PARKSON HOLDINGS BERHAD

2010

PARKSON HOLDINGS BERHAD

A Member of The Lion Group

(89194-P)

laporan tahunan · annual report

2010

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting of Parkson Holdings Berhad will be held at the Meeting Hall, Level 16, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 Kuala Lumpur on 23 November 2010 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 2010. **Note 3**

2. To approve the payment of a first and final cash dividend of 6.0 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 1**

3. To approve the payment of Directors' fees amounting to RM200,000 (2009 : RM199,000). **Resolution 2**

4. To re-elect Directors:

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

   Y. Bhg. Tan Sri William H.J. Cheng **Resolution 3**
   Mr Folk Jee Yoong **Resolution 4**
   Mr Cheng Sin Yeng **Resolution 5**

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 6**

6. Special Business

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

6.1.1 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 7**

6.1.2 Proposed Shareholders' Mandate for Recurrent Related Party Transactions

"THAT approval be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of Part A of the Circular to Shareholders of the Company dated 1 November 2010 ("Related Parties") which has been despatched to the shareholders of the Company, provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and **Resolution 8**

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

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

(ii) the expiration of the period within which the next annual general meeting 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."

6.1.3 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, the 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 9**

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

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

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

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

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

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

whichever occurs first; and

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to 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."

6.2 To consider and, if thought fit, pass the following special resolution:

Proposed Amendment to the Articles of Association of the Company

"THAT the existing Article 123 of the Articles of Association of the Company be deleted in its entirety and substituted therefor with the following new Article 123: **Resolution 10**

Article 123

Any dividend, interest, or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the person whose name appears in the Register of Members or the Record of Depositors of the Company or to such address as the holder may in writing direct or paid by way of electronic transfer of remittance to the bank account provided by the Member to the Central Depository from time to time. Every such cheque or warrant or electronic transfer of remittance shall be made payable to the order of the person to whom it is sent or remitted, and the payment of any such cheque or warrant or electronic transfer of remittance shall operate as a good discharge to the Company in respect of the dividend, interest or other monies payable in cash represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon, or the instruction for the electronic transfer of remittance, has been forged. Every such cheque or warrant or electronic transfer of remittance shall be sent or remitted at the risk of the person entitled to the money thereby represented and the Company shall have no responsibility for any sums lost or delayed in the course of delivery or remittance or where the Company has acted on any such instructions of the Member."

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 24 November 2010 in respect of shares exempted from mandatory deposit;

(b) shares transferred into the depositor's securities account before 4.00 pm on 26 November 2010 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-Seventh Annual General Meeting, the first and final cash dividend will be paid on 15 December 2010, and the share dividend will be credited into the depositors' securities account on 15 December 2010, to shareholders on the Register of Members and the Record of Depositors of the Company at the close of business on 26 November 2010.

By Order of the Board

CHAN POH LAN
LIM KWEE PENG
Secretaries

Kuala Lumpur
1 November 2010

Notes:

1. *Proxy*

   - *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 15 November 2010 shall be eligible to attend the Meeting.*

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

   - *The instrument of proxy shall be deposited at the Registered Office of the Company, Level 14, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.*

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

2. *Circular to Shareholders dated 1 November 2010 ("Circular")*

   Details on the following are set out in the Circular enclosed together with the 2010 Annual Report:

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

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

3. *Agenda Item 1*

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

4. *Resolution 7*

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

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 18 November 2009 which will lapse at the conclusion of this Annual General Meeting.

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

5. *Resolution 8*

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

6. *Resolution 9*

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

7. *Resolution 10*

   This approval will allow the Company to pay dividend, interest or other monies payable in cash in respect of shares in the Company by way of electronic transfer of remittance in line with the Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to Electronic Dividend Payment.

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 Dolmoin 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 14, Office Tower No. 1 Jalan Nagasari (Off Jalan Raja Chulan) 50200 Kuala Lumpur Tel No : 03-21420155 Fax No : 03-21413448 Homepage: http://www.lion.com.my/parkson
Share Registrar	:	Secretarial Communications Sdn Bhd Level 13, Office Tower No. 1 Jalan Nagasari (Off Jalan Raja Chulan) 50200 Kuala Lumpur Tel Nos : 03-21420155, 03-21418411 Fax No : 03-21428409
Auditors	:	Ernst & Young Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
Principal Bankers	:	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 67, 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 ACB Resources Berhad

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

Tan Sri William Cheng has a direct shareholding of 251,389,224 ordinary shares of RM1.00 each and an indirect interest in 296,105,151 ordinary shares of RM1.00 each in the Company. 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. Tan Sri Cheng Yong Kim, a major shareholder of the Company.

Tan Sri William Cheng attended five (5) of the six (6) Board Meetings of the Company held during the financial year ended 30 June 2010.

Dato' Hassan bin Abdul Mutalip
Independent Non-Executive Director

Y. Bhg. Dato' Hassan bin Abdul Mutalip, a Malaysian, aged 65, 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 in the 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 six (6) Board Meetings of the Company held during the financial year ended 30 June 2010.

Dato' Mohamad Daud Bin Haji Dolmoin
Independent Non-Executive Director

Y. Bhg. Dato' Mohamad Daud Bin Haji Dolmoin, a Malaysian, aged 57, 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 in the 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' Mohamad 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.

Dato' Mohamad Daud attended all the five (5) Board Meetings of the Company held during the financial year ended 30 June 2010 subsequent to his appointment.

Yeow Teck Chai
Independent Non-Executive Director

Mr Yeow Teck Chai, a Malaysian, aged 60, 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 six (6) Board Meetings of the Company held during the financial year ended 30 June 2010.

Folk Jee Yoong
Independent Non-Executive Director

Mr Folk Jee Yoong, a Malaysian, aged 49, 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 and Secretarial Administration from the Curtin University of Technology in Perth, Western Australia, Bachelor of Economics degree from the University of Western Australia, Master of Commerce degree in Accounting from the University of Auckland, New Zealand and Doctor of Business Administration from the University of South Australia. He is a member of the Australian Society of Certified Practising Accountants and the Malaysian Institute of Accountants. He also holds a certificate in Investor Relations from the United Kingdom.

Mr Folk has over 20 years of experience in corporate finance, restructuring, audit and financial management in diversified industries such as mortgage banking, property development, construction, seafood trawling and processing, pulp and paper, jewellery, office furniture, multi-level marketing, plastic injection moulding, timber plantation and 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-national firms 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 six (6) Board Meetings of the Company held during the financial year ended 30 June 2010.

Cheng Sin Yeng
Non-Independent Non-Executive Director

Mr Cheng Sin Yeng, a Malaysian, aged 58, 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 designated the Senior Chief Accountant of the Property & Construction Division and is currently the General Manager - Accounts based in The Lion Group Finance Division.

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

Mr Cheng attended all six (6) Board Meetings of the Company held during the financial year ended 30 June 2010.

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

CORPORATE GOVERNANCE STATEMENT

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 2010 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 2010, six (6) Board Meetings were held and each Director attended at least 50% of the total Board Meetings held during the financial year. Details of attendance and a brief profile of each member of the Board are set out in the Directors' Profile section of this Annual Report.

Board Composition and Balance

The Board comprises six (6) Directors, five (5) of whom are non-executive. The current Board composition complies with the 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 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 have attended Bursa Securities' Mandatory Accreditation Programme.

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, business prospects and opportunities, risk management, economic and regional issues, management and entrepreneurship, finance, and corporate responsibility, some of which were organised by Bursa Securities, the Securities Commission and trade associations.

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

The Directors are also updated 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 2010 are categorised as follows:

	Fees RM'000	Salaries & Other Emoluments RM'000	Total RM'000
Executive Director	105	451	556
Non-executive Directors	160	–	160
	265	451	716

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	–	1
25,001 – 50,000	–	4
550,001 – 600,000	1	–

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 2010, 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. While the internal auditors attend all meetings of the Audit Committee, the external auditors meet with the Audit Committee at least twice a year and attend the annual general meeting of the Company.

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 Dolmoin
  (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 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. Whilst Y. Bhg. Dato' Mohamad Daud Bin Haji Dolmoin attended all the five (5) meetings held subsequent to his appointment as a member of the Audit Committee, all other members of the Audit Committee had full attendance for all the seven (7) meetings held.

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 transactions 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 ("GMA 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 GMA Department adopts the *International Standards for the Professional Practice of Internal Auditing* as well as established auditing guidelines to enhance its competency and proficiency.

A risk-based audit plan is tabled to the Audit Committee for approval on an annual basis. The audit plan covers key operational and financial activities that are significant to the overall performance of the Group and is developed to ensure adequate coverage on a regular basis. Key risk areas are continuously identified and prioritised to ascertain the scope of the audit activities through the adoption by the operation management of the 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 internal audit function of the Group for the financial year was RM350,000.

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

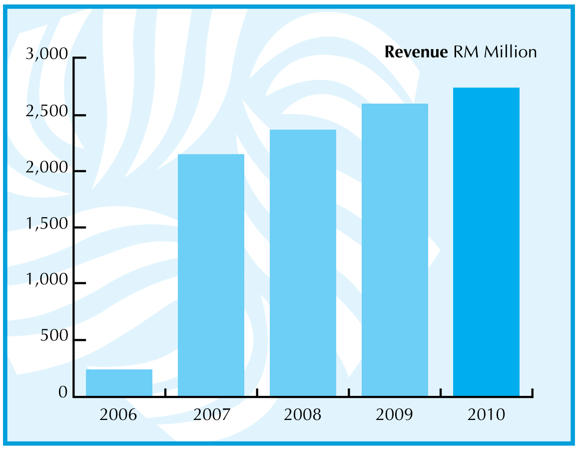
Chairman	:	Y. Bhg. Dato' Hassan bin Abdul Mutalip *(Independent Non-Executive Director)*
Members	:	Mr Yeow Teck Chai *(Independent Non-Executive Director)* Mr Cheng Sin Yeng *(Non-Independent Non-Executive Director)*

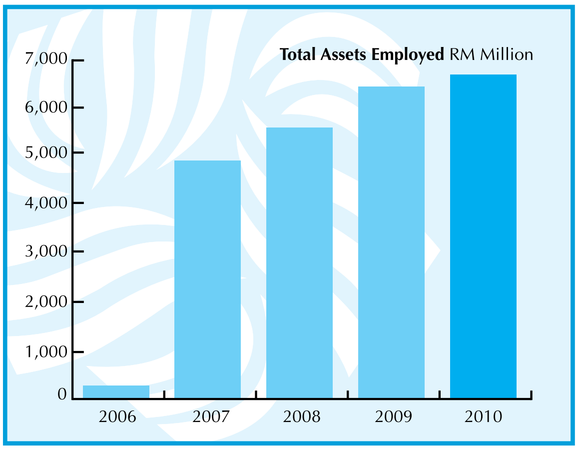
Terms of Reference :

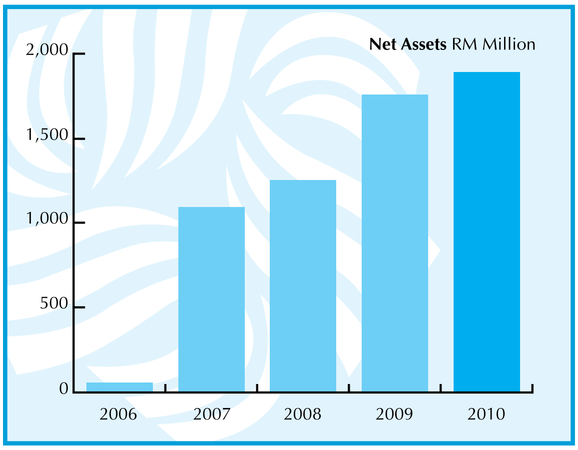
- To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary
- To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time

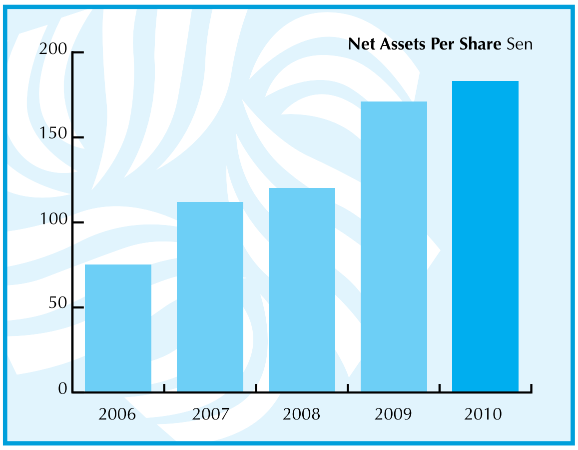
5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years ended 30 June	Pre-Retail Assets Acquisition 2006 RM'000	Post-Retail Assets Acquisition 2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Revenue	239,482	2,139,136	2,354,028	2,583,705	**2,722,256**
Profit/(Loss) before taxation	(18,746)	384,877	760,838	939,033	**704,173**
Profit/(Loss) after taxation	(17,380)	271,779	638,048	775,433	**533,598**
Dividends:					
- Cash dividend					
Rate (%)	0.1	–	15.0	5.0	**6.0**
Amount (Net of tax)	54	–	154,128	50,727	**64,803**
- Share dividend (No. of shares)	–	–	–	1 for 100	**1 for 100**
Total assets employed	311,132	4,866,539	5,462,982	6,526,179	**6,738,500**
Net assets	56,236	1,089,154	1,249,494	1,749,581	**1,882,680**
	Sen	**Sen**	**Sen**	**Sen**	**Sen**
Net assets per share	75	112	120	171	**183**
Earnings/(Loss) per share	(23.9)	13.7	45.6	53.3	**28.0**









CHAIRMAN'S STATEMENT

TAN SRI WILLIAM H.J. CHENG
Chairman

Higher gross sales proceeds of RM8.62 billion, up by about 10%

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 2010.

FINANCIAL PERFORMANCE

One of the worst financial crises in decades that started in the second half of the year 2008 had slowed down business activities and caused economic contraction in most major economies. This had prompted concerted efforts by the governments of the leading economies to introduce aggressive monetary policies and fiscal stimulus packages to stabilise the financial market and to avoid deepening of the crisis. The efforts appeared to be yielding results as in the second half of 2009, the majority of the economic indicators suggested that the conditions in most major economies began to turn around with a few major economies returning to growth. On the home front, the swift implementation of massive fiscal stimulus measures and an accommodative monetary policy by our Government have helped to stabilise the market and subsequently averted a prolonged economic recession.

With the improving operating environment and consumer sentiments, I am pleased to report that the overall financial position of the Group remained strong throughout the year and the Group has been able to deliver another good set of results for the financial year ended 30 June 2010 as follows:

- Higher gross sales proceeds of RM8.62 billion, up by about 10% as compared to RM7.84 billion in the previous year;
- Higher operating profit (excluding share options expense) of RM783 million, up by about 9% as compared to RM721 million in the previous year; and
- Higher net earnings (excluding exceptional gains and share options expense) of RM298 million, up by about 13% as compared to RM264 million in the previous year.

The commendable performance was the result of the strong same store sales ("SSS") growth, expansion of the store network, continuous improvement in operational efficiency, better merchandise mix and brand selection, and stringent cost controls executed by the Group. These improvements essentially reflect the Group's sound and prudent financial management and its commitment towards good corporate governance in enhancing long term shareholders' value. This position of strength will also allow the Group to maximise returns from its existing businesses and also explore merger and acquisition opportunities in the immediate future.

Higher operating profit of RM783 million, up by about 9%

CORPORATE DEVELOPMENTS

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

(i) In November 2009, the Company announced the acquisition by Choice Link Limited, a wholly-owned subsidiary of the Company, of 100% equity interest in Great Dignity Development Limited, the legal and beneficial owner of the entire equity interests in Shenyang Parkson Shopping Plaza Co Ltd and Shantou Parkson Commercial Co Ltd;

(ii) In January 2010, the Group completed the contribution by Parkson Vietnam Co Ltd ("Parkson Vietnam"), a wholly-owned subsidiary of the Company, of an amount of US$1.008 million as charter capital for Parkson Hanoi Co Ltd ("Parkson Hanoi") which resulted in an increase in Parkson Vietnam's shareholding in Parkson Hanoi from 49% to 70%; and

(iii) In February 2010, the Company announced the proposed acquisition by Serbadagang Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, of an additional 43.31% interest in Qingdao No. 1 Parkson Co Ltd ("Qingdao Parkson") for a cash consideration of Rmb185 million (equivalent to approximately RM92.50 million) ("Qingdao Parkson Acquisition"). The Qingdao Parkson Acquisition was completed in May 2010 and consequent thereupon, Qingdao Parkson became a 95.91% owned subsidiary of the Company.

REVIEW OF OPERATIONS

The Group is principally engaged in the operations of the "Parkson" brand department stores. The businesses are located in the People's Republic of China ("China" or "PRC"), Malaysia and Vietnam and the number of owned and managed stores in each location is as follows:

(As at 30 June)	Number of Stores	
	2010	**2009**
Parkson China	**45**	42
Parkson Malaysia	**35**	33
Parkson Vietnam	**6**	5
	86	80

Malaysia

China


Vietnam

Higher net earnings of RM298 million, up by about 13%

Parkson China

Parkson China remains the main contributor to the Group's results, with 71% of the Group's revenue and 91% of the Group's operating profit (2009: 72% and 94%, respectively). The PRC economy continues to outperform the other major economies and is the only major economy that reported a full year Gross Domestic Product growth for the year 2009, fuelled by steady growth in its consumption market and sharp increase in infrastructure spending and fixed asset investments.

Parkson China continued to reinvent and remodel its flagship stores to further enhance the stores' image and to improve productivity with more efficient use of the available floor space. Stores were refurbished with premium, niche and latest cosmetics, accessories and fashion brands introduced to the market. The maturing store profile further enables Parkson China to increase the sale of fashion and fashion related merchandise through the concessionaire model which generates higher margins.

Parkson China continued to identify and source for good locations to further consolidate its leadership position in the PRC retail market. During the year under review, Parkson China added four (4) new stores, one each in greenfield locations i.e. Changshu, Lanzhou, Shijiazhuang and Shaoxing. In executing our expansion plans, while we continue to place priorities in the major cities in the PRC where the Parkson brand is already strong, extensive efforts will also be deployed in developing high potential markets in the 2nd and 3rd tier cities in the PRC.

The completion of our self-owned shopping mall located in Chaoyang District, Beijing ("Beijing Sun Palace Parkson") subsequent to the financial year end will enable the Group to further capitalise on the growth of the retail industry in Beijing city. With the opening of the Beijing Sun Palace Parkson and Wuxi New District Parkson in September 2010, Parkson China now operates and manages 47 stores across 30 cities in the PRC.

Parkson Malaysia

Parkson Malaysia was able to double up its growth momentum during the year under review, demonstrating its underlying strength and resilience in the face of challenging economic conditions. This Division continued to employ successful and sustainable strategies to attract and increase shoppers traffic to its stores. This is through on-going refurbishment and upgrading of its existing stores to enhance the brand image. During the year under review, store expansion has been in good progress and three (3) new stores, one each in Kota Bahru (Kelantan), Kota Kinabalu (Sabah) and Kluang (Johor) got off to a steady start and contributed positively to the Division.

Plans are in the pipeline to further fuel the growth with choice locations identified for new stores opening. Our first local self-owned new retail mall located in Setapak, Kuala Lumpur will be operational by the beginning of 2011 and is expected to provide the Group with a new income stream derived from the rental income and benefit from any capital appreciation of the mall.

Parkson Vietnam

Despite contributing only 4% to the Group's overall revenue at the moment, Parkson Vietnam is expected to expand at a rapid pace given its robust SSS growth and conducive operating environment.

During the financial year, Parkson Vietnam opened its sixth (6th) outlet, namely Parkson Flemington in Ho Chi Minh City. Todate, it has a network of 6 stores located across the top three major cities namely Ho Chi Minh City, Hanoi and Hai Phong. Growth has been driven by a strong underlying consumer demand in an under-served market previously dominated by independent grocery stores and street vendors.

As disclosed in the previous year's report, the acquisition of a retail property in Hai Phong, currently occupied by one of our Parkson stores, underscores the Group's long term strategy of ownership of key operating outlets. This has enabled Parkson Vietnam to minimise its exposure to rental fluctuations and enjoy maximum renovation flexibility to accommodate changes in consumer preference and at the same time, capitalise on the shortage of commercial properties in Vietnam to generate a steady income stream for the Division.

