LION DIVERSIFIED HOLDINGS BERHAD

A Member of The Lion Group

(9428-T)

Laporan Tahunan 2005 Annual Report

CONTENTS

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fifth Annual General Meeting of Lion Diversified Holdings Berhad will be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 15 November 2005 at 11.30 am for the following purposes:

AGENDA

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2005. **Resolution 1**

2. To approve the payment of a first and final dividend of 6.0 sen per ordinary share less 28% Malaysian Income Tax. **Resolution 2**

3. To approve the payment of Directors' fees amounting to RM188,000 (2004: RM188,000). **Resolution 3**

4. To re-elect Directors:

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

   Mr Cheng Yong Kwang **Resolution 4**
   Y. Bhg. Dato' Ismail bin Said **Resolution 5**

5. To consider and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 as an ordinary resolution:

   "THAT Y. Bhg. Dato Murad Mohamed Hashim who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting." **Resolution 6**

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

7. Special Business

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

7.1 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 capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company." **Resolution 8**

7.2 Proposed Shareholders' Mandate for Recurrent Related Party Transactions

"THAT approval be given for the Company and its subsidiary companies to enter into the 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 ("Recurrent Transactions") and with those related parties as detailed in paragraph 3.2 of the Circular to Shareholders of the Company dated 24 October 2005 subject to the following: **Resolution 9**

(i) the transactions are in the ordinary course of business and are 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 of the Company; and

(ii) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:

(a) the type of Recurrent Transactions made; and
(b) the names of the related parties involved in each type of Recurrent Transactions made and their relationship with the Company;

AND 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; or

(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 in general meeting;

whichever is the earlier,

AND THAT the Directors be authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

7.3 Proposed Renewal of Authority for Share Buy-Back

"THAT subject always 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 authorised to buy-back such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that: **Resolution 10**

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

(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; and

(iii) the shares purchased are to be treated in either of the following manner:

(a) cancel the purchased ordinary shares; or
(b) retain the purchased ordinary shares as treasury shares held by the Company; or
(c) retain part of the purchased ordinary shares as treasury shares and cancel the remainder

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

The treasury shares may be distributed as dividends to the shareholders and/or resold on Bursa Securities and/or subsequently cancelled.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution 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 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 and with the full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Companies Act, 1965, the provisions of the Articles of Association of the Company, the Listing Requirements of Bursa Securities, and all other relevant governmental and/or regulatory authorities."

8. 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 16 November 2005 in respect of shares exempted from mandatory deposit;

(b) shares transferred into the depositor's securities account before 4.00 pm on 18 November 2005 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 2005 to shareholders on the Register of Members and the Record of Depositors of the Company at the close of business on 18 November 2005.

By Order of the Board

WONG YOKE LIN
YASMIN WEILI TAN BINTI ABDULLAH
Secretaries

Kuala Lumpur
24 October 2005

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. *Resolution 8*

   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 share 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.

3. *Resolution 9*

   This approval will allow the Company and its subsidiary companies 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 the Circular to Shareholders dated 24 October 2005, which are necessary for the Group's day-to-day operations and are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

   Details on the proposal are set out in the Circular to Shareholders dated 24 October 2005 enclosed together with this Annual Report.

4. *Resolution 10*

   This approval will empower the Directors of the Company to purchase the Company's shares up to 10% of the issued and paid-up share 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.

   Details on the proposal are set out in the Circular to Shareholders dated 24 October 2005 enclosed together with this Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

I. Directors standing for re-election/re-appointment at the Thirty-Fifth Annual General Meeting of the Company

- Pursuant to Article 98 of the Company's Articles of Association
  (Retirement by rotation)

  Mr Cheng Yong Kwang
  Y. Bhg. Dato' Ismail bin Said

- Pursuant to Section 129(6) of the Companies Act, 1965
  (Re-appointment after attainment of 70 years of age)

  Y. Bhg. Dato Murad Mohamed Hashim

- Further details of Directors standing for re-election/re-appointment are set out in the Directors' Profile on pages 8 and 9 of this Annual Report.

II. Details of attendance of Directors at Board Meetings

There were five (5) Board Meetings held during the financial year ended 30 June 2005. Details of attendance of the Directors are set out in the Directors' Profile on pages 8 and 9 of this Annual Report.

III. Place, date and time of the Thirty-Fifth Annual General Meeting

The Thirty-Fifth Annual General Meeting of the Company will be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 15 November 2005 at 11.30 am.

CORPORATE INFORMATION

Board of Directors	:	Y. Bhg. Tan Sri William H.J. Cheng *(Chairman)* Mr Heah Sieu Lay *(Managing Director)* Y. Bhg. Dato' Ismail bin Said Y. Bhg. Dato Murad Mohamed Hashim Mr Cheng Yong Kwang Mr George Leong Chee Fook	
Secretaries	:	Ms Wong Yoke Lin Puan Yasmin Weili Tan binti Abdullah	
Company No.	:	9428-T	
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	:	Alliance Bank Malaysia Berhad RHB Bank Berhad Malayan Banking Berhad	
Stock Exchange Listing	:	Bursa Malaysia Securities Berhad ("Bursa Securities")	
		Ordinary Shares	Irredeemable Convertible Unsecured Loan Stocks
Stock Name	:	LIONDIV	LIONDIV-LA
Bursa Securities Stock No.	:	2887	2887LA
ISIN Code	:	MYL2887OO007	MYL2887LAJ62
Reuters Code	:	LDIV.KL	

DIRECTORS' PROFILE

Tan Sri William H.J. Cheng
Chairman, Non-Independent Non-Executive Director

Y. Bhg. Tan Sri William H.J. Cheng, a Malaysian, aged 62, was appointed to the Board on 27 October 1989 and has been the Chairman of the Company since 17 December 1994. He is also the Chairman of the Executive Share Option Scheme Committee.

Tan Sri William Cheng has more than 30 years of experience in the business operations of the Lion Group encompassing steel, motor, tyre, computer, retail, trading, pulp and paper, 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 Silverstone Corporation Berhad and Lion Forest Industries Berhad, both public listed companies
- Chairman and Managing Director of Lion Corporation Berhad, a public listed company
- Director of Amsteel Corporation Berhad and Amalgamated Containers Berhad, both public listed companies
- Chairman and Managing Director of Silverstone Berhad, a public company

His shareholdings in the Company and the subsidiary companies of the Company are disclosed in page 107 of this Annual Report. He has interest in certain companies which conduct similar business with the Company.

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

Tan Sri William Cheng attended four (4) out of five (5) Board Meetings of the Company held during the financial year ended 30 June 2005.

Heah Sieu Lay
Managing Director, Non-Independent Executive Director

Mr Heah Sieu Lay, a Malaysian, aged 52, was appointed to the Board on 5 June 2001. He is a member of the Audit Committee of the Company.

Mr Heah received his Bachelor of Arts (Honours) degree in Accountancy from the City of London Polytechnic, London. He is an associate member of the Institute of Chartered Accountants in England and Wales.

Mr Heah is currently the Group Executive Director of the Lion Group responsible for corporate planning and finance. Prior to joining the Lion Group in 1998, he was the Managing Director of RHB Sakura Merchant Bankers Berhad ("RHB Sakura") and has vast experience in the field of corporate finance after having served RHB Sakura for 15 years.

Mr Heah is also a Director of Lion Industries Corporation Berhad, a public listed company.

Mr Heah has a direct shareholding of 500,000 ordinary shares of RM0.50 each in the Company.

Mr Heah attended all five (5) Board Meetings held during the financial year ended 30 June 2005.

Dato' Ismail bin Said
Independent Non-Executive Director

Y. Bhg. Dato' Ismail bin Said, a Malaysian, aged 56, was appointed to the Board on 15 September 1995. Dato' Ismail is the Chairman of the Company's Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

Y. Bhg. Dato' Ismail received his Bachelor of Economics degree from the University of Malaya. Dato' Ismail was a member of Parliament (1978-1995), the Parliamentary Secretary of the Ministry of Youth and Sports (1990-1995) and the Chairman of Majlis Amanah Rakyat (1987 to 1990).

He is also a Director of Ahmad Zaki Resources Berhad, a public listed company.

He attended all five (5) Board Meetings held during the financial year ended 30 June 2005.

Dato Murad Mohamed Hashim
Independent Non-Executive Director

Y. Bhg. Dato Murad Mohamed Hashim, a Malaysian, aged 72, was appointed to the Board on 19 May 2000. He is also the Chairman of the Company's Remuneration Committee.

Dato Murad obtained his Bachelor of Arts degree in International Relations/Economics from the Boston University, Boston, United States of America. He was with ESSO Malaysia Berhad ("ESSO") from 1959 to 1984. In 1984, he was appointed as Senior Vice President and member of the Board of Petroliam Nasional Berhad ("Petronas"), Malaysia's national petroleum corporation, by the then Prime Minister of Malaysia and after completing his 5-year contract with Petronas, was subsequently re-appointed by the then Prime Minister in 1989 to establish and head the Malaysian Palm Oil Promotion Council ("MPOPC") to promote palm oil worldwide and to fight the anti-palm oil campaign initiated in the United States of America. In 1993, he retired as Chief Executive Officer of MPOPC. He is also a member of the Board of Trustees of World Wildlife Fund.

Dato Murad is also a Director of Amalgamated Containers Berhad and Mycom Berhad, both public listed companies.

Dato Murad attended all five (5) Board Meetings held during the financial year ended 30 June 2005.

Cheng Yong Kwang
Non-Independent Non-Executive Director

Mr Cheng Yong Kwang, a Singaporean, aged 49, was appointed to the Board on 11 July 1994. He is a member of the Nomination Committee, Remuneration Committee and Executive Share Option Scheme Committee of the Company.

Mr Cheng is an associate of the Institute of Chartered Secretaries and Administrators, United Kingdom ("ICSA") and obtained his fellowship from the ICSA in 1996.

Mr Cheng started his career in 1981 with the Lion Group and has held various senior positions in the Lion Group. He has more than 20 years of experience in finance and treasury operations both in the manufacturing and property development sectors.

He is a Director of Lion Asiapac Limited, Singapore and an Appointed Commissioner of P T Lion Metal Works Tbk, Indonesia.

Mr Cheng has a direct shareholding of 1,968,046 ordinary shares of RM0.50 each and 1,337,840 redeemable convertible unsecured loan stocks of RM1.00 each convertible into 1,555,627 ordinary shares of RM0.50 each.

He is the nephew of Y. Bhg. Tan Sri William H.J. Cheng, the Chairman and a major shareholder of the Company. In addition, he is the brother of Y. Bhg. Datuk Cheng Yong Kim, a major shareholder of the Company. Mr Cheng has interest in certain companies which conduct similar business of the Company.

He attended all five (5) Board Meetings held during the financial year ended 30 June 2005.

George Leong Chee Fook
Independent Non-Executive Director

Mr George Leong Chee Fook, a Malaysian, aged 59, was appointed to the Board on 5 June 2001. Mr George Leong is the Chairman of the Nomination Committee and a member of the Audit Committee of the Company.

He received his Bachelor of Economics (Honours) degree from the University of Malaya. Mr George Leong was employed by the Malaysian Industrial Development Authority ("MIDA") after his graduation until December 2000 and was a Director of MIDA's offices in Germany and Australia, and the Metal and Engineering Supporting Industries in MIDA's headquarters.

Mr George Leong attended all five (5) Board Meetings held during the financial year ended 30 June 2005.

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

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") recognises the importance of practising 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 to ensuring that the highest standard of corporate governance is practised 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 2005 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 2005, five (5) board meetings were held and each Director has attended at least 50% of the total board meetings held during the financial year. Details of attendance and a brief profile of each member of the Board are set out in the Directors' Profile section of this Annual Report.

Board Composition and Balance

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

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

There is a clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director is responsible for the overall operations of the Group and the implementation of the Board's strategies and policies.

Board Committees

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

The Board may form other committees delegated with specific authorities to act on their behalf. These committees operate under approved terms of reference or guidelines, whenever required.

Supply of Information

The Board members in their individual capacity 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 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 in appropriate circumstances, at the Company's expense.

The Directors also have access to the advice and services of the Company Secretaries, who are responsible in ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

Appointments to the Board and Directors' Training

The Nomination Committee is responsible for recommending the right candidates with the necessary mix of skills, experience and competencies to be appointed to the Board. The members and terms of reference of the Nomination Committee are presented on page 18 of this Annual Report.

All members of the Board have attended Bursa Securities' Mandatory Accreditation Programme and have subsequently attended the required training courses and seminars under the Continuing Education Programme.

The Directors will continue to attend relevant training programmes to further enhance their skills and knowledge as well as to keep abreast with new developments for the furtherance of their duties.

Re-election of Directors

In accordance with the Company's Articles of Association, 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.

2. DIRECTORS' REMUNERATION

The Company has adopted the objective as recommended by the Code in determining the remuneration of the 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 as applicable to Directors' remuneration recommended by the best practice of the Code are deemed appropriately served by the following disclosures:

The aggregate remuneration of Directors who served during the financial year ended 30 June 2005 are categorised as follows:

	Fees RM	Salaries & Other Emoluments RM	Total RM
Executive Director	35,000	930,000	965,000
Non-Executive Directors	153,000	269,000	422,000
	188,000	1,199,000	1,387,000

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

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
25,000 & below	–	2
25,001 – 50,000	–	2
300,001 – 350,000	–	1
950,001 – 1,000,000	1	–

3. SHAREHOLDERS

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 investors. The Group has been practising open discussions with investors/ analysts upon request. In this regard, information is disseminated in strict adherence to the disclosure requirements of Bursa Securities.

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, majority of whom are independent. The terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 15 to 17 of this Annual Report.

Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's position and prospect through the annual financial statements and quarterly announcements to the Company's shareholders. 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 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 2005, the financial statements presented give a true and fair view of the state of affairs of the Group and of the Company and of the 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 14 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

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' Ismail bin Said
  (Chairman, Independent Non-Executive Director)

  Mr George Leong Chee Fook
  (Independent Non-Executive Director)

  Mr Heah Sieu Lay
  (Non-Independent 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 Lion Diversified Holdings Berhad, Ms Wong Yoke Lin and Puan Yasmin Weili Tan binti Abdullah are also the 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, a majority of whom shall be independent directors. The composition of the Audit Committee shall fulfill the requirements as prescribed 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. At least once a year, the Audit Committee shall meet with the external auditors without the non-independent directors being present. 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.

- **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 of directors, 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 (in the absence of management, where 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 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 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 internal audit staff members and reasons thereof.

(xii) To perform any other such function as may be agreed to by the Audit Committee and the Board.

ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year under review, eight (8) Audit Committee Meetings were held for which full attendance were recorded for all the members of the Audit Committee.

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 a meeting with the external auditors without the non-independent directors 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 with the Shareholders' Mandate.

- **Allocation of Share Options**

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

NOMINATION COMMITTEE

Chairman : Mr George Leong Chee Fook
(Independent Non-Executive Director)

Members : Y. Bhg. Dato' Ismail bin Said
(Independent Non-Executive Director)

Mr Cheng Yong Kwang
(Non-Independent Non-Executive Director)

Terms of Reference :

- To recommend to the Board, candidates for directorships in Lion Diversified 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 Murad Mohamed Hashim
(Independent Non-Executive Director)

Members : Y. Bhg. Dato' Ismail bin Said
(Independent Non-Executive Director)

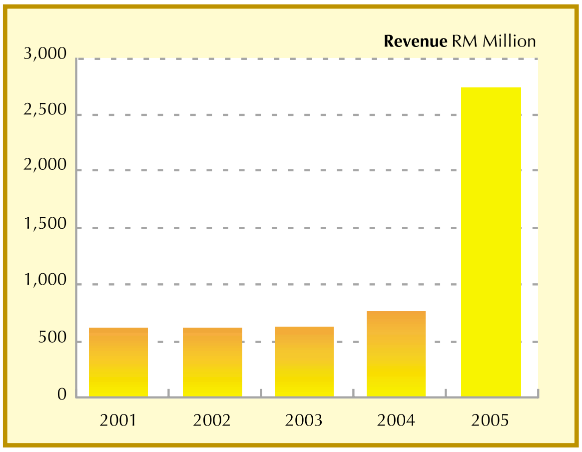
Mr Cheng Yong Kwang
(Non-Independent Non-Executive Director)

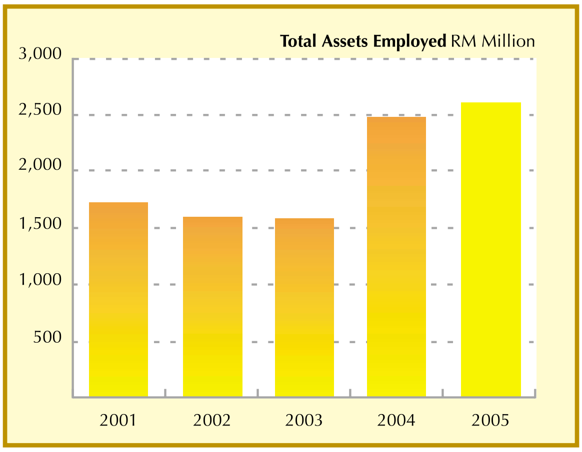
Terms of Reference :

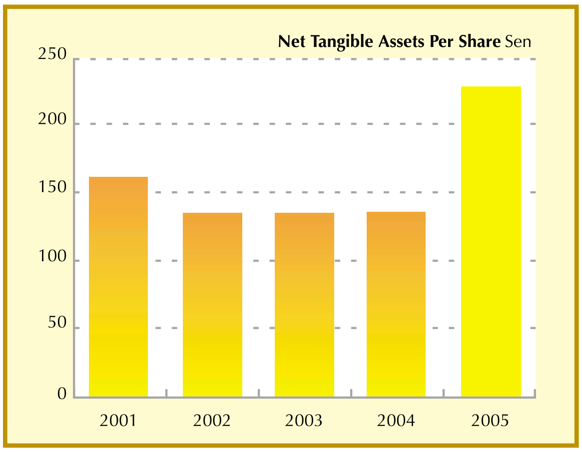
- To recommend to the Board the remuneration of the Executive Directors in all its forms, drawing from outside advice as necessary
- To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time

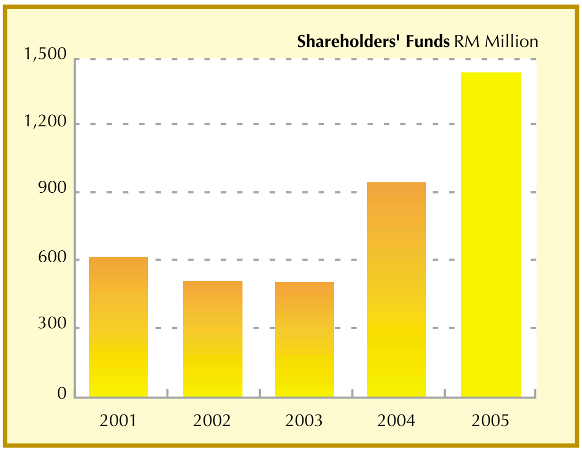
5 YEARS' GROUP FINANCIAL HIGHLIGHTS

Financial years ended 30 June	2001	2002	2003	2004	2005
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	614,372	615,031	616,906	753,160	**2,728,738**
Profit before taxation	21,063	6,453	27,373	443,992	**597,308**
Profit/(Loss) after taxation	3,154	(10,424)	7,038	418,031	**560,879**
Dividends:					
Rate (%)	0.1	0.1	0.1	10.0	**12.0**
Amount (net of tax)	125	125	126	17,510	**21,403**
Total assets employed	1,712,947	1,592,136	1,572,807	2,462,233	**2,595,113**
Shareholders' funds	602,298	512,645	505,543	943,832	**1,425,621**
Net tangible assets	560,417	471,129	468,318	768,307	**1,242,929**
	Sen	Sen	Sen	Sen	Sen
Net tangible assets per share	161	135	134	135	**227**
(Loss)/Earnings per share	(1.0)	(2.3)	(0.2)	114.9	**115.5**









THE GROUP'S BUSINESSES

- The Group's investment in the retail industry is through its chain of 71 Parkson Departmental Store outlets, with 31 in Malaysia, 39 in China and 1 newly opened in Vietnam.
- *Pembabitan Kumpulan dalam industri peruncitan merangkumi 71 buah gedung Parkson iaitu 31 buah di Malaysia, 39 buah di China dan sebuah gedung yang baru dibuka di Vietnam.*

- The huge 850-acre township of Bandar Mahkota Cheras which is being developed by the Group, more than 6,000 units of double-storey linkhouses already handed over to the purchasers.
- *Bandar Mahkota Cheras seluas 850-ekar yang dimajukan oleh Kumpulan pesat berkembang dengan lebih 6,000 unit rumah berangkai dua-tingkat yang telah diserahkan kepada pembeli.*

Likom, Melaka

- The Group's computer operations under Likom with manufacturing facilities in Melaka and Mexico.
- *Operasi komputer Kumpulan di bawah Likom memiliki kilang di Melaka dan Mexico.*


Likom, Mexico

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Diaudit Lion Diversified Holdings Berhad ("LDHB") bagi tahun kewangan berakhir 30 Jun 2005.

PRESTASI KEWANGAN

Tahun ini merupakan tahun yang penuh dengan peristiwa bagi Kumpulan LDHB. Kita berjaya menyelesaikan pelupusan baki 50% kepentingan dalam operasi pengilangan bir dengan balasan tunai berjumlah RM499.7 juta dan mengukuhkan lagi kedudukan kewangan dengan mencatatkan sekali lagi keuntungan besar daripada pelupusan tersebut dalam tempoh dua tahun berturut-turut. Pada masa yang sama, pengambilalihan Kumpulan Peruncitan Parkson yang strategik pada bulan Jun 2004 telah menukarkan kedudukan Kumpulan sebagai peneraju utama sektor peruncitan di dalam dan luar negara terutamanya di pasaran Republik Rakyat China ("China") yang luas dan berpotensi untuk memberikan keuntungan.

Kini, merupakan masa yang tepat bagi Parkson China yang telah lama bertapak kukuh akan bersedia untuk terus berkembang sebagai peneraju utama peruncitan dengan mengekploitasi kekuatan daya saing bersama rakan usahasama di daerah-daerah di negara itu, mengekalkan tahap kesedaran tinggi untuk pembinaan jenama dan kesetiaan melalui khidmat pelanggan yang unggul serta pilihan produk dan juga melaksanakan program pengindahan gedung-gedung yang sedia ada. Dengan ini, kita telah memeterai pelbagai perjanjian usahasama untuk membuka gedung Parkson yang baru di Nanning, Dalian, Chongqing dan Xian. Untuk membiayai perkembangan agresif dalam pasaran peruncitan China bagi tempoh beberapa tahun akan datang, Kumpulan LDHB telah mengumumkan bahawa pihaknya akan memohon penyenaraian operasi Parkson di China melalui Papan Utama Bursa Saham Hong Kong. Selain daripada berpeluang menerokai pasaran modal yang besar di sana, cadangan penyenaraian ini juga akan membolehkan Parkson mendahului para pesaing serta memperkukuhkan lagi kedudukan dominannya apabila selesai.

