which is supported by the Internal Auditors.

Risk Management

The Board regards risk management as an integral part of business operations. A Corporate Risk Management Framework was developed and documented via a Corporate Risk Management Manual which sets out in a comprehensive manner the process adopted by the Group towards risk identification, evaluation, control and monitoring. The Risk Management Committee continues to play a pivotal role in overseeing the implementation of the risk management framework, periodically reviewing the risk management scorecards and reporting the status to the Audit Committee.

Control and Monitoring Process

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

- An operational structure with defined lines of responsibility and delegation of authority together with a hierarchical structure of reporting and accountability
- Internal policies and procedures that are regularly updated to reflect changing risks or resolve operational deficiencies including to clearly define limits of authority
- A detailed budgeting process which requires all business units to prepare budget and business plan on an annual basis
- Review of key business variables and the monitoring of the achievements of the Group's performance on a quarterly basis by the Board and the Audit Committee
- Confirmation of the effectiveness of internal control and risk assessment process by the chief executive officer or general manager of key operating companies by way of completion of the Internal Control – Self-Assessment Questionnaire on an annual basis
- Periodic examination of business processes and systems of internal control by the internal audit function which regularly submits its reports to the Audit Committee
- Adequate insurance and physical safeguards on major assets are in place to ensure assets of the Group are sufficiently covered
- A Code of Ethics for all employees which defines the ethical standards and conduct at work
- A whistleblower policy established under the Human Resource Policy Manual which defines the rights of informants and also the protections accorded them. The channels of escalation are also documented to encourage and enable concerned parties to report any wrongdoing so that they can be properly addressed

Conclusion

The Board is of the view that the system of internal control in place is generally satisfactory and sufficient to safeguard all stakeholders' interest.

AUDIT COMMITTEE REPORT

COMPOSITION

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

- **Members**

  Y. Bhg. Dato' Hassan bin Abdul Mutalip
  (Chairman, Independent Non-Executive Director)

  Y. Bhg. Dato' Mohamad Daud Bin Haji Dol Moin
  (Independent Non-Executive Director)

  Mr Yeow Teck Chai
  (Independent Non-Executive Director)

  Mr Folk Jee Yoong
  (Independent Non-Executive Director)

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

- **Secretaries**

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

TERMS OF REFERENCE

- **Membership**

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

- **Meetings and Minutes**

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

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

- **Authority**

  In conducting its duties and responsibilities, the Audit Committee shall have:

  (a) the authority to investigate any matter within its terms of reference.
  (b) the resources which are required to perform its duties.
  (c) full and unrestricted access to any information pertaining to the Company and the Group.
  (d) direct communication channels with the external and internal auditors.
  (e) the right to obtain independent professional or other advice as necessary.
  (f) the right to invite other Directors and/or management of the Company to attend any particular Audit Committee meeting to discuss specific issues.
  (g) the right to be able to meet with the external auditors, internal auditors or both, excluding the attendance of other Directors or employees of the Company, whenever deemed necessary.

- **Duties**

  The duties of the Audit Committee are:

  (i) To consider the appointment, resignation and dismissal of external auditors and the audit fee.

  (ii) To discuss with the external auditors, prior to the commencement of audit, the nature and scope of audit and to ensure co-ordination of audit where more than one audit firm is involved.

  (iii) To review and assess the annual and quarterly financial statements prior to the approval of the Board, focusing on:

    - going concern assumption
    - compliance with accounting standards and regulatory requirements
    - changes in accounting policies and practices
    - significant issues arising from audit

  (iv) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

  (v) To review the external auditors' management letter and management's response thereto.

  (vi) To establish the following with the internal audit function:

    - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work
    - review internal audit programme
    - ensure co-ordination of external audit with internal audit
    - consider the major findings of internal audit reviews/investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function

  (vii) To review any related party transaction and conflict of interests situation that may arise within the Company and the Group.

  (viii) To consider the appointment of independent advisers for corporate proposals involving related parties.

  (ix) To assess the quality and effectiveness of the system of internal control and efficiency of operations, and to review the risk policy and implementation of the risk management framework.

  (x) To promptly report to Bursa Securities on any matter where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

  (xi) To review any appraisal or assessment of the performance of the members of the internal audit function, approve any appointment or termination of senior staff members of the internal audit function and be informed of any resignation of senior internal audit staff members and reasons thereof.

  (xii) To perform any other such function as may be directed by the Board.

ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year under review, seven (7) Audit Committee Meetings were held at which full attendance were recorded for all the members.

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

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

- **Financial Results**

  (a) Reviewed the interim unaudited financial statements of the Group prior to recommending them for approval by the Board.

  (b) Reviewed the annual financial statements of the Group prior to submission to the Board for its consideration and approval focusing particularly on changes in or implementation of major accounting policies, significant and unusual events and compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board ("MASB") and other legal requirements.

- **Internal Audit**

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

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

  (c) Reviewed the internal audit reports, audit recommendations made and management's response to these recommendations and actions taken to improve the system of internal control and procedures.

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

  (e) Reviewed the Internal Control – Self-Assessment ratings submitted by the respective operations management.

- **External Audit**

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

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

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

  (d) Evaluated the performance of the external auditors and made recommendations to the Board on their appointment and remuneration.

  (e) Convened meetings with the external auditors without executive Board members and management being present to discuss issues arising from their review.

- **Risk Management**

  Reviewed the Corporate Risk Scorecard of key operations and the mitigating controls to address identified risks.

- **Related Party Transactions**

  Reviewed related party transactions entered into by the Group. Reviewed recurrent related party transaction of a revenue or trading nature on a quarterly basis for compliance under the Shareholders' Mandate.

- **Material Transactions**

  Reviewed material transactions entered into by the Group.

- **Allocation of Share Options**

  Verified the allocation of options pursuant to the Executive Share Option Scheme of the Company.

INTERNAL AUDIT FUNCTION

The internal audit function is undertaken by the Group Management Audit Department. Its principal activity is to perform regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

The purpose, authority and responsibility of the internal audit function as well as the nature of the assurance activities provided by the function are articulated in the internal audit charter.

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

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

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

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

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

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

The total cost incurred in managing the Group internal audit function for the financial year was RM225,000.

NOMINATION COMMITTEE

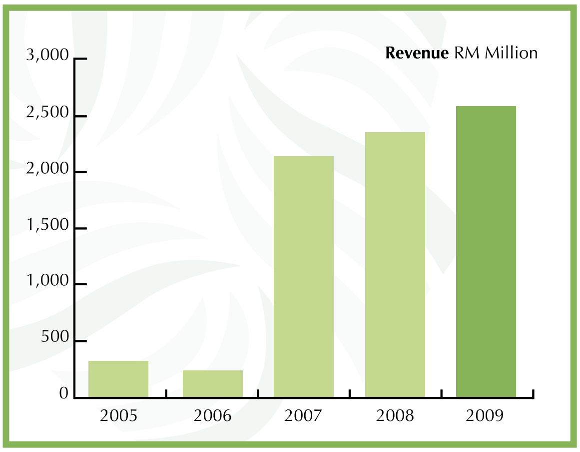
Chairman	:	Y. Bhg. Dato' Hassan bin Abdul Mutalip *(Independent Non-Executive Director)*
Members	:	Mr Yeow Teck Chai *(Independent Non-Executive Director)* Mr Folk Jee Yoong *(Independent Non-Executive Director)*
Terms of Reference	:	• To recommend to the Board, candidates for directorships in Parkson Holdings Berhad • To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder • To recommend to the Board, Directors to fill the seats on Board Committees • To assist the Board in reviewing on an annual basis, the required mix of skills and experience and other qualities, including core competencies which non-executive Directors should bring to the Board • To assess, on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, based on the process and procedure laid out by the Board

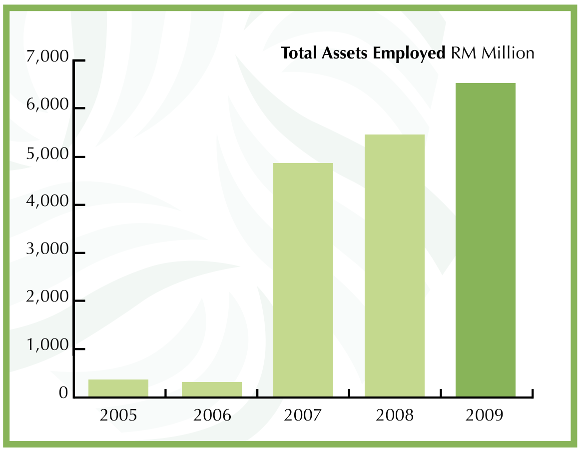
REMUNERATION COMMITTEE

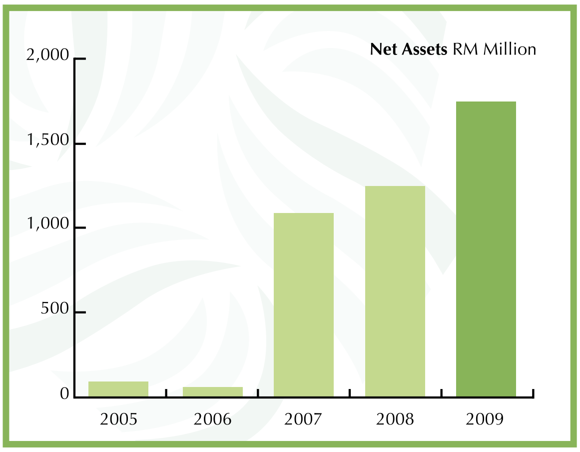
Chairman	:	Y. Bhg. Dato' Hassan bin Abdul Mutalip *(Independent Non-Executive Director)*
Members	:	Mr Yeow Teck Chai *(Independent Non-Executive Director)* Mr Cheng Sin Yeng *(Non-Independent Non-Executive Director)*
Terms of Reference	:	• To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary • To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time

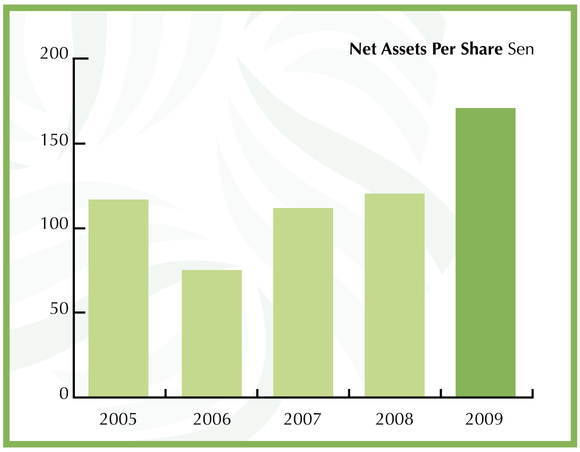
5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years ended 30 June	Pre-Retail Assets Acquisition 2005 RM'000	2006 RM'000	Post-Retail Assets Acquisition 2007 RM'000	2008 RM'000	**2009 RM'000**
Revenue	324,560	239,482	2,139,136	2,354,028	**2,583,705**
Profit/(Loss) before taxation	19,708	(18,746)	384,877	760,838	**939,033**
Profit/(Loss) after taxation	16,715	(17,380)	271,779	638,048	**775,433**
Dividends:					
- Cash dividend					
Rate (%)	1.0	0.1	–	15.0	**5.0**
Amount (Net of tax)	538	54	–	154,128	**50,744**
- Share dividend (No. of shares)	–	–	–	–	**1 for 100**
Total assets employed	367,898	311,132	4,866,539	5,462,982	**6,526,179**
Net assets	87,485	56,236	1,089,154	1,249,494	**1,749,581**
	Sen	Sen	Sen	Sen	**Sen**
Net assets per share	117	75	112	120	**171**
Earnings/(Loss) per share	20.1	(23.9)	13.7	45.6	**53.3**









CHAIRMAN'S STATEMENT

TAN SRI WILLIAM H.J. CHENG
Chairman

Higher revenue of **RM2.58 billion,** an increase of about **15%**

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Parkson Holdings Berhad for the financial year ended 30 June 2009.

FINANCIAL PERFORMANCE

The current financial year has been a year of turbulence for the global financial markets and economies. The unprecedented global financial crisis which originated from the sub-prime lending in the developed economies has not only weakened the global capital markets and banking systems, but has also negatively affected the main street economies. Growth in developed markets has dried up as consumers face a collapse in real estate prices, job uncertainties and a dramatic drop in income and asset values. Against the backdrop of a severe drop in demand and cutbacks in discretionary spending, our Parkson stores were unable to sustain its high growth rate seen in the past few years.

However, in spite of the adverse operating environment, I am delighted to report that the financial year ended 30 June 2009 was another relatively good year for the Group with the following improvements:

- Higher revenue of RM2.58 billion, an increase of about 15% as compared to RM2.24 billion in the previous year;
- Higher operating profit of RM721 million, an increase of about 28% as compared to RM561 million in the previous year; and
- Higher net earnings (excluding exceptional gains) of RM263 million, an increase of about 32% as compared to RM200 million in the previous year.

During the year, the Group's financial position was further strengthened through a share placement exercise of its listed subsidiary which resulted in the Group recording an exceptional gain of RM280 million (2008: RM248 million).

The commendable results, which were mainly contributed by the Parkson stores in the People's Republic of China ("PRC" or "China") were achieved through a combination of healthy same store sales ("SSS") growth, improved productivity from the more efficient use of available floor space and the increase in sales and promotion activities. Throughout the financial year, the Group had also made necessary adjustments to its operating strategies to keep abreast with the challenging and fast changing operating environment.

Higher operating profit of RM721 million, an increase of about 28%

CORPORATE DEVELOPMENTS

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

(i) In December 2008, the Group announced the proposed acquisition of a retail property located in Hai Phong, Vietnam for a cash consideration of US$24.15 million (RM84.04 million). The proposed acquisition is in line with the Group's overall strategy of ownership of key operating outlets. It is also expected to provide the Group the opportunity to venture into the potentially lucrative commercial property market in Vietnam and generate a steady income stream for the Group;

(ii) In January 2009, Parkson Retail Group Limited ("Parkson Retail"), a subsidiary of the Group listed on The Stock Exchange of Hong Kong Limited, announced its intention to acquire the land use right and the building ownership right of a shopping complex located in Chaoyang District, Beijing, the PRC, which was still under construction with the structural works duly completed, for a total purchase consideration of Rmb1.128 billion (RM580 million). The proposal will enable the Group to capitalise on the growth of the retail industry in Beijing through a new department store and benefit from any capital appreciation in the property; and

(iii) In June 2009, the Group completed the placement of 55 million ordinary shares in Parkson Retail representing approximately 1.96% of the then issued and paid-up share capital of Parkson Retail.

Full details of the various other corporate proposals are contained in pages 121 and 122 of this Annual Report.

Higher net earnings of RM263 million, an increase of about 32%

REVIEW OF OPERATIONS

The Group is principally engaged in the operations of the "Parkson" brand department stores. The businesses are located in China, Malaysia and Vietnam and the number of stores in each location are as follows:

	Number of Stores	
(As at financial year-end)	**2009**	**2008**
Parkson China	**42**	40
Parkson Malaysia	**33**	32
Parkson Vietnam	**5**	4
	80	76

Parkson China

Parkson China is not immuned from the global economic crisis but the impact is comparatively less severe. The Group had made necessary adjustments to its operating strategies to keep abreast with the challenging and fast changing operating environment. Aided by the following business plans and strategies, Parkson China has managed to record a respectable SSS growth in the current financial year:

- Organic Growth
  In line with the maturity of its existing stores profile, Parkson China reinvented and remodeled its stores to further enhance the stores image and performance.

- New Stores Opening
  Parkson continued to make solid progress in strengthening its operation and network. During the year under review, Parkson China opened one new store each in Shanghai and Guizhou to further consolidate its leadership position in the PRC retail market.

- Mergers and Acquisitions
  Parkson continued to execute its stated strategy to buy out the minority shareholders of the self-owned stores. The successful acquisitions of the remaining equity interests in Xi'an Shidai Parkson Store Co Ltd, Xi'an Lucky King Parkson Plaza Co Ltd and Nanning Brilliant Parkson Commercial Co Ltd have immediately enhanced the profitability of the Group and allowed greater flexibility in the implementation of our expansion plan.

Plans are in the pipeline to expand the existing business by the opening of more greenfield stores in choice locations. Parkson China will also continue to explore opportunities for acquisition that meet its strategic initiatives and return on capital requirements.

Parkson Malaysia

Supported by its 22 years of operating track record in Malaysia, our local Parkson Division continued to deliver satisfactory performance despite weakening consumer sentiments and intensifying competition. Consistent space and product mix re-alignment, and increased sales and promotion activities have enabled Parkson Malaysia to capture encouraging market share. On-going refurbishment and upgrading of existing stores have also further enhanced the "Parkson" brand image and performance.

In our endeavour to strengthen our operation and network, Parkson Malaysia took up anchor tenant status in Square One Mall, Batu Pahat in April 2009, followed by the opening of the Kota Bahru and Sabah stores in August 2009. These new stores have accordingly increased our domestic network coverage to 35 stores.

Given the slower growth in the saturated local retail market, Parkson Malaysia will strive to strengthen its presence via enhancing brand awareness and loyalty, implementing timely store refurbishment and introducing more effective marketing and promotional programmes.

Parkson Vietnam

Parkson Vietnam, which opened its first department store in Ho Chi Minh City in 2005, is also not spared the drop in demand due to the weakening of consumer spending across regional economies. Being recognised as the pioneer in the operation of high end retail format in Vietnam, Parkson is expected to maintain its premier position as the economic downturn had resulted in a delay by foreign retailers entering the Vietnamese market.

All our five (5) Parkson stores are located in the top three (3) cities in Vietnam, namely Ho Chi Minh City, Hanoi and Hai Phong. With the maturing of the existing stores together with the timely merchandise mix adjustments and aggressive marketing programmes, this Division continued to grow in the current financial year and contributed higher revenue and profit to the Group.

DIVIDENDS

The Board of Directors is pleased to recommend a first and final cash dividend of 5 sen per share, tax exempt, ("Cash Dividend") and the distribution of share dividend on the basis of 1 treasury share for every 100 ordinary shares of RM1.00 each held in the Company ("Share Dividend"), fractions of treasury shares to be disregarded, in respect of the financial year ended 30 June 2009, for the approval of the shareholders at the forthcoming Annual General Meeting. Net Cash Dividend payable will amount to approximately RM51 million.

The dividends are proposed after taking into account a reasonable balance between rewarding shareholders and funds set aside for future investment and business growth.

CORPORATE SOCIAL RESPONSIBILITY

We recognise the importance of Corporate Social Responsibility ("CSR") as an integral part of business and incorporating a CSR framework into our business plan to enhance stakeholder confidence, accountability and transparency. CSR is an important component of good business practice aimed at improving society and the environment.

Society

In carrying out its business activities, the Group is mindful of its responsibilities as a corporate citizen, in contributing to society while enhancing the bottom-line and shareholders' value. The Group is focused on assisting the community through education and medical care via the two Foundations established by the Lion Group of Companies of which the Group is a member.

The Lion-Parkson Foundation disburses funds for education and charitable needs; and every year, awards scholarships and interest-free education loans to undergraduates in the local universities. The Lion Group Medical Assistance Fund provides financial assistance to needy Malaysians who require medical treatment including surgery, purchase of equipment and medication. The Fund also sponsors community health programmes such as medical camps and the purchase of dialysis machines for Dialysis Centres providing subsidised treatment to the less fortunate.

The Group also supports the community by contributing to fundraising and donation drives and responding to the plight of disaster victims locally and elsewhere.

Environment

Under its *Parkson Cares My Park* programme, the Group is continuing with its campaign to adopt various parks nationwide in every locality where a Parkson outlet is sited. The programme involves restoration, enhancement and upgrading facilities to improve the condition of the park and recreational amenities in promoting a green environment and healthier lifestyle. Todate, 8 parks have been adopted.

PROSPECTS

Despite operating in very challenging and uncertain times, emerging markets still provide the best platform for growth in the retail industry, with China as one of the countries leading the way. The Group will continue to be vigilant in controlling costs and to augment initiatives to expand market share as well as seek new markets for our businesses.

In China, the PRC government has announced several stimulus packages totalling Rmb4 trillion through a combination of monetary and fiscal policies to strengthen its economic fundamentals. These measures will help to mitigate some of the effects of the economic slowdown as well as to improve business confidence and consumer sentiments. We believe such measures to stimulate consumption and drive economic growth will bring business opportunities to the Group.

On the local front, we expect the economic conditions to remain challenging due to the gloomy outlook for household income growth. We further recognise that our local maturing retail market will be highly competitive. However, we believe our strong domestic exposure, tactical promotional programmes, effective cost management exercises as well as the expected spill-over effects of the two (2) economic stimulus packages introduced by the Malaysian Government will support our earnings growth and enable the Division to stay ahead of its peers.

Vietnam is still an attractive market. Although it has short-term challenges, our long-term outlook for the country remains positive. Its population is young and the country is continuing to urbanise with increasing brand awareness and demand for better quality products. Hence, we believe Parkson, being one of the first few foreign players here, would be able to garner a higher market share going forward.

The Group is confident that the medium to long term prospect of our business remains bright. Our healthy balance sheet, solid cash generating business model and strong brand equity will not only enable the Group to ride through the current economic crisis comfortably, but will also allow the Group to consolidate its leadership position by fully capitalising on the current market conditions to further expand its business network and emerge stronger after the storm.

BOARD OF DIRECTORS

The Board would like to extend its warm welcome to Y. Bhg. Dato' Mohamad Daud Bin Haji Dol Moin on his appointment as a Director of the Company subsequent to the financial year.

I would also like to record a vote of thanks and appreciation from the Board to Mr Lim Poon Thoo who resigned from the Board during the financial year, for his contributions during his tenure as a Director of the Company.

ACKNOWLEDGEMENT

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

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

TAN SRI WILLIAM H.J. CHENG
Chairman

PENYATA PENGERUSI

Perolehan berjumlah
RM2.58 bilion,
peningkatan kira-kira
15%

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Diaudit Parkson Holdings Berhad bagi tahun kewangan berakhir pada 30 Jun 2009.

PRESTASI KEWANGAN

Tahun kewangan semasa adalah tahun yang penuh pergolakan bagi pasaran kewangan dan ekonomi global. Krisis kewangan global yang tidak dijangka bermula daripada pinjaman sub-prima di negara maju bukan saja melemahkan pasaran modal dan sistem perbankan global, tetapi turut menjejaskan ekonomi secara keseluruhannya. Pertumbuhan dalam pasaran negara maju menguncup apabila pengguna berdepan keruntuhan harga hartanah, ketidaktentuan pekerjaan dan kejatuhan teruk dalam pendapatan dan nilai aset. Dengan kejatuhan teruk dalam permintaan dan pengurangan perbelanjaan, gedung Parkson kita tidak berupaya mengekalkan kadar pertumbuhan tinggi seperti tahun-tahun sebelumnya.

Bagaimanapun, di sebalik persekitaran operasi yang terjejas, saya dengan sukacitanya melaporkan bahawa tahun kewangan berakhir 30 Jun 2009 adalah satu tahun yang baik bagi Kumpulan dengan menyaksikan pencapaian berikut:

- Perolehan berjumlah RM2.58 bilion, peningkatan kira-kira 15% berbanding RM2.24 bilion dalam tahun sebelumnya;
- Keuntungan operasi berjumlah RM721 juta, peningkatan kira-kira 28% berbanding RM561 juta dalam tahun sebelumnya; dan
- Pendapatan bersih (tidak termasuk pendapatan luar biasa) berjumlah RM263 juta, peningkatan kira-kira 32% berbanding RM200 juta dalam tahun sebelumnya.

Dalam tahun kajian, kedudukan kewangan Kumpulan diperkukuhkan lagi menerusi langkah penempatan saham anak syarikat tersenarainya yang menyaksikan Kumpulan merekodkan pendapatan luar biasa berjumlah RM280 juta (2008: RM248 juta).

Keputusan memberangsangkan itu yang sebahagian besarnya disumbangkan oleh gedung Parkson di Republik Rakyat China ("PRC" atau "China") dicapai menerusi gabungan pertumbuhan sihat jualan gedung sama ("SSS"), peningkatan produktiviti daripada penggunaan ruang lantai sedia ada yang lebih cekap dan kemajuan dalam jualan dan aktiviti promosi. Sepanjang tahun kewangan, Kumpulan juga melaksanakan pengubahsuaian yang sepatutnya kepada strategi operasi supaya terus kekal dalam menghadapi cabaran dan perubahan pantas persekitaran operasi.