DIVIDENDS

The Board of Directors is pleased to recommend a first and final cash dividend of 6 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 2010, for the approval of the shareholders at the forthcoming Annual General Meeting. Net Cash Dividend payable will amount to approximately RM65 million.

	First and Final	
(Financial year ended 30 June)	**2010**	**2009**
	(Proposed)	(Actual)
Cash Dividend (Tax exempt)	**6 sen**	5 sen
Share Dividend	**1 for 100**	1 for 100

The dividends are proposed after taking into account a reasonable balance between rewarding shareholders and funds set aside for future investments 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 improving 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 various needs such as education, charity and scientific research; and every year, awards scholarships and education loans to undergraduates in the local universities. It also participates in the yearly Educare programme with Parkson stores nationwide providing collection bins for the public to donate essential school items such as uniforms, shoes and stationery, which are distributed to needy school children throughout the country. The Lion Group Medical Assistance Fund provides financial assistance to the less fortunate who require medical treatment including surgery, purchase of medical equipment and medication. The Fund also sponsors community health programmes such as medical camps, and the purchase of dialysis machines for Dialysis Centres providing subsidised treatment to those suffering from renal failure.

The Group also supports the community by participating in charity programmes and fund raising drives to assist those in need.

Environment

Under its *Parkson Cares My Park* programme, the Group has an on-going 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. The Parkson stores are also participating in the 'No Plastic Bag Day' on certain days in line with the environmental initiative by a few states to reduce the use of plastic bags.

PROSPECTS

Recent economic and financial market indicators appear to support the general view that the worst of the economic crisis is over and the global economy is on the road to recovery. However, most economists are divided as to the pace and scale of recovery going forward with the majority agreeing that the economic recovery is still in the early stages and relatively fragile. On the back of the increased growth momentum, the Group will focus on expanding its market share and improving merchandise gross margins through better merchandise offerings and more innovative sales and promotional campaigns. Cost rationalisation will be enhanced to further improve operating efficiency as the Group strives to deliver positive operating margins going forward.

The Group will continue to add on an average of 15% new operating areas to its portfolio annually through opening new stores and merger and acquisition activities. The Group will focus on cities or existing markets in which it has established a presence with strong brand equity but nonetheless, attention will also be given to relatively affluent cities or new markets in

order to further expand its network and brand image. The acquisition of the minority interests of existing subsidiaries and controlling interests of managed stores as well as opportunities for third party acquisitions that meet the Group's strategic initiatives and return on capital requirements will continue to be pursued to enhance shareholders' returns. This would include the acquisition of competitor stores and the properties currently occupied by the Group's flagship stores or properties which have the potential to be developed into a flagship store.

The Group will leverage on its huge customer base from the existing Parkson Loyalty Card program for further development of customer loyalty and further enhancement of the Parkson brand equity. The Group will continue to improve its proven business model, reinvent and upgrade the stores and make necessary changes to the merchandise mix and brand mix in line with the development in each individual market where the Group operates.

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

Hasil jualan kasar

yang lebih tinggi sebanyak

RM8.62 bilion,

peningkatan kira-kira 10%

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Parkson Holdings Berhad diaudit bagi tahun kewangan berakhir pada 30 Jun 2010.

PRESTASI KEWANGAN

Salah satu krisis kewangan terburuk dalam beberapa dekat yang bermula pada separuh kedua tahun 2008, telah merencatkan kegiatan perniagaan dan menyebabkan berlakunya penguncupan ekonomi di kebanyakan negara-negara utama dunia. Keadaan ini telah menggerakkan kerajaan dari negara-negara ekonomi utama dunia untuk melakukan usaha bersama memperkenalkan dasar kewangan yang agresif dan pakej-pakej rangsangan fiskal untuk menstabilkan pasaran kewangan serta mengelakkan krisis daripada menjadi lebih parah. Usaha tersebut ternyata berhasil kerana pada separuh kedua tahun 2009, kebanyakan petunjuk-petunjuk ekonomi menyarankan bahawa keadaan di kebanyakan ekonomi-ekonomi utama pulih semula dengan beberapa ekonomi kembali mencatatkan pertumbuhan. Di dalam negara, perlaksanaan pantas langkah-langkah rangsangan fiskal secara besar-besaran serta dasar kewangan yang bersesuaian oleh Kerajaan telah membantu menstabilkan pasaran dan seterusnya mengelakkan kemerosotan ekonomi dari berpanjangan.

Dengan persekitaran operasi serta sentimen pengguna yang bertambah baik, saya dengan sukacitanya ingin melaporkan bahawa kedudukan kewangan Kumpulan secara keseluruhan kekal kukuh pada sepanjang tahun dan Kumpulan berupaya mencatatkan satu lagi keputusan yang baik bagi tahun kewangan berakhir pada 30 Jun 2010 seperti berikut:

- Hasil jualan kasar yang lebih tinggi sebanyak RM8.62 bilion, peningkatan kira-kira 10% berbanding RM7.84 bilion pada tahun sebelumnya;
- Keuntungan operasi yang lebih tinggi (tidak termasuk perbelanjaan saham opsyen) sebanyak RM783 juta, peningkatan kira-kira 9% berbanding RM721 juta pada tahun sebelumnya; dan
- Pendapatan bersih yang lebih tinggi (tidak termasuk keuntungan luar biasa serta perbelanjaan saham opsyen) sebanyak RM298 juta, peningkatan kira-kira 13% berbanding RM264 juta pada tahun sebelumnya.

Prestasi yang membanggakan ini adalah hasil daripada pertumbuhan jualan gedung sama ("SSS") yang kukuh, pengembangan rangkaian gedung, penambahbaikan dalam keberkesanan operasi, jenis-jenis barangan serta pilihan jenama yang lebih baik serta kawalan kos yang ketat yang telah dilaksanakan oleh Kumpulan. Penambahbaikan ini pada dasarnya melambangkan pengurusan kewangan Kumpulan yang kukuh dan berhemat serta komitmennya terhadap pentadbiran korporat yang baik dalam meningkatkan lagi nilai jangka panjang bagi para pemegang saham. Kedudukan yang kukuh ini juga membolehkan Kumpulan mendapat pulangan yang maksima dari perniagaan-perniagaan yang sedia ada serta meneroka peluang-peluang penggabungan dan pemilikan dalam masa yang terdekat.

Keuntungan operasi yang lebih tinggi sebanyak RM783 juta, peningkatan kira-kira 9%

PERKEMBANGAN KORPORAT

Sepanjang tahun kewangan, Kumpulan telah melaksanakan cadangan-cadangan korporat yang penting seperti berikut:

(i) Pada November 2009, Syarikat telah mengumumkan pemilikan 100% ekuiti kepentingan dalam Great Dignity Development Limited, iaitu pemilik sah keseluruhan kepentingan ekuiti di dalam Shenyang Parkson Shopping Plaza Co Ltd serta Shantou Parkson Commercial Co Ltd, oleh anak syarikat milik penuh Choice Link Limited;

(ii) Pada Januari 2010, Kumpulan telah menyempurnakan sumbangan yang dibuat oleh Parkson Vietnam Co Ltd ("Parkson Vietnam"), sebuah anak syarikat milik penuhnya, berjumlah AS$1.008 juta sebagai modal bagi Parkson Hanoi Co Ltd ("Parkson Hanoi") yang membawa kepada peningkatan pegangan saham Parkson Vietnam dalam Parkson Hanoi dari 49% menjadi 70%; dan

(iii) Pada Februari 2010, Syarikat mengumumkan cadangan pemilikan kepentingan tambahan sebanyak 43.31% oleh anak syarikat milik penuhnya, Serbadagang Holdings Sdn Bhd, dalam Qingdao No.1 Parkson Co Ltd ("Qingdao Parkson") bagi pertimbangan bayaran tunai sebanyak Rmb185 juta (dianggarkan bersamaan RM92.50 juta) ("Pemilikan Qingdao Parkson"). Pemilikan Qingdao Parkson berjaya diselesaikan pada Mei 2010 dan berikutan itu, Qingdao Parkson menjadi anak syarikat milik 95.91%.

TINJAUAN OPERASI

Kumpulan ini, secara prinsipnya melibatkan diri dalam pengurusan operasi gedung beli-belah menggunakan jenama "Parkson". Perniagaan yang dijalankannya terletak di Republik Rakyat China ("China" atau "PRC"), Malaysia dan Vietnam yang mana bilangan gedung beli-belah milik sendiri dan yang diuruskan di setiap lokasi adalah seperti berikut:

	Bilangan Gedung Beli-Belah	
(Pada 30 Jun)	**2010**	**2009**
Parkson China	**45**	42
Parkson Malaysia	**35**	33
Parkson Vietnam	**6**	5
	86	80

Parkson China

Parkson China kekal menjadi penyumbang utama kepada hasil kewangan Kumpulan, dengan sumbangan 71% daripada jumlah perolehan Kumpulan serta 91% daripada keuntungan operasi Kumpulan (2009: masing-masing sebanyak 72% dan 94%). Prestasi ekonomi China terus mengungguli lain-lain ekonomi utama dan

Pendapatan bersih yang lebih tinggi sebanyak
RM298 juta,
peningkatan kira-kira 13%

merupakan satu-satunya ekonomi utama yang mencatat pertumbuhan Keluaran Dalam Negara Kasar bagi tempoh setahun penuh 2009, digalakkan oleh pertumbuhan stabil penggunaan pasaran serta kenaikan mendadak perbelanjaan infrastruktur dan pelaburan aset tetap.

Parkson China meneruskan usaha mereka dan mengolah semula gedung-gedung utamanya untuk menaikkan imej gedung serta menambah baik produktiviti melalui penggunaan ruang lantai sedia ada secara lebih cekap. Gedung-gedungnya dilengkapkan semula dengan jenama-jenama kosmetik, aksesori serta fesyen yang premium, lebih khusus serta terkini untuk diperkenalkan kepada pasaran. Profil gedung yang semakin matang membolehkan Parkson China meningkatkan penjualan fesyen serta barangan berkaitan fesyen menerusi model konsesi yang menjana margin lebih tinggi.

Parkson China terus mengenal pasti dan mencari lokasi-lokasi baik untuk terus mengukuhkan lagi kedudukannya sebagai peneraju dalam pasaran runcit PRC. Dalam tahun kajian, Parkson China telah menambah empat (4) gedung baru, masing-masing ditempatkan di lokasi baru iaitu Changshu, Lanzhou, Shijiazhuang dan Shaoxing. Dalam melaksanakan rancangan perluasan kami, sambil terus memberikan keutamaan kepada bandar-bandar penting di PRC yang mana jenama Parkson telah bertapak kukuh, usaha yang lebih menyeluruh akan dikerah bagi membangunkan pasaran berpotensi besar di bandar-bandar tahap kedua dan ketiga di PRC.

Siapnya kompleks membeli-belah milik sendiri yang terletak di Daerah Chaoyang, Beijing ("Beijing Sun Palace Parkson") selepas tahun kewangan ini akan membolehkan Kumpulan mengambil peluang daripada pertumbuhan industri runcit di Bandaraya Beijing. Dengan pembukaan Beijing Sun Palace Parkson serta Daerah Baru Wuxi Parkson pada September 2010, Parkson China kini mengendalikan dan menguruskan operasi 47 buah gedung beli-belah di 30 buah bandar di PRC.

Parkson Malaysia

Parkson Malaysia telah berjaya menggandakan momentum pertumbuhannya dalam tahun kewangan, memperlihatkan kekuatan yang dimilikinya dan ketahanannya menghadapi keadaan ekonomi yang mencabar. Bahagian ini terus mengguna pakai strategi-strategi yang berjaya dan mampan bagi menarik serta meningkatkan aliran pembeli ke gedung-gedungnya. Ini adalah hasil daripada pengubahsuaian dan penaikan taraf berterusan ke atas gedung-gedung sedia ada bagi meningkatkan imej jenama. Dalam tahun kajian, proses pengembangan gedung berjalan lancar dan tiga (3) gedung baru, setiap satu di Kota Bahru (Kelantan), Kota Kinabalu (Sabah) dan Kluang (Johor) telah bermula dengan baik dan menyumbang secara positif kepada Bahagian.

Perancangan yang tersedia untuk terus menjana pertumbuhan dengan lokasi pilihan telah dikenal pasti bagi pembukaan gedung-gedung yang baru. Kompleks membeli-belah baru milik kami sendiri yang pertama di Malaysia terletak di Setapak, Kuala Lumpur akan beroperasi pada awal 2011 dan dijangka memberikan aliran pendapatan baru kepada Kumpulan dari hasil kutipan sewa serta faedah daripada mana-mana peningkatan modal di kompleks tersebut.

Parkson Vietnam

Meskipun hanya menyumbangkan 4% kepada keseluruhan perolehan Kumpulan pada ketika ini, Parkson Vietnam dijangka mengembang dengan kadar yang pantas dengan pertumbuhan pesat SSS serta persekitaran operasi yang menggalakkan.

Pada tahun kewangan, Parkson Vietnam telah membuka kedainya yang keenam, iaitu Parkson Flemington di Bandar Raya Ho Chi Minh. Setakat hari ini, ia mempunyai serangkaian 6 gedung yang terletak di tiga bandar raya utama iaitu Ho Chi Minh, Hanoi dan Hai Phong. Pertumbuhan telah dipacu oleh asas permintaan konsumer yang kukuh dalam pasaran yang kurang diterokai yang sebelum ini didominasi oleh gedung-gedung runcit persendirian serta para penjual jalanan.

Seperti mana yang dinyatakan pada laporan tahun sebelum ini, pemilikan harta runcit di Hai Phong yang kini menempatkan salah sebuah gedung Parkson kami, menggariskan strategi jangka panjang Kumpulan terhadap pemilikan kedai-kedai operasi utama. Ini membolehkan Parkson Vietnam mengurangkan pendedahan terhadap kadar sewaan yang tidak menentu serta menikmati fleksibiliti maksimum dalam pengubahsuaian untuk memenuhi keinginan konsumer dan pada masa yang sama mengambil peluang daripada kekurangan harta-harta komersial di Vietnam bagi menjana aliran pendapatan Bahagian yang stabil.

DIVIDEN

Lembaga Pengarah dengan sukacitanya mencadangkan dividen tunai yang pertama dan terakhir sebanyak 6 sen sesaham, dikecualikan cukai ("Dividen Tunai"), dan pengagihan dividen saham adalah berasaskan 1 saham perbendaharaan bagi setiap 100 saham biasa bernilai RM1.00 sesaham yang dipegang dalam Syarikat ("Dividen Saham"), di mana pecahan bagi saham perbendaharaan tidak diambil kira, bagi tahun kewangan berakhir pada 30 Jun 2010. Ia akan dicadangkan untuk kelulusan para pemegang saham pada Mesyuarat Agung Tahunan yang akan datang. Dividen Tunai Bersih yang perlu dibayar dianggarkan berjumlah RM65 juta.

(Tahun kewangan berakhir pada 30 Jun)	**Pertama dan Terakhir**	
	2010	**2009**
	(Cadangan)	(Nilai sebenar)
Dividen Tunai (Pengecualian cukai)	**6 sen**	5 sen
Dividen Saham	**1 untuk 100**	1 untuk 100

Dividen-dividen tersebut dicadangkan selepas mengambil kira keseimbangan munasabah antara ganjaran kepada para pemegang saham serta tabungan yang diketepikan bagi pelaburan di masa hadapan dan pertumbuhan perniagaan.

TANGGUNGJAWAB SOSIAL KORPORAT

Kami memperakui pentingnya Tanggungjawab Sosial Korporat ("CSR") sebagai sebahagian daripada perniagaan dan telah menerapkan rangka kerja CSR dalam rancangan perniagaan untuk meningkatkan keyakinan pemegang kepentingan, kebertanggungjawaban dan ketelusan. CSR kini menjadi komponen yang semakin penting dalam amalan perniagaan yang baik disasarkan ke arah menambah baik masyarakat dan alam sekitar.

Masyarakat

Dalam menjalankan aktiviti perniagaan, Kumpulan sentiasa peka kepada tanggungjawabnya sebagai warga korporat dalam memberi sumbangan kepada masyarakat disamping meningkatkan keuntungan dan nilai pemegang saham. Kumpulan menumpukan kepada membantu masyarakat di dalam bidang pendidikan dan penjagaan kesihatan melalui dua buah Yayasan yang ditubuhkan oleh syarikat-syarikat Kumpulan Lion yang mana Kumpulan merupakan salah satu daripada ahlinya.

Yayasan Lion-Parkson mengagihkan dana-dana bagi tujuan yang pelbagai termasuk pendidikan, kebajikan dan penyelidikan saintifik; dan pada setiap tahun menawarkan biasiswa dan pinjaman pendidikan kepada bakal graduan universiti tempatan. Yayasan juga terlibat dalam program tahunan Educare bersama gedung beli-belah Parkson dengan menyediakan pusat mengumpul keperluan persekolahan seperti pakaian, kasut dan peralatan yang disumbangkan oleh orang ramai, yang mana akan disalurkan kepada pelajar yang memerlukan di seluruh negara. Tabung Bantuan Perubatan Kumpulan Lion menyediakan bantuan kewangan kepada mereka yang kurang bernasib baik untuk mendapatkan rawatan perubatan termasuk pembedahan, pembelian peralatan dan ubat-ubatan. Tabung itu juga menaja program kesihatan kemasyarakatan seperti kem-kem kesihatan dan pembelian mesin-mesin dialisis bagi keperluan Pusat Dialisis yang menawarkan perkhidmatan secara bersubsidi kepada mereka mengidap penyakit buah pinggang.

Kumpulan juga menyumbang kepada masyarakat melalui penyertaannya dalam program kebajikan dan kempen pungutan derma bertujuan membantu mereka yang memerlukan.

Alam Sekitar

Di bawah program *Parkson Cares My Park*, Kumpulan telah mengadakan kempen secara berterusan untuk memelihara taman-taman di kawasan-kawasan yang mempunyai lokasi operasi cawangan Parkson di negara ini. Program ini melibatkan kerja-kerja pemuliharaan, peningkatan dan menaikkan taraf kemudahan untuk menambah baik keadaan taman dan kemudahan rekreasi ke arah menggalakkan alam sekitar hijau dan gaya hidup yang sihat. Setakat hari ini, 8 buah taman telah dijadikan anak angkat. Parkson juga menyertai kempen 'Hari Tanpa Beg Plastik' pada hari tertentu selari dengan inisiatif alam sekitar yang dimulakan oleh beberapa buah negeri untuk mengurangkan penggunaan beg plastik.

PROSPEK

Petunjuk-petunjuk ekonomi serta pasaran kewangan sejak akhir-akhir ini dilihat sebagai menyokong pandangan ramai bahawa krisis ekonomi telah melalui tempoh terburuknya dan kini sedang mengalami pemulihan. Bagaimana pun, kebanyakan pakar-pakar ekonomi tidak sependapat tentang kadar dan skala pemulihan yang akan berlaku tetapi kebanyakannya bersetuju bahawa pemulihan ekonomi masih lagi di peringkat awal dan masih rapuh. Di sebalik meningkatnya momentum pertumbuhan, Kumpulan akan menumpukan kepada usaha mengembangkan penguasaan pasarannya serta menambah baik margin kasar barangannya melalui tawaran-tawaran barangan yang lebih baik serta kempen-kempen penjualan dan promosi yang lebih inovatif. Rasionalisasi kos akan dipertingkatkan untuk menambah baik keberkesanan operasi apabila Kumpulan berusaha untuk memberikan margin operasi yang positif ketika bergerak ke hadapan.


Kumpulan akan menambah secara purata 15% kawasan operasi baru dalam portfolionya pada setiap tahun melalui pembukaan gedung-gedung baru serta kegiatan penggabungan dan pengambilalihan. Kumpulan akan menumpukan kepada bandar-bandar dan pasaran sedia ada yang menyaksikan kewujudan ekuiti jenamanya yang kukuh tetapi perhatian juga akan diberikan kepada bandar-bandar besar atau pasaran baru dalam usaha mengembangkan rangkaian dan imej jenama. Pengambilalihan kepentingan minoriti dalam anak-anak syarikat sedia ada dan kepentingan kawalan dalam gedung yang diuruskan serta peluang-peluang bagi pemilikan pihak ketiga yang menepati inisiatif strategik Kumpulan serta pulangan terhadap keperluan modal, akan terus dilaksanakan untuk meningkatkan pulangan para pemegang saham. Ini termasuk pemilikan gedung-gedung pesaing serta harta yang kini diduduki oleh kedai-kedai utama Kumpulan atau harta-harta yang berpotensi untuk dimajukan sebagai gedung utama.

