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## NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Ninth Annual General Meeting of Parkson Holdings Berhad will be held at the Meeting Hall, Level 16, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 Kuala Lumpur on 21 November 2012 at 10.30 am for the following purposes:

### AGENDA

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2012. **Note 3**
2. To approve the payment of Directors' fees amounting to RM244,000 (2011 : RM273,500). **Resolution 1**
3. To re-elect Director:  
  
In accordance with Article 98 of the Company's Articles of Association, Mr Cheng Sin Yeng retires by rotation and, being eligible, offers himself for re-election. **Resolution 2**
4. 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 3**
5. Special Business
  - 5.1 To consider and, if thought fit, pass the following ordinary resolutions:
    - 5.1.1 Authority to Directors to issue shares  
  
"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." **Resolution 4**
    - 5.1.2 Proposed Shareholders' Mandate for Recurrent Related Party Transactions  
  
"THAT approval be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of Part A of the Circular to Shareholders of the Company dated 30 October 2012 ("Related Parties") which has been despatched to the shareholders of the Company, provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and  
  
THAT authority conferred by this ordinary resolution will only continue to be in force until:
      - (i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
      - (ii) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
      - (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,
 whichever is the earlier; and  
  
THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 5**



### 5.1.3 Proposed Renewal of Authority for Share Buy-Back

#### **Resolution 6**

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

- (i) the aggregate number of shares bought-back does not exceed 10% of the total issued and paid-up capital of the Company at any point of time; and
- (ii) the maximum funds to be allocated for the share buy-back shall not exceed the retained profits or the share premium account of the Company or both, based on its latest audited financial statements available up to the date of the share buy-back transaction

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

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

- (i) the conclusion of the next annual general meeting of the Company, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever occurs first; and

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

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

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

By Order of the Board

**CHAN POH LAN**  
**LIM KWEE PENG**  
Secretaries

Kuala Lumpur  
30 October 2012



**Notes:**

1. Proxy

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 12 November 2012 shall be eligible to attend the Meeting.
- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.
- The instrument of proxy shall be deposited at the office of the Registrar of the Company, Level 13, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.
- Completed Form of Proxy sent through facsimile transmission shall not be accepted.

2. Circular to Shareholders dated 30 October 2012 ("Circular")

Details on the following are set out in the Circular enclosed together with the 2012 Annual Report:

- (i) Part A - Proposed Shareholders' Mandate for Recurrent Related Party Transactions
- (ii) Part B - Proposed Renewal of Authority for Share Buy-Back

3. Agenda Item 1

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

4. Resolution 4

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

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 5 December 2011 which will lapse at the conclusion of this Annual General Meeting.

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

5. Resolution 5

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

6. Resolution 6

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



## CORPORATE INFORMATION

<b>Board of Directors</b>	: Y. Bhg. Tan Sri William H.J. Cheng (Chairman and Managing Director) Y. Bhg. Tan Sri Abd Rahman bin Mamat Mr Yeow Teck Chai Dr Folk Jee Yoong Mr Cheng Sin Yeng
<b>Secretaries</b>	: Ms Chan Poh Lan Ms Lim Kwee Peng
<b>Company No</b>	: 89194-P
<b>Registered Office</b>	: Level 14, Office Tower No. 1 Jalan Nagasari (Off Jalan Raja Chulan) 50200 Kuala Lumpur Tel No : 03-21420155 Fax No : 03-21413448 Homepage: <a href="http://www.lion.com.my/parkson">http://www.lion.com.my/parkson</a>
<b>Share Registrar</b>	: Secretarial Communications Sdn Bhd Level 13, Office Tower No. 1 Jalan Nagasari (Off Jalan Raja Chulan) 50200 Kuala Lumpur Tel Nos : 03-21420155, 03-21418411 Fax No : 03-21428409
<b>Auditors</b>	: Ernst & Young Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
<b>Principal Bankers</b>	: JPMorgan Chase Bank CIMB Bank Berhad RHB Bank Berhad Industrial and Commercial Bank of China (Malaysia) Berhad
<b>Stock Exchange Listing</b>	: Bursa Malaysia Securities Berhad ("Bursa Securities")
<b>Stock Name</b>	: PARKSON
<b>Bursa Securities Stock No</b>	: 5657
<b>Reuters Code</b>	: PRKN.KL
<b>ISIN Code</b>	: MYL5657OO001



## DIRECTORS' PROFILE

### **Tan Sri William H.J. Cheng**

*Non-Independent Chairman and Managing Director*

Y. Bhg. Tan Sri William H.J. Cheng, a Malaysian, aged 69, was appointed to the Board on 30 March 1989. He was appointed the Managing Director and the Chairman of the Company on 16 August 2006 and 13 November 2006 respectively.

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

Tan Sri William Cheng was the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("KLSCCCI") from 2003 to 2012. He is now a Life Honorary President of ACCCIM and an Honorary President of KLSCCCI.

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

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

He is also the Chairman of Lion AMB Resources Berhad and ACB Resources Berhad and a Founding Trustee of The Community Chest, a company limited by guarantee incorporated for charity purposes.

Tan Sri William Cheng has a direct shareholding of 218,439,012 ordinary shares of RM1.00 each and an indirect interest in 300,324,984 ordinary shares of RM1.00 each in the Company. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on page 156 of this Annual Report.

Tan Sri William Cheng attended all eight (8) Board Meetings of the Company held during the financial year ended 30 June 2012.

### **Tan Sri Abd Rahman bin Mamat**

*Independent Non-Executive Director*

Y. Bhg. Tan Sri Abd Rahman bin Mamat, a Malaysian, aged 59, was appointed to the Board on 14 March 2011. He is also a member of the Audit Committee of the Company.

Tan Sri Abd Rahman graduated with a Bachelor of Economics (Honours) degree from University Malaya, Malaysia and has an Advanced Management Programme qualification from Harvard Business School, Boston, the United States of America.

Tan Sri Abd Rahman joined the Ministry of International Trade and Industry ("MITI") as an Assistant Director on 18 April 1975 and served in various capacities in MITI for 35 years which included Deputy Trade Commissioner, Malaysian Trade Office, New York, the United States of America; Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; Economic Counsellor/Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission (ESCAP), Malaysian Trade Office, Bangkok, Thailand; Special Assistant to the Minister of International Trade and Industry, Tan Sri Rafidah binti Abdul Aziz; Director, Export Promotion Bureau, Malaysia External Trade Development Corporation (MATRADE); Director of Industries; Senior Director, Policy and Industry, Services Division; Deputy Secretary-General (Industry); and in September 2006, Secretary-General of MITI, a post Tan Sri Abd Rahman held until his retirement on 5 December 2010.

During his tenure in MITI, he also served as MITI's representative on the board of various companies and corporations including Malaysian Industrial Development Authority ("MIDA"), MATRADE, Johor Corporation, Regional Economic Development Authority (RECODA) and Lembaga Kenaf dan Tembakau Negara, Ministry of Commodities.

Tan Sri Abd Rahman has represented Malaysia in a number of international meetings, negotiations, conferences and symposiums and has also contributed towards formulating, implementing and monitoring policies and programs on international trade, industrial growth, Small and Medium Enterprise (SME) and entrepreneurship development. He is an honorary member of the ASEAN Federation of Engineering Organisations and a Malaysian Leader for the High Level Task Force on ASEAN Economic Integration.

He is also a Director of Hiap Teck Venture Berhad, a public listed company.

Tan Sri Abd Rahman attended all eight (8) Board Meetings of the Company held during the financial year ended 30 June 2012.





**Yeow Teck Chai**

*Independent Non-Executive Director*

Mr Yeow Teck Chai, a Malaysian, aged 62, was appointed to the Board on 16 August 2006. He is also the Chairman of the Nomination Committee, Remuneration Committee and Executive Share Option Scheme Committee, and a member of the Audit Committee of the Company.

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

Mr Yeow served the Malaysian Industrial Development Authority ("MIDA") for 32 years and held the post of Deputy Director General prior to his retirement in August 2006. He was responsible for the promotion, coordination and development of the manufacturing and services sectors in MIDA. In 2011, Mr Yeow was appointed a council member of the Federation of Malaysian Manufacturers.

He is also a Director of Globetronics Technology Berhad, a public listed company.

Mr Yeow attended all eight (8) Board Meetings of the Company held during the financial year ended 30 June 2012.

**Dr Folk Jee Yoong**

*Independent Non-Executive Director*

Dr Folk Jee Yoong, a Malaysian, aged 51, was appointed to the Board on 18 October 2001. He is also the Chairman of the Audit Committee and a member of the Nomination Committee, Remuneration Committee and Executive Share Option Scheme Committee of the Company.

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

Dr Folk has over 20 years of experience in academia, corporate finance, restructuring, audit and financial management in diversified industries such as mortgage banking, property development, construction, seafood trawling and processing, pulp and paper, jewellery, office furniture, multi-level marketing, plastic injection moulding, timber plantation and processing, hospitality and thermo vacuum forming. Between 1984 and 1990, amongst other public accounting firms, he was attached, to Deloitte, Haskins & Sells, New Zealand and McLaren & Stewart, Perth, Australia. He has also worked with multi-national firms such as Sinar Mas Group, Raja Garuda Mas Group and Fletcher Challenge Group in various countries such as New Zealand, India and Indonesia.

Dr Folk attended all eight (8) Board Meetings of the Company held during the financial year ended 30 June 2012.

Dr Folk who is due to retire by rotation at the forthcoming Annual General Meeting of the Company, will not seek re-election as Director of the Company.

**Cheng Sin Yeng**

*Non-Independent Non-Executive Director*

Mr Cheng Sin Yeng, a Malaysian, aged 60, was appointed to the Board on 29 August 2001. He is also a member of the Nomination Committee and Remuneration Committee of the Company.

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

Mr Cheng attended all eight (8) Board Meetings of the Company held during the financial year ended 30 June 2012.

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





## **CORPORATE GOVERNANCE STATEMENT**

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

The Board is pleased to present below a description of how the Group has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Malaysian Code on Corporate Governance ("Code"). These principles and best practices have been applied consistently throughout the financial year ended 30 June 2012 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 2012, eight (8) Board Meetings were held and all the Directors attended all the Board Meetings held during the financial year. A brief profile of each member of the Board are set out in the Directors' Profile section of this Annual Report.

#### **Board Composition and Balance**

The Board comprises five (5) Directors, four (4) of whom are non-executive. The current Board composition complies with the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"). The broad range of experience, skills and knowledge of the Directors effectively facilitate the discharge of the Board's stewardship.

Represented on the Board are 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.

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

#### **Board Committees**

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

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



### **Supply of Information**

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

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

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

### **Appointments to the Board**

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

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

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

### **Re-election of Directors**

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

### **Directors' Training**

All members of the Board have attended Bursa Securities' Mandatory Accreditation Programme.

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



During the financial year, the Directors had participated in the following seminars, forums, conferences and training programmes (“Programmes”):

<u>Name of Directors</u>	<u>Programmes</u>
Tan Sri William H.J. Cheng	<ul style="list-style-type: none"> <li>• 2011 National Entrepreneurs Convention</li> <li>• Forum on “China - ASEAN Business Leaders”</li> <li>• Seminar on “Youth Entrepreneurship and Business Opportunities in National Economic Transformation”</li> <li>• Forum on “Mediation by the Courts on Civil Cases”</li> <li>• Ministry of International Trade and Industry Minister’s Brainstorming Session with Chinese Associations and Think Tanks</li> <li>• Seminar on “Competition Act 2010”</li> <li>• Forum on National Key Economic Areas (“NKEAs”) “Wholesale &amp; Retail, Greater KL and Financial Services”</li> <li>• The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) 3rd Small and Medium Enterprise (SME) Conference on “Regeneration 2.1, Innovation, Talent and Market”</li> <li>• Forum on NKEAs: Tourism, Education and Health Care</li> <li>• The Lion Group In-house Directors’ Training on:               <ol style="list-style-type: none"> <li>1. Key Amendments to Listing Requirements 2011</li> <li>2. Key Recommendations from Malaysian Code on Corporate Governance</li> </ol> </li> </ul>
Tan Sri Abd Rahman bin Mamat	<ul style="list-style-type: none"> <li>• The Lion Group In-house Seminar on “Talk on Competition Act, 2010”</li> <li>• Seminar on the Inside Story of the Annual Report : “What You Need to Know”</li> <li>• Going Beyond Excellence - Delivering Services with Caring Principles</li> <li>• The Lion Group In-house Directors’ Training on:               <ol style="list-style-type: none"> <li>1. Key Amendments to Listing Requirements 2011</li> <li>2. Key Recommendations from Malaysian Code on Corporate Governance</li> </ol> </li> <li>• Governance, Risk Management and Compliance: “What Directors Should Know”</li> </ul>
Yeow Teck Chai	<ul style="list-style-type: none"> <li>• Forbes Global CEO Conference, Kuala Lumpur</li> <li>• Securities Commission - Bursa Malaysia CG Week 2011 - The Shape of Things to Come for Chartered Secretaries</li> <li>• Securities Commission - Bursa Malaysia CG Week 2011 - The Age of Integration - A New Dawn for Corporate Reporting</li> <li>• Securities Commission - Bursa Malaysia CG Week 2011 - It is All About Balance</li> <li>• Securities Commission - Bursa Malaysia CG Week 2011 - Corporate Governance : The Pillar of Business Sustainability</li> <li>• The Lion Group In-house Seminar on “Talk on Competition Act, 2010”</li> <li>• Seminar on “Green Technology”</li> <li>• Talk on “The Case for Diversity in the Boardroom”</li> <li>• Invest Malaysia 2012 - Capitalise on ASEAN’s Multinational Marketplace</li> <li>• The Lion Group In-house Directors’ Training on:               <ol style="list-style-type: none"> <li>1. Key Amendments to Listing Requirements 2011</li> <li>2. Key Recommendations from Malaysian Code on Corporate Governance</li> </ol> </li> </ul>
Dr Folk Jee Yoong	<ul style="list-style-type: none"> <li>• Sustainability in Architecture and Urban Design in the Asia-Pacific</li> <li>• Why Invest In Gold and It’s Outlook for 2011</li> <li>• Managing Your Risk/Hedging</li> <li>• Leadership - The Stuff They Don’t Teach You in Books</li> <li>• Introduction to Crude Palm Oil</li> <li>• Global Economic Outlook</li> <li>• Financial Services Industry - The Changing Environment</li> <li>• Transforming and Energising the Malaysian Tax System</li> <li>• Global Markets Outlook 2011</li> <li>• Securities Commission - Bursa Malaysia CG Week 2011 - Stand Up and Take Charge : Shareholders’ Rights to Shareholders’ Responsibilities</li> </ul>



<u>Name of Directors</u>	<u>Programmes</u>
Dr Folk Jee Yoong (continued)	<ul style="list-style-type: none"> <li>• Securities Commission - Bursa Malaysia CG Week 2011 - ASEAN Corporate Governance Scorecard and the Corporate Governance Ranking of ASEAN Public Listed Companies</li> <li>• Securities Commission - Bursa Malaysia CG Week 2011 - Risk Management and Internal Controls: Are the Boards Aware What They Are Up Against?</li> <li>• ASEAN - China Symposium 2011</li> <li>• The Lion Group In-house Seminar on "Talk on Competition Act, 2010"</li> <li>• Global Market Outlook and Investment Strategy</li> <li>• Goods and Services Tax Industry Forum</li> <li>• Innovate or Die: Strategies in Rapidly Changing Markets</li> <li>• Integrated Reporting - Improving credibility</li> <li>• Introduction to Contract Law - Understanding and Drafting Agreement</li> <li>• The Lion Group In-house Directors' Training on:               <ol style="list-style-type: none"> <li>1. Key Amendments to Listing Requirements 2011</li> <li>2. Key Recommendations from Malaysian Code on Corporate Governance</li> </ol> </li> <li>• To Exit or Not To Exit? An Entrepreneur's Dilemma</li> </ul>
Cheng Sin Yeng	<ul style="list-style-type: none"> <li>• Bursa Malaysia's Half Day Governance Programme Series on "Role of the Audit Committee in Assuring Audit Quality"</li> <li>• The Lion Group In-house Directors' Training on:               <ol style="list-style-type: none"> <li>1. Key Amendments to Listing Requirements 2011</li> <li>2. Key Recommendations from Malaysian Code on Corporate Governance</li> </ol> </li> </ul>

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

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

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

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

## **2. DIRECTORS' REMUNERATION**

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

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



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

The aggregate remuneration of Directors who served during the financial year ended 30 June 2012 are categorised as follows:

	<b>Fees RM'000</b>	<b>Salaries &amp; Other Emoluments RM'000</b>	<b>Total RM'000</b>
Executive Director	231	463	694
Non-executive Directors*	194	–	194
	<u>425</u>	<u>463</u>	<u>888</u>

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

<b>Range of Remuneration (RM)</b>	<b>Number of Directors</b>	
	<b>Executive</b>	<b>Non-executive*</b>
25,000 & below	–	2
25,001 – 50,000	–	4
650,001 – 700,000	1	–

\* Including Directors who resigned during the financial year.