Keuntungan operasi berjumlah RM721 juta, peningkatan kira-kira 28%

PERKEMBANGAN KORPORAT

Dalam tahun kewangan kajian, Kumpulan telah melaksanakan acara korporat yang utama seperti berikut:

(i) Pada Disember 2008, Kumpulan mengumumkan cadangan pengambilalihan hartanah peruncitan yang terletak di Hai Phong, Vietnam untuk pertimbangan tunai AS$24.15 juta (RM84.04 juta). Cadangan berkenaan selari dengan strategi keseluruhan Kumpulan untuk memiliki cawangan operasi utamanya. Ia juga dijangka menyediakan Kumpulan peluang untuk menerokai potensi pasaran hartanah komersial mewah di Vietnam dan menjana sumber pendapatan yang kukuh bagi Kumpulan;

(ii) Pada Januari 2009, Parkson Retail Group Limited ("Parkson Retail"), sebuah anak syarikat milik Kumpulan yang tersenarai di Pasar Saham Hong Kong, mengumumkan hasratnya untuk mengambil alih hak guna tanah dan hak pemilikan bangunan sebuah gedung beli-belah di Daerah Chaoyang, Beijing, PRC yang sedang dalam pembinaan dengan kerja struktur yang telah disiapkan untuk pertimbangan tunai Rmb1.128 bilion (RM580 juta). Cadangan itu akan membolehkan Kumpulan merebut peluang pertumbuhan industri peruncitan di Beijing menerusi gedung beli-belah baru dan manfaat daripada sebarang peningkatan modal dalam hartanah; dan

(iii) Pada Jun 2009, Kumpulan telah menyelesaikan penempatan sebanyak 55 juta saham biasa dalam Parkson Retail mewakili kira-kira 1.96% daripada modal terbitan dan berbayar Parkson Retail.

Maklumat terperinci pelbagai cadangan korporat yang lain terkandung di muka surat 121 dan 122 dalam Laporan Tahunan ini.

Pendapatan bersih berjumlah

RM263 juta,

peningkatan kira-kira

32%

TINJAUAN OPERASI

Kumpulan pada asasnya terbabit dalam operasi gedung beli-belah berjenama "Parkson". Perniagaan itu terletak di China, Malaysia dan Vietnam dan bilangan gedung beli-belah terbabit di setiap lokasi adalah seperti berikut:

	Bilangan Gedung Beli-Belah	
(Setakat akhir tahun kewangan)	**2009**	**2008**
Parkson China	**42**	40
Parkson Malaysia	**33**	32
Parkson Vietnam	**5**	4
	80	76

Parkson China

Parkson China tidak kebal daripada krisis ekonomi global namun kesannya tidak begitu teruk. Kumpulan telah melakukan pengubahsuaian yang sewajarnya sebagai strategi operasinya untuk terus kekal dalam persekitaran mencabar dan perubahan pantas operasi. Berserta dengan pelan perniagaan dan strategi berikut, Parkson China telah berjaya merekodkan pertumbuhan SSS yang membanggakan dalam tahun kewangan semasa:

- Pertumbuhan Organik
  Sejajar dengan kematangan profil gedung beli-belah sedia ada, Parkson China mereka dan memperaga semula gedung beli-belahnya untuk meningkatkan imej dan prestasi gedung terbabit.

- Pembukaan Gedung Baru
  Parkson melaksanakan usaha berterusan dalam mengukuhkan operasi dan rangkaiannya. Dalam tahun kajian, Parkson China membuka gedung beli-belah baru, setiap satu di Shanghai dan Guizhou dalam usaha mengukuhkan lagi kedudukan penerajunya dalam pasaran peruncitan PRC.

- Penggabungan dan Pengambilalihan
  Parkson terus melaksanakan strategi untuk membeli pegangan saham minoriti dalam gedung beli-belah yang dimilikinya. Kejayaan pengambilalihan kepentingan ekuiti selebihnya dalam Xi'an Shidai Parkson Store Co Ltd, Xi'an Lucky King Parkson Plaza Co Ltd dan Nanning Brilliant Parkson Commercial Co Ltd dengan serta merta meningkatkan keuntungan Kumpulan dan menawarkan lebih fleksibiliti dalam pelaksanaan rancangan pengembangannya.

Rancangan juga kini disiapkan untuk mengembangkan perniagaan sedia ada menerusi pembukaan lebih banyak gedung baru di lokasi terpilih. Parkson China akan terus meneroka peluang bagi pengambilalihan yang memenuhi inisiatif strategik dan pulangan ke atas keperluan modalnya.

Parkson Malaysia

Disokong oleh rekod prestasi operasi selama 22 tahun di Malaysia, unit Parkson tempatan kita terus mencatatkan prestasi memuaskan di sebalik sentimen lemah pengguna dan persaingan sengit. Konsisten dalam penyusunan semula gabungan keluasan dan produk serta peningkatan jualan dan aktiviti promosi membolehkan Parkson Malaysia menguasai agihan pasaran yang memberangsangkan. Usaha penambahbaikan dan menaik taraf yang berterusan ke atas gedung beli-belah sedia ada juga membantu menaikkan lagi imej jenama dan prestasi "Parkson".

Dalam usaha kita untuk mengukuhkan operasi dan rangkaian, Parkson Malaysia telah menjadi penyewa utama di Square One Mall, Batu Pahat pada April 2009, diikuti oleh pembukaan gedung beli-belah di Kota Bahru dan Sabah pada Ogos 2009. Gedung beli-belah baru ini sekali gus menambahkan liputan rangkaian tempatan kita kepada 35 buah.

Dengan pertumbuhan perlahan dalam pasaran runcit tempatan yang tepu, Parkson Malaysia akan terus berusaha mengukuhkan kehadirannya menerusi peningkatan kesedaran jenama dan kesetiaan, melaksanakan penambahbaikan pusat beli-belah tepat pada masanya dan pengenalan program pemasaran dan promosi yang lebih efektif.

Parkson Vietnam

Parkson Vietnam, yang membuka gedung beli-belah pertamanya di Bandar Ho Chi Minh pada 2005, juga tidak terlepas daripada mengalami penurunan permintaan susulan perbelanjaan pengguna yang lemah yang menyelubungi seluruh ekonomi serantau. Sebagai perintis dalam format operasi peruncitan mewah di Vietnam, Parkson dijangka mengekalkan kedudukan utama memandangkan kemelesetan ekonomi telah menyebabkan peruncit asing menangguh hasrat mereka untuk memasuki pasaran Vietnam.

Kesemua lima (5) gedung beli-belah Parkson yang beroperasi terletak di tiga (3) bandar raya utama di Vietnam, iaitu Bandar Ho Chi Minh, Hanoi dan Hai Phong. Dengan gedung beli-belah sedia ada yang telah matang berserta dengan pengubahsuaian gandingan barangan yang tepat pada masanya dan program pemasaran agresif, Bahagian ini terus mencatatkan pertumbuhan dalam tahun kewangan semasa serta menyumbang perolehan dan keuntungan yang lebih tinggi kepada Kumpulan.

DIVIDEN

Lembaga Pengarah dengan sukacita mencadangkan dividen pertama dan akhir sebanyak 5 sen sesaham, dikecualikan cukai ("Dividen Tunai") dan pengagihan dividen saham berasaskan 1 saham perbendaharaan bagi setiap 100 saham biasa bernilai RM1.00 setiap satu yang dipegang dalam Syarikat ("Dividen Saham"), pecahan saham perbendaharaan yang tidak dipertimbangkan, bagi tahun kewangan berakhir 30 Jun 2009, untuk diluluskan oleh pemegang saham pada Mesyuarat Agung Tahunan yang akan datang. Pembayaran Dividen Tunai bersih akan berjumlah kira-kira RM51 juta.

Cadangan pembayaran dividen itu dibuat selepas mengambil kira baki yang munasabah di antara ganjaran untuk pemegang dan dana yang diperuntukkan bagi pelaburan dan pertumbuhan masa depan.

TANGGUNGJAWAB SOSIAL KORPORAT

Kami mengiktiraf kepentingan Tanggungjawab Sosial Korporat ("CSR") sebagai sebahagian daripada perniagaan dan telah menerapkan rangka kerja CSR dalam pelan perniagaan kami untuk meningkatkan keyakinan pemegang kepentingan, akauntabiliti dan ketelusan. CSR adalah satu komponen penting dalam amalan perniagaan baik dalam menambah baik masyarakat dan alam sekitar.

Masyarakat

Dalam mengendalikan aktiviti perniagaan, Kumpulan sentiasa menyedari tanggungjawabnya sebagai warga korporat, dengan memberikan sumbangan kepada masyarakat selain berusaha meningkatkan pendapatan dan nilai para pemegang saham. Kumpulan menumpukan usaha membantu masyarakat menerusi bidang pendidikan dan penjagaan kesihatan menerusi dua Yayasan yang ditubuhkan oleh Syarikat-Syarikat Kumpulan Lion, yang mana Kumpulan adalah ahli.

Yayasan Lion-Parkson menyalurkan dana bagi keperluan pendidikan dan kebajikan; dan setiap tahun memberikan biasiswa dan pinjaman tanpa faedah kepada mahasiswa di universiti tempatan. Tabung Bantuan Perubatan Kumpulan Lion menyediakan bantuan kewangan kepada rakyat Malaysia yang memerlukan rawatan perubatan termasuk pembedahan, pembelian peralatan atau ubat-ubatan. Tabung ini juga menaja program kesihatan masyarakat seperti kem perubatan dan pembelian mesin-mesin dialisis bagi Pusat-pusat Dialisis yang menawarkan subsidi rawatan kepada golongan kurang bernasib baik.

Kumpulan turut membantu masyarakat dalam usaha pengumpulan dana dan pungutan derma serta menyumbang kepada rayuan mangsa bencana di dalam dan luar negara.

Alam Sekitar

Di bawah program *Parkson Cares My Park*, Kumpulan meneruskan usaha menjadikan taman di setiap lokasi operasi cawangan Parkson di seluruh negara sebagai taman angkat. Program ini membabitkan usaha mengekal, mempertingkat dan menaik taraf kemudahan bagi memperbaiki keadaan taman dan kemudahan rekreasi dalam mempromosi persekitaran hijau dan gaya hidup sihat. Sehingga kini, 8 buah taman telah dijadikan taman angkat.

PROSPEK

Di sebalik tempoh yang amat mencabar dan tidak menentu, pasaran baru muncul terus menyediakan platform yang baik untuk pertumbuhan dalam industri peruncitan, di mana China sebagai negara yang menjadi peneraju. Kumpulan akan terus berhemah dalam mengawal kos dan memperbanyakkan inisiatif untuk mengembangkan agihan pasaran, selain pasaran baru untuk perniagaan kita.

Di China, kerajaan PRC telah mengumumkan beberapa pakej rangsangan sejumlah Rmb4 trilion menerusi gabungan dasar kewangan dan fiskal bagi mengukuhkan asas ekonominya. Langkah ini akan membantu mengurangkan sebahagian kesan kemelesetan ekonomi, selain meningkatkan keyakinan perniagaan dan pengguna. Kami percaya langkah yang diambil bagi merangsang penggunaan dan memacu pertumbuhan ekonomi akan menyediakan peluang perniagaan kepada Kumpulan.

Di dalam negara, kami menjangka keadaan ekonomi akan kekal mencabar susulan tinjauan yang suram dalam pertumbuhan pendapatan keluarga. Kami juga sedar pasaran runcit tempatan yang matang akan mewujudkan persaingan sengit. Bagaimanapun, kami percaya pendedahan kukuh di pasaran tempatan, program promosi taktikal, langkah pengurusan kos yang efektif, di samping kesan limpahan dua (2) pakej rangsangan ekonomi yang diperkenalkan oleh Kerajaan Malaysia akan menyokong pertumbuhan pendapatan kita dan membolehkan Bahagian ini untuk kekal berada di hadapan pesaingnya.

Vietnam masih merupakan pasaran yang menarik. Walaupun ia mempunyai cabaran jangka pendek, tinjauan jangka panjang kami terhadap negara itu kekal positif. Populasinya masih muda dan negara itu terus maju dengan peningkatan kesedaran jenama dan permintaan terhadap produk yang berkualiti. Sehubungan itu, kami percaya Parkson, yang merupakan antara beberapa pelabur asing terawal, akan memperoleh agihan pasaran yang lebih besar pada masa depan.

Kumpulan yakin prospek jangka sederhana hingga panjang perniagaan kita kekal positif. Imbangan kira-kira yang teguh, model perniagaan yang menjana tunai kukuh dan ekuiti jenama yang mantap, bukan hanya membolehkan Kumpulan menghadapi keadaan ekonomi semasa dengan selesa, tetapi juga membolehkan Kumpulan mengukuhkan kedudukan peneraju dengan memanfaatkan sepenuhnya keadaan pasaran semasa untuk mengembangkan rangkaian perniagaannya dan muncul kukuh selepas berakhir kegawatan.

LEMBAGA PENGARAH

Lembaga Pengarah ingin mengucapkan selamat datang kepada Y. Bhg. Dato' Mohamad Daud Bin Haji Dol Moin atas pelantikan beliau sebagai Pengarah Syarikat selepas tahun kewangan kajian.

Saya juga ingin merakam terima kasih dan penghargaan daripada Lembaga Pengarah kepada Encik Lim Poon Thoo yang telah meletakkan jawatan daripada Lembaga Pengarah dalam tahun kewangan kajian, atas sumbangan beliau sepanjang tempoh sebagai Pengarah Syarikat.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada semua para pelanggan yang dihargai, para pembiaya, rakan-rakan niaga, pihak berkuasa Kerajaan dan para pemegang saham atas sokongan berterusan, kerjasama dan keyakinan yang diberikan kepada Kumpulan.

Saya juga ingin mengucapkan penghargaan tulus ikhlas dan rasa terhutang budi kepada rakan-rakan Pengarah atas bimbingan dan sumbangan yang tidak ternilai diberikan sepanjang tahun, dan ingin merakamkan pnghargaan kepada kakitangan kami di semua peringkat atas dedikasi, komitmen dan sumbangan mereka terhadap Kumpulan.

TAN SRI WILLIAM H.J. CHENG
Pengerusi

主席报告

较高的营业额达

25亿8千万令吉，

增加约15%

我谨代表董事部，欣然提呈百盛控股有限公司截至2009年6月30日为止的会计年度常年报告及经审核财务报告。

财务表现

本会计年度经历全球动荡的金融市场与经济。由发达国家引起的次按危机引发了这场前所未有的全球金融风暴，不仅削弱了环球资本市场和银行体系，同时对实验经济也带来负面的影响。先进国市场的增长不再，因为消费者面对房地产业价格惨跌、就业不稳定以及收入和资产价值急剧下降的局面。在消费者需求严重下降和谨慎消费减少的情况下，我们的百盛百货公司无法维持往年的高增长率。

不过，尽管营业环境不利，我欣然报告截至2009年6月30日为止的会计年度对本集团而言是相当好的一年，并取得以下的进展：

- 较高的营业额达25亿8千万令吉，比去年的22亿4千万令吉增加约15%；
- 较高的营业利润达7亿2千100万令吉，比去年的5亿6千100万令吉增加约28%；以及
- 较高的净盈利（不包括特殊利润）达2亿6千300万令吉，比去年的2亿令吉增加约32%。

在这一年度内，本集团从配售其上市子公司的股票中获得特殊盈利达2亿8千万令吉（2008：2亿4千800万令吉），进一步巩固本集团的财务状况。

取得值得赞扬的业绩，主要归功于本集团在中华人民共和国的百盛百货公司。结合茁壮的同店销售增长，提高现有营业面积的使用率以及加强销售和促销活动，令本集团取得佳绩。在本会计年度，本集团也对其业务策略作出适当的调整，以应付具有挑战性且迅速变化的经营环境。

企业发展

在本会计年度，本集团采取了下述重大的企业措施：

(i) 在2008年12月，本集团宣布其建议，以现金2千415万美元（8千404万令吉）收购一个位于越南海防市的零售产业。此收购建议与本集团的总策略一致，即拥有关键营业商店的所有权。预料这也将为本集团提供机会以进军越南有潜能而有利可图的商用产业市场，并为本集团带来稳健的收入来源；

(ii) 在2009年1月，本集团在香港股票交易所上市的子公司，百盛商业集团有限公司（“百盛商业集团”）宣布其意向，有意在中国北京朝阳区购买一座购物大厦的土地使用权和物业所有权，总收购价是人民币11亿2千800万元（5亿8千万令吉）。该大厦的建设工程还在兴建中，其结构工程已经完成。这项建议将使本集团通过拥有一间全新的百货公司，可在北京的零售业成长中得利，也可从任何产业增值中受惠；以及

较高的营业利润达 7亿2千100万令吉, 增加约28%

(iii) 在2009年6月，本集团完成配售百盛商业集团5千500万普通股，大约相等于百盛商业集团当时发行资本和缴足资本的1.96%。

其他企业建议详情陈列在本常年报告第121及122页。

业务检讨

本集团主要经营“百盛”品牌的百货公司。这些业务位于中国、马来西亚和越南， 其个别的百货公司数量如下：

（截至本会计年度止）	百货公司数量	
	2009	**2008**
中国百盛	**42**	40
马来西亚百盛	**33**	32
越南百盛	**5**	4
	80	76

中国百盛

中国百盛并不能在此全球经济危机中幸免，但影响相对较小。本集团对营业策略进行适当的调整，以应付充满挑战且迅速变化的营业环境。配合以下的商业计划与策略，中国百盛在本会计年度内取得可观的同店销售：

- 基本成长
  随着旗下百货公司逐渐进入成熟阶段，中国百盛改造及重塑旗下百货公司以进一步提升百货公司的形象及表现。

- 开设新店
  百盛持续进行扩大其业务与网络。在本会计年度内，中国百盛在上海及贵州各开设一间百货公司以进一步巩固其在中国零售市场的领导地位。

- 合并与收购
  中国百盛继续执行其既定策略以收购自有百货公司的少数股权。在本集团成功收购西安時代百盛百货有限公司、西安立丰百盛广场有限公司以及南宁柏联百盛商业发展有限公司余下股益之下，立即使本集团的盈利提升，并为本集团在实施扩展计划上带来更大的灵活性。

本集团已如火如荼地实施其计划，在新开发的上选地点开设更多的百货公司以扩大现有的业务。中国百盛也将继续物色符合其策略方针及资本回酬的收购机会。

较高的净盈利达 2亿6千300万令吉，增加约32%

马来西亚百盛

尽管消费者购买情绪弱化以及竞争激烈，鉴于本地百盛在马来西亚已拥有22年的营业经历，马来西亚百盛仍然取得令人满意的业绩。在不断进行店面空间与产品调整，以及增加销售与促销活动的努力下，马来西亚百盛取得令人鼓舞的市场份额。持续地对现有的百货公司进行整修和提升也进一步提高“百盛”品牌的形象与表现。

马来西亚百盛致力于加强我们的营业与网络，在2009年4月成为峇株巴辖Square One Mall的主要租户，随着于2009年8月分别在哥打峇鲁和沙巴新设百货公司。这些新的百货公司，使我们在国内的百货公司网络增至35家。

由于本地零售市场达到饱和以致增长缓慢，马来西亚百盛致力通过提升品牌意识和忠诚、适时实施百货公司整修，以及推行更多有效的销售与促销计划，以加强我们的地位。

越南百盛

在各经济区域消费者支出疲弱的情况下，越南百盛虽已在2005年在胡志明市开设第一家百货公司，但并没有因此豁免而不受不利影响，消费需求依然下降。百盛在越南被公认为高档零售百货公司模式的先驱，由于经济放缓导致外国零售企业延迟进入越南市场的缘故，预料百盛将保持其居于首要的地位。

百盛全部五（5）间百货公司都开设在越南的三（3）大城市，即胡志明市、河内和海防。由于现有的百货公司已逐渐进入成熟阶段，加上适时对商品组合进行调整，以及积极推动销售计划，使越南百盛在本会计年度内继续获得增长，并为本集团的营业额及利润作出更大的贡献。

股息

董事部欣然建议在截至2009年6月30日的会计年度，派发一次性每股5仙免税的现金股息（“现金股息”），以及派发股票股息，即每持有100股每股1令吉普通股将获派发1股本公司库存股（“股票股息”），部分库存股将忽略。此建议股息的分配必须获得即将召开的常年股东大会批准。应付“现金股息”约5千100万令吉。

董事部派发股息的建议，考虑到回报股东以及储备资金充作未来投资与业务成长用途之间应该取得合理的平衡。

企业社会责任

我们认同企业社会责任的重要性并把它视为公司治理框架中不可或缺的一部分，以加强利益相关者的信心、责任和透明度。企业社会责任是良好营商手法不可或缺的一部分，目的是要改善社会服务和环境发展。

社会

本集团在展开商业活动时，深切了解到作为企业公民的责任，在提高利润和股东企业价值的同时，也要回馈社会。作为金狮集团成立的两项基金的成员，本集团着重于通过这两项基金，以教育和医疗服务来回馈社会。

金狮百盛基金拨款供作教育与慈善用途；每年都提供奖学金和免息教育贷款给在本地大学深造的在籍大学本科生。金狮集团医药援助基金则为迫切需要医疗的马来西亚公民提供经济财务援助，包括手术、购置器材和药物。这项基金也赞助社区保健计划如医药营，以及为那些提供津贴治疗服务给不幸社群的洗肾中心添购洗肾机器。

本集团也通过筹款和捐款运动为社会作出贡献，同时也援助本地和其他地方的灾黎。

环境

在“百盛关怀我们的公园”的计划下，本集团继续在全国展开了一项活动，即负责维持所有设有百盛百货公司范围内的公园。这项计划包括修复、加强和提升设备以改善公园的环境和消遣设施，从而提倡绿色环境和更健康的生活方式。至今，我们接纳了8个公园。

展望

尽管在深具挑战和不明确的时期进行业务，新兴市场仍然提供零售业最佳的成长平台，而中国是其中一个领先的国家。本集团将会继续谨慎地控制成本，以及加强行动以扩大市场份额及开拓新市场。

在中国，中国政府宣布几项振兴配套共值人民币4万亿元，结合货币政策与财政政策以加强经济基本因素。这些措施将协助缓和经济放缓所带来的一些影响，以及改善营业信心和消费者观点。我们深信这些刺激消费和促进经济成长的措施将会为本集团带来商机。

在本地，由于家庭收入成长的前景暗淡，我们预料经济情况仍然充满挑战。我们也认为本地已进入成熟阶段的零售业市场将具高度竞争性。不过，我们相信本集团强劲的本地知名度、策略完善的促销计划、有效的成本管理方针以及马来西亚政府推行的两项经济振兴配套预期将会支托我们的盈利成长，以及使本组领先其他百货公司集团。

越南依然是一个具有吸引力的市场。虽然短期内面对挑战，我们对该国长期的展望保持乐观。它的人口年轻，随着人们日益注重品牌及要求更好素质的产品使国家继续城市化。因此，我们相信作为最先进入越南的外国公司之一的百盛，未来将能拥有更大的市场份额。

本集团深信我们的业务的中长期前景保持光明。凭着我们稳健的资产负债表，提供强劲现金流的业务模式以及强大的品牌资产，不仅使本集团能够轻松应付现时的金融风暴，更能使本集团巩固其领导地位，充分利用现今市场环境进一步扩大业务网络，令本集团在金融风暴过后更为强大。

董事部

董事部热烈欢迎尊贵的Dato' Mohamad Daud Bin Haji Dol Moin在本会计年度后被委任为本公司的董事。

我也要代表董事部，感谢在本会计年度内辞去董事职位的林本图先生，在任职本公司董事期间所作的贡献。

鸣谢

我谨代表董事部，衷心感谢我们所有珍贵的客户、金融家、商业伙伴、政府当局和股东对本集团的继续支持，合作和信心。

我也要向董事部同仁在这一年来所给予的宝贵引导和贡献表示衷心的感谢和谢意，并感谢各级职员对本集团的奉献，支持和贡献。

主席
丹斯里钟廷森

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 15 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	775,433	389,588
Attributable to:		
Equity holders of the Company	542,687	389,588
Minority interests	232,746	–
	775,433	389,588

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except for the effects arising from the partial disposal/dilution of interest in subsidiaries resulting in a gain of RM280 million to the Group as disclosed in Note 15(c) to the financial statements.

DIVIDENDS

The amount of dividend paid by the Company since 30 June 2008 was as follows:

	RM'000
In respect of the financial year ended 30 June 2008, as reported in the Directors' Report of that year, a final dividend of 5% (5 sen per share), tax exempt was paid on 15 December 2008	50,886

DIVIDENDS (continued)

At the forthcoming Annual General Meeting, the following dividends in respect of the financial year ended 30 June 2009 will be proposed for shareholders' approval:

a) A first and final cash dividend of 5% (5 sen per share), tax exempt amounting to a dividend payable of approximately RM51 million; and

b) A distribution of share dividend on the basis of one (1) treasury share for every one hundred (100) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares to be disregarded.

