PARKSON HOLDINGS BERHAD

2008

PARKSON HOLDINGS BERHAD

A Member of The Lion Group

(89194-P)

laporan tahunan
annual report **2008**

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting of Parkson Holdings Berhad will be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 19 November 2008 at 2.00 pm for the following purposes:

AGENDA

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2008. **Resolution 1**

2. To approve the payment of a final dividend of 5.0 sen per ordinary share tax exempt. **Resolution 2**

3. To approve the payment of Directors' fees amounting to RM207,000 (2007 : RM185,000). **Resolution 3**

4. To re-elect Director:

   In accordance with Article 98 of the Company's Articles of Association, Mr Lim Poon Thoo retires by rotation and, being eligible, offers himself for re-election. **Resolution 4**

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

6. Special Business

6.1 To consider and, if thought fit, pass the following resolutions as 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 6**

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 28 October 2008 ("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 7**

THAT authority conferred by this ordinary resolution shall 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 shall 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 Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), 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 8**

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

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

(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 shall remain 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 the date it is required by law to be held; or

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

whichever occurs first; and

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

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

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

Proposed Amendments to the Articles of Association of the Company

"THAT the proposed amendments to the Articles of Association of the Company contained in Appendix I of the Circular to Shareholders of the Company dated 28 October 2008 which has been despatched to the shareholders of the Company, be and are hereby approved and adopted." **Resolution 9**

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 dividend only in respect of:

(a) shares deposited into the depositor's securities account before 12.30 pm on 20 November 2008 in respect of shares exempted from mandatory deposit;

(b) shares transferred into the depositor's securities account before 4.00 pm on 24 November 2008 in respect of transfers; and

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

The dividend, if approved, will be paid on 15 December 2008 to shareholders on the Register of Members and the Record of Depositors of the Company at the close of business on 24 November 2008.

By Order of the Board

CHAN POH LAN
LIM KWEE PENG
Secretaries

Kuala Lumpur
28 October 2008

Notes:

1. Proxy

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

- *An instrument appointing a proxy executed in Malaysia need not be witnessed. The signature to an instrument appointing a proxy executed outside Malaysia shall be attested by a solicitor, notary public, consul or magistrate.*

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

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

2. Circular to Shareholders dated 28 October 2008 ("Circular")

Details on the following are set out in the Circular enclosed together with the 2008 Annual Report:

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

(ii) Part B - Statement in relation to the Proposed Renewal of Authority for Share Buy-Back

(iii) Part C - Appendix I
Proposed Amendments to the Articles of Association of the Company

3. *Resolution 3*

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

4. *Resolution 6*

   This authorisation 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.

5. *Resolution 7*

   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 8*

   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 9*

   This approval will allow amendments to be made to the Articles of Association of the Company ("AA") to bring the AA in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad, to incorporate current statutory and regulatory requirements for clarity and enhancements and, where relevant to render consistency throughout the AA.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of the Director standing for re-election at the Twenty-Fifth Annual General Meeting of the Company are set out in the Directors' Profile on pages 6 to 8 of the 2008 Annual Report.

CORPORATE INFORMATION

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

DIRECTORS' PROFILE

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

Y. Bhg. Tan Sri William H.J. Cheng, a Malaysian, aged 65, 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, motor, tyre, computer, retail, trading, plantation, and property and community development.

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

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

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

Save for Silverstone Corporation Berhad, Silverstone Berhad and Amsteel Corporation Berhad, all the above companies are listed on Bursa Malaysia Securities Berhad.

His shareholdings in the Company are disclosed on page 141 of this Annual Report. 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 141 of this Annual Report.

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

Tan Sri William Cheng attended all eight (8) Board Meetings of the Company held during the financial year ended 30 June 2008.

Tan Sri Dato' Jaffar bin Abdul
Independent Non-Executive Director

Y. Bhg. Tan Sri Dato' Jaffar bin Abdul, a Malaysian, aged 76, was appointed to the Board on 30 December 1991. He is also the Chairman of the Nomination Committee of the Company.

Tan Sri Dato' Jaffar joined the Police Force in 1951 and rose to become the Director of Anti-Narcotics Branch, Federal Police Headquarters, in 1982. From 1982 to 1984, he was the Chief Police Officer in Johor and between 1984 and 1985, he was the Director of Management Police Headquarters in Bukit Aman. He was also the Deputy Inspector General of the Royal Malaysian Police since 1985 before retiring from the civil service in 1989.

Tan Sri Dato' Jaffar's other directorships in public companies are as follows:

- Chairman of Cosway Corporation Berhad, Dutaland Berhad and Yinson Holdings Berhad
- Director of Silverstone Corporation Berhad and Berjaya Sports Toto Berhad

Save for Cosway Corporation Berhad and Silverstone Corporation Berhad, all the above companies are listed on Bursa Malaysia Securities Berhad.

Tan Sri Dato' Jaffar attended seven (7) of the eight (8) Board Meetings of the Company held during the financial year ended 30 June 2008.

Tan Sri Dato' Jaffar who is above the age of 70 years will be retiring at the forthcoming Annual General Meeting and does not seek re-appointment as Director of the Company.

Dato' Hassan bin Abdul Mutalip
Independent Non-Executive Director

Y. Bhg. Dato' Hassan bin Abdul Mutalip, a Malaysian, aged 63, was appointed to the Board on 4 July 2001. He is also the Chairman of the Audit Committee and Remuneration Committee, and a member of the Nomination Committee and Executive Share Option Scheme Committee of the Company.

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

Dato' Hassan attended seven (7) of the eight (8) Board Meetings of the Company held during the financial year ended 30 June 2008.

Cheng Sin Yeng
Non-Independent Non-Executive Director

Mr Cheng Sin Yeng, a Malaysian, aged 56, was appointed to the Board on 29 August 2001. He is also a member of the Remuneration Committee of the Company.

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

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

Mr Cheng attended all eight (8) Board Meetings of the Company held during the financial year ended 30 June 2008.

Folk Jee Yoong
Independent Non-Executive Director

Mr Folk Jee Yoong, a Malaysian, aged 47, was appointed to the Board on 18 October 2001. He is also a member of the Audit Committee of the Company.

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

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

Mr Folk attended all eight (8) Board Meetings of the Company held during the financial year ended 30 June 2008.

Mohamed Hussein bin Nabi Bux
Non-Independent Non-Executive Director

Encik Mohamed Hussein bin Nabi Bux, a Malaysian, aged 56, was appointed to the Board on 19 December 2002.

Encik Mohamed Hussein is a graduate of University Malaya with a Bachelor of Economics (Business Administration) Second Class Honours degree in 1977. He has more than 20 years of working experience in the field of finance and corporate banking services, housing development and logistics business. He was with Malayan Banking Berhad (1997-1983), MBf Group - Abrar Group (1984-1992) and CCM Credit Corporation Berhad (1993-1997). He ventured into the logistics business with Sri Bayanemas Sdn Bhd based in Penang before joining Amsteel Mills Sdn Bhd in March 1999 as its Logistics Manager. In October 2001, he was transferred to the Human Resources Department of Amsteel Mills Sdn Bhd.

Encik Mohamed Hussein attended all eight (8) Board Meetings of the Company held during the financial year ended 30 June 2008.

Encik Mohamed Hussein who is due to retire by rotation at the forthcoming Annual General Meeting of the Company, does not seek re-election as Director of the Company.

Lim Poon Thoo
Non-Independent Non-Executive Director

Mr Lim Poon Thoo, a Malaysian, aged 54, was appointed to the Board on 6 October 2005.

Mr Lim obtained his Master of Business Administration degree from Southern California University for Professional Studies.

Mr Lim has over 30 years of working experience in audit, tax, finance and corporate development, and other related fields. Mr Lim first joined The Lion Group in 1984 as a Tax Planning Manager and in 1994 was appointed the General Manager - Group Finance Division, Tax. In 1998, he also assumed the position of Special Assistant to The Lion Group Chairman and Chief Executive Officer ("CEO"). In 2002, he was appointed Executive Director of Mahkota Medical Centre Sdn Bhd and continued to serve The Lion Group as a Consultant and Special Assistant to its Group Chairman and CEO and then as a Group Director cum Special Assistant to the Group Chairman and CEO of The Lion Group and Director of Corporate Planning of Megasteel Sdn Bhd until April 2008. In February 2006, he was appointed CEO of Mahkota Medical Centre Sdn Bhd. He also sits on the board of various companies in The Lion Group and Health Management International Limited, Singapore.

Mr Lim attended six (6) of the eight (8) Board Meetings of the Company held during the financial year ended 30 June 2008.

Yeow Teck Chai
Independent Non-Executive Director

Mr Yeow Teck Chai, a Malaysian, aged 58, 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 eight (8) Board Meetings of the Company held during the financial year ended 30 June 2008.

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 interest 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 2008 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 2008, eight (8) 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 eight (8) Directors, seven (7) of whom are non-executive. The current Board composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). 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 members, in their individual capacities, have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information to enable them to obtain a comprehensive understanding of the issues to be deliberated upon and senior management of the Group and external advisers are also invited to attend the Board meetings to provide their professional views, advice and explanation on specific items on the agenda in order to arrive at an informed decision.

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

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

Appointments to the Board

The Nomination Committee is responsible for recommending the right candidates with the necessary mix of skill, experience and competency to be appointed to the Board and Board Committees. 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, an in-house seminar was held for the benefit of the Directors. Certain Directors had also participated in other seminars and programmes other than that in relation to the in-house seminar.

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

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

The Board views the aforementioned seminars and 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 2008 are categorised as follows:

	Fees RM'000	Salaries & Other Emoluments RM'000	Total RM'000
Executive Director	83	472	555
Non-executive Directors*	187	–	187
	270	472	742

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

Range of Remuneration (RM)	Number of Directors Executive	Number of Directors Non-executive*
25,000 & below	–	5
25,001 – 50,000	–	4
550,001 – 600,000	1	–

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

3. RELATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

The Company's website at www.lion.com.my 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 three (3) Directors, all of whom are independent non-executive Directors. The terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 14 and 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 2008, the financial statements presented give a true and fair view of the state of affairs, results and cash flows of the Group and of the Company. In preparing the financial statements, the Group has applied, on a consistent basis, the applicable approved accounting standards and the provisions of the Companies Act, 1965.

Internal Control

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

Relationship with the Auditors

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

STATEMENT ON INTERNAL CONTROL

Introduction

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

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

The system of internal control was generally satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

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)

  Mr Folk Jee Yoong
  (Independent Non-Executive Director)

  Mr Yeow Teck Chai
  (Independent Non-Executive Director)

  The composition of the Audit Committee complies with paragraphs 15.10 and 15.11 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

- **Secretaries**

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

TERMS OF REFERENCE

- **Membership**

  The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, all of whom shall be non-executive Directors with a majority of them being independent Directors. The composition of the Audit Committee shall fulfill the requirements as prescribed or approved in the Listing Requirements of Bursa Securities. 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. The Audit Committee shall meet with the external auditors without the executive Board members being present at least twice a year. A majority of independent Directors present shall form a quorum.

  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 external audits, and any matter the external 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 interest 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 of Bursa Securities.

  (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, ten (10) Audit Committee Meetings were held. Except for Y. Bhg. Dato' Hassan bin Abdul Mutalip who was absent for one (1) Meeting, all other members attended all the ten (10) Meetings held in the financial year.

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

The main activities undertaken by the Audit Committee during the year 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 their consideration and approval focusing particularly on changes in 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 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.

INTERNAL AUDIT FUNCTION

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

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

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

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

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

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

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

NOMINATION COMMITTEE

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

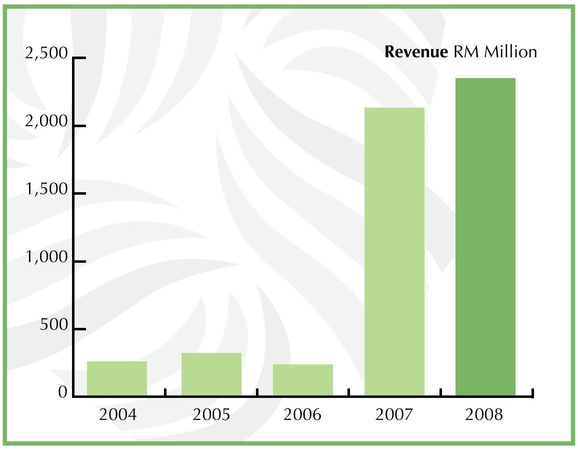
REMUNERATION COMMITTEE

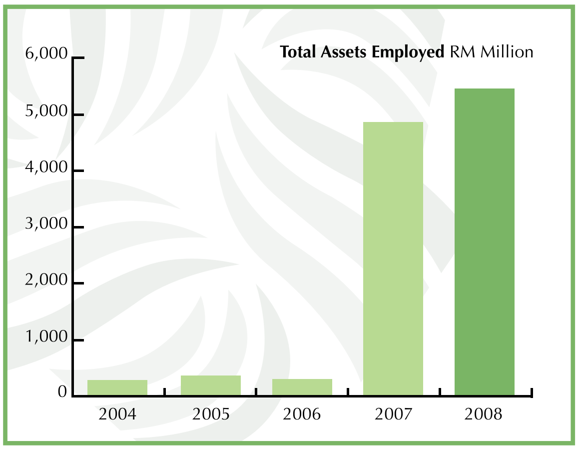
Chairman	:	Y. Bhg. Dato' Hassan bin Abdul Mutalip *(Independent Non-Executive Director)*
Members	:	Mr Cheng Sin Yeng *(Non-Independent Non-Executive Director)* Mr Yeow Teck Chai *(Independent Non-Executive Director)*
Terms of Reference	:	• To recommend to the Board the remuneration of the executive Directors 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

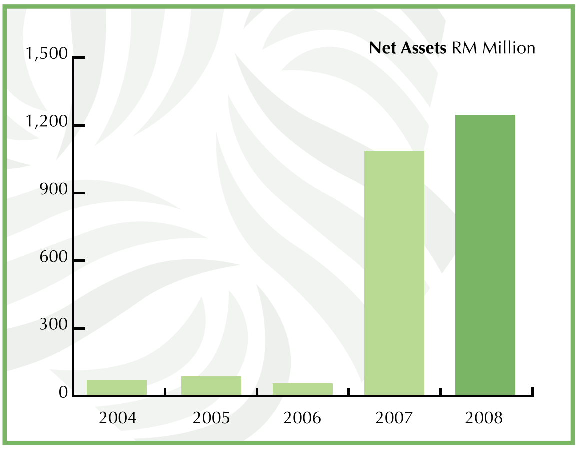
5 YEARS GROUP FINANCIAL HIGHLIGHTS

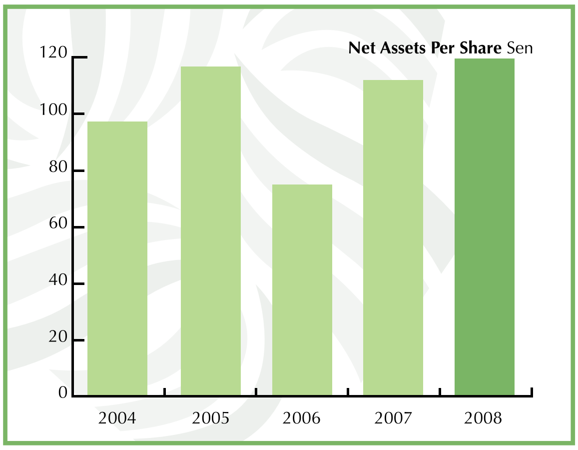
Financial years ended 30 June	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000 (Restated, Note)	2008 RM'000
	← Pre-Retail Assets Acquisition		→	← Post-Retail Assets Acquisition	→
Revenue	262,272	324,560	239,482	2,139,136	**2,354,028**
Profit/(Loss) before taxation	11,053	19,708	(18,746)	384,877	**760,838**
Profit/(Loss) after taxation	8,768	16,715	(17,380)	271,779	**638,048**
Dividends:					
Rate (%)	0.1	1.0	0.1	–	**15.0**
Amount (Net of tax)	54	538	54	–	**154,755**
Total assets employed	290,577	367,898	311,132	4,866,539	**5,462,982**
Net assets	72,901	87,485	56,236	1,089,154	**1,249,494**
	Sen	**Sen**	**Sen**	**Sen**	**Sen**
Net assets per share	98	117	75	112	**120**
Earnings/(Loss) per share	10.8	20.1	(23.9)	13.7	**45.6**

Note: *The Group's financials for the financial year ended 30 June 2007 are restated as if the retail subsidiaries acquired had been owned throughout the financial period. It is impractical to restate the Group's financials for the financial years ended 30 June 2004 to 2006 without incurring excessive costs.*









CHAIRMAN'S STATEMENT

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 2008.

TAN SRI WILLIAM H.J. CHENG
Chairman

FINANCIAL PERFORMANCE

It has been a year of remarkable transformation for the Group. Upon the successful completion of the divestment of its comparatively small local steel fabrication business and the strategic acquisition of the Parkson Retail Group in September 2007, the Group is currently the leading regional retail player in the People's Republic of China ("China" or "PRC"), Vietnam and Malaysia.

On the back of strong economic fundamentals and market-friendly measures implemented by the PRC Government, the retail industry in China grew by a staggering 16.8% as against a Gross Domestic Product ("GDP") growth of 11.4% in the year 2007. Parkson China, with its strong brand equity and the management's intimate knowledge of the retail market, was ready and able to successfully tap on the surge in the buoyant consumer market. The strong performance in China has given us considerable encouragement to continue our stated expansion initiatives despite competition, macro head winds and natural disasters.

In Vietnam, we continue to execute our carefully developed expansion plans and strengthen our foothold there as the long term prospects remain bright. We will continuously refine and improve our business model to ensure that margins are superior to the industry norm and develop a strong national distribution platform for high quality brands catering towards the affluent younger middle class consumers.

On the local front, Parkson Malaysia continued to chalk up healthy growth and satisfactory earnings despite being bogged down with higher store opening costs and a softening of the retail market.

For the year under review, the financials have been prepared under the merger method of accounting wherein the current Group structure is assumed to be in place since the beginning of the financial period, resulting in the Group consolidating a full 12 months results despite the acquisition of the retail business being completed in September 2007. The Group's revenue and operating profit were substantially higher at RM2.4 billion and RM563 million respectively. Together with the exceptional gain from the placement of shares in a Hong Kong listed subsidiary, the Group achieved a profit before tax of RM761 million.

CORPORATE DEVELOPMENTS

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

(i) In September 2007, the Group completed the following:

- Acquisitions of equity interests in Parkson China, Malaysia and Vietnam for a total consideration of RM4,299.73 million, satisfied by the issuance of 3,799.73 million new ordinary shares of RM1.00 each and RM500 million 3-year 3.5% redeemable convertible secured loan stocks, and the disposal of its entire equity interest in Bright Steel Sdn Bhd to a wholly-owned subsidiary of Lion Corporation Berhad for a cash consideration of RM53.47 million; and

- A capital reduction of RM0.75 per ordinary share of RM1.00 each in the Company and thereafter a share consolidation on the basis of every four resultant shares of RM0.25 each into one (1) ordinary share of RM1.00 in the Company.

(ii) In December 2007, the Company announced the proposed investment in a retail location in Vietnam via an acquisition of 55% equity interest in a proposed joint-stock company.

(iii) In January 2008, the Group completed the placement of 8 million ordinary shares in Parkson Retail Group Limited ("Parkson Retail") representing approximately 1.44% of the then issued and paid-up share capital of Parkson Retail.

(iv) In March 2008, the Company announced its intention to own a retail mall, on a completed basis, located in Setapak, Kuala Lumpur for a total cost of RM214 million. The proposal is expected to provide the Group with a new income stream derived from the rental income and the Group will also be able to benefit from any capital appreciation in the mall.

Full details of the various other corporate proposals are contained in pages 40 to 42 of this Annual Report.

REVIEW OF OPERATIONS

	Number of Stores	
(As at financial year end)	**2008**	**2007**
Parkson China	**40**	39
Parkson Malaysia	**32**	30
Parkson Vietnam	**4**	3
	76	72

Parkson China

During the financial year under review, Parkson China executed its stated business plans and strategies to capitalise on the growing retail market with considerable success despite having to face a much more challenging operating environment due to the macro head winds and the natural disasters.

Parkson China continues to generate impressive growth in revenue and earnings on the back of the strong same store sales ("SSS") growth as well as new stores opening and earnings-accretive acquisitions. The impressive SSS growth was achieved through a combination of effective promotional activities to increase customer traffic, introduction of quality branded new products and the continuing re-alignment of floor space usage.

Parkson China had positioned itself in the middle to middle-upper end of the department store sector, offering a wide range of products with the main focus on fashion "lifestyle" products. With its 14 years of established operations in China, the "Parkson" brand is a well-known regional brand.

Malaysia

China

Vietnam

The retail industry will continue to be one of the key beneficiaries of the booming domestic consumption market in China. The increasingly affluent younger middle class consumers with higher discretionary buying power had enabled Parkson's well organised modern retail format to be well-received. With our strong brand equity and good understanding of the PRC retail market, Parkson is well positioned to continue to capitalise on the strong demand for high quality branded fashion and lifestyle products.

Parkson Malaysia

Despite market sentiments being weakened by the global economic uncertainties, Parkson Malaysia performed well with commendable improvements in its performance. Even though operating results were affected by new store opening costs, the Group continued to grow in the current financial year with a strong record of promotional activities and continues to be one of the leaders in the retail industry.

Although the domestic retail industry is reaching saturation point, Parkson Malaysia is still expected to register healthy growth. This is anticipated to be achieved through a continuing programme to renovate, refurbish and upgrade its existing outlets to promote a fresh outlook as well as to place emphasis on strong brand awareness and loyalty via superior customer services and product mix.

Parkson Vietnam

Our foray into the Vietnamese retail market in June 2005 through the first flagship store under the Parkson banner in Ho Chi Minh City has yielded encouraging results. Parkson Vietnam has performed well with strong SSS growth of about 30% and was able to contribute positively to the overall profitability of the Group.

Parkson Vietnam had in March 2008 opened its 4th store in Hanoi and in July 2008, its 5th store in Ho Chi Minh City. Plans are in place to expand the existing business by opening more stores in choice locations in Vietnam over the next few years.

Our business model is also being constantly refined and improved upon and has met with considerable success. Margins have consistently exceeded the industry norm and same store year-on-year growth has been superior as compared to that of its competitors. In order to gain further market share and boost earnings, the operation will continue to undertake space and product mix re-alignment, vendor's margin review and other promotional programmes.

Steel Service Centre Division – Discontinued Operations

Pursuant to the corporate exercises mentioned earlier, the Group has completed the disposal of its steel business in September 2007. The Group recorded an operating profit of RM2.5 million for the 3-month performance prior to the completion date.

DIVIDENDS

During the financial year, the Board of Directors declared an interim dividend of 5 sen per share and a special dividend of 5 sen per share, both tax exempt, totalling RM103 million paid in respect of the financial year ended 30 June 2008.

The Board of Directors is pleased to recommend a final dividend of 5 sen per share, tax exempt, for the approval of the shareholders at the forthcoming Annual General Meeting. Net dividend payable will amount to approximately RM52 million. If approved, total dividends for the financial year ended 30 June 2008 will be 15 sen per share amounting to RM155 million.

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 becoming 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 giving back to society while contributing to 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 (formerly known as Lion-ASM Foundation) disburses funds for various needs such as education, charity and scientific research; and every year, gives out scholarships and education loans to undergraduates in the local universities. The Lion Group Medical Assistance Fund provides financial assistance to needy Malaysians who require medical treatment including surgery, purchase of equipment or medication.

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

Environment

Under its *Parkson Cares My Park* programme, the Group has embarked on a 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 in promoting a green environment and healthier lifestyle. Todate, seven (7) parks have been adopted.

PROSPECTS

Looking forward, we believe that the slowing demand from the main export markets and the persistently high inflation, driven by the surge in food and commodity prices, will continue to post challenges to the rapid growth of regional economies. However, we remain cautiously optimistic about the long term growth prospects of the economies in which we operate. As for the **PRC** economy, we believe that the strong foreign reserves, solid economic foundation and carefully designed macro-economic policies should enable the PRC to continue to chart comparatively impressive growth expansion over the medium term.

In **Malaysia**, the Group recognises that the economic conditions will remain challenging and the local retail industry will be highly competitive. However, higher consumer disposable income and tourists arrivals should partially offset the lower consumer demand. The Group is confident of sustaining its financial results as it will continuously develop its marketing plans and promotional strategies to achieve its business targets.

The liberalisation of foreign ownership for the retail industry in **Vietnam** will see the emergence of various retail formats that will present increased competition to the existing retail operators. However, we believe that our organised modern department store format remains the preferred format of shopping among the middle class younger generations.

The cultivation of customer loyalty and further enhancement of the Parkson brand equity will continue to be our main focus. We will persist in our operational strategy of improving productivity and profitability. We will strive to continue our proven business model and to reinvent and upgrade our stores on a regular basis. We target to maintain a healthy SSS growth through the altering of merchandise mix and brand mix in line with the developments in each individual market where we operate and increase the range of products and brands in our stores to provide our customers with more choices, lower prices and greater value merchandise.