### 3. RELATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

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

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



#### **4. ACCOUNTABILITY AND AUDIT**

The Audit Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group. The Audit Committee comprises three (3) Directors, all of whom are independent. The terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 14 to 17 of this Annual Report.

##### **Financial Reporting**

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

##### **Directors' Responsibility in Financial Reporting**

The Board is satisfied that for the financial year ended 30 June 2012, the financial statements presented give a true and fair view of the state of affairs, results and cash flows of the Group and of the Company. In preparing the financial statements, the Group has applied, on a consistent basis, the applicable approved accounting standards and the provisions of the Companies Act, 1965.

##### **Internal Control**

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

##### **Relationship with the Auditors**

The Board has established a formal and transparent relationship with the auditors. The Audit Committee recommends the appointment of the external auditors and their remuneration. The appointment of the external auditors is subject to the approval of shareholders at the annual general meeting whilst their remuneration is determined by the Board. While the internal auditors attend all meetings of the Audit Committee, the external auditors meet with the Audit Committee at least twice a year and attend the annual general meeting of the Company.



## STATEMENT ON INTERNAL CONTROL

### Introduction

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

### Board Responsibility

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

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

### Risk Management

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

### Control and Monitoring Process

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

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

### Conclusion

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





## AUDIT COMMITTEE REPORT

### COMPOSITION

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

- **Members**

Dr Folk Jee Yoong  
(Chairman, Independent Non-Executive Director)

Y. Bhg. Tan Sri Abd Rahman bin Mamat  
(Independent Non-Executive Director)

Mr Yeow Teck Chai  
(Independent Non-Executive Director)

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

- **Secretaries**

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

### TERMS OF REFERENCE

- **Membership**

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

- **Meetings and Minutes**

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

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

- **Authority**

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

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



- **Duties**

The duties of the Audit Committee are:

- (a) To consider the appointment, resignation and dismissal of external auditors and the audit fee.
- (b) 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.
- (c) To review and assess the annual and quarterly financial statements prior to the approval of the Board, focusing on:
  - going concern assumption
  - compliance with accounting standards and regulatory requirements
  - changes in accounting policies and practices
  - significant issues arising from audit
- (d) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.
- (e) To review the external auditors' management letter and management's response thereto.
- (f) To establish the following with the internal audit function:
  - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work
  - review internal audit programme
  - ensure co-ordination of external audit with internal audit
  - consider the major findings of internal audit reviews/investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function
- (g) To review any related party transaction and conflict of interests situation that may arise within the Company and the Group.
- (h) To consider the appointment of independent advisers for corporate proposals involving related parties.
- (i) 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.
- (j) 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.
- (k) To review any appraisal or assessment of the performance of the members of the internal audit function, approve any appointment or termination of senior staff members of the internal audit function and be informed of any resignation of senior internal audit staff members and reasons thereof.
- (l) To perform any other such function as may be directed by the Board.

#### **ACTIVITIES DURING THE FINANCIAL YEAR**

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

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



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

- **Financial Results**

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

- **Internal Audit**

- (a) Reviewed the annual audit plan to ensure adequate scope and coverage on the activities of the Group, taking into consideration the assessment of key risk areas.
- (b) Reviewed the audit programmes, resource requirements and skill levels of the internal auditors for the year and assessed the performance of the internal audit function.
- (c) Reviewed the internal audit reports, audit recommendations made and management's response to these recommendations and actions taken to improve the system of internal control and procedures.
- (d) Monitored the implementation of the audit recommendations to ensure that all key risks and controls have been addressed.
- (e) Reviewed the Internal Control – Self-Assessment ratings submitted by the respective operations management.

- **External Audit**

- (a) Reviewed with external auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB.
- (b) Reviewed with external auditors the results of the audit and the audit report in particular, accounting issues and significant audit adjustments arising from the external audit.
- (c) Reviewed with external auditors the memorandum of comments and recommendations arising from their study and evaluation of the system of internal and accounting controls together with management's response to the findings of the external auditors.
- (d) Evaluated the performance of the external auditors and made recommendations to the Board on their appointment and remuneration.
- (e) Convened meetings with the external auditors without executive Board members and management being present to discuss issues arising from their review.

- **Risk Management**

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

- **Related Party Transactions**

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

- **Material Transactions**

Reviewed material transactions entered into by the Group.



## INTERNAL AUDIT FUNCTION

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

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

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

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

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

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

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

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

The total cost incurred in managing the internal audit function of the Group for the financial year was RM308,000.



## NOMINATION COMMITTEE

<b>Chairman</b>	:	Mr Yeow Teck Chai (Independent Non-Executive Director)
<b>Members</b>	:	Dr Folk Jee Yoong (Independent Non-Executive Director)  Mr Cheng Sin Yeng (Non-Independent Non-Executive Director)
<b>Terms of Reference</b>	:	<ul style="list-style-type: none"><li>• To recommend to the Board, candidates for directorships in Parkson Holdings Berhad</li><li>• 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</li><li>• To recommend to the Board, Directors to fill the seats on Board Committees</li><li>• 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</li><li>• 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</li></ul>

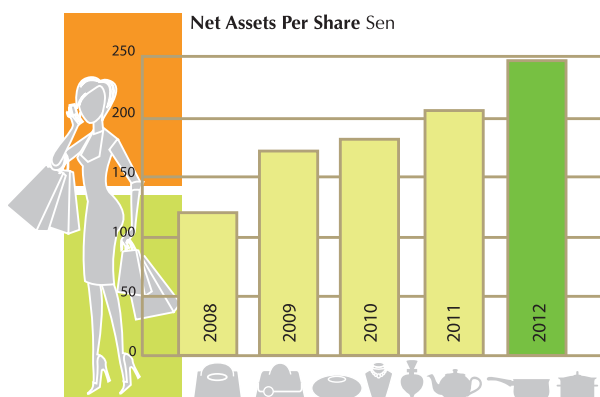
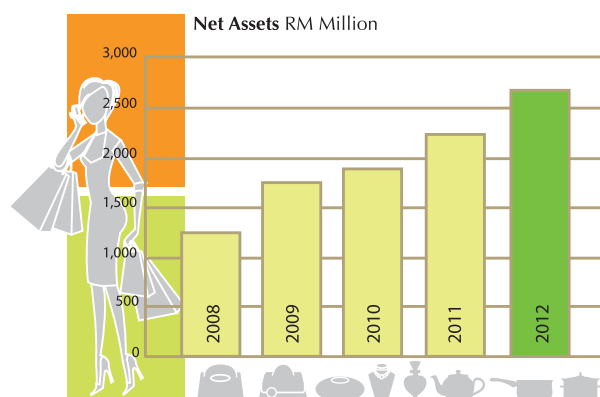
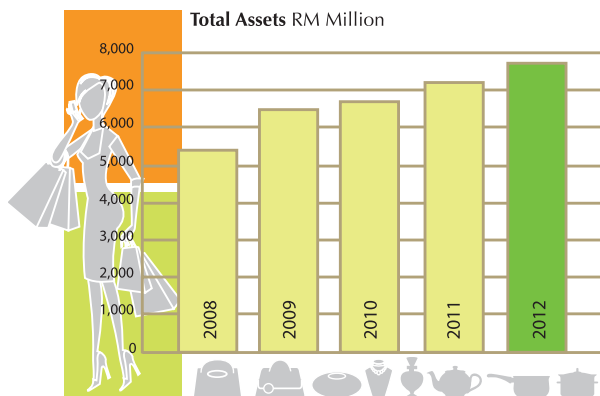
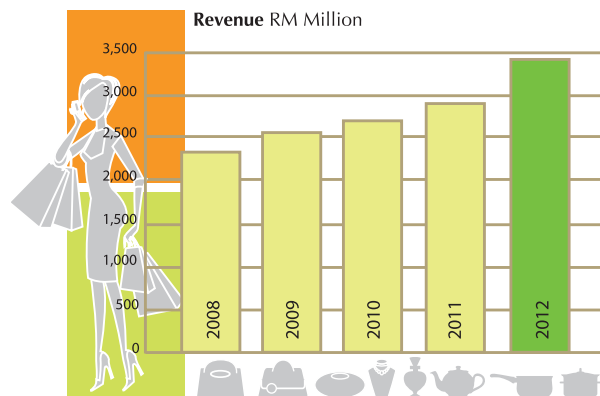
## REMUNERATION COMMITTEE

<b>Chairman</b>	:	Mr Yeow Teck Chai (Independent Non-Executive Director)
<b>Members</b>	:	Dr Folk Jee Yoong (Independent Non-Executive Director)  Mr Cheng Sin Yeng (Non-Independent Non-Executive Director)
<b>Terms of Reference</b>	:	<ul style="list-style-type: none"><li>• To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary</li><li>• To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time</li></ul>



## 5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years ended 30 June		2008	2009	2010	2011	2012
Gross sales proceeds	(RM'000)	6,530,091	7,844,181	8,617,870	9,493,726	<b>11,217,880</b>
Revenue	(RM'000)	2,354,028	2,583,705	2,722,256	2,925,082	<b>3,444,427</b>
Profit before tax	(RM'000)	760,838	939,033	704,173	805,267	<b>887,663</b>
Profit after tax	(RM'000)	638,048	775,433	533,598	606,622	<b>668,712</b>
Net profit attributable to owners of the parent	(RM'000)	447,974	542,687	285,128	348,404	<b>380,076</b>
Total assets	(RM'000)	5,462,982	6,526,179	6,738,500	7,270,943	<b>7,786,347</b>
Net assets	(RM'000)	1,249,494	1,749,581	1,882,680	2,236,090	<b>2,686,088</b>
Total borrowings	(RM'000)	1,969,078	2,107,127	2,024,013	1,950,361	<b>1,260,791</b>
Earnings per share	(Sen)	45.6	53.3	28.0	32.3	<b>34.9</b>
Net assets per share	(Sen)	120	171	183	205	<b>248</b>
Dividends (Paid and Proposed):						
• Cash dividend:						
- Rate	(Sen)	15.0	5.0	6.0	15.0	<b>16.0</b>
- Amount (net of tax)	(RM'000)	154,128	50,727	64,803	162,398	<b>173,918</b>
• Share dividend	(No. of shares)	–	1 for 100	1 for 100	–	<b>–</b>





## CHAIRMAN'S STATEMENT



**TAN SRI WILLIAM H.J. CHENG**  
Chairman

Higher gross sales  
proceeds of  
**RM11.2 billion,**  
up by about **18%**

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of Parkson Holdings Berhad for the financial year ended 30 June 2012.

### FINANCIAL PERFORMANCE

The year 2012 marked the 25<sup>th</sup> year of Parkson's operation in the Malaysian market. Over the years, it has successfully built Parkson's brand name as the leading fashion and lifestyle department store in the country.

Its foray into the vast China market in 1994 targeting the middle to middle-upper market segment has met with considerable success as China's economic boom propelled the country into becoming the world's second largest economy and enabled Parkson to become one of the largest foreign retailers operating there. In 2005, Parkson opened its first department store in Vietnam, thus setting the stage for its presence in the large Indo-China market. The acquisition of PT Tozy Sentosa ("Tozy") in 2011 marked the Group's entry into the fast growing Indonesian market whilst its recent acquisition of a company listed on the Colombo Stock Exchange in Sri Lanka will enable Parkson to tap the Sri Lankan market and at the same time to have a platform to expand into India at a later stage when the entry barriers in the retail industry are liberalised.

While the global economy is still very much affected by the euro zone financial crisis and the economic downturn in USA, Asia has shown considerable resilience in its economy and continued to remain the engine of growth for the rest of the world. The scale and magnitude of the recently announced monetary easing by central banks in USA, Europe and Japan has to a large extent eased the uncertainties surrounding their economic recovery. However, it has also given rise to concerns as to whether without structural reforms the woes affecting the USA and Europe will be resolved with such massive quantitative easing initiatives. It has also fueled fears that such initiatives will impact on Asia's ability to regain its past robust economic growth. Nevertheless, the Group's strong brand equity, sound business model and effective execution of its country-based strategies will enable it to ride through the current headwinds and continue to maintain its dominant position in Asia.

Despite the slower growth experienced in China, the Group continued to achieve a more than satisfactory set of operating results for the financial year ended 30 June 2012:

- Higher gross sales proceeds of RM11.2 billion, up by about 18% as compared to RM9.5 billion in the previous year;
- Higher profit before tax of RM888 million, up by about 10% as compared to RM805 million in the previous year; and
- Higher net earnings of RM380 million, up by about 9% as compared to RM348 million in the previous year.





# Higher profit before tax of RM888 million, up by about 10%



Malaysia



China



Vietnam

Having the right merchandise mix and brand mix in the Group's retail stores and creating strong loyalty to the "Parkson" brand have been the cornerstone of the Group's strength and success in the various regions in which it operates. The Group's business model is also constantly being refined and improved upon to cater to the needs and demands of the diverse regional markets.

The successful listing of our Southeast Asian retail operations through Parkson Retail Asia Limited ("Parkson Asia") on the Singapore Exchange Securities Trading Limited ("SGX-ST") has set the stage for Parkson Asia to fund its aggressive expansion drive and further strengthened its current position as the premier department store chain in Asia. The Group has also benefited from the completion of the listing exercise to substantially increase its reserves and the listing proceeds therefrom have added considerably to its strong cash flow. This puts the Group in a better position to leverage for expansion and M&A activities, as well as to ride through the current challenging operating environment.

## CORPORATE DEVELOPMENTS

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

- (i) In August 2011, Parkson Asia submitted an application in connection with the proposed listing of Parkson Asia's shares on the SGX-ST ("Proposed Listing").

The Proposed Listing involves, amongst others, the offering of ordinary shares of Parkson Asia by way of a public offer to the public in Singapore and a placement to institutions and/or other investors in Singapore and overseas. The offering was a combination of new shares for subscription and existing shares for sale.

On 3 November 2011, Parkson Asia was successfully listed on the SGX-ST and the Group's equity interest in Parkson Asia was diluted from 90.1% to 67.6%.

- (ii) In July 2012, Parkson Asia announced the proposed acquisition of 41.8% stake in Odel PLC ("Proposed Acquisition"). The Proposed Acquisition is part of Parkson Asia's strategy to go beyond the Southeast Asian market to seek opportunities in countries with strong growth.

The Proposed Acquisition was completed in the same month and it is expected to provide Parkson Asia with an opportunity to establish a footprint in Sri Lanka and extend its department store chain into other parts of Asia.





# Higher net earnings of RM380 million, up by about 9%

## REVIEW OF OPERATIONS

The Group is principally engaged in the operations of the “Parkson” and “Centro” brands department stores. The Group offers a wide range of internationally renowned brands of fashion and lifestyle related merchandise focusing on four main categories namely: *Fashion & Apparel*, *Cosmetics & Accessories*, *Household & Electrical* and *Groceries & Perishables*, targeting the young and contemporary market segment. During the financial year, the Group further expanded its operations into the shopping mall business by opening its first self-owned retail mall in Kuala Lumpur, Malaysia.