The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits and share premium respectively in the financial year ending 30 June 2010.

DIRECTORS

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

Tan Sri William H.J. Cheng	
Dato' Hassan bin Abdul Mutalip	
Dato' Mohamad Daud Bin Haji Dol Moin	(Appointed on 26.8.2009)
Yeow Teck Chai	
Folk Jee Yoong	
Cheng Sin Yeng	
Tan Sri Dato' Jaffar bin Abdul	(Retired on 19.11.2008)
Mohamed Hussein bin Nabi Bux	(Retired on 19.11.2008)
Lim Poon Thoo	(Resigned with effect from 25.2.2009)

In accordance with Article 98 of the Company's Articles of Association, Y. Bhg. Dato' Hassan bin Abdul Mutalip and Mr Yeow Teck Chai retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 99 of the Company's Articles of Association, Y. Bhg. Dato' Mohamad Daud Bin Haji Dol Moin who was appointed subsequent to the financial year retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 7(b) to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			
	1.7.2008	**Acquired**	**Disposed**	**30.6.2009**
Tan Sri William H.J. Cheng				
Direct interest	222,563,589	–	–	222,563,589
Indirect interest	370,336,487	–	(19,585,577)	350,750,910

In addition, Tan Sri William H.J. Cheng is also deemed to have an interest in shares in the Company by virtue of the 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") of nominal value RM1.00 each convertible into new ordinary shares of RM1.00 each in the Company at a conversion price of RM4.00 nominal amount of the RCSLS for every one new ordinary share of RM1.00 in the Company as follows:

	Number of RM1.00 nominal value of RCSLS			
	1.7.2008	**Acquired**	**Converted**	**30.6.2009**
Indirect Interest				
Tan Sri William H.J. Cheng	228,800,000	–	–	228,800,000

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

Indirect Interest
Tan Sri William H.J. Cheng

	Number of ordinary shares of HK$0.02 each			
	1.7.2008	**Acquired**	**Disposed**	**30.6.2009**
Parkson Retail Group Limited ("Parkson Retail")	1,491,800,000 *	9,970,000	(55,000,000)	1,446,770,000

* Parkson Retail had on 7 July 2008 effected the subdivision of every ordinary share of HK$0.10 each in Parkson Retail into 5 new subdivided ordinary shares of HK$0.02 each.

Investments in the People's Republic of China

	1.7.2008 Rmb	**Acquired Rmb**	**Disposed Rmb**	**30.6.2009 Rmb**
Chongqing Wanyou Parkson Plaza Co Ltd	21,000,000	–	–	21,000,000
Dalian Tianhe Parkson Shopping Centre Co Ltd	60,000,000	–	–	60,000,000
Guizhou Shenqi Parkson Retail Development Co Ltd	10,200,000	–	–	10,200,000
Qingdao No. 1 Parkson Co Ltd	124,501,580	–	–	124,501,580
Wuxi Sanyang Parkson Plaza Co Ltd	48,000,000	–	–	48,000,000
Xinjiang Youhao Parkson Development Co Ltd	10,200,000	–	–	10,200,000
Yangzhou Parkson Plaza Co Ltd	35,553,700	–	–	35,553,700

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

TREASURY SHARES

During the financial year, the Company repurchased 15,381,200 of its issued ordinary shares from the open market at an average price of RM3.85 per share. The total consideration paid for the repurchase was RM59.23 million. The repurchase transactions were financed by internally generated funds.

As at 30 June 2009, the 21,534,200 shares repurchased during the current and previous financial years were held as treasury shares. Such treasury shares are held at a carrying amount of RM93.85 million and further relevant details are disclosed in Note 25 to the financial statements.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company became effective on 7 May 2008 and the main features of the ESOS are set out in Note 27 to the financial statements.

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

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

		Number of options				
Date granted	**Subscription price per share**	**Balance as at 1.7.2008**	**Granted**	**Exercised**	**Lapsed**	**Balance as at 30.6.2009**
12 May 2008	RM6.35	4,599,500	–	–	(408,700)	4,190,800

The exercise period for the above options will expire on 6 May 2013.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

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

  (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

OTHER STATUTORY INFORMATION (continued)

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

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

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

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

(f) In the opinion of the Directors:

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

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

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 September 2009.

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

CHENG SIN YENG
Director

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

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

We, **Tan Sri William H.J. Cheng** and **Cheng Sin Yeng**, being two of the Directors of **Parkson Holdings Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 43 to 130 are drawn up in accordance with the applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 September 2009.

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

CHENG SIN YENG
Director

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

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

I, **Tan Sri William H.J. Cheng**, being the Director primarily responsible for the financial management of **Parkson Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 43 to 130 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **Tan Sri William H.J. Cheng**
at Kuala Lumpur in the Federal Territory
on 28 September 2009.

TAN SRI WILLIAM H.J. CHENG

Before me,

W259
AHMAD B. LAYA
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PARKSON HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Parkson Holdings Berhad, which comprise the balance sheets as at 30 June 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 130.

Directors' responsibility for the financial statements
The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2009 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.

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

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

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Lee Seng Huat
No. 2518/12/09(J)
Chartered Accountant

Kuala Lumpur, Malaysia
28 September 2009

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Continuing operations					
Revenue	3	**2,583,705**	2,242,297	**400,000**	200,000
Other income	4	**261,521**	227,431	**86**	–
Purchase of goods and changes in inventories		**(918,659)**	(835,733)	**–**	–
Employee benefits expense	5	**(220,284)**	(222,871)	**(173)**	(204)
Depreciation and amortisation		**(125,178)**	(95,834)	**–**	–
Promotional and advertising expenses		**(60,481)**	(61,462)	**–**	–
Rental expenses		**(410,542)**	(342,778)	**–**	–
Other expenses		**(389,552)**	(350,282)	**(1,801)**	(4,826)
Operating profit		**720,530**	560,768	**398,112**	194,970
Finance income	6	**122,600**	131,343	**3,190**	3,232
Finance costs	6	**(184,313)**	(178,126)	**(14,038)**	(20,080)
Gain/(Loss) on disposal/dilution of interest in subsidiaries	15(c)	**279,515**	248,032	**–**	(654)
Share of results of an associate		**701**	245	**–**	–
Profit before tax	7	**939,033**	762,262	**387,264**	177,468
Taxation	8	**(163,600)**	(122,505)	**2,324**	1,256
Profit for the year from continuing operations		**775,433**	639,757	**389,588**	178,724
Discontinued operations	9				
Revenue	3	**–**	111,731	**–**	–
Other income	4	**–**	344	**–**	–
Changes in inventories of finished goods and work-in-progress		**–**	(3,900)	**–**	–
Raw materials and consumables used		**–**	(98,906)	**–**	–
Employee benefits expense	5	**–**	(2,934)	**–**	–
Depreciation and amortisation		**–**	(507)	**–**	–
Other expenses		**–**	(3,363)	**–**	–
Operating profit		**–**	2,465	**–**	–

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Discontinued operations (continued)					
Finance income	6	–	30	–	–
Finance costs	6	–	(1,494)	–	–
Share of results of an associate		–	72	–	–
Loss on disposal of assets of disposal group	9	–	(2,497)	–	–
Loss before tax	7	–	(1,424)	–	–
Taxation	8	–	(285)	–	–
Loss for the year from discontinued operations		–	(1,709)	–	–
Total profit for the year from continuing and discontinued operations		**775,433**	638,048	**389,588**	178,724
Attributable to:					
Equity holders of the Company		**542,687**	447,974	**389,588**	178,724
Minority interests		**232,746**	190,074	–	–
		775,433	638,048	**389,588**	178,724
Earnings per share from continuing operations (sen)	11				
Basic		**53.26**	45.83		
Diluted		**51.41**	42.52		
Loss per share from discontinued operations (sen)	11				
Basic		–	(0.20)		
Diluted		–	(0.18)		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 30 JUNE 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	**993,675**	835,294	**–**	–
Investment properties	13	**116,663**	111,053	**–**	–
Prepaid land lease payments	14	**333,467**	303,055	**–**	–
Investments in subsidiaries	15	**–**	–	**13,793**	13,014
Investment in an associate	16	**1,089**	1,145	**–**	–
Other investments	18	**703,557**	654,093	**28**	28
Other assets	19	**407,810**	99,138	**–**	–
Intangible assets	20	**1,216,807**	1,019,607	**–**	–
Amounts due from subsidiaries	21	**–**	–	**8,058,011**	7,915,743
Amount due from a related party	23	**20,000**	40,000	**20,000**	40,000
Deferred tax assets	33	**33,687**	36,184	**–**	–
		3,826,755	3,099,569	**8,091,832**	7,968,785
Current assets					
Inventories	22	**214,265**	237,804	**–**	–
Trade and other receivables	23	**386,147**	269,541	**25,455**	2,579
Tax recoverable		**5,501**	15,987	**–**	–
Deposits, cash and bank balances	24	**2,093,511**	1,840,081	**5,084**	12,688
		2,699,424	2,363,413	**30,539**	15,267
Total assets		**6,526,179**	5,462,982	**8,122,371**	7,984,052
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	25	**1,036,410**	1,036,410	**1,036,410**	1,036,410
Share premium	25	**3,637,912**	3,637,912	**3,637,912**	3,637,912
Treasury shares	25	**(93,849)**	(34,620)	**(93,849)**	(34,620)
Other reserves	26	**(3,328,318)**	(3,678,701)	**2,931,737**	2,932,434
Retained profits	35	**497,426**	288,493	**379,324**	39,146
		1,749,581	1,249,494	**7,891,534**	7,611,282
Minority interests		**934,787**	741,870	**–**	–
Total equity		**2,684,368**	1,991,364	**7,891,534**	7,611,282

BALANCE SHEETS

AS AT 30 JUNE 2009 (continued)

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Non-current liabilities					
Borrowings	28	**898,112**	857,067	**227,281**	221,274
Senior guaranteed notes	31	**1,129,560**	1,045,820	**–**	–
Derivative financial instruments designated as hedging instruments	39(d)	**79,138**	52,932	**–**	–
Long term payables	32	**72,403**	68,586	**–**	–
Deferred tax liabilities	33	**136,306**	120,384	**1,937**	3,439
		2,315,519	2,144,789	**229,218**	224,713
Current liabilities					
Trade and other payables	34	**1,491,355**	1,266,349	**1,606**	147,283
Borrowings	28	**317**	13,259	**–**	–
Tax payable		**34,620**	47,221	**13**	774
		1,526,292	1,326,829	**1,619**	148,057
Total liabilities		**3,841,811**	3,471,618	**230,837**	372,770
Total equity and liabilities		**6,526,179**	5,462,982	**8,122,371**	7,984,052

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

		← Attributable to equity holders of the Company →									
			← Non-distributable →								
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000 (Note 26)	Relating to assets classified as held for sale RM'000	Retained profits RM'000	Total RM'000	Minority interests RM'000	Minority interests relating to assets classified as held for sale RM'000	Total equity RM'000
At 1 July 2008		1,036,410	3,637,912	(34,620)	(3,678,701)	–	288,493	1,249,494	741,870	–	1,991,364
Translation differences		–	–	–	80,042	–	–	80,042	62,836	–	142,878
Appropriation of profit to capital reserves		–	–	–	9,784	–	(9,784)	–	–	–	–
Net loss on cash flow hedges		–	–	–	(8,319)	–	–	(8,319)	(8,122)	–	(16,441)
Dilution of interest in a subsidiary		–	–	–	(3,600)	–	–	(3,600)	31,068	–	27,468
Employee share options lapsed		–	–	–	(1,476)	–	1,476	–	–	–	–
Net income and expense recognised directly in equity		–	–	–	76,431	–	(8,308)	68,123	85,782	–	153,905
Profit for the year, representing total recognised income and expense for the year		–	–	–	–	–	542,687	542,687	232,746	–	775,433
Total recognised income and expense for the year		–	–	–	76,431	–	534,379	610,810	318,528	–	929,338
Purchase of treasury shares	25	–	–	(59,229)	–	–	–	(59,229)	–	–	(59,229)
Transfer to merger deficit		–	–	–	274,560	–	(274,560)	–	–	–	–
Equity-settled share option arrangements granted by the Company		–	–	–	779	–	–	779	–	–	779
Employee share options exercised		–	–	–	(1,387)	–	–	(1,387)	(1,301)	–	(2,688)
Acquisition of minority interests		–	–	–	–	–	–	–	(4,013)	–	(4,013)
Dividends to minority interests		–	–	–	–	–	–	–	(120,297)	–	(120,297)
Dividends	10	–	–	–	–	–	(50,886)	(50,886)	–	–	(50,886)
At 30 June 2009		1,036,410	3,637,912	(93,849)	(3,328,318)	–	497,426	1,749,581	934,787	–	2,684,368

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

		← Attributable to equity holders of the Company						→			
			← Non-distributable		→						
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000 (Note 26)	Relating to assets classified as held for sale RM'000	Retained profits RM'000	Total RM'000	Minority interests RM'000	Minority interests relating to assets classified as held for sale RM'000	Total equity RM'000
At 1 July 2007		74,711	11,856	–	909,203	6,620	86,764	1,089,154	557,848	15,499	1,662,501
Translation differences		–	–	–	37,412	–	–	37,412	–	–	37,412
Appropriation of profit to capital reserves		–	–	–	14,395	–	(14,395)	–	–	–	–
Net loss on cash flow hedges		–	–	–	(3,012)	–	–	(3,012)	–	–	(3,012)
Settlement of inter-company balance with previous shareholder		–	–	–	29,180	–	–	29,180	–	–	29,180
Effect of change in deferred tax rate		–	–	–	137	–	–	137	–	–	137
Disposal of disposal group classified as held for sale	15(b)	–	–	–	–	(6,620)	8,948	2,328	–	(15,715)	(13,387)
Dilution of interest in a subsidiary		–	–	–	(3,015)	–	–	(3,015)	13,980	–	10,965
Net income and expense recognised directly in equity		–	–	–	75,097	(6,620)	(5,447)	63,030	13,980	(15,715)	61,295
Profit for the year, representing total recognised income and expense for the year		–	–	–	–	–	447,974	447,974	189,858	216	638,048
Total recognised income and expense for the year		–	–	–	75,097	(6,620)	442,527	511,004	203,838	(15,499)	699,343
Adjustments for reorganisation:											
- Shares issued		3,799,730	3,419,760*	–	(7,219,490)	–	–	–	–	–	–
- Capital reconstruction		(2,905,831)	–	–	2,905,831	–	–	–	–	–	–
Issuance of RCSLS**	30	–	–	–	(470,602)	–	–	(470,602)	–	–	(470,602)
Conversion of RCSLS	30	67,800	206,296	–	(15,946)	–	–	258,150	–	–	258,150
Purchase of treasury shares	25	–	–	(34,620)	–	–	–	(34,620)	–	–	(34,620)
Transfer to merger deficit		–	–	–	123,717	–	(123,717)	–	–	–	–
Equity-settled share option arrangements granted by:											
- The Company		–	–	–	13,014	–	–	13,014	–	–	13,014
- A subsidiary		–	–	–	3,115	–	–	3,115	2,706	–	5,821
Employee share options exercised		–	–	–	(2,640)	–	–	(2,640)	(2,293)	–	(4,933)
Acquisition of minority interests		–	–	–	–	–	–	–	(4,027)	–	(4,027)
Dividends to minority interests and previous shareholder		–	–	–	–	–	(13,839)	(13,839)	(16,202)	–	(30,041)
Dividends	10	–	–	–	–	–	(103,242)	(103,242)	–	–	(103,242)
At 30 June 2008		1,036,410	3,637,912	(34,620)	(3,678,701)	–	288,493	1,249,494	741,870	–	1,991,364

* resulting from fair value of share issued at RM1.90 per share.
** RCSLS: Redeemable convertible secured loan stocks.

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Share capital RM'000	← Share premium RM'000	Non-distributable Treasury shares RM'000	→ Other reserves RM'000 (Note 26)	Retained profits/ (Accumulated losses) RM'000	Total RM'000
At 1 July 2008		**1,036,410**	**3,637,912**	**(34,620)**	**2,932,434**	**39,146**	**7,611,282**
Purchase of treasury shares	25	**–**	**–**	**(59,229)**	**–**	**–**	**(59,229)**
Equity-settled share option arrangements granted		**–**	**–**	**–**	**779**	**–**	**779**
Employee share options lapsed		**–**	**–**	**–**	**(1,476)**	**1,476**	**–**
Profit for the year, representing total recognised income and expense for the year		**–**	**–**	**–**	**–**	**389,588**	**389,588**
Dividends	10	**–**	**–**	**–**	**–**	**(50,886)**	**(50,886)**
At 30 June 2009		**1,036,410**	**3,637,912**	**(93,849)**	**2,931,737**	**379,324**	**7,891,534**
At 1 July 2007		74,711	11,856	–	–	(36,336)	50,231
Adjustments for reorganisation:							
- Shares issued		3,799,730	3,419,760*	–	–	–	7,219,490
- Capital reconstruction		(2,905,831)	–	–	2,905,831	–	–
Issuance of RCSLS	30	–	–	–	29,398	–	29,398
Conversion of RCSLS	30	67,800	206,296	–	(15,946)	–	258,150
Purchase of treasury shares	25	–	–	(34,620)	–	–	(34,620)
Equity-settled share option arrangements granted		–	–	–	13,014	–	13,014
Effect of change in deferred tax rate		–	–	–	137	–	137
Profit for the year, representing total recognised income and expense for the year		–	–	–	–	178,724	178,724
Dividends	10	–	–	–	–	(103,242)	(103,242)
At 30 June 2008		1,036,410	3,637,912	(34,620)	2,932,434	39,146	7,611,282

* resulting from fair value of share issued at RM1.90 per share.

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from operating activities				
Profit/(Loss) before tax from:				
Continuing operations	**939,033**	762,262	**387,264**	177,468
Discontinued operations	**–**	(1,424)	**–**	–
Adjustments for:				
Depreciation and amortisation	**125,178**	96,341	**–**	–
Property, plant and equipment written off	**1,401**	357	**–**	–
Write back of allowance for doubtful debts	**(1,466)**	(843)	**–**	–
Bad debts written off	**18**	82	**18**	–
Write down of inventories	**82**	133	**–**	–
Impairment loss of investments in unquoted investments	**–**	81	**–**	–
Loss on disposal of assets of disposal group	**–**	2,497	**–**	654
Provision for defined benefit plan	**–**	42	**–**	–
Employee share-based payment	**779**	18,835	**–**	–
Unrealised exchange (gain)/loss	**(530)**	2,745	**–**	–
Share of results of associates	**(701)**	(317)	**–**	–
Gain on disposal/dilution of interest in subsidiaries	**(279,515)**	(248,032)	**–**	–
Interest expense	**184,313**	179,620	**14,038**	20,080
Interest income	**(122,600)**	(131,373)	**(3,190)**	(3,232)
Loss on disposal of property, plant and equipment	**1,321**	1,501	**–**	–
Gain on disposal of asset held for sale	**–**	(3,521)	**–**	–
Dividend income (gross)	**–**	–	**(400,000)**	(200,000)
Operating profit/(loss) before working capital changes	**847,313**	678,986	**(1,870)**	(5,030)
Changes in working capital:				
Inventories	**31,963**	(10,900)	**–**	–
Receivables and other assets	**(55,156)**	91,372	**(142,262)**	(196,383)
Payables	**244,571**	39,553	**(33,341)**	33,894
Net changes in working capital	**221,378**	120,025	**(175,603)**	(162,489)
Taxes (paid)/refund	**(156,383)**	(136,907)	**61**	–
Interest paid	**(171,250)**	(155,274)	**(8,031)**	(5,518)
Interest received	**122,873**	121,935	**290**	813
Net cash generated from/(used in) operating activities	**863,931**	628,765	**(185,153)**	(172,224)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	**(217,180)**	(163,955)	**–**	–
Purchase of prepaid land lease payments	**(20,940)**	(42,800)	**–**	–
Deposit for purchase of property, plant and equipment (Note 19(i)(b))	**(355,143)**	–	**–**	–
Proceeds from disposal of a subsidiary	**–**	10,698	**–**	10,374
Proceeds from disposal of property, plant and equipment	**659**	1,371	**–**	–
Proceeds from disposal of asset held for sale	**–**	5,770	**–**	–
Proceeds from dilution of interest in a subsidiary	**289,920**	259,979	**–**	–
Acquisition of subsidiaries (net cash acquired) (Note i)	**(35,187)**	(216,371)	**–**	–
Acquisition of minority interests	**(59,191)**	(47,626)	**–**	–
Dividend received from:				
- A subsidiary	**–**	–	**400,000**	200,000
- An associate	**423**	184	**–**	–
Net cash (used in)/generated from investing activities	**(396,639)**	(192,750)	**400,000**	210,374
Cash flows from financing activities				
Dividend paid to:				
- Shareholders of the Company	**(154,128)**	–	**(154,128)**	–
- Minority shareholders	**(120,297)**	(93,932)	**–**	–
Issuance of shares by a subsidiary	**21,083**	81,774	**–**	–
Purchase of treasury shares	**(68,323)**	(25,526)	**(68,323)**	(25,526)
Proceeds from borrowings	**15,441**	25,464	**–**	–
Repayment of borrowings	**(44,143)**	(123,569)	**–**	–
Hire purchase principal payments	**(614)**	(1,440)	**–**	–
Net cash used in financing activities	**(350,981)**	(137,229)	**(222,451)**	(25,526)
Net increase/(decrease) in cash and cash equivalents	**116,311**	298,786	**(7,604)**	12,624
Effects of changes in exchange rates	**137,119**	66,722	**–**	–
Cash and cash equivalents at beginning of year	**1,840,081**	1,474,573	**12,688**	64
Cash and cash equivalents at end of year (Note 24)	**2,093,511**	1,840,081	**5,084**	12,688

Note (i)

	Group	
	2009 RM'000	2008 RM'000
Purchase consideration paid in cash	**(48,382)**	(233,664)
Cash and cash equivalents of subsidiaries acquired	**13,195**	17,293
Net cash outflow of the Group	**(35,187)**	(216,371)

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and principal place of business of the Company is located at Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 15. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 September 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. During the financial year ended 30 June 2009, the Company adopted new and revised FRSs as described in Note 2.3.

These financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair values. The financial statements are presented in Ringgit Malaysia (RM). All values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

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. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

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

2.2 **Summary of significant accounting policies** (continued)

(a) **Subsidiaries and basis of consolidation** (continued)

(ii) **Basis of consolidation** (continued)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the parent entity extension method, whereby, on acquisition of minority interests, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill. Gain or loss on disposal to minority interests is recognised in profit or loss.

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

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

(b) **Associates**

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

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

2.2 **Summary of significant accounting policies** (continued)

(b) Associates (continued)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture; or

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture.

(d) Jointly controlled entities

A jointly controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly controlled entity.

The Group's interests in its jointly controlled entities are accounted for by proportionate consolidation, which involves recognising its share of the jointly controlled entities' assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis. Unrealised gains and losses resulting from transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

(e) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic 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 for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Computer software of the Group is amortised on the straight-line basis over 5 years.

(f) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Work-in-progress is not depreciated as it is not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 8%
Plant and machinery	10% - 15%
Office equipment and vehicles	10% - 20%
Furniture, fittings and other equipment	10% - 20%
Renovation	10% - 20%

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

2.2 **Summary of significant accounting policies** (continued)

(f) **Property, plant and equipment and depreciation** (continued)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(g) **Investment properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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

(h) **Impairment of non-financial assets**

The carrying amounts of the Group's assets, other than investment properties, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

(h) Impairment of non-financial assets (continued)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(i) Inventories

Inventories are stated at lower of cost and net realisable value.

The cost of merchandise and consumables are determined on the weighted average basis. The cost of merchandise and consumables comprise cost of purchase.

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

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

(j) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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

2.2 Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

(a) Credit linked notes

Investments which carry fixed or determinable payments and fixed maturities and which the Group has intention and ability to hold to maturity are carried at cost. After initial measurement, these fixed term investments are measured at amortised cost less impairment losses. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in the consolidated income statement when the investments are derecognised or impaired, as well as through the amortisation process.

(b) Others

Non-current investments other than investments in subsidiaries, associates and jointly controlled entities and investment with fixed maturities and payment terms are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debt based on a review of all outstanding amounts as at the balance sheet date.

(iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

(vi) Redeemable convertible secured loan stocks ("RCSLS")

The convertible loan stocks are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bond. The difference between the proceeds of issue of the convertible loan stocks and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible bond to the instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying value of the convertible loan stocks.

(vii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(viii) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the income statement.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

(viii) Derivative financial instruments and hedging (continued)

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

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

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

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the income statement.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the income statement over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to the income statement.

Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in the income statement.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement. The changes in the fair value of the hedging instrument are also recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

(viii) Derivative financial instruments and hedging (continued)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the income statement.

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

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

(k) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(g)); and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance leases - the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(f).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

(k) Leases (continued)

(iii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. 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.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(l) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(m) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Where 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(n) Customer loyalty award

The customer loyalty award represents deferred revenue arising from customer loyalty award granted.

Customer loyalty award is recognised at present value of required expenditures expected to settle the obligation based on the bonus points granted to customers in accordance with the announced bonus points scheme.

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

2.2 **Summary of significant accounting policies** (continued)

(o) **Employee benefits**

(i) **Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) **Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund.

(iii) **Equity compensation benefits**

Parkson Holdings Berhad and its subsidiary, Parkson Retail Group Limited ("Parkson Retail") have in place their respective employee share option scheme. The employee share option scheme of an equity-settled, share-based compensation plan, allows the employees of the Company and Parkson Retail to acquire ordinary shares in the respective companies. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised or expire. When the share option of the Company is exercised, it will be transferred to share premium, or when the option expires, it will be transferred directly to retained profits. When the share option of Parkson Retail is exercised, a gain/loss on dilution to the Group is recognised to the income statement or when the option expires, it will be transferred directly to retained profits.

When a share option of the Company is awarded to an employee of a subsidiary, the Company's separate financial statements would record an increase in its investment in the subsidiary equivalent to the FRS 2: Share-based Payment charge in the subsidiary, with a corresponding credit to equity. When the share option of the Company is exercised, it will be transferred to share premium, or when the option expires, it will be transferred directly to retained profits.

(iv) **Retirement benefits**

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC"), each of the PRC subsidiaries of the Group is required to participate in a retirement benefits scheme organised by the local municipal government whereby the Group is required to contribute a certain percentage of the salaries of its employees to the retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to pay the ongoing required contributions. Contributions made to the defined contribution retirement benefits scheme are charged to the income statement as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

(p) Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When a grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful lives of the relevant assets by equal annual instalments. Government grants received where the attaching conditions have not yet been fulfilled are recognised as liabilities.

(q) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal exchange rate used for each respective unit of foreign currency ruling at the balance sheet date is as follow:

	2009 RM	**2008 RM**
US Dollar ("US$")	**3.53**	3.26
Singapore Dollar ("SGD")	**2.43**	2.40
Chinese Renminbi ("Rmb")	**0.51**	0.48
Hong Kong Dollar ("HK$")	**0.45**	0.42

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

2.2 **Summary of significant accounting policies** (continued)

(q) **Foreign currencies** (continued)

(iii) **Foreign operations**

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiary before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(r) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) **Sale of goods**

Revenue on sale of goods is recognised net of sales taxes and discounts upon transfer of significant risks and rewards of ownership to the buyer. 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.

(ii) **Revenue from services**

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

(iii) **Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

(iv) **Revenue from customer loyalty award**

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

(v) **Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

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

2.2 **Summary of significant accounting policies** (continued)

(r) **Revenue recognition** (continued)

(vi) **Sale of properties held for sale**

Revenue from sale of properties held for sale is recognised upon the signing of the sale and purchase agreements.

(vii) **Commissions from concessionaire sales**

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

(viii) **Promotion income and sales commissions**

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

(ix) **Rental income**

Rental income, display space leasing fees and equipment leasing income are recognised on a time proportion basis over the terms of the respective leases.

(s) **Non-current assets (or disposal group) held for sale and discontinued operations**

Non-current assets or disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal group (other than deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

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 and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resell.

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

2.2 Summary of significant accounting policies (continued)

(t) Segment reporting

A segment is a distinguishable component of the Group that engages either in providing products or services (a business segment), or in providing products or services within a particular economic environment (a geographical segment). Each segment is subject to risks and return that are different from those of other segments.

2.3 FRSs and interpretations issued but not yet effective

(i) Applicable FRSs, amendments to FRSs and interpretations that are not yet effective and not adopted

	Effective for financial periods beginning on or after
FRSs	
FRS 7: Financial Instruments : Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 101: Presentation of Financial Statements	1 January 2010
FRS 123: Borrowing Costs	1 January 2010
FRS 139: Financial Instruments : Recognition and Measurement	1 January 2010
Amendments to FRSs	
FRS 1: First-Time Adoption of Financial Reporting Standards	1 January 2010
FRS 2: Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
FRS 127: Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 132: Financial Instruments : Presentation	1 January 2010
FRS 139: Financial Instruments : Recognition and Measurement, FRS 7: Financial Instruments : Disclosures, and IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
FRSs contained in the document entitled Improvements to FRSs (2009)	1 January 2010
Interpretations	
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

The adoption of the above new FRSs, amendments to FRSs and interpretations in future period other than FRS 7 and FRS 139 are expected to have no significant impact on the financial statements of the Group and of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 FRSs and interpretations issued but not yet effective (continued)

(ii) FRS and interpretations that are not applicable and not adopted

	Effective for financial periods beginning on or after
FRS	
FRS 4: Insurance Contracts	1 January 2010
Interpretations	
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

The above FRS and interpretations that are not yet effective are not applicable to the Group and the Company.

2.4 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

(i) Revenue recognition on customer loyalty award

The Group maintains a loyalty award which allows customers to accumulate bonus points when they purchase products in the Group's retail stores. The bonus points can then be redeemed for free products, subject to terms and conditions.

The Group treats the customer loyalty award as a separate component of the sales transaction in which they are granted. Based on historical experience, the management has estimated the fair value of the bonus points and accounted for these customer loyalty award as deferred revenue. The deferred revenue is recognised as revenue when the bonus points are redeemed or lapsed.

(b) Key sources of estimation uncertainty

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

(i) Income tax

Significant estimation is involved in determining the 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. Details of income tax expense are disclosed in Note 8.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Customer loyalty award

Customer loyalty award are recognised at present value of expenditures expected to be required to settle the obligation based on the bonus points granted to customers in accordance with the announced bonus points scheme and the Group's past experience on the level of redemption of coupons. Details of provision for customer loyalty award are disclosed in Note 34(i).

(iii) 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 units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of goodwill impairment are disclosed in Note 20.

(iv) Dismantlement, removal or restoration of property, plant and equipment

Certain subsidiaries of the Group have entered into lease/tenancy agreements of premises for its retail business. In accordance to certain of the agreements, the subsidiaries are required to restore the premises to its original state at end of each lease term. The management had, based on their past experience, assessed that the possibility of outflow for restoring the premises to be remote and not significant. As at balance sheet date, no provision has been made in relation to the dismantlement, removal or restoration of property, plant and equipment.

(v) Share-based payment

The Group measures the cost of equity-settled transactions with employees by reference to fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of option, volatility and dividend yield and making assumptions about them. The assumptions and valuation model used are disclosed in Note 27.

(vi) Ownership of land

The strata title to a land of a subsidiary of the Group which was classified under prepaid land lease payment has not been transferred to the subsidiary by the vendor as disclosed in Note 14(ii). The Group has determined that it retains all the significant risks and rewards of the ownership of the land and as such, the land has been recognised as the Group's assets.

(vii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As at 30 June 2009, the carrying value of deferred tax assets of the Group was RM33,687,000 (2008: RM36,184,000) and the total unrecognised tax losses and capital allowances of the Group were RM30,730,000 (2008: RM16,100,000).

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

2.4 **Significant accounting estimates and judgements** (continued)

(b) **Key sources of estimation uncertainty** (continued)

(viii) **Operating lease commitments - the Group as lessee**

The Group has entered into commercial property leases for its department stores business. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risk and rewards of relevant properties and so accounts for them as operating leases.

(ix) **Depreciation**

The Group has estimated the useful lives of the property, plant and equipment and investment properties of 5 to 42 years, after taking into account of their estimated residual values, as set out in the significant accounting policies above. Depreciation of items of property, plant and equipment is calculated on the straight-line basis over their expected useful lives. The carrying amounts of property, plant and equipment and investment properties of the Group as at 30 June 2009 were RM993,675,000 (2008: RM835,294,000) and RM116,663,000 (2008: RM111,053,000) respectively. Further details are disclosed in Note 12 and Note 13 respectively.

(x) **Fair value of financial instruments**

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3. **REVENUE**

		Group		**Company**	
		2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Continuing operations					
Sales of goods - direct sales		**1,108,607**	1,021,800	**–**	–
Commissions from concessionaire sales	(i)	**1,351,528**	1,101,929	**–**	–
Consultancy and management service fees		**12,173**	14,423	**–**	–
Rental income		**111,397**	104,145	**–**	–
Dividend from a subsidiary		**–**	–	**400,000**	200,000
		2,583,705	2,242,297	**400,000**	200,000
Discontinued operations					
Sales of goods		**–**	110,468	**–**	–
Rendering of services		**–**	1,263	**–**	–
		–	111,731	**–**	–

3. REVENUE (continued)

(i) The commissions from concessionaire sales are analysed as follows:

	Group 2009 RM'000	Group 2008 RM'000
Gross revenue from concessionaire sales	**6,612,004**	5,277,992
Commissions from concessionaire sales	**1,351,528**	1,101,929

4. OTHER INCOME

		Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Continuing operations					
Promotion income		**45,434**	43,715	**–**	–
Credit card handling fees		**80,178**	56,363	**–**	–
Government grants	(i)	**9,956**	4,487	**–**	–
Sale of completed properties		**1,973**	17,023	**–**	–
Equipment and display space lease income		**17,900**	17,309	**–**	–
Administration fees		**28,457**	30,577	**–**	–
Service fees		**10,500**	10,668	**–**	–
Other income		**67,123**	47,289	**86**	–
		261,521	227,431	**86**	–
Discontinued operations					
Other income		**–**	344	**–**	–

(i) Various government grants have been granted by the local authorities in the People's Republic of China ("PRC") to reward the subsidiaries for their contributions to the local economy and there were no unfulfilled conditions or contingencies attached to these government grants.

5. EMPLOYEE BENEFITS EXPENSE

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Continuing operations				
Wages, salaries and bonuses	**150,020**	154,318	**120**	120
Defined contribution plans:				
Employees Provident Fund	**5,310**	5,117	**14**	14
PRC pension scheme contributions	**15,729**	9,546	**–**	–
Employee share-based payment:				
The Company	**779**	13,014	**–**	–
A subsidiary	**–**	5,821	**–**	–
Other staff related expenses	**48,446**	35,055	**39**	70
	220,284	222,871	**173**	204

5. EMPLOYEE BENEFITS EXPENSE (continued)

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Discontinued operations				
Wages, salaries and bonuses	**–**	1,849	**–**	–
Defined contribution plans	**–**	240	**–**	–
Defined benefit plan	**–**	42	**–**	–
Other staff related expenses	**–**	803	**–**	–
	–	2,934	**–**	–

Included in employee benefits expense is the remuneration of an executive Director of the Group and of the Company but excludes Directors' fees as further disclosed in Note 7(b).

6. FINANCE INCOME/COSTS

		Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Continuing operations					
Finance income:					
Amount due from a subsidiary		**–**	–	**–**	386
Amount due from a related party (Note 23(i))		**2,900**	2,420	**2,900**	2,420
Interest rate swap arrangements	(i)	**13,781**	15,160	**–**	–
Credit linked notes coupon		**68,984**	64,844	**–**	–
Short term deposits and others		**36,935**	48,919	**290**	426
		122,600	131,343	**3,190**	3,232
Finance costs:					
Senior guaranteed notes due November 2011		**58,399**	55,529	**–**	–
Senior guaranteed notes due May 2012		**31,912**	30,845	**–**	–
Term loans and PRC bank loans (Note 28)		**79,824**	71,125	**–**	–
RCSLS (Note 30)		**14,038**	20,080	**14,038**	20,080
Bank overdrafts		**85**	421	**–**	–
Hire purchase liabilities		**55**	126	**–**	–
		184,313	178,126	**14,038**	20,080

6. **FINANCE INCOME/COSTS** (continued)

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Discontinued operations				
Finance income:				
Short term deposits and others	**–**	30	**–**	–
Finance costs:				
Term loans	**–**	1,262	**–**	–
Bank overdrafts	**–**	231	**–**	–
Hire purchase liabilities	**–**	1	**–**	–
	–	1,494	**–**	–

(i) As further disclosed in Note 31(ii), the Group has entered into a cross currency interest rate swap arrangement in order to provide the Group a Rmb equivalent fixed rate debt of 3.45% per annum.

7. **PROFIT/(LOSS) BEFORE TAX**

(a) Profit/(Loss) before tax is stated at after charging/(crediting):

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Continuing operations				
Directors' remuneration (Note b)	**709**	742	**372**	410
Auditors' remuneration	**1,265**	1,174	**25**	25
Depreciation and amortisation:				
- Property, plant and equipment	**113,195**	86,022	**–**	–
- Investment properties	**3,270**	2,539	**–**	–
- Prepaid land lease payments	**8,376**	6,701	**–**	–
- Intangible assets	**337**	572	**–**	–
Property, plant and equipment written off	**1,401**	357	**–**	–
Write back of allowance for doubtful debts	**(1,466)**	(790)	**–**	–
Bad debts recovered	**(88)**	–	**–**	–
Bad debts written off	**18**	82	**18**	–
Impairment loss of investments in unquoted investments	**–**	81	**–**	–
Write down of inventories	**82**	133	**–**	–
Exchange (gain)/loss:				
- Realised	**(5,835)**	(501)	**–**	–
- Unrealised	**(530)**	2,745	**–**	–
Loss/(Gain) on disposal of:				
- Property, plant and equipment	**1,321**	1,501	**–**	–
- Asset held for sale	**–**	(3,521)	**–**	–
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	**324,557**	292,298	**–**	–
- Contingent lease payments	**85,985**	50,480	**–**	–
Gross rental income	**(21,136)**	(18,806)	**–**	–
Sub-letting of properties:				
- Minimum lease payments	**(58,206)**	(55,685)	**–**	–
- Contingent lease payments	**(32,055)**	(29,654)	**–**	–

7. PROFIT/(LOSS) BEFORE TAX (continued)

(a) Profit/(Loss) before tax is stated at after charging/(crediting): (continued)

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Discontinued operations				
Rental expenses	–	245	–	–
Depreciation and amortisation:				
- Property, plant and equipment	–	478	–	–
- Prepaid land lease payments	–	29	–	–
Write back of allowance for doubtful debts	–	(53)	–	–
Exchange gain - realised	–	(201)	–	–

(b) The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Executive Director:				
Fees	**108**	83	**40**	20
Salaries and other emoluments	**399**	429	**159**	189
Pension costs - defined contribution plans	**43**	43	**14**	14
	550	555	**213**	223
Non-executive Directors*:				
Fees	**159**	187	**159**	187
	709	742	**372**	410

(c) The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2009	**2008**
Executive Director:		
- RM550,001 to RM600,000	**1**	1
Non-executive Directors*:		
- RM25,000 and below	**4**	5
- RM25,001 to RM50,000	**3**	4

* 2009: Including Directors who retired at the Annual General Meeting held on 19 November 2008 and a Director who resigned during the financial year ended 30 June 2009.

2008: Including a Director who retired at the Annual General Meeting held on 30 November 2007 and a Director who resigned during the financial year ended 30 June 2008.

8. TAXATION

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Continuing operations				
Income tax:				
Malaysian tax	**10,899**	10,327	**13**	835
Foreign tax	**143,270**	121,479	**–**	–
	154,169	131,806	**13**	835
(Over)/Under provision in prior years:				
Malaysian income tax	**(2,749)**	1,230	**(835)**	76
	151,420	133,036	**(822)**	911
Deferred tax (Note 33):				
Relating to origination and reversal of temporary differences	**1,104**	(5,595)	**(1,502)**	(2,167)
Relating to changes in tax rate	**–**	(4,936)	**–**	–
Under provision in prior years	**11,076**	–	**–**	–
	12,180	(10,531)	**(1,502)**	(2,167)
Total income tax from continuing operations	**163,600**	122,505	**(2,324)**	(1,256)
Discontinued operations				
Malaysian income tax:				
Current year	**–**	273	**–**	–
Under provision in prior years	**–**	12	**–**	–
Total income tax from discontinued operations	**–**	285	**–**	–
Total income tax expense/(credit)	**163,600**	122,790	**(2,324)**	(1,256)

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operates.

Domestic current income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year.

Under the relevant PRC income tax law, except for certain preferential treatments available to certain PRC subsidiaries and jointly controlled entities of the Group, the PRC companies of the Group are subject to corporate income tax at a rate of 25% (2008: 25%) on their respective taxable income. During the year, the relevant PRC tax authorities granted preferential corporate income tax rates or corporate income tax exemptions to 11 (2008: 15) PRC entities within the Group.

8. TAXATION (continued)

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Profit/(Loss) before tax from:				
Continuing operations	**939,033**	762,262	**387,264**	177,468
Discontinued operations	**–**	(1,424)	**–**	–
Less: Share of results of associates	**(701)**	(317)	**–**	–
	938,332	760,521	**387,264**	177,468
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	**234,583**	197,735	**96,816**	46,142
Income subject to tax rate of 20%	**–**	197	**–**	–
Different tax rates in other countries	**(25,449)**	(22,906)	**–**	–
Effect of changes in tax rates on deferred tax	**–**	(4,936)	**–**	–
Expenses not deductible for tax purposes	**12,606**	17,399	**1,695**	4,526
Income not subject to tax	**(73,585)**	(66,960)	**(100,000)**	(52,000)
Utilisation of unabsorbed losses brought forward	**–**	(1,945)	**–**	–
Deferred tax assets not recognised	**3,615**	2,964	**–**	–
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**3,503**	–	**–**	–
Under provision of deferred tax in prior years	**11,076**	–	**–**	–
(Over)/Under provision of taxation in prior years	**(2,749)**	1,242	**(835)**	76
Tax expense/(credit)	**163,600**	122,790	**(2,324)**	(1,256)
Tax savings during the financial year arising from:				
Utilisation of previously unrecognised tax losses	**–**	1,945	**–**	–

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 28 September 2006, the Company announced the decision to dispose of the entire issued and paid-up share capital of Bright Steel Sdn Bhd ("Bright Steel") for a cash consideration of RM53.47 million. The disposal represents the Group's intention to exit from the steel services, international trading and distribution (electronic components), automotive and others (automotive component trading, limestone processing and investment holding) segments which were being carried on by Bright Steel, its subsidiaries and associate ("Bright Steel Group").

The disposal of Bright Steel was completed on 19 September 2007. The effects of the disposal on the Group's financial results and position for the previous financial year was disclosed in Note 15(b).

The cash flows attributable to the discontinued operations for the financial year ended 30 June 2008 were as follows:

	RM'000
Operating cash flows	(347)
Investing cash flows	(216)
Financing cash flows	7,618
Total cash flows	7,055

10. DIVIDENDS

	Dividends in respect of year		Dividends recognised in year	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Special dividend for 2008, tax exempt (5 sen per ordinary share)	–	51,621	–	51,621
Interim dividend for 2008, tax exempt (5 sen per ordinary share)	–	51,621	–	51,621
Final dividend for 2008, tax exempt (5 sen per ordinary share)	–	50,886	**50,886**	–
	–	154,128	**50,886**	103,242
Final dividend for 2009, tax exempt (5 sen per ordinary share)	**50,744**	–	–	–
	50,744	154,128	**50,886**	103,242

At the forthcoming Annual General Meeting, the following dividends in respect of the financial year ended 30 June 2009 will be proposed for shareholders' approval:

a) A first and final cash dividend of 5% (5 sen per share), tax exempt amounting to a dividend payable of approximately RM51 million; and

b) A distribution of share dividend on the basis of one (1) treasury share for every one hundred (100) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares to be disregarded.

The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits and share premium respectively in the financial year ending 30 June 2010.

11. EARNINGS PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group 2009	Group 2008
Profit/(Loss) attributable to ordinary equity holders of the Company (RM'000):		
- from continuing operations	**542,687**	449,899
- from discontinued operations	**–**	(1,925)
	542,687	447,974
Weighted average number of ordinary shares in issue ('000)	**1,018,918**	981,750
Basic earnings/(loss) per share (sen):		
- from continuing operations	**53.26**	45.83
- from discontinued operations	**–**	(0.20)
	53.26	45.63

(b) Diluted

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. RCSLS and shares granted under the Executive Share Option Scheme ("ESOS") of the Company.

	Group 2009 RM'000	Group 2008 RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company	**542,687**	449,899
After-tax effect of interest on RCSLS	**10,529**	14,860
Profit from continuing operations attributable to ordinary equity holders of the Company including assumed conversion	**553,216**	464,759
Loss from discontinued operations attributable to ordinary equity holders of the Company	**–**	(1,925)
Profit attributable to ordinary equity holders of the Company including assumed conversion	**553,216**	462,834

11. EARNINGS PER SHARE (continued)

(b) Diluted (continued)

	Group 2009 '000	Group 2008 '000
Weighted average number of ordinary shares in issue	**1,018,918**	981,750
Effect of dilution:		
RCSLS	**57,200**	111,305
Adjusted weighted average number of ordinary shares in issue and issuable	**1,076,118**	1,093,055
	sen	**sen**
Diluted earnings/(loss) per share:		
- from continuing operations	**51.41**	42.52
- from discontinued operations	**–**	(0.18)
	51.41	42.34

The ESOS of the Company does not have dilutive effect as the average market price of ordinary shares during the period does not exceed the exercise price of the options.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM'000	Plant and machinery RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
At 30 June 2009							
Cost							
At 1 July 2008	559,485	21,065	9,842	363,854	318,865	14,075	1,287,186
Additions	67,954	327	949	27,112	56,769	64,069	217,180
Disposals	–	(1,583)	(905)	(6,565)	(22,259)	(260)	(31,572)
Write off	–	(2,369)	–	(9,042)	(6,268)	–	(17,679)
Acquisition of a subsidiary	–	–	24	609	93	–	726
Reclassification	–	–	–	(83,944)	130,481	(46,537)	–
Exchange differences	44,478	914	654	13,751	25,299	635	85,731
At 30 June 2009	671,917	18,354	10,564	305,775	502,980	31,982	1,541,572
Accumulated depreciation							
At 1 July 2008	100,907	14,354	5,361	176,451	154,819	–	451,892
Charge for the year	19,916	1,819	1,524	36,115	53,821	–	113,195
Disposals	–	(1,099)	(712)	(6,360)	(21,421)	–	(29,592)
Write off	–	(2,209)	–	(8,159)	(5,910)	–	(16,278)
Reclassification	–	–	–	(31,548)	31,548	–	–
Exchange differences	8,003	593	329	7,465	12,290	–	28,680
At 30 June 2009	128,826	13,458	6,502	173,964	225,147	–	547,897
Net book value							
At 30 June 2009	543,091	4,896	4,062	131,811	277,833	31,982	993,675

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings RM'000	Plant and machinery RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
At 30 June 2008							
Cost							
At 1 July 2007	338,353	19,837	9,190	248,783	248,804	17,246	882,213
Additions	1,269	2,131	1,651	88,614	41,238	29,822	164,725
Disposals	–	(54)	(1,338)	(3,995)	(3,224)	–	(8,611)
Write off	–	(1,327)	–	(1,264)	(1)	–	(2,592)
Acquisition of subsidiaries	200,100	–	35	14,868	198	–	215,201
Reclassification	3,080	(14)	–	10,361	19,610	(33,037)	–
Exchange differences	16,683	492	304	6,487	12,240	44	36,250
At 30 June 2008	559,485	21,065	9,842	363,854	318,865	14,075	1,287,186
Accumulated depreciation							
At 1 July 2007	81,240	13,381	4,908	139,453	117,669	–	356,651
Charge for the year	14,958	1,812	1,416	36,540	31,296	–	86,022
Disposals	–	(19)	(1,174)	(3,177)	(1,369)	–	(5,739)
Write off	–	(1,099)	–	(1,136)	–	–	(2,235)
Reclassification	–	(107)	–	107	–	–	–
Exchange differences	4,709	386	211	4,664	7,223	–	17,193
At 30 June 2008	100,907	14,354	5,361	176,451	154,819	–	451,892
Net book value							
At 30 June 2008	458,578	6,711	4,481	187,403	164,046	14,075	835,294

	Group 2009 RM'000	Group 2008 RM'000
Aggregate costs of purchase of property, plant and equipment	**217,180**	164,725
Acquisition by means of hire purchase	**–**	(770)
	217,180	163,955
Net book value of property, plant and equipment held under hire purchase agreement	**747**	2,332

13. INVESTMENT PROPERTIES

	Group RM'000
At 1 July 2007, net of accumulated depreciation	108,192
Charge for the year	(2,539)
Exchange differences	5,400
At 30 June 2008, net of accumulated depreciation	**111,053**
Charge for the year	**(3,270)**
Exchange differences	**8,880**
At 30 June 2009, net of accumulated depreciation	**116,663**

		Group 2009 RM'000	Group 2008 RM'000
Net book value at 30 June			
Cost		**128,611**	119,090
Accumulated depreciation		**(11,948)**	(8,037)
		116,663	111,053
Fair value at 30 June			
Office premises	(i)	**20,394**	15,603
Building	(ii)	**121,572**	107,117
		141,966	122,720

(i) The fair value of the office premises are arrived at by reference to market evidence of transaction prices for similar properties.