Kumpulan akan menggunakan kelebihan daripada asas pelanggannya yang besar di bawah program Kad Kesetiaan Parkson sedia ada untuk terus membangunkan kesetiaan pelanggan dan juga mempertingkatkan lagi ekuiti jenama Parkson. Kumpulan akan terus menambah baik model perniagaannya yang terbukti berjaya, mereka semula dan menaik taraf gedung-gedung serta melakukan perubahan yang perlu kepada campuran barangan dan jenama yang ditawarkan supaya sejajar dengan perkembangan dalam setiap pasaran individu di mana Kumpulan beroperasi.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin menyampaikan ucapan terima kasih kepada semua pelanggan yang dihargai, para pembiaya, rakan-rakan perniagaan, pihak berkuasa Kerajaan dan para pemegang saham atas sokongan berterusan, kerjasama dan keyakinan mereka terhadap Kumpulan.

Saya juga ingin menyatakan penghargaan tulus ikhlas dan rasa terhutang budi kepada rakan-rakan lembaga pengarah di atas panduan dan sumbangan yang tidak ternilai pada sepanjang tahun kewangan dan juga merakamkan penghargaan saya kepada para pekerja kami di semua peringkat atas dedikasi, komitmen dan sumbangan mereka terhadap Kumpulan.

TAN SRI WILLIAM H.J. CHENG
Pengerusi

主席报告

较高的销售所得款项共
86亿2千万令吉，
增加约10%

我谨代表董事部，欣然提呈百盛控股有限公司截至2010年6月30日的年度报告和经审核财务报告。

财务表现

始于2008年下半年的金融風暴是近几十年最严重的经济危机之一，不但放缓了商业活动，还导致主要经济体的经济萎缩。因此，各主要经济体的政府推出扩张性货币政策及经济刺激措施以求稳定金融市场及阻止经济继续下滑。此行动显然取得了极大的成效，于2009年下半年，大部份的经济指数显示主要经济体已开始好转，一些主要经济体更已恢复增长趋势。在国内，我国政府迅速进行大规模经济刺激措施以及采取有利的货币政策，以协助稳定市场并避免长期的经济衰退。

随着营业环境以及消费者信心改善，我欣然报告，本集团在本会计年度的财务状况保持强劲，且截至2010年6月30日取得以下良好的业绩：

- 较高的销售所得款项共86亿2千万令吉，比去年的78亿4千万令吉增加约10%；
- 较高的经营利润（不包括股票期权开支）共7亿8千300万令吉，比去年的7亿2千100万令吉增加约9%；以及
- 较高的净盈利（不包括特殊利润和股票期权开支）共2亿9千800万令吉，比去年的2亿6千400万令吉增加约13%。

取得值得赞许的表现归功于强劲的同店销售成长、扩展百货公司网络、持续不断的改善经营效益、更佳的商品组合和品牌挑选，以及本集团实施严格的成本控制。这些进展基本上反映本集团健全和谨慎的财务管理，以及本集团的承诺以达致良好的企业管理，提高股东长期的益处。这强劲的实力将为本集团从现有的业务中取得极大的回酬，以及在紧接的将来探索合并与收购的机会。

企业发展

在本会计年度，本集团采取下述重大的企业措施：

(i) 在2009年11月，本公司宣布由其全资附属公司Choice Link Limited，收购Great Dignity Development Limited 100%的权益，是沈阳百盛购物广场有限公司和汕头市百盛商业有限公司全部股权的合法及受益拥有者；

(ii) 在2010年1月，本集团完成由其全资附属公司Parkson Vietnam Co Ltd（“Parkson Vietnam”），分配总额100万8千美元给Parkson Hanoi Co Ltd （“Parkson Hanoi”）作为Parkson Hanoi的法定资本，使Parkson Vietnam在Parkson Hanoi的股权从49%增加至70%；以及

较高的经营利润共 7亿8千300万令吉，增加约 9%

(iii) 在2010年2月，本公司宣布由其全资附属公司Serbadagang Holdings Sdn Bhd，建议收购青岛第一百盛有限公司（“青岛百盛”）额外43.31%的股权，收购价是人民币1亿8千500万元（相等于大约9千250万令吉）（“青岛百盛收购”）。青岛百盛收购在2010年5月完成，随之青岛百盛成为本公司持有95.91%股权的附属公司。

业务检讨

本集团主要经营“百盛”品牌的百货公司业务。这些业务分布在中国、马来西亚和越南，个别拥有和管理的百货公司数目如下：

	百货公司数量	
（在6月30日）	**2010**	**2009**
中国百盛	**45**	42
马来西亚百盛	**35**	33
越南百盛	**6**	5
	86	80

中国百盛

中国百盛仍然是本集团业绩的主要贡献者，占本集团营业额的71%和营业利润的91%（2009：分别是72%和94%）。在消费市场稳定增长及基础建设支出与固定资产投资剧增的推动下，中国经济表现继续优于其他主要经济体，並且是2009年唯一实现全国生产总值增长的主要经济体。

中国百盛继续改造及重塑其旗舰百货公司以进一步提升其形象及更有效地提高现有楼面的盈利能力。百货公司加以翻新，向市场推广优质、利基及最新的化妆品、配饰及时装品牌。进入成熟阶段的百货公司使中国百盛可通过特许专柜模式增加时装及时装相关商品的销售以取得较高的利润率。

中国百盛继续鉴定和寻找良好的地点以进一步巩固在中国零售市场的领先地位。在本会计年度，中国百盛增设4间百货公司，在以下新区即常熟、兰州、石家庄和绍兴各设一间百货公司。在执行我们的扩展计划时，尽管我们仍将经营重点放置于百盛品牌地位稳固的中国主要城市，惟亦将竭力开发中国二、三线城市的高潜力市场。

本集团所拥有的坐落在北京市朝阳区的购物广场（“北京太阳宫百盛”），在本会计年度之后完成，将使本集团能够从北京市的零售业成长中进一步获利。随着北京太阳宫百盛和无锡新区百盛在2010年9月开幕，中国百盛目前共经营和管理47间百货公司，遍布在中国30个城市。

马来西亚百盛

马来西亚百盛在本会计年度能够取得双倍成长动力，显示其固有的实力以及在面对挑战性的经济状况下仍具反弹力。本组继续采用成功和可持续的策略以吸引和增加购物者光顾流量。这是通过不断翻新及提升现有的百货公司以提高品牌形象。在本会计年度，百货公司扩张计划进展良好， 新设的3间百货公司，分别

较高的净盈利共 2亿9千800万令吉 增加约 13%

在哥打峇鲁（吉兰丹州）、哥打京那峇鲁（沙巴州）和居銮（柔佛州），踏出稳定的一步并为本组带来积极的贡献。

本集团目前正在实施计划，鉴定上选地点开设新百货公司以进一步促进成长。我们拥有的第一个本地新的零售购物广场坐落在吉隆坡的文良港，将在2011年初开始营业，预料将为本集团带来租金收入从而取得新的收入来源，也可从广场增值中受惠。

越南百盛

尽管越南百盛目前只为本集团带来4%的营业额，鉴于强劲的同店销售成长和有利的营业环境，预料将以迅速的步伐扩展。

在本会计年度，越南百盛开设了第6间分店，即是胡志明市的Parkson Flemington。迄今为止，越南百盛拥有6间分店网络，分布在越南3个主要城市，即胡志明市、河内及海防。成长的推动力是来自于供应不足的市场无法应付强劲固有的顾客需求。以往市场是受到自立的杂货店和街头小贩支配。

正如上一年度的报告所披露，收购在海防的零售产业（目前为我们其中一间百盛百货公司所占用），突显了本集团拥有关键营业商店拥有权的长期策略。这可减低越南百盛的租金波动、根据消费者的偏好享有最大的装修灵活性，与此同时从越南商用产业短缺的情况中获利，为本组带来稳定的收入。

股息

董事部欣然建议在截至2010年6月30日的会计年度，派发一次性每股6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6千500万令吉。

（截止6月30日的会计年度）	**一次性股息**	
	2010	**2009**
	（建议）	（实际）
现金股息（免税）	**6 仙**	5 仙
股票股息	**每100股派发1股**	每100股派发1股

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、责任感和透明度。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许多用途诸如教育、慈善和科学研究；每年都提供奖学金和教育贷款给在本地大学深造的在籍大学本科生。它也联合全国百盛店参与年度教育计划，提供回收箱给大众，以便捐献学校必需品如校服、鞋子和文具，然后分发给全国各地有需要的学童。金狮集团医药援助基金则为迫切需要医疗的不幸社群提供财务援助，包括手术、购置医疗器仪和药物。这项基金也赞助社区保健计划如医疗营，并且添购洗肾机器给那些提供津贴治疗服务给肾病患者的洗肾中心。

本集团也通过参与慈善及捐款活动为社会做出贡献以帮助有需要的人。

环境

在“百盛关怀我的公园”计划下，本集团继续推行其活动，在百盛百货公司所在的全国各个社区接纳公园。这项计划涉及修复、加强与提升公园环境与休闲设施，以提昌绿色环境与更健康的生活方式。至今，本集团共接纳了8个公园。此外，百盛百货公司也在一些特定日子参与‘无塑胶袋日’，响应一些州属减少使用塑胶袋子的环保计划。

展望

近期的经济和金融市场数据对普遍认为的金融危机最严峻的时刻已经结束且全球经济开始复苏的观点作出支持。虽然经济学家对于经济复苏的步伐与程度仍存在分歧，多数认为经济的复苏仍然处于早期及相对脆弱的阶段。在成长的冲力增加的背景之下，本集团将注重提供更好的商品以及采取更多创新的销售和促销活动以扩大市场占有率和改善商品毛利率。另外，本集团将积极控制成本，致力于取得经营毛利的增长，以进一步提高经营效益。

本集团将通过开设新店及并购方式在现有的零售面积基础上每年平均新增15%的零售面积。本集团将继续在已经进驻並建立強大品牌声誉的市场或现有市场开设新店，同时也将在比较富裕的城市或新市场开设新店以进一步扩展业务网络及提高其品牌形象。为实现本集团的策略计划及资本回报要求，本集团将继续执行收购现有附属公司的少数股东权益和管理店的控制权益及继续寻求第三方收购的机会，以继续提高股东回报。这包括收购竞争对手的百货店及本集团旗舰店现时佔用的物业或有潜力成为旗舰店的物业。

本集团将继续利用现有百盛会员卡的庞大客户群，进一步发展客户忠诚度及提升百盛品牌形象。本集团将持续执行改善业务模式、为其百货店实施改造及升级、对商品组合及品牌组合进行必要改进，使本集团经营与单估市场的发展保持一致步伐。

鸣谢

我谨代表董事部，衷心感谢我们所有尊贵的客户、银行家、商业伙伴、政府机构和股东，对本集团的持续支持、合作和信心。

我也真诚感谢董事们这一年来所给予的宝贵指导与贡献，以及感谢各级雇员的献身精神与对本集团的贡献。

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 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 14 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	533,598	86,280
Attributable to:		
Equity holders of the Company	285,128	86,280
Minority interests	248,470	–
	533,598	86,280

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.

DIVIDENDS

The dividends paid by the Company since 30 June 2009, in respect of the financial year ended 30 June 2009, as reported in the Directors' Report of that year comprised a first and final cash dividend of 5% (5 sen per share), tax exempt amounting to RM50,727,000 paid on 15 December 2009 and a total of 10,144,514 treasury shares distributed as share dividend on 15 December 2009 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 being disregarded.

DIVIDENDS (continued)

At the forthcoming Annual General Meeting, the following first and final dividend in respect of the financial year ended 30 June 2010 will be proposed for shareholders' approval:

(a) cash dividend of 6% (6 sen per share), tax exempt amounting to a dividend payable of approximately RM64,803,000; 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 2011.

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 Dolmoin
Yeow Teck Chai
Folk Jee Yoong
Cheng Sin Yeng

In accordance with Article 98 of the Company's Articles of Association, Y. Bhg. Tan Sri William H.J. Cheng, Mr Folk Jee Yoong and Mr Cheng Sin Yeng retire at the forthcoming Annual General Meeting and, being eligible, offer themselves 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 35 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			
	1.7.2009	**Acquired**	**Disposed**	**30.6.2010**
Tan Sri William H.J. Cheng				
Direct interest	222,563,589	23,825,635	–	246,389,224
Indirect interest	350,750,910	2,950,541	(103,496,300)	250,205,151

DIRECTORS' INTERESTS (continued)

In addition, Tan Sri William H.J. Cheng was 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 each in the Company as follows:

	Number of RM1.00 nominal value of RCSLS			
	1.7.2009	**Acquired**	**Converted**	**30.6.2010**
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 the related corporations during and at the end of the financial year were as follows:

Indirect Interest
Tan Sri William H.J. Cheng

	Nominal value per ordinary share	**1.7.2009**	**Number of shares Acquired**	**Disposed**	**30.6.2010**
Parkson Retail Group Limited ("Parkson Retail")	HK$0.02	1,446,770,000	–	–	1,446,770,000
Kiara Innovasi Sdn Bhd	RM1.00	2	1,199,998	–	1,200,000
	Currency	**1.7.2009**	**Acquired**	**Disposed**	**30.6.2010**
Investments in the People's Republic of China					
Chongqing Wanyou Parkson Plaza Co Ltd	Rmb	21,000,000	–	–	21,000,000
Dalian Tianhe Parkson Shopping Centre Co Ltd	Rmb	60,000,000	–	–	60,000,000
Guizhou Shenqi Parkson Retail Development Co Ltd	Rmb	10,200,000	–	–	10,200,000
Qingdao No. 1 Parkson Co Ltd	Rmb	124,501,580	102,488,617	–	226,990,197
Wuxi Sanyang Parkson Plaza Co Ltd	Rmb	48,000,000	–	–	48,000,000
Xinjiang Youhao Parkson Development Co Ltd	Rmb	10,200,000	–	–	10,200,000
Yangzhou Parkson Plaza Co Ltd	Rmb	35,553,700	–	–	35,553,700
Investments in Vietnam					
Parkson Hanoi Co Ltd	US$	2,352,000	1,008,000	–	3,360,000

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 2,162,800 ordinary shares of its issued ordinary shares from the open market at an average price of RM5.29 per share. The total consideration paid for the repurchase including transaction costs was RM11.44 million. The repurchase transactions were financed by internally generated funds.

A total of 10,144,514 treasury shares were distributed as share dividend on 15 December 2009 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 being disregarded.

As at 30 June 2010, the Company held 13,552,486 treasury shares and such treasury shares are held at a carrying amount of RM60.93 million and further relevant details are disclosed in Note 24 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 26 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.

During the financial year, the Company granted 5,373,500 options to eligible executive employees of the Group at a subscription price of RM5.31 per share. The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of eligible employees who have been granted less than 85,000 options. The eligible employees who were granted 85,000 options or more during the financial year are as follows:

Name of employees	Number of options granted at the subscription price of RM5.31 per share on 7 April 2010
1. Toh Peng Koon	105,000
2. Tham Tuck Choy	105,000
3. Raymond Teo Kheng San	87,500

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

Grant date	Subscription price per share	Number of options 1.7.2009	Granted	Exercised	Lapsed	30.6.2010
12 May 2008	RM6.35	4,190,800	–	–	(248,700)	3,942,100
7 April 2010	RM5.31	–	5,373,500	–	(300,100)	5,073,400
		4,190,800	5,373,500	–	(548,800)	9,015,500

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

OTHER STATUTORY INFORMATION

(a) Before the income statements and the 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.

OTHER STATUTORY INFORMATION (continued)

(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.

(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 37 to the financial statements.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Events subsequent to the balance sheet date 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 2010.

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 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 2010 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 2010.

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**, 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 2010.

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 2010 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 applicable 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 2010 and of their financial performance and cash flows 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 14 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 and 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. 2518/12/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
28 September 2010

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Revenue	3	**2,722,256**	2,583,705	**100,000**	400,000
Other income	4	**278,334**	261,521	**10**	86
Purchase of goods and changes in inventories		**(907,391)**	(918,659)	**–**	–
Employee benefits expense	5	**(268,562)**	(220,284)	**(504)**	(173)
Depreciation and amortisation		**(132,677)**	(125,178)	**–**	–
Promotional and advertising expenses		**(72,915)**	(60,481)	**–**	–
Rental expenses		**(453,604)**	(410,542)	**–**	–
Other expenses		**(411,922)**	(389,552)	**(2,040)**	(1,801)
Operating profit		**753,519**	720,530	**97,466**	398,112
Finance income	6	**114,504**	122,600	**1,597**	3,190
Finance costs	6	**(171,195)**	(184,313)	**(14,367)**	(14,038)
Gain on disposal/dilution of interest in subsidiaries	14(b)	**7,192**	279,515	**–**	–
Share of results of an associate		**153**	701	**–**	–
Profit before tax	7	**704,173**	939,033	**84,696**	387,264
Taxation	8	**(170,575)**	(163,600)	**1,584**	2,324
Profit for the year		**533,598**	775,433	**86,280**	389,588
Attributable to:					
Equity holders of the Company		**285,128**	542,687	**86,280**	389,588
Minority interests		**248,470**	232,746	**–**	–
		533,598	775,433	**86,280**	389,588
Earnings per share (sen)					
Basic	10(a)	**27.96**	53.26		
Diluted	10(b)	**27.47**	51.41		

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

BALANCE SHEETS

AS AT 30 JUNE 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	**1,531,013**	993,675	**–**	–
Investment properties	12	**31,671**	56,189	**–**	–
Prepaid land lease payments	13	**360,655**	393,941	**–**	–
Investments in subsidiaries	14	**–**	–	**23,152**	13,793
Investment in an associate	15	**1,152**	1,089	**–**	–
Other investments	17	**651,121**	703,557	**28**	28
Other assets	18	**37,075**	407,810	**–**	–
Intangible assets	19	**1,244,461**	1,216,807	**–**	–
Amounts due from subsidiaries	20	**–**	–	**8,106,224**	8,058,011
Amount due from a related party	22	**–**	20,000	**–**	20,000
Deferred tax assets	32	**35,824**	33,687	**–**	–
		3,892,972	3,826,755	**8,129,404**	8,091,832
Current assets					
Inventories	21	**213,012**	214,265	**–**	–
Trade and other receivables	22	**356,444**	386,147	**24,130**	25,455
Tax recoverable		**2,270**	5,501	**–**	–
Deposits, cash and bank balances	23	**2,273,802**	2,093,511	**7,232**	5,084
		2,845,528	2,699,424	**31,362**	30,539
Total assets		**6,738,500**	6,526,179	**8,160,766**	8,122,371
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	24	**1,036,410**	1,036,410	**1,036,410**	1,036,410
Share premium	24	**3,593,554**	3,637,912	**3,593,554**	3,637,912
Treasury shares	24	**(60,929)**	(93,849)	**(60,929)**	(93,849)
Other reserves	25	**(2,923,812)**	(3,328,318)	**2,940,599**	2,931,737
Retained profits	34	**237,457**	497,426	**415,464**	379,324
		1,882,680	1,749,581	**7,925,098**	7,891,534
Minority interests		**990,957**	934,787	**–**	–
Total equity		**2,873,637**	2,684,368	**7,925,098**	7,891,534

BALANCE SHEETS

AS AT 30 JUNE 2010 (continued)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Non-current liabilities					
Borrowings	27	**623,953**	898,112	**–**	227,281
Senior guaranteed notes	30	**1,049,787**	1,129,560	**–**	–
Derivative financial instruments designated as hedging instruments	39(d)	**22,056**	79,138	**–**	–
Long term payables	31	**71,726**	72,403	**–**	–
Deferred tax liabilities	32	**123,716**	136,306	**353**	1,937
		1,891,238	2,315,519	**353**	229,218
Current liabilities					
Trade and other payables	33	**1,600,962**	1,491,355	**1,763**	1,606
Borrowings	27	**328,217**	317	**233,552**	–
Tax payable		**44,446**	34,620	**–**	13
		1,973,625	1,526,292	**235,315**	1,619
Total liabilities		**3,864,863**	3,841,811	**235,668**	230,837
Total equity and liabilities		**6,738,500**	6,526,179	**8,160,766**	8,122,371