Encouraged by our strong performance in the financial year 2008, we remain confident in our strategies and believe that the Group is well-placed to consolidate its leadership position and maximise returns to our shareholders.

BOARD OF DIRECTORS

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

At the forthcoming Annual General Meeting, Y. Bhg. Tan Sri Dato' Jaffar bin Abdul and Encik Mohamed Hussein bin Nabi Bux will be retiring and will not be seeking re-appointment as Directors. On behalf of the Board, I would like to express my sincere appreciation for their contributions during their tenure as Directors of the Company.

ACKNOWLEDGEMENT

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

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

TAN SRI WILLIAM H.J. CHENG
Chairman

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan sukacita membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Parkson Holdings Berhad bagi tahun kewangan berakhir 30 Jun 2008.

PRESTASI KEWANGAN

Ini adalah tahun transformasi yang menakjukkan bagi Kumpulan. Selepas kejayaan melupuskan perniagaan fabrikasi besi tempatan yang agak kecil dan pengambilalihan strategik Kumpulan Peruncitan Parkson pada September 2007, Kumpulan kini adalah pemain peruncitan terkemuka serantau di Republik Rakyat China ("China" atau "PRC"), Vietnam dan Malaysia.

Disokong oleh asas ekonomi yang kukuh dan pelaksanaan langkah mesra pasaran oleh Kerajaan PRC, industri peruncitan di China merekodkan pertumbuhan kukuh sebanyak 16.8% berbanding pertumbuhan Produk Kasar Domestik ("GDP") sebanyak 11.4% pada 2007. Parkson China, dengan ekuiti jenama yang kukuh dan pengetahuan mendalam pihak pengurusan mengenai pasaran peruncitan, telah bersedia dan berjaya merebut pasaran pengguna yang sedang berkembang pesat. Prestasi kukuh di China telah memberikan kita dorongan sewajarnya untuk meneruskan inisiatif perkembangan seperti yang diumumkan walaupun menghadapi persaingan, perubahan haluan makro serta malapetaka alam.

Di Vietnam, kita terus melaksanakan perancangan teliti untuk pengembangan dan mengukuhkan kehadiran kita di sana memandangkan prospek jangka panjang akan kekal cerah. Kita akan terus melakukan pembaharuan dan memperbaiki model perniagaan bagi memastikan margin yang lebih baik daripada paras industri dan membangunkan platform pengedaran nasional yang kukuh untuk jenama berkualiti tinggi bagi menarik minat golongan pengguna muda kelas pertengahan.

Di pasaran tempatan, Parkson Malaysia terus merekodkan pertumbuhan sihat dan pendapatan yang memuaskan walaupun terpaksa menanggung kos pembukaan gedung yang tinggi dan kelembapan pasaran peruncitan.

Bagi tahun kewangan dalam kajian, penyediaan penyata kewangan telah dibuat mengikut kaedah pengiraan penggabungan di mana struktur semasa Kumpulan digunapakai sebagai permulaan tempoh kewangan, menjadikan keputusan tergabung Kumpulan adalah bagi 12 bulan penuh, meskipun pengambilalihan perniagaan peruncitan hanya diselesaikan pada September 2007. Perolehan dan keuntungan operasi Kumpulan adalah lebih tinggi masing-masing berjumlah RM2.4 bilion dan RM563 juta. Bersama-sama dengan perolehan luar biasa daripada penempatan saham dalam anak syarikat yang tersenarai di Hong Kong, Kumpulan mencapai keuntungan sebelum cukai berjumlah RM761 juta.

PERKEMBANGAN KORPORAT

Semasa tahun kewangan, Kumpulan telah melaksanakan langkah korporat penting berikut:

(i) Pada September 2007, Kumpulan telah menyelesaikan seperti berikut:

- Pengambilalihan kepentingan ekuiti dalam Parkson China, Malaysia dan Vietnam pada jumlah pertimbangan RM4,299.73 juta, diselesaikan dengan terbitan sejumlah 3,799.73 juta saham biasa baru RM1.00 setiap satu dan RM500 juta nilai nominal 3-tahun 3.5% stok pinjaman boleh tebus boleh tukar berjamin, dan pelupusan keseluruhan kepentingannya dalam Bright Steel Sdn Bhd kepada sebuah anak syarikat milik penuh Lion Corporation Berhad untuk pertimbangan tunai berjumlah RM53.47 juta; dan

- Pengurangan modal sebanyak RM0.75 setiap saham biasa RM1.00 setiap satu dalam Syarikat dan selepas itu penggabungan saham berdasarkan asas setiap empat saham yang terhasil sebanyak RM0.25 setiap satu kepada satu (1) saham biasa RM1.00 setiap satu dalam Syarikat.

(ii) Pada Disember 2007, Syarikat mengumumkan cadangan pelaburan dalam lokasi peruncitan di Vietnam menerusi pengambilalihan 55% kepentingan ekuiti dalam cadangan syarikat saham bersama.

(iii) Pada Januari 2008, Kumpulan menyelesaikan penempatan 8 juta saham biasa dalam Parkson Retail Group Limited ("Parkson Retail") mewakili kira-kira 1.44% daripada modal terbitan dan berbayar Parkson Retail.

(iv) Pada Mac 2008, Syarikat mengumumkan hasrat untuk memiliki gedung peruncitan, yang sudah siap, terletak di Setapak, Kuala Lumpur dengan kos berjumlah RM214 juta. Cadangan itu dijangka menyediakan Kumpulan dengan sumber pendapatan baru yang dijana daripada pendapatan sewaan dan Kumpulan akan mendapat manfaat daripada sebarang peningkatan modal dalam premis tersebut.

Maklumat terperinci berhubung pelbagai cadangan korporat yang lain terdapat dalam muka surat 40 hingga 42 Laporan Tahunan ini.

TINJAUAN OPERASI

	Bilangan Gedung Beli-Belah	
(Setakat akhir tahun kewangan)	**2008**	**2007**
Parkson China	**40**	39
Parkson Malaysia	**32**	30
Parkson Vietnam	**4**	3
	76	72

Parkson China

Dalam tahun kewangan kajian, Parkson China melaksanakan rancangan perniagaan dan strategi yang diumumkannya untuk memanafaatkan perkembangan pasaran peruncitan yang dianggap berjaya meskipun terpaksa menghadapi lebih banyak cabaran persekitaran operasi berikutan perubahan haluan makro dan malapetaka alam.

Parkson China terus mencatatkan pertumbuhan pendapatan dan perolehan yang memberangsangkan disumbangkan oleh pengukuhan jualan di gedung yang sama ("SSS") di samping pembukaan gedung baru dan pengambilalihan perniagaan yang menambah pendapatan. Pertumbuhan memberangsangkan SSS telah dicapai menerusi kombinasi berkesan aktiviti promosi untuk menambah aliran pelanggan, pengenalan produk berjenama baru yang berkualiti dan penjajaran semula berterusan penggunaan ruang lantai.

Parkson China telah mengukuhkan kehadirannya dalam sektor gedung beli-belah pertengahan hingga pertengahan atasan, menawarkan rangkaian produk yang meluas dengan fokus utama kepada produk fesyen "gaya hidup". Dengan 14 tahun pengalaman beroperasi di China, jenama "Parkson" kini merupakan jenama serantau yang dikenali ramai.

Industri peruncitan terus menjadi salah satu industri utama yang mendapat manafaat daripada pertumbuhan pesat pasaran barangan pengguna domestik di China. Pertambahan golongan pengguna muda kelas pertengahan yang mempunyai kuasa beli yang tinggi telah mendorong sambutan baik terhadap format peruncitan moden yang diwujudkan Parkson. Dengan ekuiti jenama kita yang kukuh dan pemahaman yang baik terhadap pasaran peruncitan PRC, Parkson berada dalam kedudukan baik untuk terus memanafaatkan permintaan kukuh untuk fesyen berjenama dan produk gaya hidup berkualiti tinggi.

Parkson Malaysia

Di sebalik sentimen pasaran yang dilemahkan oleh ketidaktentuan ekonomi serantau, Parkson Malaysia mencatat prestasi yang baik dengan pencapaian memberangsangkan. Walaupun keputusan operasi terjejas oleh kos pembukaan gedung baru, Kumpulan terus berkembang dalam tahun kewangan semasa dengan rekod kukuh aktiviti promosi dan terus menjadi salah satu peneraju utama industri peruncitan.

Meskipun industri peruncitan domestik telah mencapai tahap matang, Parkson Malaysia masih dijangka mampu mencatatkan pertumbuhan sihat. Ini dijangka dicapai menerusi program berterusan untuk mengubahsuai, mencantik dan menaik taraf cawangan sedia ada bagi menonjolkan penampilan segar di samping memberi tumpuan terhadap kesedaran jenama yang kukuh dan kesetiaan menerusi khidmat pelanggan yang baik dan kepelbagaian produk.

Parkson Vietnam

Penyertaan kita di pasaran peruncitan Vietnam bermula pada Jun 2005 menerusi gedung induk pertama di bawah lambang Parkson di Bandaraya Ho Chi Minh telah membuahkan hasil yang memberangsangkan. Parkson Vietnam merekodkan pertumbuhan kukuh SSS sebanyak kira-kira 30% dan telah menyumbang secara positif terhadap keuntungan keseluruhan Kumpulan.

Parkson Vietnam telah membuka cawangan ke-4 di Hanoi pada Mac 2008 dan cawangan ke-5 di Ho Chi Minh City pada Julai 2008. Perancangan sedang dibuat untuk mengembangkan perniagaan sedia ada dengan membuka lebih banyak gedung beli-belah di lokasi pilihan di Vietnam menjelang tempoh beberapa tahun akan datang.

Model perniagaan kita diberikan sentuhan baru serta dipertingkatkan secara berterusan dan telah mencapai kejayaan yang memuaskan. Margin juga secara konsisten melebihi paras industri dan pertumbuhan stor sama tahun ke tahun amat memberangsangkan berbanding dengan pesaingnya. Dalam usaha untuk meningkatkan lagi penguasaan pasaran dan pendapatan, operasi ini akan terus melaksanakan penjajaran ruang niaga dan mempelbagaikan produk, kajian semula margin vendor dan lain-lain program promosi.

Bahagian Pusat Servis Besi – Operasi Diberhentikan

Berikutan dengan langkah korporat yang dinyatakan sebelum ini, Kumpulan telah selesai pelupusan perniagaan besinya pada September 2007. Kumpulan merekodkan keuntungan operasi berjumlah RM2.5 juta bagi prestasi 3-bulan sebelum tarikh penyelesaian itu.

DIVIDEN

Dalam tahun kewangan, Lembaga Pengarah telah mengumumkan dividen awal sebanyak 5 sen sesaham dan dividen khas 5 sen sesaham, kedua-duanya dikecualikan cukai, berjumlah RM103 juta dan sudah dibayar bagi tahun kewangan berakhir 30 Jun 2008.

Lembaga Pengarah dengan sukacitanya mencadangkan dividen akhir sebanyak 5 sen sesaham, dikecualikan cukai, untuk diluluskan oleh para pemegang saham pada Mesyuarat Agung Tahunan ("AGM") akan datang. Dividen bersih boleh bayar akan berjumlah kira-kira RM52 juta. Jika diluluskan, jumlah dividen bagi tahun kewangan berakhir 30 Jun 2008 akan menjadi 15 sen sesaham dan berjumlah kira-kira RM155 juta.

TANGGUNGJAWAB SOSIAL KORPORAT

Kita mengiktiraf pentingnya Tanggungjawab Sosial Korporat ("CSR") sebagai sebahagian daripada perniagaan dan telah bertindak menerapkan rangka kerja CSR dalam pelan perniagaan untuk meningkatkan keyakinan para pemegang kepentingan, akauntabiliti dan ketelusan. CSR menjadi komponen penting dalam amalan perniagaan baik yang bermatlamat memperbaiki masyarakat dan alam sekitar.

Masyarakat

Dalam mengendalikan aktiviti perniagaan, Kumpulan mengambil berat tanggungjawabnya sebagai warga korporat dalam mengembalikan semula kepada masyarakat selain menyumbang kepada keuntungan dan nilai pemegang saham. Kumpulan memberi tumpuan terhadap usaha menambahbaik masyarakat menerusi pendidikan dan penjagaan perubatan melalui dua Yayasan yang diasaskan oleh syarikat-syarikat di bawah Kumpulan Lion di mana Kumpulan adalah ahlinya.

Yayasan Lion-Parkson (sebelum ini dikenali sebagai Yayasan Lion-ASM) menyalurkan dana untuk pelbagai keperluan seperti pendidikan, kebajikan dan penyelidikan saintifik dan setiap tahun, memberikan biasiswa dan pinjaman kepada pelajar di universiti tempatan. Tabung Bantuan Perubatan Kumpulan Lion menyediakan bantuan kewangan kepada rakyat Malaysia yang memerlukan rawatan perubatan termasuk pembedahan, pembelian peralatan dan ubat-ubatan.

Kumpulan turut membantu masyarakat dengan menyumbang kepada usaha menjana dana dan kutipan derma serta menghulur bantuan kepada mangsa malapetaka di dalam dan di luar negara.

Alam Sekitar

Di bawah program *Parkson Cares My Park*, Kumpulan telah memulakan kempen mengambil taman di seluruh negara yang terletak di lokasi di mana cawangan Parkson beroperasi sebagai taman angkat. Program ini melibatkan usaha mengekal, mencantik dan menaik taraf kemudahan bagi meningkatkan keadaan taman dalam usaha mempromosi persekitaran hijau dan gaya hidup sihat. Sehingga kini, tujuh (7) taman telah dijadikan taman angkat.

PROSPEK

Meninjau ke hadapan, kita percaya permintaan yang perlahan daripada pasaran eksport utama dan inflasi yang kekal tinggi, dipacu oleh kenaikan mendadak harga makanan dan komoditi, akan terus memberi cabaran kepada kepesatan pertumbuhan ekonomi serantau. Namun, kita tetap yakin akan prospek pertumbuhan jangka panjang ekonomi di mana kita beroperasi. Bagi ekonomi **PRC**, kita percaya bahawa rizab asing yang kukuh, asas ekonomi yang teguh dan dasar ekonomi makro yang direka bentuk secara berhemah seharusnya membolehkan PRC untuk terus mencatat pertumbuhan ekonomi yang memberangsangkan dalam jangkamasa sederhana.

Di **Malaysia**, Kumpulan sedar bahawa suasana ekonomi akan kekal mencabar dan persaingan dalam industri peruncitan tempatan menjadi semakin sengit. Namun, pendapatan boleh guna pengguna dan kedatangan pelancong yang tinggi seharusnya mengimbangi sebahagian permintaan pengguna yang rendah. Kumpulan yakin dapat mengekalkan keputusan kewangannya memandangkan ia secara berterusan membangunkan pelan pemasaran dan strategi promosi untuk mencapai sasaran perniagaan.

Liberalisasi pemilikan asing untuk industri peruncitan di **Vietnam** akan menyaksikan kemunculan pelbagai format peruncitan yang akan meningkatkan persaingan terhadap pengendali peruncitan sedia ada. Bagaimanapun, kita percaya bahawa penampilan format moden gedung beli-belah kita kekal menjadi format membeli-belah pilihan di kalangan generasi muda daripada golongan pertengahan biasa.

Usaha menyemai kesetiaan pelanggan dan seterusnya meningkatkan ekuiti jenama Parkson akan kekal menjadi fokus utama kita. Kita akan meneruskan strategi operasi ke arah meningkatkan produktiviti dan keuntungan. Kita akan terus mengguna pakai model perniagaan kita yang telah terbukti berjaya dan sentiasa menaik taraf gedung. Kita mensasar untuk mengekalkan pertumbuhan sihat SSS menerusi pengubahsuaian gabungan barangan jualan dan gabungan jenama. Ia seiring dengan perkembangan di setiap pasaran di mana kita beroperasi dan menambah rangkaian produk dan jenama di gedung kita bagi menyediakan lebih banyak pilihan kepada pelanggan, harga yang rendah dan barangan yang lebih bernilai.

Didorong prestasi kukuh dalam tahun kewangan 2008, kita kekal yakin akan strategi kita dan percaya bahawa Kumpulan berada dalam kedudukan baik untuk mengukuhkan posisinya sebagai peneraju dan memberikan pulangan maksimum kepada para pemegang saham.

LEMBAGA PENGARAH

Saya ingin merakamkan ucapan terima kasih dan penghargaan Lembaga Pengarah kepada Encik Lin Chung Dien yang telah meletakkan jawatan daripada Lembaga Pengarah dalam tahun kewangan dalam kajian, atas sumbangan beliau sepanjang tempoh sebagai Pengarah Syarikat.

Pada AGM yang akan datang, Y. Bhg. Tan Sri Dato' Jaffar bin Abdul dan Encik Mohamed Hussein bin Nabi Bux akan bersara dan tidak menawarkan diri untuk dilantik semula sebagai Pengarah. Bagi pihak Lembaga Pengarah, saya ingin merakamkan setinggi-tinggi penghargaan atas sumbangan mereka sepanjang tempoh menjadi Pengarah Syarikat.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan ucapan terima kasih kepada para pelanggan yang dihormati, rakan perniagaan, pihak berkuasa Kerajaan dan pemegang saham atas sokongan berterusan, kerjasama dan keyakinan terhadap Kumpulan.

Saya ingin merakamkan setinggi-tinggi penghargaan dan ucapan terima kasih kepada rakan Pengarah atas bimbingan serta sumbangan yang tidak ternilai sepanjang tahun. Saya juga ingin merakamkan ucapan terima kasih kepada semua peringkat kakitangan atas dedikasi, komitmen dan sumbangan mereka kepada Kumpulan.

TAN SRI WILLIAM H.J. CHENG
Pengerusi

主席报告

我谨代表董事部，欣然提呈百盛控股有限公司截至2008年6月30日为止的会计年度内的常年报告和经审核财务报告。

财务表现

今年是本集团经历非凡转变的一年。在成功完成脱售其较小的国内钢铁制造业务，以及在本年度9月策略性收购百盛零售集团，目前本集团已成为中华人民共和国（“中国”）、越南和马来西亚各区域零售集团的领导者。

强劲的经济基础和中国政府实施支持市场的措施，使中国的零售业在2007年的成长率高达16.8%，比其国内生产总值11.4%的成长率为高。中国百盛因具备了强势的品牌资产和管理层对零售市场的熟稔知识，顺势能够成功地从兴旺的消费市场得益。即使遭遇竞争、宏观逆境以及天灾，中国百盛强劲的表现，给我们相当大的鼓励以持续已指下的扩展计划。

由于越南长远的前景仍然光明，我们继续周密的执行我们的发展和扩充计划，并巩固我们在那里的根基。我们将继续改良和改进我们的商业模式，以确保利润超越市场标准。我们也将在那里开发强大的国内分销平台，以高品质品牌来迎合富裕且年轻的中产阶级消费者的需求。

在本地市场，即使陷入较高的百货公司开业成本和趋软的零售市场，马来西亚百盛仍然继续茁壮成长并取得令人满意的收入。

在本会计检讨年度内，本集团的财务采用会计合并法，即假设现有的公司结构在本会计年度的开端已存在。因此，本集团虽然在2007年9月才完成收购零售业务，但却完全合并12个月的业绩。本集团取得显著的收入和营运利润，分别为24亿令吉和5亿6千300万令吉。连同配售在香港上市子公司的股票所取得的特殊利润，本集团的扣税利润达7亿6千100万令吉。

企业发展

在本会计年度内，本集团采取了以下重大的企业措施：

(i) 在2007年9月，本集团完成下述事项：

- 以42亿9千973万令吉收购中国、马来西亚和越南百盛的股权，并以发行37亿9千973股，每股1令吉的普通新股和价值5亿令吉，3年期限3.5%可赎回可转换有保障债券来支付，以及以5千347万令吉现金脱售其在Bright Steel Sdn Bhd 的所有股权予金狮机构有限公司的独资子公司。

- 本公司每股1令吉的普通股削资75仙，随后再将每4股每股25仙的普通股统合成为每股1令吉的普通股。

(ii) 在2007年12月，本公司宣布通过收购建议中联股公司55%的股权，投资于建议中在越南的零售地点。

(iii) 在2008年1月，本集团完成配售百盛商业集团有限公司（“百盛商业集团”）800万普通股，占百盛商业集团当时发行及缴足资本的1.44%。

(iv) 在2008年3月，本公司宣布其意向，以总值2亿1千400万令吉在吉隆坡文良港拥有一完成的零售商场。预料此建议可提供本集团以商场租金收入的新泉源，并可从任何商场增值中受惠。

其他企业建议详情陈列在本常年报告第40页至42页。

业务检讨

(截至会计年度止)	百货公司数量	
	2008	**2007**
中国百盛	**40**	39
马来西亚百盛	**32**	30
越南百盛	**4**	3
	76	72

中国百盛

在本会计检讨年度内，即使面对宏观逆境和天灾，使营运环境更具挑战性，中国百盛仍然实行了其所定下的商业计划和策略，成功在成长中的零售市场占一席位。

中国百盛以强劲的同店销售成长和新百货公司的开业，以及收购可增生利润的百货公司，继续缔造可观的收入和利润成长。可观的同店销售成长是结合有效的促销活动以增加顾客流动量，推展新的高品质名牌产品，以及不断调整百货店内售货摊位空间的使用而达成。

中国百盛把其定位在百货公司业中级至中上级档次，提供广泛的产品，其中主要专注于“生活时尚”的产品。中国百盛在中国创建14年的营运经历，使“百盛”品牌成为著名的区域品牌。

中国国内繁荣的消费市场使零售业继续成为主要的受惠者之一。日愈增加的富裕中产阶级消费者且拥有较高任由支配的购买力，使百盛系统良好的摩登零售格式广受欢迎。以强健的品牌资产及其对中国零售市场充分的了解，使百盛处于有利地位，并可持续从高需求量的高档名牌时装和生活格调产品中得利。

马来西亚百盛

即使全球经济渺茫削弱了市场的情绪，马来西亚百盛仍表现良好并取得可观的成长业绩。新百货公司开张的成本虽然影响了营运业绩，但本集团在本会计年度却因为盛大的促销活动而持续成长，继续成为零售业的领导者之一。

虽然国内的零售业已经达饱和点，本集团仍然预测马来西亚百盛会茁壮成长。这将通过持续的装修、翻新和提升其现有的百货公司以展现新的面貌,以及通过优胜的客户服务和产品混合以突出非凡的名牌意识和顾客忠诚。

越南百盛

我们在2005年6月初探越南零售市场，通过在胡志明市以百盛旗舰开设的第一家百货公司，取得令人鼓舞的业绩。越南百盛表现标青，强劲的同店销售成长高达约30%，为本集团总利润带来正面的贡献。

越南百盛在2008年3月在河内开设第四家百货公司，另在2008年7月在胡志明市开设第五家百货公司。百盛已计划在未来数年内，通过在越南特选地点开设新的百货公司，以扩充现有的业务。

我们的商业模式也一再不断的改进和改善，并取得相当的成果。我们的利润一直是超越行业标准的，而同店的年度成长更比出其竞争者优胜。为了进一步取得更多的市场份额和提高利润，越南百盛将继续调整售货摊位和产品混合，供销者的盈利检讨以及其他促销计划。

钢铁服务中心组 - 终止的业务

遵循较早提及的企业措施，本集团在2007年9月已经完成脱售其钢铁业务。本集团在此措施完成日期前的3个月内，取得250万令吉的营运利润。

股息

在本会计年度内，董事部分发年度2008年6月30日每股5仙的中期股息和每股5仙的特别股息，皆免税，总值1亿300万令吉。

董事部欣然建议分发每股5仙的免税终期股息，此建议必须获得将召开的常年股东大会通过。应付净股息将达约5千200万令吉。若获通过，年度2008年6月30日的总股息将达每股15仙，总值1亿5千500万令吉。

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

本公司在展开商业活动时，深切了解到作为企业公民的责任，在对股东在企业的价值贡献的同时，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。

Lion-Parkson 基金（前称 Lion-ASM 基金）拨款作各种用途，诸如教育、慈善及科学研究；每年提供奖学金和贷学金给在本地大学深造的在籍大学本科生。金狮集团医药援助基金则为迫切需要援助包括手术，购置器材或药物医疗的马来西亚公民提供经济援助。

本集团也通过捐助筹款和捐款运动，以及为本地和其他地区的灾黎施予援手，来支持社会。

环境

在“百盛关怀我们的公园”的计划下，本集团在全国展开了一项活动，即负责维持所有设有百盛百货公司范围内的公园。这项计划包括修复、增加和提升设备以改善公园的环境，从而提倡绿色环境和更健康的生活方式。至今，我们接纳了7个公园。

展望

展望未来，我们相信由粮食和原产品价格高涨所导致的持续通货膨胀，将使主要出口市场放缓，并继续为快速成长的区域经济带来挑战。虽然如此，对所运作范围的长期经济成长展望，我们仍然审慎乐观。中国经济方面，我们相信强劲的外汇储备、巩固的经济基础和谨慎规划的宏观经济，应当可以使中国继续在中期取得较可观的扩充成长。

在马来西亚，本集团认同经济状况持续具挑战性，本地零售业的竞争也将十分激烈。然而，较高的消费者可支配收入和游客的到来，应可部分抵销偏低的消费需求。本集团将通过开发其市场销售规划和促销策略来达到它的商业目标。因此本集团有信心维持其财务业绩。

越南开放零售业拥有权予外国的投资者，将使越南兴起多种零售格式，从而增加现有零售商的竞争。虽然如此，我们相信我们有系统而现代化的百货公司格式会继续成为年轻一代中产阶级首选的购物格式。

我们将继续着重于建立客户忠诚和进一步提高百盛的品牌资产。我们将坚持我们的营运策略，改进生产率和利润。我们会竭尽所能持续我们有效的商业模式，并会经常重造和提升我们的百货公司。我们锁定目标以保持健壮的同店销售成长，这通过交替各百货店商品和品牌的混合以配合个别市场的营运发展，以及通过增加产品和品牌的种类以提供客户选择更多、价廉和超值的商品。

2008会计年度强劲的业务表现，使我们仍对本集团的策略充满信心，相信本集团处于有利位置，可巩固其领导地位并为我们的股东带来最大的回报。

董事部

我谨代表董事部，感谢在本会计年度内辞职的董事林忠典先生，在任职董事期间为公司所作出的贡献。

在即将召开的常年大会里，尊贵的 Tan Sri Dato' Jaffar bin Abdul 和 Mohamed Hussein bin Nabi Bux 先生将荣休为董事并不寻求重新受委。我谨代表董事部，衷心感激他们在任职期间所作出的贡献。

鸣谢

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

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

主席
丹斯里钟廷森

FINANCIAL STATEMENTS

2008

For The Financial Year Ended 30 June 2008

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 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

During the financial year, the Company disposed of the steel operations and concurrently, acquired new subsidiaries whose principal activities are in the operations of department stores as disclosed in Note 15 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the year:		
- from continuing operations	639,757	178,724
- from discontinued operations	(1,709)	–
	638,048	178,724
Attributable to:		
Equity holders of the Company	447,974	178,724
Minority interests	190,074	–
	638,048	178,724

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the partial disposal of interest in a subsidiary resulting in a gain of RM248 million to the Group as disclosed in Note 15(c) to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 30 June 2007 were as follows:

	RM'000
In respect of the financial year ended 30 June 2008:	
Special dividend of 5 sen per share on 1,032,407,250 ordinary shares of RM1.00 each ("Share"), tax exempt was declared on 9 June 2008 and paid on 10 July 2008	51,621
Interim dividend of 5 sen per share on 1,032,407,250 Shares, tax exempt was declared on 9 June 2008 and paid on 10 July 2008	51,621
	103,242

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2008, of 5% (5 sen per share), tax exempt amounting to a dividend payable of approximately RM52 million will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2009.