Di pasaran domestik, kita juga telah mencatatkan prestasi yang memuaskan di semua sektor perniagaan teras yang menyaksikan peningkatan yang memberangsangkan dalam keuntungan masing-masing. Baru-baru ini, kita telah memulakan operasi peruncitan di Vietnam dan seterusnya merancang untuk membuka gedung-gedung baru untuk menikmati faedah daripada pertumbuhan pesat pasaran runcit yang pesat di sana. Kita juga telah mengumumkan bahawa pelupusan operasi pasar raya besar, Xtra Supercenter Sdn Bhd bagi mengurangkan kerugian.

Untuk tahun kewangan yang ditinjau, saya dengan sukacitanya melaporkan perolehan Kumpulan berjumlah RM2.7 bilion dan keuntungan sebelum cukai berjumlah RM597.3 juta. Seperti yang dinyatakan, keuntungan daripada pelupusan operasi yang dihentikan adalah berjumlah RM379.3 juta. Oleh kerana pengambilalihan operasi Kumpulan Peruncitan Parkson, Kumpulan Perkomputeran Likom dan Pembangunan Hartanah selesai menjelang akhir suku keempat tahun kewangan yang lalu, perbandingan dengan tahun kewangan 2004 tidak menggambarkan saiz dan skala operasi-operasi milik Kumpulan. Namun begitu, Bahagian Peruncitan kekal sebagai penjana pendapatan utama dengan sumbangan sebanyak 64% daripada keuntungan operasi dan 83% daripada keseluruhan perolehan Kumpulan.

PERKEMBANGAN KORPORAT

Sepanjang dan berikutan akhir tahun kewangan yang ditinjau, Kumpulan telah melaksanakan langkah-langkah korporat utama seperti berikut:

a) Pada 20 September 2004, LDH Management Sdn Bhd dan Graimpi Sdn Bhd, kedua-duanya anak syarikat milik penuh, telah mengemukakan notis 'deadlock' kepada Horsinvest Holding Co Ltd untuk melupuskan baki 50% kepentingan dalam Consitrade (M) Sdn Bhd dan DEbier Sdn Bhd. Pelupusan itu selari dengan peruntukan Perjanjian Pemegang Saham bertarikh 5 September 2003 dengan balasan tunai berjumlah USD131.50 juta (bersamaan kira-kira RM499.70 juta). Pelupusan tersebut selesai pada 30 September 2004 dan memberikan keuntungan berjumlah RM379.33 juta kepada Kumpulan LDHB.

b) Pada 27 Disember 2004, Parkson Corporation Sdn Bhd, anak syarikat milik penuh Syarikat, telah menerima lesen bertarikh 24 Disember 2004 daripada Kementerian Perancangan dan Pelaburan Republik Sosialis Vietnam. Lesen tersebut adalah untuk penubuhan anak syarikat milik penuh Parkson Vietnam Co Ltd di Vietnam.

c) Pada 12 Januari 2005, Syarikat telah memeterai satu perjanjian pembekalan dengan Midrex Technologies Inc dari Amerika Syarikat untuk membina kilang 'hot direct reduced iron' di Banting, Selangor dan juga perjanjian berlesen dengan Kobe Steel Limited, syarikat induk Midrex Technologies Inc, untuk membekalkan pengetahuan teknikal yang dikenali sebagai "Midrex Process".

d) Pada 27 Mei 2005, LDH Management Sdn Bhd, anak syarikat milik penuh Syarikat telah memeterai perjanjian pemegang saham dengan American International Assurance Company Limited, Koh Maju Sdn Bhd dan Heeton Venture (Overseas) Pte Ltd (dahulunya dikenali sebagai Market Venture Pte Ltd) untuk mengambilalih 35% kepentingan ekuiti dalam entiti yang dikuasai secara bersama, Panareno Sdn Bhd. Panareno Sdn Bhd memiliki sebidang tanah pegangan bebas komersil seluas kira-kira 2.17 ekar di Mukim Kuala Lumpur untuk pembangunan projek servis apartmen.

e) Pada 6 Julai 2005, Syarikat telah memeterai Ringkasan Terma Prinsipal dengan GCH Retail (Malaysia) Sdn Bhd untuk melupuskan keseluruhan modal saham terbitan dan berbayar Xtra Supercenter Sdn Bhd, anak syarikat milik penuh Syarikat, kepada GCH Retail (Malaysia) Sdn Bhd dengan balasan tunai berjumlah RM1.00 dan mengandaikan liabiliti bersih berjumlah RM15 juta. Perjanjian Jual-Beli telah ditandatangani pada 26 September 2005 dan pelupusan tersebut telah selesai pada 26 September 2005.

f) Pada 22 Ogos 2005, Parkson Retail Group Limited menghantar permohonan kepada The Stock Exchange of Hong Kong Limited untuk cadangan penyenaraian di Papan Utama The Stock Exchange of Hong Kong Limited.

   Cadangan penyenaraian itu, antara lain adalah seperti berikut:

   (i) Penawaran saham dalam Parkson Retail Group Limited secara tawaran awam kepada orang awam di Hong Kong dan tawaran kepada pelabur profesional, institusi dan/atau lain-lain pelabur di Hong Kong dan luar negara; dan

   (ii) Penawaran akan dibuat dengan menggabungkan tawaran saham-saham baru untuk langganan dan saham-saham sedia ada untuk dijual.

Maklumat terperinci mengenai pelbagai cadangan korporat lain disediakan di muka surat 36 hingga 38 dalam Laporan Tahunan ini.

TINJAUAN PRESTASI

Bahagian Peruncitan

Bagi tahun kewangan yang ditinjau, Bahagian Peruncitan telah mencatatkan keuntungan operasi yang memberangsangkan berjumlah RM125.1 juta melalui perolehan berjumlah RM2.3 bilion. Berbanding dengan tahun kewangan sebelumnya, Bahagian ini hanya mencatatkan keuntungan operasi berjumlah RM12.9 juta di atas perolehan berjumlah RM316.1 juta, memandangkan keputusan kewangan tahun lalu hanyalah merangkumi keputusan prestasi untuk tempoh dua bulan selepas pengambilalihannya.

Pada 29 Jun 2005, Bahagian ini telah membuka gedung Parkson yang pertama di Bandar Ho Chi Minh, Vietnam. Perancangan telah dibuat untuk memperluaskan lagi perniagaan sedia ada dengan membuka lebih banyak gedung di Vietnam dalam tempoh beberapa tahun akan datang. Dengan bertapak di Vietnam, Bahagian ini bersedia untuk merebut peluang daripada pertumbuhan pasaran runcit yang pesat di sana dan meletakkannya sebagai peruncit tersohor di Asia.

Kumpulan berkomited untuk mematuhi piawaian tinggi dalam pengurusan runcitnya. Selain mempunyai kakitangan pengurusan yang berpengalaman, Kumpulan LDHB telah mewujudkan sistem pengurusan yang canggih di China termasuk sistem Perancangan Sumber Syarikat ("ERP") yang lengkap dengan keupayaan `point of sale', sistem perdagangan, sistem perniagaan pintar dan sistem berangkai pengurusan bekalan. Sistem ERP menyediakan maklumat terkini kepada pengurusan untuk membantu membuat analisis dan keputusan.

Parkson Malaysia

Parkson Malaysia kini mengendalikan sejumlah 31 buah gedung membeli belah di seluruh negara ini, termasuk sebuah gedung di South City Plaza, Selangor yang kini berada dibawah pengurusan kita. Perbelanjaan pengguna yang meningkat dan ekonomi domestik yang menggalakkan telah membolehkan industri peruncitan berkembang pesat. Sehubungan ini, prestasi bahagian Parkson tempatan meningkat dan mencatatkan keuntungan operasi berjumlah RM24.3 juta.

Berikutan persaingan yang amat sengit dalam segmen perniagaan pasar raya besar, Kumpulan telah melupuskan operasi perniagaan pasar raya besar "Xtra" yang mengalami kerugian dan menumpukan sumber-sumbernya untuk memaksimumkan pulangan menerusi perniagaan gedung beli-belah yang lebih menguntungkan.

Parkson China

Kumpulan memiliki rangkaian gedung beli-belah yang meluas di China, di lokasi-lokasi utama daerah perbandaran dan bandaraya tertentu. Dalam suasana sektor peruncitan China berkembang pesat ketika ini, Kumpulan mempunyai sejumlah 39 buah gedung milik sendiri dan juga sebagai pengurus sekitar 27 buah bandaraya.

Parkson China juga berjaya menempatkan diri sebagai gedung beli-belah tahap pertengahan dan pertengahan-tinggi dalam pasaran peruncitan yang luas dan menawarkan pelbagai rangkaian produk termasuk pakaian dan fesyen, kosmetik dan aksesori, barangan rumah, elektrik serta lain-lain termasuk barangan segar dan runcit. Fokus kita adalah kepada produk fesyen gaya hidup, terutamanya fesyen wanita dan kosmetik. Sepanjang tahun kewangan, kita terus menekankan kesedaran pembinaan jenama dan imej serta melaksanakan siri aktiviti pemasaran dan promosi yang agresif. Di samping menyertai acara-

acara kebajikan dan sosial tempatan, kita turut menganjurkan pelbagai kempen jualan sepanjang musim-musim perayaan di China. Jualan-jualan eksklusif dengan diskaun khas bagi barangan terpilih ditawarkan kepada para pemegang Kad Setia Parkson dan juga pemegang kad kredit jenama bersama jumlahnya kini mencecah lebih 2.7 juta orang.

Bahagian Hartanah

Seperti yang dilaporkan pada tahun lalu, projek pembangunan di Cheras yang baru diambilalih telah menunjukkan prestasi yang baik dan menyumbang kepada pendapatan Kumpulan. Keuntungan operasi bagi tahun kewangan berjumlah RM55.6 juta, atau kira-kira 28% daripada keuntungan operasi Kumpulan manakala perolehan yang diraih berjumlah RM196.4 juta.

Terletak di Batu 10 Jalan Cheras dan bersempadan dengan Kelab Golf Sungai Long, pembangunan bandar baru bersepadu yang dikenali sebagai Bandar Mahkota Cheras telah mendapat sambutan yang mengalakkan daripada para pembeli untuk unit-unit baru yang dilancarkan sepanjang tahun. Pelancaran baru tersebut merangkumi rumah teres 2 dan 2½ tingkat dan kedai-pejabat 3 dan 4 tingkat di pusat bandar. Penyumbang utama Bahagian ini ialah kedai-pejabat 3 dan 4 tingkat yang memperoleh permintaan tinggi setelah penyerahan hakmilik secara besar-besaran kepada lebih daripada 3,000 buah pemilik rumah teres baru yang telah disiapkan bagi tahun kewangan dalam kajian.

Bahagian Komputer

Operasi Komputer di Melaka yang baru diambilalih adalah pengeluar perkakasan komputer dan elektronik untuk perkhidmatan pembuatan elektronik bersepadu sepenuhnya. Bahagian ini memiliki kemudahan pembuatan dan pemasangan komputer di Mexico serta pejabat wakil jualan di Amerika Syarikat untuk menawarkan khidmat sokongan kepada para pelanggan di rantau Perjanjian Perdagangan Bebas Amerika Utara.

Walaupun harga bahan mentah seperti keluli dan resin meningkat berikutan kenaikan harga minyak mentah dan permintaan keluli yang mendadak di China, Bahagian kita berjaya mencatat keuntungan operasi berjumlah RM13.7 juta melalui perolehan berjumlah RM272.3 juta bagi tahun kewangan yang ditinjau.

DIVIDEN

Lembaga Pengarah mengesyorkan dividen kasar pertama dan akhir sebanyak 6.0 sen (2004 : 5.0 sen) sesaham, ditolak cukai pendapatan untuk kelulusan oleh para pemegang saham dalam Mesyuarat Agung Tahunan yang akan datang. Jumlah dividen yang dibayar dalam tahun kewangan sekiranya diluluskan akan berjumlah RM21.4 juta (2004 : RM17.5 juta).

PROSPEK

Pertumbuhan ekonomi China yang terus pesat dan peningkatan kuasa beli di kalangan penduduknya yang ramai akan menyediakan peluang besar kepada sektor peruncitan kita di sana. Dengan jangkaan pertumbuhan ekonomi domestik yang sederhana, langkah memperluaskan operasi peruncitan Kumpulan ke negara-negara Asia lain akan membuahkan hasil yang baik untuk pertumbuhan berterusan pada masa hadapan.

Pada masa yang akan datang, operasi teras peruncitan Kumpulan di bawah Parkson dijangka akan berkembang pada kadar yang lebih tinggi, manakala Bahagian Hartanah dan Komputer diramal terus mengekalkan keuntungannya.

PENGHARGAAN

Saya ingin merakamkan penghargaan yang tulus ikhlas kepada Lembaga Pengarah, pihak pengurusan dan kakitangan Kumpulan di atas sumbangan dan komitmen yang tidak ternilai kepada Kumpulan sepanjang tahun ini.

Bagi pihak Lembaga Pengarah, saya juga ingin mengucapkan ribuan terima kasih kepada para pelanggan yang amat dihargai, para pemegang saham, pembiaya-pembiaya, sekutu perniagaan, kerajaan dan pihak berkuasa atas sokongan dan keyakinan berterusan mereka terhadap Kumpulan.

TAN SRI WILLIAM H.J. CHENG
Pengerusi

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("Board"), I am pleased to present the Annual Report and Audited Financial Statements of Lion Diversified Holdings Berhad for the financial year ended 30 June 2005.

FINANCIAL PERFORMANCE

This has been an eventful year for the Group. We successfully completed the disposal of the remaining 50% stake in our brewery operations for a total cash consideration of RM499.7 million and further strengthened our financial position by recording another massive gain on disposal for the second consecutive year. At the same time, the strategic acquisition of the Parkson Retail Group in June 2004 has transformed the Group into a major retail player both locally and more importantly in the vast and potentially lucrative market in the People's Republic of China ("China").

Building on the already strong presence of Parkson in China, we have continued to enhance Parkson's leading position as a major retailer by exploiting its competitive strength together with its provincial joint-venture partners, maintained strong brand awareness and loyalty via superior customer services and product mix and also implemented timely refurbishment of existing stores. Towards this end, we have entered into various joint-venture agreements to set up new Parkson stores in Nanning, Dalian, Chongqing and Xian. To fund its aggressive drive in the China retail market over the next few years, the Group had also announced that it will seek a listing of its Parkson operations in China on the Main Board of the Hong Kong Stock Exchange. Besides gaining access to the vibrant capital market there, the proposed listing when completed, will thrust Parkson ahead of its other competitors and enhance its dominant position.

On the local front, we have also performed well with core business sectors reporting commendable improvements in their profitability. We have recently commenced retail operations in Vietnam and moving forward, we expect to open more new stores there to capitalise on its fast growing retail market. We have also announced the disposal of our hypermarket operations under Xtra Supercenter Sdn Bhd to cut further losses.

For the year under review, I am very pleased to report a Group revenue of RM2.7 billion and a profit before tax of RM597.3 million. As mentioned earlier, gains from the disposal of discontinued operations amounted to RM379.3 million. As the acquisition of the Parkson Retail Group, the Likom Computer Group and the Property Development operations were completed towards the fourth quarter of the last financial year, the comparatives in the 2004 financial year are not reflective of the size and scale of the Group's operations. Nevertheless, the Retail Division remains the main income driver accounting for 64% of the Group's operating profits and 83% of its total revenue.

CORPORATE DEVELOPMENTS

During and subsequent to the year under review, the Group had undertaken the following significant corporate exercises:

a) On 20 September 2004, LDH Management Sdn Bhd and Graimpi Sdn Bhd, both wholly-owned subsidiaries of the Company, served a notice of deadlock on Horsinvest Holdings Co Ltd to dispose of the remaining 50% interests in Consitrade (M) Sdn Bhd and DEbier Sdn Bhd. The disposal was in accordance with the provisions of the Shareholders Agreements dated 5 September 2003, for a total cash consideration of USD131.50 million (equivalent to approximately RM499.70 million). The disposal was completed on 30 September 2004, and resulted in a gain of RM379.33 million to the Group.

b) On 27 December 2004, Parkson Corporation Sdn Bhd, a wholly-owned subsidiary of the Company, received a licence dated 24 December 2004 from the Ministry of Planning and Investment of the Socialist Republic of Vietnam. The licence is for the incorporation of a wholly-owned subsidiary, Parkson Vietnam Co Ltd in the Socialist Republic of Vietnam.

c) On 12 January 2005, the Company entered into a supply agreement with Midrex Technologies Inc from United States of America for the supply of a hot DRI plant at Banting, Selangor Darul Ehsan, and a licensing agreement with Kobe Steel Limited, the holding company of Midrex Technologies Inc, to provide the technical know-how commonly known as "Midrex Process".

d) On 27 May 2005, LDH Management Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a shareholders agreement with American International Assurance Company Limited, Koh Maju Sdn Bhd and Heeton Venture (Overseas) Pte Ltd (formerly known as Market Venture Pte Ltd) for the acquisition of 35% equity interest in a jointly controlled entity, Panareno Sdn Bhd. Panareno Sdn Bhd has a piece of freehold commercial land measuring approximately 2.17 acres in the Mukim of Kuala Lumpur for the development of serviced apartments.

e) On 6 July 2005, the Company entered into a Summary of Principal Terms with GCH Retail (Malaysia) Sdn Bhd for the disposal of the entire issued and paid-up share capital of Xtra Supercenter Sdn Bhd, a wholly-owned subsidiary of the Company, to GCH Retail (Malaysia) Sdn Bhd for a total cash consideration of RM1.00 and assumption of net liabilities amounting to RM15 million. A sale and purchase agreement was signed on 26

September 2005 and the disposal was completed on 26 September 2005.

f) On 22 August 2005, Parkson Retail Group Limited submitted an application to The Stock Exchange of Hong Kong Limited for its proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited.

The proposed listing involves, amongst others, the following:

(i) offering of shares in Parkson Retail Group Limited by way of public offer to the public in Hong Kong and placement to professionals, institutions and/or other investors in Hong Kong and overseas; and

(ii) the offering will be a combination of offering of new shares for subscription and existing shares for sale.

Full details of the various other corporate proposals are contained in pages 36 to 38 of this Annual Report.

REVIEW OF OPERATIONS

Retail Division

For the year under review, the Retail Division posted a commendable operating profit of RM125.1 million on a revenue of RM2.3 billion. As compared to the last financial year, the Division only posted an operating profit of RM12.9 million and a revenue of RM316.1 million as its previous year's results only reflected two months' post acquisition performance.

On 29 June 2005, the Division opened its first flagship store under the Parkson banner in Ho Chi Minh City, Vietnam. Plans are in place to expand the existing business by opening more stores in Vietnam over the next few years. With a foothold in Vietnam, the division is poised to tap the fast growing retail market there and position itself as a major retailer within Asia.

The Group is committed to high standards in retail management. In addition to its experienced management personnel, the Group has also put in place in China, sophisticated management systems including a fully integrated Enterprise Resource Planning ("ERP") system complete with, amongst others, point of sale capability, merchandising system, business intelligent system and supply chain management system. This ERP system provides timely information to management to facilitate analysis and decision making.

Parkson Malaysia

Parkson Malaysia currently operates 31 departmental stores throughout the country, including one store in South City Plaza, Selangor which is currently managed by us. Increased consumer spending and a buoyant local economy have enabled the retail industry to grow at a faster rate. Correspondingly, the performance of the local Parkson division improved and recorded an operational profit of RM24.3 million.

With the highly competitive environment in the hypermarket segment, the Group has divested its unprofitable hypermarket business under "Xtra" and will focus its resources towards maximising returns on its profitable departmental store business.

Parkson China

The Group has an extensive network of stores in China, located in prime locations in various municipal districts and cities. Currently, the Group has 39 stores, both owned and managed throughout 27 cities in the fast growing and booming retail sector in China.

Parkson China has also successfully positioned itself in the middle to middle-upper end of the vast retail market and offers a wide range of merchandise including fashion and apparel, cosmetics and accessories, household items, electrical goods and others such as groceries and perishables. Our main focus is on fashion lifestyle products, in particular ladies' fashion and cosmetics. Throughout the year, we have continued to place emphasis on brand awareness and image and carried out an aggressive series of marketing and promotional activities. Besides participating in local social and charitable events, we had also conducted numerous sales campaigns during the Chinese festive seasons. Exclusive sales with special discounts for selected merchandise were offered to Parkson Loyalty Card holders as well as co-brand credit card holders which currently totals well in excess of 2.7 million holders.

Property Division

As reported in the previous year, our newly acquired property development project located in Cheras, has performed well and contributed to the Group's earnings. Operational profit for the year was RM55.6 million which represented about 28% of the Group's operating profit while revenue achieved was RM196.4 million.

Located off 10th mile Jalan Cheras and adjoining the Sungai Long Golf Club, our self-contained integrated township development known as Bandar Mahkota Cheras has received overwhelming response from buyers for the new launches carried out during the year. These new launches comprised 2 and 2½-storey terrace houses together with 3 and 4-storey shop-offices in the town centre. The main contributor to the division's bottom line came from the 3 and 4-storey shop offices which drew huge demand in view of the rapid handing over of more than 3,000 units of newly completed terrace houses during the year.

Computer Division

Our newly acquired Computer operation located in Melaka, is a fully integrated Electronic Manufacturing Services manufacturer of electronics and computer peripherals. The Division has also established computer related manufacturing and assembling facilities in Mexico, as well as a sales representative office in USA to provide strong support to customers in the North America Free Trade Agreement regions.

Despite the increase in raw material prices for steel and resin due primarily to the surge in crude oil prices and huge demand for steel in China, our division managed to record an operating profit of RM13.7 million on a revenue of RM272.3 million for the year under review.

DIVIDEND

The Board is recommending a first and final dividend of 6.0 sen (2004 : 5.0 sen) per share, less tax, for approval by shareholders at the forthcoming Annual General Meeting. The total dividend payable for the financial year, if approved, will amount to RM21.4 million (2004 : RM17.5 million).

PROSPECTS

The continuing robust economic growth in China and the increasing purchasing power of its huge population base will provide immense opportunities for our retail operations there. With the expected moderation in growth of the local economy, the move by the Group's retail operation to other Asian countries augurs well for the future sustained growth of the Group.

Going forward, the Group's core retail operations under the Parkson banner are expected to expand at a faster pace while our Property and Computer Divisions are envisaged to maintain their profitable position.

ACKNOWLEDGEMENT

I would like to express my sincere appreciation and gratitude to the Board of Directors, the management and employees of the Group for their invaluable contribution and commitment to the Group.