(ii) The fair value of the building was determined based on the valuations performed by an independent firm of professional valuers in the financial year 2007, on a direct comparison approach and where appropriate on an income capitalisation approach. The fair value represents the amount of market value at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuation.

Based on the prevailing market conditions and rental income attributable to the relevant investment property, the Directors consider that there is no significant change in the fair value between 30 June 2009 and 30 June 2007.

14. PREPAID LAND LEASE PAYMENTS

		Group 2009 RM'000	Group 2008 RM'000
At 1 July		**303,055**	218,894
Additions	(i), (ii)	**20,940**	80,000
Amortisation for the year		**(8,376)**	(6,701)
Exchange differences		**17,848**	10,862
At 30 June		**333,467**	303,055

14. PREPAID LAND LEASE PAYMENTS (continued)

	Group 2009 RM'000	Group 2008 RM'000
Analysed as:		
Long term leasehold land	**99,838**	79,865
Short term leasehold land	**233,629**	223,190
	333,467	303,055

(i) A subsidiary of the Group had in December 2008 entered into a sale and purchase agreement to acquire a property located in Hai Phong, Vietnam amounting to RM20.9 million. The property is situated on a piece of land with a 70-year leasehold land tenure.

(ii) During the previous financial year, a subsidiary of the Group entered into a conditional sale and purchase agreement to acquire the option rights amounting to RM80 million to develop, construct and complete a retail mall located on a leasehold land situated in Setapak, Kuala Lumpur ("Proposed Mall") together with infrastructures and amenities; and the rights to call for the transfer of the strata title to the subsidiary upon completion of the Proposed Mall.

Except as mentioned above, the net book value of prepaid land lease payments as at year end of RM233.6 million (2008: RM223.2 million) represented land use rights paid to the PRC government authorities and are amortised on a straight-line basis over their respective lease periods. These leasehold lands have tenure ranging from 24 to 42 years and are situated in the PRC.

15. INVESTMENTS IN SUBSIDIARIES

	Company 2009 RM'000	Company 2008 RM'000
Unquoted shares, at cost	*	*
Share option paid to employees of subsidiaries	**13,793**	13,014
	13,793	13,014

* Represent RM20

Name	Country of incorporation	Principal activities	Equity interest 2009 %	Equity interest 2008 %
East Crest International Limited	British Virgin Islands	Investment holding	**100**	100
Parkson Vietnam Investment Holdings Co Ltd	British Virgin Islands	Investment holding	**100**	100
Parkson Properties Holdings Co Ltd	British Virgin Islands	Investment holding	**100**	100
Prime Yield Holdings Limited	British Virgin Islands	Investment holding	**100**	100

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2009 %	Equity interest 2008 %
Subsidiaries of East Crest International Limited				
PRG Corporation Limited [f]	British Virgin Islands	Investment holding	**100**	100
Parkson Venture Pte Ltd [f]	Singapore	Investment holding	**100**	100
Serbadagang Holdings Sdn Bhd [f]	Malaysia	Investment holding	**100**	100
Sea Coral Limited [f]	Hong Kong SAR	Investment holding	**100**	100
Parkson Corporation Sdn Bhd	Malaysia	Operations of department stores	**100**	100
Qingdao No.1 Parkson Co Ltd [f]	People's Republic of China	Property development and operations of department stores	[*1] **52.6**	[*1] 52.6
Subsidiaries of Parkson Vietnam Investment Holdings Co Ltd				
Parkson HCMC Holdings Co Ltd	British Virgin Islands	Dormant	**100**	100
Parkson HaiPhong Holdings Co Ltd	British Virgin Islands	Dormant	**100**	100
Parkson TSN Holdings Co Ltd	British Virgin Islands	Dormant	**100**	100
Subsidiary of Parkson Properties Holdings Co Ltd				
Parkson Properties NDT (Emperor) Co Ltd	British Virgin Islands	Dormant	**100**	100
Subsidiary of Prime Yield Holdings Limited				
Dyna Puncak Sdn Bhd	Malaysia	Investment holding	**100**	100
Subsidiary of PRG Corporation Limited				
Parkson Retail Group Limited ("Parkson Retail") + @	Cayman Islands	Investment holding	**51.2** [*2] **0.4**	53.5 –
Subsidiary of Parkson Retail				
Grand Parkson Retail Group Limited +	British Virgin Islands	Investment holding	**100**	100

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2009 %	2008 %
Subsidiaries of Grand Parkson Retail Group Limited				
Leonemas International Limited +	British Virgin Islands	Investment holding	**100**	100
Malverest Property International Limited +	British Virgin Islands	Investment holding	**100**	100
Oroleon International Limited +	British Virgin Islands	Investment holding	**100**	100
Releomont International Limited +	British Virgin Islands	Investment holding	**100**	100
Exonbury Limited +	Hong Kong SAR	Investment holding	**100**	100
Parkson Investment Pte Ltd +	Singapore	Investment holding	**100**	100
Parkson Supplies Pte Ltd +	Singapore	Investment holding	**100**	100
Creation International Investment & Development Limited +	British Virgin Islands	Investment holding	**100**	100
Step Summit Limited +	Hong Kong SAR	Investment holding	**100**	100
Global Heights Investment Limited +	British Virgin Islands	Investment holding	**100**	100
Golden Village Group Limited +	British Virgin Islands	Investment holding	**100**	100
Lung Shing International Investment & Development Company Limited +	British Virgin Islands	Investment holding	**100**	100
Capital Park Development Limited +	British Virgin Islands	Investment holding	**100**	100
Favor Move International Limited +	British Virgin Islands	Investment holding	**100**	–
Jet East Investments Limited +	British Virgin Islands	Investment holding	**100**	*2 100
Subsidiary of Leonemas International Limited				
Leonemas (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2009 %	2008 %
Subsidiary of Malverest Property International Limited				
Malverest (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiary of Malverest (Hong Kong) Limited				
Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	100
Subsidiary of Parkson Retail Development Co Ltd				
Beijing Huadesheng Property Management Co Ltd +	People's Republic of China	Property management	**100**	–
Subsidiary of Oroleon International Limited				
Oroleon (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiary of Releomont International Limited				
Releomont (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiaries of Exonbury Limited				
Hong Kong Fen Chai Investment Limited +	Hong Kong SAR	Investment holding	**100**	100
Shanghai Nine Sea Parkson Plaza Co Ltd +	People's Republic of China	Operations of department stores	**100**	100
Shanghai Lion Parkson Investment Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100
Parkson Investment Holdings Co Ltd +	People's Republic of China	Investment holding	**70** *3 **30**	70 *3 30
Jiangxi Parkson Retail Co Ltd +	People's Republic of China	Operations of department stores	**100**	100

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2009 %	2008 %
Subsidiary of Hong Kong Fen Chai Investment Limited				
Xi'an Lucky King Parkson Plaza Co Ltd +	People's Republic of China	Operations of department stores	**91** *4 **9**	91 –
Subsidiaries of Xi'an Lucky King Parkson Plaza Co Ltd				
Xi'an Chang'an Parkson Store Co Ltd +	People's Republic of China	Operations of department stores	**51** *5 **49**	51 *5 49
Xi'an Shidai Parkson Store Co Ltd +	People's Republic of China	Operations of department stores	**51** *5 **49**	51 –
Subsidiary of Shanghai Lion Parkson Investment Consultant Co Ltd				
Beijing Century Parkson E-business Co Ltd +	People's Republic of China	Research and development of computer software	**99** *6 **1**	99 *6 1
Subsidiaries of Parkson Investment Holdings Co Ltd				
Hangzhou Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	100
Shanghai Xinzhuang Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	–
Lanzhou Parkson Retail Co Ltd +	People's Republic of China	Operations of department stores	**100**	–
Subsidiary of Parkson Investment Pte Ltd				
Rosenblum Investments Pte Ltd +	Singapore	Investment holding	**100**	100
Subsidiaries of Parkson Supplies Pte Ltd				
Chongqing Wanyou Parkson Plaza Co Ltd +	People's Republic of China	Operations of department stores	**70**	70
Mianyang Fulin Parkson Plaza Co Ltd +	People's Republic of China	Operations of department stores	**60** *7 **40**	60 *7 40
Sichuan Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	100

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2009 %	2008 %
Subsidiary of Creation International Investment & Development Limited				
Creation (Hong Kong) Investment & Development Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiaries of Step Summit Limited				
Guizhou Shenqi Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**60**	60
Shanghai Hongqiao Parkson Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	100
Hefei Parkson Xiaoyao Plaza Co Ltd +	People's Republic of China	Operations of department stores	**100**	100
Subsidiary of Hefei Parkson Xiaoyao Plaza Co Ltd				
Anshan Tianxing Parkson Shopping Centre Co Ltd +	People's Republic of China	Operations of department stores	**51** *8 **49**	51 *8 49
Subsidiary of Global Heights Investment Limited				
Asia Victory International Limited +	British Virgin Islands	Investment holding	**100**	100
Subsidiary of Asia Victory International Limited				
Shunhe International Investment Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiary of Shunhe International Investment Limited				
Kunming Yun Shun He Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	100

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2009 %	Equity interest 2008 %
Subsidiary of Kunming Yun Shun He Retail Development Co Ltd				
Guizhou Zunyi Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**90** *9 **10**	– –
Subsidiary of Golden Village Group Limited				
Duo Success Investments Limited +	British Virgin Islands	Investment holding	**100**	–
Subsidiary of Duo Success Investments Limited				
Huge Return Investment Limited +	Hong Kong SAR	Investment holding	**100**	–
Subsidiary of Lung Shing International Investment & Development Company Limited				
Anshan Lung Shing Property Services Limited +	People's Republic of China	Property management	**100**	100
Subsidiary of Capital Park Development Limited				
Capital Park (HK) Investment & Development Limited +	Hong Kong SAR	Investment holding	**100**	100
Subsidiary of Capital Park (HK) Investment & Development Limited				
Wuxi Sanyang Parkson Plaza Co Ltd +	People's Republic of China	Operations of department stores	**60**	60
Subsidiary of Favor Move International Limited				
Hanmen Holdings Limited +	Hong Kong SAR	Investment holding	**100**	–
Subsidiary of Jet East Investments Limited				
Victory Hope Limited +	Hong Kong SAR	Investment holding	**100**	100

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2009 %	2008 %
Subsidiaries of Victory Hope Limited				
Nanning Brilliant Parkson Commercial Co Ltd +	People's Republic of China	Operations of department stores	**70** *11 **30**	*10 70 –
Tianjin Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	*10 100
Subsidiaries of Sea Coral Limited				
Dalian Parkson Retail Development Co Ltd *f*	People's Republic of China	Operations of department stores	**100**	100
Changchun Parkson Retail Development Co Ltd *f* β	People's Republic of China	Operations of department stores	**100**	100
Subsidiary of Serbadagang Holdings Sdn Bhd				
Dalian Tianhe Parkson Shopping Centre Co Ltd *f* £	People's Republic of China	Operations of department stores	**60**	60
Subsidiaries of Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd +	Vietnam	Operations of department stores	**100**	100
Park Avenue Fashion Sdn Bhd	Malaysia	Operations of department stores	**100**	100
Parkson Haiphong Co Ltd +	Vietnam	Operations of department stores	**100**	100
Kiara Innovasi Sdn Bhd	Malaysia	Dormant	**100**	100
Subsidiary of Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd +	Vietnam	Operations of department stores	**100**	100
Subsidiary of Dyna Puncak Sdn Bhd				
Idaman Erajuta Sdn Bhd	Malaysia	Investment holding	**100**	100
Subsidiary of Idaman Erajuta Sdn Bhd				
Spring Active Sdn Bhd	Malaysia	Investment holding	**100**	100

15. INVESTMENTS IN SUBSIDIARIES (continued)

All the companies are audited by Ernst & Young Malaysia except for those marked (+) which the company or group companies are audited by a member firm of Ernst & Young Global in the respective countries, and those marked (f) which are audited by other firms.

*1 50% held by Parkson Venture Pte Ltd and 2.6% held by Serbadagang Holdings Sdn Bhd.

*2 Held by East Crest International Limited.

*3 Held by Parkson Investment Pte Ltd.

*4 Held by Huge Return Investment Limited.

*5 Held by Parkson Retail Development Co Ltd.

*6 Held by Shanghai Nine Sea Parkson Plaza Co Ltd.

*7 Held by Shanghai Hongqiao Parkson Development Co Ltd.

*8 Held by Creation (Hong Kong) Investment & Development Limited.

*9 Held by Parkson Investment Holdings Co Ltd.

*10 Held by Sea Coral Limited.

*11 Held by Hanmen Holdings Limited.

@ Listed on The Stock Exchange of Hong Kong Limited.

β Prior to the completion of the acquisition by the Group, the management of the vendor had commenced winding up procedure of Changchun Parkson Retail Development Co Ltd ("Changchun Parkson"). The Group in substance does not have control in the operation of Changchun Parkson. Accordingly, the investment was accounted as Other Investments (Note 18) and was fully impaired.

£ In financial year 2005, the Group ceased to have management control over Dalian Tianhe Parkson Shopping Centre Co Ltd. Accordingly, the investment was accounted as Other Investments (Note 18).

(a) Acquisition of subsidiaries

(1) During the financial year, the Group completed the following acquisition:

(i) Acquisition of additional 49% equity interest in Xi'an Shidai Parkson Store Co Ltd ("Xi'an Shidai Parkson")

- On 27 March 2008, the Group entered into a sale and purchase agreement with an independent third party to acquire the 49% equity interest in Xi'an Shidai Parkson at a consideration of Rmb154,000,000 (equivalent to approximately RM79,264,000). Xi'an Shidai Parkson, originally 51% owned by Parkson Retail via Xi'an Lucky King Parkson Plaza Co Ltd ("Xi'an Lucky King"), was accounted for as a jointly controlled entity under proportionate consolidation method until the date of control was obtained by the Group.

- On 20 August 2008, the Group acquired the remaining 9% equity interest in Xi'an Lucky King.

Upon completion of the above acquisitions, Xi'an Shidai Parkson became a wholly-owned subsidiary of Parkson Retail.

15. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(1) During the financial year, the Group completed the following acquisition: (continued)

(i) Acquisition of additional 49% equity interest in Xi'an Shidai Parkson (continued)

The fair values of the acquired identifiable assets and liabilities of Xi'an Shidai Parkson at the date of acquisition were:

	Fair value recognised on acquisition RM'000	Carrying value RM'000
Property, plant and equipment	726	726
Investment deposit	3,783	3,783
Deferred tax assets	168	168
Inventories	332	332
Other receivables	3,714	3,714
Cash and cash equivalents	13,195	13,195
	21,918	21,918
Trade payables	(7,036)	(7,036)
Other payables	(6,001)	(6,001)
Tax payable	(294)	(294)
	(13,331)	(13,331)
Fair value of net assets	8,587	8,587
Goodwill arising on the acquisition	70,677	
Consideration	79,264	

The cash outflow on the acquisition is as follows:

	2009 RM'000
Net cash acquired	13,195
Cash paid	(48,382) *
Net cash outflow	(35,187)

* RM30.88 million (equivalent to Rmb60 million) was paid as deposit in the financial year 2008.

15. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(2) During the previous financial year, the Group completed the following acquisitions:

(i) Acquisition of a 100% equity interest in Lung Shing International Investment & Development Company Limited ("Lung Shing International")

On 20 April 2007, the Group entered into a sale and purchase agreement with an independent third party to acquire the 100% equity interest in Lung Shing International at a consideration of Rmb454,774,000 (equivalent to approximately RM216,745,000). The acquisition was completed in January 2008. The principal activities of Lung Shing International are property investments and it owns the land use right and the property in Anshan where the Group operates a department store.

The fair values of the identifiable assets and liabilities of Lung Shing International at the date of acquisition on 21 January 2008 were:

	Fair value recognised on acquisition RM'000	Carrying value RM'000
Property, plant and equipment	214,470	91,163
Other receivables	1,053	1,053
Cash and cash equivalents	5,190	5,190
	220,713	97,406
Tax payable	(202)	(202)
Other payables	(3,766)	(3,766)
Deferred tax liabilities	(28,121)	–
	(32,089)	(3,968)
Fair value of net assets	188,624	93,438
Goodwill arising on the acquisition	28,121	
Consideration	216,745	

The cash outflow on the acquisition was as follows:

	2008 RM'000
Net cash acquired	5,190
Cash paid	(216,745)
Net cash outflow	(211,555)

15. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(2) During the previous financial year, the Group completed the following acquisitions: (continued)

(ii) Acquisition of additional 49% equity interest in Xi'an Chang'an Parkson Department Store Co Ltd ("Xi'an Chang'an Parkson")

On 27 September 2007, the Group entered into a sale and purchase agreement with an independent third party to acquire its 49% equity interest in Xi'an Chang'an Parkson at a consideration of Rmb61,000,000 (equivalent to approximately RM29,073,000). The transaction was effective from 1 January 2008.

The fair values of the acquired identifiable assets and liabilities of Xi'an Chang'an Parkson at the date of acquisition were:

	Fair value recognised on acquisition RM'000	Carrying value RM'000
Property, plant and equipment	731	731
Deferred tax assets	103	103
Inventories	317	317
Other receivables	3,035	3,035
Cash and cash equivalents	12,103	12,103
	16,289	16,289
Trade payables	(5,261)	(5,261)
Other payables	(7,512)	(7,512)
Tax payable	(500)	(500)
	(13,273)	(13,273)
Fair value of net assets	3,016	3,016
Goodwill arising on the acquisition	26,057	
Consideration	29,073	

The cash outflow on the acquisition was as follows:

	2008 RM'000
Net cash acquired	12,103
Cash paid	(16,919) *
Net cash outflow	(4,816)

* RM12.15 million was paid as deposit in the financial year 2007.

In addition to the above acquisitions, the Group has acquired other subsidiaries for a total consideration of RM90 in the previous financial year.

15. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

It is impractical to disclose the revenue and profit of the combined entities as though the acquisitions had taken place at the beginning of the years as the relevant financial information is not available to the Group.

(b) Disposal of a subsidiary

During the previous financial year, the Company disposed of its entire equity interest in Bright Steel as disclosed in Note 9.

The disposal had the following effects on the Group's financial results and position for the financial year:

	Group 2008 RM'000
Revenue	111,731
Net loss for the year	(1,925)
Property, plant and equipment	30,466
Prepaid land lease payments	7,575
Investments	101,896
Inventories	112,401
Receivables	53,575
Cash and cash equivalents	(324)
Payables	(145,854)
Tax payable	(486)
Borrowings	(90,663)
Minority interests	(15,715)
Net assets disposed of	52,871
Settlement of amount due from subsidiary	3,096
Loss on disposal of a subsidiary	(2,497)
Total disposal proceeds	53,470
Satisfied by:	
Cash	10,374
Settlement of amount due from subsidiary	3,096
Deferred considerations (Note 23(i))	40,000
	53,470
Cash consideration, representing cash inflow of the Company	10,374
Cash and cash equivalents of subsidiary disposed of	324
Net cash inflow of the Group	10,698

15. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Partial disposal/dilution of interest in subsidiaries

		Group	
		2009 RM'000	**2008 RM'000**
Gain on partial disposal of interest in a subsidiary	(i)	**246,143**	236,230
Gain on dilution of interest in subsidiaries	(ii)	**25,164**	–
Gain on dilution of interest in a subsidiary resulting from share options exercised	(iii)	**8,208**	11,802
		279,515	248,032

(i) On 1 June 2009, the Group entered into a placement agreement for the placement of 55,000,000 ordinary shares of HK$0.02 each in Parkson Retail Group Limited ("Parkson Retail") to independent third parties at the price of HK$11.71 per share ("Placement"). Upon completion of the Placement in June 2009, the Group disposed of an aggregate of 55,000,000 shares which represented approximately 1.96% of the then equity interest of Parkson Retail.

During the previous financial year, the Group completed the placement of 8,000,000 ordinary shares of HK$0.10 each in Parkson Retail to independent third parties at the price of HK$78.66 per share, which represented 1.44% of the then equity interest of Parkson Retail.

(ii) During the financial year, East Crest International Limited, a wholly-owned subsidiary of the Company, completed the disposal of its entire equity interest in Jet East Investments Limited ("Jet East") to Grand Parkson Retail Group Limited ("Grand Parkson"), a wholly-owned subsidiary of Parkson Retail, which in turn is a 51.6% owned subsidiary of the Group. The gain is in relation to the dilution of the Group's interest in Jet East as disclosed in Note 38(b).

(iii) The gain is in relation to the share options exercised under the option scheme of Parkson Retail. Options exercised during the financial year has resulted in the issuance of 6,314,500 (2008: 24,241,250 as adjusted for the effect of subdivision of shares) ordinary shares of HK$0.02 each in Parkson Retail at HK$7.35 per share.

16. INVESTMENT IN AN ASSOCIATE

	Group	
	2009 RM'000	**2008 RM'000**
Unquoted shares, at cost	**324**	324
Share of post-acquisition reserves	**765**	821
	1,089	1,145

Name	**Country of incorporation**	**Principal activities**	**Equity interest 2009 %**	**Equity interest 2008 %**
Shanghai Nine Sea Lion Properties Management Co Ltd [f]	People's Republic of China	Property management	**35**	35
Parkson Hanoi Co Ltd ❖	Vietnam	Operations of department stores	**49**	49

[f] Audited by a firm other than Ernst & Young.

❖ By virtue of its charter, the Group has in substance, control over the board. Accordingly, the investment is accounted as Investments in Subsidiaries (Note 15) and has been consolidated.

16. INVESTMENT IN AN ASSOCIATE (continued)

The summarised financial information of the associate is as follows:

	2009 RM'000	2008 RM'000
Assets and liabilities		
Current assets	**6,584**	6,180
Non-current assets	**229**	305
Total assets	**6,813**	6,485
Current liabilities, representing total liabilities	**(3,702)**	(3,215)
Results		
Revenue	**15,498**	15,174
Profit for the year	**2,003**	812

17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

Details of the jointly controlled entities are as follows:

Name	Country of incorporation	Principal activities	Equity interest 2009 %	2008 %
Yangzhou Parkson Plaza Co Ltd	People's Republic of China	Operations of department stores	**55**	55
Xinjiang Youhao Parkson Development Co Ltd	People's Republic of China	Operations of department stores	**51**	51
Xi'an Shidai Parkson Store Co Ltd	People's Republic of China	Operations of department stores	#	51

Although the Group has ownership indirectly through subsidiaries of more than half of the voting power of the subject entities, the joint venture agreements established joint control over the subject entities. The joint venture agreements ensure that no single venturer is in a position to control the activity unilaterally.

All entities form part of the Parkson Retail group of companies, which is audited by a member firm of Ernst & Young Global in the respective countries.

Became a wholly-owned subsidiary of Parkson Retail during the financial year.

17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (continued)

The Group's aggregate share of income, expenses, assets and liabilities of the jointly controlled entities, which are included in the consolidated financial statements, are as follows:

	2009 RM'000	2008 RM'000
Assets and liabilities		
Current assets	**43,419**	52,928
Non-current assets	**15,527**	16,260
Total assets	**58,946**	69,188
Current liabilities	**(27,823)**	(33,685)
Non-current liabilities	**(780)**	(779)
Total liabilities	**(28,603)**	(34,464)
Results		
Revenue	**41,912**	50,627
Other income	**3,109**	6,219
Purchase of goods and changes in inventories	**(13,191)**	(12,767)
Operating expenses	**(19,370)**	(31,371)
Finance income	**758**	828
Finance costs	**–**	(6)
Profit before tax	**13,218**	13,530
Taxation	**(3,326)**	(1,982)
Profit for the year	**9,892**	11,548

18. OTHER INVESTMENTS

		Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Unquoted					
Credit linked notes, at amortised cost	(i)	**703,276**	653,809	**–**	–
Shares, at cost	(ii)	**21,684**	27,770	**135**	135
Less: Accumulated impairment losses		**(21,403)**	(27,486)	**(107)**	(107)
		281	284	**28**	28
		703,557	654,093	**28**	28

18. OTHER INVESTMENTS (continued)

(i) The credit linked notes ("CLN") were issued by JPMorgan Chase Bank, N.A., London Branch, and have a tenure from 14 November 2006 to 13 November 2011. The CLN are denominated in United State Dollar and bear interest at a rate of 9.8% per annum. Interest is receivable semi-annually on 13 May and 13 November of each year, commencing on 13 May 2007.