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
Tan Sri Dato' Jaffar bin Abdul
Dato' Hassan bin Abdul Mutalip
Cheng Sin Yeng
Folk Jee Yoong
Mohamed Hussein bin Nabi Bux
Lim Poon Thoo
Yeow Teck Chai
Dato Murad Mohamed Hashim (Retired on 30.11.2007)
Lin Chung Dien (Resigned on 25.2.2008)

In accordance with Article 98 of the Company's Articles of Association, Mr Lim Poon Thoo retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Encik Mohamed Hussein bin Nabi Bux who is due to retire by rotation in accordance with Article 98 of the Company's Articles of Association at the forthcoming Annual General Meeting, will not seek re-election at the forthcoming Annual General Meeting.

Y. Bhg. Tan Sri Dato' Jaffar bin Abdul, being over the age of 70 years, retires at the forthcoming Annual General Meeting and will not seek re-appointment as Director.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than 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 39 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			
	1.7.2007	**Acquired**	**Disposed**	**30.6.2008**
Direct interest				
Tan Sri William H.J. Cheng	–	222,563,589	–	222,563,589
Indirect interest				
Tan Sri William H.J. Cheng	10,579,693[(1)]	1,452,155,420[(1)]	(1,092,398,626)	370,336,487

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

	Number of RM1.00 nominal value of RCSLS			
	19.9.2007[(2)]	**Acquired**	**Converted**	**30.6.2008**
Indirect interest				
Tan Sri William H.J. Cheng	500,000,000	–	(271,200,000)	228,800,000

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

Lion Corporation Berhad ("LCB")

	Number of ordinary shares of RM1.00 each			
	1.7.2007	**Acquired**	**Disposed**	**14.9.2007[(3)]**
Direct interest				
Tan Sri William H.J. Cheng	458,685	–	–	458,685
Lim Poon Thoo	10,490	–	–	10,490
Tan Sri Dato' Jaffar bin Abdul	237,533	–	–	237,533
Mohamed Hussein bin Nabi Bux	10,000	–	–	10,000
Indirect interest				
Tan Sri William H.J. Cheng	748,031,453	–	–	748,031,453

In addition to the above, Tan Sri William H.J. Cheng is also deemed to have an interest in shares in LCB by virtue of:

(a) Options granted pursuant to the LCB's Executive Share Option Scheme

	Number of options over ordinary shares of RM1.00 each			
	1.7.2007	**Granted**	**Exercised**	**14.9.2007[(3)]**
Tan Sri William H.J. Cheng	490,000	–	–	490,000

(b) Warrants with a right to subscribe for ordinary shares in LCB on the basis of one new ordinary share for every one warrant held

	Number of warrants			
	1.7.2007	**Acquired**	**Disposed**	**14.9.2007[(3)]**
Tan Sri William H.J. Cheng	42,160,189	–	–	42,160,189

DIRECTORS' INTERESTS (continued)

Indirect interest
Tan Sri William H.J. Cheng

	Nominal value per ordinary share	1.7.2007	Number of ordinary shares Acquired	Disposed	14.9.2007[3]
Bersatu Investments Company Limited	HK$10	42,644	–	–	42,644
Kinabalu Motor Assembly Sendirian Berhad	RM1	26,985,030	–	–	26,985,030
Logic Concepts (M) Sdn Bhd	RM1	71,072	–	–	71,072
Logic Furniture (M) Sdn Bhd	RM1	91,000	–	–	91,000
Lyn (Pte) Ltd	#	1,225,555	–	–	1,225,555
Megasteel Sdn Bhd	RM1	540,000,001	–	–	540,000,001

	Number of preference "D" shares of RM0.01 each			
	1.7.2007	Acquired	Disposed	14.9.2007[3]
Megasteel Sdn Bhd	49,000,000	–	–	49,000,000

	Number of preference "F" shares of RM0.01 each			
	1.7.2007	Acquired	Disposed	14.9.2007[3]
Megasteel Sdn Bhd	26,670,000	–	–	26,670,000

	Number of ordinary shares of RM1.00 each			
	1.7.2007	Acquired	Disposed	19.9.2007[4]
Bright Steel Service Centre Sdn Bhd	11,420,000	–	–	11,420,000
Bright Enterprise (Sdn) Berhad	816,000	–	–	816,000
B.A.P. Industries Sdn Bhd	4,650,000	–	–	4,650,000

Lion Diversified Holdings Berhad

	Number of ordinary shares of RM0.50 each			
	14.9.2007[5]	Acquired	Disposed	17.10.2007[6]
Tan Sri William H.J. Cheng				
Direct interest	121,356,607	–	–	121,356,607
Indirect interest	321,313,788	–	–	321,313,788

DIRECTORS' INTERESTS (continued)

Indirect interest
Tan Sri William H.J. Cheng

	Nominal value per ordinary share	14.9.2007[5]	Number of shares Acquired	Disposed	17.10.2007[6]
Aktif-Sunway Sdn Bhd	RM1	8,000,000	–	–	8,000,000
Hamba Research & Development Co Ltd (In liquidation - voluntary)	NT$10	980,000	–	–	980,000
LDH Investment Pte Ltd	#	4,500,000	–	–	4,500,000
Likom CMS Sdn Bhd	RM1	10,000	–	–	10,000
Lion Mahkota Parade Sdn Bhd	RM1	1,000,000	–	–	1,000,000

	Number of preference shares of RM0.01 each			
	14.9.2007[5]	Acquired	Disposed	17.10.2007[6]
Lion Mahkota Parade Sdn Bhd	400,000	–	–	400,000

	Number of ordinary shares of HK$0.10 each			
	14.9.2007[5]	Acquired	Disposed	30.6.2008
Parkson Retail Group Limited	306,360,000	–	(8,000,000)	298,360,000

Investments in the People's Republic of China

	Currency	14.9.2007[5]	Acquired	Disposed	30.6.2008
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	6,000,000	–	–	6,000,000
Nanning Brilliant Parkson Commercial Co Ltd	Rmb	14,000,000	–	–	14,000,000
Qingdao No. 1 Parkson Co Ltd	Rmb	124,501,580	–	–	124,501,580
Wuxi Sanyang Parkson Plaza Co Ltd	Rmb	48,000,000	–	–	48,000,000
Xi'an Chang'an Parkson Store Co Ltd	Rmb	5,100,000	4,900,000	–	10,000,000
Xi'an Lucky King Parkson Plaza Co Ltd	Rmb	29,580,000	–	–	29,580,000
Xi'an Shidai Parkson Store Co Ltd	Rmb	7,650,000	7,350,000	–	15,000,000
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

DIRECTORS' INTERESTS (continued)

Notes:

(1) Capital reduction of RM0.75 for every ordinary share of RM1.00 in the Company on 25 September 2007 and thereafter a share consolidation on the basis of every four ordinary shares of RM0.25 each into one ordinary share of RM1.00 each in the Company on 9 October 2007.

(2) RCSLS allotted on 19 September 2007.

(3) Ceased to be related corporations on 14 September 2007.

(4) Ceased to be related corporations on 19 September 2007.

(5) Became related corporations on 14 September 2007.

(6) Ceased to be related corporations on 17 October 2007.

\# Shares in companies incorporated in Singapore do not have a par value.

Other than 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.

ISSUES OF SHARES

During the financial year, the Company:

(a) increased its authorised share capital from RM100,000,000 dividend into 100,000,000 ordinary shares of RM1.00 each to RM4,500,000,000 dividend into 4,500,000,000 ordinary shares of RM1.00 each by the creation of 4,400,000,000 new ordinary shares of RM1.00 each;

(b) increased its issued and paid-up share capital from RM74,711,000 to RM1,036,410,250 by way of:

   (i) the issuance of 3,799,730,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share as part consideration for the Proposed Acquisitions, as detailed hereinbelow under item (A) of the Significant Events;

   (ii) the capital reduction of RM0.75 for every ordinary share of RM1.00 in the Company and thereafter a share consolidation on the basis of every four ordinary shares of RM0.25 each into one ordinary share of RM1.00 each in the Company ("Capital Reconstruction"); and

   (iii) the conversion of RM271,200,000 nominal value of RCSLS into 67,800,000 new ordinary shares of RM1.00 each in the Company ("Share") at a conversion price of RM4.00 nominal amount of the RCSLS per every new Share.

The new ordinary shares issued ranked *pari passu* in all respects with the then existing ordinary shares in the Company.

TREASURY SHARES

During the financial year, the Company repurchased 6,153,000 of its issued ordinary shares from the open market at an average price of RM5.63 per share. The total consideration paid for the repurchase was RM34.62 million. The repurchase transactions were financed by internally generated funds.

As at 30 June 2008, the 6,153,000 shares repurchased during the financial year were held as treasury shares. Such treasury shares are held at a carrying amount of RM34,620,000 and further relevant details are disclosed in Note 26(b) to the financial statements.

REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS

During the financial year, the Company issued RM500,000,000 nominal value 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") at 100% of its nominal value as part settlement of the Proposed Acquisitions and RM271,200,000 nominal value of the RCSLS were converted into 67,800,000 new ordinary shares of RM1.00 each in the Company ("Share") at the conversion price of RM4.00 nominal amount of the RCSLS per every new Share.

As at 30 June 2008, RM228,800,000 nominal value of RCSLS remained outstanding. The salient terms of the RCSLS are disclosed in Note 32 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 28 to the financial statements.

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

During the financial year, the Company granted 4,716,400 options to eligible executive employees and executive directors of the Group at a subscription price of RM6.35 per share.

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

	Number of options				
Date granted	**As at 1.7.2007**	**Granted**	**Exercised**	**Lapsed**	**As at 30.6.2008**
12 May 2008	–	4,716,400	–	(116,900)	4,599,500

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

The Company has been granted 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 RM6.35 per share on 12 May 2008**
Toh Peng Koon	105,000
Raymond Teo Kheng San	87,500
Tham Tuck Choy	87,500

OTHER STATUTORY INFORMATION

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

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and 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, except as disclosed under Events Subsequent to Balance Sheet Date.

SIGNIFICANT EVENTS

(A) On 28 September 2006, the Company announced the following:

(a) The Company and its wholly-owned subsidiary, East Crest International Limited ("East Crest"), had on 27 September 2006, entered into a conditional Master Sale Agreement with Lion Diversified Holdings Berhad ("LDHB") and Excel Step Investments Limited ("Excel Step"), a wholly-owned subsidiary of LDHB, to acquire the following from LDHB:

(i) 100% of the equity interest in PRG Corporation Limited which owns 55.5% equity interest in Parkson Retail Group Limited ("Parkson Retail") for a consideration of RM4,025.94 million;

(ii) 100% of the equity interest in Parkson Corporation Sdn Bhd for a consideration of RM180.21 million;

(iii) 100% each of the equity interest in Parkson Venture Pte Ltd and Serbadagang Holdings Sdn Bhd for a total consideration of RM93.58 million; and

(iv) 100% of the equity interest in Sea Coral Limited for a consideration of RM1.00;

to be satisfied by the issuance of 3,799.73 million new ordinary shares of RM1.00 each in the Company at an issue price of RM1.00 per share and RM500 million nominal value of 3-year 3.5% redeemable convertible secured loan stocks, to be issued at 100% of the nominal value of RM1.00 each.

(hereinafter collectively referred to as the "Proposed Acquisitions").

SIGNIFICANT EVENTS (continued)

(b) The Company had on 27 September 2006, entered into a conditional BSSB Share Sale Agreement with Lion Corporation Berhad ("LCB") and Total Triumph Investments Limited ("Total Triumph"), a wholly-owned subsidiary of LCB, for the proposed disposal by the Company of 32,143,500 ordinary shares of RM1.00 each in Bright Steel Sdn Bhd ("Bright Steel"), representing the entire issued and paid-up share capital of Bright Steel to Total Triumph for a cash consideration of RM53.47 million ("Proposed Disposal").

(c) The Company proposed to increase the authorised share capital of the Company from RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each to RM4,500,000,000 divided into 4,500,000,000 ordinary shares of RM1.00 each ("Proposed Increase in Authorised Share Capital").

(d) The Company proposed a capital reduction of RM0.75 per ordinary share of RM1.00 each in the Company ("Capital Reduction") and thereafter a share consolidation on the basis of every four (4) resultant share of RM0.25 each into one (1) ordinary share of RM1.00 in the Company ("Share Consolidation") ("Proposed Capital Reconstruction").

(e) The Company proposed to change the name of the Company from Amalgamated Containers Berhad to Parkson Holdings Berhad ("Proposed Change of Name").

(The Proposed Acquisitions, the Proposed Disposal, the Proposed Increased in Authorised Share Capital, the Proposed Capital Reconstruction and the Proposed Change of Name shall hereinafter collectively be referred to as "the Proposals").

The shareholders of the Company had on 17 August 2007 approved the Proposals.

The authorised share capital of the Company was increased on 17 August 2007.

The Proposed Acquisitions and the Proposed Disposal were completed on 19 September 2007 and the name of the Company was changed to Parkson Holdings Berhad on the same day.

The Kuala Lumpur High Court had on 24 September 2007 confirmed and sanctioned the Company's petition for an Order for the Capital Reduction pursuant to the Proposed Capital Reconstruction, and the sealed Order of the petition for the Capital Reduction was obtained on 25 September 2007 and upon the lodgement of the same with the Companies Commission of Malaysia on the same date, the Capital Reduction took effect.

Subsequent to the Capital Reduction, the Share Consolidation was implemented on 9 October 2007.

(B) On 20 April 2007, Grand Parkson Retail Group Limited ("Grand Parkson"), a wholly-owned subsidiary of Parkson Retail Group Limited ("Parkson Retail")(Parkson Retail is a company listed on The Stock Exchange of Hong Kong Limited and became a subsidiary of the Company on 19 September 2007), entered into a sale and purchase agreement with an independent third party to acquire the entire equity interest of Lung Shing International Investment & Development Company Limited which will be the sole legal and beneficial owner of Anshan Lung Shing Property Services Limited which in turn will be the sole legal and beneficial owner of the 100% interest in relation to the land use right and property use right in respect of the property located at No. 88 Er Dao Street, Tie Dong District, Anshan City, Liaoning Province, the People's Republic of China ("PRC") for a total consideration of Rmb450 million (equivalent to approximately RM204 million) ("Anshan Acquisition"). The Anshan Acquisition was completed on 21 January 2008.

(C) On 27 September 2007, the Company announced that Shanghai Hongqiao Parkson Development Co Ltd, a wholly-owned subsidiary of Parkson Retail, had extended the period for the fulfilment of the conditions in relation to its proposed acquisition from Sichuan Fulin Industrial Group Co Ltd, the sole legal and beneficial owner of the 40% equity interest in Mianyang Fulin Parkson Plaza Co Ltd (the remaining 60% equity interest of which is held indirectly by Parkson Retail) which is the owner and operator of the "Parkson" department store located at Level 1 and Level 2, No. 17, Anchang Road, Mianyang City, Sichuan Province of the PRC, at a total consideration of Rmb99,928,800 ("Mianyang Acquisition") for 60 days commencing 18 September 2007. The Mianyang Acquisition was subsequently completed on 31 October 2007.

(D) On 27 September 2007, Parkson Retail Development Co Ltd ("Parkson Development"), a wholly-owned indirect subsidiary of Parkson Retail, entered into a sale and purchase agreement to acquire from Shaanxi Chang'an Information Property Investment Co Ltd, the sole legal and beneficial owner of the 49% interest in Xi'an Chang'an Parkson Department Store Co Ltd (the remaining 51% equity interest is currently owned by Parkson Retail through its 91% owned subsidiary, Xi'an Lucky King Parkson Plaza Co Ltd) at a total cash consideration of Rmb61 million ("Xi'an Chang'an Acquisition"). The Xi'an Chang'an Acquisition was completed on 30 May 2008.

(E) On 26 December 2007, Parkson Properties NDT (Emperor) Co Ltd, 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, to be named C.T Phuong Nam Joint Stock Company from C&T for a cash consideration of USD9.405 million (equivalent to approximately RM31.41 million).

As at 30 June 2008, the acquisition has not been completed.

(F) On 8 January 2008, PRG Corporation Limited, a wholly-owned subsidiary of the Company, entered into a placing agreement for the placement of 8,000,000 Parkson Retail shares, representing approximately 1.44% of the then issued and paid-up capital of Parkson Retail via a placement to investors by way of a book building exercise. The placement was ratified by the shareholders of the Company on 21 April 2008.

(G) On 21 March 2008, Spring Active Sdn Bhd ("Spring Active"), a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement with Premier Equity Holdings Limited, to acquire the option in relation to the following option rights for a cash consideration of RM80 million:

(a) the rights to develop, construct and complete a retail mall located in Setapak, Kuala Lumpur ("Proposed Mall") together with infrastructures and amenities; and

(b) the rights to call for the transfer of strata title to Spring Active upon completion of the Proposed Mall.

Spring Active shall appoint a main contractor for the design, construction and completion of the Proposed Mall for an amount of RM134 million. The total cost for the Proposed Mall will be RM214 million.

(H) On 27 March 2008, Parkson Development, entered into a sale and purchase agreement to acquire from Shaanxi Shuangyi Petroleum and Chemical Company Limited, 49% equity interest in Xi'an Shidai Parkson Store Co Ltd at a consideration of Rmb154 million ("Xi'an Shidai Parkson Acquisition"). The Xi'an Shidai Parkson Acquisition was subsequently completed on 16 September 2008.

(I) On 21 May 2008, East Crest, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement to dispose of its entire equity interest in Jet East Investments Limited to Grand Parkson, a wholly-owned subsidiary of Parkson Retail, for a total consideration of Rmb240 million, to be satisfied partly by cash of Rmb120,005,983 and the balance of Rmb119,994,017 by way of the allotment and issuance of 1,994,000 ordinary shares of HK$0.10 each in Parkson Retail to East Crest ("Jet East Disposal").

As at 30 June 2008, the Jet East Disposal has not been completed.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

(A) On 2 July 2008, the Golden Village Group Limited, a wholly-owned subsidiary of Parkson Retail, entered into a share purchase agreement with an independent third party to acquire the entire issued share capital of Duo Success Investments Limited ("Duo Success") for a cash consideration of Rmb55 million. Duo Success is the sole legal and beneficial owner of the entire issued share capital of Huge Return Investment Limited, which owns 9% equity interest in Xi'an Lucky King Parkson Plaza Co Ltd ("Xi'an Lucky King Acquisition"). The Xi'an Lucky King Acquisition was subsequently completed on 20 August 2008.

(B) On 28 August 2008, Grand Parkson entered into a conditional sale and purchase agreement with an independent third party to acquire the entire issued share capital of Favor Move International Limited, the sole legal and beneficial owner of the entire issued share capital of Hanmen Holdings Limited, which in turn will be the sole legal and beneficial owner of the 30% equity interest in Nanning Brilliant Parkson Commercial Co Ltd (the remaining 70% equity interest is currently owned indirectly by the Company) for a cash consideration of Rmb60 million ("Nanning Acquisition"). The Nanning Acquisition has not been completed.

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 24 September 2008.

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 46 to 137 are drawn up in accordance with the applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2008 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 24 September 2008.

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

CHENG SIN YENG
Director

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

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

I, **Tan Sri William H.J. Cheng**, being the Director primarily responsible for the financial management of **Parkson Holdings Berhad** do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 137 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 24 September 2008.

TAN SRI WILLIAM H.J. CHENG

Before me,

W327
MOHD RADZI BIN YASIN
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 2008 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 46 to 137.