The retail businesses are located in Malaysia, the People’s Republic of China (“China” or “PRC”), Vietnam and Indonesia. The year witnessed the growth of our portfolio from 95 stores at the beginning of the financial year to 108 stores as at 30 June 2012.

The number of owned and managed stores and the performance in each location are as follows:

(As at 30 June)	Number of Stores	
	2012	2011
Malaysia (Parkson)	38	36
China (Parkson)	54	46
Vietnam (Parkson)	8	7
Indonesia (Centro & Kem Chicks)	8	6
	<b>108</b>	95



(RM'Million)	Revenue		Segment Profit/(Loss)	
	2012	2011	2012	2011
Retail operations in:				
- Malaysia	841	766	121	92
- China	2,340	2,048	690	(#) 729
- Vietnam	110	101	12	23
- Indonesia (*)	133	10	9	2
Property & investment holding	20	–	4	(15)
	<b>3,444</b>	2,925	<b>836</b>	831

(“Segment profit/(loss)” refers to operating profit/(loss) before employee share-based payments, interests, share of results of an associate and tax)

(#) : Inclusive of RM21 million gain on disposal of a jointly controlled entity.

(\*) : 2011 - Representing only 1 month’s results as the acquisition was completed in June 2011.





### **Parkson Malaysia**

The year 2012 marked the 25<sup>th</sup> anniversary of Parkson's operation in the local market. Parkson has been able to ride on the strong domestic consumption and continued to deliver an excellent performance despite intensifying competition. For the current financial year, Parkson Malaysia managed to maintain its growth momentum with strong same store sales ("SSS") growth of approximately 9% (2011: 10%).

During the financial year under review, store expansion was in good progress and two (2) new stores, one each in Setapak (Kuala Lumpur) and Shah Alam (Selangor) got off to an encouraging start. These new stores have accordingly increased our domestic network coverage to 38 stores.

Despite the macro headwinds, domestic consumption and liquidity remain strong. Malaysia is expected to register continued income growth and rapid urbanisation which augurs well for our business. Parkson Malaysia will strive to attain sustainable growth and strengthen its presence via enhancing brand awareness and loyalty, product mix re-alignment, timely store refurbishment and more effective promotional programmes.

### **Parkson China**

The PRC economy avoided a hard landing and achieved a respectable growth of 9.2% for the year 2011 despite enduring complicated external volatility and internal challenges. The resilient economic growth was predominantly driven by a steady growth of fixed asset investments and a robust domestic consumption market, offsetting slower growth in exports. Despite tougher macro headwinds and increased competition in the market place, Parkson China managed to achieve a respectable SSS growth of approximately 6% (2011: 12%) for the financial year under review.

The Group has been revamping and remodeling its existing flagship stores as part of its continuing efforts to enhance store image and improve productivity. Such strategy has largely been successful with the majority of flagship stores showing noticeable improvement in their performance thereafter.

Under its refined expansion plan, the Group opened 8 new stores during the financial year. The Group opened its fourth store in Shanghai, its second store in Nanning, its second store in Taiyuan and one each in greenfield locations viz Suzhou, Changzhou, Zhangjiakou, Liupanshui and Jinan. As at 30 June 2012, the Group operates and manages 54 stores across 35 cities of which 53 are self-owned stores and 1 is a managed store.

In line with the Group's stated strategy of pursuing steady expansion through a combination of new stores opening and strategic locations acquisitions, the Group had entered into a sale and purchase agreement in November 2011 to acquire approximately 45,000 square meters of retail space in Tianjin City with the intention to develop the location into one of its flagship stores.



### **Parkson Vietnam**

The Vietnamese economy continues to face challenges with persistent high inflation and borrowing cost, resulting in tight government policies which have considerably slowed down economic growth especially in the second half of the financial year 2012. However, being an experienced retailer and a market leader in the operation of high-end retail format, Parkson Vietnam was able to overcome the economic challenges to record a commendable SSS growth of approximately 9% (2011: 21%) for the year under review.

Parkson Landmark 72, the second Parkson store in Hanoi was opened in December 2011, making it the 8<sup>th</sup> Parkson store in Vietnam. To-date, it has a network of 8 stores (inclusive of 3 managed stores) located across the top three major cities i.e. Ho Chi Minh City (5 stores), Hanoi (2 stores) and Hai Phong (1 store).

The Group will continue to execute its strategic plans to strengthen its foothold in Vietnam despite the temporary challenges as the long term outlook remains promising. Apart from planning to add on 2 more stores to its portfolio in the coming year, the Group is undertaking renovation and space adjustments to some of its stores in order to further enhance its brand image.

### **Parkson Indonesia (Centro & Kem Chicks)**

The acquisition of Tozy in June 2011 (Tozy operates the “Centro” department stores and a “Kem Chicks” branded gourmet supermarket in Indonesia) has yielded encouraging results. Established since 2003, the Centro brand already has strategic presence in Jakarta, Yogyakarta and Bali. Subsequent to the acquisition of Tozy, the Group added 2 new Centro stores in Surabaya (August 2011) and Tangerang (October 2011).

Limited export and banking reliance for Indonesia leaves it relatively insulated from the weakening economies in USA and Europe. Instead, robust private consumption and investments have continued to drive the Indonesian economy. Upgrades are underway to the existing Centro stores, including maximising floor space as well as introducing new product categories and branded merchandise. The rebranding programme has been in good progress and enabled the Division to enjoy a strong SSS growth of about 9% (2011: 5%) in the current financial year.

The Group plans to pursue a dual-brand strategy in Indonesia, which will see it leveraging on the widely known Centro brand to capture the large middle-class market segment and expand its network to at least a dozen or so cities in Indonesia. At the same time, the Group will introduce new Parkson department stores there to meet the demands of the Indonesian upper-class market segment in first-tier cities such as Jakarta, Medan and Surabaya. The penetration strategy into this highly populated nation will bode well for the Division’s performance in the near future.

### **Property & Investment Holding**

In October 2011, *KL Festival City* (“KLFC”), the Group’s first local self-owned new retail mall commenced operation. This momentous occasion marked the Group’s entry into the development and management of shopping malls. Located in Setapak, Kuala Lumpur and spread over 1 million square feet of retail and alfresco dining space, *KLFC* offers a new lifestyle shopping experience for the whole family.



With Parkson as its anchor tenant and occupying about one quarter of the space, *KLFC* has seen tenancy take-up rate progressing well since its opening in October 2011. As at end of the reporting period, this 4-level retail mall achieved a very high occupancy rate of 99%. For the current financial year with only about 8 months of operation, the retail mall generated approximately RM20 million revenue and RM8 million operating profit for the Group.



## DIVIDENDS

During the financial year ended 30 June 2012, the Company has paid a total of 16 sen (2011: 15 sen) dividend to the shareholders. Net dividend paid amounted to approximately RM174 million (2011: RM162 million).

(Financial year ended 30 June)	Total Dividend	
	2012	2011
<b>Interim</b>	<b>10 sen</b>	10 sen
<b>Second Interim</b>	<b>6 sen</b>	–
<b>Final</b>	–	5 sen
<b>Total</b>	<b>16 sen</b>	15 sen



## CORPORATE SOCIAL RESPONSIBILITY

We recognise the importance of Corporate Social Responsibility (“CSR”) as an integral part of business and are committed to supporting CSR initiatives with positive social and environmental impact.

### Society

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

The Lion-Parkson Foundation disburses funds for various needs such as education, charity and scientific research; and every year, offers scholarships to undergraduates in the local universities. The Lion Group Medical Assistance Fund provides financial assistance to the less fortunate who require medical treatment including surgery, purchase of medical equipment and medication. The Fund also sponsors community health programmes such as medical camps, and the purchase of dialysis machines for Dialysis Centres providing subsidised treatment to those suffering from kidney failure.

The Group also organises its yearly Back-To-School Charity Drive with Parkson stores nationwide providing collection bins for the public to donate essential school items such as uniforms, shoes and stationery, which are distributed to needy school children throughout the country. Parkson is also working with its business associates such as the cosmetics houses to contribute certain portion of the sale of the associates’ products in Parkson stores to charitable causes.

### Environment

Under its *Parkson Cares My Park* programme, the Group has adopted parks in various states with the objective to maintain the parks for the enjoyment and benefit of the surrounding communities. The programme involves restoration, enhancement and upgrading facilities to improve the condition of the parks and recreational amenities in promoting a green environment and healthier lifestyle for the public.



Parkson’s commitment to preserving the environment is also reflected in its participation in the ‘No Plastic Bag Day’ adopted by several states to reduce the use of plastic bags, and a replanting programme to rehabilitate the mangrove forests together with its business partner.



## PROSPECTS

The uncertain macroeconomic environment coupled with the ongoing financial turmoil in countries facing debt crisis will continue to pose challenges to the global economy in the near term. Being the second largest economy in the world and with its increasing connectivity to economic activities in other parts of the world, **China** will not be spared from the adverse impact of such upheavals. However, the Group is confident that China will continue to achieve respectable economic growth helmed largely by its strong and effective monetary and fiscal policies. The Group will continue to execute its expansion strategy diligently and introduce necessary changes and improvement to the operation and merchandise offerings to stay ahead of its competitors.

On the **Southeast Asian** retail scene, we believe the strong consumer sentiments will continue to propel Parkson's growth as a fashionable, family department store targeting the middle to middle-upper income segments. While there may be challenges ahead in relation to the global economic uncertainties, we are convinced that with our sound business model, we will continue to maintain our position as a leading department store in the region.

The acquisition of Odel PLC, a leading fashion retailer listed in **Sri Lanka**, marks the Group's first foray out of Southeast Asia and China. With the acquisition, the Group has not only established a foothold in the growing Sri Lankan retail market but is also poised to expand into the larger Indian Subcontinent in the near future.

For the management of shopping malls in **Malaysia**, the Group is confident that the Division will be able to build upon its initial success and push **KLFC** to the forefront as a premier shopping centre in the country. The Group will also continue to seek expansion opportunities commensurate with its development strategies and capital return requirements.

Moving forward, the next few years will be an exciting and challenging period for the Parkson Group as it continues to expand aggressively across Asia. As Asia continues to grow in affluence, Parkson's continuous success as the leading department store operator will hinge largely on the sound execution of its country-based strategies as well as its ability to tap the changing consumer needs of the fast rising and wealthy younger generations.

## BOARD OF DIRECTORS

I would like to record a vote of thanks and appreciation to Y. Bhg. Dato' Hassan bin Abdul Mutalip who resigned from the Board during the financial year, for his contributions during his tenure as a Director of the Company and Chairman of the Audit Committee, Nomination Committee and Remuneration Committee, and a member of the Executive Share Option Scheme Committee of the Company.

At the forthcoming Annual General Meeting, Dr Folk Jee Yoong will be retiring and will not be seeking re-election as Director of the Company. Dr Folk is the Chairman of the Audit Committee and a member of the Nomination Committee, Remuneration Committee and Executive Share Option Scheme Committee of the Company. On behalf of the Board, I would like to express my sincere appreciation for his contributions during his tenure as a Director of the Company, and a member and the Chairman of the Company's aforementioned committees.

## ACKNOWLEDGEMENT

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

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

**TAN SRI WILLIAM H.J. CHENG**  
Chairman







## PENYATA PENERUSI



Hasil jualan kasar yang  
lebih tinggi berjumlah  
**RM11.2 bilion,**  
meningkat kira-kira **18%**

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Parkson Holdings Berhad bagi tahun kewangan berakhir pada 30 Jun 2012.

### PRESTASI KEWANGAN

Tahun 2012 merupakan tahun ke-25 Parkson beroperasi di pasaran Malaysia. Dalam jangkamasa tersebut, Parkson telah berjaya membangunkan jenamanya sebagai gedung fesyen dan beli-belah yang terkemuka di negara ini.

Penyertaan Parkson dalam pasaran China yang luas pada tahun 1994 dengan tumpuan kepada golongan berpendapatan sederhana dan sederhana-mewah membuahkan kejayaan apabila ekonomi negara itu berkembang pesat menjadi kuasa ekonomi kedua terbesar di dunia dan seterusnya meletakkan Parkson antara peruncit asing terbesar di negara itu. Pada tahun 2005, Parkson membuka gedung pertamanya di Vietnam, sekali gus merintis jalan di pasaran Indocina yang luas itu. Pengambilalihan PT Tozy Sentosa ("Tozy") pada tahun 2011 merupakan penglibatan Kumpulan di pasaran Indonesia yang pesat berkembang manakala pengambilalihan terkini, iaitu sebuah syarikat senaraian awam di Bursa Saham Colombo di Sri Lanka akan membolehkan Parkson menikmati manfaat daripada pasaran negara itu dan pada masa yang sama, membina tapak operasi untuk memasuki pasaran India apabila sekatan kemasukan dalam industri runcitnya diliberalisasikan kelak.

Ketika ekonomi sejagat masih lagi terjejas teruk berikutan krisis kewangan zon Euro dan kelembapan ekonomi di Amerika Syarikat (AS), rantau Asia pula menunjukkan keupayaannya berdaya tahan dan kekal menjadi jentera pertumbuhan ekonomi untuk negara-negara lain di dunia. Kelonggaran dasar monetari yang diumumkan oleh bank-bank pusat di AS, Eropah dan Jepun telah meredakan ketidakpastian yang menyelubungi pemulihan ekonomi negara-negara berkenaan. Walau bagaimanapun, perkembangan itu juga menambah kebimbangan sama ada ketiadaan pembaharuan struktur mampu menyelesaikan kemelut yang melanda AS dan Eropah setelah pelaksanaan inisiatif kelonggaran kuantitatif dibuat secara besar-besaran. Keadaan ini telah membangkitkan kebimbangan bahawa inisiatif sedemikian menjejaskan keupayaan Asia untuk kembali menikmati pertumbuhan ekonomi yang pesat seperti sebelum ini. Namun begitu, ekuiti jenama Kumpulan yang kukuh, model perniagaan yang baik dan pelaksanaan strategi-strategi jitu mengikut negara akan membolehkannya mengharungi halangan semasa dan terus mengekalkan kedudukan yang dominan di rantau Asia.

Di sebalik pertumbuhan yang perlahan di China, Kumpulan terus mencatat hasil operasi yang lebih daripada memuaskan bagi tahun kewangan yang berakhir pada 30 Jun 2012:

- Hasil jualan kasar yang lebih tinggi berjumlah RM11.2 bilion, meningkat kira-kira 18% berbanding RM9.5 bilion pada tahun sebelumnya;
- Keuntungan sebelum cukai yang lebih tinggi berjumlah RM888 juta, meningkat kira-kira 10% berbanding RM805 juta pada tahun sebelumnya; dan
- Pendapatan bersih yang lebih tinggi berjumlah RM380 juta, meningkat kira-kira 9% berbanding RM348 juta pada tahun sebelumnya.





Keuntungan sebelum cukai yang lebih tinggi berjumlah  
**RM888 juta**, meningkat kira-kira **10%**

Dengan menawarkan pelbagai barangan dagangan dan jenama yang menepati citarasa pengguna di gedung-gedung peruncitan Kumpulan dan mewujudkan kesetiaan yang tidak berbelah bagi terhadap jenama “Parkson” telah menjadi asas kekuatan dan kejayaan Kumpulan di rantau ia beroperasi. Model perniagaan Kumpulan juga sering diperhalusi dan diperbaiki untuk memenuhi keperluan dan tuntutan pasaran serantau yang meluas.

Kejayaan penyenaraian operasi runcit di Asia Tenggara melalui Parkson Retail Asia Limited (“Parkson Asia”) di Singapore Exchange Securities Trading Limited (“SGX-ST”) membolehkan Parkson Asia membiayai pertumbuhannya yang agresif dan mengukuhkan lagi kedudukan terkininya sebagai rangkaian gedung beli belah utama di Asia. Dengan selesainya usaha penyenaraian ini, Kumpulan mendapat faedah berikutan peningkatan ketara pada rizabnya dan hasil penyenaraian itu telah mengukuhkan lagi kedudukan aliran tunai yang mantap. Keadaan ini meletakkan Kumpulan pada kedudukan yang lebih baik untuk meningkatkan pertumbuhan dan aktiviti-aktiviti penggabungan dan pengambilalihan, serta mengharungi persekitaran operasi semasa yang mencabar.