The subscription of the CLN is part of a financing arrangement to enable the Group to obtain Rmb denominated interest-bearing bank loans of Rmb1.5 billion for funding its operations in the PRC. This Note should be read in conjunction with Note 28(ii) and Note 31(i).

(ii) As disclosed in Note 15, the Group ceased to have management control over Dalian Tianhe Parkson Shopping Centre Co Ltd. Accordingly, the investment was accounted as Other Investments.

19. OTHER ASSETS

		Group	
		2009	**2008**
		RM'000	**RM'000**
Deposits	(i)	**360,290**	33,362
Prepaid lease payments	(ii)	**47,520**	65,776
		407,810	99,138

(i) Included in deposits were:

(a) an amount of RM5.1 million (2008: RM4.8 million) paid to a third party property developer to secure certain retail space to be leased to the Group for setting up of new department stores. The deposits are interest free and could be converted into rental deposits upon the delivery of the retail space; and

(b) an amount of Rmb690 million (equivalent to RM355.1 million) (2008: Nil) paid for the proposed acquisition of a shopping complex by the Group, as disclosed in Note 38(g).

In the previous financial year, deposits included an amount of Rmb60 million (equivalent to RM28.6 million) paid to a minority equity holder of Xi'an Shidai Parkson in respect of the acquisition of the remaining 49% equity interest in Xi'an Shidai Parkson. The acquisition was completed during the financial year.

(ii) Included in prepaid lease payments was an amount of RM34.1 million (2008: RM36.1 million), represented the long term portion of prepaid lease payment paid to China Arts & Crafts (Group) Company, a former joint venture partner, in respect of the lease of certain properties in Beijing for a period of nine years from August 2005.

20. INTANGIBLE ASSETS

	Computer* software RM'000	Goodwill on consolidation RM'000	Purchased goodwill RM'000	Total RM'000
Group				
Cost				
At 1 July 2007	1,963	890,466	8,535	900,964
Acquisition of subsidiaries	–	54,178	–	54,178
Acquisition of a minority interest [(1)]	–	43,598	–	43,598
Write off upon partial disposal of a subsidiary	–	(5,181)	–	(5,181)
Exchange differences	100	33,943	229	34,272
At 30 June 2008 and 1 July 2008	**2,063**	**1,017,004**	**8,764**	**1,027,831**
Acquisition of a subsidiary	**–**	**70,677**	**–**	**70,677**
Acquisition of minority interests [(2)]	**–**	**70,327**	**–**	**70,327**
Write off upon partial disposal of a subsidiary	**–**	**(7,077)**	**–**	**(7,077)**
Exchange differences	**165**	**63,119**	**378**	**63,662**
At 30 June 2009	**2,228**	**1,214,050**	**9,142**	**1,225,420**
Accumulated amortisation and impairment				
At 1 July 2007	1,025	2,517	4,033	7,575
Amortisation	572	–	–	572
Exchange differences	77	–	–	77
At 30 June 2008 and 1 July 2008	**1,674**	**2,517**	**4,033**	**8,224**
Amortisation	**337**	**–**	**–**	**337**
Exchange differences	**52**	**–**	**–**	**52**
At 30 June 2009	**2,063**	**2,517**	**4,033**	**8,613**
Net carrying amount				
At 30 June 2009	**165**	**1,211,533**	**5,109**	**1,216,807**
At 30 June 2008	389	1,014,487	4,731	1,019,607

* Computer software is amortised on the straight-line basis over 5 years.

(1) This represented the goodwill arising from the acquisition of a minority interest in Mianyang Fulin Parkson Plaza Co Ltd ("Mianyang Parkson").

On 21 May 2007, the Group entered into a sale and purchase agreement with Sichuan Fulin Industrial Group Co Ltd to acquire its entire 40% equity interest in Mianyang Parkson at a consideration of Rmb99,928,800 (equivalent to approximately RM45,318,000). The acquisition was completed on 31 October 2007 and Mianyang Parkson became a wholly-owned subsidiary of Parkson Retail thereafter.

(2) The amount comprised goodwill on consolidation pursuant to the acquisition of minority interests of:

		RM'million
Parkson Retail Group Limited ("Parkson Retail")	(i)	15.2
Xi'an Lucky King Parkson Plaza Co Ltd ("Xi'an Lucky King")	(ii)	27.4
Nanning Brilliant Parkson Commercial Co Ltd ("Nanning Parkson")	(iii)	27.7
		70.3

20. INTANGIBLE ASSETS (continued)

(i) The amount arose from the deemed acquisition of an additional 9,970,000 new ordinary shares of HK$0.02 each in Parkson Retail by the Group pursuant to the disposal of Jet East Investments Limited to Parkson Retail as further disclosed in Note 38(b).

(ii) The amount arose from the acquisition of an additional 9% equity interest in Xi'an Lucky King not already owned by the Group as further disclosed in Note 38(c).

(iii) The amount arose from the acquisition of an additional 30% equity interest in Nanning Parkson not already owned by the Group as further disclosed in Note 38(e).

(a) Impairment tests for goodwill

The management of the Company has carried out impairment test review for goodwill based on the recoverable amount of each cash-generating unit ("CGU"). The recoverable amount has been determined based on a value-in-use calculation. To calculate this, cash flow projections are prepared based on financial budgets as approved by the executive directors which cover a period of five years. The pre-tax discount applied to the cash flow projections is 6.5% (2008: 7.9%).

Goodwill has been allocated to the Group's CGUs identified according to country of operation and business segment as follows:

	Malaysia RM'000	People's Republic of China RM'000	Total RM'000
Retailing			
At 30 June 2009	**20,298**	**1,196,344**	**1,216,642**
At 30 June 2008	20,298	998,920	1,019,218

(b) Key assumptions used in value-in-use calculations

The following describes the key assumptions of the cash flow projections:

Revenue	:	the bases used to determine the future earnings potential are historical sales and expected growth rates of the relevant industry.
Gross margins	:	gross margins are based on the average gross margin achieved in the past two years.
Operating expenses	:	the bases used to determine the values assigned are the cost of inventories purchased for resale, staff costs, depreciation and amortisation, rental expenses and other operating expenses. The value assigned to the key assumption reflects past experience and management's commitment to maintain the operating expenses to an acceptable level.
Discount rates	:	discount rates reflect management's estimate of the risks specific to these entities. In determining appropriate discount rates for each unit, consideration has been given to the applicable borrowing rates for each unit.

(c) Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the respective CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the unit to materially exceed its recoverable amount.

21. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest free and not repayable within twelve months from the balance sheet date.

22. INVENTORIES

	Group	
	2009	**2008**
	RM'000	**RM'000**
At costs:		
Merchandise inventories	**195,570**	218,573
Properties held for sale	**11,187**	11,646
Consumables	**7,508**	7,585
	214,265	237,804

23. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2009	**2008**	**2009**	**2008**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current					
Amount due from a related party	(i)	**20,000**	40,000	**20,000**	40,000
Current					
Trade receivables		**16,607**	13,911	**–**	–
Less: Allowance for doubtful debts		**–**	(100)	**–**	–
		16,607	13,811	**–**	–
Sundry receivables		**163,034**	113,716	**2**	13
Less: Allowance for doubtful debts		**(3,743)**	(4,237)	**–**	–
		159,291	109,479	**2**	13
Amounts due from related parties	(i)	**25,443**	2,556	**25,443**	2,556
Deposits	(ii)	**93,391**	85,148	**10**	10
Designated loans	(iii)	**5,533**	4,766	**–**	–
Prepayments		**85,882**	53,781	**–**	–
		210,249	146,251	**25,453**	2,566
		386,147	269,541	**25,455**	2,579

23. TRADE AND OTHER RECEIVABLES (continued)

(i) As disclosed in Note 15(b), the Company disposed of Bright Steel to Total Triumph Investments Limited for a cash consideration of RM53.47 million, of which RM13.47 million was fully settled during the previous financial year. The remaining consideration of RM40 million is scheduled to be paid in 2 instalments, on 19 September 2009 and 19 September 2010. The amount due from Total Triumph Investments Limited bears interest of 1% above base lending rate per annum.

Other than the above, the amounts due from related parties are unsecured, interest free and have no fixed terms of repayment.

(ii) Included in deposits was a refundable deposit of US$9.405 million (equivalent to approximately RM33 million) (2008: RM31 million) paid to C&T Corporation to acquire 55% equity interest in a joint-stock company, to be named C.T Phuong Nam Joint Stock Company. The acquisition has not been completed as at the date of this report.

(iii) These designated loans were granted by a PRC subsidiary to certain third parties in China which complied with the local law. These loans bear interest at rates from 6.7% to 7.7% (2008: 6.1% to 7.3%) per annum and have a term of one year. The Group has the right to offset the outstanding designated loan against future rental payments to the borrowers.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

Credit terms of trade receivables range from payment in advance to 90 days (2008: payment in advance to 90 days).

Other information on financial risks of trade and other receivables are disclosed in Note 39.

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the followings:

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Deposits, cash and bank balances:				
Cash on hand and at banks	**1,386,275**	475,242	**1,584**	4,288
Deposits with:				
Licensed banks	**608,236**	1,246,185	**3,500**	8,400
Licensed finance companies	**99,000**	118,654	**–**	–
Cash and cash equivalents	**2,093,511**	1,840,081	**5,084**	12,688

The deposits, cash and bank balances of the subsidiaries in the PRC which amounted to RM1,523.8 million (2008: RM1,436.7 million) at balance sheet date are subject to the exchange control restrictions of that country. The deposits, cash and bank balances are available for use by the subsidiaries in the country and the exchange control restrictions will only apply if the monies are to be remitted to another country outside the PRC.

The average effective interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	2009 %	**2008 %**	**2009 %**	**2008 %**
Licensed banks	**3.6**	3.3	**3.1**	3.3
Licensed finance companies	**2.7**	3.1	**–**	–

Deposits of the Group and of the Company have varying periods of between one day and 12 months. Bank balances are deposits held at call with licensed banks.

25. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of ordinary share of RM1.00 each		Amount			
	Share capital (Issued and fully paid-up) '000	Treasury shares '000	Share capital (Issued and fully paid-up) RM'000	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000 (a)
At 1 July 2008	**1,036,410**	**(6,153)**	**1,036,410**	**3,637,912**	**4,674,322**	**(34,620)**
Purchase of treasury shares	**–**	**(15,381)**	**–**	**–**	**–**	**(59,229)**
At 30 June 2009	**1,036,410**	**(21,534)**	**1,036,410**	**3,637,912**	**4,674,322**	**(93,849)**
At 1 July 2007	74,711	–	74,711	11,856	86,567	–
Adjustments for reorganisation:						
- Shares issued	3,799,730	–	3,799,730	3,419,760*	7,219,490	–
- Capital reconstruction	(2,905,831)	–	(2,905,831)	–	(2,905,831)	–
Conversion of RCSLS	67,800	–	67,800	206,296	274,096	–
Purchase of treasury shares	–	(6,153)	–	–	–	(34,620)
At 30 June 2008	1,036,410	(6,153)	1,036,410	3,637,912	4,674,322	(34,620)

* resulting from fair value of share issued at RM1.90 per share.

	Number of ordinary share of RM1.00 each		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
Authorised share capital				
At 1 July	**4,500,000**	100,000	**4,500,000**	100,000
Created during the year	**–**	4,400,000	**–**	4,400,000
At 30 June	**4,500,000**	4,500,000	**4,500,000**	4,500,000

(a) Treasury shares

This amount relates to the acquisition cost of treasury shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 15,381,200 ordinary shares of its issued ordinary shares from the open market at an average price of RM3.85 per share. The total consideration paid for the repurchase including transaction costs was RM59.23 million. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 1,036,410,250 issued and fully paid ordinary shares as at 30 June 2009, 21,534,200 ordinary shares are held as treasury shares by the Company. As at 30 June 2009, the number of outstanding ordinary shares in issue after the set off is therefore 1,014,876,050 ordinary shares of RM1.00 each.

26. OTHER RESERVES

Group	Exchange fluctuation reserves RM'000	Share option reserve RM'000 (a)	Asset revaluation reserve RM'000 (b)	Capital reserves RM'000 (c)	Merger deficit RM'000 (d)	Hedging reserve RM'000	Shareholder contribution reserve RM'000	RCSLS equity components RM'000	Total RM'000
At 1 July 2008	**36,040**	**16,402**	**64,129**	**38,056**	**(3,843,905)**	**(3,012)**	**–**	**13,589**	**(3,678,701)**
Translation differences	**67,712**	**363**	**7,668**	**4,418**	**–**	**(119)**	**–**	**–**	**80,042**
Appropriation of profit to capital reserves	**–**	**–**	**–**	**9,784**	**–**	**–**	**–**	**–**	**9,784**
Net loss on cash flow hedges	**–**	**–**	**–**	**–**	**–**	**(8,319)**	**–**	**–**	**(8,319)**
Dilution of interest in a subsidiary	**490**	**(131)**	**(2,485)**	**(1,474)**	**–**	**–**	**–**	**–**	**(3,600)**
Employee share options lapsed	**–**	**(1,476)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,476)**
Transfer from retained profits	**–**	**–**	**–**	**–**	**274,560**	**–**	**–**	**–**	**274,560**
Equity-settled share option arrangements granted by the Company	**–**	**779**	**–**	**–**	**–**	**–**	**–**	**–**	**779**
Employee share options exercised	**–**	**(1,387)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,387)**
At 30 June 2009	**104,242**	**14,550**	**69,312**	**50,784**	**(3,569,345)**	**(11,450)**	**–**	**13,589**	**(3,328,318)**
At 1 July 2007	4,208	2,851	63,373	21,914	(6,902,633)	–	7,719,490	–	909,203
Translation differences	32,172	69	3,108	2,063	–	–	–	–	37,412
Appropriation of profit to capital reserves	–	–	–	14,395	–	–	–	–	14,395
Net loss on cash flow hedges	–	–	–	–	–	(3,012)	–	–	(3,012)
Settlement of inter-company balance with previous shareholder	–	–	–	–	29,180	–	–	–	29,180
Effect of change in deferred tax rate	–	–	–	–	–	–	–	137	137
Dilution of interest in a subsidiary	(340)	(7)	(2,352)	(316)	–	–	–	–	(3,015)
Adjustments for reorganisation:									
- Shares issued	–	–	–	–	–	–	(7,219,490)	–	(7,219,490)
- Capital reconstruction	–	–	–	–	2,905,831	–	–	–	2,905,831
Issuance of RCSLS	–	–	–	–	–	–	(500,000)	29,398	(470,602)
Conversion of RCSLS	–	–	–	–	–	–	–	(15,946)	(15,946)
Transfer from retained profits	–	–	–	–	123,717	–	–	–	123,717
Equity-settled share option arrangements granted by:									
- The Company	–	13,014	–	–	–	–	–	–	13,014
- A subsidiary	–	3,115	–	–	–	–	–	–	3,115
Employee share options exercised	–	(2,640)	–	–	–	–	–	–	(2,640)
At 30 June 2008	36,040	16,402	64,129	38,056	(3,843,905)	(3,012)	–	13,589	(3,678,701)

26. OTHER RESERVES (continued)

Company	Share option reserve RM'000 (a)	Capital redemption reserve RM'000	RCSLS equity components RM'000	Total RM'000
At 1 July 2008	**13,014**	**2,905,831**	**13,589**	**2,932,434**
Equity-settled share option arrangements granted	**779**	**–**	**–**	**779**
Employee share options lapsed	**(1,476)**	**–**	**–**	**(1,476)**
At 30 June 2009	**12,317**	**2,905,831**	**13,589**	**2,931,737**
At 1 July 2007	–	–	–	–
Adjustment for reorganisation:				
- Capital reconstruction	–	2,905,831	–	2,905,831
Issuance of RCSLS	–	–	29,398	29,398
Conversion of RCSLS	–	–	(15,946)	(15,946)
Equity-settled share option arrangements granted	13,014	–	–	13,014
Effect of change in deferred tax rate	–	–	137	137
At 30 June 2008	13,014	2,905,831	13,589	2,932,434

(a) Share option reserve

The share option reserve represents the equity-settled share options granted to employees of the Group under the employee share option scheme of the Company and its subsidiary, Parkson Retail Group Limited, as set out in Note 27.

(b) Asset revaluation reserve

Asset revaluation reserve represents the fair value adjustments to the property, plant and equipment, investment properties and prepaid land lease payments of Parkson Retail Development Co Ltd ("PRDC") prior to the Group acquiring the remaining 44% equity interest in PRDC.

(c) Capital reserves

The capital reserves are maintained by the Group's subsidiaries in the PRC in accordance with the accounting regulations in that country and are not available for payment of dividend.

(d) Merger deficit

The difference between the fair value of the RCSLS of and shares in the Company issued as consideration and the nominal value of the shares acquired has been classified as merger deficit. The Company has obtained a court approval to set off the capital redemption reserve of RM2,905,831,000 against the merger deficit.

27. EMPLOYEE SHARE-BASED PAYMENT

(a) Employee share-based payment of the Company

On 12 May 2008, a total of 4,716,400 share options were granted by the Company to 462 eligible employees, including executive directors of the Group at an exercise price of RM6.35 per share pursuant to an executive share option scheme. The ESOS of the Company ("Parkson Holdings ESOS") was approved by the shareholders of the Company on 21 April 2008 and is valid and effective for a period of 5 years up to 6 May 2013.

The main features of the Parkson Holdings ESOS, which became effective from 7 May 2008 are as follows:

(i) Executive directors and confirmed executive employees of the Group who have been employed on a continuous full time basis for a period of not less than six months on the date of offer shall be eligible to participate in the Parkson Holdings ESOS.

(ii) The aggregate number of options exercised and options offered and to be offered under the Parkson Holdings ESOS shall not exceed 5% of the issued and paid-up share capital of the Company at any one time during the duration of the Parkson Holdings ESOS subject to the following being complied with:

- not more than 50% of the shares available under the Parkson Holdings ESOS shall be allocated, in aggregate, to executive directors and senior management; and

- not more than 10% of the shares available under the Parkson Holdings ESOS shall be allocated to any eligible executive who, either singly or collectively through persons connected with him or her (as defined in paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements), holds 20% or more of the issued and paid-up share capital of the Company.

(iii) No options shall be granted for less than 100 ordinary shares nor more than the maximum allowable allotment and each grant of options shall be in multiples of 100 ordinary shares.

(iv) The subscription price of each ordinary share under the Parkson Holdings ESOS shall be the weighted average market price of the shares for the 5 market days immediately preceding the date of offer on which the shares were traded with a discount of not more than 10%, or the par value of the shares, whichever is the higher.

(v) The Parkson Holdings ESOS shall continue to be in force for a period of 5 years and the Company may, if the Board deems fit upon the recommendation of the Option Committee, renew the Parkson Holdings ESOS for a further 5 years, without further approval of the relevant authorities.

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

The following tables illustrate the number of, and movements in, share options during the financial years:

2009	**Number of options**					
Date granted	**As at 1 July 2008**	**Granted**	**Exercised**	**Lapsed**	**As at 30 June 2009**	**Exercisable 30 June 2009**
12 May 2008	**4,599,500**	**–**	**–**	**(408,700)**	**4,190,800**	**3,971,800**

27. EMPLOYEE SHARE-BASED PAYMENT (continued)

(a) Employee share-based payment of the Company (continued)

2008	**Number of options**					
Date granted	**As at 1 July 2007**	**Granted**	**Exercised**	**Lapsed**	**As at 30 June 2008**	**Exercisable 30 June 2008**
12 May 2008	–	4,716,400	–	(116,900)	4,599,500	4,007,400

The exercise price of the outstanding share options at the end of both the financial years is RM6.35 per share.

The related weighted average share price of the Company during the year was RM4.05 per share (2008: RM5.60 per share from the date of grant to 30 June 2008).

The fair value of the options granted is estimated at the date of grant using a Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The 4,716,400 share options granted are exercisable from 12 May 2008 to 6 May 2013 and required certain employee service period.

No options were granted pursuant to the Parkson Holdings ESOS during the financial year.

In the previous year, the fair value of options granted was estimated on the date of grant using the following assumptions:

Fair value of share options (RM)	3.05
Dividend yield (%)	1.0
Expected volatility (%)	50.0
Risk-free interest rate (%)	3.0
Expected life (years)	5
Share price (RM)	6.80

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

(b) Employee share-based payment of a subsidiary

On 10 January 2007, a total of 40,944,750 share options (as adjusted for the effect of subdivision of shares) were granted by Parkson Retail, a subsidiary of the Company, to 482 eligible employees, including directors and the chief executive of Parkson Retail at an exercise price of HK$7.35 per share (as adjusted for the effect of subdivision of shares) pursuant to an employee share option scheme. The Employee Share Option Scheme ("ESOS Scheme") of Parkson Retail was approved by the shareholders of Parkson Retail on 9 November 2005 and is valid and effective for a period of 10 years up to 8 November 2015, after which no further share options will be granted.

The 29,778,000 share options (as adjusted for the effect of subdivision of shares) granted under Lot 1 are exercisable from 24 January 2007 to 23 January 2010 and have no other vesting conditions. The 11,166,750 share options (as adjusted for the effect of subdivision of shares) granted under Lot 2 are exercisable from 2 January 2008 to 1 January 2011 and required an employee service period until 2 January 2008.

27. EMPLOYEE SHARE-BASED PAYMENT (continued)

(b) Employee share-based payment of a subsidiary (continued)

The salient features of the ESOS Scheme of Parkson Retail are as follows:

(i) Parkson Retail may from time to time grant options to Group employees, directors, consultants, business associates or advisers of Parkson Retail to subscribe for ordinary shares of Parkson Retail. No consideration is payable upon acceptance of the option by the grantee;

(ii) The maximum number of unexercised share options currently permitted to be granted under the ESOS Scheme is an amount equivalent, upon their exercise, to 10% of the shares of Parkson Retail on 9 November 2005. The maximum number of shares issuable under share options to each eligible participant in the ESOS Scheme within any 12-month period is limited to 1% of the shares of Parkson Retail in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. In addition, options granted to substantial shareholders, independent non-executive directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder or an independent non-executive director or a company beneficially owned by any substantial shareholder or independent non-executive director of Parkson Retail) in excess of 0.1% of the shares of Parkson Retail in issue at any time or with a value in excess of HK$5,000,000, within any 12-month period, must be approved in advance by Parkson Retail's shareholders in general meeting;

(iii) The exercise price is determined by the directors of Parkson Retail and will not be less than (a) the closing price of Parkson Retail's shares on the date of grant; (b) the average closing price of the shares for the 5 trading days immediately preceding the date of grant; and (c) the nominal value of Parkson Retail's share;

(iv) The options may be exercised at any time during a period commencing on or after the date to be notified to each grantee which period shall commence not less than 1 year and not to exceed 10 years from the date of grant of the relevant option; and

(v) Shares issued or transferred upon exercise of the options granted under the ESOS Scheme will rank pari passu in all respects with the existing ordinary shares of Parkson Retail.

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the financial years:

	As adjusted for share subdivision			
	2009		2008	
	Weighted average exercise price HK$/share	**Number of options**	**Weighted average exercise price HK$/share**	**Number of options**
At 1 July	**7.35**	**12,990,000**	7.35	37,365,500
Exercised	**7.35**	**(6,314,500)**	7.35	(24,241,250)
Lapsed	**7.35**	**(422,750)**	7.35	(134,250)
At 30 June		**6,252,750**		12,990,000

The exercise price of the outstanding share options at the end of both the financial years is HK$7.35 per share.

At the balance sheet date, Parkson Retail had 6,252,750 (2008: 12,990,000) share options at an exercise price of HK$7.35 per share.

27. EMPLOYEE SHARE-BASED PAYMENT (continued)

(b) Employee share-based payment of a subsidiary (continued)

(i) Share options exercised during the year

Options exercised during the financial year resulted in the issuance of 6,314,500 (2008: 24,241,250 as adjusted for the effect of subdivision of shares) ordinary shares at HK$7.35 per share. The related average share price of Parkson Retail during the period was HK$8.98 (2008: HK$14.44).