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

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

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

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

Opinion
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

(c) We are satisfied that the accounts 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 accounts of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
24 September 2008

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Continuing operations					
Revenue	3	**2,242,297**	1,795,260	**200,000**	563
Other income	4	**227,431**	179,333	**–**	–
Purchase of goods and changes in inventories		**(835,733)**	(712,055)	**–**	–
Employee benefits expense	5	**(222,871)**	(181,828)	**(204)**	(176)
Depreciation and amortisation		**(95,834)**	(73,820)	**–**	–
Promotional and advertising expenses		**(61,462)**	(48,665)	**–**	–
Rental expenses		**(342,778)**	(273,239)	**–**	–
Other expenses		**(350,282)**	(278,530)	**(4,826)**	(1,621)
Operating profit/(loss)		**560,768**	406,456	**194,970**	(1,234)
Finance income	6	**131,343**	77,117	**3,232**	1,827
Finance costs	6	**(178,126)**	(97,888)	**(20,080)**	(1,717)
Gain/(Loss) on disposal/dilution of interest in a subsidiary	15(c)	**248,032**	–	**(654)**	–
Share of results of an associate		**245**	151	**–**	–
Impairment loss of investment in a subsidiary		**–**	–	**–**	(38,686)
Profit/(Loss) before tax	7	**762,262**	385,836	**177,468**	(39,810)
Taxation	8	**(122,505)**	(111,346)	**1,256**	(73)
Profit/(Loss) for the year from continuing operations		**639,757**	274,490	**178,724**	(39,883)
Discontinued operations	9				
Revenue	3	**111,731**	343,876	**–**	–
Other income	4	**344**	13,282	**–**	–
Changes in inventories of finished goods and work-in-progress		**(3,900)**	20,479	**–**	–
Raw materials and consumables used		**(98,906)**	(332,086)	**–**	–
Employee benefits expense	5	**(2,934)**	(10,904)	**–**	–
Depreciation and amortisation		**(507)**	(2,668)	**–**	–
Other expenses		**(3,363)**	(16,899)	**–**	–
Operating profit		**2,465**	15,080	**–**	–

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Discontinued operations (continued)					
Finance income	6	**30**	43	**–**	–
Finance costs	6	**(1,494)**	(5,689)	**–**	–
Share of results of an associate		**72**	14,651	**–**	–
Loss on disposal/recognised on the remeasurement of assets of disposal group	9	**(2,497)**	(25,044)	**–**	–
Loss before tax	7	**(1,424)**	(959)	**–**	–
Taxation	8	**(285)**	(1,752)	**–**	–
Loss for the year from discontinued operations		**(1,709)**	(2,711)	**–**	–
Total profit/(loss) for the year from continuing and discontinued operations		**638,048**	271,779	**178,724**	(39,883)
Attributable to:					
Equity holders of the Company		**447,974**	132,256	**178,724**	(39,883)
Minority interests		**190,074**	139,523	**–**	–
		638,048	271,779	**178,724**	(39,883)
Earnings per share from continuing operations (sen)	11				
Basic		**45.83**	13.97		
Diluted		**42.52**	12.38		

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

BALANCE SHEETS

AS AT 30 JUNE 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**835,294**	525,562	**–**	–
Investment properties	13	**111,053**	108,192	**–**	–
Prepaid land lease payments	14	**303,055**	218,894	**–**	–
Investments in subsidiaries	15	**–**	–	**13,014**	–
Investments in associates	16	**1,145**	1,029	**–**	–
Other investments	18	**654,093**	691,026	**28**	28
Other assets	19	**99,138**	114,200	**–**	–
Intangible assets	20	**1,019,607**	893,389	**–**	–
Amounts due from subsidiaries	21	**–**	–	**7,915,743**	51,030
Amount due from a related party	23	**40,000**	–	**40,000**	–
Deferred tax assets	35	**36,184**	33,822	**–**	–
		3,099,569	2,586,114	**7,968,785**	51,058
Current assets					
Inventories	22	**237,804**	210,557	**–**	–
Trade and other receivables	23	**269,541**	251,201	**2,579**	25
Tax recoverable		**15,987**	8,486	**–**	137
Deposits, cash and bank balances	24	**1,840,081**	1,481,952	**12,688**	64
		2,363,413	1,952,196	**15,267**	226
Assets held for sale	25	**–**	2,249	**–**	–
Assets of disposal group classified as held for sale	9	**–**	325,980	**–**	–
		2,363,413	2,280,425	**15,267**	226
TOTAL ASSETS		**5,462,982**	4,866,539	**7,984,052**	51,284
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	26	**1,036,410**	74,711	**1,036,410**	74,711
Share premium	26	**3,637,912**	11,856	**3,637,912**	11,856
Treasury shares	26	**(34,620)**	–	**(34,620)**	–
Other reserves	27	**(3,678,701)**	909,203	**2,932,434**	–
Retained profits/ (Accumulated losses)	37	**288,493**	86,764	**39,146**	(36,336)
Amount recognised directly in equity relating to assets classified as held for sale		**–**	6,620	**–**	–
		1,249,494	1,089,154	**7,611,282**	50,231
Minority interests		**741,870**	557,848	**–**	–
Minority interests relating to assets classified as held for sale		**–**	15,499	**–**	–
Total equity		**1,991,364**	1,662,501	**7,611,282**	50,231

BALANCE SHEETS

AS AT 30 JUNE 2008 (continued)

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Non-current liabilities					
Post-employment benefit obligations	29	**–**	–	**–**	–
Borrowings	30	**857,067**	664,931	**221,274**	–
Notes	33	**1,045,820**	1,098,589	**–**	–
Derivative financial instruments designated as hedging instruments	33(ii)	**52,932**	–	**–**	–
Long term payables	34	**68,586**	52,577	**–**	–
Deferred tax liabilities	35	**120,384**	92,748	**3,439**	–
		2,144,789	1,908,845	**224,713**	–
Current liabilities					
Trade and other payables	36	**1,266,349**	940,145	**147,283**	1,053
Borrowings	30	**13,259**	55,643	**–**	–
Tax payable		**47,221**	39,275	**774**	–
		1,326,829	1,035,063	**148,057**	1,053
Liabilities directly associated with assets classified as held for sale	9	**–**	260,130	**–**	–
		1,326,829	1,295,193	**148,057**	1,053
Total liabilities		**3,471,618**	3,204,038	**372,770**	1,053
TOTAL EQUITY AND LIABILITIES		**5,462,982**	4,866,539	**7,984,052**	51,284

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

	Note	← 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 27)	Relating to assets classified as held for sale RM'000	Retained profits/ (Accumulated losses) RM'000	Total RM'000	Minority interests RM'000	Minority interests relating to assets classified as held for sale RM'000	Total equity RM'000
At 1 July 2007		74,711	11,856	–	909,203	6,620	86,764	1,089,154	557,848	15,499	1,662,501
Translation difference:											
- On net equity of foreign subsidiaries		–	–	–	34,400	–	–	34,400	–	–	34,400
Appropriation of profit to capital reserves		–	–	–	14,395	–	(14,395)	–	–	–	–
Settlement of inter-company balance with previous shareholder		–	–	–	29,180	–	–	29,180	–	–	29,180
Effect of change in deferred tax rate		–	–	–	137	–	–	137	–	–	137
Disposal of disposal group classified as held for sale	15	–	–	–	–	(6,620)	8,948	2,328	–	(15,715)	(13,387)
Dilution of interest in a subsidiary		–	–	–	(3,015)	–	–	(3,015)	13,980	–	10,965
Net income and expense recognised directly in equity		–	–	–	75,097	(6,620)	(5,447)	63,030	13,980	(15,715)	61,295
Profit for the year, representing total recognised income and expense for the year		–	–	–	–	–	447,974	447,974	189,858	216	638,048
Total recognised income and expense for the year		–	–	–	75,097	(6,620)	442,527	511,004	203,838	(15,499)	699,343
Adjustments for reorganisation:											
- Shares issued		3,799,730	3,419,760 *	–	(7,219,490)	–	–	–	–	–	–
- Capital Reconstruction		(2,905,831)	–	–	2,905,831	–	–	–	–	–	–
Issuance of RCSLS	32	–	–	–	(470,602)	–	–	(470,602)	–	–	(470,602)
Conversion of RCSLS	32	67,800	206,296	–	(15,946)	–	–	258,150	–	–	258,150
Purchase of treasury shares	26	–	–	(34,620)	–	–	–	(34,620)	–	–	(34,620)
Transfer to merger deficit		–	–	–	123,717	–	(123,717)	–	–	–	–
Equity-settled share option arrangements granted by:	28										
- The Company		–	–	–	13,014	–	–	13,014	–	–	13,014
- A subsidiary		–	–	–	3,115	–	–	3,115	2,706	–	5,821
Employee share options exercised		–	–	–	(2,640)	–	–	(2,640)	(2,293)	–	(4,933)
Acquisition of minority interest		–	–	–	–	–	–	–	(4,027)	–	(4,027)
Dividends to minority interest and previous shareholder		–	–	–	–	–	(13,839)	(13,839)	(16,202)	–	(30,041)
Dividends	10	–	–	–	–	–	(103,242)	(103,242)	–	–	(103,242)
At 30 June 2008		1,036,410	3,637,912	(34,620)	(3,678,701)	–	288,493	1,249,494	741,870	–	1,991,364

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000 (Note 27)	Relating to assets classified as held for sale RM'000	Retained profits/ (Accumulated losses) RM'000	Total RM'000	Minority interests RM'000	Minority interests relating to assets classified as held for sale RM'000	Total equity RM'000
		← Attributable to equity holders of the Company						→			
			← Non-distributable			→					
At 1 July 2006		74,711	11,856	–	842,451	–	(36,899)	892,119	381,074	–	1,273,193
Translation differences:											
- Equity accounting in share of associate's movement		–	–	–	672	–	–	672	–	–	672
- On net equity of foreign associate		–	–	–	(2,063)	–	–	(2,063)	–	–	(2,063)
Appropriation of profit to capital reserves		–	–	–	8,539	–	(8,539)	–	–	–	–
Amount recognised directly in equity relating to disposal group held for sale		–	–	–	(6,620)	6,620	–	–	(15,305)	15,305	–
Post acquisition reserve on a jointly controlled entity		–	–	–	56,544	–	–	56,544	45,152	–	101,696
Effect of change in deferred tax rate		–	–	–	6,829	–	–	6,829	5,491	–	12,320
Net income and expense recognised directly in equity		–	–	–	63,901	6,620	(8,539)	61,982	35,338	15,305	112,625
Profit for the year, representing total recognised income and expense for the year		–	–	–	–	–	132,256	132,256	139,144	379	271,779
Total recognised income and expense for the year		–	–	–	63,901	6,620	123,717	194,238	174,482	15,684	384,404
Equity-settled share option arrangements of a subsidiary		–	–	–	3,191	–	–	3,191	2,565	–	5,756
Employee share options exercised		–	–	–	(340)	–	–	(340)	(273)	–	(613)
Dividends	10	–	–	–	–	–	(54)	(54)	–	(185)	(239)
At 30 June 2007		74,711	11,856	–	909,203	6,620	86,764	1,089,154	557,848	15,499	1,662,501

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Share capital RM'000	← Non-distributable Share premium RM'000	Treasury shares RM'000	Other reserves RM'000 (Note 27) →	Retained profits/ (Accumulated losses) RM'000	Total RM'000
At 1 July 2007		**74,711**	**11,856**	**–**	**–**	**(36,336)**	**50,231**
Adjustments for reorganisation:							
- Shares issued		**3,799,730**	**3,419,760 ***	**–**	**–**	**–**	**7,219,490**
- Capital Reconstruction		**(2,905,831)**	**–**	**–**	**2,905,831**	**–**	**–**
Issuance of RCSLS	32	**–**	**–**	**–**	**29,398**	**–**	**29,398**
Conversion of RCSLS	32	**67,800**	**206,296**	**–**	**(15,946)**	**–**	**258,150**
Purchase of treasury shares	26	**–**	**–**	**(34,620)**	**–**	**–**	**(34,620)**
Equity-settled share option arrangements granted	28	**–**	**–**	**–**	**13,014**	**–**	**13,014**
Effect of change in deferred tax rate		**–**	**–**	**–**	**137**	**–**	**137**
Profit for the year, representing total recognised income and expense for the year		**–**	**–**	**–**	**–**	**178,724**	**178,724**
Dividends	10	**–**	**–**	**–**	**–**	**(103,242)**	**(103,242)**
At 30 June 2008		**1,036,410**	**3,637,912**	**(34,620)**	**2,932,434**	**39,146**	**7,611,282**
At 1 July 2006		74,711	11,856	–	–	3,601	90,168
Loss for the year, representing total recognised income and expense for the year		–	–	–	–	(39,883)	(39,883)
Dividends	10	–	–	–	–	(54)	(54)
At 30 June 2007		74,711	11,856	–	–	(36,336)	50,231

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

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax from:				
Continuing operations	**762,262**	385,836	**177,468**	(39,810)
Discontinued operations	**(1,424)**	(959)	**–**	–
Adjustments for:				
Depreciation and amortisation	**96,341**	76,488	**–**	–
Impairment loss of intangible assets	**–**	6,553	**–**	–
Property, plant and equipment written off	**357**	2,584	**–**	–
(Write back)/Allowance for doubtful debts - net	**(843)**	2,662	**–**	–
Bad debts written off	**82**	–	**–**	–
Write down/(Write back) of inventories - net	**133**	(256)	**–**	–
Impairment loss of investments in:				
- A subsidiary	**–**	–	**–**	38,686
- An associate	**–**	7,162	**–**	–
- Unquoted investments	**81**	9,974	**–**	–
Loss on disposal/recognised on the remeasurement of assets of disposal group	**2,497**	25,044	**654**	–
Provision for defined benefit plan	**42**	150	**–**	–
Employee share-based payment	**18,835**	5,756	**–**	–
Unrealised exchange loss	**2,745**	760	**–**	–
Share of results of associates	**(317)**	(14,802)	**–**	–
Gain on partial disposal/dilution of interest in a subsidiary	**(248,032)**	–	**–**	–
Interest expense	**179,620**	103,577	**20,080**	1,717
Interest income	**(131,373)**	(77,160)	**(3,232)**	(1,827)
Loss/(Gain) on disposal of property, plant and equipment	**1,501**	(103)	**–**	–
Gain on disposal of assets held for sale	**(3,521)**	(9,039)	**–**	–
Reversal of provision for interests	**–**	(2,147)	**–**	–
Dividend income (gross)	**–**	(4)	**(200,000)**	(563)
Operating profit/(loss) before working capital changes	**678,986**	522,076	**(5,030)**	(1,797)
Changes in working capital:				
Inventories	**(10,900)**	(6,296)	**–**	–
Receivables and other assets	**91,372**	(119,443)	**(196,383)**	28,114
Payables	**39,553**	129,455	**33,894**	703
Net cash generated from/(used in) operations	**799,011**	525,792	**(167,519)**	27,020
Tax paid	**(136,907)**	(118,019)	**–**	(6)
Interest paid	**(155,274)**	(98,275)	**(5,518)**	(1,717)
Interest received	**121,935**	77,009	**813**	1
Net cash generated from/(used in) operating activities	**628,765**	386,507	**(172,224)**	25,298

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(163,955)**	(69,880)	**–**	–
Purchase of prepaid land lease payments	**(42,800)**	–	**–**	–
Proceeds from disposal of a subsidiary	**10,698**	–	**10,374**	–
Proceeds from disposal of property, plant and equipment	**1,371**	387	**–**	–
Proceeds from disposal of assets held for sale	**5,770**	22,851	**–**	–
Proceeds from dilution of interest in a subsidiary	**259,979**	–	**–**	–
Acquisition of subsidiaries (net cash acquired) (Note i)	**(216,371)**	(425,252)	**–**	–
Acquisition of minority interests	**(47,626)**	(128,629)	**–**	–
Purchase of other investments	**–**	(700,695)	**–**	–
Dividend received from:				
- Subsidiaries	**–**	–	**200,000**	411
- Associate	**184**	–	**–**	–
- Quoted investments	**–**	3	**–**	–
Net cash (used in)/generated from investing activities	**(192,750)**	(1,301,215)	**210,374**	411
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid to:				
- Shareholders of the Company	**–**	(54)	**–**	(54)
- Minority shareholders	**(93,932)**	(67,775)	**–**	–
Issuance of shares by a subsidiary	**81,774**	10,575	**–**	–
Purchase of treasury shares	**(25,526)**	–	**(25,526)**	–
Proceeds from borrowings and notes	**25,464**	1,930,842	**–**	–
Repayment of borrowings	**(123,569)**	(342,714)	**–**	(25,610)
Hire purchase principal payments	**(1,440)**	(1,350)	**–**	–
Net cash (used in)/generated from financing activities	**(137,229)**	1,529,524	**(25,526)**	(25,664)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**298,786**	614,816	**12,624**	45
Effects of changes in exchange rates	**66,722**	(11,356)	**–**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,474,573**	871,113	**64**	19
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 24)	**1,840,081**	1,474,573	**12,688**	64

Note (i)

	Group	
	2008 RM'000	2007 RM'000
Purchase consideration paid in cash	**(233,664)**	(518,121)
Cash and cash equivalent of subsidiaries acquired	**17,293**	92,869
Net cash outflow of the Group	**(216,371)**	(425,252)

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and its associate consist of steel services, international trading and distribution of electronic components, automotive component trading, limestone processing and investment holding prior to the discontinuation of the said activities upon the disposal on 19 September 2007 of these subsidiaries and associate ("Disposals"), with the exception of East Crest International Limited, whose principal activity is investment holding. Concurrently, upon the completion of the Disposals, the Company acquired new subsidiaries whose principal activities are in the operations of department stores.

The Proposed Acquisitions as detailed in Significant Events of the Directors' Report have been accounted for as a reorganisation of entities under common control in a manner similar to a pooling of interest, since Tan Sri William H.J. Cheng, the controlling shareholder of Lion Diversified Holdings Berhad, controlled the Company and the acquired companies before and after the completion of the Proposed Acquisitions. Accordingly, the consolidated income statement and consolidated cash flow statement include the results and cash flows of the companies as if the current group structure had been in existence since 1 July 2006, or since their respective dates of registration, whichever is the shorter period. The consolidated balance sheet of the Group as at 30 June 2007 has been prepared to present the assets and liabilities of the companies as if the current group structure had been in existence as at that date. The list of companies is as disclosed in Note 15.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 September 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. During the financial year ended 30 June 2008, the Company adopted new and revised FRSs as described in Note 2.3.

The financial statements have also been prepared on a historical basis, except that the derivative financial instruments which are stated at their fair value and the assets and liabilities attributable to Parkson Retail Development Co Ltd, a previously 56% owned jointly controlled entity of the Group, were recognised at their fair value at the date of control upon the Group's acquisition of the remaining 44% equity interests on 1 July 2006. 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.

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

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

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

(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.

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 the income statement.

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 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) **Associate**

An associate is an entity 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.

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

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

(b) Associate (continued)

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 profit or loss. 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.

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 associates, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

(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.

(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) Other intangible assets

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

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

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

(f) Property, plant and equipment and depreciation

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

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

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

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

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

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	4% - 20%

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

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

(g) **Investment properties**

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) **Inventories**

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

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.

Cost of raw materials, finished goods and work-in-progress is determined on a weighted average or first-in-first-out basis, as appropriate, according to the category of inventories concerned. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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

(j) **Financial instruments**

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

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

(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.

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

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

(j) **Financial instruments** (continued)

(ii) **Other non-current investments**

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.

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) **Marketable securities**

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are credited or charged to the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iv) **Receivables**

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

(v) **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.

(vi) **Interest bearing loans and borrowings**

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

(vii) Redeemable convertible secured loan stocks

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.

(viii) 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.

(ix) 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.

As 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)

(ix) 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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

(ix) Derivative financial instruments and hedging (continued)

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

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

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

(k) Leases

(i) Classification

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

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

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

(ii) Finance leases - the Group as lessee

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

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 negative 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) **Provision for liabilities**

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) **Coupon liabilities**

Coupon liabilities are recognised at present value of expenditures expected to be required to settle the obligation based on the bonus points granted to customers in accordance with the announced bonus points scheme and the Group's past experience on the level of redemption of coupons.

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. Certain subsidiaries also contribute to another approved defined contribution plan.

(iii) Defined benefit plan

The Group's obligation under defined benefit plans is determined based on actuarial computations by independent actuaries using the Projected Unit Credit Method, through which the amount of benefit that employees have earned in return for their services in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised past service costs and the present value of any economic benefits in the form of refunds from the plan or reductions in future contributions to the plan.

(iv) Equity compensation benefits

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

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

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

(o) **Employee benefits** (continued)

(iv) **Equity compensation benefits** (continued)

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

(v) **Retirement benefits**

Pursuant to the relevant PRC laws and regulations, 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

(q) Foreign currencies (continued)

(ii) Foreign currency transactions

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

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

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

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

	2008 RM	**2007 RM**
US Dollar ("US$")	**3.26**	3.45
Singapore Dollar ("SGD")	**2.40**	2.25
Chinese Renminbi ("Rmb")	**0.48**	0.45
Hong Kong Dollar ("HK$")	**0.42**	0.44

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

(q) Foreign currencies (continued)

(iii) Foreign operations (continued)

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 discount upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Revenue from services

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

(iii) Dividend income

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

(iv) Interest income

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

(v) 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.

(vi) Commissions from concessionaire sales

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

(vii) 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.

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

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

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

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

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

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

(t) Segment reporting

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

2.3 **Changes in accounting policies, effects and changes in comparatives arising from adoption of new and revised FRSs**

On 1 July 2007, the Group and the Company adopted the following revised FRSs and amendment to FRSs:

FRS 107: Cash Flow Statements
FRS 111: Construction Contracts
FRS 112: Income Tax
FRS 118: Revenue
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
FRS 124: Related Party Disclosures
FRS 134: Interim Financial Reporting
FRS 137: Provision, Contingent Liabilities and Contingent Assets
Amendment to FRS 119_{2004}: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 8 : Scope of FRS 2 - Share-based Payment

The Malaysian Accounting Standards Board had also issued FRS 6: Exploration for and Evaluation of Mineral Resources which was effected for annual periods beginning on or after 1 January 2007. This FRS is, however, not applicable to the Group or the Company.

The adoption of revised FRSs 107, 111, 112, 118, 120, 134, 137 and IC Interpretation 8 does not result in significant changes in accounting policies of the Group.

The adoption of the revised FRS 124 and Amendment to FRS 119_{2004} give rise to additional disclosures but did not result in significant changes in accounting policies of the Group and of the Company.

The adoption of Amendment to FRS 121 does not have a significant financial impact on the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 FRSs and interpretations issued but not yet effective

At the date of authorisation of these financial statements, FRS 139: Financial Instruments - Recognition and Measurement was issued but not yet effective and has not been applied by the Group and the Company. FRS 139 is effective for financial period beginning on or after 1 January 2010.

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

2.5 Significant accounting estimates and judgements

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) Coupon liabilities

Coupon liabilities are recognised at present value of expenditures expected to be required to settle the obligation based on the bonus points granted to customers in accordance with the announced bonus points scheme and the Group's past experience on the level of redemption of coupons. Details of provision for coupon liabilities are disclosed in Note 36(i).

(iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 30 June 2008 were RM1,019,218,000 (2007: RM892,451,000). Further details are disclosed in Note 20(b).

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

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

(v) Share-based payment

The Group measures the cost of equity-settled transactions with employees by reference to fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of option, volatility and dividend yield and making assumptions about them. The assumptions and valuation model used are disclosed in Note 28.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting estimates and judgements (continued)

(vi) Ownership of land

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

3. REVENUE

	Group		Company	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Continuing operations				
Sales of goods - direct sales	**1,021,800**	851,988	**–**	–
Commissions from concessionaire sales (Note)	**1,101,929**	835,447	**–**	–
Consultancy and management service fees	**14,423**	17,186	**–**	–
Rental income	**104,145**	90,639	**–**	–
Dividend from subsidiaries	**–**	–	**200,000**	563
	2,242,297	1,795,260	**200,000**	563
Discontinued operations				
Sales of goods	**110,468**	340,240	**–**	–
Rendering of services	**1,263**	3,636	**–**	–
	111,731	343,876	**–**	–

Note:
The commissions from concessionaire sales are analysed as follows:

	Group	
	2008 RM'000	**2007 RM'000**
Gross revenue from concessionaire sales	**5,277,992**	3,997,540
Commissions from concessionaire sales	**1,101,929**	835,447

4. OTHER INCOME

		Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Continuing operations					
Promotion income		**43,715**	42,980	**–**	–
Credit card handling fees		**56,363**	41,074	**–**	–
Government grants	(i)	**4,487**	2,075	**–**	–
PRC tax compensations	(ii)	**–**	13,363	**–**	–
Sale of completed properties		**17,023**	4,195	**–**	–
Equipment and display space lease income		**17,309**	14,203	**–**	–
Administration fees		**30,577**	16,541	**–**	–
Service fees		**10,668**	10,877	**–**	–
Other income		**47,289**	34,025	**–**	–
		227,431	179,333	**–**	–
Discontinued operations					
Gain on disposal of assets held for sale		**–**	9,039	**–**	–
Reversal of provision for interests		**–**	2,147	**–**	–
Rental income		**–**	188	**–**	–
Dividend income (gross)		**–**	4	**–**	–
Other income		**344**	1,904	**–**	–
		344	13,282	**–**	–

(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) The PRC tax compensations were granted to certain retail subsidiaries of the Group for its reinvestment of dividend income from certain PRC group companies to establish new foreign investment enterprises in the PRC. There were no unfulfilled conditions or contingencies attaching to these tax compensations.

5. EMPLOYEE BENEFITS EXPENSE

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Continuing operations				
Wages, salaries and bonuses	**154,318**	132,019	**120**	120
Defined contribution plans:				
Employees Provident Fund	**5,117**	4,127	**14**	17
PRC pension scheme contributions	**9,546**	8,506	**–**	–
Employee share-based payment:				
The Company	**13,014**	–	**–**	–
A subsidiary	**5,821**	5,756	**–**	–
Other staff related expenses	**35,055**	31,420	**70**	39
	222,871	181,828	**204**	176

5. EMPLOYEE BENEFITS EXPENSE (continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Discontinued operations				
Wages, salaries and bonuses	**1,849**	9,046	**–**	–
Defined contribution plans	**240**	896	**–**	–
Defined benefit plan (Note 29)	**42**	150	**–**	–
Other staff related expenses	**803**	812	**–**	–
	2,934	10,904	**–**	–

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

6. FINANCE INCOME/COSTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing operations				
Finance income:				
Amounts due from subsidiaries	**–**	–	**386**	1,826
Amount due from a related party (Note 23(a))	**2,420**	–	**2,420**	–
Interest rate swap arrangements (Note a)	**15,160**	1,408	**–**	–
Credit linked notes	**64,844**	43,469	**–**	–
Short term deposits and others	**48,919**	32,240	**426**	1
	131,343	77,117	**3,232**	1,827
Finance costs:				
Senior guaranteed notes	**55,529**	36,533	**–**	–
Senior notes	**30,845**	2,828	**–**	–
Term loans and other loans	**71,125**	58,190	**–**	1,717
RCSLS	**20,080**	–	**20,080**	–
Bank overdrafts	**421**	208	**–**	–
Hire purchase liabilities	**126**	129	**–**	–
	178,126	97,888	**20,080**	1,717
Discontinued operations				
Finance income:				
Short term deposits and others	**30**	43	**–**	–
Finance costs:				
Amounts due to related parties	**–**	386	**–**	–
Term loans and other loans	**1,262**	4,623	**–**	–
Bank overdrafts	**231**	674	**–**	–
Hire purchase liabilities	**1**	6	**–**	–
	1,494	5,689	**–**	–

Note a:
As further disclosed in Note 44(d), the Group has entered into interest rate swap arrangements in order to provide the Group a RMB equivalent fixed rate debt of 3.45% per annum.

7. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Continuing operations				
Directors' remuneration (Note b)	**742**	696	**410**	361
Auditors' remuneration:				
- Current year	**1,174**	1,068	**25**	21
- Over provision in prior year	**–**	(2)	**–**	–
Depreciation and amortisation:				
- Property, plant and equipment	**86,022**	64,428	**–**	–
- Investment properties	**2,539**	2,477	**–**	–
- Prepaid land lease payments	**6,701**	6,522	**–**	–
- Intangible assets	**572**	393	**–**	–
Property, plant and equipment written off	**357**	2,584	**–**	–
(Write back)/Allowance for doubtful debts	**(790)**	3,278	**–**	–
Bad debts written off	**82**	–	**–**	–
Impairment loss of intangible assets	**–**	6,550	**–**	–
Impairment loss of investments in unquoted investments	**81**	9,969	**–**	–
Write down of inventories	**133**	107	**–**	–
Exchange (gain)/loss:				
- Realised	**(501)**	5,364	**–**	–
- Unrealised	**2,745**	760	**–**	–
Loss/(Gain) on disposal of:				
- Property, plant and equipment	**1,501**	(77)	**–**	–
- Asset held for sale	**(3,521)**	–	**–**	–
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	**292,298**	243,015	**–**	–
- Contingent lease payments	**50,480**	30,224	**–**	–
Gross rental income	**(18,806)**	(17,948)	**–**	–
Sub-letting of properties:				
- Minimum lease payments	**(55,685)**	(52,466)	**–**	–
- Contingent lease payments	**(29,654)**	(20,225)	**–**	–
Discontinued operations				
Auditors' remuneration:				
- Current year	**–**	71	**–**	–
- Over provision in prior year	**–**	(3)	**–**	–
Rental expenses	**245**	986	**–**	–
Depreciation and amortisation:				
- Property, plant and equipment	**478**	2,553	**–**	–
- Prepaid land lease payments	**29**	115	**–**	–
Impairment loss of intangible assets	**–**	3	**–**	–
Impairment loss of investments in:				
- An associate	**–**	7,162	**–**	–
- Unquoted investments	**–**	5	**–**	–
Write back of allowance for inventories	**–**	(363)	**–**	–
Gain on disposal of property, plant and equipment	**–**	(26)	**–**	–
Write back of allowance for doubtful debts	**(53)**	(616)	**–**	–
Exchange gain - realised	**(201)**	(163)	**–**	–

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

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

	Group		Company	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Executive Director:				
Fees	**83**	76	**20**	10
Salaries and other emoluments	**429**	399	**189**	159
Pension costs - defined contribution plans	**43**	46	**14**	17
	555	521	**223**	186
Non-executive Directors*:				
Fees	**187**	175	**187**	175
	742	696	**410**	361

(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	
	2008	**2007**
Executive Director		
- RM500,001 to RM550,000	**–**	1
- RM550,001 to RM600,000	**1**	–
Non-executive Directors*		
- RM25,000 and below	**5**	10
- RM25,001 to RM50,000	**4**	1

* 2007: Including Directors who retired at the Annual General Meeting held on 13 November 2006 and a Director who was appointed during the financial year ended 30 June 2007.

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

8. **TAXATION**

	Group		Company	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Continuing operations				
Income tax:				
Malaysian tax	**10,327**	8,875	**835**	73
Foreign tax	**121,479**	108,214	**–**	–
	131,806	117,089	**835**	73
Under provision in prior years				
Malaysian income tax	**1,230**	1,095	**76**	–
	133,036	118,184	**911**	73

8. TAXATION (continued)

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Continuing operations (continued)				
Deferred tax (Note 35):				
Relating to origination and reversal of temporary differences	**(5,595)**	(2,247)	**(2,167)**	–
Relating to changes in tax rate	**(4,936)**	(4,591)	**–**	–
	(10,531)	(6,838)	**(2,167)**	–
Total income tax from continuing operations	**122,505**	111,346	**(1,256)**	73
Discontinued operations				
Malaysian income tax:				
Current year	**273**	642	**–**	–
Under/(Over) provision in prior years	**12**	(3)	**–**	–
	285	639	**–**	–
Deferred tax:				
Relating to origination and reversal of temporary differences	**–**	13	**–**	–
Relating to changes in tax rate	**–**	5	**–**	–
Under provision in prior years	**–**	1,095	**–**	–
	–	1,113	**–**	–
Total income tax from discontinued operations	**285**	1,752	**–**	–
Total income tax expense/(credit)	**122,790**	113,098	**(1,256)**	73

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 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009.

Under the relevant PRC income tax law, except for certain preferential treatment 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% (2007: 33%) on their respective taxable income. During the year, fifteen PRC entities of the Group have obtained approval from the relevant PRC tax authorities and were subject to preferential corporate income tax rates or corporate income tax exemptions.

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

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Profit/(Loss) before tax from:				
Continuing operations	**762,262**	385,836	**177,468**	(39,810)
Discontinued operations	**(1,424)**	(959)	**–**	–
Less: Share of results of associates	**(317)**	(14,802)	**–**	–
	760,521	370,075	**177,468**	(39,810)

8. TAXATION (continued)

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	**197,735**	99,920	**46,142**	(10,749)
Income subject to tax rate of 20%	**197**	200	**–**	–
Different tax rates in other countries	**(22,906)**	(754)	**–**	–
Effect of changes in tax rates on deferred tax	**(4,936)**	(4,591)	**–**	–
Expenses not deductible for tax purposes	**17,399**	25,107	**4,526**	10,822
Income not subject to tax	**(66,960)**	(6,033)	**(52,000)**	–
Utilisation of unabsorbed losses brought forward	**(1,945)**	(1,123)	**–**	–
Utilisation of unabsorbed capital allowances brought forward	**–**	(2,852)	**–**	–
Deferred tax assets not recognised	**2,964**	1,037	**–**	–
Under provision of deferred tax in prior years	**–**	1,095	**–**	–
Under provision of taxation in prior years	**1,242**	1,092	**76**	–
Tax expense	**122,790**	113,098	**(1,256)**	73
Tax savings during the financial year arising from: Utilisation of previously unrecognised tax losses	**1,945**	1,123	**–**	–

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

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

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

The cash flows attributable to the discontinued operations are as follows:

	Group	
	2008	2007
	RM'000	RM'000
Operating cash flows	**(347)**	(29,817)
Investing cash flows	**(216)**	22,254
Financing cash flows	**7,618**	2,599
Total cash flows	**7,055**	(4,964)

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

The major classes of assets and liabilities of the Bright Steel Group classified as held for sale on the consolidated balance sheet as at 30 June 2007 were as follows:

	Carrying amounts immediately before classification RM'000	Allocation of remeasurement RM'000	Carrying amounts as at 30.6.2007 RM'000
Assets			
Property, plant and equipment	30,404	(2,190)	28,214
Prepaid land lease payments	7,602	(548)	7,054
Investment in associate	98,880	(7,123)	91,757
Other investments	963	(69)	894
Deferred tax assets	256	(18)	238
Inventories	124,326	(8,957)	115,369
Trade and other receivables	79,821	(5,752)	74,069
Tax recoverable	1,835	(132)	1,703
Amounts due from related companies	3,545	(255)	3,290
Cash and bank balances	3,392	–	3,392
Assets of disposal group classified as held for sale	351,024	(25,044)	325,980
Liabilities			
Trade and other payables	58,676	–	58,676
Tax payable	337	–	337
Hire purchase liabilities	60	–	60
Borrowings	93,432	–	93,432
Product financing liabilities	5,296	–	5,296
Amounts due to related companies	100,156	–	100,156
Post-employment benefit obligations	1,996	–	1,996
Deferred tax liabilities	177	–	177
Liabilities directly associated with assets classified as held for sale	260,130	–	260,130

Related companies were companies within the Lion Corporation Berhad Group. The amounts due from/to related companies were unsecured and have no fixed terms of repayment. Certain balances of the amounts due to related companies were trade in nature and bear interest chargeable at the rate of 15.6% per annum.

10. DIVIDENDS

	Dividends in respect of year			Dividends recognised in year	
	2008 RM'000	2007 RM'000	2006 RM'000	2008 RM'000	2007 RM'000
First and final dividend for 2006 less 27% taxation (0.1 sen per ordinary share)	**–**	–	54	**–**	54
Special dividend for 2008, tax exempt (5 sen per ordinary share)	**51,621**	–	–	**51,621**	–
Interim dividend for 2008, tax exempt (5 sen per ordinary share)	**51,621**	–	–	**51,621**	–
	103,242	–	54	**103,242**	54
Final dividend for 2008, tax exempt (5 sen per ordinary share)	**51,513**	–	–	**–**	–
	154,755	–	54	**103,242**	54

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2008, of 5% (5 sen per share), tax exempt amounting to a dividend payable of approximately RM52 million will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2009.

11. EARNINGS PER SHARE

(a) Basic

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

	Group	
	2008	2007
Profit/(Loss) attributable to ordinary equity holders of the Company (RM'000):		
- from continuing operations	**449,899**	135,346
- from discontinued operations	**(1,925)**	(3,090)
	447,974	132,256
Weighted average number of ordinary shares in issue ('000)	**981,750**	968,610*

11. EARNINGS PER SHARE (continued)

(a) Basic (continued)

	Group 2008	2007
Basic earnings/(loss) per share (sen):		
- from continuing operations	**45.83**	13.97
- from discontinued operations	**(0.20)**	(0.32)
	45.63	13.65

* The calculation of weighted average number of ordinary shares in issue for the year ended 30 June 2007 is based on the assumption that the 949,932,000 shares (after the Capital Reconstruction) issued to the equity holder pursuant to the reorganisation had been in issue throughout the year ended 30 June 2007.

(b) Diluted

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

	Group 2008 RM'000	2007 RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company	**449,899**	135,346
After-tax effect of interest on RCSLS	**14,860**	–
Profit from continuing operations attributable to ordinary equity holders of the Company including assumed conversion	**464,759**	135,346
Loss from discontinued operations attributable to ordinary equity holders of the Company	**(1,925)**	(3,090)
Profit attributable to ordinary equity holders of the Company including assumed conversion	**462,834**	132,256
	'000	**'000**
Weighted average number of ordinary shares in issue	**981,750**	968,610
Effect of dilution:		
RCSLS	**111,305**	125,000*
Adjusted weighted average number of ordinary shares in issue and issuable	**1,093,055**	1,093,610
	sen	**sen**
Diluted earnings/(loss) per share:		
- from continuing operations	**42.52**	12.38
- from discontinued operations	**(0.18)**	(0.28)
	42.34	12.10

* The calculation of effect of dilution for the year ended 30 June 2007 is based on the assumption that the RCSLS issued to the equity holders pursuant to the reorganisation had been in issue for the year ended 30 June 2007.

11. EARNINGS PER SHARE (continued)

(b) Diluted (continued)

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

12. PROPERTY, PLANT AND EQUIPMENT

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

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings RM'000	Plant and machinery RM'000	Office equipment and vehicles RM'000	Furniture, fittings, and other equipment RM'000	Renovation RM'000	Capital work in progress RM'000	Total RM'000
At 30 June 2007							
Cost							
At 1 July 2006	314,864	59,515	11,358	238,609	187,333	1,545	813,224
Additions	3,902	1,121	1,375	16,583	12,853	34,753	70,587
Disposals	–	(4)	(233)	(7,299)	(9)	–	(7,545)
Write off	–	(809)	(383)	(28,885)	(1,244)	–	(31,321)
Acquisition of subsidiaries	47,377	–	1,076	26,210	38,666	310	113,639
Asset revaluation (Note a)	8,382	–	–	–	–	–	8,382
Transfer to inventories	(4,028)	–	–	–	–	–	(4,028)
Reclassified to asset held for sale (Note 25)	(3,110)	–	–	–	–	–	(3,110)
Transfer to disposal group held for sale (Note 9)	(25,230)	(39,811)	(3,916)	(359)	–	–	(69,316)
Reclassification	–	–	–	5,480	13,872	(19,352)	–
Exchange differences	(3,804)	(175)	(87)	(1,556)	(2,667)	(10)	(8,299)
At 30 June 2007	338,353	19,837	9,190	248,783	248,804	17,246	882,213
Accumulated depreciation							
At 1 July 2006	74,560	41,981	6,911	133,488	79,544	–	336,484
Charge for the year	12,062	4,107	1,500	26,979	22,333	–	66,981
Disposals	–	–	(118)	(7,142)	(1)	–	(7,261)
Write off	–	(752)	(301)	(26,908)	(776)	–	(28,737)
Acquisition of subsidiaries	–	–	361	14,130	17,647	–	32,138
Reclassified to asset held for sale (Note 25)	(861)	–	–	–	–	–	(861)
Transfer to disposal group held for sale (Note 9)	(3,218)	(31,934)	(3,411)	(349)	–	–	(38,912)
Exchange differences	(1,303)	(21)	(34)	(745)	(1,078)	–	(3,181)
At 30 June 2007	81,240	13,381	4,908	139,453	117,669	–	356,651
Net book value							
At 30 June 2007	257,113	6,456	4,282	109,330	131,135	17,246	525,562

	Group 2008 RM'000	Group 2007 RM'000
Aggregate costs of purchase of property, plant and equipment	**164,725**	70,587
Acquisition by means of hire purchase	**(770)**	(707)
	163,955	69,880
Net book value of property, plant and equipment held under hire purchase agreement	**2,332**	3,796

12. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The asset revaluation amount represented the fair value adjustment relating to the Group's acquisition of the remaining 44% equity interest in Parkson Retail Development Co Ltd in the previous financial year (Note 15(a)).

(b) In 2007, the strata title to a building of a subsidiary has not been registered in the name of the subsidiary of the Group. The building has been reclassified to asset held for sale (Note 25) in the financial year 2007 in accordance with FRS 5 and the disposal transaction was completed in the current financial year.

(c) As at 30 June 2008, a building of the Group with a net book value of RM39.0 million (2007: RM39.1 million) was pledged for bank borrowings.

13. INVESTMENT PROPERTIES

		Group RM'000
At 1 July 2006, net of accumulated depreciation		14,138
Acquisition of subsidiary		45,894
Asset revaluation	(i)	50,825
Exchange differences		(188)
Charge for the year		(2,477)
At 30 June 2007, net of accumulated depreciation		**108,192**
Charge for the year		**(2,539)**
Exchange differences		**5,400**
At 30 June 2008, net of accumulated depreciation		**111,053**

		Group 2008 RM'000	Group 2007 RM'000
Net book value at 30 June			
Cost		**119,090**	113,318
Accumulated depreciation		**(8,037)**	(5,126)
		111,053	108,192
Fair value at 30 June			
Office premises	(ii)	**15,603**	24,400
Building	(iii)	**107,117**	107,117
		122,720	131,517

(i) This represented the fair value adjustment relating to the Group's acquisition of the remaining 44% equity interest in Parkson Retail Development Co Ltd (Note 15(a)).

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

13. INVESTMENT PROPERTIES (continued)

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

Based on the prevailing market conditions and rental income attributable to the relevant investment property, the Directors consider that there is no significant change in the fair value between 30 June 2007 and 30 June 2008.

(iv) As at balance sheet date, the net book value of the investment properties pledged for bank borrowings was RM6.5 million (2007: RM6.3 million).

14. PREPAID LAND LEASE PAYMENTS

		Group	
		2008	**2007**
		RM'000	**RM'000**
At 1 July		**218,894**	57,175
Acquisition of subsidiary		**–**	83,303
Asset revaluation	(i)	**–**	93,311
Addition	(ii)	**80,000**	–
Charge for the year		**(6,701)**	(6,637)
Exchange differences		**10,862**	(656)
Transfer to disposal group held for sale (Note 9)		**–**	(7,602)
At 30 June		**303,055**	218,894

(i) This represented the fair value adjustment relating to the Group's acquisition of the remaining 44% equity interest in Parkson Retail Development Co Ltd (Note 15(a)).

(ii) A subsidiary of the Group had on 21 March 2008 entered into a conditional sale and purchase agreement to acquire the option rights to develop, construct and complete a retail mall located on a leasehold land situated in Setapak, Kuala Lumpur ("Proposed Mall") together with infrastructures and amenities; and the rights to call for the transfer of strata title to the subsidiary upon completion of the Proposed Mall.

Except for the rights as mentioned in (ii) above, the prepaid land lease payments as at year end represented land use rights paid to the PRC government authorities and are amortised on the straight-line basis over their respective lease periods. The leasehold land are held under medium term lease and are situated in the PRC.

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008	**2007**
	RM'000	**RM'000**
Unquoted shares, at cost	*	38,686
Share option paid to employees of subsidiaries	**13,014**	–
Less: Impairment loss recognised during the year	**–**	(38,686)
	13,014	–

* Represent RM20

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2008 %	Equity interest 2007 %
Bright Steel Sdn Bhd #	Malaysia	Manufacturing, sale and distribution of steel and iron products	–	100
East Crest International Limited ¥	British Virgin Islands	Investment holding	**100**	100
Parkson Vietnam Investment Holdings Co Ltd ¥	British Virgin Islands	Investment holding	**100**	–
Parkson Properties Holdings Co Ltd ¥	British Virgin Islands	Investment holding	**100**	–
Prime Yield Holdings Limited *	British Virgin Islands	Investment holding	**100**	–
Subsidiaries of Bright Steel Sdn Bhd				
Bright Steel Service Centre Sdn Bhd #	Malaysia	Processing and selling of steel coils and sheets	–	57.1
Bright Enterprise (Sdn) Berhad #	Malaysia	Trading in steel and iron products	–	51.0
B.A.P. Industries Sdn Bhd #	Malaysia	Manufacturing, marketing and distribution of pre-painted steel sheets and related products	–	77.5
Omali Corporation Sdn Bhd #	Malaysia	Investment holding	–	100
Century Container Industries Sdn Bhd #	Malaysia	Property investment, letting of building space and plant and machinery facilities	–	100
Subsidiaries of East Crest International Limited				
PRG Corporation Limited * @	British Virgin Islands	Investment holding	**100**	100
Parkson Venture Pte Ltd * @	Singapore	Investment holding	**100**	100
Serbadagang Holdings Sdn Bhd * @	Malaysia	Investment holding	**100**	100
Sea Coral Limited * @	Hong Kong SAR	Investment holding	**100**	100
Parkson Corporation Sdn Bhd @	Malaysia	Operations of department stores	**100**	100
Jet East Investments Limited ¥	British Virgin Islands	Investment holding	**100**	–
Qingdao No.1 Parkson Co Ltd *	People's Republic of China	Property development and operations of department stores	*[1] **52.6**	*[1] 52.6

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2008 %	Equity interest 2007 %
Subsidiaries of Parkson Vietnam Investment Holdings Co Ltd				
Parkson HCMC Holdings Co Ltd ¥	British Virgin Islands	Dormant	**100**	–
Parkson HaiPhong Holdings Co Ltd ¥	British Virgin Islands	Dormant	**100**	–
Parkson TSN Holdings Co Ltd ¥	British Virgin Islands	Dormant	**100**	–
Subsidiary of Parkson Properties Holdings Co Ltd				
Parkson Properties NDT (Emperor) Co Ltd ¥	British Virgin Islands	Dormant	**100**	–
Subsidiary of Prime Yield Holdings Limited				
Dyna Puncak Sdn Bhd *	Malaysia	Investment holding	**100**	–
Subsidiary of PRG Corporation Limited				
Parkson Retail Group Limited + α	Cayman Islands	Investment holding	**53.5**	55.4
Subsidiary of Parkson Retail Group Limited				
Grand Parkson Retail Group Limited +	British Virgin Islands	Investment holding	**100**	100
Subsidiaries of Grand Parkson Retail Group Limited				
Leonemas International Limited +	British Virgin Islands	Investment holding	**100**	–
Malverest Property International Limited +	British Virgin Islands	Investment holding	**100**	–
Oroleon International Limited +	British Virgin Islands	Investment holding	**100**	–
Releomont International Limited +	British Virgin Islands	Investment holding	**100**	–
Exonbury Limited +	Hong Kong SAR	Investment holding	**100**	100
Parkson Investment Pte Ltd +	Singapore	Investment holding	**100**	100

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2008 %	2007 %
Subsidiaries of Grand Parkson Retail Group Limited (continued)				
Parkson Supplies Pte Ltd +	Singapore	Investment holding	**100**	100
Creation International Investment & Development Limited +	British Virgin Islands	Investment holding	**100**	100
Step Summit Limited +	Hong Kong SAR	Investment holding	**100**	100
Global Heights Investment Limited +	British Virgin Islands	Investment holding	**100**	100
Golden Village Group Limited +	British Virgin Islands	Investment holding	**100**	100
Lung Shing International Investment & Development Company Limited +	British Virgin Islands	Investment holding	**100**	–
Capital Park Development Limited +	British Virgin Islands	Investment holding	**100**	–
Subsidiary of Leonemas International Limited				
Leonemas (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	–
Subsidiary of Malverest Property International Limited				
Malverest (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	–
Subsidiary of Malverest (Hong Kong) Limited				
Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	*2 100
Subsidiary of Oroleon International Limited				
Oroleon (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	–
Subsidiary of Releomont International Limited				
Releomont (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	–

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2008 %	Equity interest 2007 %
Subsidiaries of Exonbury Limited				
Hong Kong Fen Chai Investment Limited +	Hong Kong SAR	Investment holding	**100**	100
Shanghai Nine Sea Parkson Plaza Co Ltd +	People's Republic of China	Operations of department stores	**100**	100
Shanghai Lion Parkson Investment Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100
Parkson Investment Holdings Co Ltd +	People's Republic of China	Investment holding	**70** *3 **30**	70 *3 30
Jiangxi Parkson Retail Co Ltd +	People's Republic of China	Operations of department stores	**100**	*4 100
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 91
Subsidiary 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 –
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
Subsidiary of Parkson Investment Holdings Co Ltd				
Hangzhou Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	–
Subsidiary of Parkson Investment Pte Ltd				
Rosenblum Investments Pte Ltd +	Singapore	Investment holding	**100**	100

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2008 %	Equity interest 2007 %
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 –
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
Subsidiaries of Step Summit Limited				
Guizhou Shenqi Parkson Retail Development Co Ltd +	People's Republic of China	Operations of department stores	**60**	60
Shanghai Hongqiao Parkson Development Co Ltd +	People's Republic of China	Operations of department stores	**100**	100
Hefei Parkson Xiaoyao Plaza Co Ltd +	People's Republic of China	Operations of department stores	**100**	100
Subsidiary of Hefei Parkson Xiaoyao Plaza Co Ltd				
Anshan Tianxing Parkson Shopping Centre Co Ltd +	People's Republic of China	Operations of department stores	**51** *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

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2008 %	2007 %
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 Lung Shing International Investment & Development Company Limited				
Anshan Lung Shing Property Services Limited +	People's Republic of China	Property management	**100**	–
Subsidiary of Capital Park Development Limited				
Capital Park (HK) Investment & Development Limited +	Hong Kong SAR	Investment holding	**100**	–
Subsidiary of Capital Parkson (HK) Investment & Development Limited				
Wuxi Sanyang Parkson Plaza Co Ltd +	People's Republic of China	Operations of department stores	**60**	*[10] 60
Subsidiaries of Sea Coral Limited				
Dalian Parkson Retail Development Co Ltd *	People's Republic of China	Operations of department stores	**100**	100
Nanning Brilliant Parkson Commercial Co Ltd *	People's Republic of China	Operations of department stores	**70**	70
Tianjin Parkson Retail Development Co Ltd *	People's Republic of China	Operations of department stores	**100**	100
Changchun Parkson Retail Development Co Ltd * β	People's Republic of China	Operations of department stores	**100**	100
Subsidiary of Jet East Investments Limited				
Victory Hope Limited *	Hong Kong SAR	Investment holding	**100**	–
Subsidiary of Serbadagang Holdings Sdn Bhd				
Dalian Tianhe Parkson Shopping Centre Co Ltd * £	People's Republic of China	Operations of department stores	**60**	60

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Equity interest 2008 %	2007 %
Subsidiaries of Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd +	Vietnam	Operations of department stores	**100**	100
Park Avenue Fashion Sdn Bhd	Malaysia	Operations of department stores	**100**	100
Parkson Haiphong Co Ltd +	Vietnam	Operations of department stores	**100**	100
Kiara Innovasi Sdn Bhd *	Malaysia	Dormant	**100**	–
Subsidiary of Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd +	Vietnam	Operations of department stores	**100**	–
Subsidiary of Dyna Puncak Sdn Bhd				
Idaman Erajuta Sdn Bhd *	Malaysia	Investment holding	**100**	–
Subsidiary of Idaman Erajuta Sdn Bhd				
Spring Active Sdn Bhd	Malaysia	Investment holding	**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 International, and those marked (*) which are audited by other firms.

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

*2 44% held by Parkson Investment Holdings Co Ltd, 42% held by Parkson Investment Pte Ltd and 14% held by Rosenblum Investments Pte Ltd.

*3 Holding in equity by Parkson Investment Pte Ltd.

*4 Holding in equity by Golden Village Group Limited.

*5 51% held by Exonbury Limited and 40% held by Hong Kong Fen Chai Investment Limited.

*6 Holding in equity by Parkson Retail Development Co Ltd.

*7 Holding in equity by Shanghai Nine Sea Parkson Plaza Co Ltd.

*8 Holding in equity by Shanghai Hongqiao Parkson Development Co Ltd.

*9 Holding in equity by Creation (Hong Kong) Investment & Development Limited.

*10 Holding in equity by Exonbury Limited.

α Listed on The Stock Exchange of Hong Kong Limited.

@ Companies acquired in the Proposed Acquisitions as detailed in Significant Events ("Retail Assets"). The Group structure as at 30 June 2007 has been restated as explained in Note 1 and Note 46.

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

¥ The financial statements of these companies have been examined for the purpose of consolidation.