#### **PERKEMBANGAN KORPORAT**

Semasa dan berikutan tahun kewangan, Kumpulan telah melaksanakan perkembangan korporat utama berikut:

- (i) Pada bulan Ogos 2011, Parkson Asia menyerahkan satu permohonan berkaitan dengan cadangan penyenaraian saham Parkson Asia di SGX-ST (“Cadangan Penyenaraian”).

Cadangan Penyenaraian antara lain melibatkan tawaran saham biasa Parkson Asia secara tawaran awam kepada orang ramai di Singapura dan penempatan dilakukan dengan institusi-institusi dan/atau pelabur-pelabur lain di Singapura dan luar negara. Tawaran dibuat secara kombinasi langganan saham baharu dan jualan saham sedia ada.

Pada 3 November 2011, Parkson Asia telah disenaraikan dengan jayanya di SGX-ST dan kepentingan ekuiti Kumpulan dalam Parkson Asia telah berkurangan daripada 90.1% kepada 67.6%.

- (ii) Pada bulan Julai 2012, Parkson Asia mengumumkan cadangan pengambilalihan 41.8% kepentingan dalam Odel PLC (“Cadangan Pengambilalihan”). Cadangan Pengambilalihan ini adalah sebahagian daripada strategi Parkson Asia untuk berkembang lebih luas melangkaui pasaran Asia Tenggara dalam mencari peluang di negara-negara yang mempunyai kadar pertumbuhan kukuh.

Cadangan Pengambilalihan telah selesai dalam bulan yang sama dan dijangka membuka peluang kepada Parkson untuk meluaskan tapak operasinya di Sri Lanka dan melebarkan rantaian gedung beli belahnya ke bahagian lain di Asia.





Pendapatan bersih yang lebih tinggi berjumlah  
**RM380 juta**, meningkat kira-kira **9%**

## KAJIAN OPERASI

Kumpulan pada dasarnya terlibat dalam operasi mengendalikan gedung beli-belah di bawah jenama “Parkson” dan “Centro”. Kumpulan menawarkan pelbagai fesyen dan barangan berkaitan gaya hidup berjenama antarabangsa dengan tumpuan kepada empat kategori utama: *Fesyen & Pakaian, Kosmetik & Aksesori, Kelengkapan Rumah & Barangan Elektrik* dan *Barangan Runcit & Tidak Tahan Lama*, yang menyasarkan segmen pasaran golongan muda dan kontemporari. Dalam tahun kewangan, Kumpulan telah meluaskan operasi perniagaannya dengan pembukaan pusat beli-belah milik sendiri yang pertama di Kuala Lumpur, Malaysia.

Perniagaan peruncitan beroperasi di Malaysia, Republik Rakyat China (“China” atau “PRC”), Vietnam dan Indonesia. Tahun kewangan menyaksikan pertambahan portfolio daripada 95 buah gedung beli-belah pada awal tahun kewangan kepada 108 buah gedung beli-belah pada 30 Jun 2012.

Bilangan gedung yang dimiliki dan diuruskan serta prestasi setiap lokasi adalah seperti berikut:

(Sehingga 30 Jun)	Bilangan Gedung Beli-Belah	
	2012	2011
Malaysia (Parkson)	38	36
China (Parkson)	54	46
Vietnam (Parkson)	8	7
Indonesia (Centro & Kem Chicks)	8	6
	<b>108</b>	95



(RM'Juta)	Pendapatan		Untung/(Rugi) Segmen	
	2012	2011	2012	2011
Operasi peruncitan di:				
- Malaysia	841	766	121	92
- China	2,340	2,048	690	(#) 729
- Vietnam	110	101	12	23
- Indonesia (*)	133	10	9	2
Hartanah & pegangan pelaburan	20	—	4	(15)
	<b>3,444</b>	2,925	<b>836</b>	831

(“Untung/(Rugi) Segmen” merujuk kepada untung/(rugi) operasi sebelum bahagian bayaran perkongsian kakitangan, faedah, hasil keputusan kewangan syarikat sekutu dan percukaian)

(#) : Termasuk keuntungan RM21 juta hasil pelupusan entiti yang mana kepentingan operasinya dimiliki secara bersama.

(\*) : 2011 - Mewakili hasil kewangan hanya bertempoh sebulan memandangkan pengambilalihan selesai pada bulan Jun 2011.





### **Parkson Malaysia**

Tahun 2012 merupakan ulang tahun ke-25 operasi Parkson di Malaysia. Parkson telah menikmati faedah daripada penggunaan domestik yang kukuh dan kekal mencatat prestasi cemerlang di sebalik persaingan yang semakin sengit. Bagi tahun kewangan semasa, Parkson Malaysia berjaya mengekalkan momentum pertumbuhannya menerusi jualan gedung sama ("SSS") yang kukuh sekitar 9% (2011: 10%).

Pada tahun kewangan dalam kajian, pertumbuhan gedung mencatat kemajuan yang baik dengan pembukaan dua buah gedung baharu, masing-masing di Setapak (Kuala Lumpur) dan Shah Alam (Selangor) yang telah menunjukkan permulaan yang menggalakkan. Pembukaan gedung baharu ini telah menambah rangkaian liputan pasaran tempatan kepada 38 buah gedung.



Di sebalik halangan makro, penggunaan domestik dan mudah tunai dalam pasaran kekal kukuh. Malaysia dijangka kekal mencatat pertumbuhan pendapatan dan kepesatan perkembangan perbandaran yang akan memanfaatkan perniagaan kita. Parkson Malaysia akan berusaha mencapai pertumbuhan mapan dan mengukuhkan kedudukannya dengan meningkatkan kesedaran dan kesetiaan jenama, menyelaraskan semula kepelbagaian barangan, menaiktaraf gedung mengikut masa dan program promosi lebih berkesan.

### **Parkson China**

Ekonomi China telah mengelak kejatuhan yang teruk dan mencatat pertumbuhan menggalakkan sebanyak 9.2% bagi tahun 2011 meskipun terpaksa menanggung kesan daripada kemeruapan rumit berlaku di luar negara dan juga cabaran dalaman. Pertumbuhan ekonomi yang berdaya tahan ini didorong terutamanya oleh pertumbuhan stabil pelaburan aset tetap dan kepesatan pasaran penggunaan domestik, yang telah mengimbangi pertumbuhan eksport yang perlahan. Walaupun berhadapan dengan halangan makro yang lebih sukar dan persaingan yang semakin sengit dalam pasaran, Parkson China berjaya mencapai pertumbuhan SSS yang membanggakan sekitar 6% (2011: 12%) bagi tahun dalam kajian.

Kumpulan telah mengubahsuai dan membentuk semula gedung-gedung utamanya sebagai sebahagian daripada usaha berterusan untuk menaikkan imej gedung dan meningkatkan produktiviti. Strategi berkenaan secara dasarnya membuahkan kejayaan apabila kebanyakan gedung utama menunjukkan peningkatan prestasi yang ketara.

Di bawah rancangan pertumbuhan yang diperhalusi, Kumpulan telah membuka 8 gedung baharu semasa tempoh tahun kewangan. Kumpulan telah membuka gedung keempat di Shanghai; gedung kedua di Nanning dan Taiyuan manakala sebuah gedung dibuka di kawasan baharu, masing-masing di Suzhou, Changzhou, Zhangjiakou, Liupanshui dan Jinan. Sehingga pada 30 Jun 2012, Kumpulan mengendalikan dan menguruskan 54 buah gedung merangkumi 35 buah bandar raya dengan 53 buah gedung dimiliki sendiri manakala sebuah gedung berada di bawah pengurusannya.

Sejajar dengan strategi Kumpulan untuk terus berkembang menerusi kombinasi pembukaan gedung baharu dan pengambilalihan di lokasi-lokasi strategik, Kumpulan telah memeterai perjanjian jual beli pada bulan November 2011 untuk memiliki kira-kira 45,000 meter persegi ruang niaga di Tianjin City untuk menempatkan salah sebuah gedung utamanya di situ.

### **Parkson Vietnam**

Ekonomi Vietnam terus berhadapan dengan kadar inflasi dan kos pinjaman yang tinggi sehinggakan dasar kerajaan diperketatkan telah menyebabkan pertumbuhan ekonomi yang perlahan terutama dalam tempoh setengah kedua tahun kewangan 2012. Bagaimanapun, sebagai peruncit berpengalaman dan peneraju pasaran runcit mewah, Parkson Vietnam mampu mengatasi cabaran ekonomi tersebut dengan mencatat pertumbuhan SSS yang membanggakan sekitar 9% (2011: 21%) bagi tahun dalam kajian.





Parkson Landmark 72, gedung kedua Parkson di Hanoi telah dibuka pada bulan Disember 2011, menjadikannya gedung kelapan yang dibuka di Vietnam. Sehingga kini, Parkson memiliki rangkaian lapan buah gedung (termasuk 3 gedung di bawah pengurusannya) di tiga bandar utama iaitu Ho Chi Minh (5 buah gedung), Hanoi (2 gedung) dan Hai Phong (sebuah gedung).

Kumpulan akan terus melaksanakan pelan strategiknya untuk mengukuhkan operasi di Vietnam walaupun berhadapan cabaran sementara memandangkan tinjauan jangka panjang kekal menggalakkan. Selain merancang untuk menambah 2 lagi gedung dalam portfolionya pada tahun akan datang, Kumpulan akan melaksanakan pengubahsuaian dan penyelarasan ruang di beberapa gedung bagi memperkembangkan lagi imej jenamanya.

#### **Parkson Indonesia (Centro & Kem Chicks)**

Pengambilalihan Tozy pada bulan Jun 2011 (Tozy mengendalikan gedung “Centro” dan pasar raya gourmet jenama “Kem Chicks” di Indonesia) telah memberi pulangan menggalakkan. Ditubuhkan sejak tahun 2003, jenama Centro telah dikenali umum di Jakarta, Yogyakarta dan Bali. Berikutan dengan pengambilalihan Tozy, Kumpulan telah membuka 2 buah gedung Centro baharu di Surabaya (bulan Ogos 2011) dan Tangerang (bulan Oktober 2011).



Kegiatan eksport dan kebergantungan sektor perbankan yang terhad menyebabkan Indonesia berupaya untuk menampakan kesan daripada kelemahan ekonomi AS dan Eropah. Malah, penggunaan swasta dan pelaburan yang pesat terus memacu ekonomi Indonesia. Usaha menaiktaraf sedang dilakukan di gedung Centro sedia ada termasuk memaksimumkan ruang lantai serta memperkenalkan kategori produk baharu dan barangan berjenama. Program penjenamaan semula berjalan lancar dan membolehkan Bahagian menikmati pertumbuhan SSS yang lebih kukuh sebanyak 9% (2011: 5%) dalam tahun kewangan semasa.

Kumpulan merancang untuk melaksanakan strategi dua jenama di Indonesia yang bakal menyaksikan jenama terkenal Centro menguasai segmen pasaran kelas pertengahan yang besar dan meluaskan rangkaianannya ke sekurang-kurangnya satu dozen lagi bandar di Indonesia. Pada masa yang sama, Kumpulan akan memperkenalkan gedung baru Parkson di sana untuk memenuhi tuntutan segmen pasaran kelas atas Indonesia di bandar utama seperti Jakarta, Medan dan Surabaya. Strategi untuk menembusi pasaran negara yang mempunyai kepadatan penduduk yang tinggi itu merupakan sesuatu yang baik untuk prestasi Bahagian dalam jangka masa terdekat.

#### **Hartanah & Pegangan Pelaburan**

Pada bulan Oktober 2011, *KL Festival City (“KLFC”)*, pusat beli-belah baharu tempatan yang pertama dimiliki sendiri oleh Kumpulan telah memulakan operasinya. Upacara bersejarah ini menandakan penglibatan Kumpulan dalam pembangunan dan pengurusan pusat beli belah. Terletak di Setapak, Kuala Lumpur dengan ruang niaga seluas sejuta kaki persegi serta ruang makan terbuka, *KLFC* menawarkan satu pengalaman gaya hidup baharu sepenuhnya untuk seisi keluarga.



Dengan Parkson sebagai penyewa utama yang menguasai kira-kira satu perempat daripada ruang yang ada, *KLFC* menikmati kadar penyewaan yang menggalakkan sejak dibuka pada bulan Oktober 2011. Setakat tempoh akhir pelaporan ini, pusat beli-belah setinggi empat tingkat itu telah menikmati kadar penghunian yang sangat tinggi sebanyak 99 peratus. Bagi tahun kewangan semasa, selepas beroperasi hanya kira-kira 8 bulan, pusat beli-belah ini telah menjana pendapatan berjumlah kira-kira RM20 juta dan keuntungan kendalian sebanyak RM8 juta kepada Kumpulan.



## DIVIDEN

Dalam tempoh tahun berakhir pada 30 Jun 2012, Syarikat telah membayar dividen berjumlah 16 sen (2011: 15 sen) kepada para pemegang saham. Dividen bersih yang dibayar berjumlah kira-kira RM174 juta (2011: RM162 juta).

	Jumlah Dividen	
	2012	2011
(Tahun kewangan berakhir pada 30 Jun)		
<b>Interim</b>	<b>10 sen</b>	10 sen
<b>Interim kedua</b>	<b>6 sen</b>	—
<b>Akhir</b>	—	5 sen
<b>Jumlah</b>	<b>16 sen</b>	15 sen



## TANGGUNGJAWAB SOSIAL KORPORAT

Kami memperakui pentingnya Tanggungjawab Sosial Korporat ("CSR") sebagai sebahagian daripada perniagaan dan komited untuk menyokong inisiatif CSR yang memberi kesan sosial dan alam sekitar yang positif.

### Masyarakat

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

Yayasan Lion-Parkson mengagihkan dana untuk pelbagai tujuan seperti pendidikan, kebajikan dan penyelidikan saintifik; dan setiap tahun menawarkan biasiswa kepada bakal graduan universiti tempatan. Tabung Bantuan Perubatan Kumpulan Lion menyediakan bantuan kewangan kepada mereka yang kurang bernasib baik untuk mendapatkan rawatan perubatan seperti pembedahan, pembelian peralatan perubatan dan ubat-ubatan. Tabung ini juga menaja program kesihatan kemasyarakatan seperti kem kesihatan dan pembelian mesin dialisis bagi keperluan Pusat Dialisis yang menawarkan perkhidmatan secara bersubsidi kepada pesakit buah pinggang.

Kumpulan juga menganjurkan kempen kebajikan tahunan, Kembali Ke Sekolah di mana gedung Parkson di seluruh negara bekerjasama menyediakan tong khas untuk orang ramai menderma barangan keperluan sekolah yang mustahak seperti pakaian seragam, kasut dan alat tulis untuk diedarkan kepada kanak-kanak sekolah miskin di seluruh negara. Parkson juga bekerjasama dengan sekutu perniagaannya seperti pengeluar kosmetik untuk menyumbang habuan tertentu daripada hasil jualan produk mereka di gedung Parkson bagi tujuan amal.

### Alam Sekitar

Di bawah program *Parkson Cares My Park*, Kumpulan telah menjadikan beberapa taman di negeri-negeri tertentu sebagai 'taman angkat' di mana taman-taman ini diselenggara untuk kemudahan dan faedah komuniti di sekitarnya. Program ini melibatkan kerja-kerja pemuliharaan, pembaikan dan menaik taraf kemudahan untuk menambah baik keadaan taman dan kemudahan rekreasi ke arah menggalakkan alam sekitar hijau dan gaya hidup yang sihat.