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

		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 25)	Retained profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 July 2009		1,036,410	3,637,912	(93,849)	(3,328,318)	497,426	1,749,581	934,787	2,684,368
Translation differences		–	–	–	(109,224)	–	(109,224)	(68,274)	(177,498)
Appropriation of profit to capital reserves		–	–	–	11,305	(11,305)	–	–	–
Net gain on cash flow hedges		–	–	–	763	–	763	718	1,481
Dilution of interest in a subsidiary		–	–	–	(130)	–	(130)	7,635	7,505
Employee share options lapsed		–	–	–	(587)	587	–	–	–
Net income and expense recognised directly in equity		–	–	–	(97,873)	(10,718)	(108,591)	(59,921)	(168,512)
Profit for the year, representing total recognised income and expense for the year		–	–	–	–	285,128	285,128	248,470	533,598
Total recognised income and expense for the year		–	–	–	(97,873)	274,410	176,537	188,549	365,086
Purchase of treasury shares	24	–	–	(11,438)	–	–	(11,438)	–	(11,438)
Transfer to merger deficit		–	–	–	483,652	(483,652)	–	–	–
Equity-settled share option arrangements granted by:									
- The Company		–	–	–	9,449	–	9,449	–	9,449
- A subsidiary		–	–	–	10,208	–	10,208	9,604	19,812
Employee share options exercised		–	–	–	(930)	–	(930)	(875)	(1,805)
Acquisition of minority interests		–	–	–	–	–	–	(36,839)	(36,839)
Dividends to minority interests		–	–	–	–	–	–	(104,269)	(104,269)
Dividends paid for the financial year ended 30 June 2009:	9								
- Cash dividend		–	–	–	–	(50,727)	(50,727)	–	(50,727)
- Share dividend		–	(44,358)	44,358	–	–	–	–	–
At 30 June 2010		1,036,410	3,593,554	(60,929)	(2,923,812)	237,457	1,882,680	990,957	2,873,637

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010 (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 25)	Retained profits RM'000	Total RM'000	Minority interests 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	24	–	–	(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)
Dividend paid for the financial year ended 30 June 2008	9	–	–	–	–	(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

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Share capital RM'000	← Share premium RM'000	Non-distributable Treasury shares RM'000	→ Other reserves RM'000 (Note 25)	Retained profits RM'000	Total equity RM'000
At 1 July 2009		**1,036,410**	**3,637,912**	**(93,849)**	**2,931,737**	**379,324**	**7,891,534**
Purchase of treasury shares	24	**–**	**–**	**(11,438)**	**–**	**–**	**(11,438)**
Equity-settled share option arrangements granted		**–**	**–**	**–**	**9,449**	**–**	**9,449**
Employee share options lapsed		**–**	**–**	**–**	**(587)**	**587**	**–**
Profit for the year, representing total recognised income and expense for the year		**–**	**–**	**–**	**–**	**86,280**	**86,280**
Dividends paid for the financial year ended 30 June 2009:	9						
- Cash dividend		**–**	**–**	**–**	**–**	**(50,727)**	**(50,727)**
- Share dividend		**–**	**(44,358)**	**44,358**	**–**	**–**	**–**
At 30 June 2010		**1,036,410**	**3,593,554**	**(60,929)**	**2,940,599**	**415,464**	**7,925,098**
At 1 July 2008		1,036,410	3,637,912	(34,620)	2,932,434	39,146	7,611,282
Purchase of treasury shares	24	–	–	(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
Dividend paid for the financial year ended 30 June 2008	9	–	–	–	–	(50,886)	(50,886)
At 30 June 2009		1,036,410	3,637,912	(93,849)	2,931,737	379,324	7,891,534

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from operating activities				
Profit before tax	**704,173**	939,033	**84,696**	387,264
Adjustments for:				
Depreciation and amortisation	**132,677**	125,178	**–**	–
Property, plant and equipment written off	**927**	1,401	**–**	–
Provision for/(Reversal of) doubtful debts	**256**	(1,466)	**–**	–
Bad debts written off	**172**	18	**–**	18
Write down of inventories	**263**	82	**–**	–
Employee share-based payments	**29,261**	779	**90**	–
Unrealised exchange loss/(gain)	**2,605**	(530)	**–**	–
Share of results of an associate	**(153)**	(701)	**–**	–
Gain on disposal/dilution of interest in subsidiaries	**(7,192)**	(279,515)	**–**	–
Interest expenses	**171,195**	184,313	**14,367**	14,038
Interest income	**(114,504)**	(122,600)	**(1,597)**	(3,190)
Loss on disposal of property, plant and equipment	**323**	1,321	**–**	–
Dividend income (gross)	**–**	–	**(100,000)**	(400,000)
Operating profit/(loss) before working capital changes	**920,003**	847,313	**(2,444)**	(1,870)
Changes in working capital:				
Inventories	**(5,901)**	31,963	**–**	–
Receivables and other assets	**18,905**	(55,156)	**(28,216)**	(142,262)
Payables	**133,117**	244,571	**157**	(33,341)
Net changes in working capital	**146,121**	221,378	**(28,059)**	(175,603)
Taxes (paid)/refunded	**(164,022)**	(156,383)	**(13)**	61
Interest paid	**(162,192)**	(171,250)	**(8,096)**	(8,031)
Interest received	**115,298**	122,873	**2,925**	290
Net cash generated from/(used in) operating activities	**855,208**	863,931	**(35,687)**	(185,153)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 (continued)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 11(ii))	**(349,572)**	(217,180)	**–**	–
Purchase of prepaid land lease payments	**–**	(20,940)	**–**	–
Deposit paid for purchase of property, plant and equipment (Note 18(i))	**–**	(355,143)	**–**	–
Proceeds from disposal of property, plant and equipment	**1,102**	659	**–**	–
Proceeds from dilution of interest in a subsidiary	**–**	289,920	**–**	–
Acquisition of subsidiaries net of cash acquired/(used) (Note (i))	**26,469**	(35,187)	**–**	–
Acquisition of minority interests	**(99,101)**	(59,191)	**–**	–
Dividend received from:				
- A subsidiary	**–**	–	**100,000**	400,000
- An associate	**395**	423	**–**	–
Net cash (used in)/generated from investing activities	**(420,707)**	(396,639)	**100,000**	400,000
Cash flows from financing activities				
Dividends paid to:				
- Shareholders of the Company	**(50,727)**	(154,128)	**(50,727)**	(154,128)
- Minority shareholders	**(104,269)**	(120,297)	**–**	–
Issuance of shares by a subsidiary	**13,354**	21,083	**–**	–
Purchase of treasury shares	**(11,438)**	(68,323)	**(11,438)**	(68,323)
Proceeds from borrowings	**94,564**	15,441	**–**	–
Repayment of borrowings and derivatives	**(49,887)**	(44,143)	**–**	–
Hire purchase principal payments	**(328)**	(614)	**–**	–
Net cash used in financing activities	**(108,731)**	(350,981)	**(62,165)**	(222,451)
Net increase/(decrease) in cash and cash equivalents	**325,770**	116,311	**2,148**	(7,604)
Effects of changes in exchange rates	**(145,479)**	137,119	**–**	–
Cash and cash equivalents at beginning of year	**2,093,511**	1,840,081	**5,084**	12,688
Cash and cash equivalents at end of year (Note 23)	**2,273,802**	2,093,511	**7,232**	5,084

Note (i)

	Group	
	2010 RM'000	2009 RM'000
Purchase consideration paid in cash	**(3,900)**	(48,382)
Cash and cash equivalents of subsidiaries acquired	**30,369**	13,195
Net cash inflow/(outflow) of the Group	**26,469**	(35,187)

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 14. There have been no significant changes in the nature of the principal activities of the Company and of the Group during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 September 2010.

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. At the beginning of the current financial year, the Group and the Company adopted a new and revised FRS as described in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a 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 preceding financial year in relation to the entities under common control, after adjusting for proposed/declared dividend as at that date will be transferred to merger deficit.

(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 a 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.

Capital 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 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 and deferred tax assets 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. Interests, 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 debts 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 the income statement 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 Group'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.

Deferred revenue on customer loyalty award is recognised as a reduction in revenue upon granting of bonus points 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 Group 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 expired. 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 follows:

	2010 RM	**2009 RM**
United States Dollar ("US$")	**3.27**	3.53
Singapore Dollar ("SGD")	**2.33**	2.43
Chinese Renminbi ("Rmb")	**0.48**	0.51
Hong Kong Dollar ("HK$")	**0.42**	0.45

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

Consultancy and management service fees, credit card handling fees, administration fees and service fees are recognised net of service taxes and discounts where applicable when the relevant 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.

2.3 **Changes in accounting policy**

The accounting policies adopted are consistent with those of the previous financial year except for FRS 8: *Operating Segments* which is mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8: *Operating Segments*

FRS 8, which replaces FRS 114 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. As this is a disclosure Standard, the adoption of FRS 8 has no impact on the financial position or results of the Group.

2.4 **Standards issued but not yet effective**

At the date of authorisation of these financial statements, the following new FRSs, amendments to FRSs and IC Interpretations were issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been early adopted by the Group and the Company:

Effective for financial periods beginning on or after 1 January 2010

FRS 4: *Insurance Contracts**
FRS 7: *Financial Instruments: Disclosures*
FRS 101: *Presentation of Financial Statements (Revised 2009)*
FRS 123: *Borrowing Costs*
FRS 139: *Financial Instruments: Recognition and Measurement*
Amendments to FRS 1: *First-time Adoption of Financial Reporting Standards* and
FRS 127: *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
Amendments to FRS 2: *Share-based Payment - Vesting Conditions and Cancellations*
Amendments to FRS 132: *Financial Instruments: Presentation*
Amendments to FRS 139: *Financial Instruments: Recognition and Measurement,*
FRS 7: *Financial Instruments: Disclosures* and IC Interpretation 9: *Reassessment of Embedded Derivatives*
Amendments to FRSs 'Improvements to FRSs (2009)'

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Standards issued but not yet effective (continued)

Effective for financial periods beginning on or after 1 January 2010 (continued)

IC Interpretation 9: *Reassessment of Embedded Derivatives*
IC Interpretation 10: *Interim Financial Reporting and Impairment*
IC Interpretation 11: *FRS 2 - Group and Treasury Share Transactions*
IC Interpretation 13: *Customer Loyalty Programmes*
IC Interpretation 14: *FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**
TR i - 3: *Presentation of Financial Statements of Islamic Financial Institutions*

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: *Classification of Rights Issues*

Effective for financial periods beginning on or after 1 July 2010

FRS 1: *First-time Adoption of Financial Reporting Standards (Revised 2010)**
FRS 3: *Business Combinations (Revised 2010)*
FRS 127: *Consolidated and Separate Financial Statements (Revised 2010)*
Amendments to FRS 2: *Share-based Payment*
Amendments to FRS 5: *Non-current Assets Held for Sale and Discontinued Operations*
Amendments to FRS 138: *Intangible Assets*
Amendments to IC Interpretation 9: *Reassessment of Embedded Derivatives*
IC Interpretation 12: *Service Concession Arrangements**
IC Interpretation 16: *Hedges of a Net Investment in a Foreign Operation**
IC Interpretation 17: *Distributions of Non-cash Assets to Owners*

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1: *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters**
Amendments to FRS 2: *Group Cash-settled Share-based Payment Transactions*
Amendments to FRS 7: *Improving Disclosures about Financial Instruments*
IC Interpretation 4: *Determining Whether an Arrangement contains a Lease*
IC Interpretation 18: *Transfers of Assets from Customers**

* These FRSs are not applicable to the Group and the Company.

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and of the Company upon their initial application:

Pronouncements effective for financial periods beginning on or after 1 January 2010:

FRS 101: *Presentation of Financial Statements (Revised 2009)*

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the statements of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position or results of the Group and of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Standards issued but not yet effective (continued)

Pronouncements effective for financial periods beginning on or after 1 January 2010: (continued)

FRS 123: *Borrowing Costs*

This Standard supersedes FRS 123_{2004}: *Borrowing Costs* that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. As the Group's current policy of borrowing costs aligns with the requirements of the Standard, the adoption of the Standard does not have any impact on the financial position or results of the Group.

FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures* and Amendments to FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures*

The new Standard on FRS 139 *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132 *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7 *Financial Instruments: Disclosures*.

FRS 7 *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and of the Company's exposure to risks, enhanced disclosure regarding components of the Group's and of the Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

Amendments to FRS 1: *First-time Adoption of Financial Reporting Standards* and FRS 127: *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

The amendment to FRS 1 allow first-time adopters to use costs, determined in accordance with FRS 127, or deemed cost of either fair value (in accordance with FRS 139) or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate opening FRS balance sheet. In the amendment to FRS 127, there is no longer a distinction between pre-acquisition and post-acquisition dividends. The amendment also requires the cost of the investment of a new parent in a group (in a reorganisation meeting certain criteria) to be measured at the carrying amount of its share of equity as shown in the separate financial statements of the previous parent. The amendments also remove the definition of the cost method from FRS 127 and will be applied prospectively that affect only the financial statements of the Company and do not have an impact on the financial statements of the Group.

Amendments to FRS 2: *Share-based Payment - Vesting Conditions and Cancellations*

The amendments restrict the definition of 'vesting condition' to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions which have to be taken into account when estimating the fair value of the equity instrument granted. In the case that an award does not vest as a result of failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. As the Group currently has not entered into share-based payment schemes with non-vesting conditions attached, the amendments are not expected to have any impact on the financial position or results of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Standards issued but not yet effective (continued)

Pronouncements effective for financial periods beginning on or after 1 January 2010: (continued)

Amendments to FRS 132: *Financial Instruments: Presentation* and FRS 101: *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*

FRS 132 *Financial Instruments: Disclosures and Presentation* will be renamed as *Financial Instruments: Presentation* upon the adoption of FRS 7 *Financial Instruments: Disclosures*. The amendments provide a limited scope exception for puttable instruments and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. An instrument that meets the definition of a financial liability is classified as an equity instrument only if it fulfils a number of specific features and conditions as stipulated in the Standard.

Amendments to FRSs 'Improvements to FRSs (2009)'

While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have significant impact on the financial position or results of the Group. Details of the key amendments most applicable to the Group are as follows:

- FRS 7 *Financial Instruments*: *Disclosures*: Clarifies on the presentation of finance costs whereby interest income is not a component of finance costs.

- FRS 8 *Operating Segments*: Clarifies that segment information with respect to total assets is required only if they are included in measures of segment profit or loss that are used by the chief operating decision maker.

- FRS 101 *Presentation of Financial Statements*: Clarifies that financial instruments classified as held for trading in accordance with FRS 139 *Financial Instruments: Recognition and Measurement* are not automatically presented as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.

- FRS 107 *Statement of Cash Flows (formerly known as Cash Flow Statements)*: Clarifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

- FRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*: Clarifies that only implementation guidance that is an integral part of an FRS is mandatory when selecting accounting policies.

- FRS 110 *Events after the Reporting Period (formerly known as Events After the Balance Sheet Date)*: Clarifies that dividends declared after the end of the reporting period are not liabilities as at the balance sheet date.

- FRS 116 *Property, Plant and Equipment*: The amendment replaces the term 'net selling price' with 'fair value less costs to sell'. It also clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

- FRS 117 *Leases*: Clarifies on the classification of leases of land and buildings. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Standards issued but not yet effective (continued)

Pronouncements effective for financial periods beginning on or after 1 January 2010: (continued)

Amendments to FRSs 'Improvements to FRSs (2009)' (continued)

- FRS 118 *Revenue*: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term 'direct costs' with 'transaction costs' as defined in FRS 139.

- FRS 119 *Employee Benefits*: The amendment revises the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. It clarifies that the costs of administering the plan may be either recognised in the rate of return on plan assets or included in the actuarial assumptions used to measure the defined benefit obligation. The amendment further clarifies that amendment to plans that result in a reduction in benefits related to future services are curtailments. It also deleted the reference to the recognition of contingent liabilities to ensure consistency with FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*.

- FRS 120 *Accounting for Government Grants and Disclosures of Government Assistance*: Clarifies that loans granted in the future with no or low interest rates will not be exempted from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, various terminology used in the Standard have been revised to be consistent with other FRSs.

- FRS 123 *Borrowing Costs*: The definition of borrowing costs is aligned with FRS 139 by referring to the use of effective interest rate as a component of borrowing cost.

- FRS 127 *Consolidated and Separate Financial Statements*: The amendment clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 139 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

- FRS 128 *Investments in Associates*: The amendment clarifies that if an associate is accounted for at fair value in accordance with FRS 139, only the requirement of FRS 128 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the investor in the form of cash or repayment of loans applies. It further clarifies that an investment in an associate is treated as a single asset for the purpose of impairment testing. Therefore, any impairment loss is not separately allocated to the goodwill included in the investment balance.

- FRS 131 *Interests in Joint Ventures*: The amendment clarifies that if a joint venture is accounted for 'at fair value through profit or loss', in accordance with FRS 139, only the requirements of FRS 131 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

- FRS 134 *Interim Financial Reporting*: Clarifies that earnings per share is to be disclosed in interim financial reports if an entity is within the scope of FRS 133 *Earnings per Share*.

- FRS 136 *Impairment of Assets*: Clarifies that when discounted cash flows are used to estimate 'fair value less cost to sell', additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. The amendment further clarifies that the largest cash-generating unit for group of units to which goodwill should be allocated for purposes of impairment testing is an operating segment as defined in FRS 8.

- FRS 138 *Intangible Assets*: Clarifies that expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. The amendments also provide guidance regarding valuation techniques to measure the fair value of an intangible asset acquired in a business combination when there is no active market for the asset. In addition, the reference to 'there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method' has been removed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Standards issued but not yet effective (continued)

Pronouncements effective for financial periods beginning on or after 1 January 2010: (continued)

Amendments to FRSs 'Improvements to FRSs (2009)' (continued)

- FRS 139 *Financial Instruments*: *Recognition and Measurement*: Clarifies that changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. It also clarifies on the scope exemption for business combination contracts. The amendments remove the reference in FRS 139 to a 'segment' when determining whether an instrument qualifies as a hedge and requires the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting. It also provides additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated. In addition, the amendments state that the gains or losses on a hedged instrument should be reclassified from equity to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

- FRS 140 *Investment Property*: Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108. The change will be applied prospectively.

IC Interpretation 9: *Reassessment of Embedded Derivatives* and Amendments to IC Interpretation 9: *Reassessment of Embedded Derivatives*

This Interpretation requires that there should be no subsequent reassessment of whether an embedded derivative should be separated from the host contract after initial recognition, unless there have been changes to the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract. The amendments to the Interpretation clarifies that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives within the scope of this Interpretation and FRS 139 have to be assessed and, if necessary, separately accounted for in the financial statements. The Interpretation is to be applied retrospectively.

IC Interpretation 10: *Interim Financial Reporting and Impairment*

This Interpretation prohibits impairment losses recognised in an interim period on goodwill or investments in equity instruments or financial assets carried at cost to be reversed at a subsequent balance sheet date.

IC Interpretation 11: *FRS 2 - Group and Treasury Share Transactions*

This Interpretation provides guidance on arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-based scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The Interpretation also addresses how the subsidiaries, in their separate financial instruments, should account for schemes when their employees receive equity instruments of the parent.

IC Interpretation 13: *Customer Loyalty Programmes*

This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The amount of proceeds allocated to the award credits is measured by reference to their fair value. The Group's current accounting policy aligns with the requirement of this Interpretation, therefore, the adoption of the Interpretation does not have any impact on the financial position or results of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Standards issued but not yet effective (continued)

Pronouncements effective for financial periods beginning on or after 1 March 2010:

Amendments to FRS 132: *Classification of Rights Issues*

The amendment to FRS 132 is effective for annual periods beginning on or after 1 March 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group after initial application.