On behalf of the Board, I would also like to extend our sincere thanks to all our valued customers, shareholders, financiers, business associates, the Government and regulatory authorities for their continued support and confidence in the Group.

TAN SRI WILLIAM H.J. CHENG
Chairman

主席报告

我谨代表董事部，欣然提呈截至 2005 年 6 月 30 日的会计年度，金狮多元控股有限公司的常年报告和审核财务报告。

财务表现

对本集团而言，这是多姿多彩的一年。我们成功完成脱售酿酒业的另外 50%股权，总共取得 4 亿 9 千 970 万令吉的现金，而且由于连续第二年脱售业务取得很大的盈利，进一步加强我们的财务地位。与此同时，在 2004 年 6 月策略性的收购百盛零售集团，使本集团成功的转变成本地的一个主要零售机构，更重要的是，在中华人民共和国广大而有潜在盈利的市场扮演重要角色。

我们继续加强百盛在中国原有的强劲基础上，作为主要零售商的领导地位，利用它和各省联营伙伴的竞争势力、通过优越客户服务和产品组合，使顾客保持强劲的产品意识与忠诚，以及整修现有的百货商店。为了达到这个目标，到目前为止，我们缔结多项联营协议，在南宁、大连、重庆及西安开设新的百盛百货商店。为了取得在未来几年在中国零售业市场大展拳脚所需的资金，本集团宣布，针对百盛在中国的业务，寻求在香港证券交易所主要交易板上市。建议中的上市一旦完成，除了使本机构能够进入香港生机勃勃的资本市场之外，也将使百盛领先竞争者，加强其支配性地位。

在本地市场，我们的核心业务也表现良好，盈利率大有改善。我们最近在越南开设的零售业，我们展望未来在越南开设更多百货公司，以从其迅速成长中的零售市场得利。我们也宣布，脱售在 Xtra Supercenter Sdn Bhd 名下的霸级市场业务，以减少亏损。

我欣然报告，在本会计年度，本集团的营业额共 27 亿令吉，税前利润则是 5 亿 9 千 730 万令吉。正如前述，脱售不再持续的业务共取得盈利 3 亿 7 千 930 万令吉。由于收购百盛零售集团、丽康电脑集团和产业发展部的计划在上一个会计年度第四季度行将结束时完成，所以与 2004 会计年度比较，不能反映本集团业务的规模与幅度。无论如何，零售部仍然是本集团的主要收入来源，占本集团营业利润的 64%和营业额的 83%。

公司发展

在本会计年度，本集团采取下述重大的公司措施：

a) 在 2004 年 9 月 20 日，LDH Management Sdn Bhd 和 Graimpi Sdn Bhd（两者都是本公司的独资子公司），针对 Horsinvest Holding Co Ltd 脱售它在 Consitrade (M) Sdn Bhd 及 DEbier Sdn Bhd 剩余的 50%股权发出通告。这项脱售计划是根据 2003 年 9 月 5 日股东协定的规定，转让价为 1 亿 3 千 150 万美元（相等于大约 4 亿 9 千 970 万令吉）。脱售计划在 2004 年 9 月 30 日完成，为本集团取得 3 亿 7 千 933 万令的盈利。

b) 在 2004 年 12 月 27 日，本公司的独资子公司百盛机构私人有限公司收到越南社会主义共和国策划与投资部在 2004 年 12 月 24 日发出的执照。这项执照是让它在越南设立一家独资子公司，越南百盛有限公司。

c) 在 2005 年 1 月 12 日，本公司和美国的 Midrex Technologies Inc 签订供应协议，在雪兰莪州万津供应一间 hot Direct Reduced Iron 工厂，以及和 Midrex Technologies Inc 的母公司 Kobe Steel Limited 签订执照协议，以提供被通称为"Midrex Process"的技术知识。

d) 在 2005 年 5 月 27 日，本公司的独资子公司 LDH Management Sdn Bhd 和美国国际保险公司、Koh Maju Sdn Bhd 和 Heeton Venture (Overseas) Pte Ltd（前称为 Market Venture Pte Ltd）签订股东合同，以收购共同控制实体 Panareno Sdn Bhd 的 35%股权。Panareno Sdn Bhd 在吉隆坡有一片面积约 2.17 依格永久地契商用土地，以发展为有提供服务的公寓。

e) 在 2005 年 7 月 6 日，本公司和 GCH Retail (Malaysia) Sdn Bhd 签订原则条件摘要，以把本公司的独资子公司 Xtra Supercenter Sdn Bhd 脱售给 GCH Retail (Malaysia) Sdn Bhd，转让价是现金 1.00 令吉，但后者必须承担总额 1 千 500 万令吉的净债务。买卖合同在 2005 年 9 月 26 日签订，这项交易在当天完成。

f) 在 2005 年 8 月 22 日，百盛零售集团公司向香港证券交易所申请，以在该交易所进行上市。

建议中的上市包括以下各点：

(i) 百盛零售集团公司的股票向香港公众人士公开发售，及配售给香港及海外的专业人士、机构和/或其他投资者；以及

(ii) 这项献议发售包括发新股供申请及出售现有股票。

和本公司的各种其他建议有关的详情，列在本常年报告的第 36 页至第 38 页。

业务检讨

零售部

在本会计年度，零售部取得可观的营业利润，总额达到 1 亿 2 千 510 万令吉，营业额为 23 亿令吉。在上一个会计年度，零售组只取得 3 亿 1 千 610 万令吉的营业额和 1 千 290 万令吉的营业利润，因为上一年度的业绩，只反映收购之后两个月的营业表现。

在 2005 年 6 月 29 日，零售部在越南的胡志明市开设第一间百盛旗舰百货公司。在未来几年，将会在越南开设更多百货公司，以扩展业务。在越南取得立足点后，零售部将会继续开拓在越南迅速成长的零售业市场，并把本身定位为亚洲的一个主要零售业者。

本集团致力于保持高水准的零售业管理。除了拥有经验丰富的管理人员之外，本集团也在中国推行高层次管理制度，包括实行一种全面的综合性"企业资源策划"（Enterprise Resource Planning, ERP）制度，内容包括销售能力重点、销售规划、商业智能制度以及供应链管理系统。这种 ERP 制度及时为管理层提供讯息，以方便分析及做决策。

马来西亚百盛

马来西亚百盛目前在全国各地经营 31 家百货公司，包括一间坐落在雪兰莪州南城广场，目前由我们管理。由于消费者的消费能力增加以及国内经济蓬勃发展，使到零售业以更快的速度增长。这样一来，马来西亚百盛从中获益，营业利润达到 2 千 430 万令吉。

由于霸级市场业竞争激烈，本集团脱售在 Xtra 名下无盈利的霸级市场业务。今后我们将把资源集中在回酬更大的百货公司业务。

中国百盛

本集团在中国拥有广泛的百货公司网络，在许多省城和城市的首要地点设立百货公司。目前本集团在中国拥有和管理 39 间百盛公司，分布在 27 个城市。中国的零售业正快速成长和蓬勃发展。

中国百盛成功的把本身定位为中产阶级和中上阶级的百货公司，提供一系列商品，包括时装与服装、化妆品、女性装饰品、家用产品、电器和其他（诸如食品杂货和易腐败而必须冷藏的产品等）。我们的主要售点放在时尚生活方式产品，尤其是女性时装和化妆品。在本会计年度，我们继续致力于强调品牌意识和形象，积极展开一系列销售与促销活动。除了参加当地的社交与慈善活动之外，我们也在中国的各大佳节展开各种展销活动。我们也为"百盛忠诚卡"持有人以及有联系的信用卡持有人安排特定商品的专门性大减价促销。目前拥有这些卡的人数超过 270 万。

产业部

正如上一年度所报告者，我们新近收购坐落在蕉赖的产业发展计划表现良好，为本集团的盈利作出贡献。产业部在本会计年度的营业额共 1 亿 9 千 640 万令吉，营业利润共 5 千 560 万令吉，占本集团营业利润的大约 28%。

我们这个独立自足的综合性新镇发展计划称为皇冠城（Bandar Mahkota Cheras），位于蕉赖路 10 英里，与双溪隆高尔夫球俱乐部相邻。在本年度推展的几项新发展计划，获得购买者热烈反应。新推展的发展计划，包括二层及二层半排屋，以及在市中心的三层及四层店屋办公楼。这部门的主要营业收入源自出售由三层及四层店屋办公楼。这是由于我们能在一年内，移交 3 千单位新完成的排屋给买主。

电脑部

我们新近收购的电脑组业务设在马六甲，它是一家全面综合性电子制造服务公司，制造电子和电脑外壳设备。这个组也在墨西哥设立与电脑有关的制造和装配设施，以及在美国设立销售代表处，为在北美自由贸易区的客户提供强有力的支援。

由于原油价格高涨和中国对钢铁的需求激增。使到钢铁和合成树脂的原料涨价。尽管如此，本部门在本会计年度的营业额达到 2 亿 7 千 230 万令吉，营业利润达到 1 千 370 万令吉。

股息

董事部建议派发一次过终期股息每股6仙（2004年每股5仙），扣除所得税，此建议必须获得将召开的常年股东大会批准。如果获得批准，本会计年度分发的股息是2千140万令吉（2004年1千750万令吉）。

展望

由于中国经济蓬勃成长，以及其庞大人口购买力增加，将为本集团在中国的零售业带来无限商机。由于预料国内经济的增长率将放缓，本集团将采取步骤，把零售业外移到其他亚洲国家，预料将为本集团带来持续成长。

展望未来，在百盛名下进行的本集团核心业务零售业，预料将以更加快速的步伐成长，而产业部和电脑部将保持盈利地位。

鸣谢

我在此真诚的感谢本集团的董事部、管理层和雇员，对本集团作出为宝贵的贡献。

我也要代表董事部，真诚感谢我们所有尊贵的顾客、股东、金融家、商业伙伴、政府及执法机构，继续支持本集团及对本集团有信心。

主席
丹斯里钟廷森

FINANCIAL STATEMENTS

2005

For The Financial Year Ended 30 June 2005

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 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	560,879	34,556
Minority interests	(4,355)	–
Net profit for the year	556,524	34,556

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

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 disposal of the remaining 50% interests in Consitrade (M) Sdn Bhd and DEbier Sdn Bhd resulting in a gain of RM379.33 million to the Group, as disclosed in Note 8 to the financial statements.

DIVIDEND

The amount of dividend paid by the Company since 30 June 2004 is as follows:

	RM'000
In respect of the financial year ended 30 June 2004 as reported in the Directors' Report of that year:	
- First and final dividend of 10% (5.0 sen per share) less 28% taxation paid on 15 December 2004	17,510

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 June 2005, of 12% (6.0 sen per share) less 28% taxation amounting to a dividend payable of RM21.4 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 profit in the financial year ending 30 June 2006.

DIRECTORS

The names of 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
Heah Sieu Lay
Dato' Ismail bin Said
Cheng Yong Kwang
Dato Murad Mohamed Hashim
George Leong Chee Fook

In accordance with Article 98 of the Company's Articles of Association, Cheng Yong Kwang and Dato' Ismail bin Said retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Dato Murad Mohamed Hashim, having already attained the age of seventy, retires pursuant to Section 129(2) of the Companies Act, 1965 and seeks re-appointment as Director under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting.

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, other than those arising from the share options granted under the Executive Share Options Scheme and conversion of loan stocks of the Company.

Since the end of the previous financial year, no Director 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 6(a) 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 37 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of Directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM0.50 Each			
	1.7.2004	**Acquired**	**Disposed**	**30.6.2005**
Direct Interest				
Tan Sri William H.J. Cheng	24,711,120	18,608,790	–	43,319,910
Cheng Yong Kwang	1,891,253	812,593	(735,800)	1,968,046
Heah Sieu Lay	–	500,000	–	500,000
Indirect Interest				
Tan Sri William H.J. Cheng	301,754,901	–	(30,144,570)	271,610,331

DIRECTORS' INTERESTS (Continued)

In addition to the above, the following Directors are also deemed to have an interest in shares in the Company by virtue of:

a) Options granted pursuant to the Executive Share Option Scheme of the Company:

	Number of Options			
	1.7.2004	**Granted**	**Exercised**	**30.6.2005**
Heah Sieu Lay	–	500,000	(500,000)	–

b) 5-year 2% coupon irredeemable convertible unsecured loan stocks ("ICULS") with a right to convert into new shares at a conversion price of RM0.86 per ordinary share of RM0.50 each:

	Number of RM1.00 Nominal Value ICULS			
	1.7.2004	**Acquired**	**Converted**	**30.6.2005**
Direct Interest				
Tan Sri William H.J. Cheng	32,013,120	–	(16,003,560)	16,009,560
Cheng Yong Kwang	698,830	–	(698,830)	–
Indirect Interest				
Tan Sri William H.J. Cheng	95,529,000	–	(3,000,000)	92,529,000

c) 5-year 2% coupon redeemable convertible unsecured loan stocks ("RCULS") with a right to convert into new shares at a conversion price of RM0.86 per ordinary share of RM0.50 each:

	Number of RM1.00 Nominal Value RCULS			
	1.7.2004	**Acquired**	**Converted**	**30.6.2005**
Indirect Interest				
Tan Sri William H.J. Cheng	100,000,000	–	(1,500,000)	98,500,000
Cheng Yong Kwang	1,337,840	–	–	1,337,840

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

Indirect Interest

	Nominal Value Per Ordinary Share		Number of Shares		
		1.7.2004	**Acquired**	**Disposed**	**30.6.2005**
Tan Sri William H.J. Cheng					
Aktif-Sunway Sdn Bhd	RM1.00	8,000,000	–	–	8,000,000
Lion Mahkota Parade Sdn Bhd	RM1.00	1,000,000	–	–	1,000,000
LDH Investment Pte Ltd	SGD1.00	4,500,000	–	–	4,500,000
Likom CMS Sdn Bhd	RM1.00	10,000	–	–	10,000
Hamba Research & Development Co Ltd	NT$10.00	–	980,000	–	980,000

	Nominal Value Per Preference Share		Number of Shares		
		1.7.2004	**Acquired**	**Disposed**	**30.6.2005**
Tan Sri William H.J. Cheng					
Lion Mahkota Parade Sdn Bhd	RM0.01	400,000	–	–	400,000

DIRECTORS' INTERESTS (Continued)

	Currency	1.7.2004	Acquired	Disposed	30.6.2005
Tan Sri William H.J. Cheng					
Investments in the People's Republic of China					
Beijing CPB Foodstuff Co Ltd	USD	3,080,000	–	–	3,080,000
Chongqing Wangyu Parkson Plaza Co Ltd	Rmb	14,000,000	7,000,000	–	21,000,000
Dalian Tianhe Parkson Shopping Centre Co Ltd	Rmb	60,000,000	–	–	60,000,000
Mianyang Fulin Parkson Plaza Co Ltd	Rmb	18,000,000	–	–	18,000,000
Parkson Retail Development Co Ltd	USD	12,700,000	–	–	12,700,000
Qingdao No. 1 Parkson Co Ltd	Rmb	122,750,000	–	–	122,750,000
Sichuan Hezheng Parkson Plaza Co Ltd	USD	4,168,645	–	–	4,168,645
Wuxi Sanyang Parkson Plaza Co Ltd	Rmb	48,000,000	–	–	48,000,000
Xian Lucky King Parkson Plaza Co Ltd	Rmb	16,579,917	–	–	16,579,917
Yangzhou Parkson Plaza Co Ltd	Rmb	35,553,700	–	–	35,553,700
Xinjiang You Hao Parkson Development Store Co Ltd	Rmb	–	10,200,000	–	10,200,000

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 the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid up share capital from RM231,365,101.50 to RM247,717,457.00 by way of:

(i) the issuance of 25,000, 845,000 and 500,000 new ordinary shares of RM0.50 each at an issue price of RM0.50, RM1.12 and RM1.46 per share respectively for cash pursuant to the Executive Share Option Scheme of the Company;

(ii) the conversion of RM25,447,855 nominal value ICULS into 29,590,526 new ordinary shares of RM0.50 each at a conversion price of RM0.86 per share; and

(iii) the conversion of RM1,500,000 nominal value RCULS into 1,744,185 new ordinary shares of RM0.50 each at a conversion price of RM0.86 per share.

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

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

The ESOS was implemented on 31 May 2000 and expired on 30 May 2005.

The main features of the ESOS were:

(a) eligible employees are those who had been confirmed as executive employees of the Group with not less than twelve months service immediately before the offer;

(b) the options granted may be exercised in full or in any lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares;

(c) the subscription price for each ordinary share under the ESOS shall be the higher of a price to be determined by the Board of Directors upon the recommendation of the ESOS Committee which is at a discount of not more than 10% on the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer or the par value of the shares;

(d) the options granted may be exercised at any time during the period commencing on the date of offer of the option and expiring on the date of expiry of the ESOS or such shorter period as may be specifically stated in the offer; and

(e) the maximum number of new shares in the Company which may be issued and allotted pursuant to the exercise of options granted under the ESOS shall not exceed 10% of the issued and paid up share capital of the Company at any point of time during the existence of the ESOS.

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

The movements during the financial year in the number of options of the Company pursuant to the ESOS are as follows:

Granted on	Subscription Price Per Share	1.7.2004	Granted	Exercised	Lapsed	30.6.2005
19 June 2000	RM0.50	25,000	–	(25,000)	–	–
14 September 2004	RM1.12	–	911,000	(845,000)	(66,000)	–
24 November 2004	RM1.46	–	500,000	(500,000)	–	–
		25,000	1,411,000	(1,370,000)	(66,000)	–

The exercise period for the option expired on 30 May 2005.

During the financial year, the Company offered 2 grants of options to eligible executives and an Executive Director of the Company. 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 100,000 options for each grant under the ESOS. The eligible employees who were granted 100,000 options or more for each grant during the financial year are as follows:

Name of Employee/Executive Director	Number of Options Granted at Subscription Price Per Share of RM1.12 on 14.9.2004	RM1.46 on 24.11.2004
Ong Kek Seng	227,000	–
Mohd Dahalan bin Ahmad	102,000	–
Heah Sieu Lay	–	500,000

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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

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

(i) the amount written off for bad debts or the amount of the provision 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 financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

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

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or 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 in Events Subsequent to Balance Sheet Date.

SIGNIFICANT EVENTS

(a) On 7 June 2004, Parkson Investment Pte Ltd, a wholly-owned subsidiary of the Company, and Kunming Brilliant Real Estate Development Co Ltd, entered into a conditional agreement to incorporate a new company to carry out the retail business in Nanning, in the People's Republic of China ("PRC"). The new company, Nanning Brilliant Parkson Plaza Co Ltd, a 51% owned subsidiary of Parkson Investment Pte Ltd, was incorporated on 29 April 2005.

(b) On 24 August 2004, the Company announced that its wholly-owned subsidiaries, namely Exonbury Limited and Shanghai Ninesea Parkson Plaza Co Ltd, proposed to set up a new subsidiary to carry out the retail business in Dalian, the PRC. The new subsidiary, Dalian Parkson Retail Development Co Ltd was subsequently incorporated on 15 April 2005.

(c) On 3 September 2004, the Company entered into an agreement with Silverstone Corporation Berhad to acquire 98% equity interest in Hamba Research & Development Co Ltd in Taiwan for a cash consideration of RM1.00. The acquisition was completed on 1 December 2004.

(d) On 20 September 2004, LDH Management Sdn Bhd and Graimpi Sdn Bhd, both wholly-owned subsidiaries of the Company, served a notice of deadlock on Horsinvest Holding Co Ltd to dispose of the remaining 50% interest in Consitrade (M) Sdn Bhd and DEbier Sdn Bhd. The disposal was in accordance with the provisions of the Shareholders Agreements dated 5 September 2003, for a total cash consideration of USD131.50 million (equivalent to approximately RM499.70 million). The disposal was completed on 30 September 2004, and resulted in a gain of RM379.33 million to the Group.

(e) On 27 December 2004, Parkson Corporation Sdn Bhd, a wholly-owned subsidiary of the Company, received a licence dated 24 December 2004 from the Ministry of Planning and Investment of the Socialist Republic of Vietnam for the incorporation of a wholly-owned subsidiary, Parkson Vietnam Co Ltd, to operate departmental stores in the Socialist Republic of Vietnam.

(f) On 12 January 2005, the Company entered into the following agreements:

(i) a supply agreement with Midrex Technologies Inc from the United States of America for the supply of a hot direct reduced iron plant at Banting, Selangor Darul Ehsan; and

(ii) a licensing agreement with Kobe Steel Limited, the holding company of Midrex Technologies Inc, to provide the technical know-how commonly known as "Midrex Process".

The value for the supply agreement and the licensing agreement were USD71.37 million plus Euro7.61 million (collectively equivalent to approximately RM309.55 million) and USD6.50 million (equivalent to approximately RM24.70 million) respectively.

(g) On 12 May 2005, Xian Lucky King Parkson Plaza Co Ltd, a 51% owned subsidiary of the Company, entered into a sale and purchase agreement with Xian Department Store Co Ltd for the acquisition of 51% equity interest in Xian Chang An Parkson Co Ltd and 51% equity interest in Xian Shi Dai Parkson Co Ltd for a total cash consideration of Rmb12.75 million (equivalent to approximately RM5.85 million). Both Xian Chang An Parkson Co Ltd and Xian Shi Dai Parkson Co Ltd were incorporated in the PRC. The acquisitions were completed on 2 August 2005.

(h) On 27 May 2005, LDH Management Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a shareholders agreement with American International Assurance Company Limited, Koh Maju Sdn Bhd and Heeton Venture (Overseas) Pte Ltd (formerly known as Market Venture Pte Ltd) for the acquisition of 35% equity interest in a jointly controlled entity, Panareno Sdn Bhd. Panareno Sdn Bhd has a piece of freehold commercial land measuring approximately 2.17 acres in the Mukim of Kuala Lumpur for the development of service apartments.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

(a) On 6 July 2005, the Company entered into a Summary of Principal Terms with GCH Retail (Malaysia) Sdn Bhd for the disposal of the entire issued and paid up share capital of Xtra Supercenter Sdn Bhd, a wholly-owned subsidiary of the Company, to GCH Retail (Malaysia) Sdn Bhd for a total cash consideration of RM1.00 and assumption of net liabilities amounting up to RM15 million. A sale and purchase agreement was signed on 26 September 2005 and the disposal was completed on 26 September 2005.

(b) On 18 August 2005, Parkson Retail Development Co Ltd, a jointly controlled entity of the Company, entered into a sale and purchase agreement with:

(i) Beijing Parkson Shopping Center Co Ltd for the acquisition of its business, assets and liabilities for a cash consideration of Rmb1.00 (equivalent to approximately RM0.46); and

(ii) Shanxi Zhongyue Parkson Co Ltd for the acquisition of its business, assets and liabilities for a cash consideration of Rmb10 million (equivalent to approximately RM4.59 million).

The proposals are pending approvals from relevant authorities in the PRC.