Komitmen Parkson dalam mengekalkan alam sekitar juga boleh dilihat melalui penyertaannya dalam kempen 'Hari Tanpa Beg Plastik' yang dilaksanakan di beberapa buah negeri untuk mengurangkan penggunaan beg berkenaan dan juga menerusi program penanaman semula untuk memulihara hutan bakau bersama-sama dengan rakan perniagaannya.



## PROSPEK

Persekitaran makroekonomi tidak menentu serta kemelut kewangan berterusan di negara-negara yang berdepan dengan krisis hutang memberikan cabaran kepada ekonomi dunia dalam jangka masa terdekat. Sebagai kuasa ekonomi yang kedua terbesar di dunia dan semakin banyak menjalin kegiatan ekonomi dengan negara lain dunia, **China** tidak akan terlepas daripada menerima kesan sampingan akibat perkembangan tersebut. Bagaimanapun, Kumpulan yakin China akan terus mencapai pertumbuhan ekonomi yang menggalakkan terutamanya disebabkan oleh dasar monetari dan fiskal yang kukuh dan berkesan. Kumpulan akan terus melaksanakan strategi peluasan secara berhemat dan merangka perubahan dan penambah baik yang perlu ke atas operasi dan barang dagangan yang ditawarkan dalam usaha untuk mendahului para pesaingnya.

Menyentuh sektor peruncitan di **Asia Tenggara**, kami percaya sentimen pengguna yang kuat akan terus mendorong pertumbuhan Parkson sebagai gedung beli belah keluarga yang menawarkan fesyen terkini yang menyasar kepada segmen golongan berpendapatan sederhana dan tinggi. Walau kemungkinan menghadapi cabaran di masa hadapan akibat ketidakpastian ekonomi global, kami yakin bahawa model perniagaan kita berdaya maju, dan akan dapat mengekalkan kedudukan sebagai gedung terkemuka di rantau ini.

Pengambilalihan Odel PLC, syarikat peruncitan fesyen terkemuka yang tersenarai di **Sri Lanka**, merupakan langkah pertama Kumpulan di luar pasaran Asia Tenggara dan China. Dengan pengambilalihan itu, Kumpulan bukan sahaja membina tapak pertumbuhannya di pasaran runcit Sri Lanka tetapi juga bakal menceburi pasaran India yang lebih besar pada masa terdekat.

Bagi pengurusan kompleks beli-belah di **Malaysia**, Kumpulan yakin bahawa Bahagian berkenaan berupaya untuk terus maju berikutan kejayaan awal yang diraihinya dan melonjakkan *KLFC* ke hadapan sebagai pusat beli-belah terkemuka di negara ini. Kumpulan juga akan terus mencari peluang peluasan bersesuaian dengan strategi pembangunan dan keperluan untuk mendapatkan pulangan modal.

Dalam melangkah ke hadapan, Kumpulan Parkson melihat beberapa tahun akan datang sebagai satu tempoh yang menggalakkan dan mencabar dalam usahanya meneruskan peluasan secara agresif ke seluruh rantau Asia. Dengan pertambahan bilangan golongan mewah di Asia, kejayaan Parkson sebagai pengendali gedung beli belah utama keseluruhannya bergantung kepada pelaksanaan strategi jitu berdasarkan negara serta keupayaannya merebut peluang daripada keperluan pengguna yang pantas berubah dan bertambahnya bilangan generasi muda yang berada.

## LEMBAGA PENGARAH

Saya ingin mengucapkan terima kasih dan merakamkan setinggi-tinggi penghargaan kepada Y. Bhg. Dato' Hassan bin Abdul Mutalip yang telah meletakkan jawatan dalam tahun kewangan, atas segala sumbangan beliau semasa menjadi Pengarah Syarikat dan Pengerusi Jawatankuasa Audit, Jawatankuasa Pencalonan dan Jawatankuasa Ganjaran, dan ahli Jawatankuasa Skim Opsyen Saham Eksekutif Syarikat.

Pada Mesyuarat Agung Tahunan akan datang, Dr Folk Jee Yoong akan bersara dan tidak akan memohon pelantikan semula sebagai Pengarah Syarikat. Dr Folk merupakan Pengerusi Jawatankuasa Audit dan ahli Jawatankuasa Pencalonan, Jawatankuasa Ganjaran dan Jawatankuasa Skim Opsyen Saham Eksekutif Syarikat. Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan ikhlas kepada Dr Folk atas segala sumbangan beliau sepanjang tempoh perkhidmatan sebagai Pengarah Syarikat, serta ahli dan Pengerusi jawatankuasa Syarikat yang disebutkan tadi.

## PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya mengucapkan ribuan terima kasih kepada para pelanggan, pembekal, pembiaya kewangan, sekutu perniagaan, pihak berkuasa Kerajaan dan pemegang saham yang dihargai atas sokongan, kerjasama dan keyakinan yang berterusan kepada Kumpulan.

Saya juga ingin menyampaikan penghargaan yang tulus ikhlas kepada rakan-rakan Pengarah atas bimbingan dan sumbangan mereka yang tidak ternilai di sepanjang tahun kewangan serta penghargaan saya kepada warga kerja kami di semua peringkat atas dedikasi, komitmen dan sumbangan yang diberikan kepada Kumpulan.

**TAN SRI WILLIAM H.J. CHENG**

Pengerusi





## 主席报告



较高的销售所得款项共  
112亿令吉，  
增加约18%

我谨代表董事部，欣然提呈百盛控股有限公司截至2012年6月30日的会计年度的常年报告和经审核财务报告。

### 财务表现

2012年是百盛在马来西亚市场营业的第25年。这些年来，它成功的建立了百盛品牌，使它成为国内著名的时装与时尚百货商店。

百盛在1994年进入中国市场，瞄准中产阶层及中上阶层的市场，取得很大的成功，也因为中国的经济繁荣推动它成为全球的第二大经济体，使百盛成为在中国营业最大的外国零售商之一。在2005年，百盛在越南开设第一间百货商店，从中设立在印度支那庞大市场的立足点。本集团在2011年收购的PT Tozy Sentosa (“Tozy”)，标志着百盛进入迅速成长的印尼市场，而百盛近期收购的一家在斯里兰卡哥伦比亚股票交易所挂牌的公司，使百盛能够开拓斯里兰卡市场，并同时拥有一个平台，以便较后当进入印度零售业的障碍消除后，百盛能够把业务扩展到印度。

尽管全球经济仍然受到欧元区金融危机以及美国经济衰退很大的影响，亚洲经济仍然充满恢复力，并继续成为世界其他地区经济成长的动力。美国、欧洲和日本的中央银行最近宣布的货币宽松的幅度与广度，在很大程度上缓和了围绕在它们的经济复苏的不确定性。然而，这也引起了关注，即如果没有结构性的改革，美国和欧洲的困难是否会因为这些大规模的宽松举策而得到解除。这也引起了担忧，即这些举措会否影响亚洲重新取得过去蓬勃经济增长的能力。无论如何，凭着本集团强劲的品牌价值、健全的商业模式以及有效执行以个别国家为基础的策略，本集团将能克服目前的逆境，继续在亚洲保持其支配性的地位。

尽管经历中国成长放缓，本集团在截至2012年6月30日的会计年度内，仍然取得以下超出令人满意的业绩：

- 较高的销售所得款额，共112亿令吉，比上一年度的95亿令吉增加约18%；
- 较高的税前利润，共8亿8千800万令吉，比上一年度的8亿500万令吉增加约10%；以及
- 较高的净盈利，共3亿8千万令吉，比上一年度的3亿4千800万令吉增加约9%。

本集团的零售商店，凭籍其正确的商品组合和品牌组合，以及消费者对“百盛”品牌强烈的忠诚，为本集团在营业的各个区域建立实力和成功的基础。本集团的商业模式也不断精益求精进行改进，以迎合不同区域市场的需要与需求。

我们在东南亚的零售业务，通过Parkson Retail Asia Limited (“Parkson Asia”)成功的在新加坡股票交易所上市，为Parkson Asia奠定基础，以资助其进取性的扩展计划，并进一步加强其作为亚洲首要连锁百货商店的现有地位。本集团也从这项成功的上市行动中受惠，大量增加本集团的储备金，并从上市所取得的收入款项大量增加了现金流量。这使本集团处在更佳的地位以进行扩展以及展开合并与收购活动，并渡过目前具挑战性的营业环境。

### 企业发展

在本会计年度期间及期后，本集团进行下述重大的企业事项：

- (i) 在2011年8月，Parkson Asia针对其股票要在新加坡股票交易所上市的建议（“上市建议”）提呈申请书。

上市建议包括公开发售Parkson Asia的股票给新加坡的公众，以及配售股票给在新加坡以及海外的机构以及/或其他投资者。这项献售结合发行新股供申请以及现有股票供出售。

在2011年11月3日，Parkson Asia成功在新加坡股票交易所上市，本集团在Parkson Asia的股权因此从90.1% 减少至67.6%。





# 较高的税前利润共 8亿8千800万令吉，增加约10%

- (ii) 在2012年7月，Parkson Asia宣布建议收购Odel PLC（“收购建议”）的41.8%股权。收购建议是Parkson Asia寻求跨越东南亚市场的策略之一，以从强劲成长的国家寻找商机。

收购建议在同一个月完成，预料这将为Parkson Asia提供机会，在斯里兰卡取得立足点，并把其连锁百货商店扩大至亚洲的其他地区。

## 业务检讨

本集团主要从事“Parkson”及“Centro”品牌的百货业务。本集团提供一系列国际知名品牌的时装及时尚商品，专注于4类主要商品，即时装与服装、化妆品与配饰、家居用品与电器，以及食品与生鲜商品，以年轻人和时尚消费者为对象。在本会计年度内，通过在马来西亚的吉隆坡开设的第一家自有的零售购物广场，进一步扩大在购物广场的商业业务。

百货业务分布在马来西亚、中国、越南和印尼。本会计年度见证了本集团投资的增长，百货商店从年度开始时的95间增加至2012年6月30日的108间。

集团在各国拥有和管理的百货商店的数目和个别的业务表现如下：

(在6月30日)	百货商店数目	
	2012	2011
马来西亚(百盛)	38	36
中国(百盛)	54	46
越南(百盛)	8	7
印尼(Centro和Kem Chicks)	8	6
	<b>108</b>	95



(单位：百万令吉)	营业额		部门利润/(亏损)	
	2012	2011	2012	2011
百货业务营业地点：				
- 马来西亚	841	766	121	92
- 中国	2,340	2,048	690	(#) 729
- 越南	110	101	12	23
- 印尼(*)	133	10	9	2
产业及投资控股	20	—	4	(15)
	<b>3,444</b>	2,925	<b>836</b>	831

（“部门利润/(亏损)”不包括以雇员股份为基准的开支、利息、应占联号公司业绩以及税务在内的经营利润/(亏损)）

(#)：包括出售一家共同控制实体取得2千100万令吉的盈利。

(\*)：2011年度 - 只代表一个月的业绩，因为收购在2011年6月完成。





较高的净盈利共  
3亿8千万令吉，  
增加约9%

### 马来西亚百盛

2012年标志着百盛在本地市场营业25周年。尽管竞争日益激烈，百盛仍能顺应强劲的本地消费市场，并且继续交出杰出的表现。在本会计年度内，马来西亚百盛能够保持其成长动力，录得约9%的同店销售增长（2011年度：增长10%）。

在本会计年度期间，百货商店的扩展取得良好的进展，并增设2间新的百货商店，在吉隆坡的文良港和雪兰莪州的莎阿南各开一间，并取得很好的开端。这些新店使我们在国内的百货商店网络增加至38间。

尽管宏观经济面对逆境，国内的消费和资金流动仍然蓬勃。预料马来西亚将继续取得收入成长以及迅速城市化，这将对我们的营业带来好兆头。马来西亚百盛将通过加强品牌意识和顾客的忠诚、产品组合的重新调整、适时的百货商店刷新，以及展开更有效的促销计划，以致力于取得可持续的成长并加强势力。

### 中国百盛

在2011年，尽管承受持久而复杂的外界波动和内部挑战，中国经济成功避免硬着陆，取得9.2%可观的成长率。经济增长主要受固定资产投资稳步成长和国内消费市场表现强劲所带动，出口增长放缓的影响从而得到缓释。尽管面临宏观环境恶化和市场竞争加剧的压力，中国百盛仍能在本会计年度内取得约6%可观的同店销售增长（2011年度：增长12%）。

本集团持续对现有的旗舰店进行翻新和改造，以提升店面形象和提高盈利能力。大部分旗舰店在进行改造和翻新后业绩都有明显改善，这证明上述改造和翻新策略的成功。

根据审慎的扩张计划，本集团在本会计年度内开设了8间新百货商店。本集团在上海开设了第4间百货商店，在南宁和太原分别开设第2间，在苏州、长州、张家口、六盘水和济南各增设一间。截至2012年6月30日，本集团在中国的35个城市经营和管理54间百货商店，其中53间是本身拥有的，1间是由本集团管理的。

结合本集团开设新店和收购旗舰店物业的既定扩张策略，本集团于2011年11月缔结了一份买卖合同以在天津市购买约45千平方米的零售物业，意在将该物业开发成一间旗舰店。

### 越南百盛

越南经济继续面对挑战，尤其是在2012年会计年度下半年，持续的高通货膨胀率和借债成本，导致政府采取紧缩政策，造成经济成长大为放缓。不过，越南百盛身为有经验的零售商和经营高端零售格式的市场领袖，竟能克服经济挑战，在本检讨年度内取得约9%值得赞扬的同店销售增长（2011年度：增长21%）。

百盛在河内的第二间百货商店，Parkson Landmark 72，于2011年12月开幕，成为百盛在越南的第8间百货商店。迄今，百盛在越南共有8间百货商店（包括3间管理百货商店），遍布3大城市，即胡志明市（5间百货商店）、河内（2间百货商店）和海防（1间百货商店）。

由于长期前景仍然令人鼓舞，尽管现在面对一时的挑战，本集团将继续执行策略性计划以加强在越南的立足点。本集团除了打算在来年增加2间百货商店，也承诺要对现有的一些百货商店进行装修和场地调整，以进一步扩展其品牌形象。

### 印尼百盛 (Centro 和 Kem Chicks)

印尼百盛在2011年收购的Tozy取得令人鼓舞的成绩（Tozy在印尼经营“Centro”百货商店以及一间“Kem Chicks”品牌的美食超级市场）。创利于2003年，Centro品牌已经在雅加达、日惹和巴厘具有策略性的存在。本集团在收购Tozy之后，增设了2间新的Centro百货商店，分别设在泗水（2011年8月）和丹格朗（2011年10月）。

有限的出口和对银行的依赖，使印尼相对的不受美国和欧洲的经济弱化的影响。相反的，茁壮的个人消费和投资继续推动印尼的经济。现有的Centro百货商店正在进行提升，包括增加楼面空间以及引进新的产品种类和品牌商品。翻新品牌的计划取得良好进展，使到本部门在本会计年度内取得约9%强劲的同店销售增长（2011年：增长5%）。

本集团计划在印尼推行双品牌策略，凭籍众所周知的Centro品牌，夺取庞大的中产阶层市场以及把其网络扩大至印尼至少十多个城市。与此同时，本集团打算在印尼推出新的百盛品牌百货商店以迎合第一级城市如雅加达、棉兰和泗水的中上阶层市场的需求。在这个人口众多的国家所采取的渗透策略，在不久将来将为本部门带来良好的成果。

## 产业与投资控股

在2011年10月，本集团第一个本地自有的新购物广场“吉隆坡百乐广场”开始营业。这重大盛典标志着本集团踏入购物广场的发展和管理。该广场坐落在吉隆坡的文良港，拥有超过100万平方尺的零售和露天用餐空间，将为全家人提供全新时尚的购物体验。

百盛是吉隆坡百乐广场的主要租户，占用约四分之一的空间。该购物广场自2011年10月开幕以来取得良好的出租率。截至本会计年度，这座四层购物广场的出租率高达99%。在本会计年度内，这个购物广场虽然只经营了8个月，却为本集团带来约2千万令吉的营业额和800万令吉的营业利润。