Pronouncements effective for financial periods beginning on or after 1 July 2010:

FRS 3: *Business Combinations (Revised 2010)* and FRS 127: *Consolidated and Separate Financial Statements (Revised 2010)*

FRS 3 (Revised 2010) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (Revised 2010) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (Revised 2010) and FRS 127 (Revised 2010) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

Amendments to FRS 2: *Share-based Payment*

This amendment clarifies that an entity shall not apply this FRS to transactions in which the entity acquires goods as part of the net assets acquired in a business combination, in a combination of entities or business under common control, or the contribution of a business on the formation of a joint venture as defined by FRS 131 *Interests in Joint Ventures*.

Amendments to FRS 5: *Non-current Assets Held for Sale and Discontinued Operations*

FRS 5 also applies to non-current assets (or disposal group) that are classified as held for distribution to owners acting in their capacities as owners (held for distribution to owners). The amendment further clarifies that all assets and liabilities of a subsidiary shall be classified as held for sale if an entity has a sale plan involving loss of control of the subsidiary, regardless of whether the entity will retain non-controlling interest (e.g. an interest in an associate) in its former subsidiary after the sale.

Amendments to FRS 138: *Intangible Assets*

The amendments clarify that an intangible asset must be recognised separately from goodwill even if it is separable only together with a related contract, identifiable asset, or liability. Also, if an intangible asset is separable only together with another intangible asset, those assets can be recognised together as a single asset, and if the individual assets in a group of complementary intangible assets have similar useful lives, those assets can be recognised together as a single asset.

Amendments to IC Interpretation 9: *Reassessment of Embedded Derivatives*

The amendments clarifies that the scope of IC Interpretation 9 does not apply to embedded derivatives in contracts acquired in a business combination, a combination of entities or businesses under common control as defined in FRS 3 *Business Combinations (Revised 2010)*, or the formation of a joint venture as defined in FRS 131 *Interests in Joint Ventures*.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Standards issued but not yet effective (continued)

Pronouncements effective for financial periods beginning on or after 1 July 2010: (continued)

IC Interpretation 16: *Hedges of a Net Investment in a Foreign Operation*

This Interpretation provides guidance on identifying foreign currency risks and hedging instruments that qualify for hedge accounting in the hedge of a net investment in a foreign operation. It also explains how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. As the Group currently has no hedge of a net investment in a foreign operation, the adoption of the Interpretation is not expected to have any impact on the financial position or results of the Group.

IC Interpretation 17: *Distributions of Non-cash Assets to Owners*

This Interpretation provides guidance on the recognition and measurement of liabilities arising from dividends paid in the form of assets other than cash and clarifies that the dividend payable should be measured at the fair value of the assets to be distributed. It also clarifies that the difference between the carrying amount of the assets distributed and the fair value of the dividend paid should be taken to income statement.

Pronouncements effective for financial periods beginning on or after 1 January 2011:

Amendments to FRS 2: *Group Cash-settled Share-based Payment Transactions*

The Standard has been amended to clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction. This amendment does not have any impact on the financial position or results of the Group.

Amendments to FRS 7: *Improving Disclosures about Financial Instruments*

The Standard reinforces existing principles for disclosures about liquidity risk. Also, the amendments require enhanced disclosures about fair value measurements in which a three-level fair value hierarchy is introduced. An entity is required to classify fair value measurements using this hierarchy which aims to reflect the inputs used in making the measurement. This revised FRS does not have any impact on the financial position or results of the Group and of the Company.

IC Interpretation 4: *Determining Whether an Arrangement contains a Lease*

Arrangements do not necessarily take the legal form of lease but that nevertheless convey the right to use a specific asset, such as an item of property, plant or equipment, in return for a payment or series of payments. IC Interpretation 4 *Determining Whether an Arrangement contains a Lease* provides guidance for determining whether such arrangements are, or contain, leases that should be accounted for in accordance with FRS 117. However, IC Interpretation 4 does not provide guidance for determining how such a lease should be classified under that Standard.

IC Interpretation 18: *Transfers of Assets from Customers*

IC Interpretation 18 provides guidance on accounting for transfers of assets, where cash is used to purchase those items of plant, property and equipment, which an entity receives from a customer, which is either used to connect the customer to a network, or provide the customer ongoing access to a supply of goods and services. The Interpretation is effective prospectively to transfers of assets from customers received on or after 1 January 2011.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 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, 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.

(ii) Customer loyalty award

Customer loyalty award is recognised as a reduction in revenue upon granting of bonus points to customers in accordance with the announced bonus points scheme. The Group estimates future redemption of bonus points based on their historical experience. Details of deferred revenue from customer loyalty award are disclosed in Note 33(ii).

(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 19.

(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. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(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 26.

(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 13(i). 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 asset.

(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 2010, the carrying value of deferred tax assets of the Group was RM35,824,000 (2009: RM33,687,000) and the total unused tax losses and capital allowances of the Group were RM45,610,000 (2009: RM30,730,000).

(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 risks 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 a 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 2010 were RM1,531,013,000 (2009: RM993,675,000) and RM31,671,000 (2009: RM56,189,000) respectively. Further details are disclosed in Note 11 and Note 12 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	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sales of goods - direct sales		**1,087,350**	1,108,607	**–**	–
Commissions from concessionaire sales	(i)	**1,502,495**	1,351,528	**–**	–
Consultancy and management service fees		**12,384**	12,173	**–**	–
Rental income		**120,027**	111,397	**–**	–
Dividend from a subsidiary		**–**	–	**100,000**	400,000
		2,722,256	2,583,705	**100,000**	400,000

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

	Group	
	2010 RM'000	2009 RM'000
Gross revenue from concessionaire sales	**7,398,109**	6,612,004
Commissions from concessionaire sales	**1,502,495**	1,351,528

4. OTHER INCOME

		Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Promotion income		**36,195**	45,434	**–**	–
Credit card handling fees		**96,445**	80,178	**–**	–
Government grants	(i)	**775**	9,956	**–**	–
Compensation income	(ii)	**5,300**	–	**–**	–
Sale of completed properties		**10,451**	1,973	**–**	–
Equipment and display space lease income		**20,512**	17,900	**–**	–
Administration and management fees		**49,756**	47,021	**–**	–
Service fees		**14,468**	10,500	**–**	–
Other income		**44,432**	48,559	**10**	86
		278,334	261,521	**10**	86

(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.

(ii) Pursuant to the relevant contracts and a decision of the China International Economic and Trade Arbitration Commission dated 8 May 2009, the Group is entitled to receive compensation from a landlord in Hangzhou, Zhejiang Province, the PRC for the landlord's breach of the terms of the underlying lease agreement.

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages, salaries and bonuses	**162,123**	150,020	**319**	120
Defined contribution plans:				
Employees Provident Fund	**5,630**	5,310	**38**	14
PRC pension scheme contributions	**15,038**	15,729	**–**	–
Employee share-based payments:				
The Company	**9,449**	779	**90**	–
A subsidiary	**19,812**	–	**–**	–
Other staff related expenses	**56,510**	48,446	**57**	39
	268,562	220,284	**504**	173

Included in employee benefits expense of the Group and of the Company are an executive Director's remuneration (excludes Director's fees) amounting to RM451,000 (2009: RM442,000) and RM182,000 (2009: RM173,000) respectively as further disclosed in Note 7(b).

6. FINANCE INCOME/COSTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Finance income				
Interest income on:				
Amount due from a related party (Note 22(i)(a))	**1,292**	2,900	**1,292**	2,900
Interest rate swap arrangements	**13,387**	13,781	**–**	–
Credit linked notes coupon	**66,258**	68,984	**–**	–
Short term deposits and others	**33,567**	36,935	**305**	290
	114,504	122,600	**1,597**	3,190
Finance costs				
Interest expenses on:				
Senior guaranteed notes due November 2011 (Note 30(i))	**56,335**	58,399	**–**	–
Senior guaranteed notes due May 2012 (Note 30(ii))	**31,825**	31,912	**–**	–
Short term loans and PRC bank loans (Note 27)	**68,607**	79,824	**–**	–
RCSLS (Note 29)	**14,367**	14,038	**14,367**	14,038
Bank overdrafts	**34**	85	**–**	–
Hire purchase liabilities	**27**	55	**–**	–
	171,195	184,313	**14,367**	14,038

7. PROFIT BEFORE TAX

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

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Directors' remuneration (Note b)	**716**	709	**382**	372
Auditors' remuneration:				
- Statutory audit	**1,264**	1,265	**30**	25
- Parkson Retail's statutory audit	**2,856**	2,479	**–**	–
Depreciation and amortisation:				
- Property, plant and equipment	**120,891**	113,195	**–**	–
- Investment properties	**2,013**	1,733	**–**	–
- Prepaid land lease payments	**9,692**	9,913	**–**	–
- Intangible assets	**81**	337	**–**	–
Property, plant and equipment written off	**927**	1,401	**–**	–
Provision for/(Reversal of) doubtful debts	**256**	(1,466)	**–**	–
Bad debts recovered	**(22)**	(88)	**–**	–
Bad debts written off	**172**	18	**–**	18
Write down of inventories	**263**	82	**–**	–
Exchange loss/(gain):				
- Realised	**9,415**	(5,835)	**–**	–
- Unrealised	**2,605**	(530)	**–**	–
Loss on disposal of property, plant and equipment	**323**	1,321	**–**	–
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	**354,326**	324,557	**–**	–
- Contingent lease payments	**99,278**	85,985	**–**	–
Direct operating expenses of investment properties	**2,607**	2,712	**–**	–
Sub-letting of properties:				
- Minimum lease payments	**(59,523)**	(58,206)	**–**	–
- Contingent lease payments	**(41,567)**	(32,055)	**–**	–

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

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Executive Director (Note 5):				
Fees	**105**	108	**40**	40
Salaries and other emoluments	**408**	399	**168**	159
Pension costs - defined contribution plans	**43**	43	**14**	14
	556	550	**222**	213
Non-executive Directors*:				
Fees	**160**	159	**160**	159
	716	709	**382**	372

7. PROFIT BEFORE TAX (continued)

(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	
	2010	**2009**
Executive Director:		
- RM550,001 to RM600,000	**1**	1
Non-executive Directors*:		
- RM25,000 and below	**1**	4
- RM25,001 to RM50,000	**4**	3

* 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.

8. TAXATION

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Income tax:				
Malaysian tax	**20,422**	10,899	**–**	13
Foreign tax	**157,615**	143,270	**–**	–
	178,037	154,169	**–**	13
Under/(Over) provision in prior years:				
Malaysian income tax	**785**	(2,749)	**–**	(835)
	178,822	151,420	**–**	(822)
Deferred tax (Note 32):				
Relating to origination and reversal of temporary differences	**(4,936)**	1,104	**(1,584)**	(1,502)
(Over)/Under provision in prior years	**(3,311)**	11,076	**–**	–
	(8,247)	12,180	**(1,584)**	(1,502)
Total income tax expense/(credit)	**170,575**	163,600	**(1,584)**	(2,324)

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% (2009: 25%) 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% (2009: 25%) on their respective taxable income. During the financial year, the relevant PRC tax authorities granted preferential corporate income tax rates or corporate income tax exemptions to 11 (2009: 11) PRC entities within the Group.

8. TAXATION (continued)

A reconciliation of income tax expense applicable to profit 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	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Profit before tax	**704,173**	939,033	**84,696**	387,264
Less: Share of results of an associate	**(153)**	(701)	**–**	–
	704,020	938,332	**84,696**	387,264
Taxation at Malaysian statutory tax rate of 25%	**176,005**	234,583	**21,174**	96,816
Different tax rates in other countries	**(28,438)**	(25,449)	**–**	–
Expenses not deductible for tax purposes	**13,880**	12,606	**2,242**	1,695
Income not subject to tax	**(4,879)**	(73,585)	**(25,000)**	(100,000)
Utilisation of previously unrecognised tax losses	**(2,710)**	–	**–**	–
Deferred tax assets not recognised	**7,093**	3,615	**–**	–
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**12,150**	3,503	**–**	–
(Over)/Under provision of deferred tax in prior years	**(3,311)**	11,076	**–**	–
Under/(Over) provision of taxation in prior years	**785**	(2,749)	**–**	(835)
Tax expense/(credit)	**170,575**	163,600	**(1,584)**	(2,324)
Tax savings during the financial year arising from: Utilisation of previously unrecognised tax losses	**2,710**	–	**–**	–

9. DIVIDENDS

	Dividends in respect of year		Dividends recognised in year	
	2010 RM'000 (ii)	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Cash dividend:				
Final dividend for 2008, tax exempt (5 sen per share)	**–**	–	**–**	50,886
First and final dividend for 2009, tax exempt (5 sen per share)	**–**	50,727	**50,727**	–
First and final dividend for 2010, tax exempt (6 sen per share)	**64,803**	–	**–**	–
	64,803	50,727	**50,727**	50,886
Share dividend (Notes (i) and (ii))	**48,557**	44,358	**44,358**	–

9. DIVIDENDS (continued)

(i) The first and final dividend in respect of the financial year ended 30 June 2009 included a share dividend distribution of a total of 10,144,514 treasury shares on 15 December 2009 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 being disregarded.

(ii) At the forthcoming Annual General Meeting, the following first and final dividend in respect of the financial year ended 30 June 2010 will be proposed for shareholders' approval:

(a) cash dividend of 6% (6 sen per share), tax exempt amounting to a dividend payable of approximately RM64,803,000; 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 2011.

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net profit 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	
	2010	**2009**
Profit attributable to ordinary equity holders of the Company (RM'000)	**285,128**	542,687
Weighted average number of ordinary shares in issue ('000)	**1,019,770**	1,018,918
Basic earnings per share (sen)	**27.96**	53.26

(b) Diluted

For the purpose of calculating diluted earnings per share, the net profit 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	
	2010	**2009**
Profit attributable to ordinary equity holders of the Company (RM'000)	**285,128**	542,687
After-tax effect of interest on RCSLS (RM'000)	**10,775**	10,529
Profit attributable to ordinary equity holders of the Company including assumed conversion (RM'000)	**295,903**	553,216

10. EARNINGS PER SHARE (continued)

(b) Diluted (continued)

	Group 2010	Group 2009
Weighted average number of ordinary shares in issue ('000)	**1,019,770**	1,018,918
Effects of dilution:		
- RCSLS ('000)	**57,200**	57,200
- ESOS ('000)	**204**	–
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	**1,077,174**	1,076,118
Diluted earnings per share (sen)	**27.47**	51.41

11. 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 (i)	Total RM'000
At 30 June 2010							
Cost							
At 1 July 2009	671,917	18,354	10,564	305,775	502,980	31,982	1,541,572
Additions	–	340	1,826	22,239	46,257	634,053	704,715
Disposals	–	(46)	(254)	(3,820)	(772)	–	(4,892)
Write off	–	(1,987)	–	(7,274)	(1,428)	–	(10,689)
Acquisition of subsidiaries	–	–	354	3,084	6,549	–	9,987
Reclassification from investment properties (Note 12)	20,497	–	–	–	–	–	20,497
Reclassification	–	–	–	1,503	18,466	(19,969)	–
Exchange differences	(54,246)	(944)	(693)	(14,689)	(29,253)	(803)	(100,628)
At 30 June 2010	638,168	15,717	11,797	306,818	542,799	645,263	2,160,562
Accumulated depreciation							
At 1 July 2009	128,826	13,458	6,502	173,964	225,147	–	547,897
Charge for the year	18,935	1,445	1,371	31,355	67,785	–	120,891
Disposals	–	(46)	(218)	(2,702)	(501)	–	(3,467)
Write off	–	(1,780)	–	(6,843)	(1,139)	–	(9,762)
Acquisition of subsidiaries	–	–	204	2,697	4,254	–	7,155
Reclassification from investment properties (Note 12)	1,801	–	–	–	–	–	1,801
Exchange differences	(9,131)	(634)	(447)	(9,450)	(15,304)	–	(34,966)
At 30 June 2010	140,431	12,443	7,412	189,021	280,242	–	629,549
Net book value							
At 30 June 2010	497,737	3,274	4,385	117,797	262,557	645,263	1,531,013

11. 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 (i)	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

(i) Capital work-in-progress includes buildings under construction (retail malls) located in the PRC and Malaysia of RM551.9 million (2009: Nil) and RM66.3 million (2009: RM26.1 million) respectively. These capital work-in-progress will be reclassified to investment properties and appropriate categories of property, plant and equipment when they are ready for their intended use.

(ii) Purchase of property, plant and equipment

	Group 2010 RM'000	2009 RM'000
Aggregate costs of purchase of property, plant and equipment	**704,715**	217,180
Deposit paid for purchase of property, plant and equipment (Note 18(i))	**(355,143)**	–
	349,572	217,180

(iii) Net book value of property, plant and equipment held under hire purchase agreement are as follows:

	2010 RM'000	2009 RM'000
Furniture, fittings and other equipment	**203**	446
Office equipment and vehicles	**72**	301
	275	747

12. INVESTMENT PROPERTIES

		Group	
		2010 RM'000	**2009 RM'000**
At cost			
At 1 July		**56,189**	53,632
Reclassification to property, plant and equipment (Note 11)	(i)	**(18,696)**	–
Charge for the year		**(2,013)**	(1,733)
Exchange differences		**(3,809)**	4,290
At 30 June	(ii)	**31,671**	56,189

	Office premises RM'000 (iii)	**Building RM'000** (iv)	**Total RM'000**
Group			
Net book value at 30 June 2010			
Cost	**11,440**	**27,214**	**38,654**
Accumulated depreciation	**(4,668)**	**(2,315)**	**(6,983)**
	6,772	**24,899**	**31,671**
Fair value at 30 June 2010	**22,138**	**44,224**	**66,362**
Net book value at 30 June 2009			
Cost	10,230	53,297	63,527
Accumulated depreciation	(3,820)	(3,518)	(7,338)
	6,410	49,779	56,189
Fair value at 30 June 2009	20,394	54,734	75,128

(i) Certain investment properties of the Group are reclassified to property, plant and equipment as the said properties are occupied for the Group's own use.

(ii) During the financial year, the Group restated the land portion of the Group's investment properties in the PRC, which should have been classified under prepaid land lease payments, from investment properties to prepaid land lease payments. The treatment is applied retrospectively and the reconciliation of balances as at 30 June 2009 are presented as follows:

	Investment properties RM'000	**Prepaid land lease payments RM'000**
At 30 June 2009, as previously reported	116,663	333,467
Restatement	(60,474)	60,474
At 30 June 2009, as restated	56,189	393,941

The above restatement has no effect on the consolidated income statement for the current and comparative financial years other than restatement of the corresponding depreciation/amortisation charges arising from the treatment mentioned above.

12. INVESTMENT PROPERTIES (continued)

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

(iv) The fair value of the building was determined based on the valuations performed by an independent firm of professional valuers, 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 2010 and 30 June 2009.

13. PREPAID LAND LEASE PAYMENTS

	Group	
	2010 **RM'000**	**2009** **RM'000**
At 1 July	**393,941**	360,476
Additions	**–**	20,940
Amortisation for the year	**(9,692)**	(9,913)
Exchange differences	**(23,594)**	22,438
At 30 June	**360,655**	393,941
Analysed as:		
Long term leasehold land	**95,159**	99,838
Short term leasehold land	**265,496**	294,103
	360,655	393,941

Prepaid land lease payments include the following:

(i) A leasehold land acquired by a subsidiary of the Group to develop, construct and complete a retail mall located thereon situated in Setapak, Kuala Lumpur ("Proposed Mall") together with infrastructures and amenities. As at the balance sheet date, the strata title to the leasehold land has not been transferred to the subsidiary of the Group by the vendor, pending completion of the Proposed Mall.

(ii) Payments for land use rights to the PRC authorities 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. The net book values of the said leasehold lands as at 30 June 2010 is RM265.5 million (2009: RM294.1 million).