(c) On 22 August 2005, PRG Corporation Limited entered into a sale and purchase agreement with Mr Chan Chi Ming for the proposed acquisition of the entire equity interest in Step Summit Ltd, a company incorporated in Hong Kong, for a total cash consideration of USD65.40 million (equivalent to approximately RM245.59 million). Step Summit Ltd had entered into equity transfer agreements for the acquisitions of the following equity interest in three (3) retailing companies in the PRC:

(i) 60% equity interest in Guizhou Shenqi Store Development Co Ltd;

(ii) 100% equity interest in Shanghai Hongqiao Parkson Commercial & Trading Co Ltd; and

(iii) 100% equity interest in Hefei Parkson Xiaoyao Plaza Co Ltd.

PRG Corporation Limited was incorporated on 21 March 2005 in the British Virgin Islands and is a wholly-owned subsidiary of the Company.

The proposed acquisition of the entire equity interest in Step Summit Ltd is pending approvals from the relevant authorities in Malaysia and the PRC.

(d) On 22 August 2005, Chongqing Wangyu Parkson Plaza Co Ltd, a subsidiary of the Company, entered into a sale and purchase agreement with Chongqing Wangyu Store Plaza Co Ltd for the acquisition of its and its Wangzhou branch's businesses, assets and liabilities for a cash consideration of Rmb1.00 (equivalent to approximately RM0.46) each. The acquisition is pending approvals from the relevant authorities in the PRC.

(e) On 22 August 2005, Parkson Retail Group Limited submitted an application to The Stock Exchange of Hong Kong Limited for its proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited.

The proposed listing involves, amongst others, the following:

(i) offering of shares in Parkson Retail Group Limited by way of public offer to the public in Hong Kong and placement to professionals, institutions and/or other investors in Hong Kong and overseas; and

(ii) the offering will be a combination of offering of new shares for subscription and the existing shares for sale.

The proposed listing is subject to the approvals of the relevant authorities in Malaysia and Hong Kong, and the shareholders of the Company at an extraordinary general meeting to be convened.

Parkson Retail Group Limited was incorporated on 3 August 2005 in the Cayman Islands and is a wholly-owned subsidiary of PRG Corporation Limited which is in turn a wholly-owned subsidiary of the Company.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE (Continued)

(f) On 1 September 2005, the Company implemented an Executive Share Option Scheme ("ESOS") of up to 15% of the issued and paid up share capital of the Company at any one time for the Executive Directors and executive employees of the Company and its subsidiaries which are not dormant, who meet the criteria of eligibility for the participation as set out in the Bylaws of ESOS.

(g) On 14 September 2005, Exonbury Limited, a subsidiary of the Company, entered into a sale and purchase agreement with Mr Feng Jian Yu for the acquisition of the entire equity interest in Hong Kong Fen Chai Investment Limited for a total cash consideration of Rmb65 million (equivalent to approximately RM29.90 million) subject to the Xian Acquisition defined hereafter.

Hong Kong Fen Chai Investment Limited had on 31 May 2005 entered into an equity transfer agreement with Lifeng (Xian) Real Estate Development Co Ltd wherein Lifeng (Xian) Real Estate Development Co Ltd disposed of its 40% equity interest in Xian Lucky King Parkson Plaza Co Ltd to Hong Kong Fen Chai Investment Limited for a cash consideration of Rmb13 million (equivalent to approximately RM5.98 million) (“Xian Acquisition”).

The proposed acquisition of Hong Kong Fen Chai Investment Limited was completed on 29 September 2005.

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

TAN SRI WILLIAM H.J. CHENG	**HEAH SIEU LAY**
Chairman	Managing Director

Kuala Lumpur, Malaysia
4 October 2005

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

We, **TAN SRI WILLIAM H.J. CHENG** and **HEAH SIEU LAY,** being two of the Directors of LION DIVERSIFIED HOLDINGS BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 41 to 102 are drawn up in accordance with applicable MASB Approved Accounting 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 2005 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

TAN SRI WILLIAM H.J. CHENG
Chairman

HEAH SIEU LAY
Managing Director

Kuala Lumpur, Malaysia
4 October 2005

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

I, **HEAH SIEU LAY,** being the Director primarily responsible for the financial management of LION DIVERSIFIED HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 102 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 HEAH SIEU LAY at
Kuala Lumpur in the Federal Territory
on 4 October 2005

HEAH SIEU LAY

Before me,

W-217
P. SETHURAMAN

COMMISSIONER FOR OATHS

Kuala Lumpur

REPORT OF THE AUDITORS TO THE MEMBERS OF LION DIVERSIFIED HOLDINGS BERHAD

We have audited the financial statements set out on pages 41 to 102. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

   (i) the financial position of the Group and of the Company as at 30 June 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

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

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

TAN SOO YAN
1307/03/06 (J/PH)
Partner

Kuala Lumpur, Malaysia
4 October 2005

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

	Note	Group 2005 RM'000	Group 2004 RM'000 (Restated)	Company 2005 RM'000	Company 2004 RM'000
Revenue	3	**2,728,738**	753,160	**64,429**	36,100
Other operating income	4	**62,169**	22,033	**7,031**	5,664
Changes in inventories		**12,120**	(11,154)	**–**	–
Raw materials and consumables used		**(185,627)**	(192,560)	**–**	–
Purchase of trading merchandise		**(1,692,674)**	(239,135)	**–**	–
Property development expenditure	13	**(119,546)**	(3,686)	**–**	–
Staff costs	5	**(134,358)**	(60,850)	**(2,494)**	(160)
Depreciation and amortisation		**(68,735)**	(48,302)	**(82)**	–
Selling, marketing and promotional expenses		**(108,749)**	(77,831)	**–**	–
Other operating expenses		**(296,858)**	(83,924)	**(936)**	(8,357)
Profit from operations	6	**196,480**	57,751	**67,948**	33,247
Finance costs	7	**(33,107)**	(12,786)	**(23,597)**	(6,019)
Share of results of associates		**21,110**	15,633	**–**	–
Share of results of jointly controlled entities		**33,488**	4,494	**–**	–
Gain on disposal of subsidiaries		**–**	378,900	**–**	–
Gain on disposal of discontinued operations	8	**379,337**	–	**–**	–
Profit before taxation		**597,308**	443,992	**44,351**	27,228
Taxation:	9				
Company and subsidiaries		**(55,925)**	(17,561)	**(9,795)**	(4,042)
Associates		**30,034**	(6,932)	**–**	–
Jointly controlled entities		**(10,538)**	(1,468)	**–**	–
Profit after taxation		**560,879**	418,031	**34,556**	23,186
Minority interests		**(4,355)**	(7,096)	**–**	–
Net profit for the year		**556,524**	410,935	**34,556**	23,186
Earnings per share (sen):					
Basic	10(a)	**115.5**	114.9		
Diluted	10(b)	**77.5**	108.1		
Gross dividends per ordinary share in respect of the year (sen)	11	**6.0**	5.0	**6.0**	5.0

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

BALANCE SHEETS

AS AT 30 JUNE 2005

	Note	Group 2005 RM'000	Group 2004 RM'000 (Restated)	Company 2005 RM'000	Company 2004 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	**441,258**	525,611	**836**	–
Land held for property development	13	**60,362**	49,760	**–**	–
Investments in subsidiaries	14	**–**	–	**628,469**	628,469
Investments in associates	15	**273,746**	416,875	**432**	432
Investments in jointly controlled entities	16	**63,581**	66,681	**–**	–
Other investments	17	**72,274**	34,202	**61,975**	33,887
Intangible assets	18	**182,692**	175,525	**–**	–
Deferred tax assets	19	**25,545**	16,208	**–**	–
		1,119,458	1,284,862	**691,712**	662,788
CURRENT ASSETS					
Property development costs	13	**108,487**	124,912	**–**	–
Inventories	20	**262,777**	287,848	**–**	–
Other investments	17	**7,206**	37,744	**5,336**	5,977
Trade receivables	21	**117,306**	72,333	**–**	–
Other receivables	22	**329,113**	248,382	**803,662**	769,217
Tax recoverable		**6,552**	5,337	**3,562**	727
Deposits, cash and bank balances	23	**644,214**	400,815	**38,854**	35,762
		1,475,655	1,177,371	**851,414**	811,683
CURRENT LIABILITIES					
Trade payables	24	**391,042**	379,510	**–**	–
Other payables	25	**402,375**	527,492	**841,920**	668,985
Government grants	26	**–**	4,820	**–**	–
Borrowings	27	**158,563**	220,988	**4,278**	531
Tax payable		**31,169**	19,866	**–**	–
		983,149	1,152,676	**846,198**	669,516
NET CURRENT ASSETS		**492,506**	24,695	**5,216**	142,167
		1,611,964	1,309,557	**696,928**	804,955

BALANCE SHEETS

AS AT 30 JUNE 2005 (Continued)

	Note	Group 2005 RM'000	Group 2004 RM'000 (Restated)	Company 2005 RM'000	Company 2004 RM'000
FINANCED BY:					
Share capital	31	**247,717**	231,365	**247,717**	231,365
Share premium		**236,970**	224,685	**236,970**	224,685
Other reserves	32	**125,020**	207,064	**120,193**	143,906
Retained profits/(Accumulated loss)		**815,914**	280,718	**5,738**	(11,308)
Shareholders' funds		**1,425,621**	943,832	**610,618**	588,648
Minority interests		**59,952**	99,076	**–**	–
		1,485,573	1,042,908	**610,618**	588,648
Borrowings	27	**104,447**	118,616	**86,310**	90,980
Deferred payables	33	**–**	125,327	**–**	125,327
Deferred tax liabilities	19	**21,944**	22,706	**–**	–
Non-current liabilities		**126,391**	266,649	**86,310**	216,307
		1,611,964	1,309,557	**696,928**	804,955
Net tangible assets per share (RM)		**2.27**	1.35		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2005

2004	Note	Share Capital RM'000	← Share Premium RM'000	Non-Distributable Exchange Fluctuation Reserves RM'000	Revaluation Reserves RM'000	Capital Reserves RM'000	Equity Components RM'000 →	(Accumulated Losses)/ Retained Profit RM'000	Total RM'000
At 1 July 2003		174,202	330,603	127,982	241	19,006	–	(146,491)	505,543
Translation difference:									
On net equity of foreign subsidiaries		–	–	(3,136)	–	–	–	–	(3,136)
Realisation on disposal of subsidiaries		–	–	(64,294)	–	–	–	–	(64,294)
Realisation on disposal of subsidiaries		–	–	–	–	(19,006)	–	19,006	–
Impairment losses on investment property		–	–	–	(241)	–	–	–	(241)
Bonus issue		139,501	(139,501)	–	–	–	–	–	–
Capital distribution		(139,501)	–	–	–	–	–	–	(139,501)
Issue of ordinary shares pursuant to:									
Acquisition of new operations		54,015	38,890	–	–	–	–	–	92,905
ESOS		175	52	–	–	–	–	–	227
Conversion of ICULS		2,973	2,141	–	–	–	(5,114)	–	–
Corporate restructuring expenses		–	(7,500)	–	–	–	–	–	(7,500)
Equity components of ICULS		–	–	–	–	–	128,519	–	128,519
Equity components of RCULS		–	–	–	–	–	20,501	–	20,501
Appropriation of profit to capital reserves		–	–	–	–	2,606	–	(2,606)	–
Net profit for the year		–	–	–	–	–	–	410,935	410,935
Dividends		–	–	–	–	–	–	(126)	(126)
At 30 June 2004		231,365	224,685	60,552	–	2,606	143,906	280,718	943,832

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2005 (Continued)

		←	Non-Distributable			→		(Accumulated Losses)/	
2005	**Note**	**Share Capital RM'000**	**Share Premium RM'000**	**Exchange Fluctuation Reserves RM'000**	**Revaluation Reserves RM'000**	**Capital Reserves RM'000**	**Equity Components RM'000**	**Retained Profit RM'000**	**Total RM'000**
At 1 July 2004		**231,365**	**224,685**	**60,552**	**–**	**2,606**	**143,906**	**280,718**	**943,832**
Translation difference:									
On net equity of foreign subsidiaries		**–**	**–**	**2,145**	**–**	**–**	**–**	**–**	**2,145**
Realisation on disposal of discontinued operations	8	**–**	**–**	**(64,294)**	**–**	**–**	**–**	**–**	**(64,294)**
Issue of ordinary shares pursuant to:									
ESOS		**685**	**1,004**	**–**	**–**	**–**	**–**	**–**	**1,689**
Conversion of ICULS		**14,795**	**10,653**	**–**	**–**	**–**	**(23,405)**	**–**	**2,043**
Conversion of RCULS		**872**	**628**	**–**	**–**	**–**	**(308)**	**–**	**1,192**
Appropriation of profit to capital reserves		**–**	**–**	**–**	**–**	**3,818**	**–**	**(3,818)**	**–**
Net profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**556,524**	**556,524**
Dividends	11	**–**	**–**	**–**	**–**	**–**	**–**	**(17,510)**	**(17,510)**
At 30 June 2005		**247,717**	**236,970**	**(1,597)**	**–**	**6,424**	**120,193**	**815,914**	**1,425,621**

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2005

	Note	Share Capital RM'000	←Non-Distributable→ Share Premium RM'000	Equity Components RM'000	(Accumulated Losses)/ Retained Profits RM'000	Total RM'000
At 1 July 2003		174,202	330,603	–	(34,368)	470,437
Bonus issue		139,501	(139,501)	–	–	–
Capital distribution		(139,501)	–	–	–	(139,501)
Issue of ordinary shares pursuant to:						
Acquisition of new operations		54,015	38,890	–	–	92,905
ESOS		175	52	–	–	227
Conversion of ICULS		2,973	2,141	(5,114)	–	–
Corporate restructuring expenses		–	(7,500)	–	–	(7,500)
Equity components of ICULS		–	–	128,519	–	128,519
Equity components of RCULS		–	–	20,501	–	20,501
Net profit for the year		–	–	–	23,186	23,186
Dividends		–	–	–	(126)	(126)
At 30 June 2004		**231,365**	**224,685**	**143,906**	**(11,308)**	**588,648**
Issue of ordinary shares pursuant to:						
ESOS		**685**	**1,004**	**–**	**–**	**1,689**
Conversion of ICULS		**14,795**	**10,653**	**(23,405)**	**–**	**2,043**
Conversion of RCULS		**872**	**628**	**(308)**	**–**	**1,192**
Net profit for the year		**–**	**–**	**–**	**34,556**	**34,556**
Dividends	11	**–**	**–**	**–**	**(17,510)**	**(17,510)**
At 30 June 2005		**247,717**	**236,970**	**120,193**	**5,738**	**610,618**

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**597,308**	443,992	**44,351**	27,228
Adjustments for:				
Bad debts written off	**173**	–	**–**	–
Gain on disposal of discontinued operations	**(379,337)**	–	**–**	–
Gain on disposal of subsidiaries	**–**	(378,900)	**–**	–
Depreciation and amortisation	**68,735**	48,302	**82**	–
Property, plant and equipment written off	**3,014**	2,945	**–**	–
Gain on disposal of property, plant and equipment	**(260)**	–	**–**	–
Gain on disposal of other investments	**(238)**	–	**–**	–
Loss on disposal of investment property	**–**	262	**–**	–
Impairment losses in value of other investments	**13,127**	150	**–**	150
Provision for doubtful debts	**4,464**	334	**–**	6,139
Reversal of provision for stock obsolescence	**(392)**	(800)	**–**	–
Interest expense	**33,107**	12,786	**23,597**	6,019
Interest income	**(18,305)**	(7,144)	**(7,031)**	(5,664)
Dividend income	**(107)**	–	**(64,429)**	(36,100)
Share of results of associates	**(21,110)**	(15,633)	**–**	–
Share of results of jointly controlled entities	**(33,488)**	(4,494)	**–**	–
Operating profit/(loss) before working capital changes	**266,691**	101,800	**(3,430)**	(2,228)
Changes in working capital:				
Inventories	**15,961**	40,686	**–**	–
Receivables	**(206,999)**	(14,293)	**(108,921)**	688
Payables	**120,462**	(17,909)	**(1,395)**	(13,922)
Property development costs	**5,823**	(5,350)	**–**	–
Cash generated from/(used in) operations	**201,938**	104,934	**(113,746)**	(15,462)
Interest received	**15,912**	5,269	**1,587**	133
Interest paid	**(31,778)**	(11,615)	**(9,143)**	(2,891)
Taxes paid	**(54,435)**	(38,807)	**–**	(1,113)
Net cash generated from/(used in) operating activities	**131,637**	59,781	**(121,302)**	(19,333)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005 (Continued)

	Group		Company	
	2005 RM'000	2004 RM'000 (Restated)	2005 RM'000	2004 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of discontinued operations	**326,003**	–	**–**	–
Proceeds from disposal of subsidiaries	**–**	427,957	**–**	–
Deposits, cash and bank balances in a ceased controlled subsidiary	**(22,654)**	–	**–**	–
Deposits from call and put option or deadlock provision	**–**	186,127	**–**	–
Proceeds from disposal of investment properties	**70,000**	277,080	**–**	–
Acquisition of an associate	**–**	(226,334)	**–**	(6)
Proceeds from disposal of property, plant and equipment	**15,580**	483	**–**	–
Purchase of property, plant and equipment	**(71,673)**	(36,063)	**(334)**	–
Net advances from subsidiaries	**–**	–	**238,848**	349,091
Acquisition of subsidiaries	**(8,581)**	56,100	**–**	(83,164)
Additional investments in a subsidiary	**–**	–	**–**	(300)
Acquisition of a jointly controlled entity	**(88)**	–	**–**	–
Proceeds from disposal of other investments	**36,217**	11,047	**5,020**	1,407
Purchase of other investments	**(31,508)**	(28,030)	**(30,432)**	–
Deferred payment of acquisition of subsidiaries	**(124,609)**	–	**(124,609)**	–
Dividend received	**–**	–	**51,799**	31,620
Net cash generated from investing activities	**188,687**	668,367	**140,292**	298,648
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	**(17,510)**	(126)	**(17,510)**	(126)
Capital distribution	**–**	(139,501)	**–**	(139,501)
Capital contribution from minority shareholders	**1,377**	–	**–**	–
Issue of shares pursuant to ESOS	**1,689**	227	**1,689**	227
Repayment of bank borrowings	**(67,589)**	(301,078)	**–**	(106,187)
Drawdown of bank borrowings	**7,676**	5,632	**–**	–
Repayment of hire purchase obligations	**(1,200)**	(49)	**(77)**	–
Movement in deposits earmarked for loan repayment	**–**	2,000	**–**	890
Net cash used in financing activities	**(75,557)**	(432,895)	**(15,898)**	(244,697)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**244,767**	295,253	**3,092**	34,618
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**399,447**	104,194	**35,762**	1,144
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23)	**644,214**	399,447	**38,854**	35,762

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2005

1. CORPORATE INFORMATION

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is 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 number of employees in the Group and in the Company at the end of the financial year were 7,679 (2004: 6,468) and 15 (2004: 3) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 4 October 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention, and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Consolidation (Continued)

(ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(iii) Jointly Controlled Entities

A jointly controlled entity is an entity in which the Group has joint control over its economic activity established under a contractual arrangement.

Investments in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the jointly controlled entities. Under the equity method of accounting, the Group's share of profits less losses of jointly controlled entities during the financial year is included in the consolidated income statement. The Group's interest in jointly controlled entities is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates and jointly controlled entities is included within the respective carrying amounts of these investments.

Goodwill is amortised on a straight-line basis over its estimated useful life of 25 years. Goodwill arising on the acquisitions of associates and jointly controlled entities is not amortised. Goodwill is written down immediately through the income statement if there is any impairment.

(d) Investments in Subsidiaries, Associates and Jointly Controlled Entities

The Company's investments in subsidiaries, associates and jointly controlled entities are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, Plant and Equipment, and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Freehold land is stated at cost less impairment losses. Construction in progress is not depreciated. Leasehold land is depreciated over the period of the respective leases which range from 20 to 99 years. 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	2% - 15%
Motor vehicles	13% - 20%
Office equipment, furniture and fittings	10% - 20%
Renovation	4% - 20%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(f) Land Held for Property Development and Property Development Costs

(i) Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Inventories

Industrial land and 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.

Other inventories are stated at the lower of cost (determined on the weighted average basis) and net realisable value. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(h) Cash and Cash Equivalents

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

(i) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance Leases

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(e).

(ii) Operating Leases

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

(j) Provisions for Liabilities

Provisions for liabilities 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 estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 in the income statement, 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 negative goodwill.

(l) 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund. Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(iii) Equity Compensation Benefits

The Company's Executive Share Options Scheme ("ESOS") allows the Group's executive employees to acquire ordinary shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

(m) Government Grants

Government grants are recognised initially at their fair value in the balance sheet as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

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

(n) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of Goods and Revenue from Departmental Stores Operations

Revenue is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Sale of Industrial Land and Properties Held for Sale

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

(iii) Interest Income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(iv) Rental Income

Rental is recognised on the accrual basis.

(v) Dividend Income

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

(vi) Development Properties

Revenue from sale of development properties is accounted for by the stage of completion method in respect of all building units that have been sold. The stage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated.

(o) Foreign Currencies

(i) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

(ii) Foreign Entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are recognised in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Foreign Currencies (Continued)

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

		2005 RM	2004 RM
United States Dollar	("USD")	**3.80**	3.80
Singapore Dollar	("SGD")	**2.24**	2.21
Chinese Renminbi	("Rmb")	**0.46**	0.46
Hong Kong Dollar	("HKD")	**0.49**	0.49

(p) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately.

(q) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and 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 recognised 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) Other Non-Current Investments

Non-current investments other than investments in subsidiaries, associates and jointly controlled entities 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.

(ii) 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 recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(iii) Trade Receivables

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

(iv) Trade Payables

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial Instruments (Continued)

(v) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(vi) Irredeemable and Redeemable Convertible Unsecured 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. The difference between this amount and the interest paid is added to the carrying value of the convertible loan stocks.

(vii) Equity Instruments

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

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

3. REVENUE

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2005 RM'000	2004 RM'000 (Restated)	2005 RM'000	2004 RM'000
Departmental stores operations	**2,200,528**	316,088	**–**	–
Sale of goods	**272,613**	402,631	**–**	–
Property development	**188,155**	4,967	**–**	–
Sale of industrial land and property held for sale	**67,034**	6,151	**–**	–
Rental and related income	**301**	23,323	**–**	–
Gross dividends from other investments	**107**	–	**107**	–
Gross dividends from subsidiaries	**–**	–	**64,322**	36,100
	2,728,738	753,160	**64,429**	36,100

4. OTHER OPERATING INCOME

	Group		Company	
	2005 RM'000	2004 RM'000 (Restated)	2005 RM'000	2004 RM'000
Interest income from:				
Amounts owing by subsidiaries	**–**	–	**3,385**	3,629
Unquoted investment in bonds	**2,035**	1,902	**2,035**	1,902
Short term deposits and others	**16,270**	5,242	**1,611**	133
	18,305	7,144	**7,031**	5,664
Rental income	**16,796**	5,914	**–**	–
Other income	**27,068**	8,975	**–**	–
	62,169	22,033	**7,031**	5,664

5. STAFF COSTS

	Group		Company	
	2005 RM'000	2004 RM'000 (Restated)	2005 RM'000	2004 RM'000
Wages, salaries and bonuses	**105,792**	47,688	**2,020**	133
Pension costs - defined contribution plans	**12,960**	9,425	**278**	17
Other staff related expenses	**15,606**	3,737	**196**	10
	134,358	60,850	**2,494**	160

Included in staff costs of the Group and of the Company are the Executive Director's remuneration as further disclosed in Note 6(a).