## 股息

在2012年6月30日的会计年度内，本公司总共分派了16仙的股息给股东（2011年度：15仙）。净股息将近1亿7千400万令吉（2011年度：1亿6千200万令吉）。

(6月30日的会计年度)	总股息	
	2012	2011
中期	10 仙	10 仙
第二中期	6 仙	—
终期	—	5 仙
总数	16 仙	15 仙



## 企业的社会责任

我们承认企业社会责任的重要性，视它为公司治理框架中不可或缺的一部份，并誓言支持可为社会与环境带来正面影响的企业社会责任的倡议。

### 社会

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

金狮百盛基金拨款供许多用途诸如教育、慈善和科学研究；每年都提供奖学金给在本地大学深造的在籍大学本科生。金狮集团医药援助基金则为迫切需要医疗的不幸社群提供财务援助，包括手术、购置医疗器械和药物。这项基金也赞助社区保健计划如医疗营，并且添购洗肾机器给那些提供津贴治疗服务给肾病患者的洗肾中心。

本集团也联合全国百盛商店主办年度回校慈善活动，提供回收箱给大众以便捐献学校必需品如校服、鞋子和文具，然后分发给全国各地有需要的学童。百盛也和其商业附属伙伴，诸如化妆品公司合作，把其在百盛百货商店内的档位销售产品收入的一部份捐作慈善用途。

### 环境

在“百盛关怀我的公园”计划下，本集团“领养”各州属的公园，提供维修让周围的社区得以享用。这项计划涉及修复、加强与提升公园环境与休闲设施，为大众提倡绿色环境与更健康的生活方式。

百盛对保护环境的承诺，也反映在其参与各州“无塑胶袋日”的活动，以减少对塑胶袋的使用；以及与其商业伙伴参与一项重植计划以恢复红树林。



## 展望

波动的宏观经济环境，加上债务危机国家目前所经历的金融动荡，在短期内将继续对全球经济构成挑战。作为全球第二大经济体，**中国**与世界各国经济活动的联系日益紧密，故中国经济也无法避免受到上述动荡的不利影响。不过，本集团深信，凭着强劲和有效的货币与财务政策，中国将继续取得可观的经济成长。本集团将继续谨慎的执行其扩展策略以及对其营运和商品供应采取必要的变动与改善，以应对其竞争者。

在**东南亚**的零售领域，我们相信强劲的消费者情绪将推动百盛的成长，以中产阶层和中上层收入的市场为对象，使百盛成为时尚的家庭零售百货商店。尽管当前可能存在着与全球经济不稳定有关的挑战，本集团深信以我们健全的商业模式，我们将继续保持在本区域作为零售商店的领导地位。

通过收购一家在**斯里兰卡**挂牌的领先时尚零售商，Odel PLC，标志着本集团突破东南亚和中国以外的市场。随着这项收购，本集团不但可在日益增长的斯里兰卡零售市场建立立足点，而且也为不久的将来进军更大的印度次大陆市场作好准备。

至于对**马来西亚**购物广场的管理，本集团深信本部门将从其初步成功的基础上推动“吉隆坡百乐广场”，使它成为我国首要的购物中心。本集团也将继续寻找配合其发展策略及资本回酬要求的扩展机会。

展望未来，未来几年将是百盛集团刺激和充满挑战的时期，因为它将继续在亚洲各地扩充。随着亚洲日益富庶，百盛继续成功成为零售百货商店主要的营运者，有赖于其健全的执行以个别国家为基础的策略，以及其应变能力，以迎合需求不断改变，且迅速增加和日益富裕的年轻一代消费者。

## 董事部

我在此感谢在本会计年度辞去董事职务的尊贵的Dato' Hassan bin Abdul Mutalip，在担任本公司董事和审核委员会、提名委员会和薪酬委员会的主席以及执行雇员购股权计划委员会的委员期间所作的贡献。

在行将召开的常年股东大会上，Dr Folk Jee Yoong 将荣休并不寻求重新被选为本公司的董事。Dr Folk 是本公司审核委员会的主席以及提名委员会、薪酬委员会和执行雇员购股权计划委员会的委员。我谨代表董事部，真诚感谢他在担任本公司董事和以上委员会的委员和主席期间所作的贡献。

## 鸣谢

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

我也真诚感谢董事们过去一年来给予的宝贵指导和贡献，以及感谢各级雇员的献身精神及对本集团的贡献。

主席  
丹斯里锺廷森





## FINANCIAL STATEMENTS

# 2012

For The Financial Year Ended 30 June 2012

## 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 2012.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 16 to the financial statements.

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

### RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year	668,712	147,511
Profit for the year attributable to:		
Owners of the parent	380,076	147,511
Non-controlling interests	288,636	–
	668,712	147,511

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

### DIVIDENDS

The amount of dividends paid by the Company since 30 June 2011 were as follows:

	<b>RM'million</b>
In respect of the financial year ended 30 June 2011, as reported in the Directors' report of that year:	
• A final single tier dividend of 5% (5 sen per share) was paid on 21 December 2011	54
In respect of the financial year ended 30 June 2012:	
• An interim single tier dividend of 10% (10 sen per share) was paid on 22 December 2011; and	109
• A second interim single tier dividend of 6% (6 sen per share) was paid on 20 June 2012	65
Total dividends paid since 30 June 2011	228

The Directors do not recommend the payment of final dividend in respect of the current financial year.



## DIRECTORS

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

Tan Sri William H.J. Cheng  
Tan Sri Abd Rahman Bin Mamat  
Yeow Teck Chai  
Dr Folk Jee Yoong  
Cheng Sin Yeng  
Dato' Hassan Bin Abdul Mutalip (Resigned with effect from 10.2.2012)

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

Dr Folk Jee Yoong who is due to retire by rotation in accordance with Article 98 of the Company's Articles of Association at the forthcoming Annual General Meeting, will not seek re-election at the forthcoming Annual General Meeting.

## DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 8(b) to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 37 to the financial statements.

## DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			
	1.7.2011	Acquired	Disposed	30.6.2012
<b>Tan Sri William H.J. Cheng</b>				
Direct interest	253,903,114	22,450,000	(57,914,102)	218,439,012
Indirect interest	297,064,566	27,100,000	(23,833,710)	300,330,856





**DIRECTORS' INTERESTS** (continued)

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

**Tan Sri William H.J. Cheng**

	Nominal value per ordinary share	1.7.2011	Number of shares		30.6.2012
			Acquired	Disposed	
<b>Direct Interest</b>					
Parkson Retail Asia Limited ("Parkson Asia")	*	—	500,000	—	500,000
<b>Indirect Interest</b>					
Kiara Innovasi Sdn Bhd	RM1.00	3,000,000	—	—	3,000,000
Parkson Asia	*	143,510,488	394,706,812	(80,234,000)	457,983,300
Parkson Retail Group Limited ("Parkson Retail")	HK\$0.02	1,446,770,000	1,500,000	—	1,448,270,000
	Currency	1.7.2011	Acquired	Disposed	30.6.2012
<b>Investments in the People's Republic of China</b>					
Chongqing Wanyou Parkson Plaza Co Ltd	Rmb	21,000,000	—	—	21,000,000
Dalian Tianhe Parkson Shopping Centre Co Ltd	Rmb	60,000,000	—	—	60,000,000
Guizhou Shenqi Parkson Retail Development Co Ltd	Rmb	10,200,000	—	—	10,200,000
Qingdao No. 1 Parkson Co Ltd	Rmb	223,796,394	—	—	223,796,394
Wuxi Sanyang Parkson Plaza Co Ltd	Rmb	48,000,000	—	—	48,000,000
Xinjiang Youhao Parkson Development Co Ltd	Rmb	10,200,000	—	—	10,200,000
<b>Investments in Vietnam</b>					
Parkson Hanoi Co Ltd	US\$	3,360,000	—	—	3,360,000

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

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



## ISSUE OF SHARES

During the financial year, the issued and paid-up share capital of the Company was increased from RM1,093,673,250 to RM1,093,902,050 by the issuance of 228,800 new ordinary shares of RM1.00 each at an issue price of RM5.31 per share for cash pursuant to the Executive Share Option Scheme ("ESOS") of the Company.

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

## TREASURY SHARES

During the financial year, the Company repurchased a total of 6,285,600 of its ordinary shares from the open market at an average price of RM5.09 per share. The total consideration paid for the repurchase including transaction costs was RM31.98 million. The repurchase transactions were financed by internally generated funds.

As at 30 June 2012, the Company held 9,303,231 treasury shares and such treasury shares are held at a carrying amount of RM45.68 million and further relevant details are disclosed in Note 27 to the financial statements.

## ESOS

The ESOS of the Company became effective on 7 May 2008 and will expire on 6 May 2013. The main features of the ESOS are set out in Note 29 to the financial statements.

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

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

Grant date	Subscription price per share	Number of options				30.6.2012
		1.7.2011	Granted	Exercised	Lapsed/ Terminated	
12 May 2008	RM6.35	3,745,100	–	–	(3,745,100)	–
7 April 2010	RM5.31	4,794,600	–	(228,800)	(4,495,800)	70,000
		8,539,700	–	(228,800)	(8,240,900)	70,000

## OTHER STATUTORY INFORMATION

- (a) Before the income statements, the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in these financial statements 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.



#### **OTHER STATUTORY INFORMATION** (continued)

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made, except as disclosed in Note 40 to the financial statements.

#### **SIGNIFICANT EVENTS**

Significant events during the financial year are disclosed in Note 39 to the financial statements.

#### **SUBSEQUENT EVENTS**

Details of subsequent events are disclosed in Note 40 to the financial statements.

#### **AUDITORS**

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 September 2012.

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

**CHENG SIN YENG**  
Director

Kuala Lumpur, Malaysia



## STATEMENT BY DIRECTORS

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

We, **Tan Sri William H.J. Cheng** and **Cheng Sin Yeng**, being two of the Directors of **Parkson Holdings Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 47 to 151 are drawn up in accordance with Financial Reporting Standards in Malaysia and 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 2012 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 45 to the financial statements on page 152 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants, and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 September 2012.

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

**CHENG SIN YENG**  
Director

Kuala Lumpur, Malaysia

## STATUTORY DECLARATION

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

I, **Tan Sri William H.J. Cheng**, the Director primarily responsible for the financial management of **Parkson Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 47 to 152 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Tan Sri William H.J. Cheng** at Kuala Lumpur in the Federal Territory on 26 September 2012.

**TAN SRI WILLIAM H.J. CHENG**

Before me,

**W530**  
**TAN SEOK KETT**  
Commissioner for Oaths  
Kuala Lumpur



## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF PARKSON HOLDINGS BERHAD**

#### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Parkson Holdings Berhad, which comprise the statements of financial position as at 30 June 2012 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 47 to 151.

##### *Directors' responsibility for the financial statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### *Auditors' responsibility*

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

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

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

##### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 ("the Act") in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2012 and of their financial performance and cash flows for the year then ended.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any material qualification and did not include any comment required to be made under Section 174(3) of the Act.



## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF PARKSON HOLDINGS BERHAD (continued)**

#### **OTHER MATTERS**

The supplementary information set out in Note 45 to the financial statements on page 152 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance, and the directive of Bursa Malaysia Securities Berhad.

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

**Ernst & Young**  
**AF: 0039**  
**Chartered Accountants**

**Low Khung Leong**  
**No. 2697/01/13(J)**  
**Chartered Accountant**

Kuala Lumpur, Malaysia  
26 September 2012





## INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Revenue</b>	4	<b>3,444,427</b>	2,925,082	<b>150,000</b>	100,000
<b>Other items of income</b>					
Finance income	5	140,157	141,701	1,587	1,755
Other income	6	336,020	308,755	28	1
<b>Items of expense</b>					
Purchase of goods and changes in inventories		(1,098,829)	(954,398)	–	–
Employee benefits expense	7	(341,085)	(263,677)	(492)	(436)
Depreciation and amortisation		(190,934)	(141,558)	(27)	(2)
Promotional and advertising expenses		(110,393)	(91,325)	–	–
Rental expenses		(604,479)	(494,992)	–	–
Other expenses		(599,155)	(458,164)	(3,482)	(4,336)
Operating profit		<b>975,729</b>	971,424	<b>147,614</b>	96,982
Finance costs	5	(88,222)	(166,290)	(6)	(2,099)
Share of results of an associate		156	133	–	–
<b>Profit before tax</b>	8	<b>887,663</b>	805,267	<b>147,608</b>	94,883
Income tax (expense)/credit	9	(218,951)	(198,645)	(97)	353
<b>Profit for the year</b>		<b>668,712</b>	606,622	<b>147,511</b>	95,236
<b>Profit for the year attributable to:</b>					
Owners of the parent		380,076	348,404	147,511	95,236
Non-controlling interests		288,636	258,218	–	–
		<b>668,712</b>	606,622	<b>147,511</b>	95,236
<b>Earnings per share attributable to owners of the parent (sen)</b>					
Basic	11(a)	34.93	32.33		
Diluted	11(b)	34.93	32.22		

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



## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Profit for the year</b>	<b>668,712</b>	606,622	<b>147,511</b>	95,236
<b>Other comprehensive income/(loss)</b>				
(Loss)/Gain on fair value changes on available-for-sale financial assets	(1,753)	91	–	–
Gain on fair value changes in hedging instruments on cash flow hedges	31,520	12,728	–	–
Foreign currency translation	191,620	(88,208)	–	–
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>221,387</b>	(75,389)	–	–
<b>Total comprehensive income for the year</b>	<b>890,099</b>	531,233	<b>147,511</b>	95,236
<b>Total comprehensive income for the year attributable to:</b>				
Owners of the parent	504,809	295,462	147,511	95,236
Non-controlling interests	385,290	235,771	–	–
	<b>890,099</b>	531,233	<b>147,511</b>	95,236

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



## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	1,719,704	1,493,277	108	135
Investment properties	13	173,951	178,200	–	–
Intangible assets	14	1,309,512	1,235,534	28	28
Land use rights	15	281,737	272,005	–	–
Investments in subsidiaries	16	–	–	23,951	23,758
Investment in an associate	17	1,163	937	–	–
Deferred tax assets	19	61,949	38,106	–	–
Other assets	20	364,391	97,207	–	–
Amount due from a subsidiary	21	–	–	7,863,067	7,901,958
Investment securities	22	43,416	14,543	–	–
Derivative	23	52	52	–	–
		<u>3,955,875</u>	<u>3,329,861</u>	<u>7,887,154</u>	<u>7,925,879</u>
<b>Current assets</b>					
Inventories	24	280,476	246,240	–	–
Trade and other receivables	25	512,523	345,849	18,909	25,753
Amounts due from subsidiaries	21	–	–	30,707	118,941
Investment securities	22	–	604,447	–	–
Tax recoverable		6,481	3,848	–	–
Deposits, cash and bank balances	26	3,030,992	2,740,698	28,961	7,140
		<u>3,830,472</u>	<u>3,941,082</u>	<u>78,577</u>	<u>151,834</u>
<b>Total assets</b>		<u><u>7,786,347</u></u>	<u><u>7,270,943</u></u>	<u><u>7,965,731</u></u>	<u><u>8,077,713</u></u>
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	27	1,093,902	1,093,673	1,093,902	1,093,673
Share premium	27	3,731,416	3,729,979	3,731,416	3,729,979
Treasury shares	27	(45,684)	(13,707)	(45,684)	(13,707)
Other reserves	28	(2,492,398)	(2,771,887)	2,905,969	2,926,501
Retained profits	30	398,852	198,032	278,405	338,917
		<u>2,686,088</u>	<u>2,236,090</u>	<u>7,964,008</u>	<u>8,075,363</u>
Non-controlling interests		<u>1,534,135</u>	<u>1,147,275</u>	<u>–</u>	<u>–</u>
<b>Total equity</b>		<u><u>4,220,223</u></u>	<u><u>3,383,365</u></u>	<u><u>7,964,008</u></u>	<u><u>8,075,363</u></u>



## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2012 (continued)

	Note	Group 2012 RM'000	2011 RM'000	Company 2012 RM'000	2011 RM'000
<b>Non-current liabilities</b>					
Deferred tax liabilities	19	<b>119,714</b>	114,085	–	–
Loans and borrowings	31	<b>1,245,822</b>	739,151	<b>90</b>	109
Long term payables	35	<b>122,953</b>	73,050	–	–
Derivative financial instruments designated as hedging instruments	42(c)	<b>14,798</b>	22,236	–	–
		<b>1,503,287</b>	948,522	<b>90</b>	109
<b>Current liabilities</b>					
Trade and other payables and other liabilities	36	<b>2,017,557</b>	1,703,585	<b>1,570</b>	2,223
Amount due to a subsidiary	21	–	–	<b>35</b>	–
Loans and borrowings	31	<b>171</b>	1,184,457	<b>19</b>	18
Tax payables		<b>45,109</b>	46,497	<b>9</b>	–
Derivative financial instruments designated as hedging instruments	42(c)	–	4,517	–	–
		<b>2,062,837</b>	2,939,056	<b>1,633</b>	2,241
<b>Total liabilities</b>		<b>3,566,124</b>	3,887,578	<b>1,723</b>	2,350
<b>Total equity and liabilities</b>		<b>7,786,347</b>	7,270,943	<b>7,965,731</b>	8,077,713

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		Attributable to owners of the parent						
		Non-distributable						
Note	Share capital RM'000 (Note 27)	Share premium RM'000 (Note 27)	Treasury shares RM'000 (Note 27)	Other reserves RM'000 (Note 28)	Retained profits RM'000 (Note 30)	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2011	1,093,673	3,729,979	(13,707)	(2,771,887)	198,032	2,236,090	1,147,275	3,383,365
Total comprehensive income for the year	-	-	-	124,733	380,076	504,809	385,290	890,099
Transactions with owners								
Transfer from capital reserves	-	-	-	(2,272)	2,272	-	-	-
Dilution of interest in a subsidiary	-	-	-	-	207,898	207,898	136,700	344,598
Acquisition of interest in a subsidiary	16(b)(1)	-	-	(3,843)	-	(3,843)	(1,386)	(5,229)
Employee share options lapsed/terminated	-	-	-	(20,288)	20,288	-	-	-
Employee share options exercised	229	1,437	-	(451)	-	1,215	-	1,215
Purchase of treasury shares	27	-	(31,977)	-	-	(31,977)	-	(31,977)
Transfer to merger deficit	-	-	-	181,403	(181,403)	-	-	-
Equity-settled share option arrangements granted by: - The Company	-	-	-	207	-	207	-	207
Dividends to non-controlling interests	-	-	-	-	-	-	(133,744)	(133,744)
Dividends paid: - Cash dividend	10	-	-	-	(228,311)	(228,311)	-	(228,311)
Total transactions with owners	229	1,437	(31,977)	154,756	(179,256)	(54,811)	1,570	(53,241)
At 30 June 2012	1,093,902	3,731,416	(45,684)	(2,492,398)	398,852	2,686,088	1,534,135	4,220,223



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012 (continued)

		Attributable to owners of the parent						
		Non-distributable						
Note	Share capital RM'000 (Note 27)	Share premium RM'000 (Note 27)	Treasury shares RM'000 (Note 27)	Other reserves RM'000 (Note 28)	Retained profits RM'000 (Note 30)	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2010	1,036,410	3,593,554	(60,929)	(2,923,812)	236,646	1,881,869	990,957	2,872,826
Total comprehensive income/ (loss) for the year	–	–	–	(52,942)	348,404	295,462	235,771	531,233
Transactions with owners								
Transfer to capital reserves	–	–	–	9,687	(9,687)	–	–	–
Dilution of interest in a subsidiary	–	–	–	(93)	4,367	4,274	35,850	40,124
Conversion of RCSLS	57,200	184,713	–	(13,589)	–	228,324	–	228,324
Employee share options lapsed	–	–	–	(1,025)	1,025	–	–	–
Employee share options exercised	63	396	–	(680)	–	(221)	(524)	(745)
Purchase of treasury shares	–	–	(1,462)	–	–	(1,462)	–	(1,462)
Transfer to merger deficit	–	–	–	209,607	(209,607)	–	–	–
Equity-settled share option arrangements granted by:								
- The Company	–	–	–	640	–	640	–	640
- A subsidiary	–	–	–	424	–	424	400	824
Disposal of a jointly controlled entity	–	–	–	(104)	(308)	(412)	(390)	(802)
Dividends to non-controlling interests	–	–	–	–	–	–	(114,789)	(114,789)
Dividends paid:								
- Cash dividend	–	–	–	–	(172,808)	(172,808)	–	(172,808)
- Share dividend	–	(48,684)	48,684	–	–	–	–	–
Total transactions with owners	57,263	136,425	47,222	204,867	(387,018)	58,759	(79,453)	(20,694)
At 30 June 2011	1,093,673	3,729,979	(13,707)	(2,771,887)	198,032	2,236,090	1,147,275	3,383,365

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





## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	Share capital RM'000 (Note 27)	Share premium RM'000 (Note 27)	Non-distributable Treasury shares RM'000 (Note 27)	Other reserves RM'000 (Note 28)	Distributable Retained profits RM'000 (Note 30)	Total equity RM'000
At 1 July 2011		1,093,673	3,729,979	(13,707)	2,926,501	338,917	8,075,363
Total comprehensive income for the year		-	-	-	-	147,511	147,511
<b>Transactions with owners</b>							
Employee share options lapsed/terminated		-	-	-	(20,288)	20,288	-
Employee share options exercised		229	1,437	-	(451)	-	1,215
Purchase of treasury shares	27	-	-	(31,977)	-	-	(31,977)
Equity-settled share option arrangements granted		-	-	-	207	-	207
Dividends paid:	10	-	-	-	-	(228,311)	(228,311)
- Cash dividend		-	-	-	-	(228,311)	(228,311)
Total transactions with owners		229	1,437	(31,977)	(20,532)	(208,023)	(258,866)
At 30 June 2012		1,093,902	3,731,416	(45,684)	2,905,969	278,405	7,964,008
At 1 July 2010		1,036,410	3,593,554	(60,929)	2,940,599	415,464	7,925,098
Total comprehensive income for the year		-	-	-	-	95,236	95,236
<b>Transactions with owners</b>							
Conversion of RCSLS		57,200	184,713	-	(13,589)	-	228,324
Employee share options lapsed		-	-	-	(1,025)	1,025	-
Employee share options exercised		63	396	-	(124)	-	335
Purchase of treasury shares	27	-	-	(1,462)	-	-	(1,462)
Equity-settled share option arrangements granted		-	-	-	640	-	640
Dividends paid:	10	-	-	-	-	(172,808)	(172,808)
- Cash dividend		-	-	-	-	(172,808)	(172,808)
- Share dividend		-	(48,684)	48,684	-	-	-
Total transactions with owners		57,263	136,425	47,222	(14,098)	(171,783)	55,029
At 30 June 2011		1,093,673	3,729,979	(13,707)	2,926,501	338,917	8,075,363

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



## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		<b>887,663</b>	805,267	<b>147,608</b>	94,883
Adjustments for:					
Depreciation and amortisation	8	<b>190,934</b>	141,558	<b>27</b>	2
Amortisation of deferred lease expenses and income, net	8	<b>853</b>	502	–	–
Property, plant and equipment written off	8	<b>343</b>	2,717	–	–
Intangible assets written off	8	<b>2,834</b>	–	–	–
Allowance for/(Reversal of) impairment on receivables, net	8	<b>717</b>	(80)	–	–
Write down of inventories	8	<b>675</b>	434	–	–
Employee share-based payments	7	<b>207</b>	1,464	<b>14</b>	34
Unrealised exchange gain	8	<b>(6,625)</b>	(1,841)	–	–
Loss on disposal of property, plant and equipment	8	<b>453</b>	804	–	–
Share of results of an associate		<b>(156)</b>	(133)	–	–
Interest expense	5	<b>88,222</b>	152,588	<b>6</b>	2,099
Premium arising from early redemption of the SGN2012	5	–	13,702	–	–
Interest income	5	<b>(140,157)</b>	(141,701)	<b>(1,587)</b>	(1,755)
Gain on disposal of a jointly controlled entity	6	–	(20,794)	–	–
Net fair value gain on derivative	6	–	(52)	–	–
Dividend income (gross)	4	–	–	<b>(150,000)</b>	(100,000)
Operating profit/(loss) before working capital changes		<b>1,025,963</b>	954,435	<b>(3,932)</b>	(4,737)
Changes in working capital:					
Inventories		<b>(25,710)</b>	(30,820)	–	–
Receivables and other assets		<b>(216,227)</b>	6,299	<b>133,969</b>	85,326
Payables		<b>292,108</b>	81,224	<b>(618)</b>	460
Net changes in working capital		<b>50,171</b>	56,703	<b>133,351</b>	85,786
Defined benefit plan paid	35	–	(4)	–	–
Taxes paid		<b>(256,918)</b>	(208,348)	<b>(88)</b>	–
Interest paid		<b>(91,459)</b>	(159,880)	<b>(6)</b>	(7,327)
Interest received		<b>152,674</b>	114,125	<b>1,587</b>	131
Net cash flows generated from operating activities		<b>880,431</b>	757,031	<b>130,912</b>	73,853



## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012 (continued)

	Note	Group 2012 RM'000	2011 RM'000	Company 2012 RM'000	2011 RM'000
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	12	(308,309)	(163,667)	–	(10)
Additions to investment properties	13	(8,439)	(42,661)	–	–
Additions to intangible assets	14	(5,112)	–	–	–
Proceeds from disposal of property, plant and equipment		1,601	543	–	–
Proceeds from disposal of a jointly controlled entity	18	–	27,697	–	–
Net cash inflow on acquisition of a subsidiary	16	–	9,492	–	–
Acquisition of interest in a subsidiary	16	(5,229)	–	–	–
Purchase of investment securities		(30,000)	(14,452)	–	–
Prepayment for acquisition of land and building	20	(211,338)	–	–	–
Dividends received from:					
- A subsidiary		–	–	150,000	100,000
- An associate		191	451	–	–
Net cash flows (used in)/generated from investing activities		(566,635)	(182,597)	150,000	99,990
<b>Cash flows from financing activities</b>					
Dividends paid to:					
- Shareholders of the Company		(228,311)	(172,808)	(228,311)	(172,808)
- Non-controlling interests		(133,744)	(114,789)	–	–
Issuance of shares by:					
- The Company		1,215	335	1,215	335
- Subsidiaries		–	9,718	–	–
Net proceeds from listing of a subsidiary	16	344,598	–	–	–
Purchase of treasury shares		(31,977)	(1,462)	(31,977)	(1,462)
Proceeds from loans and borrowings		475,022	753,327	–	–
Repayment of loans, borrowings, notes and derivative liability		(618,127)	(521,950)	–	–
Hire purchase principal payments		(42)	(94)	(18)	–
Net cash flows used in financing activities		(191,366)	(47,723)	(259,091)	(173,935)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>122,430</b>	<b>526,711</b>	<b>21,821</b>	<b>(92)</b>
Effects of changes in exchange rates		170,247	(62,338)	–	–
<b>Cash and cash equivalents at 1 July</b>		<b>2,738,175</b>	<b>2,273,802</b>	<b>7,140</b>	<b>7,232</b>
<b>Cash and cash equivalents at 30 June</b>	26	<b>3,030,852</b>	<b>2,738,175</b>	<b>28,961</b>	<b>7,140</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

## 1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 16. There have been no significant changes in the nature of the principal activities of the Company and of the Group during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 September 2012.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Company adopted new and revised FRSs which are mandatory for the financial periods beginning on or after 1 July 2011 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2011, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual periods beginning on or after 1 July 2011:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
Amendments to FRS 1 <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
Amendments to FRS 7 <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
Improvements to FRSs issued in 2010	1 January 2011
IC Interpretation 4 <i>Determining Whether an Arrangement Contains a Lease</i>	1 January 2011
IC Interpretation 18 <i>Transfer of Assets from Customers</i>	1 January 2011
Amendments to IC Interpretation 14 <i>Prepayments of a Minimum Funding Requirement</i>	1 July 2011
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2011

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 Changes in accounting policies (continued)

Adoption of the above standards and interpretations did not have any significant effect on the financial performance or position of the Group and of the Company except as discussed below:

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

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 41. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 42(d).

### 2.3 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* (MFRS 141) and IC Interpretation 15 *Agreements for Construction of Real Estate* (IC 15), including its parent, significant investor and venturer.

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 June 2013. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have established project teams to plan and manage the adoption of the MFRS Framework.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 30 June 2012 could be different if prepared under the MFRS Framework.

The Group and the Company consider that they are achieving their scheduled milestones and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2013.

### 2.4 Subsidiaries and basis of consolidation

#### (a) Subsidiaries

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

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



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 Subsidiaries and basis of consolidation (continued)

#### (b) Basis of consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full except for unrealised losses, which are not eliminated, if there are indications of impairment.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

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

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

#### (c) Transactions with non-controlling interests

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Transactions with NCI are accounted for using the entity concept method, whereby, transactions with NCI are accounted for as transactions with owners. On acquisition of NCI, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to NCI is recognised directly in equity.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.5 Associates**

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investments in associates are measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investments. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investments and is instead included as income in the determination of the Group's share of the associates' profit or loss for the period in which the investments are acquired.

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

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

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

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

### **2.6 Jointly controlled entity ("JCE")**

A JCE is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in JCE using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the JCE with the similar items, on a line-by-line basis, in its consolidated financial statements. The JCE is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the JCE.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intra-group balances, income and expenses and unrealised gains and losses on transactions between the Group and its JCE.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Buildings	2% - 8%
Office equipment and vehicles	10% - 25%
Furniture, fittings and other equipment	10% - 20%
Renovation	10% - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

The residual value, useful life and depreciation method are reviewed at each reporting date, and adjusted prospectively, if appropriate.

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

### 2.8 Investment properties

Investment properties and investment properties under construction ("IPUC") are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. IPUC are not depreciated as they are not yet ready for their intended use.

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

### **2.9 Intangible assets**

#### **(a) Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operation and translated in accordance with the accounting policy set out in Note 2.24.

Goodwill and fair value adjustments which arose on acquisition of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Group and are recorded in RM at the rates prevailing at the date of acquisition.

#### **(b) Other intangible assets**

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

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

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

### **2.9 Intangible assets** (continued)

#### **(b) Other intangible assets** (continued)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

- **Customer relationships**

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

- **Computer software**

Computer software of the Group is amortised on a straight-line basis over their estimated useful lives ranging from 5 to 8 years.

- **Club memberships**

Club memberships are amortised on a straight-line basis over their estimated useful lives ranging from 25 to 99 years.

### **2.10 Land use rights**

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised over their lease terms.

### **2.11 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

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

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets and held-to-maturity investments.

#### (a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

#### (b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than twelve months after the reporting date which are classified as non-current.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.12 Financial assets (continued)

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

Available-for-sale financial assets are financial assets that are designated as available-for-sale or are not classified in any other categories.

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

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

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within twelve months after the reporting date.

#### (d) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within twelve months after the reporting date which are classified as current.

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

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



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

### **2.13 Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### **(a) Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

#### **(b) Unquoted equity securities carried at cost**

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

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

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.14 Cash and cash equivalents**

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

### **2.15 Inventories**

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

The cost of merchandise and consumables are determined using the weighted average method. The cost of merchandise and consumables comprise cost of purchase.

In determination of closing inventories, cost is calculated based on weighted average and retail inventory method.