Classified as discontinued operations during the previous financial year (Note 9). The disposal was completed on 19 September 2007.

β Prior to the completion of the Proposed Acquisitions, the management of Lion Diversified Holdings Berhad had commenced the 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 had been accounted as Other Investments (Note 18) and was fully impaired.

15. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries

During the financial year, the Group completed the following acquisitions:

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

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

The acquisition of Lung Shing International was accounted for under the purchase method and the excess of the consideration of RM216,745,000 over the fair value of the net assets acquired by the Group of RM188,624,000 was recognised as goodwill of RM28,121,000 (Note 20).

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

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

The cash outflow on the acquisition is as follows:

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

15. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

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

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

The acquisition transaction was accounted for under the purchase method and the excess of the consideration of RM29,073,000 over the fair value of the net assets acquired by the Group of RM3,016,000 was recognised as goodwill of RM26,057,000 (Note 20).

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

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

The cash outflow on the acquisition is as follows:

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

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

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

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

15. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

During the previous financial year, the Group completed the following acquisitions:

(i) Acquisition of an additional 44% equity interest in Parkson Retail Development Co Ltd ("Beijing Parkson")

On 26 May 2006, the Group entered into sale and purchase agreements with the respective PRC joint venture partners of Beijing Parkson to acquire the remaining 44% interest in Beijing Parkson for a total cash consideration of Rmb525,078,000 (equivalent to approximately RM240,237,000). Beijing Parkson was 56% owned by the Group and was accounted for as a jointly controlled entity until the date of control was obtained by the Group on 1 July 2006. Beijing Parkson became a wholly-owned subsidiary of the Group thereafter.

The acquisition of Beijing Parkson gave rise to a business combination and FRS 3 applies when control is obtained over a former joint venture. Therefore, at the date control was obtained, the Group:

(1) recognised goodwill, being the difference between the cost of the transaction and the fair value of Beijing Parkson's identifiable net assets at the date control is obtained, for the newly acquired 44% interest;

(2) recognised the identifiable assets and liabilities of Beijing Parkson at 100% of their fair values; and

(3) deemed any adjustment to those fair values relating to the previously held interests as a revaluation.

Pursuant to item (3) above, a revaluation surplus of RM152,518,000 comprising property, plant and equipment, investment properties and prepaid land lease payments of RM8,382,000, RM50,825,000 and RM93,311,000, respectively and deferred tax liabilities of RM50,822,000 were adjusted.

The fair values of the identifiable assets and liabilities of Beijing Parkson at the date of acquisition were:

	Fair value recognised on acquisition RM'000	**Carrying value RM'000**
Property, plant and equipment	64,371	57,785
Investment properties	45,894	5,960
Prepaid land lease payments	83,303	9,988
Other assets	20,876	20,876
Deferred tax assets	4,266	4,266
Inventories	6,637	6,637
Trade receivables	153	153
Other receivables	12,659	12,659
Cash and cash equivalents	60,725	60,725
	298,884	179,049
Borrowings	(45,604)	(45,604)
Trade payables	(47,020)	(47,020)
Tax payable	(6,152)	(6,152)
Other payables	(49,463)	(51,579)
Long term payables	(3,263)	(3,263)
Deferred tax liabilities	(39,932)	–
	(191,434)	(153,618)

15. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(i) Acquisition of an additional 44% equity interest in Beijing Parkson (continued)

	Fair value recognised on acquisition RM'000	Carrying value RM'000
Fair value of net assets	107,450	25,431
Goodwill arising on the acquisition	132,787	
Consideration	240,237	

The cash outflow on the acquisition was as follows:

	2007 RM'000
Net cash acquired	60,725
Cash paid	(143,707) *
Net cash outflow	(82,982)

* RM96.53 million was paid as deposit in the financial year 2006.

(ii) Acquisition of the 100% equity interest in Asia Victory International Limited ("Asia Victory")

On 15 November 2006, the Group entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of Asia Victory for a consideration of Rmb315,608,000 (equivalent to approximately RM143,129,000). Asia Victory's subsidiary, Kunming Yun Shun He Retail Development Co Ltd, is principally engaged in the operations of two department stores in Kunming City, the PRC. This acquisition was accounted for under the purchase method and the excess of the consideration over the fair value of the net assets acquired by the Group of RM142,955,000 was recognised as goodwill.

The fair values of the identifiable assets and liabilities of Asia Victory at the date of acquisition were:

	Fair value recognised on acquisition RM'000	Carrying value RM'000
Property, plant and equipment	6,337	6,337
Inventories	5,198	5,198
Other receivables	26,766	26,766
Cash and cash equivalents	2,728	2,728
	41,029	41,029
Other payables	(40,855)	(40,855)
Fair value of net assets	174	174
Goodwill arising on the acquisition	142,955	
Consideration	143,129	

15. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(ii) Acquisition of the 100% equity interest in Asia Victory (continued)

The cash outflow on the acquisition was as follows:

	2007 RM'000
Net cash acquired	2,728
Cash paid	(143,129)
Net cash outflow	(140,401)

(iii) Acquisition of the 100% equity interest in Golden Village Group Limited ("Golden Village")

On 21 March 2007, the Group has entered into a sale and purchase agreement to acquire the entire equity interest in Golden Village from Millionlink Pacific Limited ("Vendor") for a consideration of Rmb510,000,000 (equivalent to approximately RM231,285,000). Golden Village is the sole legal and beneficial owner of the equity interest in Jiangxi Parkson Retail Co Ltd (formerly known as Jiangxi Kaimei Retail Co Ltd) which owns and operates the department store in Nanchang City ("Nanchang Store") in the Jiangxi Province of the PRC.

The acquisition was accounted for under the purchase method and the excess of the consideration over the fair value of the net assets acquired by the Group of RM230,790,000 was recognised as goodwill.

In addition, pursuant to the sale and purchase agreement, the Group granted an entrusted loan of Rmb120,000,000 (equivalent to approximately RM54,420,000) to a related company of the Vendor through a bank in the PRC. The sole purpose of the entrusted loan is to provide finance to the borrower to release the relevant mortgage in respect of the department store buildings of the Nanchang Store. Details of the entrusted loan are disclosed in Note 19(iii).

The fair values of the identifiable assets and liabilities of Golden Village at the date of acquisition were:

	Fair value recognised on acquisition RM'000	Carrying value RM'000
Property, plant and equipment	10,793	10,793
Inventories	5,164	5,164
Other receivables	12,396	12,396
Cash and cash equivalents	29,416	29,416
	57,769	57,769
Trade payables	(31,103)	(31,103)
Other payables	(23,850)	(23,850)
Tax payable	(2,321)	(2,321)
	(57,274)	(57,274)
Fair value of net assets	495	495
Goodwill arising on the acquisition	230,790	
Consideration	231,285	

15. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(iii) Acquisition of the 100% equity interest in Golden Village (continued)

The cash outflow on the acquisition was as follows:

	2007 RM'000
Net cash acquired	29,416
Cash paid	(231,285)
Net cash outflow	(201,869)

In addition to the above acquisitions, the Group acquired East Crest International Limited for a consideration of RM4.

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

(b) Disposal of a subsidiary

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

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

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

15. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Disposal of a subsidiary (continued)

	Group 2008 RM'000
Satisfied by:	
Cash	**10,374**
Settlement of amount due from subsidiary	**3,096**
Deferred considerations (Note 23(a))	**40,000**
	53,470
Cash consideration, representing cash inflow of the Company	**10,374**
Cash and cash equivalents of subsidiary disposed of	**324**
Net cash inflow of the Group	**10,698**

(c) Partial disposal/dilution of interest in a subsidiary

		Group 2008 RM'000
Gain on partial disposal of interest in a subsidiary	(i)	**236,230**
Gain on dilution of interest in a subsidiary	(ii)	**11,802**
		248,032

(i) On 8 January 2008, the Group entered into a placing agreement with the placing agents for the placement of 8,000,000 shares of Parkson Retail Group Limited ("Parkson Retail") to independent third parties at the price of HK$78.66 per share ("Placing").

Upon completion of the Placing on 11 January 2008, the Group disposed of an aggregate of 8,000,000 shares which represented 1.44% of the equity interest of Parkson Retail or 2.61% of the total investment of the Group in Parkson Retail then.

(ii) The gain is in relation to the share options exercised under the option scheme of Parkson Retail during the year.

16. INVESTMENTS IN ASSOCIATES

	Group 2008 RM'000	Group 2007 RM'000
Quoted shares outside Malaysia, at cost	**–**	111,623
Unquoted shares, at cost	**324**	342
Share of post-acquisition reserves	**821**	106
	1,145	112,071
Less: Accumulated impairment losses	**–**	(12,162)
	1,145	99,909
Transfer to disposal group held for sale (Note 9)	**–**	(98,880)
	1,145	1,029

16. INVESTMENTS IN ASSOCIATES (continued)

	Group 2008 RM'000	2007 RM'000
Represented by:		
Group's share of net assets	**1,145**	99,909
Goodwill		
At 1 July	**–**	7,162
Impairment losses recognised during the year	**–**	(7,162)
At 30 June	**–**	–
	1,145	99,909
Transfer to disposal group held for sale (Note 9)	**–**	(98,880)
	1,145	1,029
Market value of shares quoted outside Malaysia	**–**	84,839
Transfer to disposal group held for sale	**–**	(84,839)
	–	–

Name	Country of incorporation	Principal activities	Equity interest 2008 %	2007 %
Shanghai Nine Sea Lion Properties Management Co Ltd	People's Republic of China	Property management	**35**	35
Parkson Hanoi Co Ltd + @	Vietnam	Operations of department stores	**49**	–
Lion Asiapac Limited #	Singapore	Investment holding	**–**	29.98

All the associates are not audited by Ernst & Young, Malaysia. That marked (+) is audited by a member firm of Ernst & Young International.

@ By virtue of its charter, the Group has in substance, control over the board and has been consolidated accordingly.

Classified as discontinued operations during the previous financial year (Note 9). The disposal was completed on 19 September 2007.

The summarised financial information of the associates are as follows:

	2008 RM'000	2007 RM'000
Assets and liabilities		
Current assets	**6,180**	224,727
Non-current assets	**305**	383,512
Total assets	**6,485**	608,239
Current liabilities	**(3,215)**	(66,093)
Non-current liabilities	**–**	(24,517)
Total liabilities	**(3,215)**	(90,610)
Results		
Revenue	**15,174**	223,994
Profit for the year	**812**	49,318

17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

Details of the jointly controlled entities are as follows:

Name	Country of incorporation	Principal activities	Equity interest 2008 %	2007 %
Yangzhou Parkson Plaza Co Ltd	People's Republic of China	Operations of department stores	**55**	55
Xinjiang Youhao Parkson Development Co Ltd	People's Republic of China	Operations of department stores	**51**	51
Xi'an Shidai Parkson Store Co Ltd	People's Republic of China	Operations of department stores	**51**	51
Xi'an Chang'an Parkson Store Co Ltd	People's Republic of China	Operations of department stores	@	51

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

The entities form part of the Parkson Retail Group Limited group ("Parkson Retail Group"), which is audited by a member firm of Ernst & Young International.

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

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:

	2008 RM'000	2007 RM'000
Assets and liabilities		
Current assets	**52,928**	41,115
Non-current assets	**16,260**	17,253
Total assets	**69,188**	58,368
Current liabilities	**(33,685)**	(27,148)
Non-current liabilities	**(779)**	(893)
Total liabilities	**(34,464)**	(28,041)
Results		
Revenue	**50,627**	55,019
Other income	**6,219**	7,595
Purchases of goods and changes in inventories	**(12,767)**	(12,811)
Operating expenses	**(31,371)**	(38,258)
Finance costs	**(6)**	(10)
Finance income	**828**	528
Profit before tax	**13,530**	12,063
Taxation	**(1,982)**	(3,508)
Profit for the year	**11,548**	8,555

18. OTHER INVESTMENTS

		Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Quoted					
Shares, at cost		–	906	–	–
Less: Accumulated impairment losses		–	(48)	–	–
Transfer to disposal group held for sale (Note 9)		–	(858)	–	–
		–	–	–	–
Unquoted					
Credit linked notes, at amortised cost	(i)	**653,809**	690,726	–	–
Shares, at cost	(ii)	**27,770**	28,000	**135**	135
Less: Accumulated impairment losses		**(27,486)**	(27,595)	**(107)**	(107)
Transfer to disposal group held for sale (Note 9)		–	(105)	–	–
		284	300	**28**	28
		654,093	691,026	**28**	28
		654,093	691,026	**28**	28
Market value of quoted shares in Malaysia		–	1,562	–	–
Transfer to disposal group held for sale		–	(1,562)	–	–
		–	–	–	–

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

The subscription of the CLN is part of a financing arrangement to enable the Group to obtain RMB funding for its operating entities in the PRC at a cost effective and operationally effective manner. This Note should be read in conjunction with Note 30(ii) and Note 33(i).

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

19. OTHER ASSETS

		Group 2008 RM'000	Group 2007 RM'000
Guarantee deposits	(i)	**4,766**	4,535
Deferred rental expenses	(ii)	**36,108**	40,903
Entrusted loan	(iii)	**–**	54,420
Investment deposit	(iv)	**28,596**	–
Lease prepayments		**29,668**	14,342
		99,138	114,200

(i) These represented deposits paid to a third party property developer to secure certain retail space to be leased to the Group for setting up new department stores on or after 2010. The guarantee deposits are interest free and could be converted into rental deposits upon the completion of the property development projects.

(ii) These represented the long term portion of rental expenses 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.

(iii) The entrusted loan was secured by a cash deposit of an equivalent amount in an escrow bank account, bears interest at 6.5% per annum and was fully repaid during the financial year.

(iv) The balance represented Rmb60 million deposit paid to a minority equity holder of Xi'an Shidai Parkson Store Co Ltd ("Xi'an Shidai Parkson") in respect of the acquisition of the remaining 49% equity interest in Xi'an Shidai Parkson (Note 41(c)).

20. INTANGIBLE ASSETS

Group	Computer* software RM'000	Goodwill on consolidation RM'000	Purchased goodwill RM'000	Total RM'000
Cost				
At 1 July 2006	1,989	258,844	9,621	270,454
Effects of adopting FRS 3	–	(275)	(958)	(1,233)
Acquisition of subsidiaries	–	506,532	–	506,532
Acquisition of minority interest (#)	–	126,072	–	126,072
Transfer to disposal group held for sale (Note 9)	–	(3)	–	(3)
Exchange differences	(26)	(704)	(128)	(858)
At 30 June 2007 and 1 July 2007	**1,963**	**890,466**	**8,535**	**900,964**
Acquisition of subsidiaries	**–**	**54,178**	**–**	**54,178**
Acquisition of minority interest (@)	**–**	**43,598**	**–**	**43,598**
Realisation upon partial disposal of a subsidiary	**–**	**(5,181)**	**–**	**(5,181)**
Exchange differences	**100**	**33,943**	**229**	**34,272**
At 30 June 2008	**2,063**	**1,017,004**	**8,764**	**1,027,831**

20. INTANGIBLE ASSETS (continued)

	Computer* software RM'000	Goodwill on consolidation RM'000	Purchased goodwill RM'000	Total RM'000
Accumulated amortisation and impairment				
At 1 July 2006	640	275	971	1,886
Effects of adopting FRS 3	–	(275)	(958)	(1,233)
Amortisation	393	–	–	393
Impairment loss recognised in income statement	–	2,520	4,033	6,553
Transfer to disposal group held for sale (Note 9)	–	(3)	–	(3)
Exchange differences	(8)	–	(13)	(21)
At 30 June 2007 and 1 July 2007	**1,025**	**2,517**	**4,033**	**7,575**
Amortisation	**572**	**–**	**–**	**572**
Exchange differences	**77**	**–**	**–**	**77**
At 30 June 2008	**1,674**	**2,517**	**4,033**	**8,224**
Net carrying amount				
At 30 June 2008	**389**	**1,014,487**	**4,731**	**1,019,607**
At 30 June 2007	938	887,949	4,502	893,389

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

(#) This represented the goodwill arising from the acquisition of a minority interest in Anshan Tianxing Parkson Shopping Centre Co Ltd ("Anshan Parkson").

On 20 April 2007, the Group entered into a sale and purchase agreement with an independent third party ("Vendor") to acquire (i) the 49% equity interest in Anshan Parkson at a consideration of Rmb280 million (equivalent to approximately RM127 million); and (ii) certain properties which were occupied by Anshan Parkson ("Anshan Properties") for its department store business at a consideration of Rmb450 million (equivalent to approximately RM204 million). The acquisition of the 49% equity interest in Anshan Parkson was completed on 22 June 2007 and the acquisition of Anshan Properties was completed during the financial year.

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

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

20. INTANGIBLE ASSETS (continued)

(a) Impairment loss recognised

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

The impairment test review has led to the recognition of impairment loss for goodwill of Dalian Parkson Retail Development Co Ltd amounting to RM6.6 million in the previous financial year.

(b) Impairment tests for goodwill

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 2008	**20,298**	**998,920**	**1,019,218**
At 30 June 2007	20,719	871,732	892,451

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 reflect past experience and management's commitment to maintain the operating expenses to an acceptable level.
Discount rates	:	discount rates reflect management's estimate of the risks specific to these entities. In determining appropriate discount rates for each unit, consideration has been given to the applicable borrowing rates for each unit.

Sensitivity to changes in assumptions

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

21. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2008	**2007**
	RM'000	**RM'000**
Amounts due from subsidiaries	**7,915,743**	69,156
Less: Allowance for doubtful debts	–	(18,126)
	7,915,743	51,030

The amounts due from subsidiaries are unsecured, not repayable within twelve months from the balance sheet date. Other than RM43 million owing from a subsidiary during the year which bears interest at a rate of 3.5% (2007: 1% to 8%) per annum, the amounts due from subsidiaries are interest free. The RM43 million balance was fully settled during the year.

22. INVENTORIES

	Group	
	2008	**2007**
	RM'000	**RM'000**
At costs:		
Merchandise inventories	**218,573**	185,500
Properties held for sale	**11,646**	19,187
Raw materials	–	69,503
Finished goods	–	50,670
Stores and consumables	**7,585**	6,332
Goods-in-transit	–	3,691
	237,804	334,883
Transfer to disposal group held for sale (Note 9)	–	(124,326)
	237,804	210,557

As disclosed in Note 30(i), inventories of a subsidiary of RM129.8 million (2007: RM121.3 million) were pledged for bank borrowings.

Included in raw materials in 2007 was an amount of RM5.3 million under product financing liabilities of the Group as disclosed in Note 38.

During the previous financial year, inventories of RM0.4 million previously written down but no longer required has been reversed to the income statement.

23. TRADE AND OTHER RECEIVABLES

		Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Non-current					
Amount due from a related party	(a)	**40,000**	–	**40,000**	–
Current					
Trade receivables		**13,911**	90,592	**–**	–
Less: Allowance for doubtful debts		**(100)**	(3,395)	**–**	–
Transfer to disposal group held for sale (Note 9)		**–**	(76,629)	**–**	–
		13,811	10,568	**–**	–
Amounts due from related parties	(e)	**2,556**	2,032	**2,556**	–
Transfer to disposal group held for sale (Note 9)		**–**	(2,032)	**–**	–
		2,556	–	**2,556**	–
Sundry receivables		**113,716**	85,978	**13**	22
Less: Allowance for doubtful debts		**(4,237)**	(2,703)	**–**	–
		109,479	83,275	**13**	22
Investment deposits	(b)	**30,682**	4,532	**–**	–
Deposits		**54,466**	45,024	**10**	3
Designated loans	(c)	**4,766**	6,653	**–**	–
Entrusted loan to Anshan Tianxing International Properties Development Co Ltd ("Anshan Tianxing")	(d)	**–**	57,096	**–**	–
Prepayments		**53,781**	45,213	**–**	–
Transfer to disposal group held for sale (Note 9)		**–**	(1,160)	**–**	–
		143,695	157,358	**10**	3
		269,541	251,201	**2,579**	25

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

23. TRADE AND OTHER RECEIVABLES (continued)

(b) As at 30 June 2008, the Group paid refundable deposit of USD9.405 million (equivalent to approximately RM30.68 million) to C&T Corporation to acquire 55% equity interest in a joint-stock company, to be named C.T Phuong Nam Joint Stock Company. The acquisition has not been completed as at the date of this report.

The investment deposit as at 30 June 2007 relates to investment deposit amounting to RM4.532 million paid to Sichuan Fulin Industrial Group Co Ltd for the proposed acquisition of the remaining 40% equity interest in Mianyang Fulin Parkson Plaza Co Ltd, a subsidiary of the Group, details of which are set out in Note 41(c). The acquisition transaction was completed during the financial year.

(c) These designated loans bear interest at rates from 6.1% to 7.3% (2007: 6.1% to 7.3%) per annum and have a term of one year. The Group has the right to offset the outstanding designated loan against future rental payments to the borrowers.

(d) As part of the arrangements to acquire the remaining 49% equity interest in Anshan Tianxing Parkson Shopping Centre Co Ltd in April 2007, the Group agreed to grant an entrusted loan of Rmb125.9 million (equivalent to approximately RM57.1 million) to Anshan Tianxing for the purpose of the repayment of the overdue entrusted loans of approximately Rmb72 million (equivalent to approximately RM32.6 million) to the Group and the repayment of the bank loans of approximately Rmb60 million (equivalent to approximately RM27.2 million) in order to discharge the mortgage over the 5th and 6th floors of the Anshan Properties (Note 20(#)). The entrusted loan was interest free and settled in July 2007.

(e) The amounts due from related parties are unsecured, interest free and have no fixed terms of repayment.

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

Credit terms of trade receivables range from payment in advance to 90 days (2007: payment in advance to 90 days).

As disclosed in Note 30(i), other receivables of a subsidiary of RM39.1 million (2007: RM40.2 million) were pledged for bank borrowings.

Other information on financial risks of trade and other receivables are disclosed in Note 44.

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the followings:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits, cash and bank balances:				
Cash on hand and at banks	**475,242**	641,493	**4,288**	64
Deposits with:				
Licensed banks	**1,246,185**	772,660	**8,400**	–
Licensed finance companies	**118,654**	67,799	**–**	–
	1,840,081	1,481,952	**12,688**	64
Classified as disposal group held for sale:				
- Cash and bank balances (Note 9)	**–**	3,392	**–**	–
- Bank overdrafts (Note 30)	**–**	(10,771)	**–**	–
	–	(7,379)	**–**	–
Cash and cash equivalents	**1,840,081**	1,474,573	**12,688**	64

The deposits, cash and bank balances of the subsidiaries in the People's Republic of China which amounted to RM1,436.7 million (2007: RM1,083.6 million) at balance sheet date are subject to the exchange control restrictions of that country. The deposits, cash and bank balances are available for use by the subsidiaries in the country and the exchange control restrictions will only apply if the monies are to be remitted to another country outside the People's Republic of China.

Deposits, cash and bank balances amounting to RM85.1 million (2007: RM49.8 million) are pledged with financial institutions for banking facilities extended to the Group.

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

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Licensed banks	**3.3**	3.5	**3.3**	–
Licensed finance companies	**3.1**	3.0	**–**	–

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

25. ASSETS HELD FOR SALE

	Group	
	2008 RM'000	2007 RM'000
Building		
- As reclassified from property, plant and equipment (Note 12)	**–**	2,249

In July 2007, a subsidiary of the Company entered into a sale and purchase agreement to dispose of its building for a cash consideration of RM5.8 million. The disposal transaction was completed during the financial year.

26. 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
At 1 July 2006 and At 30 June 2007	**74,711**	**–**	**74,711**	**11,856**	**86,567**	**–**
Adjustments for reorganisation:						
- Shares issued	**3,799,730**	**–**	**3,799,730**	**3,419,760***	**7,219,490**	**–**
- Capital Reconstruction	**(2,905,831)**	**–**	**(2,905,831)**	**–**	**(2,905,831)**	**–**
Conversion of RCSLS	**67,800**	**–**	**67,800**	**206,296**	**274,096**	**–**
Purchase of treasury shares	**–**	**(6,153)**	**–**	**–**	**–**	**(34,620)**
At 30 June 2008	**1,036,410**	**(6,153)**	**1,036,410**	**3,637,912**	**4,674,322**	**(34,620)**

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

	Number of ordinary share of RM1.00 each		Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
Authorised share capital				
At 1 July	**100,000**	100,000	**100,000**	100,000
Created during the year	**4,400,000**	–	**4,400,000**	–
At 30 June	**4,500,000**	100,000	**4,500,000**	100,000

(a) Issues of shares

During the financial year, the Company increased its issued and paid-up share capital from RM74,711,000 to RM1,036,410,250 by way of:

(i) the issuance of 3,799,730,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share as part consideration for the acquisition of the Retail Assets;

(ii) the capital reduction of RM0.75 for every ordinary share of RM1.00 in the Company and thereafter a share consolidation on the basis of every four shares of RM0.25 each into one ordinary share of RM1.00 in the Company; and

(iii) the conversion of RM271,200,000 nominal value of RCSLS into 67,800,000 new ordinary shares of RM1.00 each in the Company ("Share") at a conversion price of RM4.00 nominal amount of the RCSLS per every new Share.

The new ordinary shares issued ranked *pari passu* in all respects with the then existing ordinary shares in the Company.

26. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (continued)

(b) Treasury shares

This amount relates to the acquisition cost of treasury shares. The Company had on 30 November 2007 obtained approval from the shareholders of the Company to repurchase its own ordinary shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 6,153,000 of its issued ordinary shares from the open market at an average price of RM5.63 per share. The total consideration paid for the repurchase including transaction costs was RM34.62 million. The repurchase transactions were financed by internally generated funds.

Of the total 1,036,410,250 issued and fully paid ordinary shares as at 30 June 2008, 6,153,000 are held as treasury shares by the Company. As at 30 June 2008, the number of outstanding ordinary shares in issue after the set off is therefore 1,030,257,250 ordinary shares of RM1.00 each.

27. 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)	Shareholder contribution reserve RM'000	RCSLS equity components RM'000	Total RM'000
At 1 July 2007	**4,208**	**2,851**	**63,373**	**21,914**	**(6,902,633)**	**7,719,490**	**–**	**909,203**
Translation difference:								
- On net equity of foreign subsidiaries	29,160	69	3,108	2,063	–	–	–	34,400
Adjustments for reorganisation:								
- Shares issued	–	–	–	–	–	(7,219,490)	–	(7,219,490)
- Capital Reconstruction	–	–	–	–	2,905,831	–	–	2,905,831
Issuance of RCSLS	–	–	–	–	–	(500,000)	29,398	(470,602)
Conversion of RCSLS	–	–	–	–	–	–	(15,946)	(15,946)
Transfer from retained profits	–	–	–	–	123,717	–	–	123,717
Appropriation of profit to capital reserves	–	–	–	14,395	–	–	–	14,395
Settlement of inter-company balance with previous shareholder	–	–	–	–	29,180	–	–	29,180
Equity-settled share option arrangements granted by:								
- The Company	–	13,014	–	–	–	–	–	13,014
- A subsidiary	–	3,115	–	–	–	–	–	3,115
Employee share options exercised	–	(2,640)	–	–	–	–	–	(2,640)
Dilution of interest in a subsidiary	(340)	(7)	(2,352)	(316)	–	–	–	(3,015)
Effect of change in deferred tax rate	–	–	–	–	–	–	137	137
At 30 June 2008	**33,028**	**16,402**	**64,129**	**38,056**	**(3,843,905)**	**–**	**13,589**	**(3,678,701)**

27. OTHER RESERVES (continued)

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)	Shareholder contribution reserve RM'000	RCSLS equity components RM'000	Total RM'000
At 1 July 2006	9,240	–	–	16,354	(6,902,633)	7,719,490	–	842,451
Translation differences:								
- Equity accounting in share of associate's movement	–	–	–	672	–	–	–	672
- On net equity of foreign associate	(2,063)	–	–	–	–	–	–	(2,063)
Post acquisition reserve on a jointly controlled entity	–	–	56,544	–	–	–	–	56,544
Effect of change in deferred tax rate	–	–	6,829	–	–	–	–	6,829
Equity-settled share option arrangements of a subsidiary	–	3,191	–	–	–	–	–	3,191
Employee share options exercised	–	(340)	–	–	–	–	–	(340)
Transfer to disposal group held for sale	(2,969)	–	–	(3,651)	–	–	–	(6,620)
Appropriation of profit to capital reserves	–	–	–	8,539	–	–	–	8,539
At 30 June 2007	4,208	2,851	63,373	21,914	(6,902,633)	7,719,490	–	909,203

Company	Share option reserve RM'000 (a)	Capital redemption reserve RM'000	RCSLS equity components RM'000	Total RM'000
At 1 July 2006 and 2007	**–**	**–**	**–**	**–**
Adjustment for reorganisation:				
- Capital Reconstruction	**–**	**2,905,831**	**–**	**2,905,831**
Issuance of RCSLS	**–**	**–**	**29,398**	**29,398**
Conversion of RCSLS	**–**	**–**	**(15,946)**	**(15,946)**
Equity-settled share option arrangements granted	**13,014**	**–**	**–**	**13,014**
Effect of change in deferred tax rate	**–**	**–**	**137**	**137**
At 30 June 2008	**13,014**	**2,905,831**	**13,589**	**2,932,434**

27. 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 Group Limited, as set out in Note 28.

(b) Asset revaluation reserve

Movement in asset revaluation reserve represents the fair value adjustments to the property, plant and equipment, investment properties and prepaid land lease payments which were owned by the Group before the acquisition of the remaining 44% equity interest in Beijing Parkson.

(c) Capital reserves

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

(d) Merger deficit

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

28. EMPLOYEE SHARE-BASED PAYMENT

(a) Employee share-based payment of the Company

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

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

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

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

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

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

28. EMPLOYEE SHARE-BASED PAYMENT (continued)

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

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

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

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

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year.

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

The exercise prices of the outstanding share options at the end of the year is RM6.35 per share.

The related weighted average share price of the Company from the date of grant to 30 June 2008 was RM5.60 per share.

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

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

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

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

28. EMPLOYEE SHARE-BASED PAYMENT (continued)

(b) Employee share-based payment of a subsidiary

On 10 January 2007, a total of 8,188,950 share options were granted by Parkson Retail Group Limited ("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$36.75 per share pursuant to an employee share option scheme. The Employee Share Option Scheme ("ESOS Scheme") of Parkson Retail was approved by the shareholders of Parkson Retail on 9 November 2005 and is valid and effective for a period of 10 years up to 8 November 2015, after which no further share options will be granted.

The 5,955,600 share options granted under Lot 1 are exercisable from 24 January 2007 to 23 January 2010 and have no other vesting conditions. The 2,233,350 share options granted under Lot 2 are exercisable from 2 January 2008 to 1 January 2011 and required an employee service period until 2 January 2008.

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 shares in respect of which options may be granted under the ESOS Scheme shall not exceed 55,200,000, being 10% of the issued share capital of Parkson Retail on 9 November 2005, the date on which the ESOS Scheme was adopted. Unless with the approval from Parkson Retail's shareholders at general meetings, the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12 months period is not permitted to exceed 1% of the shares of Parkson Retail in issue at any point in time. 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 Parkson Retail share capital or with a value in excess of HK$5,000,000 must be approved in advance by Parkson Retail's shareholders in general meeting;

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

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

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

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

	2008		**2007**	
	Weighted average exercise price HK$/share	**Number of shares**	**Weighted average exercise price HK$/share**	**Number of shares**
At 1 July	**36.75**	**7,473,100**	–	–
Granted	**–**	**–**	36.75	8,188,950
Exercised	**36.75**	**(4,848,250)**	36.75	(644,600)
Lapsed	**36.75**	**(26,850)**	36.75	(71,250)
At 30 June		**2,598,000**		7,473,100

28. EMPLOYEE SHARE-BASED PAYMENT (continued)

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

The exercise prices of the outstanding share options at the end of the year is HK$36.75 per share.

At the balance sheet date, Parkson Retail had 12,990,000 share options at an exercise price of HK$7.35 per share (after adjusted for the subdivision of Parkson Retail's shares which was approved by the shareholders of Parkson Retail on 4 July 2008).

(i) Share options exercised during the year

Options exercised during the financial year resulted in the issuance of 4,848,250 (2007: 644,600) ordinary shares at HK$36.75 per share. The related average share price of Parkson Retail during the period was HK$72.21 (2007: HK$50.10).

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

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

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

Fair value of share options (HK$)	2.13
Dividend yield (%)	0.77 - 1.56
Expected volatility (%)	25.79 - 35.94
Risk-free interest rate (%)	3.638 - 3.648
Expected life (years)	0.5 - 1.5
Share price (HK$)	44.24

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

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Defined benefit plan - unfunded

A subsidiary of the Group operates an unfunded defined benefit plan for all eligible employees. The latest actuarial valuation of the plan was carried out on 23 June 2006 by an independent qualified actuary.

The movements during the financial year in the amounts recognised in the Group's balance sheet are as follows:

	Group	
	2008 RM'000	**2007 RM'000**
Non-current		
At 1 July	–	1,846
Charged to income statement	–	150
Benefit paid	–	–
Transfer to disposal group held for sale (Note 9)	–	(1,996)
At 30 June	–	–

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (continued)

Defined benefit plan - unfunded (continued)

	Group 2008 RM'000	Group 2007 RM'000
The amount recognised in the consolidated balance sheet is analysed as follows:		
Present value of unfunded defined benefit obligations	**–**	1,996
Transfer to disposal group held for sale (Note 9)	**–**	(1,996)
Net liability	**–**	–

	Group 2008 RM'000	Group 2007 RM'000
The expenses recognised in the consolidated income statement are analysed as follows:		
Current service cost	**23**	85
Interest cost	**25**	91
Actuarial gain	**(6)**	(26)
Total included in employee benefits expense (Note 5)	**42**	150

The principal actuarial assumptions used in respect of the Group's unfunded defined benefit plan are as follows:

	Group 2008 %	Group 2007 %
Discount rate	**7**	7
Expected rate of salary increase	**5**	5

30. BORROWINGS

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Short term borrowings				
Secured:				
Hire purchase liabilities (Note 31)	**608**	1,112	**–**	–
Short term loans	**12,651**	54,455	**–**	–
Transfer to disposal group held for sale (Note 9)	**–**	(15)	**–**	–
	13,259	55,552	**–**	–
Unsecured:				
Bank overdrafts	**–**	10,771	**–**	–
Letters of credit	**–**	5,886	**–**	–
Bankers' acceptances	**–**	59,862	**–**	–
Revolving credits	**–**	10,200	**–**	–
Trust receipts	**–**	673	**–**	–
Short term loans	**–**	2,832	**–**	–
Transfer to disposal group held for sale (Note 9)	**–**	(90,133)	**–**	–
	–	91	**–**	–
Total short term borrowings	**13,259**	55,643	**–**	–

30. BORROWINGS (continued)

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Long term borrowings				
Secured:				
Hire purchase liabilities (Note 31)	**485**	599	**–**	–
RCSLS (Note 32)	**221,274**	–	**221,274**	–
Transfer to disposal group held for sale (Note 9)	**–**	(45)	**–**	–
	221,759	554	**221,274**	–
Unsecured:				
PRC bank loans	**635,308**	664,377	**–**	–
Term loans	**–**	3,299	**–**	–
Transfer to disposal group held for sale (Note 9)	**–**	(3,299)	**–**	–
	635,308	664,377	**–**	–
Total long term borrowings	**857,067**	664,931	**221,274**	–
Total borrowings	**870,326**	720,574	**221,274**	–
Total borrowings				
Hire purchase liabilities (Note 31)	**1,093**	1,651	**–**	–
Other borrowings	**869,233**	718,923	**221,274**	–
	870,326	720,574	**221,274**	–
Maturity of other borrowings (excluding hire purchase liabilities):				
Within one year	**12,651**	54,546	**–**	–
More than two years and less than five years	**856,582**	664,377	**221,274**	–
	869,233	718,923	**221,274**	–

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

	Group 2008 %	Group 2007 %	Company 2008 %	Company 2007 %
Secured:				
RCSLS	**6.5**	–	**6.5**	–
Short term loans	**4.6 - 8.3**	4.6 - 8.3	**–**	–
Unsecured:				
Bank overdrafts	**–**	6.8 - 7.8	**–**	–
Letters of credit	**–**	1.2	**–**	–
Bankers' acceptances	**–**	3.6 - 5.5	**–**	–
Revolving credits	**–**	5.3 - 10.5	**–**	–
Trust receipts	**–**	6.5 - 8.3	**–**	–
Term loans	**–**	8.0	**–**	–
PRC bank loans	**10.3**	10.3	**–**	–

30. BORROWINGS (continued)

(i) The short term borrowings of RM7.7 million (2007: RM44.3 million) are secured against certain buildings and deposits with licensed banks of the Group.

Short term borrowings of a subsidiary of RM5.0 million (2007: RM10.2 million) are secured by:

(a) a fixed and floating charge over all present and future assets of the subsidiary, except for an unquoted investment of the subsidiary;

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

(c) a deed of assignment over insurance policies taken up by related parties, Benecorp Sdn Bhd and WGD Retail Consultancy Sdn Bhd, on or relating to their assets and payment received thereunder; and

(d) a corporate guarantee from previous holding company.

(ii) The PRC bank loans from JPMorgan Chase Bank, N.A., Shanghai Branch, have a maturity date on 13 November 2011 and an interest rate equals 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 hedge the Group's interest rate exposure attributable to the PRC bank loans, on 15 November 2006, the Group and JPMorgan Chase Bank, N.A. entered into a series of interest rate swap contracts. These contracts are cash flow hedges of the expected future interest payments in respect of the above-mentioned PRC bank loans. The net impact of these interest rate swap contracts is to convert the interest expenses from variable to a fixed rate of 10.3%. On each settlement date, the bank loan interest and interest rate swap contracts will be settled simultaneously and on a net basis.

31. HIRE PURCHASE LIABILITIES

	Group	
	2008 RM'000	**2007 RM'000**
Minimum lease payments:		
Not later than one year	**663**	1,200
Later than one year and not later than two years	**385**	558
Later than two years and not later than five years	**134**	93
	1,182	1,851
Less: Future finance charges	**(89)**	(140)
Present value of finance lease liabilities	**1,093**	1,711
Transfer to disposal group held for sale (Note 9)	**–**	(60)
	1,093	1,651
Present value of finance lease liabilities:		
Not later than one year	**608**	1,112
Later than one year and not later than two years	**363**	537
Later than two years and not later than five years	**122**	62
	1,093	1,711
Transfer to disposal group held for sale (Note 9)	**–**	(60)
	1,093	1,651

31. HIRE PURCHASE LIABILITIES (continued)

	Group 2008 RM'000	2007 RM'000
Representing:		
Current	**608**	1,112
Non-current	**485**	599
	1,093	1,711
Transfer to disposal group held for sale (Note 9)	**–**	(60)
	1,093	1,651

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 2008 %	2007 %
Contractual interest rates	**1.5 - 6.6**	1.5 - 6.6
Weighted average effective interest rate	**7.0**	7.0

32. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS

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

(a) Conversion rights and rate

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

(b) Conversion period

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

(c) Coupon rate

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

(d) Redeemability

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

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

(ii) Redemption Upon Maturity - any unconverted RCSLS on the expiry of the conversion period will be redeemed for cash at RM1.00 per RCSLS.

(iii) Mandatory Redemption - upon the occurrence of a shareholders' or creditors' winding up of the Company.

32. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (continued)

(e) Security

Secured against 24,840,000 ordinary shares of HK$0.10 each in Parkson Retail Group Limited 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.

During the financial year, RM271,200,000 nominal value of RCSLS were converted into 67,800,000 new ordinary shares of RM1.00 each in the Company ("Share") at the conversion price of RM4.00 nominal amount of the RCSLS for every new Share.

As at 30 June 2008, RM228,800,000 nominal value of RCSLS remained outstanding.

The value of the RCSLS has been split into the liability component and the equity component, representing the fair value of the conversion option. The RCSLS are accounted for in the balance sheets as follows:

	Group/Company 2008 RM'000
Nominal value:	
Issued during the year	**500,000**
Converted during the year	**(271,200)**
Nominal value	**228,800**
Less: Unamortised portion	**(7,526)**
Amount due after one year (Note 30)	**221,274**

The amount recognised in the balance sheets may be analysed as follows:

Liability component at date of issue:	
Nominal value of RCSLS	**500,000**
Equity component, net of deferred tax liabilities (Note 27)	**(29,398)**
Deferred tax liabilities (Note 35)	**(10,329)**
	460,273
Converted during the year	**(253,564)**
	206,709
Interest expenses recognised during the year (Note 6)	**20,080**
Interest paid during the year	**(5,515)**
Liability component at 30 June	**221,274**

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

33. NOTES

		Group	
		2008	2007
		RM'000	**RM'000**
Senior guaranteed notes, listed	(i)	**643,556**	677,215
Senior notes, listed	(ii)	**402,264**	421,374
		1,045,820	1,098,589
Maturity of notes:			
More than two years and less than five years		**1,045,820**	1,098,589

(i) On 14 November 2006, Parkson Retail, a subsidiary of the Company, issued the senior guaranteed notes in an aggregate principal amount of US$200 million. The senior guaranteed notes were admitted to the Official List of the Singapore Exchange Securities Trading Limited. The senior guaranteed notes are due on 14 November 2011 and bear interest at a rate of 7.875% per annum. Interest is payable semi-annually in arrears on 14 May and 14 November of each year, commencing on 14 May 2007.

The obligations of Parkson Retail under the senior guaranteed notes are secured by (i) first priority pledges and share charges of all the ownership interests of Parkson Retail, direct and indirect, in certain subsidiaries of Parkson Retail; and (ii) a charge over the CLN as disclosed in Note 18(i).

(ii) On 30 May 2007, Parkson Retail issued the senior notes ("Notes") in an aggregate principal amount of US$125 million. The Notes were admitted to the Official List of the Singapore Exchange Securities Trading Limited. The Notes 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 Notes through proceeds from equity offerings before 30 May 2010 and the option to redeem all or part of the Notes in a manner prescribed by the agreements.

The obligations of Parkson Retail under the Notes are guaranteed by certain of Parkson Retail's subsidiaries.

Furthermore, the Group has entered into cross currency interest rate swap arrangements with a bank. The purpose of the swap arrangements is to provide the Group with a RMB equivalent fixed rate debt of Rmb956,630,000 and interest rate of 3.45% per annum, as further detailed in Note 44. At settlement, the Group's obligation under the Notes and attributable derivative financial instruments designated as hedging instruments will equal to a RMB equivalent fixed amount of Rmb956,630,000.

34. LONG TERM PAYABLES

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

35. DEFERRED TAX

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
At 1 July	**(58,926)**	9,778	**–**	–
Acquisition of subsidiaries	**(28,018)**	(35,666)	**–**	–
Recognised in the income statement	**5,595**	1,139	**2,167**	–
Recognised in equity	**(10,329)**	(50,822)	**(10,329)**	–
Conversion of RCSLS	**4,586**	–	**4,586**	–
Change in tax rate	**5,073**	16,906	**137**	–
Exchange difference	**(2,181)**	(182)	**–**	–
	(84,200)	(58,847)	**(3,439)**	–
Transfer to disposal group held for sale (Note 9)	**–**	(79)	**–**	–
At 30 June	**(84,200)**	(58,926)	**(3,439)**	–
Presented after appropriate offsetting as follows:				
Deferred tax assets	**36,184**	34,078	**–**	–
Deferred tax liabilities	**(120,384)**	(92,925)	**(3,439)**	–
	(84,200)	(58,847)	**(3,439)**	–
Transfer to disposal group held for sale (Note 9)	**–**	(79)	**–**	–
	(84,200)	(58,926)	**(3,439)**	–

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Provisions RM'000	Depreciation RM'000	Total RM'000
At 1 July 2007	**31,486**	**2,336**	**33,822**
Recognised in the income statement	**2,985**	**(135)**	**2,850**
Change in tax rate	**77**	**(101)**	**(24)**
Acquisition of subsidiary	**103**	**–**	**103**
Exchange difference	**(677)**	**110**	**(567)**
At 30 June 2008	**33,974**	**2,210**	**36,184**
At 1 July 2006	33,913	1,791	35,704
Recognised in the income statement	(77)	(70)	(147)
Change in tax rate	(4,520)	(748)	(5,268)
Acquisition of subsidiary	2,878	1,388	4,266
Exchange difference	(452)	(25)	(477)
	31,742	2,336	34,078
Transfer to disposal group held for sale (Note 9)	(256)	–	(256)
At 30 June 2007	31,486	2,336	33,822

35. DEFERRED TAX (continued)

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Asset revaluation RM'000	RCSLS RM'000	Total RM'000
At 1 July 2007	**(54,246)**	**(38,502)**	**–**	**(92,748)**
Recognised in the income statement	**346**	**232**	**2,167**	**2,745**
Recognised in equity	**–**	**–**	**(10,329)**	**(10,329)**
Acquisition of subsidiary	**–**	**(28,121)**	**–**	**(28,121)**
Change in tax rate	**147**	**4,813**	**137**	**5,097**
Conversion of RCSLS	**–**	**–**	**4,586**	**4,586**
Exchange difference	**126**	**(1,740)**	**–**	**(1,614)**
At 30 June 2008	**(53,627)**	**(63,318)**	**(3,439)**	**(120,384)**
At 1 July 2006	(25,926)	–	–	(25,926)
Recognised in the income statement	1,286	–	–	1,286
Recognised in equity	–	(50,822)	–	(50,822)
Change in tax rate	9,854	12,320	–	22,174
Acquisition of subsidiary	(39,932)	–	–	(39,932)
Exchange difference	295	–	–	295
	(54,423)	(38,502)	–	(92,925)
Transfer to disposal group held for sale (Note 9)	177	–	–	177
At 30 June 2007	(54,246)	(38,502)	–	(92,748)

Deferred tax liabilities of the Company:

	RCSLS RM'000
At 1 July 2006 and 2007	**–**
Recognised in the income statement	**2,167**
Recognised in equity	**(10,329)**
Conversion of RCSLS	**4,586**
Change in tax rate	**137**
At 30 June 2008	**(3,439)**

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

	Group	
	2008 RM'000	**2007 RM'000**
Unused tax losses	**9,600**	16,883
Unabsorbed capital allowances	**409**	148

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.

36. TRADE AND OTHER PAYABLES

		Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables		**675,240**	590,434	**50**	50
Amounts due to subsidiaries		**–**	–	**33,702**	–
Amounts due to related parties		**100**	43,850	**100**	–
Accruals		**86,119**	58,481	**10,159**	329
Other payables		**226,719**	191,399	**30**	674
Deposits		**135,561**	72,540	**–**	–
Provision for coupon liabilities	(i)	**39,368**	42,117	**–**	–
Dividend payable		**103,242**	–	**103,242**	–
Transfer to disposal group held for sale (Note 9)		**–**	(58,676)	**–**	–
		1,266,349	940,145	**147,283**	1,053

(i) A reconciliation of the provision for coupon liabilities is as follows:

	Group	
	2008 RM'000	2007 RM'000
At 1 July	**42,117**	25,201
Acquisition of subsidiaries	**577**	7,473
Arising during the year	**25,164**	41,387
Utilised	**(18,667)**	(21,383)
Unused amounts reversed	**(11,969)**	(10,226)
Exchange differences	**2,146**	(335)
	39,368	42,117

A provision for coupon liabilities is recognised for the expected amount of redemptions of coupons granted during the last two years, based on past experience of the level of redemptions. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within two years from the balance sheet date. Assumptions used to calculate the provision for coupon liabilities were based on the amount of bonus points outstanding and the current information available about the level of redemptions based on the two-year redemption period.

Credit terms of trade payables granted to the Group vary from 30 to 60 days (2007: cash terms to 90 days).

Other information on financial risks of trade and other payables are disclosed in Note 44.

37. 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 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 June 2008, the Company has credit in the 108 balance of RM1,748,000 to pay franked dividends out of its profit.

38. PRODUCT FINANCING LIABILITIES

	Group	
	2008 RM'000	2007 RM'000
Current	–	5,296
Transfer to disposal group held for sale (Note 9)	–	(5,296)
	–	–

Product financing arose from trade financing agreement with a third party where the titles of the inventories pertaining to the arrangement is legally with the third party, and of which the Group has the obligation to purchase. The obligation to purchase range within 90 days, with interest rate of 6.85% per annum. The inventories under such arrangements are disclosed in Note 22.

39. SIGNIFICANT RELATED PARTY DISCLOSURES

Related parties	Relationship
Silverstone Corporation Berhad	A company in which a Director and certain substantial shareholders of the Company have interests
Amsteel Mills Sdn Bhd ("AMSB")	A substantial shareholder of the Company
Posim Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Lion Metal Industries 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
Lion Trading & Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Megasteel Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Likom Caseworks Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Amsteel Mills Marketing Sdn Bhd	A subsidiary of AMSB
Mitsui & Co., Ltd	A substantial shareholder of a subsidiary of Lion Corporation Berhad ("LCB"), a substantial shareholder of the Company
ISO Metal Industrial Sdn Bhd	A substantial shareholder of a subsidiary of LCB
Oriental Steel Industries Sdn Bhd	A substantial shareholder of a subsidiary of LCB

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

	Group	
	2008 RM'000	2007 RM'000
(i) Sales of goods and services to:		
- Megasteel Sdn Bhd	**803**	3,364
- Amsteel Mills Sdn Bhd	**213**	965
- Likom Caseworks Sdn Bhd	**794**	2,383
- Mitsui & Co., Ltd	**1,137**	11,718

39. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

	Group 2008 RM'000	Group 2007 RM'000
(ii) Purchases of goods and services from:		
- Posim Marketing Sdn Bhd	**1,678**	–
- Megasteel Sdn Bhd	**77,370**	253,418
- Mitsui & Co., Ltd	**8,226**	46,538
- Amsteel Mills Marketing Sdn Bhd	**2,736**	11,891
- Oriental Steel Industries Sdn Bhd	**–**	2,183
- Lion Trading & Marketing Sdn Bhd	**829**	26
- Secom (Malaysia) Sdn Bhd	**803**	5
- ISO Metal Industrial Sdn Bhd	**127**	980
(iii) Rental and utilities payable to:		
- Lion Metal Industries Sdn Bhd	**124**	708
- Amsteel Mills Sdn Bhd	**113**	514
(iv) Interest charged by:		
- Silverstone Corporation Berhad	**–**	386

	Company 2008 RM'000	Company 2007 RM'000
Subsidiaries:		
Dividend income	**200,000**	563
Interest income	**386**	1,826
Related party:		
Interest income	**2,420**	–

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms that are no more favourable to the related parties than those arranged with independent third parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2008 are disclosed in Note 21, Note 23 and Note 36.