6. PROFIT FROM OPERATIONS

	Group		Company	
	2005	**2004**	**2005**	**2004**
	RM'000	**RM'000 (Restated)**	**RM'000**	**RM'000**
Profit from operations is stated after charging/(crediting):				
Auditors' remuneration	**762**	643	**10**	10
Directors' remuneration (Note a)	**1,387**	1,101	**1,118**	188
Depreciation and amortisation:				
Property, plant and equipment	**61,564**	43,913	**82**	–
Goodwill	**7,171**	657	**–**	–
Proprietary technology and patents	**–**	3,732	**–**	–
Property, plant and equipment written off	**3,014**	2,945	**–**	–
Loss on disposal of investment property	**–**	262	**–**	–
Rental of land and buildings	**148,487**	17,934	**–**	–
Bad debts written off	**173**	–	**–**	–
Provision for doubtful debts:				
Subsidiaries	**–**	–	**–**	6,139
Others	**4,464**	334	**–**	–
Impairment losses in value of other investments:				
Quoted investments	**–**	150	**–**	150
Unquoted investment	**13,127**	–	**–**	–
Bad debts recovered	**–**	(21)	**–**	–
Reversal of provision for stock obsolescence	**(392)**	(800)	**–**	–
Realised exchange (gains)/losses	**(2,351)**	67	**–**	–
Gain on disposal of property, plant and equipment	**(260)**	–	**–**	–
Gain on disposal of other investments	**(238)**	–	**–**	–

(a) Directors' remuneration

Directors of the Company

	Group 2005	Group 2004	Company 2005	Company 2004
Executive:				
Fees	**35**	35	**35**	35
Salary and other emoluments	**823**	789	**823**	–
Pension costs - defined contribution plans	**107**	102	**107**	–
	965	926	**965**	35
Non-Executive:				
Fees	**153**	153	**153**	153
Salary and other emoluments	**240**	20	**–**	–
Pension costs - defined contribution plans	**29**	2	**–**	–
	422	175	**153**	153
Total	**1,387**	1,101	**1,118**	188

6. PROFIT FROM OPERATIONS (Continued)

The number of Directors of the Company whose remuneration during the year fell within the following ranges are analysed below:

	Number of Directors	
	2005	**2004**
Executive Director:		
RM900,001 - RM950,000	**–**	1
RM950,001 - RM1,000,000	**1**	–
Non-Executive Directors:		
RM50,000 and below	**4**	4
RM50,001 - RM100,000	**–**	1
RM300,001 - RM350,000	**1**	–

7. FINANCE COSTS

	Group		Company	
	2005 RM'000	**2004 RM'000 (Restated)**	**2005 RM'000**	**2004 RM'000**
Interest expense on:				
Amounts owing to subsidiaries	**–**	–	**4,641**	1,043
Bank borrowings	**13,990**	10,515	**–**	2,891
Amounts owing to related parties	**103**	274	**14**	100
ICULS (Note 29)	**634**	67	**634**	67
RCULS (Note 30)	**5,586**	464	**5,586**	464
Deferred payments	**12,714**	1,454	**12,714**	1,454
Hire purchase	**80**	12	**8**	–
	33,107	12,786	**23,597**	6,019

8. DISCONTINUED OPERATIONS

On 20 September 2004, LDH Management Sdn Bhd and Graimpi Sdn Bhd served a notice of deadlock on Horsinvest Holding Co Ltd to dispose of the remaining 50% interest in two of the associates, namely Consitrade (M) Sdn Bhd and DEbier Sdn Bhd for a total cash consideration of USD131.50 million (equivalent to approximately RM499.70 million) and a return component of RM12.43 million. These two associates were operating in beverage segment and the disposal was completed on 30 September 2004.

The share of results of the two associates were as follows:

	2005 RM'000	2004 RM'000
Share of results	**11,069**	6,544
Share of taxation	**2,054**	1,931

The share of net assets of the two associates were as follows:

	2005 RM'000	2004 RM'000
Share of net assets	**197,087**	185,067
Transfer from exchange fluctuation reserves	**(64,294)**	(64,294)
Net assets disposed	**132,793**	120,773
Total disposal proceeds:		
Cash consideration	**499,700**	
Return component	**12,430**	
Gain on disposal to the Group	**379,337**	

9. TAXATION

	Group		Company	
	2005 RM'000	2004 RM'000 (Restated)	2005 RM'000	2004 RM'000
Company and subsidiaries				
Income tax:				
Malaysian tax	**22,862**	8,958	**9,535**	4,100
Foreign tax	**40,213**	10,505	**–**	–
	63,075	19,463	**9,535**	4,100
Under/(Over) provision in prior years:				
Malaysian income tax	**2,657**	(648)	**260**	(58)
Foreign income tax	**4**	–	**–**	–
	65,736	18,815	**9,795**	4,042
Deferred tax:				
Relating to origination and reversal of temporary differences	**(9,811)**	(1,254)	**–**	–
	55,925	17,561	**9,795**	4,042

9. TAXATION (Continued)

	Group 2005 RM'000	Group 2004 RM'000 (Restated)	Company 2005 RM'000	Company 2004 RM'000
Associates				
Income tax:				
Malaysian tax	**4,227**	3,880	**–**	–
Foreign tax	**2,208**	3,052	**–**	–
	6,435	6,932	**–**	–
Deferred tax	**(36,469)**	–	**–**	–
	(30,034)	6,932	**–**	–
Jointly controlled entities				
Foreign income tax	**10,538**	1,468	**–**	–
	36,429	25,961	**9,795**	4,042

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2004: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation 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 2005 RM'000	Group 2004 RM'000 (Restated)	Company 2005 RM'000	Company 2004 RM'000
Profit before taxation	**597,308**	443,992	**44,351**	27,228
Tax calculated at a tax rate of 28% (2004: 28%)	**167,246**	124,318	**12,418**	7,624
The effects of:				
Different tax rates in other countries	**4,162**	1,011	**–**	–
Tax assessed at a lower tax rate of 20%	**(200)**	(95)	**–**	–
Expenses not deductible for tax purposes	**15,897**	7,948	**2,527**	3,793
Income not subject to tax	**(119,905)**	(109,784)	**(5,410)**	(7,317)
Utilisation of previously unrecognised tax losses	**(470)**	(458)	**–**	–
Under/(Over) provision of tax expense in prior years:				
Company and subsidiaries	**2,661**	(648)	**260**	(58)
Deferred tax assets previously not recognised	**(36,469)**	–	**–**	–
Deferred tax assets not recognised in current/prior year	**3,507**	3,669	**–**	–
Tax expense for the year	**36,429**	25,961	**9,795**	4,042

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group 2005	Group 2004
Net profit for the year (RM'000)	**556,524**	410,935
Weighted average number of ordinary shares in issue ('000)	**481,953**	357,632
Basic earnings per share (sen)	**115.5**	114.9

(b) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the year 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 issued pursuant to conversion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and Redeemable Convertible Unsecured Loan Stocks ("RCULS"), and exercise of share options granted to employees.

	Group 2005 RM'000	Group 2004 RM'000
Net profit for the year	**556,524**	410,935
After-tax effect of interest on ICULS and RCULS	**4,478**	382
Adjusted net profit for the year	**561,002**	411,317

	Group 2005 '000	Group 2004 '000
Weighted average number of ordinary shares in issue	**481,953**	357,632
Effect of dilution:		
ICULS and RCULS	**241,788**	22,760
Share options	**–**	12
Adjusted weighted average number of ordinary shares in issue and issuable	**723,741**	380,404

	Group 2005 Sen	Group 2004 Sen
Diluted earnings per share	**77.5**	108.1

11. DIVIDENDS

	Group/Company			
	Amount		Gross Dividends per Ordinary Share	
	2005 RM'000	2004 RM'000	2005 Sen	2004 Sen
First and final dividend, less 28% taxation	**21,403**	17,510	**6.0**	5.0

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 June 2005, of 12% (6.0 sen per share) less 28% taxation amounting to a dividend payable of RM21.4 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 profit in the financial year ending 30 June 2006.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Long Term Leasehold Land and Buildings RM'000	Short Term Leasehold Land and Buildings RM'000	Plant and Machinery RM'000	Motor Vehicles RM'000	Office Equipment, Furniture and Fittings RM'000	Renovation RM'000	Construction In Progress RM'000	Total RM'000
Cost								
At 1 July 2004 (Restated)	13,255	468,271	140,249	8,414	180,099	62,780	5,482	878,550
Additions	–	5,548	14,922	3,776	29,291	12,467	8,873	74,877
Disposals	(48)	(2,323)	(11,623)	(2,217)	(2,400)	(27,746)	–	(46,357)
Write off	–	–	(4,031)	(576)	(10,795)	(1,315)	–	(16,717)
Reclassification	–	–	155	–	(1,526)	4,576	(3,205)	–
Acquisition of subsidiaries	–	48	195	–	25	–	–	268
Cessation of control in a subsidiary	–	(63,105)	(31,993)	(899)	(4,530)	(13,404)	–	(113,931)
At 30 June 2005	13,207	408,439	107,874	8,498	190,164	37,358	11,150	776,690
Accumulated Depreciation								
At 1 July 2004 (Restated)	2,652	106,803	75,871	4,826	124,768	38,019	–	352,939
Charge for the year	264	24,766	13,472	1,016	16,736	5,310	–	61,564
Disposals	(5)	(978)	(5,396)	(1,583)	(2,107)	(20,968)	–	(31,037)
Write off	–	–	(2,576)	(475)	(9,337)	(1,315)	–	(13,703)
Reclassification	–	–	65	(26)	(4,524)	4,485	–	–
Acquisition of subsidiaries	–	11	108	–	20	–	–	139
Cessation of control in a subsidiary	–	(10,374)	(17,026)	(427)	(2,611)	(4,032)	–	(34,470)
At 30 June 2005	2,911	120,228	64,518	3,331	122,945	21,499	–	335,432
Net Book Value								
At 30 June 2005	10,296	288,211	43,356	5,167	67,219	15,859	11,150	441,258
At 30 June 2004 (Restated)	10,603	361,468	64,378	3,588	55,331	24,761	5,482	525,611
Depreciation charge for 2004 (Restated)	171	9,199	28,488	1,278	3,296	1,481	–	43,913

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Motor Vehicles RM'000	Office Equipment, Furniture and Fittings RM'000	Total RM'000
Cost			
At 1 July 2004	–	–	–
Additions	917	1	918
At 30 June 2005	917	1	918
Accumulated Depreciation			
At 1 July 2004	–	–	–
Charge for the year	82	–	82
At 30 June 2005	82	–	82
Net Book Value			
At 30 June 2005	835	1	836
At 30 June 2004	–	–	–
Depreciation charge for 2004	–	–	–

(a) The strata title to certain building of the Group with an aggregate net book value of RM2.37 million (2004: RM2.43 million) have not been registered in the name of the subsidiary of the Group.

(b) The net book value of the long term leasehold land and buildings and short term leasehold land and building of which the title have not been transferred to the subsidiaries are RM4.98 million (2004: RM5.12 million) and RM Nil (2004: RM13.07 million) respectively.

(c) The net book value of short term leasehold land and buildings pledged for bank borrowings amounted to RM22.95 million (2004: RM75.47 million).

(d) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM74,877,000 (2004: RM37,296,000) and RM918,000 (2004: RM Nil) respectively of which RM3,204,000 (2004: RM1,233,000) and RM584,000 (2004: RM Nil) respectively were acquired by means of finance lease arrangements. Net book values of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Plant and machinery	**95**	1,829	**–**	–
Motor vehicles	**1,691**	355	**697**	–
Office equipment, furniture and fittings	**2,674**	1,748	**–**	–
	4,460	3,932	**697**	–

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	Group 2005 RM'000	Group 2004 RM'000
Freehold land, at cost		
At 1 July	**49,760**	–
Additions	**10,602**	49,760
At 30 June	**60,362**	49,760

(b) Property Development Costs

	Group 2005 RM'000	Group 2004 RM'000
Property development costs at 1 July:		
Freehold land	**120,205**	–
Development costs	**8,393**	–
	128,598	–
Costs incurred during the year:		
Freehold land	**–**	120,205
Development costs	**114,830**	8,393
	114,830	128,598
Costs recognised in income statement:		
At 1 July	**(3,686)**	–
Recognised during the year	**(119,546)**	(3,686)
At 30 June	**(123,232)**	(3,686)
Transfers to inventories	**(11,709)**	–
Property development costs at 30 June	**108,487**	124,912

The Group considers the portion of property projects on which development work has commenced and is expected to be completed within the normal operating cycle as current assets.

The title in respect of the land has not been transferred to the subsidiary as at 30 June 2005.

The land has been pledged to financial institutions for credit facilities granted to a subsidiary.

14. INVESTMENTS IN SUBSIDIARIES

	Company 2005 RM'000	Company 2004 RM'000
Unquoted shares, at cost	**649,523**	649,523
Less: Accumulated impairment losses	**(21,054)**	(21,054)
	628,469	628,469

14. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Equity Interest 2005 %	Equity Interest 2004 %
LDH Manufacturing Sdn Bhd	Malaysia	Investment holding	**100**	100
Graimpi Sdn Bhd	Malaysia	Investment holding	**100**	100
CPB Far East Limited*	Hong Kong SAR	Dormant	**100**	100
LDH Trading Sdn Bhd	Malaysia	Ceased operations	**100**	100
Lion Subang Parade Sdn Bhd	Malaysia	Investment holding	**100**	100
Force Ten Sdn Bhd	Malaysia	Dormant	**100**	100
Le Chocolatier Boutique (M) Sdn Bhd* (in liquidation - voluntary)	Malaysia	Dormant	**100**	100
Urban Resources Sdn Bhd	Malaysia	Property development	**100**	100
Megavest Sdn Bhd	Malaysia	Property and housing development	**100**	100
Lion Mahkota Parade Sdn Bhd	Malaysia	Ceased operations	**99.99**	99.99
Likom CMS Sdn Bhd*	Malaysia	Provision of electronic manufacturing services especially original equipment manufacturing for the assembly of computer peripherals and electronic box build products	**99.98**	99.98
Likom Caseworks Sdn Bhd*	Malaysia	Manufacturing of computer casings	**100**	100
Exonbury Limited*	Hong Kong SAR	Investment holding	**100**	100
Parkson Pacific Pte Ltd*	Singapore	Investment holding	**100**	100
Parkson Glomart Pte Ltd*	Singapore	Investment holding	**100**	100
Parkson Investment Pte Ltd*	Singapore	Investment holding	**100**	100
Parkson Management Pte Ltd*	Singapore	Investment holding	**100**	100
Parkson Supplies Pte Ltd*	Singapore	Investment holding	**100**	100
Parkson Venture Pte Ltd*	Singapore	Investment holding	**100**	100
Serbadagang Holdings Sdn Bhd*	Malaysia	Investment holding	**100**	100
Parkson Corporation Sdn Bhd*	Malaysia	Operation of departmental stores	**100**	100
Xtra Supercenter Sdn Bhd*	Malaysia	Operation of hypermarkets	**100**	100
Qingdao No.1 Parkson Co Ltd	People's Republic of China	Property development and retailing	**52.6**	52.6
CP Properties Sdn Bhd	Malaysia	Investment holding	**100**	100
LDH (S) Pte Ltd*	Singapore	Investment holding	**100**	100
LDH Investment Pte Ltd*	Singapore	Investment holding	**60**	60
Hamba Research & Development Co Ltd*	Taiwan	Research and development of computers and electronic manufacturing equipment	**98**	–
Lion DRI Sdn Bhd (formerly known as Tekun Arif Sdn Bhd)	Malaysia	Manufacturing of direct reduced iron products	**100**	–
Sea Coral Limited*	Hong Kong SAR	Investment holding	**100**	–
Well Morning Limited*	Hong Kong SAR	Investment holding	**100**	–
<u>Subsidiaries of LDH Manufacturing Sdn Bhd</u>				
CPB Enterprise Sdn Bhd	Malaysia	Ceased operations	**100**	100
CPB Investment AG*	Switzerland	Investment holding	**100**	100

14. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Equity Interest 2005 %	2004 %
<u>Subsidiary of CPB Enterprise Sdn Bhd</u>				
United Brands Trading Sdn Bhd* (in liquidation - voluntary)	Malaysia	Dormant	**100**	100
<u>Subsidiary of LDH Investment Pte Ltd</u>				
Beijing CPB Foodstuff Co Ltd* (in liquidation - voluntary)	People's Republic of China	Ceased operations	**70**	70
<u>Subsidiaries of Graimpi Sdn Bhd</u>				
Pavlova Investment Pte Ltd*	Singapore	Dormant	**100**	100
Gemmo Pte Ltd*	Singapore	Investment holding	**100**	100
<u>Subsidiary of Gemmo Pte Ltd</u>				
Gesto Pte Ltd*	Singapore	Dormant	**100**	100
<u>Subsidiaries of Lion Subang Parade Sdn Bhd</u>				
Bingkisan Jaya Sdn Bhd* (in liquidation - voluntary)	Malaysia	Dormant	**100**	100
Hypervest Sdn Bhd* (in liquidation - voluntary)	Malaysia	Dormant	**100**	100
Jatitrade Sdn Bhd* (in liquidation - voluntary)	Malaysia	Dormant	**100**	100
Pattervest Sdn Bhd* (in liquidation - voluntary)	Malaysia	Dormant	**100**	100
Indobaru Sdn Bhd* (in liquidation - voluntary)	Malaysia	Dormant	**100**	100
LDH Management Sdn Bhd	Malaysia	Investment holding and property development	**100**	100
<u>Subsidiaries of LDH Management Sdn Bhd</u>				
Grand Tours & Travel Service Sdn Bhd	Malaysia	Dormant	**100**	100
Shanghai DEbier Management Consulting Co Ltd*	People's Republic of China	Management consulting services	**100**	100
<u>Subsidiary of Likom Caseworks Sdn Bhd</u>				
Likom Caseworks USA Inc*	United States of America	Wholesaling of computer products	**100**	100

14. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Equity Interest 2005 %	Equity Interest 2004 %
Subsidiary of Likom Caseworks USA Inc				
Likom de Mexico S.A. de C.V*	Mexico	Assembling of electronic components used in computers	**100**	100
Subsidiaries of Exonbury Limited				
Dalian Parkson Retail Development Co Ltd*	People's Republic of China	Retailing	**90** **10 @**	– –
Shanghai Ninesea Parkson Plaza Co Ltd	People's Republic of China	Retailing, food and beverage and entertainment business	**100**	100
Shanghai Lion Parkson Investment Consultant Co Ltd	People's Republic of China	Provision of investment and consultancy services	**100**	–
Subsidiary of Parkson Pacific Pte Ltd				
Mianyang Fulin Parkson Plaza Co Ltd	People's Republic of China	Retailing	**60**	60
Subsidiary of Parkson Glomart Pte Ltd				
Shanghai Parkson Decorations Industry Co Ltd*	People's Republic of China	Manufacture and sale of garment	**100**	100
Subsidiaries of Parkson Investment Pte Ltd				
Rosenblum Investments Pte Ltd*	Singapore	Investment holding	**100**	100
Nanning Brilliant Parkson Plaza Co Ltd*	People's Republic of China	Retailing	**51**	–
Parkson Retail Development Co Ltd ^	People's Republic of China	Property development and retailing	**56**	56
Subsidiary of Parkson Management Pte Ltd				
Sichuan Hezheng Parkson Plaza Co Ltd*	People's Republic of China	Retailing	**90**	90
Subsidiary of Parkson Supplies Pte Ltd				
Chongqing Wangyu Parkson Plaza Co Ltd	People's Republic of China	Retailing	**70**	70
Subsidiary of Parkson Retail Development Co Ltd				
Xinjiang You Hao Parkson Department Store Co Ltd ^	People's Republic of China	Retailing	**51**	–

14. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Equity Interest 2005 %	Equity Interest 2004 %
Subsidiaries of Serbadagang Holdings Sdn Bhd				
Dalian Tianhe Parkson Shopping Centre Co Ltd #*	People's Republic of China	Retailing	**60**	60
Shanghai Lion Parkson Investment Consultant Co Ltd	People's Republic of China	Provision of investment and consultancy services	**–**	100
Wuxi Sanyang Parkson Plaza Co Ltd	People's Republic of China	Retailing	**60**	60
Xian Lucky King Parkson Plaza Co Ltd	People's Republic of China	Retailing	**51**	51
Yangzhou Parkson Plaza Co Ltd ^	People's Republic of China	Retailing	**55**	55
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** **1** @	51 –
Subsidiary of Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd*	Socialist Republic of Vietnam	Retailing	**100**	–
Subsidiary of CP Properties Sdn Bhd				
Aktif Lifestyle Stores Sdn Bhd	Malaysia	Operation of departmental stores	**100**	100
Subsidiaries of Aktif Lifestyle Stores Sdn Bhd				
Aktif-Sunway Sdn Bhd	Malaysia	Operation of departmental stores	**80**	80
Octon Electronics Sdn Bhd	Malaysia	Ceased operations	**100**	100
Sunbeam Bakeries Sdn Bhd	Malaysia	Ceased operations	**100**	100

* Not audited by Ernst & Young, Malaysia.

@ Holding in equity by Shanghai Ninesea Parkson Plaza Co Ltd, a subsidiary in which the Group has 100% equity interest.

^ By virtue of the joint venture agreements and the articles of association, the Group has a joint control over the economic activities of these companies. Accordingly, the Group reports its interest in these companies in accordance with MASB 16: Financial Reporting of Interests in Joint Ventures.

During the financial year, the Group ceases to have control over Dalian Tianhe Parkson Shopping Centre Co Ltd. Accordingly, the investment has been accounted as other investments (Note 17).