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010 **RM'000**	**2009** **RM'000**
Unquoted shares, at cost	*	*
Share option paid to employees of subsidiaries	**23,152**	13,793
	23,152	13,793

* Represent RM20

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2010 %	Equity interest 2009 %
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
<u>Subsidiaries of East Crest International Limited</u>				
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 #1	Malaysia	Operations of department stores	**100**	100
Bond Glory Limited	British Virgin Islands	Investment holding	**100**	–
Victor Crest Limited	British Virgin Islands	Investment holding	**100**	–
Qingdao No.1 Parkson Co Ltd [f]	People's Republic of China	Property development and operations of department stores	[*1] **95.9**	[*2] 52.6
<u>Subsidiaries of Parkson Vietnam Investment Holdings Co Ltd</u>				
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

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2010 %	Equity interest 2009 %
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") + @ #1	Cayman Islands	Investment holding	**51.2** *3 **0.3**	51.2 *3 0.4
Subsidiary of Parkson Retail				
Grand Parkson Retail Group Limited + #2	British Virgin Islands	Investment holding	**100**	100
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 + #2	Hong Kong SAR	Investment holding	**100**	100
Parkson Investment Pte Ltd + #2	Singapore	Investment holding	**100**	100
Parkson Supplies Pte Ltd + #2	Singapore	Investment holding	**100**	100
Creation International Investment & Development Limited +	British Virgin Islands	Investment holding	**100**	100
Step Summit Limited + #2	Hong Kong SAR	Investment holding	**100**	100

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2010 %	Equity interest 2009 %
Subsidiaries of Grand Parkson Retail Group Limited (continued)				
Global Heights Investment Limited + #2	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**	100
Jet East Investments Limited +	British Virgin Islands	Investment holding	**100**	100
Subsidiary of Leonemas International Limited				
Leonemas (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100
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
Subsidiaries of Parkson Retail Development Co Ltd				
Beijing Huadesheng Property Management Co Ltd +	People's Republic of China	Property management	**100**	100
Shijiazhuang Shishang Parkson Trading Co Ltd +	People's Republic of China	Operations of department stores	**100**	–

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2010 %	Equity interest 2009 %
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 + #2	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** *4 **30**	70 *4 30
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** *5 **9**	91 *5 9
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** *6 **49**	51 *6 49
Xi'an Shidai Parkson Store Co Ltd +	People's Republic of China	Operations of department stores	**51** *6 **49**	51 *6 49
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** *7 **1**	99 *7 1

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2010 %	2009 %
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**	100
Lanzhou Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	100
Zigong Parkson Retail Co Ltd +	People's Republic of China	Operations of department stores	**100**	–
Subsidiary of Parkson Investment Pte Ltd				
Rosenblum Investments Pte Ltd + #2	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** *8 **40**	60 *8 40
Sichuan Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	100
Subsidiary of Creation International Investment & Development Limited				
Creation (Hong Kong) Investment & Development Limited +	Hong Kong SAR	Investment holding	**100**	100

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2010 %	Equity interest 2009 %
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
Subsidiaries of Shanghai Hongqiao Parkson Development Co Ltd				
Changshu Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	–
Shaoxing Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**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** *9 **49**	51 *9 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
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** *10 **10**	90 *10 10

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2010 %	Equity interest 2009 %
Subsidiaries of Golden Village Group Limited				
Duo Success Investments Limited +	British Virgin Islands	Investment holding	**100**	100
Jiangxi Parkson Retail Co Ltd +	People's Republic of China	Operations of department stores	**100**	*11 100
Subsidiary of Duo Success Investments Limited				
Huge Return Investment Limited +	Hong Kong SAR	Investment holding	**100**	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**	100
Subsidiary of Jet East Investments Limited				
Victory Hope Limited +	Hong Kong SAR	Investment holding	**100**	100

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2010 %	2009 %
Subsidiaries of Victory Hope Limited				
Nanning Brilliant Parkson Commercial Co Ltd +	People's Republic of China	Operations of department stores	**70** *12 **30**	70 *12 30
Tianjin Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	100
Subsidiaries of Sea Coral Limited				
Dalian Parkson Retail Development Co Ltd ƒ	People's Republic of China	Operations of department stores	**100**	100
Changchun Parkson Retail Development Co Ltd ƒ 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 ƒ £	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	Retailing business	**100**	100
Parkson Haiphong Co Ltd +	Vietnam	Operations of department stores	**100**	100
Kiara Innovasi Sdn Bhd	Malaysia	Dormant	**60**	100
Subsidiaries of Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd +	Vietnam	Operations of department stores	**100**	100
Parkson Hanoi Co Ltd +	Vietnam	Operations of department stores	**70**	49
Subsidiary of Bond Glory Limited				
Choice Link Limited	British Virgin Islands	Investment holding	**100**	–

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2010 %	Equity interest 2009 %
Subsidiary of Choice Link Limited				
Great Dignity Development Limited	Hong Kong SAR	Investment holding	**100**	–
Subsidiary of Great Dignity Development Limited				
Shantou Parkson Commercial Co Ltd [f]	People's Republic of China	Operations of department stores	**100**	–
Subsidiary of Victor Crest Limited				
Wide Crest Limited	British Virgin Islands	Investment holding	**100**	–
Subsidiary of Wide Crest Limited				
Wide Field International Limited	Hong Kong SAR	Investment holding	**100**	–
Subsidiary of Wide Field International Limited				
Shenyang Parkson Shopping Plaza Co Ltd [f]	People's Republic of China	Operations of department stores	**100**	–
Subsidiary of Dyna Puncak Sdn Bhd				
Idaman Erajuta Sdn Bhd	Malaysia	Investment holding	**100**	100
Subsidiary of Idaman Erajuta Sdn Bhd				
Festival City Sdn Bhd	Malaysia	Investment holding	**100**	100

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 45.9% held by Serbadagang Holdings Sdn Bhd.

*2 50% held by Parkson Venture Pte Ltd and 2.6% held by Serbadagang Holdings Sdn Bhd.

*3 Held by East Crest International Limited.

*4 Held by Parkson Investment Pte Ltd.

*5 Held by Huge Return Investment Limited.

14. INVESTMENTS IN SUBSIDIARIES (continued)

*6 Held by Parkson Retail Development Co Ltd.

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

*8 Held by Shanghai Hongqiao Parkson Development Co Ltd.

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

*10 Held by Parkson Investment Holdings Co Ltd.

*11 Held by Exonbury Limited.

*12 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 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 17) and was fully impaired.

The winding-up of Changchun Parkson had been completed on 16 August 2010.

£ 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 17).

#1 Pledged as security for RCSLS as disclosed in Note 29.

#2 Pledged as security for senior guaranteed notes as disclosed in Note 30.

(a) Acquisition of subsidiaries

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

(i) Acquisition of Great Dignity Development Limited ("Great Dignity")

The Group completed the acquisition of Great Dignity on 16 November 2009, as disclosed in Note 37(a). Consequent thereupon, Great Dignity and its wholly-owned subsidiaries, Shenyang Parkson Shopping Plaza Co Ltd and Shantou Parkson Commercial Co Ltd became wholly-owned subsidiaries of the Group.

The acquisition of Great Dignity has contributed the following results to the Group:

	2010 **RM'000**
Revenue	**24,479**
Profit for the year	**3,794**

If the acquisition had occurred on 1 July 2009, the Group's revenue and profit for the year (net of taxation) would have been RM2,738,782,000 and RM536,355,000 respectively.

14. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

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

(i) Acquisition of Great Dignity (continued)

The fair values of the acquired identifiable assets and liabilities of Great Dignity at the date of acquisition were:

	Fair value recognised on acquisition RM'000	Carrying value RM'000
Property, plant and equipment	2,832	2,832
Inventories	776	776
Other receivables	5,701	5,701
Cash and cash equivalents	30,369	30,369
	39,678	39,678
Trade payables	(33,697)	(33,697)
Other payables	(40,667)	(40,667)
Tax payable	(410)	(410)
	(74,774)	(74,774)
Fair value of net liabilities	(35,096)	(35,096)
Goodwill arising on the acquisition	38,996	
Consideration	3,900	

The effect of the acquisition on cash flows is as follows:

	2010 RM'000
Net cash acquired	30,369
Cash paid	(3,900)
Net cash inflow	26,469

14. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

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

(ii) Other subsidiaries

During the financial year, the Group acquired the following subsidiaries for a total consideration of RM15:

	Consideration RM
Bond Glory Limited	**3**
Choice Link Limited	**3**
Victor Crest Limited	**3**
Wide Crest Limited	**3**
Wide Field International Limited	**3**
	15

No disclosure on the fair values of the acquired assets and liabilities of the combined entities as the acquisition of these subsidiaries have no material effects on the Group's financial results and financial position.

(2) In the previous 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 a 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.

14. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(2) In the previous 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 effect of the acquisition on cash flows was 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.

14. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Partial disposal/dilution of interest in subsidiaries

The gain on partial disposal/dilution of interest in subsidiaries in the current and previous financial years are as follows:

		Group	
		2010 RM'000	**2009 RM'000**
Gain on dilution of interest in a subsidiary resulting from share options exercised	(i)	**7,192**	8,208
Gain on partial disposal of interest in a subsidiary	(ii)	**–**	246,143
Gain on dilution of interest in subsidiaries	(iii)	**–**	25,164
		7,192	279,515

(i) 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 additional 4,248,750 (2009: 6,314,500) ordinary shares representing 0.15% (2009: 0.23%) of the enlarged paid-up capital of HK$0.02 each in Parkson Retail.

(ii) In the previous financial year, the Group entered into a placement agreement for the placement of 55,000,000 ordinary shares of HK$0.02 each in Parkson Retail to 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.

(iii) In the previous 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. The gain was in relation to the dilution of the Group's interest in Jet East from 100% to 51.6%.

(c) Increase in shareholdings in subsidiaries

During the financial year, the Group completed the following:

(i) The Group increased its shareholdings in Parkson Hanoi Co Ltd, as disclosed in Note 37(b); and

(ii) The Group increased its shareholdings in Qingdao No. 1 Parkson Co Ltd, as disclosed in Note 37(c).

15. INVESTMENT IN AN ASSOCIATE

	Group	
	2010 RM'000	**2009 RM'000**
Unquoted shares, at cost	**324**	324
Share of post-acquisition reserves	**828**	765
	1,152	1,089

15. INVESTMENT IN AN ASSOCIATE (continued)

Name	Country of incorporation	Principal activities	Equity interest 2010 %	2009 %
Shanghai Nine Sea Lion Properties Management Co Ltd [f]	People's Republic of China	Property management and real estate consulting services	**35**	35
Parkson Hanoi Co Ltd ("Parkson Hanoi")	Vietnam	Operations of department stores	❖	49

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

❖ Parkson Hanoi became a 70% owned subsidiary of the Company during the financial year. In the previous financial year, by virtue of the charter of Parkson Hanoi, the Group has in substance, control over the board of Parkson Hanoi. Hence, the investment was accounted as Investments in Subsidiaries (Note 14) and has been consolidated.

The summarised financial information of the associate is as follows:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Current assets	**5,317**	6,584
Non-current assets	**343**	229
Total assets	**5,660**	6,813
Current liabilities, representing total liabilities	**(2,367)**	(3,702)
Results		
Revenue	**11,902**	15,498
Profit for the year	**438**	2,003

16. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

Details of the jointly controlled entities are as follows:

Name	Country of incorporation	Principal activities	Equity interest 2010 %	2009 %
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

* 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.

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

16. 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:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Current assets	**49,750**	43,419
Non-current assets	**13,034**	15,527
Total assets	**62,784**	58,946
Current liabilities	**(29,270)**	(27,823)
Non-current liabilities	**(668)**	(780)
Total liabilities	**(29,938)**	(28,603)
Results		
Revenue	**43,239**	41,912
Other income	**4,208**	3,109
Purchase of goods and changes in inventories	**(12,557)**	(13,191)
Operating expenses	**(19,390)**	(19,370)
Finance income	**1,017**	758
Finance costs	**(8)**	–
Profit before tax	**16,509**	13,218
Taxation	**(3,377)**	(3,326)
Profit for the year	**13,132**	9,892

17. OTHER INVESTMENTS

		Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted					
Credit linked notes, at amortised cost	(i)	**650,840**	703,276	**–**	–
Shares, at cost	(ii)	**21,684**	21,684	**135**	135
Less: Accumulated impairment losses		**(21,403)**	(21,403)	**(107)**	(107)
		281	281	**28**	28
		651,121	703,557	**28**	28

(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 US$ and bear interest at a rate of 9.8% (2009: 9.8%) per annum. Interest is receivable semi-annually on 13 May and 13 November of each year, commencing on 13 May 2007. The CLN serves as collateral against the senior guaranteed notes due November 2011 (Note 30(i)).

The subscription for 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 as further disclosed in Note 27(ii) and Note 30(i).

(ii) As disclosed in Note 14, the Group ceased to have management control over Dalian Tianhe Parkson Shopping Centre Co Ltd. Accordingly, the investment was accounted as Other investments.

18. OTHER ASSETS

		Group	
		2010 RM'000	2009 RM'000
Deposits	(i)	**1,917**	360,290
Lease prepayments	(ii)	**35,158**	47,520
		37,075	407,810

(i) Included in deposits was an amount of RM1.9 million (2009: RM5.1 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.

In the previous financial year, deposits included an amount of Rmb690 million (equivalent to approximately RM355.1 million) paid for the proposed acquisition of a retail mall by the Group. The acquisition was completed during the financial year, and accordingly the deposit paid was reclassified as capital work-in-progress within property, plant and equipment as the shopping complex is still under construction.

(ii) Lease prepayments represent long term portion of the prepaid lease rental paid to lessors. Included in lease prepayments was an amount of RM22.5 million (2009: RM34.1 million), represented the long term portion of prepaid lease rental 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.

19. INTANGIBLE ASSETS

	Computer software * RM'000	Goodwill RM'000	Total RM'000
Group			
Cost			
At 1 July 2008	2,063	1,025,768	1,027,831
Acquisition of a subsidiary	–	70,677	70,677
Acquisition of minority interests [(1)]	–	70,327	70,327
Write off upon partial disposal of a subsidiary	–	(7,077)	(7,077)
Exchange differences	165	63,497	63,662
At 30 June 2009 and 1 July 2009	**2,228**	**1,223,192**	**1,225,420**
Acquisition of subsidiaries	**–**	**38,996**	**38,996**
Acquisition of a minority interest [(2)]	**–**	**63,513**	**63,513**
Exchange differences	**(154)**	**(74,765)**	**(74,919)**
At 30 June 2010	**2,074**	**1,250,936**	**1,253,010**
Accumulated amortisation and impairment			
At 1 July 2008	1,674	6,550	8,224
Amortisation	337	–	337
Exchange differences	52	–	52
At 30 June 2009 and 1 July 2009	**2,063**	**6,550**	**8,613**
Amortisation	**81**	**–**	**81**
Exchange differences	**(145)**	**–**	**(145)**
At 30 June 2010	**1,999**	**6,550**	**8,549**
Net carrying amount			
At 30 June 2010	**75**	**1,244,386**	**1,244,461**
At 30 June 2009	165	1,216,642	1,216,807

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

19. INTANGIBLE ASSETS (continued)

(1) The amount comprised goodwill pursuant to the acquisition of minority interests of:

		RM'million
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

(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.

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

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

(2) The amount represents goodwill pursuant to the acquisition of an additional 43.31% equity interest in Qingdao No. 1 Parkson Co Ltd ("Qingdao Parkson") not already owned by the Group as further disclosed in Note 37(c). Consequent thereupon, Qingdao Parkson became a 95.91% (2009: 52.60%) owned subsidiary of the Group.

(a) Impairment tests for goodwill

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 are as follows:

	2010 %	2009 %
CGU		
People's Republic of China	**9.6**	6.5
Malaysia	**10.0**	6.5

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 2010	**19,723**	**1,224,663**	**1,244,386**
At 30 June 2009	19,723	1,196,919	1,216,642

19. INTANGIBLE ASSETS (continued)

(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.
Growth rates	:	the forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.
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 weighted average cost of capital 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.

20. AMOUNTS DUE FROM SUBSIDIARIES

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

21. INVENTORIES

	Group	
	2010	**2009**
	RM'000	**RM'000**
At costs:		
Merchandise inventories	**200,242**	191,177
Properties held for sale	**4,369**	11,187
Consumables	**6,205**	7,508
	210,816	209,872
At net realisable value:		
Merchandise inventories	**2,196**	4,393
	213,012	214,265

22. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-current					
Amount due from a related party	(i)	–	20,000	–	20,000
Current					
Trade receivables		**17,089**	16,607	–	–
Sundry receivables		**145,743**	163,034	**6**	2
Less: Allowance for doubtful debts		**(3,724)**	(3,743)	–	–
		142,019	159,291	**6**	2
Amounts due from related parties	(i)	**24,114**	25,443	**24,114**	25,443
Deposits	(ii)	**93,731**	93,391	**10**	10
Designated loans	(iii)	**192**	5,533	–	–
Lease prepayments		**64,453**	69,346	–	–
Prepayments		**14,846**	16,536	–	–
		197,336	210,249	**24,124**	25,453
		356,444	386,147	**24,130**	25,455

(i) Included in amounts due from related parties is an amount due from Total Triumph Investments Limited ("Total Triumph") as follows:

		Group/Company	
		2010 RM'000	2009 RM'000
Principal:			
Non-current		–	20,000
Current		**20,000**	20,000
Interest		**3,991**	5,320
	(a)	**23,991**	45,320

(a) On 19 September 2007, the Company completed the disposal of the entire equity of Bright Steel Sdn Bhd to Total Triumph for a cash consideration of RM53.47 million, of which RM13.47 million was fully settled upon the completion and the first deferred payment of RM20 million had been paid by Total Triumph to the Company on 19 September 2009. The remaining consideration of RM20 million is scheduled to be paid on 19 September 2010. The amount due from Total Triumph 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.

The relationship of the related parties with the Group and the Company are further disclosed in Note 35.

22. TRADE AND OTHER RECEIVABLES (continued)

(ii) Included in deposits was a refundable deposit of US$9.405 million (equivalent to approximately RM31 million) (2009: RM33 million) paid to C&T Corporation ("C&T") for the proposed acquisition by the Group from C&T of 55% equity interest in a joint-stock company, C.T Phuong Nam Joint Stock Company. Subsequent to the financial year, the Group and C&T have mutually agreed to terminate the acquisition and the deposit paid will be refunded by C&T in full together with interest to the Group (Note 38(a)).

(iii) These designated loans were granted by a PRC subsidiary to its suppliers of goods and services in the PRC which complied with the local law. These loans bear interest at rates ranging from 5.6% to 5.7% (2009: 6.7% to 7.7%) per annum and have a term of one year. The Group has the right to offset the outstanding designated loan balances 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 a group of debtors.

Credit terms of trade receivables range from payment in advance to 90 days (2009: payment in advance to 90 days).

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

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits, cash and bank balances:				
Cash on hand and at banks	**1,015,577**	1,386,275	**1,532**	1,584
Deposits with:				
Licensed banks	**1,063,185**	608,236	**5,700**	3,500
Licensed finance companies	**195,040**	99,000	**–**	–
Cash and cash equivalents	**2,273,802**	2,093,511	**7,232**	5,084

Deposits, cash and bank balances of the Group amounting to RM99.7 million (2009: Nil) are pledged with financial institutions for banking facilities extended to the Group (Note 27(i)).

The deposits, cash and bank balances of the subsidiaries in the PRC which amounted to RM1,849.6 million (2009: RM1,523.8 million) at the balance sheet date are subject to the exchange control restrictions of that country. The said 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	
	2010	**2009**	**2010**	**2009**
	%	**%**	**%**	**%**
Licensed banks	**3.5**	3.6	**1.9**	3.1
Licensed finance companies	**2.0**	2.7	**–**	–

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.

24. 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 2009		**1,036,410**	**(21,534)**	**1,036,410**	**3,637,912**	**4,674,322**	**(93,849)**
Purchase of treasury shares	(a)(i)	–	**(2,163)**	–	–	–	**(11,438)**
Distribution of share dividend	(a)(ii)	–	**10,145**	–	**(44,358)**	**(44,358)**	**44,358**
At 30 June 2010		**1,036,410**	**(13,552)**	**1,036,410**	**3,593,554**	**4,629,964**	**(60,929)**
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)

	Number of ordinary share of RM1.00 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
Authorised share capital				
At 1 July/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.

(i) During the financial year, the Company repurchased 2,162,800 ordinary shares of its issued ordinary shares from the open market at an average price of RM5.29 per share. The total consideration paid for the repurchase including transaction costs was RM11.44 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.

(ii) A total of 10,144,514 treasury shares were distributed as share dividend on 15 December 2009 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 being disregarded.