(b) Compensation of key management personnel

The remuneration of Director and other members of key management during the financial year were as follows:

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Short-term employee benefits	**3,331**	2,652	**209**	169
Post-employment benefits				
- Defined contribution plan	**258**	206	**14**	17
Share-based payment	**321**	1,980	**–**	–
	3,910	4,838	**223**	186

39. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel (continued)

Executive Director of the Group and of the Company and other members of key management have been granted the following number of options under the Executive Share Option Scheme of the Company:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	'000	**'000**	**'000**	**'000**
At 1 July	**–**	–	**–**	–
Granted	**105**	–	**–**	–
At 30 June	**105**	–	**–**	–

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

40. CONTINGENT LIABILITIES (UNSECURED)

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Guarantees given to financial institutions for credit facilities granted to a subsidiary	**–**	–	**–**	100
Law suit against a subsidiary by third party in relation to alleged trade mark infringement	**5,822**	5,822	**–**	–

41. COMMITMENTS

	Group	
	2008	**2007**
	RM'000	**RM'000**
(a) Capital commitments		
Capital expenditure for property, plant and equipment:		
Approved and contracted for	**174,036**	34,733
Approved but not contracted for	**1,573**	7,457
	175,609	42,190
(b) Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than one year	**254,633**	278,274
Later than one year and not later than five years	**1,024,611**	927,608
Later than five years	**2,343,609**	1,805,587
	3,622,853	3,011,469

41. COMMITMENTS (continued)

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

The Group leases certain of its properties under operating lease arrangements. These leases have non-cancellable lease terms up to 30 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.

(c) Acquisition commitments

		Group	
		2008 RM'000	**2007 RM'000**
Acquisition of the minority interest in Mianyang Parkson	Note 20 (@)	–	40,786
Acquisition of Anshan Properties	Note 20 (#)	–	204,075
Acquisition of the minority interest in Xi'an Shidai Parkson Store Co Ltd ("Xi'an Shidai Parkson")	(i)	**44,800**	–
		44,800	244,861

(i) On 27 March 2008, the Group entered into a sale and purchase agreement with an independent third party to acquire its 49% equity interest in Xi'an Shidai Parkson at a consideration of Rmb154 million (equivalent to approximately RM73.4 million). Xi'an Shidai Parkson is a jointly controlled entity of the Group. The execution of the transaction is subject to the fulfilment of certain conditions precedent and was subsequently completed on 16 September 2008.

As at 30 June 2008, the Group had paid an investment deposit amounting to Rmb60 million (equivalent to approximately RM28.6 million) in relation to this acquisition.

42. SIGNIFICANT EVENTS

Significant events are disclosed in the Directors' Report.

43. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Events subsequent to balance sheet date are disclosed in the Directors' Report.

44. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rates debts. The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

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

	Note	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Total RM'000
At 30 June 2008							
Group							
Fixed rate							
Credit linked notes	18	**–**	**–**	**–**	**653,809**	**–**	**653,809**
Term loans	30	**(12,651)**	**–**	**–**	**–**	**–**	**(12,651)**
PRC bank loans	30	**–**	**–**	**–**	**(635,308)**	**–**	**(635,308)**
Hire purchase	31	**(608)**	**(363)**	**(122)**	**–**	**–**	**(1,093)**
RCSLS	32	**–**	**–**	**(221,274)**	**–**	**–**	**(221,274)**
Senior guaranteed notes	33	**–**	**–**	**–**	**(643,556)**	**–**	**(643,556)**
Senior notes	33	**–**	**–**	**–**	**(402,264)**	**–**	**(402,264)**
Interest rate swap contracts *		**–**	**–**	**–**	**–**	**–**	**–**
Floating rate							
Cash assets	24	**1,840,081**	**–**	**–**	**–**	**–**	**1,840,081**
At 30 June 2007							
Group							
Fixed rate							
Credit linked notes	18	–	–	–	–	690,726	690,726
Term loans	30	(54,455)	–	–	–	–	(54,455)
PRC bank loans	30	–	–	–	–	(664,377)	(664,377)
Hire purchase	31	(1,097)	(492)	(62)	–	–	(1,651)
Senior guaranteed notes	33	–	–	–	–	(677,215)	(677,215)
Senior notes	33	–	–	–	–	(421,374)	(421,374)
Interest rate swap contracts *		–	–	–	–	–	–
Floating rate							
Cash assets	24	1,474,573	–	–	–	–	1,474,573
Trust receipts	30	(91)	–	–	–	–	(91)

44. FINANCIAL INSTRUMENTS (continued)

(b) Interest rate risk (continued)

	Note	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Total RM'000
At 30 June 2008							
Company							
Fixed rate							
RCSLS	32	**–**	**–**	**(221,274)**	**–**	**–**	**(221,274)**
Floating rate							
Cash assets	24	**12,688**	**–**	**–**	**–**	**–**	**12,688**
At 30 June 2007							
Company							
Floating rate							
Cash assets	24	64	–	–	–	–	64

* the effect of the interest rate swap is disclosed in Note 30(ii).

(c) Foreign exchange risk

The Group is exposed to foreign currency exchange risk as a result of the foreign currency transactions entered into by the Group in currencies other than its functional currency. As these transactions are mainly denominated in US Dollar, the Group's foreign currency exchange risk is primarily due to exposure to the US Dollar. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

In addition to the disclosure detailed elsewhere in the financial statement, 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 2008				
Receivables				
Chinese Renminbi	**8,063**	**–**	**–**	**8,063**

44. FINANCIAL INSTRUMENTS (continued)

(c) Foreign exchange risk (continued)

	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 2008				
Deposits, cash and bank balances				
Chinese Renminbi	**–**	**50,943**	**16**	**50,959**
Hong Kong Dollar	**–**	**–**	**352**	**352**
	–	**50,943**	**368**	**51,311**
Payables				
Hong Kong Dollar	**1,913**	**–**	**–**	**1,913**
At 30 June 2007				
Receivables				
Ringgit Malaysia	–	–	336	336
Deposits, cash and bank balances				
Chinese Renminbi	–	288,933	–	288,933
Hong Kong Dollar	–	–	12,004	12,004
	–	288,933	12,004	300,937

(d) Hedging activities

As at 30 June 2008, the Group had interest rate swap and cross currency interest rate swap arrangements in place with a notional amount of Rmb1,500,000,000 (Note 30(ii)) and US$125 million (Note 33(ii)), respectively. The swap arrangements are designated as cash flow hedges of the foreign currency risk and interest rate risk attributable to the underlying debts. The purpose of the swap arrangements is to provide the Group with RMB or RMB equivalent fixed interest rate debts.

The cash flow hedges of the expected future cash flows were assessed to be highly effective as at 30 June 2008 in respect of the interest rate swap arrangements. It is the Company's financial risk management policy to closely monitor the hedging effectiveness of the hedging instruments and to update the notional amount of the interest rate swap agreements to maintain the hedging effectiveness.

(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.

44. FINANCIAL INSTRUMENTS (continued)

(f) Credit risks

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.

(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 2008				
Unquoted shares	**284**	@	**28**	@
Amounts due from subsidiaries	**–**	**–**	**7,915,743**	#
Amounts due from related parties	**42,556**	#	**42,556**	#
At 30 June 2007				
Unquoted shares	300	@	28	@
Amounts due from subsidiaries	–	–	51,030	#
Financial liabilities				
At 30 June 2008				
Hire purchase liabilities	**1,093**	**1,155**	**–**	**–**
Amounts due to subsidiaries	**–**	**–**	**33,702**	#
Amounts due to related parties	**100**	#	**100**	#
At 30 June 2007				
Hire purchase liabilities	1,651	1,738	–	–
Amounts due to related parties	43,850	#	–	–

@ It is not practicable to estimate the fair value of the Group's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

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.

44. FINANCIAL INSTRUMENTS (continued)

(g) Fair values (continued)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Financial instruments classified as current

The Group's and the Company's financial instruments, other than amounts due from/to subsidiaries/related parties, which are classified as current approximate to their carrying amounts due to the relatively short term maturity of these financial instruments.

(ii) Long term borrowings

The fair value of long term borrowings is estimated by discounting the expected cash flows using the current interest rates for the liabilities with similar risk profiles.

45. SEGMENTAL INFORMATION

The Group comprises the following main business segments:

(i)	Retailing	:	Operations of department stores and investment holding.
(ii)	Steel Services	:	Manufacturing, sales and distribution of steel and iron products, international trading and distribution, automotive and others.

Steel Services (excluding investment holding) were discontinued upon the completion of the disposal of the Bright Steel Group on 19 September 2007.

Secondary reporting format - geographical segments

The Group operates in 4 main geographical areas:

(i)	Malaysia	:	the main activities are operations of department stores, Steel Services and investment holding.
(ii)	People's Republic of China	:	the main activities are operations of department stores and investment holding.
(iii)	Vietnam	:	the main activity is operations of department stores.
(iv)	Others	:	the main activity is investment holding.

45. SEGMENTAL INFORMATION (continued)

	Continuing operations Retailing RM'000	Discontinued operations Steel Services RM'000	Total RM'000
30 June 2008			
Revenue			
Sales to external customers	2,242,297	111,731	2,354,028
Results			
Segment results	692,111	2,495	694,606
Finance costs	(178,126)	(1,494)	(179,620)
Share of results of associates	245	72	317
Gain on disposal/dilution of interest in a subsidiary	248,032	–	248,032
Loss on disposal of assets of disposal group	–	(2,497)	(2,497)
Profit/(Loss) before tax	762,262	(1,424)	760,838
Taxation	(122,505)	(285)	(122,790)
Profit/(Loss) for the year	639,757	(1,709)	638,048
Assets			
Segment assets	5,461,837	–	5,461,837
Investment in associate	1,145	–	1,145
Total assets	5,462,982	–	5,462,982
Liabilities			
Segment liabilities	3,304,013	–	3,304,013
Unallocated liabilities	167,605	–	167,605
Total liabilities	3,471,618	–	3,471,618
Other segment information			
Capital expenditure	164,725	–	164,725
Depreciation	95,262	507	95,769
Amortisation	572	–	572
Impairment losses	81	–	81
Other non-cash items	19,342	2,486	21,828

45. SEGMENTAL INFORMATION (continued)

	Continuing operations Retailing RM'000	Discontinued operations Steel Services RM'000	Total RM'000
30 June 2007			
Revenue			
Sales to external customers	1,795,260	343,876	2,139,136
Results			
Segment results	483,573	15,123	498,696
Finance costs	(97,888)	(5,689)	(103,577)
Share of results of associates	151	14,651	14,802
Loss recognised on the remeasurement of assets of disposal group	–	(25,044)	(25,044)
Profit/(Loss) before tax	385,836	(959)	384,877
Taxation	(111,346)	(1,752)	(113,098)
Profit/(Loss) for the year	274,490	(2,711)	271,779
Assets			
Segment assets	4,537,281	252,144	4,789,425
Investments in associates	1,029	98,880	99,909
Assets held for sale	2,249	–	2,249
Allocation of remeasurement	–	(25,044)	(25,044)
Total assets	4,540,559	325,980	4,866,539
Liabilities			
Segment liabilities	2,811,885	259,616	3,071,501
Unallocated liabilities	132,023	514	132,537
Total liabilities	2,943,908	260,130	3,204,038
Other segment information			
Capital expenditure	69,899	688	70,587
Depreciation	73,427	2,668	76,095
Amortisation	393	–	393
Impairment losses	16,519	7,170	23,689
Other non-cash items	12,408	13,003	25,411

45. SEGMENTAL INFORMATION (continued)

Geographical segments

An analysis of the Group's revenue by geographical segment is as follows:

	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
Revenue - 2008			
Malaysia	**607,239**	**111,731**	**718,970**
People's Republic of China	**1,555,045**	**–**	**1,555,045**
Vietnam	**80,013**	**–**	**80,013**
	2,242,297	**111,731**	**2,354,028**
Revenue - 2007			
Malaysia	489,512	343,876	833,388
People's Republic of China	1,263,808	–	1,263,808
Vietnam	41,940	–	41,940
	1,795,260	343,876	2,139,136

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by geographical segment:

	2008 RM'000	2007 RM'000
Segment assets		
Malaysia	**534,938**	622,374
People's Republic of China	**4,604,185**	4,163,858
Vietnam	**103,364**	42,749
Others	**220,495**	37,558
	5,462,982	4,866,539
Capital expenditure		
Malaysia	**80,520**	15,365
People's Republic of China	**75,813**	45,519
Vietnam	**8,392**	9,703
	164,725	70,587

46. COMPARATIVES

In accordance with the principles of merger accounting, the results and consolidated cash flows of the Group are presented as if the retail subsidiaries acquired under the Proposed Acquisitions had been owned throughout the current and preceding financial periods.

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2008

	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	114,981.3 sq metres	Commercial building	Shopping complex and office (8)	121.8	June 2004
2.	127, Renming Zhong Road Wuxi, China	Leasehold 22.4.2044	30,498.6 sq metres	Commercial building	Shopping complex and office (12)	28.8	June 2004
3.	239, Dongda Street Xian, China	Leasehold 22.5.2047	17,755.4 sq metres	Commercial building	Shopping complex (11)	23.8	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 (14)	402.3	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 (21)	197.3	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 (12)	12.3	June 2004

MATERIAL CONTRACTS

INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The RM500 million nominal value 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") constituted by the Subscription Agreement dated 13 September 2007 ("Subscription Agreement") was non-transferable. Pursuant to the request of Lion Diversified Holdings Berhad ("LDHB") on behalf of the holder of RCSLS, namely Excel Step Investments Limited ("Excel Step") for the purpose of securing any financing facilities, the restricted transferability of RCSLS was amended on 11 January 2008. Excel Step is a wholly-owned subsidiary of LDHB, which is a major shareholder of the Company and a company wherein a Director and certain major shareholders of the Company have interests.

In this relation, a Trust Deed dated 11 January 2008 had been executed to replace the Subscription Agreement.

ANALYSIS OF SHAREHOLDINGS

Share Capital as at 30 September 2008

Authorised Capital	:	RM4,500,000,000
Issued and Paid-up Capital	:	RM1,036,410,250
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

Distribution of Shareholdings as at 30 September 2008

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares*
Less than 100	218	1.98	7,913	0.00
100 to 1,000	3,218	29.21	2,074,511	0.20
1,001 to 10,000	6,076	55.16	19,599,766	1.92
10,001 to 100,000	1,134	10.30	33,749,203	3.30
100,001 to less than 5% of issued shares*	366	3.32	594,401,228	58.08
5% and above of issued shares*	3	0.03	373,598,629	36.50
	11,015	100.00	1,023,431,250	100.00

Substantial Shareholders as at 30 September 2008

Substantial Shareholders	Direct Interest		Indirect Interest		
	No. of Shares	% of Shares^	No. of Shares	% of Shares^	Nominal Value of RCSLS# (RM)
1. Tan Sri William H.J. Cheng	222,563,589	21.76	370,036,787	36.17	228,800,000 [a]
2. Datuk Cheng Yong Kim	15,298,388	1.50	316,150,810	30.90	228,800,000 [a]
3. Lion Realty Pte Ltd	–	–	316,050,570	30.89	228,800,000 [a]
4. Excel Step Investments Limited	53,222,097	5.20	–	–	228,800,000 [b]
5. Lion Corporation Berhad	1,090,310	0.11	266,313,925	26.03	228,800,000 [a]
6. Lion Industries Corporation Berhad	45,274,238	4.43	222,129,997	21.71	228,800,000 [a]
7. LLB Steel Industries Sdn Bhd	–	–	267,404,235	26.14	228,800,000 [a]
8. Steelcorp Sdn Bhd	–	–	267,404,235	26.14	228,800,000 [a]
9. Amsteel Mills Sdn Bhd	151,035,040	14.76	116,369,195	11.38	228,800,000 [a]
10. Lion Diversified Holdings Berhad	16,700,000	1.63	250,704,235	24.51	228,800,000 [a]
11. LDH (S) Pte Ltd	–	–	267,404,235	26.14	228,800,000 [a]
12. Lion Development (Penang) Sdn Bhd	1,380,455	0.13	314,670,115	30.76	228,800,000 [a]
13. Horizon Towers Sdn Bhd	–	–	267,404,235	26.14	228,800,000 [a]
14. Narajaya Sdn Bhd	47,265,880	4.62	267,404,235	26.14	228,800,000 [a]

Notes:

* *Excluding a total of 12,979,000 ordinary shares of RM1.00 each in the Company ("Parkson Shares") bought back by the Company and retained as treasury shares for the period from 1 April 2008 to 25 September 2008.*

^ *Excluding a total of 13,409,000 Parkson Shares bought back by the Company and retained as treasury shares for the period from 1 April 2008 to 30 September 2008.*

\# *3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") issued by the Company with a right to convert into new Parkson Shares at a conversion price of RM4.00 nominal amount of the RCSLS for every one new Parkson Share.*

a *Indirect interest*

b *Direct interest*

Thirty Largest Registered Shareholders as at 30 September 2008

Registered Shareholders	No. of Shares	% of Shares*
1. Cheng Heng Jem	157,563,589	15.40
2. AMSEC Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Amsteel Mills Sdn Bhd (CS-Amsteel)	151,035,040	14.76
3. HSBC Nominees (Tempatan) Sdn Bhd HSBC HK CTLA for Cheng Heng Jem (TB)	65,000,000	6.35
4. RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad	45,274,238	4.42
5. Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Narajaya Sdn Bhd	39,000,000	3.81
6. OSK Nominees (Asing) Sdn Berhad Pledged Securities Account for Excel Step Investments Limited	30,000,000	2.93
7. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	23,300,540	2.28
8. Kenanga Nominees (Asing) Sdn Bhd Pledged Securities Account for Excel Step Investments Limited	23,100,000	2.26
9. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	21,640,213	2.11
10. Citigroup Nominees (Asing) Sdn Bhd UBS AG for Tosca Asia	17,509,900	1.71
11. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Diversified Holdings Bhd	16,700,000	1.63
12. Cheng Yong Kim	15,298,388	1.49
13. Deluxe Venture International Limited	12,620,000	1.23
14. Scotia Nominees (Tempatan) Sdn Bhd Custodial Account for Ributasi Holdings Sdn Bhd	12,441,000	1.22
15. HSBC Nominees (Tempatan) Sdn Bhd HSBC HK CTLA for Deluxe Venture International Ltd (TB)	10,000,000	0.98
16. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad icapital.biz Berhad	9,000,000	0.88
17. Cartaban Nominees (Asing) Sdn Bhd State Street Australia Fund UAJB for Unifund (HTSG as Trustee)	8,730,400	0.85
18. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetory Authority of Singapore (H)	8,213,970	0.80
19. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund ZM47 for AIM Developing Markets Fund	7,809,700	0.76
20. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund KG67 for AIM International Emerging Growth Fund	7,727,360	0.76
21. Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ributasi Holdings Sdn Bhd	7,526,316	0.74
22. Cheng Yong Kwang	7,090,624	0.69
23. Lion Holdings Private Limited	6,128,535	0.60
24. Kumpulan Wang Persaraan (Diperbadankan)	6,126,500	0.60
25. Narajaya Sdn Bhd	5,901,750	0.58
26. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Morgan Stanley & Co. Incorporated	5,843,700	0.57
27. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund HG22 for Smallcap World Fund, Inc.	5,000,000	0.49
28. Chen Shok Ching	4,922,235	0.48
29. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.K.)	4,731,110	0.46
30. Cheng Yong Liang	4,636,800	0.45

Note:

* *Excluding a total of 12,979,000 ordinary shares of RM1.00 in the Company bought back by the Company and retained as treasury shares for the period from 1 April 2008 to 25 September 2008.*

Directors' Interests in Shares in the Company and its Related Companies as at 30 September 2008

The Directors' interests in shares in the Company and its related companies as at 30 September 2008 are as follows:

	Nominal Value per Ordinary Share	Direct Interest No. of Shares	Direct Interest % of Shares	Indirect Interest No. of Shares	Indirect Interest % of Shares
The Company					
Tan Sri William H.J. Cheng#	RM1.00	222,563,589	21.76^	370,336,487	36.20^
Related Companies					
Tan Sri William H.J. Cheng					
Parkson Retail Group Limited	HK$0.02	–	–	1,491,800,000	53.51

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	6,000,000	60.00
Nanning Brilliant Parkson Commercial Co Ltd	14,000,000	70.00
Qingdao No. 1 Parkson Co Ltd	124,501,580	52.60
Wuxi Sanyang Parkson Plaza Co Ltd	48,000,000	60.00
Xi'an Lucky King Parkson Co Ltd	29,580,000	91.00
Xinjiang Youhao Parkson Development Co Ltd	10,200,000	51.00
Yangzhou Parkson Plaza Co Ltd	35,553,700	55.00

Notes:

\# *Also deem interested in RM228 million 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") issued by the Company with a right to convert into new ordinary shares of RM1.00 each in the Company ("Parkson Shares") at a conversion price of RM4.00 nominal amount of the RCSLS for every one new Parkson Share.*

^ *Excluding a total of 13,409,000 Parkson Shares bought back by the Company and retained as treasury shares for the period from 1 April 2008 to 30 September 2008.*

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related companies as at 30 September 2008.

OTHER INFORMATION

(I) NON-AUDIT FEES

The amount of non-audit fees paid or payable to external auditors for the financial year was RM54,000 (2007: RM1,742,000).

(II) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 30 June 2008 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(a) Steel related		
(i) The sale of steel coils, steel sheets, wire rods, hot rolled coils and other related products	Mitsui & Co., Ltd ("Mitsui") [b]	1,137
	Lion Corporation Berhad Group ("LCB Group") [a]	803
	Lion Diversified Holdings Berhad Group [a]	794
	Lion Industries Corporation Berhad Group ("LICB Group") [a]	213
		2,947
(ii) The purchase of steel coils, steel sheets, wire rods, hot rolled coils and other related products	LCB Group [a]	77,370
	Mitsui [b]	8,226
	LICB Group [a]	2,736
	ISO Metal Industrial Sdn Bhd [b]	127
		88,459
(iii) The rental of storage space and premises	Amsteel Corporation Berhad Group ("Amsteel Group") [a]	124
	LICB Group [a]	113
		237
(b) Others		
(i) The obtaining of building maintenance, consumables and other related products and services	Lion Forest Industries Berhad Group [a]	1,678
	Amsteel Group [a]	803
		2,481
(ii) The obtaining of office equipment and other related products and services	LCB Group [a]	**829**

Notes:

"Group" includes subsidiary and associated companies

(a) Companies in which a Director and certain major shareholders of the Company have interests.
(b) A major shareholder of a subsidiary of Lion Corporation Berhad.

(III) CONVERTIBLE SECURITIES EXERCISED DURING THE FINANCIAL YEAR ENDED 30 JUNE 2008

During the financial year ended 30 June 2008, RM271,200,000 nominal value of 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") were converted into 67,800,000 new ordinary shares of RM1.00 each in the Company ("Share") at the conversion price of RM4.00 nominal amount of the RCSLS per every new Share.

(IV) SCHEDULE OF SHARE BUY-BACK FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

Monthly Breakdown	No. of Shares Purchased and Retained as Treasury Shares	Purchase Price per Share (RM) Lowest	Purchase Price per Share (RM) Highest	Average Cost per Share RM	Total Cost RM'000
April 2008	2,003,000	6.20	6.70	6.49	13,004
May 2008	–	–	–	–	–
June 2008	4,150,000	4.90	5.80	5.21	21,616
Total	6,153,000			5.63	34,620

During the financial year, all the shares purchased by the Company were retained as treasury shares. As at 30 June 2008, the number of treasury shares is 6,153,000. None of the treasury shares were distributed as share dividends or resold during the financial year.

(V) STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS AS AT 30 SEPTEMBER 2008

	Proposed Utilisation RM'million	Utilisation Status: Actual RM'million	Utilisation Status: 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	13.47	13.47	–
- Deferred payment	40.00	–	40.00
	53.47	13.47	40.00

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-Fifth Annual General Meeting of the Company to be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 19 November 2008 at 2.00 pm and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Directors' Report and Audited Financial Statements		
2. To approve a final dividend		
3. To approve Directors' fees		
4. To re-elect as Director, Mr Lim Poon Thoo		
5. To re-appoint Auditors		
6. Authority to Directors to issue shares		
7. Proposed Shareholders' Mandate for Recurrent Related Party Transactions		
8. Proposed Renewal of Authority for Share Buy-Back		
9. Proposed Amendments 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 2008

Signed :...

No. of shares : .... In the presence of :...

Representation at Meeting:

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.
- An instrument appointing a proxy executed in Malaysia need not be witnessed. The signature to an instrument appointing a proxy executed outside Malaysia shall be attested by a solicitor, notary public, consul or magistrate.
- The instrument of proxy shall be deposited at the Registered Office of the Company, Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.
- Form of Proxy sent through facsimile transmission shall not be accepted.