14. INVESTMENTS IN SUBSIDIARIES (Continued)

The cessation of control had the following effects on the Group's financial results for the year:

	Up to date of ceased control RM'000	30 June 2004 RM'000
Revenue	**67,498**	42,657
Profit before tax	**2,601**	2,149
Net profit for the year	**922**	807

The cessation of control had the following effects on the financial position of the Group at the end of the year:

	As at date of ceased control RM'000	30 June 2004 RM'000
Property, plant and equipment	**79,461**	81,446
Deferred tax assets	**1,498**	1,498
Inventories	**9,502**	8,222
Trade and other receivables	**27,749**	41,435
Deposits, cash and bank balances	**22,654**	21,363
Trade and other payables	**(82,143)**	(69,971)
Borrowings	**(16,065)**	(26,163)
Net assets	**42,656**	57,830
Minority interests	**(19,560)**	(23,132)
Reclassified to other investments	**23,096**	34,698

(a) Acquisition of Subsidiaries

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

(i) Exonbury Limited and Shanghai Ninesea Parkson Plaza Co Ltd set up Dalian Parkson Retail Development Co Ltd, which was incorporated on 15 April 2005, to carry out the retail business in Dalian in the PRC for the acquisition of Dalian Zhong Sheng Co Ltd's business at a cash consideration of Rmb20 million.

(ii) the acquisition of 98% equity interests in Hamba Research & Development Co Ltd in Taiwan for a cash consideration of RM1.00.

(iii) the acquisition of a wholly-owned subsidiary known as Lion DRI Sdn Bhd (formerly known as Tekun Arif Sdn Bhd) incorporated in Malaysia for a cash consideration of RM2.00.

(iv) the acquisition of a wholly-owned subsidiary known as Sea Coral Limited incorporated in Hong Kong SAR for a total cash consideration of HKD1.00.

(v) the acquisition of a wholly-owned subsidiary known as Well Morning Limited incorporated in Hong Kong SAR for a total cash consideration of HKD1.00.

14. INVESTMENTS IN SUBSIDIARIES (Continued)

(a) Acquisition of Subsidiaries (Continued)

The above acquisitions had the following effects on the Group's financial results for the year:

	2005 RM'000
Revenue	7,525
Loss from operations	(2,945)
Net loss for the year	(2,926)

The acquisitions had the following effects on the financial position of the Group as at the end of the year:

	30 June 2005 RM'000
Property, plant and equipment	203
Deferred tax assets	1,786
Purchased goodwill	4,164
Other investments	1,062
Trade and other receivables	415
Deposits, cash and bank balances	349
Trade and other payables	(11,884)
Minority interests	1,551
Group's share of net liabilities	(2,354)

The fair values of the assets acquired and liabilities assumed from the acquisitions are as follows:

	2005 RM'000
Property, plant and equipment	129
Deferred tax assets	1,786
Purchased goodwill	4,235
Trade and other receivables	468
Deposits, cash and bank balances	152
Trade and other payables	(9,482)
Short term borrowings	(190)
Fair value of total net liabilities	(2,902)
Less: Minority interests	1,532
Group's share of net liabilities	(1,370)
Goodwill on acquisitions	10,103
Purchase consideration satisfied by cash	8,733
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash	8,733
Cash and cash equivalents of subsidiaries acquired	(152)
	8,581

14. INVESTMENTS IN SUBSIDIARIES (Continued)

(a) Acquisition of Subsidiaries (Continued)

In the last financial year, the Group has completed the following acquisitions:

(i) the acquisition of the Parkson Retail Group which involved the acquisition of the entire equity interests in a group of six (6) companies incorporated in Singapore, three (3) companies incorporated in Malaysia, and one (1) company incorporated in Hong Kong SAR ("Parkson Retail Group"), which are retail based companies in the People's Republic of China and Malaysia for a total consideration of RM431.82 million and the settlement of the net inter-company balance due by the acquiree companies to the vendors totalling RM67.39 million as at 30 June 2003, satisfied by a cash consideration of RM399.21 million of which RM249.21 million was by deferred payment and the issuance of RM100 million RCULS;

(ii) the acquisition of the entire issued and paid up capital of Likom Caseworks Sdn Bhd for a total consideration of RM105.70 million;

(iii) the subscription of 9,998 ordinary shares of RM1.00 each in Likom CMS Sdn Bhd ("LCMS"), representing 99.98% of the equity interest therein at a subscription price of RM9,998 or RM1.00 per share for cash and the assumption of all LCMS's obligations to pay to Likom Computer System Sdn Bhd ("LCS") the purchase price amounting to RM25.43 million for the acquisition of LCS's business; and

(iv) CP Properties Sdn Bhd, a wholly-owned subsidiary of the Company, acquired 31 million ordinary shares of RM1.00 each representing 100% equity interest in Aktif Lifestyle Stores Sdn Bhd and its subsidiaries, namely Sunbeam Bakeries Sdn Bhd, Octon Electronics Sdn Bhd and Aktif-Sunway Sdn Bhd, from Aktif Lifestyle Corporation Berhad for a total consideration of RM1.00.

The above acquisitions together with the acquisition of Mahkota Cheras project had the following effects on the Group's financial results for the last financial year:

	2004 RM'000 (Restated)
Revenue	345,243
Profit from operations	17,541
Net profit for the year	15,168

14. INVESTMENTS IN SUBSIDIARIES (Continued)

(a) Acquisition of Subsidiaries (Continued)

The acquisitions had the following effects on the financial position of the Group as at the end of the last financial year:

	30 June 2004 RM'000 (Restated)
Property, plant and equipment	520,058
Land held for property development and property development costs	174,672
Investments in associates	3,677
Investments in jointly controlled entities	66,681
Other investments	33,557
Deferred tax assets	16,208
Purchased goodwill	20,456
Inventories	279,960
Trade and other receivables	411,190
Deposits, cash and bank balances	263,068
Trade and other payables	(856,711)
Borrowings	(246,912)
Tax payable	(11,623)
Deferred tax liabilities	(22,706)
Minority interests	(99,076)
Group's share of net assets	552,499

The fair values of the assets acquired and liabilities assumed from the acquisitions were as follows:

	2004 RM'000 (Restated)
Property, plant and equipment	521,832
Land held for property development and property development costs	169,322
Investments in associates	3,763
Investments in jointly controlled entities	63,655
Other investments	13,708
Deferred tax assets	14,561
Purchased goodwill	20,524
Inventories	308,792
Trade and other receivables	499,613
Deposits, cash and bank balances	265,937
Trade and other payables	(917,454)
Borrowings	(287,766)
Tax payable	(14,562)
Deferred tax liabilities	(22,313)
Fair value of total net assets	639,612
Less: Minority interests	(100,255)
Group's share of net assets	539,357
Goodwill on acquisition	155,494
Cost of acquisition	694,851

14. INVESTMENTS IN SUBSIDIARIES (Continued)

(a) Acquisition of Subsidiaries (Continued)

	2004 RM'000 (Restated)
Purchase consideration satisfied by:	
Cash	209,837
Ordinary shares issued, at fair value	92,905
ICULS	140,000
RCULS	100,000
Deferred payments (Note 33)	249,210
Net inter-company balance	(97,101)
Total purchase consideration	694,851
Purchase consideration satisfied by cash	(209,837)
Cash and cash equivalents of subsidiaries acquired	265,937
Net cash inflow of the Group	56,100

(b) Disposal of Subsidiaries

In the last financial year, LDH Management Sdn Bhd and Graimpi Sdn Bhd jointly disposed of the following investments in subsidiaries to Horsinvest Holding Co Ltd for a total cash consideration of USD131.50 million (equivalent to approximately RM499.70 million):

- 50% equity interest in the paid up ordinary share capital in DEbier Sdn Bhd; and
- 50% equity interest in the paid up ordinary share capital and 50% interest in the preference shares in Consitrade (M) Sdn Bhd.

The disposals had the following effects on the Group's financial results for the last financial year:

	2004 RM'000
Revenue	378,326
Operating costs	(366,349)
Profit before taxation	11,977
Taxation	(3,733)
Profit after taxation	8,244
Minority interests	(3,638)
Net profit for the year	4,606

14. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Disposal of Subsidiaries (Continued)

The disposals had the following effects on the financial position of the Group as at the end of the last financial year:

	2004 RM'000
Property, plant and equipment	685,591
Investments in associates	53,097
Intangible assets	29,124
Inventories	115,550
Trade and other receivables	156,755
Deposits, cash and bank balances	70,571
Trade and other payables	(414,310)
Borrowings	(100,401)
Tax payable	(6,276)
Minority interests	(229,530)
	360,171
Reclassified to investments in associates	(180,454)
Net assets disposed	179,717
Goodwill on consolidation	4,205
	183,922
Transfer from exchange fluctuation reserve	(64,294)
	119,628
Total disposal proceeds settled by cash	498,528
Gain on disposal of subsidiaries	378,900
Cash inflow arising on disposal:	
Cash consideration, representing cash inflow of the Group	498,528
Cash and cash equivalents of subsidiaries disposed of	(70,571)
Net cash inflow of the Group	427,957

15. INVESTMENTS IN ASSOCIATES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Quoted shares in Malaysia, at cost	**226,766**	226,766	**432**	432
Unquoted investments, at cost	**4,851**	181,409	**–**	–
Share of post-acquisition reserves	**42,129**	8,700	**–**	–
	273,746	416,875	**432**	432
Market value of quoted shares	**206,705**	137,425	**393**	261

The Group's interest in the associates is analysed as follows:

	Group 2005 RM'000	Group 2004 RM'000
Share of net assets	**84,558**	220,612
Share of goodwill in associates	**135,421**	142,496
	219,979	363,108
Goodwill on acquisition	**53,767**	53,767
	273,746	416,875

Details of the associates are as follows:

Name of Associates	Country of Incorporation	Principal Activities	Equity Interest 2005 %	Equity Interest 2004 %
Lion Corporation Berhad #	Malaysia	Investment holding	**24.5**	24.7
Inner Mongolia Leadar Parkson Plaza Co Ltd	People's Republic of China	Ceased operations	**25**	25
Shanghai Ninesea Lion Properties Management Co Ltd	People's Republic of China	Property management	**35**	35
DEbier Sdn Bhd	Malaysia	Investment holding	**–**	50
Consitrade (M) Sdn Bhd	Malaysia	Investment holding	**–**	50

All the associates are not audited by Ernst & Young, Malaysia.

\# Listed on the Main Board of Bursa Securities.

16. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group 2005 RM'000	Group 2004 RM'000 (Restated)
Unquoted shares, at cost	**53,212**	52,401
Share of post-acquisition reserves	**10,369**	14,280
	63,581	66,681

The Group's aggregate share of income, expenses, assets and liabilities of the jointly controlled entities are as follows:

	2005 RM'000	2004 RM'000 (Restated)
Revenue	**330,587**	54,055
Expenses, including finance costs	**297,099**	49,561
Non-current assets	**120,793**	120,362
Current assets	**73,291**	68,513
Current liabilities	**(130,503)**	(122,194)
Net assets	**63,581**	66,681

Details of the jointly controlled entities are as follows:

Name of Jointly Controlled Entitites	Country of Incorporation	Principal Activities	Equity Interest 2005 %	Equity Interest 2004 %
Parkson Retail Development Co Ltd	People's Republic of China	Property development and retailing	**56**	56
Yangzhou Parkson Plaza Co Ltd	People's Republic of China	Retailing	**55**	55
Xinjiang You Hao Parkson Development Store Co Ltd @	People's Republic of China	Retailing	**51**	–
Panareno Sdn Bhd *	Malaysia	Property development	**35**	–

@ Holding in equity by Parkson Retail Development Co Ltd.

* Not audited by Ernst & Young, Malaysia.

17. OTHER INVESTMENTS

		Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Long Term Investments					
Unquoted					
Bonds	(a)	**31,543**	33,887	**31,543**	33,887
Shares:					
In Malaysia		**328**	313	**–**	–
Outside Malaysia		**9,969**	–	**–**	–
	(b)	**10,297**	313	**–**	–
Quoted					
Shares in Malaysia		**30,434**	2	**30,432**	–
		72,274	34,202	**61,975**	33,887
Short Term Investments					
Unquoted					
Bonds	(a)	**4,739**	5,380	**4,739**	5,380
Quoted					
Shares:					
In Malaysia		**597**	597	**597**	597
Outside Malaysia		**1,070**	8	**–**	–
	(c)	**1,667**	605	**597**	597
Debenture outside Malaysia		**800**	26,292	**–**	–
Investment management fund	(d)	**–**	5,467	**–**	–
		7,206	37,744	**5,336**	5,977
Total Investments					
Unquoted					
Bonds		**36,282**	39,267	**36,282**	39,267
Shares:					
In Malaysia		**328**	313	**–**	–
Outside Malaysia		**9,969**	–	**–**	–
		10,297	313	**–**	–
Quoted					
Shares:					
In Malaysia		**31,031**	599	**31,029**	597
Outside Malaysia		**1,070**	8	**–**	–
		32,101	607	**31,029**	597
Debenture outside Malaysia		**800**	26,292	**–**	–
Investment management fund		**–**	5,467	**–**	–
		79,480	71,946	**67,311**	39,864
Market value of:					
Quoted shares		**31,702**	1,313	**30,631**	1,310
Quoted debentures		**856**	26,292	**–**	–

17. OTHER INVESTMENTS (Continued)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(a) Unquoted bonds				
Unquoted bonds, at cost	**36,451**	36,451	**36,451**	36,451
Accrued interests	**6,882**	4,847	**6,882**	4,847
	43,333	41,298	**43,333**	41,298
Less: Redeemed	**(7,051)**	(2,031)	**(7,051)**	(2,031)
	36,282	39,267	**36,282**	39,267
Less: Bonds redeemable within one year	**(4,739)**	(5,380)	**(4,739)**	(5,380)
	31,543	33,887	**31,543**	33,887

The unquoted bonds were issued by the former holding companies and bear a yield to maturity ranges from 4.75% to 5.75% per annum.

	Group		Company	
(b) Unquoted shares				
Unquoted shares, at cost:				
In Malaysia	**328**	313	**–**	–
Outside Malaysia	**23,096**	–	**–**	–
	23,424	313	**–**	–
Less: Accumulated impairment losses	**(13,127)**	–	**–**	–
	10,297	313	**–**	–
(c) Quoted shares				
Quoted shares, at cost:				
In Malaysia	**2,549**	2,549	**2,549**	2,549
Outside Malaysia	**1,070**	8	**–**	–
	3,619	2,557	**2,549**	2,549
Less: Accumulated impairment losses	**(1,952)**	(1,952)	**(1,952)**	(1,952)
	1,667	605	**597**	597

(d) Investment management fund

The investment management fund was managed by an external investment management company. As at year end, the fund was invested in the following:

	Group	
	2005 RM'000	2004 RM'000
Government securities	**–**	877
Cash and bank balances	**–**	4,590
	–	5,467
Market value of Government securities	**–**	800

18. INTANGIBLE ASSETS

	Group 2005 RM'000	Group 2004 RM'000
Goodwill		
Goodwill on consolidation:		
At 1 July	**156,073**	5,848
Acquisition of subsidiaries	**10,103**	155,494
Disposal of subsidiaries	**–**	(5,269)
At 30 June	**166,176**	156,073
Purchased goodwill:		
At 1 July	**20,524**	–
Acquisition of subsidiaries/operations	**4,235**	20,524
At 30 June	**24,759**	20,524
Less: Accumulated amortisation		
At 1 July	**(1,072)**	(1,479)
Recognised in income statement	**(7,171)**	(657)
Disposal of subsidiaries	**–**	1,064
At 30 June	**(8,243)**	(1,072)
Total	**182,692**	175,525

19. DEFERRED TAX

	Group 2005 RM'000	Group 2004 RM'000 (Restated)
At 1 July	**(6,498)**	–
Acquisition of subsidiaries	**1,786**	(7,752)
Recognised in income statement	**9,811**	1,254
Cessation of control in a subsidiary	**(1,498)**	–
At 30 June	**3,601**	(6,498)

Presented after appropriate offsetting as follows:

	Group 2005 RM'000	Group 2004 RM'000 (Restated)
Deferred tax assets	**25,545**	16,208
Deferred tax liabilities	**(21,944)**	(22,706)
	3,601	(6,498)

19. DEFERRED TAX (Continued)

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

Deferred Tax Assets of the Group:

	Provisions RM'000
At 1 July 2004	**16,208**
Recognised in income statement	**9,049**
Acquisition of subsidiaries	**1,786**
Cessation of control in a subsidiary	**(1,498)**
At 30 June 2005	**25,545**
At 1 July 2003	–
Recognised in income statement	1,647
Acquisition of subsidiaries	14,561
At 30 June 2004	16,208

Deferred Tax Liabilities of the Group:

	Property, Plant and Equipment RM'000
At 1 July 2004	**(22,706)**
Recognised in income statement	**762**
At 30 June 2005	**(21,944)**
At 1 July 2003	–
Recognised in income statement	(393)
Acquisition of subsidiaries	(22,313)
At 30 June 2004	(22,706)

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

	Group	
	2005 RM'000	**2004 RM'000**
Unabsorbed capital allowances	**25,000**	21,000
Unused tax losses	**157,000**	94,000

The unused tax losses are available indefinitely for offset against future taxable profits of the respective subsidiaries.

20. INVENTORIES

	Group	
	2005	**2004**
	RM'000	**RM'000**
		(Restated)
Cost		
Merchandise inventories	**164,306**	158,655
Industrial land	**5,860**	9,987
Properties held for sale	**51,915**	86,983
Raw materials	**547**	761
Work-in-progress	**885**	2,033
Finished goods	**6,693**	1,901
Consumable stores	**886**	709
	231,092	261,029
Net realisable value		
Finished goods	**17,755**	11,463
Work-in-progress	**1,848**	1,625
Raw materials	**12,082**	13,731
	262,777	287,848

The cost of inventories carried at net realisable value at end of the financial year are as follows:

	Group	
	2005	**2004**
	RM'000	**RM'000**
		(Restated)
Finished goods	**18,279**	11,478
Work-in-progress	**1,997**	1,650
Raw materials	**13,449**	14,503

The title to the industrial land has yet to be transferred to a subsidiary as at 30 June 2005.

21. TRADE RECEIVABLES

	Group 2005 RM'000	Group 2004 RM'000 (Restated)
Trade receivables	**116,382**	73,929
Accrued billings in respect of property development costs	**5,182**	–
Less: Provision for doubtful debts	**(4,258)**	(1,596)
	117,306	72,333

The Group's normal trade credit term ranges from 2 to 75 days. Other credit terms are assessed and approved on a case-by-case basis.

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

22. OTHER RECEIVABLES

		Group 2005 RM'000	Group 2004 RM'000 (Restated)	Company 2005 RM'000	Company 2004 RM'000
Amounts owing by subsidiaries	(a)	**–**	–	**693,252**	767,727
Sundry receivables	(b)	**121,057**	80,325	**20**	4
Deposits	(c)	**153,266**	37,118	**105,140**	1,187
Prepayment		**23,738**	20,319	**4,923**	–
Sales proceeds receivable from disposals of:					
Subang Parade shopping mall		**–**	42,270	**–**	–
Mahkota Parade shopping mall		**–**	27,730	**–**	–
Amounts owing by capital holders of subsidiaries	(d)	**17,761**	35,485	**–**	–
Amounts owing by associates	(e)	**4,452**	4,517	**–**	–
Amounts owing by related parties	(f)	**3,885**	618	**327**	299
Amount owing by a jointly controlled entity	(e)	**4,954**	–	**–**	–
		329,113	248,382	**803,662**	769,217

22. OTHER RECEIVABLES (Continued)

(a) Amounts owing by subsidiaries

	Company	
	2005	**2004**
	RM'000	**RM'000**
Amounts outstanding	**772,302**	846,777
Less: Provision for doubtful debts	**(79,050)**	(79,050)
	693,252	767,727

The amounts owing by subsidiaries are unsecured, have no fixed terms of repayment and interest is charged at the rate of 1.0% (2004: 1.0%) per annum.

(b) Sundry receivables

	Group		Company	
	2005	**2004**	**2005**	**2004**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(Restated)		
Amounts outstanding	**122,859**	80,325	**20**	4
Less: Provision for doubtful debts	**(1,802)**	–	**–**	–
	121,057	80,325	**20**	4

(c) Included in the deposits is an amount of RM103.95 million (2004: RM Nil) paid to Midrex Technologies Inc in relation to the supply agreement for a hot direct reduced iron plant.

(d) The amounts owing by capital holders of subsidiaries are secured against certain assets of the capital holders and have no fixed terms of repayment. Certain amounts bear interest at the rate of 4.5% to 6.5% (2004: 4.5% to 6.5%) per annum.

(e) The amounts owing by associates and a jointly controlled entity are unsecured, interest free and have no fixed terms of repayment.

(f) The amounts owing by related parties are unsecured, have no fixed terms of repayment and certain amounts bear interest at the rate of 8.0% (2004: 8.0%) per annum.

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

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005 RM'000	2004 RM'000 (Restated)	2005 RM'000	2004 RM'000
Cash on hand and at banks	**156,769**	148,629	**2,178**	2,362
Deposits with:				
Licensed banks	**294,463**	211,089	**36,676**	33,400
Licensed finance companies	**192,982**	41,097	**–**	–
Deposits, cash and bank balances	**644,214**	400,815	**38,854**	35,762
Bank overdrafts	**–**	(1,368)	**–**	–
Cash and cash equivalents	**644,214**	399,447	**38,854**	35,762

The deposits, cash and bank balances of the subsidiaries in the People's Republic of China are subject to the exchange control restrictions of that country. The 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.

Fixed deposits amounting to RM22.5 million (2004: RM Nil) are pledged with a financial institution for banking facilities extended to the Company.

The following deposits and bank balances, which arose from a property development project, are registered under the vendor's name.

	Group	
	2005 RM'000	2004 RM'000
Deposits with licensed banks	**49,650**	39,066
Bank balance	**23,737**	3,704
	73,387	42,770

Included in bank balance of a subsidiary is an amount of RM21.63 million (2004: RM3.16 million) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use for other operations.

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

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Licensed banks	**2.6**	2.5	**2.4**	2.3
Licensed finance companies	**2.7**	2.6	**–**	–

Deposits of the Group and of the Company have an average maturity of 30 days. Bank balances are deposits held at call with licensed banks.

24. TRADE PAYABLES

	Group	
	2005 RM'000	2004 RM'000 (Restated)
Trade payables	**391,042**	379,510

The normal trade credit terms granted to the Group ranges from 30 to 60 days.

25. OTHER PAYABLES

	Group		Company	
	2005 RM'000	2004 RM'000 (Restated)	2005 RM'000	2004 RM'000
Sundry payables	**198,202**	342,786	**–**	–
Accruals	**55,225**	52,882	**2,319**	3,667
Amounts owing to subsidiaries	**–**	–	**705,312**	539,708
Amounts owing to capital holders of subsidiaries	**12,975**	3,471	**–**	–
Amounts owing to related parties	**1,924**	3,016	**240**	273
Deferred payments due within one year (Note 33)	**134,049**	125,337	**134,049**	125,337
	402,375	527,492	**841,920**	668,985

The amounts owing to subsidiaries are unsecured, have no fixed terms of repayment and interest is charged on certain amounts at 1.0% (2004: 1.0%) per annum.