(ii) Fair value of share options granted during the previous financial year

The fair value of the options granted is estimated at the date of grant using a Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted.

The fair value of options granted during the previous financial year was estimated on the date of grant using the following assumptions:

Fair value of share options (HK$)	2.13
Dividend yield (%)	0.77 - 1.56
Expected volatility (%)	25.79 - 35.94
Risk-free interest rate (%)	3.638 - 3.648
Expected life (years)	0.5 - 1.5
Share price (HK$) (as adjusted for the effect of subdivision of shares)	8.85

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

28. BORROWINGS

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Short term borrowings				
Secured:				
Hire purchase liabilities (Note 29)	**317**	608	**–**	–
Short term loans	**–**	12,651	**–**	–
Total short term borrowings	**317**	13,259	**–**	–
Long term borrowings				
Secured:				
Hire purchase liabilities (Note 29)	**177**	485	**–**	–
RCSLS (Note 30)	**227,281**	221,274	**227,281**	221,274
	227,458	221,759	**227,281**	221,274
Unsecured:				
PRC bank loans	**670,654**	635,308	**–**	–
Total long term borrowings	**898,112**	857,067	**227,281**	221,274
Total borrowings	**898,429**	870,326	**227,281**	221,274

28. BORROWINGS (continued)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Total borrowings				
Hire purchase liabilities (Note 29)	**494**	1,093	**–**	–
Other borrowings	**897,935**	869,233	**227,281**	221,274
	898,429	870,326	**227,281**	221,274
Maturity of other borrowings (excluding hire purchase liabilities):				
Within one year	**–**	12,651	**–**	–
More than one year and less than two years	**227,281**	–	**227,281**	–
More than two years and less than five years	**670,654**	856,582	**–**	221,274
	897,935	869,233	**227,281**	221,274

The ranges of effective interest rates at the balance sheet date for other borrowings were as follows:

	Group		Company	
	2009 %	2008 %	2009 %	2008 %
Secured:				
RCSLS	**6.5**	6.5	**6.5**	6.5
Short term loans	**–**	4.6 - 8.3	**–**	–
Unsecured:				
PRC bank loans	**10.3**	10.3	**–**	–

(i) As at 30 June 2008, the short term borrowings of RM7.7 million were secured against a building included within property, plant and equipment amounting to RM39.0 million, investment properties amounting to RM6.5 million and deposits with a licensed bank amounting to RM7.1 million of the Group.

Short term borrowings of a subsidiary amounting to RM5.0 million in the previous financial year was secured by:

(a) a fixed and floating charge over all present and future assets of the subsidiary as follows:

	2009 RM'000	2008 RM'000
Property, plant and equipment	–	113,062
Trade and other receivables	–	39,436
Cash and bank balances	–	77,915
Other investments	–	256
Inventories	–	129,767
Total	–	360,436

28. BORROWINGS (continued)

(b) a deed of assignment over insurance policies taken up by the subsidiary on or relating to its assets and payments received thereunder; and

(c) a corporate guarantee from the Company (2008: Lion Diversified Holdings Berhad, the previous holding company of the subsidiary).

(ii) The PRC bank loans from JPMorgan Chase Bank, N.A., Shanghai Branch (the "Bank") were issued on 14 November 2006 and mature on 13 November 2011. Interest payable on the bank loans is equal to the five-year bank loan rate as pronounced by the People's Bank of China plus a spread of 2.35% per annum. To manage the Group's interest rate exposure attributable to the bank loans, the Group entered into interest rate swap contracts with the Bank and JP Morgan Chase Bank, N.A. Hong Kong with an aggregate nominal amount of Rmb1.5 billion on 15 November 2006 (Note 39(d)).

In addition, pursuant to the agreements, the Bank is entitled to request the Group to reduce the aggregate amount of bank loans outstanding to reflect the reduction in the Rmb equivalent amount of the CLN which is denominated in US$ (Note 18).

29. HIRE PURCHASE LIABILITIES

	Group	
	2009	**2008**
	RM'000	**RM'000**
Minimum lease payments:		
Not later than one year	**344**	663
Later than one year and not later than two years	**116**	385
Later than two years and not later than five years	**68**	134
	528	1,182
Less: Future finance charges	**(34)**	(89)
	494	1,093
Present value of finance lease liabilities:		
Not later than one year	**317**	608
Later than one year and not later than two years	**110**	363
Later than two years and not later than five years	**67**	122
	494	1,093
Representing:		
Current	**317**	608
Non-current	**177**	485
	494	1,093

Hire purchase liabilities are effectively secured as the rights to the hired assets revert to the hirers in the event of default.

29. HIRE PURCHASE LIABILITIES (continued)

The contractual interest rates and weighted average effective interest rate as at 30 June of the Group are as follows:

	Group	
	2009	**2008**
	%	**%**
Contractual interest rates	**2.4 - 3.7**	1.5 - 6.6
Weighted average effective interest rate	**8.5**	7.0

30. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS

Pursuant to the acquisition of the subsidiaries in retail business completed during the previous financial year, the Company issued RM500 million nominal value 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") at 100% of its nominal value as part settlement thereof. Salient terms of the RCSLS are as follows:

(a) Conversion rights and rate

The RCSLS are convertible into new ordinary shares of RM1.00 each in the Company during the conversion period at the conversion price of RM4.00 nominal amount of the RCSLS for every new ordinary share of RM1.00 in the Company.

(b) Conversion period

The RCSLS are convertible for a period of 3 years maturing on 17 September 2010.

(c) Coupon rate

The RCSLS shall bear interest at the rate of 3.5% (less any income tax payable), payable on the nominal amount of the RCSLS outstanding as at the end of each annual anniversary of the issue date during the 3-year period that they remain outstanding and the last interest payment date shall be the maturity date of the RCSLS.

(d) Redeemability

The redemption of the RCSLS at RM1.00 for every RM1.00 nominal value of RCSLS is as follows:

(i) Optional Redemption - the Company has an option to redeem at any time.

(ii) Redemption Upon Maturity - any unconverted RCSLS on the expiry of the conversion period will be redeemed for cash at RM1.00 per RCSLS.

(iii) Mandatory Redemption - upon the occurrence of a shareholders' or creditors' winding up of the Company.

(e) Security

Secured against 124,200,000 ordinary shares of HK$0.02 each in Parkson Retail Group Limited ("Parkson Retail") (taking into account the subdivision of every ordinary share of HK$0.10 each in Parkson Retail into 5 new subdivided ordinary shares of HK$0.02 each) and 50,000,002 ordinary shares of RM1.00 each in Parkson Corporation Sdn Bhd.

(f) Ranking of new shares

The new ordinary shares of RM1.00 each fully paid issued pursuant to the conversion of the RCSLS shall rank pari passu in all respects with the then existing issued and paid-up shares of the Company, except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the crediting of the new shares into the securities account of the holder maintained with Bursa Malaysia Depository Sdn Bhd.

30. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (continued)

During the previous financial year, RM271,200,000 nominal value of RCSLS were converted into 67,800,000 new ordinary shares of RM1.00 each in the Company ("Share") at the conversion price of RM4.00 nominal amount of the RCSLS for every new Share.

As at 30 June 2009, RM228,800,000 (2008: RM228,800,000) nominal value of RCSLS remained outstanding.

The value of the RCSLS has been split into the liability component and the equity component, representing the fair value of the conversion option. The RCSLS are accounted for in the balance sheets as follows:

	Group/Company	
	2009	**2008**
	RM'000	**RM'000**
Nominal value:		
At 1 July	**228,800**	–
Issued during the year	**–**	500,000
Converted during the year	**–**	(271,200)
Nominal value	**228,800**	228,800
Less: Unamortised discount	**(1,519)**	(7,526)
Amount due after one year (Note 28)	**227,281**	221,274

The amount recognised in the balance sheets may be analysed as follows:

Liability component at 1 July	**221,274**	–
Issued during the year:		
Nominal value of RCSLS	**–**	500,000
Equity component, net of deferred tax liabilities (Note 26)	**–**	(29,398)
Deferred tax liabilities (Note 33)	**–**	(10,329)
	–	460,273
Converted during the year	**–**	(253,564)
	221,274	206,709
Interest expenses recognised during the year (Note 6)	**14,038**	20,080
Interest paid during the year	**(8,031)**	(5,515)
Liability component at 30 June	**227,281**	221,274

Interest expense on the RCSLS is calculated on the effective yield basis by applying the interest rate of 6.5% per annum.

31. SENIOR GUARANTEED NOTES

		Group	
		2009	**2008**
		RM'000	**RM'000**
Senior guaranteed notes due November 2011, listed	(i)	**695,208**	643,556
Senior guaranteed notes due May 2012, listed	(ii)	**434,352**	402,264
		1,129,560	1,045,820
Maturity of senior guaranteed notes:			
More than two years and less than five years		**1,129,560**	1,045,820

31. SENIOR GUARANTEED NOTES (continued)

(i) On 14 November 2006, Parkson Retail Group Limited ("Parkson Retail"), a subsidiary of the Company, issued the senior guaranteed notes due November 2011 ("SGN2011") in an aggregate principal amount of US$200 million. The SGN2011 were admitted to the Official List of the Singapore Exchange Securities Trading Limited. The SGN2011 are due on 14 November 2011 and bear interest at a rate of 7.875% per annum. Interest is payable semi-annually in arrears on 14 May and 14 November of each year, commencing on 14 May 2007.

The obligations of Parkson Retail under the SGN2011 are secured by (i) first priority pledges and share charges of all the ownership interests in certain subsidiaries of Parkson Retail; and (ii) a charge over the CLN as disclosed in Note 18(i).

(ii) On 30 May 2007, Parkson Retail issued the senior guaranteed notes due May 2012 ("SGN2012") in an aggregate principal amount of US$125 million. The SGN2012 were admitted to the Official List of the Singapore Exchange Securities Trading Limited. The SGN2012 are due on 30 May 2012 and bear interest at a rate of 7.125% per annum. Interest is payable semi-annually in arrears on 30 May and 30 November of each year, commencing on 30 November 2007. Parkson Retail has the option to redeem 35% of the SGN2012 through proceeds from equity offerings before 30 May 2010 at a redemption price (expressed as a percentage of the principal amount) equal to 107.125%. After 30 May 2010, Parkson Retail has the option to redeem all or part of the SGN2012 at a redemption of 103.5625% in year 2010 and 101.78125% thereafter.

The obligations of Parkson Retail under the SGN2012 are guaranteed by certain Parkson Retail's subsidiaries.

Furthermore, the Group has entered into a cross currency interest rate swap arrangement with JPMorgan Chase Bank, N.A., Shanghai Branch. The purpose of the swap arrangements is to provide the Group with a Rmb equivalent fixed rate debt of Rmb956,630,000 and an interest rate of 3.45% per annum, as further detailed in Note 39(d). At settlement, the Group's obligation under the SGN2012 and attributable derivative financial instruments designated as hedging instruments will equal to a Rmb equivalent fixed amount of Rmb956,630,000.

32. LONG TERM PAYABLES

The deferred payables represented the long term portion of accrued rental expenses.

33. DEFERRED TAX

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
At 1 July	**(84,200)**	(58,926)	**(3,439)**	–
Recognised in the income statement	**(12,180)**	5,595	**1,502**	2,167
Recognised in equity	**–**	(10,329)	**–**	(10,329)
Acquisition of subsidiaries	**168**	(28,018)	**–**	–
Change in tax rate	**–**	5,073	**–**	137
Conversion of RCSLS	**–**	4,586	**–**	4,586
Exchange differences	**(6,407)**	(2,181)	**–**	–
At 30 June	**(102,619)**	(84,200)	**(1,937)**	(3,439)
Presented after appropriate offsetting as follows:				
Deferred tax assets	**33,687**	36,184	**–**	–
Deferred tax liabilities	**(136,306)**	(120,384)	**(1,937)**	(3,439)
	(102,619)	(84,200)	**(1,937)**	(3,439)

33. DEFERRED TAX (continued)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Provisions RM'000	Depreciation RM'000	Total RM'000
At 1 July 2008	**33,974**	**2,210**	**36,184**
Recognised in the income statement	**(5,343)**	**(154)**	**(5,497)**
Acquisition of a subsidiary	**168**	**–**	**168**
Exchange differences	**2,655**	**177**	**2,832**
At 30 June 2009	**31,454**	**2,233**	**33,687**
At 1 July 2007	31,486	2,336	33,822
Recognised in the income statement	2,985	(135)	2,850
Acquisition of a subsidiary	103	–	103
Change in tax rate	77	(101)	(24)
Exchange differences	(677)	110	(567)
At 30 June 2008	33,974	2,210	36,184

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Asset revaluation RM'000	RCSLS RM'000	Withholding taxes RM'000	Total RM'000
At 1 July 2008	**(53,627)**	**(63,318)**	**(3,439)**	**–**	**(120,384)**
Recognised in the income statement	**(4,948)**	**266**	**1,502**	**(3,503)**	**(6,683)**
Exchange differences	**(4,177)**	**(5,062)**	**–**	**–**	**(9,239)**
At 30 June 2009	**(62,752)**	**(68,114)**	**(1,937)**	**(3,503)**	**(136,306)**
At 1 July 2007	(54,246)	(38,502)	–	–	(92,748)
Recognised in the income statement	346	232	2,167	–	2,745
Recognised in equity	–	–	(10,329)	–	(10,329)
Acquisition of a subsidiary	–	(28,121)	–	–	(28,121)
Change in tax rate	147	4,813	137	–	5,097
Conversion of RCSLS	–	–	4,586	–	4,586
Exchange differences	126	(1,740)	–	–	(1,614)
At 30 June 2008	(53,627)	(63,318)	(3,439)	–	(120,384)

33. DEFERRED TAX (continued)

Deferred tax liabilities of the Company:

	RCSLS RM'000
At 1 July 2008	**(3,439)**
Recognised in the income statement	**1,502**
At 30 June 2009	**(1,937)**
At 1 July 2007	–
Recognised in the income statement	2,167
Recognised in equity	(10,329)
Conversion of RCSLS	4,586
Change in tax rate	137
At 30 June 2008	(3,439)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2009 RM'000	Group 2008 RM'000
Unused tax losses	**30,120**	15,690
Unabsorbed capital allowances	**610**	410

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the subsidiaries are subject to approval from tax authority of the country in which the losses originate.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group has a majority of its intermediate holding companies incorporated in Hong Kong or Singapore and the applicable rate is 5%. The Group also has some intermediate holding companies which are incorporated in the British Virgin Islands and the applicable rate is 10%.

34. TRADE AND OTHER PAYABLES

		Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Trade payables		**789,532**	675,240	**–**	50
Amount due to a subsidiary		**–**	–	**–**	33,702
Amount due to a related party		**85**	100	**85**	100
Accruals		**65,836**	86,119	**1,027**	10,159
Other payables		**332,320**	226,719	**494**	30
Deposits		**263,076**	135,561	**–**	–
Customer loyalty award	(i)	**40,506**	39,368	**–**	–
Dividend payable		**–**	103,242	**–**	103,242
		1,491,355	1,266,349	**1,606**	147,283

34. TRADE AND OTHER PAYABLES (continued)

(i) A reconciliation of the provision for customer loyalty award is as follows:

	Group	
	2009	**2008**
	RM'000	**RM'000**
At 1 July	**39,368**	42,117
Acquisition of subsidiaries	**4,217**	577
Addition during the year	**90,863**	25,164
Recognised as revenue	**(84,311)**	(18,667)
Lapsed amounts reversed	**(12,778)**	(11,969)
Exchange differences	**3,147**	2,146
	40,506	39,368

A provision for customer loyalty award is recognised for the expected amount of redemptions of coupons granted during the last two years, based on past experience of the level of redemptions. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within two years from the balance sheet date. Assumptions used to calculate the provision for customer loyalty award were based on the amount of bonus points outstanding and the current information available about the level of redemptions based on the two-year redemption period.

Credit terms of trade payables granted to the Group vary from 30 to 90 days (2008: 30 to 60 days).

Other information on financial risks of trade and other payables are disclosed in Note 39.

35. RETAINED PROFITS

Presently, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 June 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 June 2009, the Company has credit in the 108 balance of RM1,748,000 and the balance in the tax exempt account of RM487,433,000 to pay franked dividends out of its profit.

36. SIGNIFICANT RELATED PARTY DISCLOSURES

Related parties	Relationship
Posim Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Lion Trading & Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Secom (Malaysia) Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Megasteel Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Likom Caseworks Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Mitsui & Co., Ltd	A substantial shareholder of a subsidiary of Lion Corporation Berhad, a substantial shareholder of the Company
Amsteel Mills Marketing Sdn Bhd	A subsidiary of Amsteel Mills Sdn Bhd, a substantial shareholder of the Company

(a) The significant related party transactions are as follows:

	Group	
	2009 RM'000	**2008 RM'000**
(i) Sales of goods and services to:		
- Megasteel Sdn Bhd	–	803
- Likom Caseworks Sdn Bhd	–	794
- Mitsui & Co., Ltd	–	1,137
(ii) Purchases of goods and services from:		
- Posim Marketing Sdn Bhd	**1,496**	1,678
- Megasteel Sdn Bhd	–	77,370
- Mitsui & Co., Ltd	–	8,226
- Amsteel Mills Marketing Sdn Bhd	–	2,736
- Lion Trading & Marketing Sdn Bhd	**1,016**	829
- Secom (Malaysia) Sdn Bhd	**579**	803

	Company	
	2009 RM'000	**2008 RM'000**
Subsidiaries:		
Dividend income	**400,000**	200,000
Interest income	–	386
Related party:		
Interest income	**2,900**	2,420

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms that are no more favourable to the related parties than those arranged with independent third parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2009 are disclosed in Note 21, Note 23 and Note 34.

36. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel

The remuneration of Director and other members of key management during the financial year were as follows:

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Short-term employee benefits	**3,026**	3,331	**199**	209
Post-employment benefits				
- Defined contribution plan	**292**	258	**14**	14
Share-based payment	**–**	321	**–**	–
	3,318	3,910	**213**	223

Executive Director of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS of the Company:

	Group		Company	
	2009 '000	**2008 '000**	**2009 '000**	**2008 '000**
At 1 July	**105**	–	**–**	–
Granted	**–**	105	**–**	–
At 30 June	**105**	105	**–**	–

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

(c) Others

In conjunction with Parkson Retail's listing on The Stock Exchange of Hong Kong Limited in the prior years, the Company has granted Parkson Retail an option/right of first refusal to acquire certain of its Parkson branded department stores located in China.

Parkson Retail can exercise the option without time limit and the purchase consideration shall be negotiated at an arm's length basis between the Company and Parkson Retail at the time of acquisition.

37. COMMITMENTS

	Group 2009 RM'000	Group 2008 RM'000
(a) Capital commitments		
Capital expenditure for property, plant and equipment:		
Approved and contracted for	**338,735**	174,036
Approved but not contracted for	**43**	1,573
	338,778	175,609

(b) Non-cancellable operating lease commitments

	Group 2009 RM'000	Group 2008 RM'000
As lessee		
Future minimum rentals payable:		
Not later than one year	**366,291**	254,633
Later than one year and not later than five years	**1,517,171**	1,024,611
Later than five years	**3,072,967**	2,343,609
	4,956,429	3,622,853

The Group leases certain of its properties and equipment under operating lease arrangements. These leases have non-cancellable lease terms ranging from 5 to 20 years and there are no restrictions placed upon the Group by entering into these lease agreements.

A lease that is cancellable only upon the occurrence of some remote contingency is a non-cancellable operating lease as defined under the FRS. Pursuant to the relevant lease agreements, the Group is entitled to terminate the underlying lease agreement if the attributable department store business has incurred losses in excess of a prescribed amount or such department store will not be in a position to continue its business because of the losses.

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

	Group 2009 RM'000	Group 2008 RM'000
As lessor		
Future minimum rentals receivable:		
Not later than one year	**22,243**	26,239
Later than one year and not later than five years	**35,833**	43,822
Later than five years	**10,361**	14,756
	68,437	84,817

The Group leases out certain of its properties under operating leases. These leases have remaining non-cancellable lease terms ranging from 1 to 20 years.

In addition to the above, the annual contingent rental amount is chargeable on a percentage of the respective stores' turnover.

37. COMMITMENTS (continued)

(c) Acquisition commitment

		Group	
		2009	**2008**
		RM'000	**RM'000**
Acquisition of the minority interest in Xi'an Shidai Parkson Store Co Ltd	Note 15(a)(1)	–	44,800

38. SIGNIFICANT EVENTS

(a) On 27 March 2008, Parkson Retail Development Co Ltd, a wholly-owned subsidiary of Parkson Retail Group Limited ("Parkson Retail"), entered into a sale and purchase agreement to acquire from Shaanxi Shuangyi Petroleum and Chemical Company Limited the 49% equity interest in Xi'an Shidai Parkson Store Co Ltd ("Xi'an Shidai Parkson") at a consideration of Rmb154 million ("Xi'an Shidai Parkson Acquisition"). The Xi'an Shidai Parkson Acquisition was completed on 16 September 2008 and Xi'an Shidai Parkson became a wholly-owned subsidiary of Parkson Retail.

(b) On 21 May 2008, East Crest International Limited ("East Crest"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement to dispose of its entire equity interest in Jet East Investments Limited to Grand Parkson Retail Group Limited ("Grand Parkson"), a wholly-owned subsidiary of Parkson Retail, for a total consideration of Rmb240 million, to be satisfied partly by cash of Rmb120,005,983 and the balance of Rmb119,994,017 by way of the allotment and issuance of 1,994,000 new ordinary shares of HK$0.10 each in Parkson Retail to East Crest ("Jet East Disposal").

The Jet East Disposal was completed on 9 October 2008 with the cash payment and the allotment and issuance to East Crest of a total of 9,970,000 new ordinary shares of HK$0.02 each in Parkson Retail (taking into account the subdivision of every ordinary share of HK$0.10 each in Parkson Retail into 5 new subdivided ordinary shares of HK$0.02 each).

(c) On 2 July 2008, Golden Village Group Limited, a wholly-owned subsidiary of Parkson Retail, entered into a share purchase agreement with an independent third party to acquire the entire issued share capital of Duo Success Investments Limited ("Duo Success") for a cash consideration of Rmb55 million. Duo Success is the sole legal and beneficial owner of the entire issued share capital of Huge Return Investment Limited ("Huge Return"), which owns 9% equity interest in Xi'an Lucky King Parkson Plaza Co Ltd ("Xi'an Lucky King Acquisition"). The Xi'an Lucky King Acquisition was completed on 20 August 2008 and Duo Success, Huge Return and Xi'an Lucky King Parkson Plaza Co Ltd became wholly-owned subsidiaries of Parkson Retail.

(d) On 4 July 2008, the shareholders of Parkson Retail approved the subdivision of every ordinary share of HK$0.10 each in Parkson Retail into 5 new subdivided ordinary shares of HK$0.02 each.

(e) On 28 August 2008, Grand Parkson entered into a conditional sale and purchase agreement with an independent third party to acquire the entire issued share capital of Favor Move International Limited ("Favor Move"), the sole legal and beneficial owner of the entire issued share capital of Hanmen Holdings Limited ("Hanmen"), which in turn will be the sole legal and beneficial owner of the 30% equity interest in Nanning Brilliant Parkson Commercial Co Ltd ("Nanning Parkson") (the remaining 70% equity interest in Nanning Parkson is currently owned indirectly by the Company) for a cash consideration of Rmb60 million ("Nanning Acquisition"). The Nanning Acquisition was completed on 20 October 2008 and Favor Move, Hanmen and Nanning Parkson became wholly-owned subsidiaries of Parkson Retail.

(f) On 30 December 2008, Parkson Haiphong Co Ltd, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Thuy Duong Investment Joint Stock Company to acquire a property located in Hai Phong, Vietnam for a cash consideration of US$24.15 million (equivalent to approximately RM84.04 million).

38. SIGNIFICANT EVENTS (continued)

(g) On 15 January 2009, Beijing Huadesheng Property Management Co Ltd, a wholly-owned subsidiary of Parkson Retail Development Co Ltd which in turn is a wholly-owned subsidiary of Parkson Retail, entered into a sale and purchase agreement with Beijing Suntrans Real Estate Development Co Ltd, to acquire the land use right and the building ownership right of a shopping complex consisting of 11 floors located at Taiyanggong Village, Chaoyang District, Beijing, the People's Republic of China which is still under construction with the structural works duly completed, for a total purchase consideration of Rmb1.128 billion subject to adjustment arising from the computation of the actual gross floor area of the shopping complex.

As at 30 June 2009, the acquisition has not been completed.