As at 30 June 2010, the number of outstanding ordinary shares in issue after the set off of 13,552,486 (2009: 21,534,200) treasury shares held by the Company is 1,022,857,764 (2009: 1,014,876,050) ordinary shares of RM1.00 each.

25. 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	RCSLS equity components RM'000	Total RM'000
At 1 July 2009	**104,242**	**14,550**	**69,312**	**50,784**	**(3,569,345)**	**(11,450)**	**13,589**	**(3,328,318)**
Translation differences	**(96,968)**	**(572)**	**(7,146)**	**(5,327)**	**–**	**789**	**–**	**(109,224)**
Appropriation of profit to capital reserves	**–**	**–**	**–**	**11,305**	**–**	**–**	**–**	**11,305**
Net gain on cash flow hedges	**–**	**–**	**–**	**–**	**–**	**763**	**–**	**763**
Dilution of interest in a subsidiary	**18**	**(3)**	**(93)**	**(68)**	**–**	**16**	**–**	**(130)**
Employee share options lapsed	**–**	**(587)**	**–**	**–**	**–**	**–**	**–**	**(587)**
Transfer from retained profits	**–**	**–**	**–**	**–**	**483,652**	**–**	**–**	**483,652**
Equity-settled share option arrangements granted by:								
- The Company	**–**	**9,449**	**–**	**–**	**–**	**–**	**–**	**9,449**
- A subsidiary	**–**	**10,208**	**–**	**–**	**–**	**–**	**–**	**10,208**
Employee share options exercised	**–**	**(930)**	**–**	**–**	**–**	**–**	**–**	**(930)**
At 30 June 2010	**7,292**	**32,115**	**62,073**	**56,694**	**(3,085,693)**	**(9,882)**	**13,589**	**(2,923,812)**
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)

Company	Share option reserve RM'000 (a)	Capital redemption reserve RM'000	RCSLS equity components RM'000	Total RM'000
At 1 July 2009	**12,317**	**2,905,831**	**13,589**	**2,931,737**
Equity-settled share option arrangements granted	**9,449**	**–**	**–**	**9,449**
Employee share options lapsed	**(587)**	**–**	**–**	**(587)**
At 30 June 2010	**21,179**	**2,905,831**	**13,589**	**2,940,599**
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

25. OTHER RESERVES (continued)

(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, as set out in Note 26.

(b) Asset revaluation reserve

The 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 in the prior years.

(c) Capital reserves

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

(d) Merger deficit

On 19 September 2007, the Group completed the acquisition of retail subsidiaries. The acquisition was satisfied by way of issuance of 3,799.73 million new ordinary shares of RM1.00 each of the Company at an issue price of RM1.00 per share and RM500 million nominal value 3-year 3.5% RCSLS at 100% of its nominal value of RM1.00 each.

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 merger deficit was subsequently partially set off against capital redemption reserve of RM2,905,831,000 pursuant to a court approval dated 24 September 2007 granted to the Company.

At each balance sheet date, the merger deficit will be reduced by transferring the Group's retained profits for the immediate preceding financial year in relation to the entities under common control, after adjusting for proposed/declared dividend as at that date to the merger deficit, in accordance with the Group's accounting policy disclosed in Note 2.2(a)(ii).

26. EMPLOYEE SHARE-BASED PAYMENT

(a) Employee share-based payment of the Company

The executive share option scheme ("ESOS") of the Company ("Parkson Holdings ESOS") became effective on 7 May 2008.

Pursuant to the Parkson Holdings ESOS, the following share options were granted by the Company to eligible employees, including executive directors of the Group:

- On 12 May 2008, a total of 4,716,400 share options were granted to 462 eligible employees at a subscription price of RM6.35 per share; and

- On 7 April 2010, a total of 5,373,500 share options were granted to 529 eligible employees at a subscription price of RM5.31 per share.

The main features of the Parkson Holdings ESOS 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.

26. EMPLOYEE SHARE-BASED PAYMENT (continued)

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

(ii) The aggregate number of options exercised and options offered and to be offered under the Parkson Holdings ESOS shall not exceed 15% 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 five 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 five 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 five 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 exercise period for the options will expire on 6 May 2013.

The following tables illustrate the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial years:

2010	Number of options					
Grant date	**As at 1.7.2009**	**Granted**	**Exercised**	**Lapsed**	**As at 30.6.2010**	**Exercisable 30.6.2010**
12 May 2008	**4,190,800**	**–**	**–**	**(248,700)**	**3,942,100**	**3,900,100**
7 April 2010	**–**	**5,373,500**	**–**	**(300,100)**	**5,073,400**	**4,353,300**
	4,190,800	**5,373,500**	**–**	**(548,800)**	**9,015,500**	**8,253,400**
WAEP (RM)	**6.35**	**5.31**	**–**	**5.78**	**5.76**	**5.80**

2009	Number of options					
Grant date	**As at 1.7.2008**	**Granted**	**Exercised**	**Lapsed**	**As at 30.6.2009**	**Exercisable 30.6.2009**
12 May 2008	4,599,500	–	–	(408,700)	4,190,800	3,971,800
WAEP (RM)	6.35	–	–	6.35	6.35	6.35

26. EMPLOYEE SHARE-BASED PAYMENT (continued)

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

(i) Share options exercised during the financial year

No option is exercised during the financial year. The related average share price of the Company during the financial year was RM5.42 (2009: RM4.05) per share.

(ii) Fair value of share options granted

The fair value of the options granted was estimated at the grant date using a Binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

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

	Grant Date	
	7.4.2010	**12.5.2008**
Fair value of share options (RM)	1.97	3.05
Dividend yield (%)	2.00	1.00
Expected volatility (%)	45.00	50.00
Risk-free interest rate (%)	2.00	3.00
Expected life (years)	2.84	5.00
Share price (RM)	5.99	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 options granted were incorporated into the measurement of the 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 became effective 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.

On 1 March 2010, a total of 15,821,000 share options under Lot 3 were granted to 544 eligible employees, including directors and the chief executive of Parkson Retail at an exercise price of HK$12.44 per share pursuant to the ESOS Scheme.

26. 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 an aggregate 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, but must not be less than the highest of (a) the closing price of Parkson Retail's shares on the date of grant; (b) the average closing price of Parkson Retail's shares for the five 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 tables illustrate the number and WAEP of, and movements in, share options during the financial years:

2010	**Number of options**					
Grant date	**As at 1.7.2009**	**Granted**	**Exercised**	**Lapsed**	**As at 30.6.2010**	**Exercisable 30.6.2010**
10 January 2007	**6,252,750**	**–**	**(4,167,750)**	**(47,500)**	**2,037,500**	**2,037,500**
1 March 2010	**–**	**15,821,000**	**(81,000)**	**–**	**15,740,000**	**15,740,000**
	6,252,750	**15,821,000**	**(4,248,750)**	**(47,500)**	**17,777,500**	**17,777,500**
WAEP (HK$)	**7.35**	**12.44**	**7.45**	**7.35**	**11.86**	**11.86**

2009	**Number of options**					
Grant date	**As at 1.7.2008**	**Granted**	**Exercised**	**Lapsed**	**As at 30.6.2009**	**Exercisable 30.6.2009**
10 January 2007	12,990,000	–	(6,314,500)	(422,750)	6,252,750	6,252,750
WAEP (HK$)	7.35	–	7.35	7.35	7.35	7.35

26. EMPLOYEE SHARE-BASED PAYMENT (continued)

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

(i) Share options exercised during the financial years

Options exercised during the financial year resulted in the issuance of 4,167,750 ordinary shares at HK$7.35 per share and 81,000 ordinary shares at HK$12.44 per share. During the previous financial year, options exercised resulted in the issuance of 6,314,500 ordinary shares at HK$7.35 per share.

The related average share price of Parkson Retail during the financial year was HK$12.78 (2009: HK$8.98) per share.

(ii) Fair value of share options granted

The fair value of the options granted was estimated at the grant date using a Binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

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

	Grant Date	
	1.3.2010	**10.1.2007**
Fair value of share options (HK$)	3.00	2.13
Dividend yield (%)	1.17	0.77 - 1.56
Expected volatility (%)	52.13	25.79 - 35.94
Risk-free interest rate (%)	0.95	3.638 - 3.648
Expected life (years)	3.10	0.5 - 1.5
Share price (HK$) (as adjusted for the effect of subdivision of shares)	12.44	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 options granted were incorporated into the measurement of the fair value.

27. BORROWINGS

		Group		Company	
		2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Short term borrowings					
Secured:					
Hire purchase liabilities (Note 28)		**101**	317	**–**	–
RCSLS (Note 29)		**233,552**	–	**233,552**	–
Short term loans	(i)	**94,564**	–	**–**	–
Total short term borrowings		**328,217**	317	**233,552**	–
Long term borrowings					
Secured:					
Hire purchase liabilities (Note 28)		**35**	177	**–**	–
RCSLS (Note 29)		**–**	227,281	**–**	227,281
		35	227,458	**–**	227,281
Unsecured:					
PRC bank loans	(ii)	**623,918**	670,654	**–**	–
Total long term borrowings		**623,953**	898,112	**–**	227,281
Total borrowings		**952,170**	898,429	**233,552**	227,281

27. BORROWINGS (continued)

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Total borrowings				
Hire purchase liabilities (Note 28)	**136**	494	**–**	–
Other borrowings	**952,034**	897,935	**233,552**	227,281
	952,170	898,429	**233,552**	227,281
Maturity of other borrowings (excluding hire purchase liabilities):				
Within one year	**328,116**	–	**233,552**	–
More than one year and less than two years	**623,918**	227,281	**–**	227,281
More than two years and less than five years	**–**	670,654	**–**	–
	952,034	897,935	**233,552**	227,281

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

	Group 2010 %	Group 2009 %	Company 2010 %	Company 2009 %
Secured:				
RCSLS	**6.5**	6.5	**6.5**	6.5
Short term loans	**10.7**	–	**–**	–
Unsecured:				
PRC bank loans	**10.3**	10.3	**–**	–

(i) As at 30 June 2010, the short term loans of RM94.6 million (2009: Nil) were denominated in HK$ and secured by the pledge of certain of the Group's deposits amounting to RM99.7 million.

(ii) The PRC bank loans from JPMorgan Chase Bank, N.A., Shanghai Branch ("Bank") were issued on 14 November 2006 and will mature on 13 November 2011. Interest payable on the PRC 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 PRC 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. The fair value of the interest rate swap is disclosed in Note 39(d).

Pursuant to the agreements, the Bank is entitled to request the Group to reduce the aggregate amount of the PRC bank loans outstanding to reflect the reduction in the Rmb equivalent amount of the CLN which is denominated in US$ (Note 17(i)). As a result of the appreciation in the Rmb in relation to the US$, the Group repaid Rmb1 million (equivalent to approximately RM0.5 million) (2009: Rmb30 million, equivalent to approximately RM15.4 million) of the PRC bank loans during the financial year.

28. HIRE PURCHASE LIABILITIES

	Group	
	2010	**2009**
	RM'000	**RM'000**
Minimum lease payments:		
Not later than one year	**119**	344
Later than one year and not later than two years	**36**	116
Later than two years and not later than five years	**–**	68
	155	528
Less: Future finance charges	**(19)**	(34)
	136	494
Present value of finance lease liabilities:		
Not later than one year	**101**	317
Later than one year and not later than two years	**35**	110
Later than two years and not later than five years	**–**	67
	136	494
Representing:		
Current	**101**	317
Non-current	**35**	177
	136	494

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

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

	Group	
	2010	**2009**
	%	**%**
Contractual interest rates	**2.4 - 3.7**	2.4 - 3.7
Weighted average effective interest rate	**7.4**	8.5

29. RCSLS

Pursuant to the acquisition of the subsidiaries in retail business completed in September 2007, the Company issued RM500 million nominal value 3-year 3.5% 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 each 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 (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.

29. RCSLS (continued)

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 recognised in the balance sheets may be analysed as follows:

	Group/Company	
	2010	**2009**
	RM'000	**RM'000**
Liability component at 1 July	**227,281**	221,274
Interest expense recognised during the year (Note 6)	**14,367**	14,038
Interest paid during the year	**(8,096)**	(8,031)
Liability component at 30 June	**233,552**	227,281

The equity component recognised in the balance sheets is disclosed in Note 25.

As at 30 June 2010, RM228,800,000 (2009: RM228,800,000) nominal value of the RCSLS remained outstanding.

Interest expense on the RCSLS is calculated on the effective yield basis by applying the interest rate of 6.5% per annum.

30. SENIOR GUARANTEED NOTES

		Group	
		2010	**2009**
		RM'000	**RM'000**
Quoted:			
Senior guaranteed notes due November 2011 ("SGN2011")	(i)	**646,230**	695,208
Senior guaranteed notes due May 2012 ("SGN2012")	(ii)	**403,557**	434,352
		1,049,787	1,129,560
Maturity of senior guaranteed notes:			
More than one year and less than two years		**1,049,787**	–
More than two years and less than five years		**–**	1,129,560
		1,049,787	1,129,560

(i) On 14 November 2006, Parkson Retail issued the 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 ("SES"). The SGN2011 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 SGN2011 are secured by:

(a) first priority pledges and share charges of all the ownership interests in certain subsidiaries of Parkson Retail as disclosed in Note 14; and

(b) a charge over the CLN as disclosed in Note 17(i).

30. SENIOR GUARANTEED NOTES (continued)

(ii) On 30 May 2007, Parkson Retail issued the SGN2012 in an aggregate principal amount of US$125 million. The SGN2012 were admitted to the Official List of the SES. 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 price of 103.5625% in year 2010 and 101.78125% thereafter.

The SGN2012 are guaranteed by certain of Parkson Retail's subsidiaries.

The Group has entered into a cross currency interest rate swap arrangement with J.P. Morgan Securities (Asia Pacific) Limited. The purpose of the cross currency interest rate swap arrangement is to provide the Group with a Rmb equivalent fixed rate debt of Rmb956,630,000 with an interest rate of 3.45% per annum. The fair value of the cross currency interest rate swap is disclosed in Note 39(d).

On 30 May 2010, the cross currency interest rate swap expired with cash settlement at US$15.1 million (equivalent to approximately RM49.4 million).

31. LONG TERM PAYABLES

The deferred payables represented the long term portion of accrued rental expenses.

32. DEFERRED TAX

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 July	**(102,619)**	(84,200)	**(1,937)**	(3,439)
Recognised in the income statement	**8,247**	(12,180)	**1,584**	1,502
Acquisition of a subsidiary	**–**	168	**–**	–
Exchange differences	**6,480**	(6,407)	**–**	–
At 30 June	**(87,892)**	(102,619)	**(353)**	(1,937)
Presented after appropriate offsetting as follows:				
Deferred tax assets	**35,824**	33,687	**–**	–
Deferred tax liabilities	**(123,716)**	(136,306)	**(353)**	(1,937)
	(87,892)	(102,619)	**(353)**	(1,937)

32. 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	Decelerated depreciation RM'000	Unused tax losses RM'000	Total RM'000
At 1 July 2009	**31,454**	**2,233**	**–**	**33,687**
Recognised in the income statement	**102**	**(148)**	**4,458**	**4,412**
Exchange differences	**(1,981)**	**(149)**	**(145)**	**(2,275)**
At 30 June 2010	**29,575**	**1,936**	**4,313**	**35,824**
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

Deferred tax liabilities of the Group:

	Accelerated depreciation RM'000	Asset revaluation RM'000	RCSLS RM'000	Withholding taxes RM'000	Total RM'000
At 1 July 2009	**(62,752)**	**(68,114)**	**(1,937)**	**(3,503)**	**(136,306)**
Recognised in the income statement	**(17,905)**	**22,732**	**1,584**	**(2,576)**	**3,835**
Exchange differences	**3,728**	**4,698**	**–**	**329**	**8,755**
At 30 June 2010	**(76,929)**	**(40,684)**	**(353)**	**(5,750)**	**(123,716)**
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)

Deferred tax liabilities of the Company:

	RCSLS RM'000
At 1 July 2009	**(1,937)**
Recognised in the income statement	**1,584**
At 30 June 2010	**(353)**
At 1 July 2008	(3,439)
Recognised in the income statement	1,502
At 30 June 2009	(1,937)

32. DEFERRED TAX (continued)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2010 RM'000	Group 2009 RM'000
Unused tax losses	**44,773**	30,120
Unabsorbed capital allowances	**837**	610

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 intermediate investment holding companies incorporated in Hong Kong or Singapore which qualify for a preferential withholding tax rate at 5%.

33. TRADE AND OTHER PAYABLES

		Group		Company	
		2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Trade payables		**882,451**	789,532	**–**	–
Amount due to a related party	(i)	**641**	85	**641**	85
Accruals		**61,399**	65,836	**1,068**	1,027
Other payables		**303,978**	332,320	**54**	494
Deposits		**323,165**	263,076	**–**	–
Deferred revenue from customer loyalty award	(ii)	**29,328**	40,506	**–**	–
		1,600,962	1,491,355	**1,763**	1,606

(i) The amount due to a related party, Amsteel Mills Marketing Sdn Bhd is unsecured, interest free and has no fixed terms of repayment.

The relationship of the related party with the Group and the Company are further disclosed in Note 35.

33. TRADE AND OTHER PAYABLES (continued)

(ii) A reconciliation of the deferred revenue from customer loyalty award is as follows:

	Group 2010 RM'000	2009 RM'000
At 1 July	**40,506**	39,368
Acquisition of a subsidiary	**–**	4,217
Addition during the year	**57,193**	90,863
Recognised as revenue	**(53,520)**	(84,311)
Lapsed amounts reversed	**(12,056)**	(12,778)
Exchange differences	**(2,795)**	3,147
At 30 June	**29,328**	40,506

The deferred revenue from customer loyalty award is estimated based on the amount of bonus points outstanding as at the end of the balance sheet date that are expected to be redeemed before expiry.

Credit terms of trade payables granted to the Group vary from 30 to 90 days (2009: 30 to 60 days).

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

34. 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 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 June 2010, the Company has credit in the 108 balance of RM1,748,000 (2009: RM1,748,000) and the balance in the tax exempt account of RM112,706,000 (2009: RM87,433,000) to pay franked dividends out of its profit.

35. 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
Total Triumph Investments Limited ("Total Triumph")	A company in which a Director and certain substantial shareholders of the Company have interests
Lion Diversified Holdings Berhad ("LDHB")	A substantial shareholder of the Company
Parkson Management Pte Ltd ("Parkson Management")	A subsidiary of LDHB
Amsteel Mills Marketing Sdn Bhd	A subsidiary of Amsteel Mills Sdn Bhd, a substantial shareholder of the Company

35. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(a) The significant related party transactions are as follows:

	Group	
	2010 RM'000	**2009 RM'000**
Purchases of goods and services from:		
- Posim Marketing Sdn Bhd	**661**	1,496
- Lion Trading & Marketing Sdn Bhd	**473**	1,016
- Secom (Malaysia) Sdn Bhd	**628**	579

	Company	
	2010 RM'000	**2009 RM'000**
Subsidiary:		
Dividend income	**100,000**	400,000
Related party - Total Triumph:		
Finance income (Note 6)	**1,292**	2,900

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 2010 are disclosed in Note 20, Note 22(i) and Note 33(i).

(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	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Short-term employee benefits	**3,298**	3,026	**208**	199
Post-employment benefits				
- Defined contribution plan	**314**	292	**14**	14
Share-based payment	**3,185**	–	**–**	–
	6,797	3,318	**222**	213

The key management personnel of the Group and of the Company have been granted the following number of options under the ESOS of the Company:

	Group		Company	
	2010 '000	**2009 '000**	**2010 '000**	**2009 '000**
At 1 July	**105**	105	**–**	–
Granted	**105**	–	**–**	–
At 30 June	**210**	105	**–**	–

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

35. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(c) Others

Pursuant to Parkson Retail's listing on The Stock Exchange of Hong Kong Limited in the prior years, the Company granted Parkson Retail an option/right of first refusal to acquire certain of its Parkson branded department stores located in the PRC.

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.