The amounts owing to capital holders of subsidiaries are unsecured, have no fixed terms of repayment and interest is charged on certain amounts at 5.6% (2004: 5.6%) per annum.

The amounts owing to related parties are unsecured, interest free and have no fixed terms of repayment.

26. GOVERNMENT GRANTS

	Group	
	2005 RM'000	2004 RM'000
Grants	**–**	4,820

A subsidiary in the People's Republic of China received Government grants amounting to Rmb10.50 million (equivalent to approximately RM4.82 million) for the capital expenditure to be incurred on the business premises. During the financial year, the Group ceases to have control of the subsidiary.

27. BORROWINGS

	Group 2005 RM'000	Group 2004 RM'000 (Restated)	Company 2005 RM'000	Company 2004 RM'000
Short Term Borrowings				
Secured:				
Bank overdrafts	**–**	1,368	**–**	–
Hire purchase payables (Note 28)	**1,550**	548	**117**	–
Short term loans	**115,213**	155,013	**–**	–
Term loans	**–**	10,000	**–**	–
	116,763	166,929	**117**	–
Unsecured:				
Bankers' acceptances	**11,252**	13,035	**–**	–
ICULS (Note 29)	**2,191**	67	**2,191**	67
RCULS (Note 30)	**1,970**	464	**1,970**	464
Short term loans	**26,387**	40,493	**–**	–
	41,800	54,059	**4,161**	531
	158,563	220,988	**4,278**	531
Long Term Borrowings				
Secured:				
Hire purchase payables (Note 28)	**1,636**	634	**399**	–
Term loans	**–**	27,002	**–**	–
	1,636	27,636	**399**	–
Unsecured:				
ICULS (Note 29)	**5,520**	11,481	**5,520**	11,481
RCULS (Note 30)	**80,391**	79,499	**80,391**	79,499
Term loans	**16,900**	–	**–**	–
	102,811	90,980	**85,911**	90,980
	104,447	118,616	**86,310**	90,980
Total Borrowings				
Hire purchase payables (Note 28)	**3,186**	1,182	**516**	–
Other borrowings	**259,824**	338,422	**90,072**	91,511
	263,010	339,604	**90,588**	91,511
Maturity of other borrowings (excluding hire purchase payables):				
Within one year	**157,013**	220,440	**4,161**	531
More than one year and less than two years	**2,000**	10,000	**–**	–
More than two years and less than five years	**97,061**	107,982	**85,911**	90,980
Five years or more	**3,750**	–	**–**	–
	259,824	338,422	**90,072**	91,511

27. BORROWINGS (Continued)

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

	Group		Company	
	2005	**2004**	**2005**	**2004**
	%	**%**	**%**	**%**
Bank overdrafts	**BLR+2.2**	BLR+2.2	**–**	–
Bankers' acceptances	**3.9 to 8.0**	5.5 to 8.0	**–**	–
ICULS	**7.0**	7.0	**7.0**	7.0
RCULS	**7.0**	7.0	**7.0**	7.0
Short term loans	**4.5 to 8.0**	4.5 to 10.0	**–**	–
Term loans	**5.7 to 6.0**	10.0	**–**	–

The borrowings are secured against certain land and buildings of the Group.

28. HIRE PURCHASE PAYABLES

	Group		Company	
	2005	**2004**	**2005**	**2004**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Minimum lease payments:				
Not later than one year	**1,806**	590	**132**	–
Later than one year and not later than five years	**1,740**	716	**453**	–
Later than five years	**–**	56	**–**	–
	3,546	1,362	**585**	–
Less: Future finance charges	**(360)**	(180)	**(69)**	–
Present value of finance lease liabilities	**3,186**	1,182	**516**	–
Present value of finance lease liabilities:				
Not later than one year	**1,550**	548	**117**	–
Later than one year and not later than five years	**1,636**	584	**399**	–
Later than five years	**–**	50	**–**	–
	3,186	1,182	**516**	–
Analysed as:				
Due within one year (Note 27)	**1,550**	548	**117**	–
Due after one year (Note 27)	**1,636**	634	**399**	–
	3,186	1,182	**516**	–

The hire purchase and lease liabilities bore interest at the balance sheet date at rates between 3.3% to 7.7% (2004: 3.4% to 7.7%) per annum.

29. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

Pursuant to the acquisition of new operations which was completed in the previous financial year, the Company had issued RM140 million nominal value 5-year 2% coupon irredeemable convertible unsecured loan stocks ("ICULS") as part of the settlement. The terms of the ICULS are as follows:

(a) Conversion Rights and Rate

The ICULS are convertible into new ordinary shares of RM0.50 each in the Company during the conversion period at the conversion price of RM0.86 for every new ordinary share in the Company.

(b) Conversion Period

The ICULS are for a period of 5 years maturing on 1 June 2009.

(c) Coupon Rate

The ICULS bear a coupon interest rate of 2% per annum payable annually in arrears on the anniversary of the issue date during the tenure of the ICULS.

(d) Redeemability

Not redeemable for cash. Unless previously converted all outstanding ICULS will be mandatorily converted into new ordinary shares of RM0.50 each at the conversion price of RM0.86 for every new ordinary share in the Company on 1 June 2009.

(e) Ranking

The new ordinary shares to be issued pursuant to the conversion of the ICULS shall rank pari passu in all respects with the existing ordinary shares of the Company.

The ICULS are listed on the Main Board of Bursa Securities.

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

	Group/Company	
	2005	**2004**
	RM'000	**RM'000**
Nominal value	**109,438**	134,886
Less: Unamortised portion	**(101,727)**	(123,338)
Net amount	**7,711**	11,548
Amount due within one year (Note 27)	**(2,191)**	(67)
Amount due after one year (Note 27)	**5,520**	11,481

29. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (Continued)

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

	Group/Company	
	2005	**2004**
	RM'000	**RM'000**
Nominal value:		
At 1 July	**134,886**	–
Issued during the year	**–**	140,000
Redeemed during the year	**(25,448)**	(5,114)
At 30 June	**109,438**	134,886
Less: Equity component	**(100,000)**	(123,405)
	9,438	11,481
Interest expenses recognised:		
At 1 July	**67**	–
Recognised during the year (Note 7)	**634**	67
At 30 June	**701**	67
Interest paid:		
At 1 July	**–**	–
Paid during the year	**(2,428)**	–
At 30 June	**(2,428)**	–
Liability component at 30 June	**7,711**	11,548

Interest expense on the ICULS is calculated on the effective yield basis by applying the interest rate of 7% per annum.

30. REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

Pursuant to the acquisition of new operations which was completed in the previous financial year, the Company issued RM100 million nominal value 5-year 2% coupon redeemable convertible unsecured loan stocks ("RCULS") as part of the settlement. The terms of the RCULS are as follows:

(a) Conversion Rights and Rate

The RCULS are convertible into new ordinary shares of RM0.50 each in the Company during the conversion period at the conversion price of RM0.86 for every new ordinary share in the Company.

(b) Conversion Period

The RCULS are for a period of 5 years maturing on 1 June 2009.

(c) Coupon Rate

The RCULS bear a coupon interest rate of 2% per annum payable annually in arrears on the anniversary of the issue date during the tenure of the RCULS.

30. REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (Continued)

(d) Redeemability

The Company will have an option to redeem any of the RCULS on a pro-rata basis by giving two (2) weeks written notice to the holders at any time. If for whatever reason the holder does not convert the RCULS or the Company does not exercise the redemption, all of the outstanding RCULS will be redeemed for cash at RM1.00 per RCULS on 1 June 2009.

(e) Ranking

The new ordinary shares to be issued pursuant to the conversion of the RCULS shall rank pari passu in all respects with the existing ordinary shares of the Company.

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

	Group/Company	
	2005	**2004**
	RM'000	**RM'000**
Nominal value	**98,500**	100,000
Less: Unamortised portion	**(16,139)**	(20,037)
Net amount	**82,361**	79,963
Amount due within one year (Note 27)	**(1,970)**	(464)
Amount due after one year (Note 27)	**80,391**	79,499

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

	Group/Company	
	2005	**2004**
	RM'000	**RM'000**
Nominal value:		
At 1 July	**100,000**	–
Issued during the year	**–**	100,000
Redeemed during the year	**(1,500)**	–
At 30 June	**98,500**	100,000
Less: Equity component	**(20,193)**	(20,501)
	78,307	79,499
Interest expenses recognised:		
At 1 July	**464**	–
Recognised during the year (Note 7)	**5,586**	464
At 30 June	**6,050**	464
Interest paid:		
At 1 July	**–**	–
Paid during the year	**(1,996)**	–
At 30 June	**(1,996)**	–
Liability component at 30 June	**82,361**	79,963

Interest expense on the RCULS is calculated on the effective yield basis by applying the interest rate of 7% per annum.

31. SHARE CAPITAL

	Number of Ordinary Shares of RM0.50 Each		Amount	
	2005	**2004**	**2005**	**2004**
	'000	**'000**	**RM'000**	**RM'000**
Authorised:				
At 1 July/30 June	**1,000,000**	1,000,000	**500,000**	500,000
Issued and fully paid:				
At 1 July	**462,730**	348,404	**231,365**	174,202
Movements during the year pursuant to:				
Bonus issue	**–**	279,003	**–**	139,501
Capital distribution	**–**	(279,003)	**–**	(139,501)
Acquisition of new operations	**–**	108,030	**–**	54,015
ESOS	**1,370**	350	**685**	175
Conversion of ICULS	**29,591**	5,946	**14,795**	2,973
Conversion of RCULS	**1,744**	–	**872**	–
At 30 June	**495,435**	462,730	**247,717**	231,365

(a) Issue of ordinary shares

During the financial year, the Company increased its issued and paid up share capital from RM231,365,101.50 to RM247,717,457.00 by way of:

(i) the issuance of 25,000, 845,000 and 500,000 new ordinary shares of RM0.50 each at an issue price of RM0.50, RM1.12 and RM1.46 per share respectively for cash pursuant to the Executive Share Option Scheme of the Company;

(ii) the conversion of RM25,447,855 nominal value ICULS into 29,590,526 new ordinary shares of RM0.50 each at a conversion price of RM0.86 per share; and

(iii) the conversion of RM1,500,000 nominal value RCULS into 1,744,185 new ordinary shares of RM0.50 each at a conversion price of RM0.86 per share.

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

(b) Executive Share Option Scheme ("ESOS")

The ESOS was implemented on 31 May 2000 and expired on 30 May 2005.

The main features of the Company's ESOS were as follows:

(i) eligible employees are those who had been confirmed as executive employees of the Group with not less than twelve months service immediately before the offer;

(ii) the options granted may be exercised in full or in any lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares;

(iii) the subscription price for each ordinary share under the ESOS shall be the higher of a price to be determined by the Board upon the recommendation of the ESOS Committee which is at a discount of not more than 10% on the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer or the par value of the shares;

31. SHARE CAPITAL (Continued)

(b) Executive Share Option Scheme ("ESOS") (Continued)

(iv) the options granted may be exercised at any time during the period commencing on the date of offer of the option and expiring on the date of expiry of the ESOS or such shorter period as may be specifically stated in the offer; and

(v) the maximum number of new shares in the Company which may be issued and allotted pursuant to the exercise of options granted under the ESOS shall not exceed 10% of the issued and paid up share capital of the Company at any point of time during the existence of the ESOS.

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

The movements during the financial year in the number of options of the Company pursuant to the ESOS are as follows:

	2005 '000	**2004 '000**
At beginning of financial year	**25**	384
Granted	**1,411**	–
Exercised	**(1,370)**	(350)
Lapsed	**(66)**	(9)
At end of financial year	**–**	25

32. OTHER RESERVES

	Group		**Company**	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
Non-distributable:				
Exchange fluctuation reserves	**(1,597)**	60,552	**–**	–
Capital reserves	**6,424**	2,606	**–**	–
Equity components of ICULS	**100,000**	123,405	**100,000**	123,405
Equity components of RCULS	**20,193**	20,501	**20,193**	20,501
	125,020	207,064	**120,193**	143,906

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.

33. DEFERRED PAYABLES

	Group/Company 2005 RM'000	2004 RM'000
Deferred payments	**124,601**	249,210
Interest payable	**9,448**	1,454
	134,049	250,664
Amount due within one year (Note 25)	**(134,049)**	(125,337)
Amount due after one year	**–**	125,327
Repayable:		
Within one year	**134,049**	125,337
More than one year and less than two years	**–**	125,327
	134,049	250,664

The deferred payments are part of the cash consideration payable on the acquisition of the Parkson Retail Group as disclosed in Note 14(a). The deferred payments bear interest at rate of 7% per annum and are payable on or before 15 December 2004 and 15 December 2005 respectively.

34. PRIOR YEAR ADJUSTMENTS

In the previous financial year, the interests in Parkson Retail Development Co Ltd and Yangzhou Parkson Plaza Co Ltd (collectively refer to as the "Parkson Entities") of which the Group has effective equity holdings of 56% and 55% respectively, were consolidated in the financial statements of the Group. The joint-venture agreements between the Group and the other shareholders of the Parkson Entities, and the articles of association of the Parkson Entities, established that the Group has a joint control over the economic activities of the Parkson Entities. Accordingly, the Group applies equity accounting in its interests in the Parkson Entities in accordance with MASB 16: Financial Reporting of Interests in Joint Ventures. The change in accounting treatment has been accounted for retrospectively and effects of this change are as follows:

	Previously Reported RM'000	Adjustments RM'000	Restated RM'000
Group			
(a) Income Statement			
Revenue	849,782	(96,622)	753,160
Profit before taxation	447,512	(3,520)	443,992
Taxation	(27,111)	1,150	(25,961)
Minority interests	(9,466)	2,370	(7,096)

34. PRIOR YEAR ADJUSTMENTS (Continued)

	Previously Reported RM'000	Adjustments RM'000	Restated RM'000
Group			
(b) Balance Sheet			
Property, plant and equipment	737,211	(211,600)	525,611
Investments in jointly controlled entities	–	66,681	66,681
Deferred tax assets	20,122	(3,914)	16,208
Inventories	297,769	(9,921)	287,848
Trade receivables	74,271	(1,938)	72,333
Other receivables	293,712	(45,330)	248,382
Deposits, cash and bank balances	455,744	(54,929)	400,815
Trade payables	(450,765)	71,255	(379,510)
Other payables	(644,976)	117,484	(527,492)
Short term borrowings	(234,758)	13,770	(220,988)
Tax payable	(25,390)	5,524	(19,866)
Minority interests	(151,994)	52,918	(99,076)

35. COMMITMENTS

	Group 2005 RM'000	2004 RM'000 (Restated)
(a) Capital Commitments		
Capital expenditure for property, plant and equipment:		
Approved and contracted for	**230,401**	9,634
Approved but not contracted for	**11,340**	8,253
	241,741	17,887
(b) Non-Cancellable Operating Lease Commitments		
Future minimum rentals payable:		
Not later than one year	**73,081**	68,416
Later than one year and not later than five years	**355,815**	281,895
Later than five years	**795,339**	697,307
	1,224,235	1,047,618

Operating lease payments represent rentals payable by the Group for use of land, buildings, plant and machinery. Leases are negotiated for an average term of 10 years.

36. CONTINGENT LIABILITIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unsecured				
(i) Corporate guarantees given to financial institutions for credit facilities granted to:				
A third party (trade related)	**–**	1,836	**–**	–
A subsidiary	**–**	–	**20,000**	20,000
(ii) Legal proceedings against a subsidiary	**3,220**	–	**–**	–
	3,220	1,836	**20,000**	20,000

On 16 January 2004, Graimpi Sdn Bhd and LDH Management Sdn Bhd (collectively referred to as the "Brewery Vendors") and Horsinvest Holding Co Ltd entered into a supplemental agreement ("Supplemental Agreement"), pursuant to which they agreed to the following:

(a) a United States Dollar equivalent of the amount of Rmb30 million (equivalent to approximately RM13.77 million) is to be held in escrow for the use by Hunan DEbier Brewery Co Ltd to satisfy all the relevant employee severance payments; and

(b) the Brewery Vendors agree to jointly and severally indemnify Horsinvest Holding Co Ltd and each of their respective successors, assigns, and directors and officers and the directors of the brewery companies (namely Consitrade (M) Sdn Bhd, DEbier Sdn Bhd or their subsidiaries or associates except for Shanghai DEbier Management Consulting Co Ltd, Pavlova Investment Pte Ltd, Gemmo Pte Ltd and Gesto Pte Ltd) ("Brewery Companies") designated by Horsinvest Holding Co Ltd (collectively, the "Indemnified Persons") and shall reimburse the Indemnified Persons for any and all liabilities incurred directly or indirectly by any of the Indemnified Persons or any of the Brewery Companies arising out of, resulting from, relating to or in connection with the Brewery Companies' employee benefits liabilities and any taxation liabilities arising on or before the completion date, i.e. 16 January 2004; provided that:

    (i) the obligation of the Brewery Vendors to indemnify the Indemnified Persons shall be limited in amount to the percentage of the liabilities that is equivalent to the aggregate percentage interest held directly or indirectly by Consitrade (M) Sdn Bhd or DEbier Sdn Bhd in such Brewery Companies immediately prior to the completion date, i.e. 16 January 2004; and

    (ii) claims for indemnification shall be brought by the Indemnified Persons with notice in writing to the Brewery Vendors no later than:

        - 3 years from 16 January 2004 with respect to a claim or claims in connection with employee benefits liabilities; and

        - 7 years from 16 January 2004 with respect to a claim or claims in connection with any taxation liabilities.

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Nature	Group 2005 RM'000	Group 2004 RM'000
Related Parties			
Hubei Jinlongquan (Group) Co Ltd group	Purchase of raw materials and consumables	**–**	15,091
Lion Industries Corporation Berhad ("LICB")	Rental of premises	**2,488**	200
Lion Klang Parade Berhad	Rental expenses	**2,539**	429
Lion Ipoh Parade Sdn Bhd	Rental expenses	**4,208**	480
Che Kiang Realty Sdn Bhd	Rental expenses	**2,108**	–
Likom Plastic Industries Sdn Bhd	Purchase of raw materials	**21,187**	887
Parkson Corporation Sdn Bhd *	Rental income	**–**	2,684

* Became a subsidiary of the Group in the last financial year.

Hubei Jinlongquan (Group) Co Ltd is a corporate shareholder which holds a 40% equity stake in certain subsidiary companies of the Group, namely Hubei Jinlongquan Brewery Co Ltd and Hubei Lion Brewery Co Ltd. Hubei Jinlongquan Brewery Co Ltd and Hubei Lion Brewery Co Ltd ceased to be subsidiaries of the Company on 16 January 2004.

Lion Klang Parade Berhad is a subsidiary of LICB. LICB is a substantial shareholder of the Company.

Lion Ipoh Parade Sdn Bhd is a subsidiary of Amsteel Corporation Berhad in which a Director and certain substantial shareholders of the Company are directors and substantial shareholders.

Che Kiang Realty Sdn Bhd is a subsidiary of Lion Teck Chiang Limited in which a Director and certain substantial shareholders of the Company are directors and substantial shareholders.

Likom Plastic Industries Sdn Bhd is a company wherein a Director cum a substantial shareholder of the Company is a substantial shareholder of its holding company.

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

38. SIGNIFICANT EVENTS

Significant events are as disclosed in the Directors' Report.

39. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

40. 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. It is the Group's policy not to engage in speculative transactions.

40. FINANCIAL INSTRUMENTS (Continued)

(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 debt.

(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 Dollars, which has been operated in a managed float, with its value being determined by economic fundamentals against the Ringgit Malaysia, the exposure to this risk is minimal.

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.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The currency exposure profile of financial assets and financial liabilities of the Group are as follows:

At 30 June 2005

	Net Financial Assets/Liabilities Held			
Functional Currency	**Ringgit Malaysia RM'000**	**Chinese Renminbi RM'000**	**Others RM'000**	**Total RM'000**
Receivables				
Ringgit Malaysia	131,227	–	139,476	270,703
Chinese Renminbi	–	149,667	–	149,667
Others	–	–	26,049	26,049
	131,227	149,667	165,525	446,419
Deposits, Cash and Bank Balances				
Ringgit Malaysia	424,982	–	–	424,982
Chinese Renminbi	–	207,978	6	207,984
Others	–	–	11,248	11,248
	424,982	207,978	11,254	644,214
Payables				
Ringgit Malaysia	487,630	–	8,988	496,618
Chinese Renminbi	–	274,957	–	274,957
Others	–	–	21,842	21,842
	487,630	274,957	30,830	793,417
Borrowings				
Ringgit Malaysia	155,330	–	5,908	161,238
Chinese Renminbi	–	94,438	–	94,438
Others	–	–	7,334	7,334
	155,330	94,438	13,242	263,010

40. FINANCIAL INSTRUMENTS (Continued)

(c) Foreign Exchange Risk (Continued)

At 30 June 2004

	Net Financial Assets/Liabilities Held			
Functional Currency	**Ringgit Malaysia RM'000**	**Chinese Renminbi RM'000**	**Others RM'000**	**Total RM'000**
Receivables				
Ringgit Malaysia	152,727	–	28,270	180,997
Chinese Renminbi	–	122,650	–	122,650
Others	–	–	17,068	17,068
	152,727	122,650	45,338	320,715
Deposits, Cash and Bank Balances				
Ringgit Malaysia	200,964	–	–	200,964
Chinese Renminbi	–	190,196	3,128	193,324
Others	–	–	6,527	6,527
	200,964	190,196	9,655	400,815
Payables				
Ringgit Malaysia	462,368	–	195,719	658,087
Chinese Renminbi	–	234,055	–	234,055
Others	–	–	14,860	14,860
	462,368	234,055	210,579	907,002
Borrowings				
Ringgit Malaysia	168,966	–	5,929	174,895
Chinese Renminbi	–	153,575	–	153,575
Others	–	–	11,134	11,134
	168,966	153,575	17,063	339,604

(d) 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.

(e) Credit Risk

Credit risk arises when sales made were on deferred credit terms. The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history.