(h) On 1 June 2009, PRG Corporation Limited, a wholly-owned subsidiary of the Company, entered into a placement agreement for the placement of 55,000,000 ordinary shares of HK$0.02 each in Parkson Retail, representing approximately 1.96% of the then issued and paid-up share capital of Parkson Retail via a placement to investors by way of a book building exercise. The placement of shares was completed in June 2009.

39. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rates debts. The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

The following financial instruments of the Group and of the Company are exposed to interest rate risk:

	Note	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	Total RM'000
Group						
At 30 June 2009						
Fixed rate						
Credit linked notes	18	–	–	**703,276**	–	**703,276**
PRC bank loans	28	–	–	**(670,654)**	–	**(670,654)**
Hire purchase liabilities	29	**(317)**	**(110)**	**(67)**	–	**(494)**
RCSLS	30	–	**(227,281)**	–	–	**(227,281)**
Senior guaranteed notes due November 2011	31	–	–	**(695,208)**	–	**(695,208)**
Senior guaranteed notes due May 2012	31	–	–	**(434,352)**	–	**(434,352)**
Interest rate swap contracts *		–	–	–	–	–
Floating rate						
Cash assets	24	**2,093,511**	–	–	–	**2,093,511**

39. FINANCIAL INSTRUMENTS (continued)

(b) Interest rate risk (continued)

	Note	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	Total RM'000
Group						
At 30 June 2008						
Fixed rate						
Credit linked notes	18	–	–	–	653,809	653,809
Term loans	28	(12,651)	–	–	–	(12,651)
PRC bank loans	28	–	–	–	(635,308)	(635,308)
Hire purchase liabilities	29	(608)	(363)	(122)	–	(1,093)
RCSLS	30	–	–	(221,274)	–	(221,274)
Senior guaranteed notes due November 2011	31	–	–	–	(643,556)	(643,556)
Senior guaranteed notes due May 2012	31	–	–	–	(402,264)	(402,264)
Interest rate swap contracts *		–	–	–	–	–
Floating rate						
Cash assets	24	1,840,081	–	–	–	1,840,081
Company						
At 30 June 2009						
Fixed rate						
RCSLS	30	**–**	**(227,281)**	**–**	**–**	**(227,281)**
Floating rate						
Cash assets	24	**5,084**	**–**	**–**	**–**	**5,084**
At 30 June 2008						
Fixed rate						
RCSLS	30	–	–	(221,274)	–	(221,274)
Floating rate						
Cash assets	24	12,688	–	–	–	12,688

* the effect of the interest rate swap is disclosed in Note 39(d).

39. FINANCIAL INSTRUMENTS (continued)

(c) Foreign exchange risk

The Group is exposed to foreign currency exchange risk as a result of the foreign currency transactions entered into by the Group in currencies other than its functional currency. As these transactions are mainly denominated in US Dollar, the Group's foreign currency exchange risk is primarily due to exposure to the US Dollar. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

In addition to the disclosure detailed elsewhere in the financial statements, the net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Net financial assets/liabilities held in			
Functional currency	**Ringgit Malaysia RM'000**	**Hong Kong Dollar RM'000**	**Others RM'000**	**Total RM'000**
At 30 June 2009				
Receivables				
Chinese Renminbi	**6,704**	**–**	**–**	**6,704**
Deposits, cash and bank balances				
Ringgit Malaysia	**–**	**–**	**310**	**310**
Chinese Renminbi	**–**	**32,044**	**–**	**32,044**
Hong Kong Dollar	**–**	**–**	**2,245**	**2,245**
	–	**32,044**	**2,555**	**34,599**
At 30 June 2008				
Receivables				
Chinese Renminbi	8,063	–	–	8,063
Deposits, cash and bank balances				
Chinese Renminbi	–	50,943	16	50,959
Hong Kong Dollar	–	–	352	352
	–	50,943	368	51,311
Payables				
Hong Kong Dollar	1,913	–	–	1,913

39. FINANCIAL INSTRUMENTS (continued)

(d) Hedging activities

Cash flow hedges

Cash flow hedges are used to mitigate the Group's exposure to changes in cash flows attributable to interest rate fluctuations associated with interest and principal payments on the Group's variable rate interest bearing bank loans (Note 28) and currency fluctuations associated with interest and principal payments on the SGN2012 (Note 31(ii)). Effective changes in the fair value of these cash flow hedging instruments are recognised in the hedging reserve in the consolidated balance sheet. The effective changes are then recognised in finance costs in the period that the forecasted cash flows of the hedged item impacts profit.

The Group entered into interest rate swap contracts with an aggregate notional amount of Rmb1.5 billion with JPMorgan Chase Bank, N.A., Shanghai Branch (the "Bank") and JP Morgan Chase Bank, N.A. Hong Kong to convert the Group's variable rate bank loans (Note 28) to a fixed rate of 10.3% per annum. On each settlement date, the bank loan interest and interest rate swap contracts are settled simultaneously.

In addition, the Group entered into a cross currency interest rate swap arrangement with the Bank to convert the Group's SGN2012 of US$125 million to a Rmb equivalent fixed rate debt of Rmb956,630,000 with an interest rate of 3.45% per annum.

At 30 June 2009, these hedges were in a liability position and had a total fair value of RM79,138,000 (2008: RM52,932,000), which was recorded in derivative financial instruments designated as hedging instruments in the consolidated balance sheet.

All derivative financial instruments are recorded at fair value on the consolidated balance sheet. Changes in fair value of derivatives that are not designated as cash flow hedging instruments are recognised in the income statement.

The Group is exposed to counterparty credit risk on its derivative financial instruments and only enters into derivative transactions with well-established financial institutions. Therefore, the counterparty credit risk with respect to derivative financial instruments is minimal.

(e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(f) Credit risk

Credit risk arises when sales made were on deferred credit terms. The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history.

39. FINANCIAL INSTRUMENTS (continued)

(g) Fair values

The fair values of the Group's and of the Company's financial assets and liabilities approximate to their carrying amounts except for the following:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
At 30 June 2009				
Unquoted shares	**281**	**^a**	**28**	**^a**
Amounts due from subsidiaries	**–**	**–**	**8,058,011**	**^b**
Amounts due from related parties	**45,443**	**^b**	**45,443**	**^b**
At 30 June 2008				
Unquoted shares	284	^a	28	^a
Amounts due from subsidiaries	–	–	7,915,743	^b
Amounts due from related parties	42,556	^b	42,556	^b
Financial liabilities				
At 30 June 2009				
Hire purchase liabilities	**494**	**518**	**–**	**–**
Amount due to a related party	**85**	**^b**	**85**	**^b**
Senior guaranteed notes	**1,129,560**	**1,134,013**	**–**	**–**
At 30 June 2008				
Hire purchase liabilities	1,093	1,155	–	–
Amount due to a subsidiary	–	–	33,702	^b
Amount due to a related party	100	^b	100	^b
Senior guaranteed notes	1,045,820	1,047,275	–	–

^a It is not practicable to estimate the fair value of the non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

^b It is not practical to determine the fair values of the amounts due from/to subsidiaries and related parties in view of the uncertainty as to the timing of future cash flows.

39. FINANCIAL INSTRUMENTS (continued)

(g) Fair values (continued)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Financial instruments classified as current

The Group's and the Company's financial instruments, other than amounts due from/to subsidiaries/related parties, which are classified as current approximate to their carrying amounts due to the relatively short term maturity of these financial instruments.

(ii) Long term borrowings

The fair value of long term borrowings is estimated by discounting the expected cash flows using the current interest rates for the liabilities with similar risk profiles.

40. SEGMENTAL INFORMATION

The Group comprises the following main business segments:

(i)	Retailing	:	Operations of department stores and investment holding.
(ii)	Steel Services	:	Manufacturing, sales and distribution of steel and iron products, international trading and distribution, automotive and others.

Steel Services (excluding investment holding) were discontinued upon the completion of the disposal of the Bright Steel Group on 19 September 2007 (Note 9).

Secondary reporting format - geographical segments

The Group operates in 4 main geographical areas:

(i)	Malaysia	:	the main activities are operations of department stores, Steel Services and investment holding.
(ii)	People's Republic of China	:	the main activities are operations of department stores and investment holding.
(iii)	Vietnam	:	the main activity is operations of department stores.
(iv)	Others	:	the main activity is investment holding.

40. SEGMENTAL INFORMATION (continued)

	Continuing operations representing Retailing RM'000	Total RM'000
30 June 2009		
Revenue		
Sales to external customers	2,583,705	2,583,705
Results		
Segment results	843,130	843,130
Finance costs	(184,313)	(184,313)
Share of results of an associate	701	701
Gain on disposal/dilution of interest in subsidiaries	279,515	279,515
Profit before tax	939,033	939,033
Taxation	(163,600)	(163,600)
Profit for the year	775,433	775,433
Assets		
Segment assets	6,525,090	6,525,090
Investment in an associate	1,089	1,089
Total assets	6,526,179	6,526,179
Liabilities		
Segment liabilities	3,670,885	3,670,885
Unallocated liabilities	170,926	170,926
Total liabilities	3,841,811	3,841,811
Other segment information		
Capital expenditure	217,180	217,180
Depreciation	116,465	116,465
Amortisation	8,713	8,713
Other non-cash items	1,605	1,605

40. SEGMENTAL INFORMATION (continued)

	Continuing operations	Discontinued operations	
	Retailing RM'000	Steel Services RM'000	Total RM'000
30 June 2008			
Revenue			
Sales to external customers	2,242,297	111,731	2,354,028
Results			
Segment results	692,111	2,495	694,606
Finance costs	(178,126)	(1,494)	(179,620)
Share of results of associates	245	72	317
Gain on disposal/dilution of interest in a subsidiary	248,032	–	248,032
Loss on disposal of assets of disposal group	–	(2,497)	(2,497)
Profit/(Loss) before tax	762,262	(1,424)	760,838
Taxation	(122,505)	(285)	(122,790)
Profit/(Loss) for the year	639,757	(1,709)	638,048
Assets			
Segment assets	5,461,837	–	5,461,837
Investment in an associate	1,145	–	1,145
Total assets	5,462,982	–	5,462,982
Liabilities			
Segment liabilities	3,304,013	–	3,304,013
Unallocated liabilities	167,605	–	167,605
Total liabilities	3,471,618	–	3,471,618
Other segment information			
Capital expenditure	164,725	–	164,725
Depreciation	88,561	478	89,039
Amortisation	7,273	29	7,302
Impairment loss	81	–	81
Other non-cash items	19,342	2,486	21,828

40. SEGMENTAL INFORMATION (continued)

Geographical segments

An analysis of the Group's revenue by geographical segment is as follows:

	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
Revenue - 2009			
Malaysia	**645,282**	**–**	**645,282**
People's Republic of China	**1,848,747**	**–**	**1,848,747**
Vietnam	**89,676**	**–**	**89,676**
	2,583,705	**–**	**2,583,705**
Revenue - 2008			
Malaysia	607,239	111,731	718,970
People's Republic of China	1,555,045	–	1,555,045
Vietnam	80,013	–	80,013
	2,242,297	111,731	2,354,028

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by geographical segment:

	2009 RM'000	2008 RM'000
Segment assets		
Malaysia	**592,867**	534,938
People's Republic of China	**5,365,422**	4,603,040
Vietnam	**276,764**	103,364
Others	**290,037**	220,495
	6,525,090	5,461,837
Capital expenditure		
Malaysia	**55,462**	80,520
People's Republic of China	**86,768**	75,813
Vietnam	**74,950**	8,392
	217,180	164,725

41. COMPARATIVE

Certain comparatives have been reclassified to conform with current year's presentation of hedging reserve rather than in exchange fluctuation reserves in the prior year.

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2009

	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM'million)	Date of Acquisition/ Last Revaluation
1.	44-60, Zhong Shan Lu Shi Nan City Qingdao, China	Leasehold 31.5.2025	51,485.7 sq metres	Commercial building	Shopping complex and office (9)	124.4	June 2004
2.	127, Renming Zhong Road Wuxi, China	Leasehold 22.4.2044	30,498.6 sq metres	Commercial building	Shopping complex and office (13)	28.9	June 2004
3.	239, Dongda Street Xian, China	Leasehold 22.5.2047	17,755.4 sq metres	Commercial building	Shopping complex (12)	23.5	June 2004
4.	37, Jinrong Main Road Xicheng District Beijing, China	Leasehold 30.10.2047	60,888.6 sq metres	Commercial building	Shopping complex and office (15)	424.5	July 2006
5.	88, Er Dao Street Tie Dong District Anshan City Liaoning Province, China	Leasehold 11.5.2040	42,574.0 sq metres	Commercial building	Shopping complex (22)	207.1	January 2008
6.	98, Wenchang Road Middle Yangzhou City Jiangsu Province, China	Leasehold 20.9.2034	21,485.5 sq metres	Commercial building	Shopping complex (13)	11.9	June 2004
7.	Mukim Setapak District of Kuala Lumpur	Leasehold 20.11.2106	34,103.0 sq metres	Commercial building	Shopping complex under construction	105.2	May 2008
8.	New Urban Area Nga Nam Catbi Airport Ngo Quyen District Hai Phong City, Vietnam	Leasehold 4.11.2075	23,000.0 sq metres	Commercial building	Shopping complex (3)	94.0	June 2009

MATERIAL CONTRACTS

INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The RM500 million nominal value 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") constituted by the Subscription Agreement dated 13 September 2007 ("Subscription Agreement") was non-transferable. Pursuant to the request of Lion Diversified Holdings Berhad ("LDHB") on behalf of the holder of RCSLS, namely Excel Step Investments Limited ("Excel Step") for the purpose of securing any financing facilities, the restricted transferability of RCSLS was amended on 11 January 2008. Excel Step is a wholly-owned subsidiary of LDHB, which is a major shareholder of the Company and a company wherein a Director and certain major shareholders of the Company have interests.

In this relation, a Trust Deed dated 11 January 2008 had been executed to replace the Subscription Agreement.

ANALYSIS OF SHAREHOLDINGS

Share Capital as at 30 September 2009

Authorised Capital	:	RM4,500,000,000
Issued and Paid-up Capital	:	RM1,036,410,250
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

Distribution of Shareholdings as at 30 September 2009

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares*
Less than 100	250	2.41	9,090	0.00
100 to 1,000	3,030	29.24	1,926,201	0.19
1,001 to 10,000	5,608	54.13	18,056,931	1.78
10,001 to 100,000	1,093	10.55	33,244,732	3.28
100,001 to less than 5% of issued shares*	377	3.64	587,994,056	57.94
5% and above of issued shares*	3	0.03	373,595,040	36.81
	10,361	100.00	1,014,826,050	100.00

Substantial Shareholders as at 30 September 2009

	Substantial Shareholders	Direct Interest No. of Shares	Direct Interest % of Shares^	Indirect Interest No. of Shares	Indirect Interest % of Shares^	Indirect Interest Nominal Value of RCSLS# (RM)
1.	Tan Sri William H.J. Cheng	222,563,589	21.93	329,632,410	32.48	228,800,000 [a]
2.	Datuk Cheng Yong Kim	11,298,388	1.11	279,825,133	27.58	228,800,000 [a]
3.	Lion Realty Private Limited	–	–	279,724,893	27.57	228,800,000 [a]
4.	Excel Step Investments Limited	12,428,970	1.22	219,649,588	21.65	228,800,000 [b]
5.	Lion Corporation Berhad	1,090,310	0.11	230,988,248	22.76	228,800,000 [a]
6.	Lion Industries Corporation Berhad	45,274,238	4.46	186,804,320	18.41	228,800,000 [a]
7.	LLB Steel Industries Sdn Bhd	–	–	232,078,558	22.87	228,800,000 [a]
8.	Steelcorp Sdn Bhd	–	–	232,078,558	22.87	228,800,000 [a]
9.	Amsteel Mills Sdn Bhd	151,035,040	14.88	81,043,518	7.99	228,800,000 [a]
10.	Lion Diversified Holdings Berhad	22,250,000	2.19	209,828,558	20.68	228,800,000 [a]
11.	Lion Development (Penang) Sdn Bhd	380,455	0.04	279,344,438	27.53	228,800,000 [a]
12.	Horizon Towers Sdn Bhd	–	–	232,078,558	22.87	228,800,000 [a]
13.	Teraju Varia Sdn Bhd	–	–	232,078,558	22.87	228,800,000 [a]

Notes:

* *Excluding a total of 21,584,200 ordinary shares of RM1.00 each in the Company ("Parkson Shares") bought back by the Company and retained as treasury shares as at 29 September 2009.*

^ *Excluding a total of 21,686,600 Parkson Shares bought back by the Company and retained as treasury shares as at 30 September 2009.*

3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") issued by the Company with a right to convert into new Parkson Shares at a conversion price of RM4.00 nominal amount of the RCSLS for every one new Parkson Share.

a *Indirect interest*

b *Direct interest*

Thirty Largest Registered Shareholders as at 30 September 2009

Registered Shareholders	No. of Shares	% of Shares*
1. HSBC Nominees (Tempatan) Sdn Bhd HSBC HK CTLA for Cheng Heng Jem (TA)	157,560,000	15.53
2. AMSEC Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Amsteel Mills Sdn Bhd (CS-Amsteel0)	151,035,040	14.88
3. HSBC Nominees (Tempatan) Sdn Bhd HSBC HK CTLA for Cheng Heng Jem (TB)	65,000,000	6.41
4. RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad	45,274,238	4.46
5. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	40,390,694	3.98
6. Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Narajaya Sdn Bhd	39,000,000	3.84
7. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Diversified Holdings Bhd	22,250,000	2.19
8. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	16,886,090	1.66
9. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund HG22 for Smallcap World Fund, Inc.	16,345,000	1.61
10. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund ZM47 for AIM Developing Markets Fund	15,009,500	1.48
11. Scotia Nominees (Tempatan) Sdn Bhd Custodial Account for Ributasi Holdings Sdn Bhd	12,441,000	1.23
12. HSBC Nominees (Asing) Sdn Bhd HSBC HK CTLA for Deluxe Venture International Limited (TA)	12,440,000	1.23
13. Kenanga Nominees (Asing) Sdn Bhd Pledged Securities Account for Excel Step Investments Limited	11,361,000	1.12
14. Cheng Yong Kim	11,298,388	1.11
15. HSBC Nominees (Asing) Sdn Bhd HSBC HK CTLA for Deluxe Venture International Limited (TB)	11,000,000	1.08
16. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad icapital.biz Berhad	9,000,000	0.89
17. Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ributasi Holdings Sdn Bhd	7,526,316	0.74
18. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund KG67 for AIM International Emerging Growth Fund	6,517,060	0.64
19. HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt Malaysia for Employees Provident Fund	6,500,000	0.64
20. Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Dividend Fund	6,419,400	0.63
21. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	6,142,680	0.61
22. Lion Holdings Private Limited	6,128,535	0.60
23. Cheng Yong Kwang	6,090,624	0.60
24. Narajaya Sdn Bhd	5,901,750	0.58
25. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund KG33 for AIM Asia Pacific Growth Fund	5,805,900	0.57
26. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Morgan Stanley & Co. Incorporated (Client)	5,794,500	0.57
27. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund HG16 for New World Fund (Am Funds Ins Sr)	5,260,000	0.52
28. Chen Shok Ching	4,922,235	0.49
29. Citigroup Nominees (Asing) Sdn Bhd UBS AG for Tosca Asia	4,906,400	0.48
30. Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Equity Fund	4,739,600	0.47

Note:

* *Excluding a total of 21,584,200 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 29 September 2009.*

Directors' Interests in Shares in the Company and its Related Corporations as at 30 September 2009

The Directors' interests in shares in the Company and its related corporations as at 30 September 2009 are as follows:

	Nominal Value per Ordinary Share	Direct Interest No. of Shares	Direct Interest % of Shares	Indirect Interest No. of Shares	Indirect Interest % of Shares
The Company					
Tan Sri William H.J. Cheng#	RM1.00	222,563,589	21.93^	329,932,110	32.51^
Related Corporations					
Tan Sri William H.J. Cheng					
Parkson Retail Group Limited	HK$0.02	–	–	1,446,770,000	51.56

Investments in the People's Republic of China	Indirect Interest Rmb	Indirect Interest % Holdings
Chongqing Wanyou Parkson Plaza Co Ltd	21,000,000	70.00
Dalian Tianhe Parkson Shopping Centre Co Ltd	60,000,000	60.00
Guizhou Shenqi Parkson Retail Development Co Ltd	10,200,000	60.00
Qingdao No. 1 Parkson Co Ltd	124,501,580	52.60
Wuxi Sanyang Parkson Plaza Co Ltd	48,000,000	60.00
Xinjiang Youhao Parkson Development Co Ltd	10,200,000	51.00
Yangzhou Parkson Plaza Co Ltd	35,553,700	55.00

Notes:

Also deem interested in RM228.8 million 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") of the Company with a right to convert into new ordinary shares of RM1.00 each in the Company ("Parkson Share") at a conversion price of RM4.00 nominal amount of the RCSLS for every one new Parkson Share.

^ *Excluding a total of 21,686,600 Parkson Shares bought back by the Company and retained as treasury shares as at 30 September 2009.*

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related companies as at 30 September 2009.

OTHER INFORMATION

(I) NON-AUDIT FEES

The amount of non-audit fees paid or payable to external auditors for the financial year was RM8,000 (2008: RM54,000).

(II) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 30 June 2009 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(a) The obtaining of building maintenance, consumables and other related products and services	Lion Forest Industries Berhad Group [1]	1,496
(b) The obtaining of office equipment, security services and equipment and other related products and services	Lion Corporation Berhad Group [1]	1,595

Notes:

"Group" includes subsidiary and associated companies

[1] Companies in which a Director and certain major shareholders of the Company have interests.

(III) SCHEDULE OF SHARE BUY-BACK FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

Monthly Breakdown	No. of Shares Purchased and Retained as Treasury Shares	Purchase Price per Share (RM) Lowest	Purchase Price per Share (RM) Highest	Average Price per Share RM	Total Consideration RM'000
July 2008	3,530,000	4.28	5.05	4.57	16,146
August 2008	882,800	4.28	4.64	4.54	4,006
September 2008	2,843,200	3.76	4.66	4.09	11,623
October 2008	4,694,000	2.63	3.96	3.29	15,445
November 2008	775,200	3.10	3.72	3.41	2,645
December 2008	326,200	3.34	4.06	3.74	1,219
January 2009	1,657,600	3.10	4.30	3.51	5,826
February 2009	388,200	3.22	3.52	3.35	1,301
March 2009	284,000	3.34	3.90	3.59	1,018
Purchased during the financial year	15,381,200			3.85	59,229
Purchased in the previous financial year	6,153,000			5.63	34,620
Total	21,534,200			4.36	93,849

All the shares purchased by the Company were retained as treasury shares. As at 30 June 2009, the number of treasury shares is 21,534,200. None of the treasury shares were distributed as share dividends or resold during the financial year.

(IV) STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS AS AT 15 OCTOBER 2009

		Utilisation Status	
	Proposed Utilisation RM'million	**Actual RM'million**	**Unutilised/ Outstanding RM'million**
Disposal by the Company of its entire equity interest in Bright Steel Sdn Bhd to Total Triumph Investments Limited, a wholly-owned subsidiary of Lion Corporation Berhad for a cash consideration of RM53.47 million:			
• Defray expenses and working capital:			
- Amount received	33.47	33.47	–
- Deferred payment	20.00	–	20.00
	53.47	33.47	20.00

PARKSON HOLDINGS BERHAD
(Incorporated in Malaysia) (89194-P)

FORM OF PROXY

CDS ACCOUNT NUMBER

			–				–									

I/We ....

I.C. No./Company No. ....

of ....

being a member/members of PARKSON HOLDINGS BERHAD, hereby appoint ....

....

I.C. No. ....

of ....

or failing whom, ...

I.C. No. ....

of ....

as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 18 November 2009 at 2.00 pm and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To receive the Directors' Report and Audited Financial Statements		
2. To approve a first and final cash dividend and the distribution of share dividend		
3. To approve Directors' fees		
4. To re-elect as Director, Y. Bhg. Dato' Hassan bin Abdul Mutalip		
5. To re-elect as Director, Mr Yeow Teck Chai		
6. To re-elect as Director, Y. Bhg. Dato' Mohamad Daud bin Haji Dol Moin		
7. To re-appoint Auditors		
8. Authority to Directors to issue shares		
9. Proposed Shareholders' Mandate for Recurrent Related Party Transactions		
10. Proposed Renewal of Authority for Share Buy-Back		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this.................. day of 2009

No. of shares : ....

Signed :...

Representation at Meeting:

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.
- The instrument of proxy shall be deposited at the Registered Office of the Company, Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.
- Form of Proxy sent through facsimile transmission shall not be accepted.