36. COMMITMENTS

	Group	
	2010 RM'000	**2009 RM'000**
(a) Capital commitments		
Capital expenditure for property, plant and equipment:		
Approved and contracted for	**71,142**	338,735
Approved but not contracted for	**30**	43
	71,172	338,778
(b) Non-cancellable operating lease commitments		
As lessee		
Future minimum rentals payable:		
Not later than one year	**340,025**	366,291
Later than one year and not later than five years	**1,502,095**	1,517,171
Later than five years	**2,891,074**	3,072,967
	4,733,194	4,956,429

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 agreements. The amount of contingent rental charged is disclosed in Note 7(a).

36. COMMITMENTS (continued)

(b) Non-cancellable operating lease commitments (continued)

	Group 2010 RM'000	Group 2009 RM'000
As lessor		
Future minimum rentals receivable:		
Not later than one year	**30,372**	22,243
Later than one year and not later than five years	**32,579**	35,833
Later than five years	**4,513**	10,361
	67,464	68,437

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. The amount of contingent rental chargeable to lessee is disclosed in Note 7(a).

37. SIGNIFICANT EVENTS

(a) On 10 November 2009, Choice Link Limited ("Choice Link"), a wholly-owned subsidiary of the Company, acquired the entire equity interest in Great Dignity from Parkson Management pursuant to a Deed of Assignment and Novation ("Deed") entered into amongst Choice Link, Parkson Management and others. By virtue of the Deed, Parkson Management assigned all the rights, titles and benefits and novated all liabilities and obligations of Parkson Management in and under a conditional Sale and Purchase Agreement signed with third parties in 2005, to Choice Link for a cash consideration of RM3,900,000.

Parkson Management is a subsidiary of LDHB, a related party of which further details of their relationship with the Group and the Company are disclosed in Note 35.

(b) On 25 January 2010, Parkson Vietnam Co Ltd, a wholly-owned subsidiary of the Company, increased its shareholding in Parkson Hanoi Co Ltd ("Parkson Hanoi"), a company incorporated in Vietnam, from 49% to 70% by contributing an amount of US$1.008 million (equivalent to approximately RM3.4 million) as charter capital of Parkson Hanoi. Consequent thereupon, Parkson Hanoi became a 70% owned subsidiary of the Company.

(c) On 2 February 2010, Serbadagang Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, received a court order from the People's High Court of Shandong Province, the PRC for the proposed acquisition of an additional 43.31% interest in Qingdao No. 1 Parkson Co Ltd ("Qingdao Parkson") from China Qingdao No.1 Store for a cash consideration of Rmb185 million (equivalent to approximately RM92.50 million) ("Qingdao Parkson Acquisition"). The Qingdao Parkson Acquisition was completed on 12 May 2010 and consequent thereupon, Qingdao Parkson became a 95.91% owned subsidiary of the Company.

38. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

(a) On 26 December 2007, Parkson Properties NDT (Emperor) Co Ltd ("Parkson Properties NDT"), a wholly-owned subsidiary of Parkson Properties Holdings Co Ltd, which is in turn a wholly-owned subsidiary of the Company, entered into a conditional contract with C&T Corporation ("C&T") to acquire 55% equity interest in a joint-stock company, C.T Phuong Nam Joint Stock Company, from C&T for a cash consideration of US$9.405 million (equivalent to approximately RM31 million) ("Consideration Deposit").

On 3 September 2010, Parkson Properties NDT and C&T have mutually agreed to terminate the Contract ("Termination") and the Consideration Deposit will be refunded in full together with interest calculated at 8% per annum commencing from 21 December 2007 to date of Termination to Parkson Properties NDT.

(b) On 23 August 2010, the remaining RM228,800,000 nominal value of RCSLS were converted into 57,200,000 new ordinary shares of RM1.00 each in the Company at the conversion price of RM4.00 nominal amount of the RCSLS for every new ordinary share of RM1.00 each in the Company.

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	Total RM'000
Group					
At 30 June 2010					
Fixed rate					
Credit linked notes	17	–	**650,840**	–	**650,840**
Short term loans	27	**(94,564)**	–	–	**(94,564)**
PRC bank loans	27	–	**(623,918)**	–	**(623,918)**
Hire purchase liabilities	28	**(101)**	**(35)**	–	**(136)**
RCSLS	29	**(233,552)**	–	–	**(233,552)**
SGN2011	30	–	**(646,230)**	–	**(646,230)**
SGN2012	30	–	**(403,557)**	–	**(403,557)**
Floating rate					
Deposits, cash and bank balances	23	**2,273,802**	–	–	**2,273,802**

39. FINANCIAL INSTRUMENTS (continued)

(b) Interest rate risk (continued)

The following financial instruments of the Group and of the Company are exposed to interest rate risk: (continued)

	Note	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	Total RM'000
Group					
At 30 June 2009					
Fixed rate					
Credit linked notes	17	–	–	703,276	703,276
PRC bank loans	27	–	–	(670,654)	(670,654)
Hire purchase liabilities	28	(317)	(110)	(67)	(494)
RCSLS	29	–	(227,281)	–	(227,281)
SGN2011	30	–	–	(695,208)	(695,208)
SGN2012	30	–	–	(434,352)	(434,352)
Interest rate swap contracts *		–	–	–	–
Floating rate					
Deposits, cash and bank balances	23	2,093,511	–	–	2,093,511

	Note	Within 1 year RM'000	1-2 years RM'000	Total RM'000
Company				
At 30 June 2010				
Fixed rate				
RCSLS	29	**(233,552)**	**–**	**(233,552)**
Floating rate				
Deposits, cash and bank balances	23	**7,232**	**–**	**7,232**
At 30 June 2009				
Fixed rate				
RCSLS	29	–	(227,281)	(227,281)
Floating rate				
Deposits, cash and bank balances	23	5,084	–	5,084

* The details 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$, the Group's foreign currency exchange risk is primarily due to exposure to the US$. 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 2010				
Receivables				
Chinese Renminbi	**6,183**	**–**	**–**	**6,183**
Deposits, cash and bank balances				
Ringgit Malaysia	**–**	**–**	**8,207**	**8,207**
Chinese Renminbi	**–**	**81,314**	**13**	**81,327**
Hong Kong Dollar	**–**	**–**	**2,026**	**2,026**
	–	**81,314**	**10,246**	**91,560**
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

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 27) and currency fluctuations associated with interest and principal payments on the senior guaranteed notes due May 2012 ("SGN2012") (Note 30(ii)). Effective changes in the fair value of these cash flow hedging instruments are recognised in the hedging reserve in the balance sheet. The effective changes are then recognised in finance costs in the period that the forecast 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 ("Bank") and JP Morgan Chase Bank, N.A. Hong Kong to convert the Group's variable rate bank loans (Note 27) 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. In May 2010, the cross currency interest rate swap expired with cash settlement at US$15.1 million (equivalent to approximately RM49.4 million).

At 30 June 2010, these hedges were in a liability position and had a total fair value of RM22,056,000 (2009: RM79,138,000), which was recorded in derivative financial instruments designated as hedging instruments in the balance sheet.

All derivative financial instruments are recorded at fair value in the balance sheet. Changes in fair value of derivatives that are not designated as cash flow hedging instruments are recognised in the income statement.

In the previous financial year, changes in the fair value of effective hedges are recognised directly in equity and will be reclassified to income statement when the hedge item is recognised in the income statement.

On 25 May 2010, the Group decided not to opt for early redemption of the SGN2012 as mentioned in Note 30(ii). Accordingly, the cash flow hedge accounting is to be discontinued prospectively as the forecasted results, i.e. early redemption of SGN2012 will not occur. Hence, the ineffective portion of the change in fair value of derivatives is to be recognised directly in the income statement from thereon.

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 2010				
Unquoted shares	**281**	**^a**	**28**	**^a**
Amounts due from subsidiaries	**–**	**–**	**8,106,224**	**^b**
Amount due from a related party	**123**	**^b**	**123**	**^b**
At 30 June 2009				
Unquoted shares	281	^a	28	^a
Amounts due from subsidiaries	–	–	8,058,011	^b
Amount due from a related party	123	^b	123	^b
Financial liabilities				
At 30 June 2010				
Hire purchase liabilities	**136**	**140**	**–**	**–**
Amount due to a related party	**641**	**^b**	**641**	**^b**
Senior guaranteed notes	**1,049,787**	**1,092,496**	**–**	**–**
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	–	–

^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.

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 fair values of the Group's and of 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 has a single operating segment - the operation and management of department stores. For management purposes, the Group is organised into business units based on the geographical location of customers and assets, and has three reportable segments as follows:

(i) Malaysia
(ii) People's Republic of China ("PRC")
(iii) Vietnam

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit. Group financing (including finance income and finance costs) and taxation are managed on a group basis and are not allocated to reportable segments.

The Group's segmental information is as follows:

	←	Retailing	→	Investment	
	Malaysia RM'000	PRC RM'000	Vietnam RM'000	holding RM'000	Total RM'000
30 June 2010					
Revenue	697,317	1,926,705	98,234	–	2,722,256
Results:					
Segment profit/(loss)	68,001	712,053	23,238	(20,512)	782,780
Employee share-based payments					(29,261)
Operating profit					753,519
Finance income					114,504
Finance costs					(171,195)
Gain on dilution of interest in a subsidiary					7,192
Share of results of an associate					153
Profit before tax					704,173
Total assets	642,840	5,724,665	195,105	175,890	6,738,500
Total liabilities	317,010	3,288,581	23,551	235,721	3,864,863
Capital expenditure	59,386	642,328	3,001	–	704,715

40. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows: (continued)

	Retailing			Investment holding	Total
	Malaysia RM'000	PRC RM'000	Vietnam RM'000	RM'000	RM'000
30 June 2009					
Revenue	645,282	1,848,747	89,676	–	2,583,705
Results:					
Segment profit	28,594	677,956	11,953	2,806	721,309
Employee share-based payments					(779)
Operating profit					720,530
Finance income					122,600
Finance costs					(184,313)
Gain on disposal/ dilution of interest in subsidiaries					279,515
Share of results of an associate					701
Profit before tax					939,033
Total assets	504,608	5,366,511	243,585	411,475	6,526,179
Total liabilities	283,670	3,264,421	62,830	230,890	3,841,811
Capital expenditure	55,462	86,768	74,950	–	217,180

41. COMPARATIVE

Certain comparatives have been reclassified to conform with current year's presentation.

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2010

	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 (10)	109.1	June 2004
2.	127, Renming Zhong Road Wuxi, China	Leasehold 22.4.2044	30,498.6 sq metres	Commercial building	Shopping complex and office (14)	24.8	June 2004
3.	239, Dongda Street Xian, China	Leasehold 22.5.2047	17,755.4 sq metres	Commercial building	Shopping complex (13)	19.8	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 (16)	387.6	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 (23)	187.2	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 (14)	10.0	June 2004
7.	Mukim Setapak District of Kuala Lumpur	Leasehold 20.11.2106	34,103.0 sq metres	Commercial building	Shopping complex under construction	144.5	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 (4)	73.3	June 2009
9.	Block 1, No. 12 Qi Sheng Middle Road Chaoyang District Beijing, China	Leasehold 30.8.2044	62,720.0 sq metres	Commercial building	Shopping complex under construction	551.9	December 2009

MATERIAL CONTRACTS

INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

(a) 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 the RCSLS, namely Excel Step Investments Limited ("Excel Step") for the purpose of securing any financing facilities, the restricted transferability of the 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.

The RM500 million nominal value of the RCSLS had been fully converted into new ordinary shares of RM1.00 each in the Company on 23 August 2010.

(b) Deed of Assignment and Novation dated 10 November 2009 entered into between (i) Choice Link Limited ("Choice Link"), a wholly-owned subsidiary of the Company, (ii) Parkson Management Pte Ltd ("Parkson Management"), a wholly-owned subsidiary of LDHB; and (iii) Ho Wai Kay and Kikuchi Shunrokuro (collectively "Vendors") wherein Parkson Management agrees to assign all its rights, titles and benefits and to novate all its liabilities and obligations in and under the conditional share purchase agreement dated 7 November 2005 (as amended by supplemental agreements dated 31 March 2006, 31 December 2007 and 1 April 2008) entered into between Parkson Management and the Vendors to Choice Link for a cash consideration of RM3.9 million.

ANALYSIS OF SHAREHOLDINGS

Share Capital as at 30 September 2010

Authorised Capital	:	RM4,500,000,000
Issued and Paid-up Capital	:	RM1,093,610,250
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

Distribution of Shareholdings as at 30 September 2010

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares*
Less than 100	889	8.77	20,876	0.00
100 to 1,000	1,936	19.10	882,527	0.08
1,001 to 10,000	5,843	57.64	16,350,050	1.51
10,001 to 100,000	1,077	10.62	29,089,314	2.69
100,001 to less than 5% of issued shares*	388	3.83	674,869,279	62.48
5% and above of issued shares	4	0.04	358,845,718	33.24
	10,137	100.00	1,080,057,764	100.00

Substantial Shareholders as at 30 September 2010

Substantial Shareholders	Direct Interest No. of Shares	Direct Interest % of Shares^	Indirect Interest No. of Shares	Indirect Interest % of Shares^
1. Tan Sri William H.J. Cheng	251,389,224	23.28	295,802,454	27.39
2. Tan Sri Cheng Yong Kim	11,013,971	1.02	284,621,419	26.35
3. Lion Realty Private Limited	–	–	284,520,177	26.34
4. Excel Step Investments Limited	57,278,649	5.30	188,553,693	17.46
5. Lion Corporation Berhad	101,213	0.01	245,731,129	22.75
6. Lion Industries Corporation Berhad	45,726,980	4.23	200,105,362	18.53
7. LLB Steel Industries Sdn Bhd	–	–	245,832,342	22.76
8. Steelcorp Sdn Bhd	–	–	245,832,342	22.76
9. Amsteel Mills Sdn Bhd	142,545,390	13.20	103,286,952	9.56
10. Lion Diversified Holdings Berhad	180,110	0.02	245,652,232	22.74
11. Lion Development (Penang) Sdn Bhd	384,259	0.04	284,135,918	26.31
12. Horizon Towers Sdn Bhd	–	–	245,832,342	22.76
13. Teraju Varia Sdn Bhd	–	–	245,832,342	22.76

Notes:

* *Excluding a total of 13,552,486 ordinary shares of RM1.00 each in the Company ("Parkson Shares") bought back by the Company and retained as treasury shares as at 27 September 2010.*

^ *Excluding a total of 13,557,486 Parkson Shares bought back by the Company and retained as treasury shares as at 30 September 2010.*

Thirty Largest Registered Shareholders as at 30 September 2010

Registered Shareholders	No. of Shares	% of Shares*
1. AMSEC Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Amsteel Mills Sdn Bhd (CS-Amsteel0)	142,545,390	13.20
2. HSBC Nominees (Tempatan) Sdn Bhd HSBC HK CTLA for Cheng Heng Jem (TB)	80,718,138	7.47
3. HSBC Nominees (Tempatan) Sdn Bhd HSBC HK CTLA for Cheng Heng Jem (TA1)	78,382,190	7.26
4. AMSEC Nominees (Asing) Sdn Bhd AmTrustee Berhad for Excel Step Investments Limited	57,200,000	5.30
5. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (M09)	49,024,000	4.54
6. RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad	45,726,980	4.23
7. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	38,600,045	3.57
8. Cheng Heng Jem	36,064,896	3.34
9. Kumpulan Wang Persaraan (Diperbadankan)	34,095,100	3.16
10. Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Narajaya Sdn Bhd	21,485,454	1.99
11. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	18,979,650	1.76
12. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund ZM47 for AIM Developing Markets Fund	18,148,342	1.68
13. Narajaya Sdn Bhd	15,855,586	1.47
14. Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLTOD67)	14,831,125	1.37
15. Amanahraya Trustees Berhad Public Islamic Dividend Fund	11,945,594	1.11
16. Cartaban Nominees (Asing) Sdn Bhd State Street Australia Fund ATB1 for Platinum Asia Fund	11,300,577	1.05
17. Cheng Yong Kim	10,411,371	0.96
18. Amanahraya Trustees Berhad Public Islamic Equity Fund	10,151,656	0.94
19. Triumph Ray Limited	10,000,000	0.93
20. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (BVI)	9,120,984	0.84
21. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad icapital.biz Berhad	9,090,000	0.84
22. HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset MGMT Malaysia for Employees Provident Fund	8,500,000	0.79
23. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund HG22 for Smallcap World Fund, Inc.	8,307,250	0.77
24. HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	6,852,312	0.63
25. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund KG67 for AIM International Emerging Growth Fund	6,439,930	0.60
26. Lion Holdings Private Limited	6,189,820	0.57
27. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	6,075,206	0.56
28. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund KG33 for AIM Asia Pacific Growth Fund	6,017,601	0.56
29. Pertubuhan Keselamatan Sosial	5,697,889	0.53
30. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund HG16 for New World Fund (Am Funds Ins Sr)	5,312,600	0.49

Note:

* *Excluding a total of 13,552,486 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 27 September 2010.*

Directors' Interests in Shares in the Company and its Related Corporations as at 30 September 2010

The Directors' interests in shares in the Company and its related corporations as at 30 September 2010 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	251,389,224	23.28^	296,105,151	27.42^
Related Corporations					
Tan Sri William H.J. Cheng					
Parkson Retail Group Limited	HK$0.02	–	–	1,446,770,000	51.51
Kiara Innovasi Sdn Bhd	RM1.00	–	–	1,200,000	60.00

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	223,796,394	95.91
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

	Indirect Interest USD	Indirect Interest % Holdings
Investments in Vietnam		
Parkson Hanoi Co Ltd	3,360,000	70.00

Notes:

^ *Excluding a total of 13,557,486 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 30 September 2010.*

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related corporations as at 30 September 2010.

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 (2009: RM8,000).

(II) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 30 June 2010 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(a) Obtaining of building maintenance, consumables and other related products and services	Lion Forest Industries Berhad Group [1]	**663**
(b) Obtaining of office equipment, energy and conservation services, security services and equipment and other related products and services	Lion Corporation Berhad Group [1]	1,101
	Lion Forest Industries Berhad Group [1]	195
		1,296

Notes:

"Group" includes subsidiary and associated companies

[1] Companies in which a Director and certain major shareholders of the Company have substantial interests.

(III) SCHEDULE OF SHARE BUY-BACK FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

Monthly Breakdown	No. of Shares Purchased and Retained as Treasury Shares	Purchase Price per Share (RM) Lowest	Highest	Average Price per Share* RM	Total Consideration RM'000
August 2009	50,000	5.22	5.29	5.28	264
September 2009	102,400	5.08	5.12	5.11	523
October 2009	184,300	4.98	5.12	5.04	930
November 2009	79,300	5.19	5.21	5.22	414
February 2010	297,700	5.12	5.25	5.18	1,543
April 2010	164,500	5.58	5.65	5.63	926
May 2010	1,284,600	5.04	5.50	5.32	6,838
Purchased during the financial year	2,162,800			5.29	11,438

* Including transaction costs.

All the shares purchased by the Company were retained as treasury shares. On 15 December 2009, a total of 10,144,514 treasury shares were distributed as 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 being disregarded. As at 30 June 2010, the number of treasury shares held after deducting the share dividend distributed on 15 December 2009 was 13,552,486. None of the treasury shares were resold or cancelled during the financial year.

(IV) STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS AS AT 15 OCTOBER 2010

		Utilisation Status	
	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-Seventh Annual General Meeting of the Company to be held at the Meeting Hall, Level 16, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 Kuala Lumpur on 23 November 2010 at 2.00 pm and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve a first and final cash dividend and the distribution of share dividend		
2. To approve Directors' fees		
3. To re-elect as Director, Y. Bhg. Tan Sri William H.J. Cheng		
4. To re-elect as Director, Mr Folk Jee Yoong		
5. To re-elect as Director, Mr Cheng Sin Yeng		
6. To re-appoint Auditors		
7. Authority to Directors to issue shares		
8. Proposed Shareholders' Mandate for Recurrent Related Party Transactions		
9. Proposed Renewal of Authority for Share Buy-Back		
10. Proposed Amendment to the Articles of Association of the Company		

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 2010

No. of shares : .... Signed :..

Representation at Meeting:

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 15 November 2010 shall be eligible to attend the Meeting.
- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.
- The instrument of proxy shall be deposited at the Registered Office of the Company, Level 14, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.
- Completed Form of Proxy sent through facsimile transmission shall not be accepted.