(f) Fair Values

The fair values of the Group's financial assets and liabilities are approximate to their carrying amounts. It is not practicable to estimate the fair values of advances to/from subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

41. SEGMENT INFORMATION

(a) Business Segments

The Group is organised on a worldwide basis into five major business segments:

(i)	Retailing	- Operation of departmental stores and supermarkets
(ii)	Property	- Property development and management
(iii)	Computer	- Manufacturing and sale of computer and related products
(iv)	Beverage	- Manufacturing and sale of beer and non-alcoholic drinks
(v)	Others	- Investment holding and others

2005

	Retailing RM'000	Property RM'000	Computer RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	2,259,652	196,366	272,322	398	2,728,738
Inter-segment sales	–	–	–	–	–
Total revenue	2,259,652	196,366	272,322	398	2,728,738
Results					
Segment results	125,051	55,575	13,737	2,117	196,480
Unallocated corporate expenses					–
Profit from operations					196,480
Finance costs					(33,107)
Share of results of associates	(535)	–	–	21,645	21,110
Share of results of jointly controlled entities	33,505	(17)	–	–	33,488
Gain on disposal of discontinued operations					379,337
Taxation					(36,429)
Profit after taxation					560,879
Minority interests					(4,355)
Net profit for the year					556,524
Assets					
Segment assets	1,186,722	309,174	207,388	522,405	2,225,689
Investments in associates	2,798	–	–	270,948	273,746
Investments in jointly controlled entities	63,510	71	–	–	63,581
Unallocated corporate assets					32,097
Consolidated total assets					2,595,113
Liabilities					
Segment liabilities	641,493	102,413	62,748	249,773	1,056,427
Unallocated corporate liabilities					53,113
Consolidated total liabilities					1,109,540
Other Information					
Capital expenditure	66,935	4	3,747	4,191	74,877
Depreciation	52,406	16	8,807	335	61,564
Amortisation of goodwill	4,176	–	2,936	59	7,171
Impairment losses	13,127	–	–	–	13,127
Non-cash expenses other than depreciation, amortisation and impairment losses	5,844	–	1,007	(91)	6,760

41. SEGMENT INFORMATION (Continued)

(a) Business Segments (Continued)

2004

	Beverage RM'000	Retailing RM'000	Property RM'000	Computer RM'000	Others RM'000	Consolidated RM'000
Revenue						
External sales	378,443	316,088	34,441	24,188	–	753,160
Inter-segment sales	–	–	–	–	–	–
Total revenue	378,443	316,088	34,441	24,188	–	753,160
Results						
Segment results	24,904	12,882	16,853	4,341	(1,229)	57,751
Unallocated corporate expenses						–
Profit from operations						57,751
Finance costs						(12,786)
Share of results of associates	10,468	(79)	–	–	5,244	15,633
Share of results of jointly controlled entities	–	4,494	–	–	–	4,494
Gain on disposal of subsidiaries						378,900
Taxation						(25,961)
Profit after taxation						418,031
Minority interests						(7,096)
Net profit for the year						410,935
Assets						
Segment assets	–	1,255,455	247,528	196,074	258,075	1,957,132
Investments in associates	–	3,677	–	–	413,198	416,875
Investments in jointly controlled entities	–	66,681	–	–	–	66,681
Unallocated corporate assets						21,545
Consolidated total assets						2,462,233
Liabilities						
Segment liabilities	–	691,477	89,239	62,823	533,214	1,376,753
Unallocated corporate liabilities						42,572
Consolidated total liabilities						1,419,325
Other Information						
Capital expenditure	26,887	8,094	–	2,315	–	37,296
Depreciation	34,454	8,301	330	828	–	43,913
Amortisation of goodwill	135	278	–	244	–	657
Amortisation of proprietary technology and patents	3,732	–	–	–	–	3,732
Impairment losses	–	–	–	–	150	150
Non-cash expenses other than depreciation, amortisation and impairment losses	16	3,336	599	(800)	–	3,151

41. SEGMENT INFORMATION (Continued)

(b) Geographical Segments

The Group's five business segments are operated in three main geographical areas:

(i) Malaysia - Retailing, property, computer, investment holding and others
(ii) People's Republic of China - Retailing and beverage
(iii) Others - Computer, investment holding and others

	Total Revenue from External Customers		Segment Assets		Capital Expenditure	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Malaysia	**1,293,465**	168,780	**1,288,222**	959,466	**40,196**	1,722
People's Republic of China	**1,169,615**	560,771	**878,603**	942,623	**29,636**	33,290
Others	**265,658**	23,609	**58,864**	55,043	**5,045**	2,284
Total	**2,728,738**	753,160	**2,225,689**	1,957,132	**74,877**	37,296

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2005

	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.	Menara Jubili Kota Kinabalu Sabah	Leasehold 31.12.2088	1,698.0 sq metres (Ground floor to 2nd floor)	Commercial building	Office (13)	5.0	1992
2.	Blok Bunga Raya 3 Jalan Abadi 1 Taman Malim Jaya 75250 Melaka	Leasehold 13.4.2081	3,885.5 sq metres	Buildings	Apartment (7)	2.9	June 2004
3.	Ground Floor Podium “A Block” Kompleks Karamunsing Jalan Tuaran Kota Kinabalu, Sabah	Leasehold 21.1.2901	1,245.1 sq metres	Building	Departmental store (15)	2.4	June 2004
4.	918, Huaihai Zhong Lu Shanghai, China	Leasehold 29.11.2024	26,786.0 sq metres	Building	Shopping complex (9)	70.8	June 2004
5.	44-60, Zhong Shan Lu Shi Nan City Qingdao, China	Leasehold 31.5.2025	114,981.3 sq metres	Commercial land and building	Shopping complex and office (5)	140.4	June 2004
6.	127, Ren Min Road Wuxi, China	Leasehold 22.4.2044	28,290.3 sq metres	Commercial land and building	Shopping complex and office (9)	45.9	June 2004
7.	239, East Street Xian, China	Leasehold 22.5.2047	17,755.4 sq metres	Commercial building	Shopping complex (8)	31.1	June 2004

ANALYSIS OF EQUITY SECURITIES

ORDINARY SHARES

Share Capital as at 15 September 2005

Authorised Share Capital	:	RM500,000,000
Issued and Paid-up Capital	:	RM258,301,796.50
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One (1) vote per ordinary share

Distribution of Shareholdings as at 15 September 2005

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	105	0.87	3,326	Negligible
100 to 1,000	4,620	38.38	4,170,249	0.81
1,001 to 10,000	5,923	49.21	24,709,981	4.78
10,001 to 100,000	1,167	9.70	34,686,062	6.71
100,001 to less than 5% of issued shares	218	1.81	162,920,686	31.54
5% and above of issued shares	4	0.03	290,113,289	56.16
	12,037	100.00	516,603,593	100.00

Thirty Largest Registered Shareholders as at 15 September 2005

	Registered Shareholders	No. of Shares	% of Shares
1.	AMMB Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Amsteel Mills Sdn Bhd (7/974-1)	122,948,900	23.80
2.	Cheng Heng Jem	61,935,677	11.99
3.	RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad	58,018,645	11.23
4.	Narajaya Sdn Bhd	47,210,067	9.14
5.	Ributasi Holdings Sdn Bhd	10,944,000	2.12
6.	Mayban Nominees (Tempatan) Sdn Bhd J.P. Morgan Chase Bank Berhad (250168)	10,723,700	2.08
7.	Lion Corporation Berhad	9,408,700	1.82
8.	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Spinnaker Global Emerging Markets Fund Limited	6,531,068	1.26
9.	Cheng Yong Kim	6,343,582	1.23
10.	Lion Holdings Private Limited	6,214,258	1.20
11.	Likom Computer System Sdn Bhd	5,895,000	1.14
12.	Cartaban Nominees (Asing) Sdn Bhd Credit Industriel ET Commercial, Singapore for Clearwater Capital Partners Opportunities Fund, L.P.	4,451,362	0.86
13.	RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Narajaya Sdn Bhd	4,428,000	0.86
14.	Affin Nominees (Tempatan) Sdn Bhd Lion Industries Corporation Berhad for Likom Computer System Sdn Bhd	4,167,372	0.81
15.	Cartaban Nominees (Asing) Sdn Bhd Credit Industriel ET Commercial, Singapore for Clearwater Capital Partners Fund I, L.P.	3,576,375	0.69
16.	Cartaban Nominees (Asing) Sdn Bhd Credit Industriel ET Commercial, Singapore for Clearwater Capital Partners Fund II, L.P.	3,576,363	0.69
17.	Merak Saujana Sdn Bhd	3,254,458	0.63
18.	Citicorp Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	2,414,300	0.47

Thirty Largest Registered Shareholders as at 15 September 2005 (Continued)

	Registered Shareholders	No. of Shares	% of Shares
19.	Cartaban Nominees (Asing) Sdn Bhd Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG	2,400,000	0.46
20.	Cheng Yong Kwang	1,968,046	0.38
21.	Cheng Yong Liang	1,881,183	0.36
22.	Chong Chee Hiung	1,694,100	0.33
23.	Chen Shok Ching	1,629,104	0.32
24.	UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for Chen Shok Ching	1,600,000	0.31
25.	Mayban Nominees (Tempatan) Sdn Bhd Capital Dynamics Asset Management Sdn Bhd for Ace Synergy Insurance Berhad (CDAM23-990350)	1,500,000	0.29
26.	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Lee Cheng Lock	1,396,100	0.27
27.	Cheng Yoong Choong	1,373,846	0.27
28.	BHLB Trustee Berhad TA Small Cap Fund	1,307,600	0.25
29.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Oh Kim Sun	1,286,200	0.25
30.	BHLB Trustee Berhad TA Comet Fund	1,255,000	0.24

Substantial Shareholders as at 15 September 2005

		Direct Interest		Indirect Interest			
	Substantial Shareholders	No. of Shares	% of Shares	No. of Shares	% of Shares	No. of ICULS	No. of RCULS
1.	Tan Sri William H.J. Cheng	61,935,677	11.99	271,610,331	52.58	92,529,000[a]	97,200,000[a]
2.	Datuk Cheng Yong Kim	6,343,582	1.23	244,389,701	47.31	61,180,000[a]	97,200,000[a]
3.	Lion Realty Pte Ltd	–	–	244,389,701	47.31	61,180,000[a]	97,200,000[a]
4.	Lion Development (Penang) Sdn Bhd	1,061,889	0.21	243,327,812	47.10	61,180,000[a]	97,200,000[a]
5.	Narajaya Sdn Bhd	52,888,067	10.24	–	–	61,180,000[b]	–
6.	Horizon Towers Sdn Bhd	–	–	190,439,745	36.86	–	97,200,000[a]
7.	Lion Corporation Berhad	9,408,700	1.82	181,031,045	35.04	–	97,200,000[a]
8.	Amsteel Mills Sdn Bhd	122,948,900	23.80	–	–	–	–
9.	Lion Industries Corporation Berhad	58,018,645	11.23	123,012,400	23.81	–	97,200,000[c]
10.	LLB Steel Industries Sdn Bhd	–	–	122,948,900	23.80	–	–
11.	Steelcorp Sdn Bhd	–	–	122,948,900	23.80	–	–

Notes:

a Indirect interest
b Direct interest
c Comprising direct and indirect interest in 4,778,000 RCULS and 92,422,000 RCULS respectively

5-YEAR 2% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2004/2009 ("ICULS")

No. of ICULS as at 15 September 2005	:	92,532,900
Nominal Value	:	RM1.00 each
Coupon Rate	:	2% per annum payable annually
Conversion Period	:	1 June 2004 to 31 May 2009
Conversion Price	:	RM0.86 per ordinary share of RM0.50 each
Conversion Right	:	ICULS holders will have the right to convert the ICULS at the Conversion Price into new ordinary shares of RM0.50 each in the Company during the Conversion Period

Distribution of ICULS holdings as at 15 September 2005

Size of ICULS holdings	No. of ICULS holders	% of ICULS holders	No. of ICULS	% of ICULS
Less than 100	–	–	–	–
100 to 1,000	37	88.10	3,900	Negligible
1,001 to 10,000	–	–	–	–
10,001 to 100,000	–	–	–	–
100,001 and above	5	11.90	92,529,000	100.00
	42	100.00	92,532,900	100.00

Thirty Largest ICULS holders as at 15 September 2005

	Registered ICULS holders	No. of ICULS	% of ICULS
1.	Narajaya Sdn Bhd	51,738,602	55.91
2.	Ributasi Holdings Sdn Bhd	19,059,000	20.60
3.	Affin Nominees (Tempatan) Sdn Bhd KH Asset Holdings Sdn Bhd for Narajaya Sdn Bhd	9,441,398	10.20
4.	Likom Computer System Sdn Bhd	7,645,000	8.26
5.	Affin Nominees (Tempatan) Sdn Bhd Lion Industries Corporation Berhad for Likom Computer System Sdn Bhd	4,645,000	5.02
6.	Liew Jun Kuan	300	Negligible
7.	Ahmad Zairee bin Mohd Zahir	100	Negligible
8.	Annie A/P Lourdesamy	100	Negligible
9.	Chan Ching Ching	100	Negligible
10.	Chan Yin Fuen	100	Negligible
11.	Chee Ban Tuck	100	Negligible
12.	Chong Chin Fong	100	Negligible
13.	Chong Shao Ming	100	Negligible
14.	Chong Yune Leng	100	Negligible
15.	Chow Lai Wan	100	Negligible
16.	Hamisah binti Yaacob	100	Negligible
17.	Harlina binti Mohd Kassim	100	Negligible
18.	Hasnisuzi binti Abu Asan	100	Negligible
19.	Hidayati binti Ahmad Isa	100	Negligible
20.	Koh Ming Leng	100	Negligible
21.	Low Seng Wah	100	Negligible
22.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Mun Suan (14570MM0152)	100	Negligible
23.	Mohammad Zubir bin Alwee	100	Negligible
24.	Nizratul 'Adliah binti Nokman	100	Negligible
25.	Norjuliana binti Mohd Noor	100	Negligible
26.	Siti Arfah binti Kartiman	100	Negligible
27.	Tan Keat Seong	100	Negligible
28.	Thong Lai Leng	100	Negligible
29.	Wong Fei Na	100	Negligible
30.	Yusmaliza binti Mohd Yusof	100	Negligible

5-YEAR 2% REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2004/2009 ("RCULS") - UNLISTED

No. of RCULS as at 15 September 2005	:	97,200,000
Nominal Value	:	RM1.00 each
Coupon Rate	:	2% per annum payable annually
Conversion Period	:	1 June 2004 to 31 May 2009
Conversion Price	:	RM0.86 per ordinary share of RM0.50 each
Conversion Right	:	RCULS holders will have the right to convert the RCULS at the Conversion Price into new ordinary shares of RM0.50 each in the Company during the Conversion Period

Distribution of RCULS holdings as at 15 September 2005

Size of RCULS holdings	No. of RCULS holders	% of RCULS holders	No. of RCULS	% of RCULS
Less than 100	–	–	–	–
100 to 1,000	–	–	–	–
1,001 to 10,000	–	–	–	–
10,001 to 100,000	–	–	–	–
100,001 and above	2	100.00	97,200,000	100.00
	2	100.00	97,200,000	100.00

Registered RCULS Holders as at 15 September 2005

Registered RCULS holders	No. of RCULS	% of RCULS
1. Amsteel Corporation Berhad	92,422,000	95.08
2. Lion Industries Corporation Berhad	4,778,000	4.92

DIRECTORS' INTEREST IN SHARES, ICULS AND RCULS IN THE COMPANY AND ITS RELATED COMPANIES AS AT 15 SEPTEMBER 2005

Save and except for the following, the Directors' interest in shares, ICULS and RCULS in the Company and its related companies as at 15 September 2005 are the same as that of 30 June 2005 set out in the Directors' Report for the financial year ended 30 June 2005:

Tan Sri William H.J. Cheng

Ordinary Shares	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	RM0.50	61,935,677	11.99	271,610,331	52.58

ICULS	Nominal Value Per ICULS	Direct Interest No. of ICULS	Indirect Interest No. ICULS
The Company	RM1.00	–	92,529,000

RCULS	Nominal Value Per RCULS	Direct Interest No. of RCULS	Indirect Interest No. of RCULS
The Company	RM1.00	–	97,200,000

Investments in the People's Republic of China	Currency	Amount
Xian Chang An Parkson Co Ltd	Rmb	5,100,000
Xian Shi Dai Parkson Co Ltd	Rmb	5,100,000

MATERIAL CONTRACTS
INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests since the end of the previous financial year or which are still subsisting at the end of the financial year.

OTHER INFORMATION

NON-AUDIT FEES

The amount of non-audit fees paid or payable to external auditors for the financial year was RM33,000 (2004: RM2,364,000).

RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 30 June 2005 were as follow:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(a) *Retail related*		
i) Rental of storage space and lots in shopping complexes and buildings	Lion Industries Corporation Berhad Group ("LICB Group")	2,539
	Amsteel Corporation Berhad Group ("Amsteel Group")	6,204
	Lion Teck Chiang Limited Group	2,108
		10,851
ii) Purchase of building materials obtaining of building maintenance, consumable and other related products and services	Lion Forest Industries Berhad Group	1,670
(b) *Computer related*		
i) Rental of storage space, factory and warehouse for manufacturing of computer casings, computer peripherals and electronic box built products	LICB Group	2,488
ii) Sales of computer, component parts and other related products and services	Amble Bond Sdn Bhd Group ("Amble Bond Group")	1,496
	Ributasi Holdings Sdn Bhd Group ("Ributasi Group")	14
	LICB Group	1
		1,511
iii) Purchase of computer, component parts and other related products and services	Ributasi Group	21,187
	Amble Bond Group	9
	Amalgamated Containers Berhad Group	196
		21,392
(c) *Steel related*		
i) Sales of steel products, scrap iron and other related products and services	LICB Group	428
ii) Purchase of steel products, scrap iron and other related products and services	LICB Group	320

RECURRENT RELATED PARTY TRANSACTIONS (Continued)

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(d) ***Others***		
i) Obtaining of management support, training, legal and other related services	Silverstone Corporation Berhad Group	6
ii) Obtaining of security services and security communication equipment	Amsteel Group	586
iii) Purchase of office equipment, furniture and other industrial products and service	Amble Bond Group	199
	Lion Corporation Berhad Group	54
		253

Note:

"Group" includes subsidiary and associated companies

All the related parties are companies in which a Director and certain major shareholders of the Company have an interest

STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS AS AT 30 SEPTEMBER 2005

	Proposed Utilisation	Utilisation Status	
		Actual	Unutilised/ Outstanding
	RM'million	RM'million	RM'million
(I) Disposal of a shopping mall known as Subang Parade together with the freehold land, for a cash consideration of RM223.41 million:			
(i) To retire the debts due to financial institutions	73.28	72.54	0.74
(ii) To part pay inter-company balances	118.33	119.07	(0.74)
(iii) To part pay trade and other payables	16.00	16.00	–
(iv) To defray estimated expenses arising from the implementation of the disposal	15.80	12.24	3.56
	223.41	219.85	3.56

STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS AS AT 30 SEPTEMBER 2005 (Continued)

	Proposed Utilisation RM'million	Utilisation Status	
		Actual RM'million	Unutilised/ Outstanding RM'million
(II) Disposal of 50% equity interest each in Consitrade (M) Sdn Bhd ("Consitrade") and DEbier Sdn Bhd ("DEbier") for a cash consideration of USD131.50 million (equivalent to approximately RM499.70 million) and security deposit of USD52.60 million (equivalent to approximately RM199.88 million), as security for the Call and Put Option:			
(i) Part payment for the acquisition of Parkson Retail Group #	150.00	147.32	2.68
(ii) Part payment for the acquisition of Mahkota Cheras Project	55.00	55.00	–
(iii) Payment for the acquisition of Lion Corporation Berhad shares	226.72	226.74	(0.02)
(iv) Outlay for the capital distribution	139.36	139.50	(0.14)
(v) Repayment of bank borrowings, working capital and general investments #	119.50	103.65	15.85
(vi) Estimated expenses for the above acquisitions	9.00	6.51	2.49
	699.58	678.72	20.86
Disposal of the remaining 50% equity interest each in Consitrade and DEbier (excluding security deposit of USD52.60 million, equivalent to approximately RM199.88 million) of USD82.17 million (equivalent to approximately RM312.27 million) (including return component):			
(i) First deferred payment for the acquisition of Parkson Retail Group	124.61	124.61	–
(ii) Payment of interest for first deferred payment	4.72	4.72	–
(iii) Payment of dividends to shareholders of LDHB	17.40	17.40	–
(iv) Establishment of new retail outlet	19.00	14.82	4.18
(v) Working capital and/or repayment of bank borrowings #	132.54	–	132.54
(vi) Payment for the acquisition of land by way of joint-venture arrangement	14.00	–	14.00
	312.27	161.55	150.72

STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS AS AT 30 SEPTEMBER 2005 (Continued)

	Proposed Utilisation RM'million	Utilisation Status Actual RM'million	Utilisation Status Unutilised/ Outstanding RM'million
(III) Disposal of a shopping mall known as Mahkota Parade together with the leasehold land, for a cash consideration of RM146.59 million:			
(i) To retire the debts due to financial institutions	14.66	14.66	–
(ii) To part pay inter-company balances, working capital and general investments #	106.43	100.25	6.18
(iii) To part pay trade and other payables	19.00	18.64	0.36
(iv) To defray estimated expenses arising from the implementation of the disposal	6.50	2.95	3.55
	146.59	136.50	10.09

\# On 27 July 2005, the Company announced that the Securities Commission had granted approval for the change in utilisation of the balance of the proceeds from the above disposals for the investment in a hot direct reduced iron plant ("DRI Plant") in the following manner:

<u>Proposed Utilisation I</u>
RM117.8 million shall be utilised as deposit for a bank guarantee to secure against the loan of USD100 million being sought from US Exim Bank; or

<u>Proposed Utilisation II</u>
In the event US Exim Bank does not approve the loan, RM216.54 million shall be utilised to part finance the construction of the DRI Plant.

Further details on the revised utilisation are as follows:

	Proposed Utilisation I RM'million	Proposed Utilisation II RM'million
Disposal of Brewery Business (Disposal of 100% equity interest in Consitrade and DEbier)		
- Part payment for the acquisition of Parkson Retail Group	2.68	2.68
- Repayment of bank borrowings, working capital and general investments	45.12	78.36
- General investments	70.00	70.00
Disposal of Mahkota Parade		
- Working capital and general investments	–	65.50
	117.80	216.54

SHARE BUY-BACK

There were no share buy-backs during the financial year.

OPTIONS AND CONVERTIBLE SECURITIES

During the financial year, 1,370,000 options were exercised and RM25,447,855 nominal value ICULS and RM1,500,000 nominal value RCULS were converted into shares. Further details are set out in the Financial Statements on page 92 of this Annual Report.

LION DIVERSIFIED HOLDINGS BERHAD (9428-T)
(Incorporated in Malaysia)

FORM OF PROXY

I/We ....

I.C. No./Company No. ....

of ....

being a member/members of LION DIVERSIFIED 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 Thirty-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 15 November 2005 at 11.30 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Directors' Report and Audited Financial Statements		
2. To approve a first and final dividend		
3. To approve Directors' fees		
4. To re-elect as Director, Mr Cheng Yong Kwang		
5. To re-elect as Director, Y. Bhg. Dato' Ismail bin Said		
6. To re-appoint as Director, Y. Bhg. Dato Murad Mohamed Hashim		
7. To re-appoint Auditors		
8. Authority to Directors to issue shares		
9. Proposed Shareholders' Mandate for Recurrent Related Party Transactions		
10. Proposed Renewal of Authority for Share Buy-Back		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this .... day of 2005

Signed ....

No. of shares held .... 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.