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

### **2.16 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

### **2.17 Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### **(a) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.17 Financial liabilities (continued)**

#### **(b) Other financial liabilities**

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### **2.18 Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

### **2.19 Redeemable convertible secured loan stocks ("RCSLS")**

The convertible loan stocks are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bond. The difference between the proceeds of issue of the convertible loan stocks and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest 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 components based on their carrying amounts at the date of issue.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.20 Derivative financial instruments and hedging

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

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

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

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

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

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

#### Fair value hedges

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

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

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

If the hedge item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

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



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.20 Derivative financial instruments and hedging (continued)

#### Cash flow hedges

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

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

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

### 2.21 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

### 2.22 Employee benefits

#### (a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Pursuant to the relevant laws and regulations in the respective countries, the subsidiaries of the Group operating with employees are required to participate in the retirement benefit schemes organised by the local jurisdiction whereby the Group is required to contribute a certain percentage of the salaries of its employees to the retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to pay the ongoing required contributions. Contributions made to the defined contribution retirement benefits scheme are charged to profit or loss in the period in which the related service is performed.

#### (b) Defined benefit plan

The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 13/2003. The said provisions, which are unfunded, are estimated using actuarial calculations based on the report prepared by an independent firm of actuaries.

Actuarial gains or losses are recognised in profit or loss when the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting year exceed 10% of the defined benefit obligation at that date. Such gains or losses in excess of the 10% corridor are amortised on a straight-line basis over the expected average remaining service years of the covered employees.

Past service cost is recognised as an expense on a straight-line basis over the average period until the benefit becomes vested. To the extent that the benefit is already vested immediately following the introduction of, or changes to, the employee benefit programme, the Group recognises past service cost immediately.

The related estimated liability for employee benefits is the aggregate of the present value of the defined benefit obligations at the end of the reporting period and unrecognised actuarial gains and losses, less unrecognised past service cost.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

### **2.22 Employee benefits** (continued)

#### **(c) Employee share option plans**

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained profits upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share premium if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

### **2.23 Leases**

#### **(a) As lessee**

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

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

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

The lessee shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **(b) As lessor**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.24 Foreign currency**

#### **(a) Functional and presentation currency**

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

#### **(b) Foreign currency transactions**

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

#### **(c) Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.25 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

#### (a) Sale of goods

Revenue on sale of goods is recognised net of sales taxes and discounts upon the transfer of significant risks and rewards of ownership of goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### (b) Commissions from concessionaire sales

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

#### (c) Interest income

Interest income is recognised using the effective interest method.

#### (d) Revenue from services

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

#### (e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (f) Royalty income

Royalty income is recognised on an accrual basis.

#### (g) Promotion income and sales commissions

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

#### (h) Management and consultancy fees

Management and consultancy fees are recognised net of service taxes and discounts when the services are rendered.

#### (i) Revenue from customer loyalty award

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.26 Customer loyalty award

The Group operates loyalty programmes which allow customers to accumulate points when they purchase products in the Group's stores. The points can be redeemed for free or discounted goods from the Group's stores.

The Group allocates consideration received from the sale of goods to the goods sold and the points issued that are expected to be redeemed.

The consideration allocated to the points issued is measured at the fair value of the points. It is recognised as a liability (deferred revenue) in the statements of financial position and recognised as revenue when the points are redeemed, have expired or are no longer expected to be redeemed. The amount of revenue recognised is based on the number of points that have been redeemed, relative to the total number expected to be redeemed.

### 2.27 Income taxes

#### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### (b) Deferred tax

Deferred tax is provided for using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.27 Income taxes (continued)

#### (b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax entity and the same tax authority.

#### (c) Sales tax

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

- where the sales tax incurred in a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.

### 2.28 Segmental reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.29 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.30 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.





### **3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### **3.1 Judgements made in applying accounting policies**

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

##### **(i) Classification between investment properties and owner-occupied properties**

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

##### **(ii) Impairment of available-for-sale investments**

The Group reviews its available-for-sale investments at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investment when there has been a significant or prolonged decline in the fair value below its cost.

The determination of "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

##### **(iii) Operating lease commitments - the Group as lessee**

The Group has entered into commercial property leases for its department stores business. The commercial properties combined leases of land and buildings. At the inception of lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of relevant properties and so accounts for them as operating leases.

##### **(iv) Tax provisions**

Determining tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is assessed periodically to take into account all the changes in tax legislation and practices.



### **3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**

#### **3.2 Key sources of estimation uncertainty**

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

##### **(i) Income taxes**

Significant judgement is involved in determining the provision for income taxes. There are certain transactions for which the ultimate tax determination is uncertain pending final tax outcome. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### **(ii) Share-based payment**

The Group measures the cost of equity-settled transactions with employees by reference to fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and valuation models used are disclosed in Note 29.

##### **(iii) Operating lease commitments - the Group as lessee**

The Group has entered into commercial property leases for its retail stores business. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of relevant properties and so accounts for them as operating leases. A 5% difference in the minimum lease payments would result in approximately 4% variance in the profit for the year.

##### **(iv) Depreciation of property, plant and equipment**

Plant and equipment are depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 4 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A 10% difference in the average useful lives of these assets from management's estimates would result in approximately 2% variance in the profit for the year.

##### **(v) Impairment of loans and receivables**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and of the Company's loans and receivables at the reporting date are disclosed in Note 25.



### **3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**

#### **3.2 Key sources of estimation uncertainty (continued)**

##### **(vi) Impairment of goodwill and other intangibles**

Goodwill, brands and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill and customer loyalty award are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and brands and sensitivity analysis to changes in the assumptions are disclosed in Note 14.

##### **(vii) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future sales, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence, there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

During the financial year, the Group has recognised RM17,778,000 (2011: RM2,176,000) of unused tax losses as management considered that it is probable that taxable profits will be available against which the losses can be utilised.

The carrying value of recognised and unrecognised deferred tax assets of the Group are disclosed in Note 19 and Note 9 respectively.

##### **(viii) Fair value of financial instruments**

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



### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### 3.2 Key sources of estimation uncertainty (continued)

##### (ix) Defined benefit plans

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making certain assumptions which include discount rates, future salary increases and retirement age. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are sensitive to changes in these assumptions. Further details are provided in Note 35(iii).

##### (x) Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in profit or loss. The carrying amount of available-for-sale financial assets was RM13,416,000 (2011: RM14,543,000) as at 30 June 2012.

### 4. REVENUE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sales of goods - direct sales	1,342,885	1,146,465	–	–
Commissions from concessionaire sales (i)	1,901,960	1,631,015	–	–
Consultancy and management service fees	7,947	9,787	–	–
Rental income	191,635	137,815	–	–
Dividend from a subsidiary	–	–	150,000	100,000
	<b>3,444,427</b>	<b>2,925,082</b>	<b>150,000</b>	<b>100,000</b>

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

	Group	
	2012 RM'000	2011 RM'000
Gross revenue from concessionaire sales	<b>9,675,413</b>	8,199,659
Commissions from concessionaire sales	<b>1,901,960</b>	1,631,015



## 5. FINANCE INCOME/COSTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Finance income</b>				
Interest income on:				
Amount due from a related party (Note 25(iii))	1,173	1,623	1,173	1,623
Cross currency interest rate swap arrangement (Note 31(ii))	11,767	6,527	–	–
Credit linked notes (Note 22)	21,712	60,292	–	–
Unwinding of discount on rental deposits receivable	2,789	1,305	–	–
Short term deposits and others	102,716	71,954	414	132
	<u>140,157</u>	<u>141,701</u>	<u>1,587</u>	<u>1,755</u>
<b>Finance costs</b>				
Interest expenses on:				
Senior guaranteed notes due November 2011 (“SGN2011”) (Note 34(i))	19,319	52,236	–	–
Senior guaranteed notes due May 2012 (“SGN2012”) (Note 34(ii))	–	16,508	–	–
Term loans and PRC bank loans (Note 31)	67,460	80,454	–	–
RCSLS (Note 33)	–	2,099	–	2,099
Unwinding of discount on rental deposits payable	1,037	1,194	–	–
Hire purchase liabilities (Note 32)	6	17	6	–
Bank overdrafts and others	400	80	–	–
Premium arising from early redemption of the SGN2012 (Note 34(ii))	–	13,702	–	–
	<u>88,222</u>	<u>166,290</u>	<u>6</u>	<u>2,099</u>



## 6. OTHER INCOME

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Promotion income	49,124	45,896	—	—
Credit card handling fees	116,476	101,876	—	—
Government grants <sup>(i)</sup>	3,306	6,632	—	—
Compensation income <sup>(ii)</sup>	—	2,459	—	—
Equipment and display space lease income	25,073	20,723	—	—
Administration and management fees	79,132	62,959	—	—
Service fees	18,604	15,377	—	—
Gain on disposal of a jointly controlled entity <sup>(iii)</sup>	—	20,794	—	—
Net fair value gain on derivative (Note 23)	—	52	—	—
Other income	44,305	31,987	28	1
	<b>336,020</b>	<b>308,755</b>	<b>28</b>	<b>1</b>

- (i) Various government grants were granted by the local authorities in the People's Republic of China ("PRC") to reward certain subsidiaries for their contributions to the local economy. There are no unfulfilled conditions or contingencies attached to these government grants.
- (ii) Pursuant to the relevant contracts and a decision of the China International Economic and Trade Arbitration Commission dated 8 May 2009, the Group was entitled to receive compensation from a landlord in Hangzhou, Zhejiang Province, the PRC for the landlord's breach of the terms of the underlying lease agreement.
- (iii) Pursuant to the agreement entered into between Parkson Retail Group Limited ("Parkson Retail") and Yangzhou Yangtze Investment and Development Group Co Ltd, a third party, Parkson Retail disposed of its entire 55% equity interest in Yangzhou Parkson Plaza Co Ltd for a consideration of Rmb78,500,000 (equivalent to approximately RM36,660,000) and recognised a gain of RM20,794,000 (Note 18).

## 7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages, salaries and bonuses	231,942	178,276	390	315
Defined contribution plans	28,645	22,912	28	39
Employee share-based payments:				
The Company	207	640	14	34
A subsidiary	—	824	—	—
Defined benefit plan (Note 35(iii))	1,635	100	—	—
Other staff related expenses	78,656	60,925	60	48
	<b>341,085</b>	<b>263,677</b>	<b>492</b>	<b>436</b>

Included in employee benefits expense of the Group and of the Company are an executive Director's remuneration amounting to RM694,000 (2011: RM560,000) and RM244,000 (2011: RM232,000) respectively as further disclosed in Note 8(b).





## 8. PROFIT BEFORE TAX

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

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Directors' remuneration (Note b)	<b>888</b>	784	<b>438</b>	456
Auditors' remuneration:				
- Statutory audit	<b>1,718</b>	1,347	<b>30</b>	30
- Parkson Retail's statutory audit	<b>2,226</b>	2,127	—	—
Depreciation and amortisation:				
- Property, plant and equipment	<b>178,397</b>	132,687	<b>27</b>	2
- Investment properties	<b>3,220</b>	946	—	—
- Land use rights	<b>8,421</b>	7,885	—	—
- Intangible assets	<b>896</b>	40	—	—
Property, plant and equipment written off	<b>343</b>	2,717	—	—
Intangible assets written off	<b>2,834</b>	—	—	—
Allowance for impairment on receivables	<b>1,141</b>	150	—	—
Reversal of impairment on receivables	<b>(424)</b>	(230)	—	—
Write down of inventories	<b>675</b>	434	—	—
Exchange (gain)/loss, net:				
- Realised	<b>(507)</b>	(1,900)	<b>(4)</b>	4
- Unrealised	<b>(6,625)</b>	(1,841)	—	—
Loss on disposal of property, plant and equipment	<b>453</b>	804	—	—
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	<b>499,407</b>	390,563	—	—
- Contingent lease payments	<b>102,839</b>	102,574	—	—
- Amortisation of deferred lease expenses	<b>2,233</b>	1,855	—	—
Direct operating expenses of investment properties	<b>9,814</b>	1,361	—	—
Gross rental income in respect of investment properties	<b>(45,516)</b>	(19,994)	—	—
Sub-letting of properties:				
- Minimum lease payments	<b>(101,094)</b>	(75,745)	—	—
- Contingent lease payments	<b>(43,645)</b>	(40,723)	—	—
- Amortisation of deferred lease income	<b>(1,380)</b>	(1,353)	—	—



**8. PROFIT BEFORE TAX (continued)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2012 RM'000</b>	<b>2011 RM'000</b>	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Executive Director:				
Fees	231	109	50	50
Salaries and other emoluments	420	408	180	168
Pension costs - defined contribution plans	43	43	14	14
	<b>694</b>	<b>560</b>	<b>244</b>	<b>232</b>
Non-executive Directors*:				
Fees	194	224	194	224
	<b>888</b>	<b>784</b>	<b>438</b>	<b>456</b>

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

	<b>Number of Directors</b>	
	<b>2012</b>	<b>2011</b>
Executive Director:		
- RM550,001 to RM600,000	–	1
- RM650,001 to RM700,000	1	–
Non-executive Directors*:		
- RM25,000 and below	2	2
- RM25,001 to RM50,000	4	4

\* 2012: Including Directors who resigned during the financial year ended 30 June 2012.

**9. INCOME TAX EXPENSE/(CREDIT)**

	<b>Group</b>		<b>Company</b>	
	<b>2012 RM'000</b>	<b>2011 RM'000</b>	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Income tax:				
Malaysian tax	38,852	30,180	66	–
Foreign tax	202,263	175,693	–	–
	<b>241,115</b>	<b>205,873</b>	<b>66</b>	<b>–</b>
Under provision in prior years:				
Malaysian income tax	614	3,188	31	–
	<b>241,729</b>	<b>209,061</b>	<b>97</b>	<b>–</b>
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	(22,586)	(10,420)	–	(353)
(Over)/Under provision in prior years	(192)	4	–	–
	<b>(22,778)</b>	<b>(10,416)</b>	<b>–</b>	<b>(353)</b>
Total income tax expense/(credit)	<b>218,951</b>	<b>198,645</b>	<b>97</b>	<b>(353)</b>



## 9. INCOME TAX EXPENSE/(CREDIT) (continued)

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

Domestic current income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

Under the relevant PRC income tax law, except for certain preferential treatments available to certain PRC subsidiaries and jointly controlled entities of the Group, the PRC companies of the Group are subject to corporate income tax at a rate of 25% (2011: 25%) on their respective taxable income. During the financial year, the relevant PRC tax authorities granted preferential corporate income tax rates or corporate income tax exemptions to 2 (2011: 11) PRC entities within the Group.

Subsidiaries incorporated in Vietnam, Indonesia, Singapore and Cambodia are subject to tax rates of 25%, 25%, 17% and 20% respectively for the financial year ended 30 June 2012.

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

	<b>Group</b>		<b>Company</b>	
	<b>2012 RM'000</b>	<b>2011 RM'000</b>	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Profit before tax	<b>887,663</b>	805,267	<b>147,608</b>	94,883
Tax at Malaysian statutory tax rate of 25%	<b>221,916</b>	201,317	<b>36,902</b>	23,721
Different tax rates in other jurisdiction	<b>(11,096)</b>	(20,136)	–	–
Expenses not deductible for tax purposes	<b>18,349</b>	16,878	<b>996</b>	926
Income not subject to tax	<b>(9,953)</b>	(6,158)	<b>(37,832)</b>	(25,000)
Utilisation of previously unrecognised tax losses	<b>(24,024)</b>	(1,193)	–	–
Deferred tax assets not recognised	<b>23,376</b>	9,628	–	–
Effects of withholding tax reversed on capital gain arising from disposal of a jointly controlled entity	–	(4,850)	–	–
(Over)/Under provision of deferred tax in prior years	<b>(192)</b>	4	–	–
Under provision of income tax in prior years	<b>614</b>	3,188	<b>31</b>	–
Effects on share of results of an associate	<b>(39)</b>	(33)	–	–
Tax expense/(credit)	<b>218,951</b>	198,645	<b>97</b>	(353)
Tax savings during the financial year arising from: Utilisation of previously unrecognised tax losses	<b>24,024</b>	1,193	–	–

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.



## 10. DIVIDENDS

	Dividends in respect of financial year			Dividends recognised in financial year	
	2012 RM'000	2011 RM'000	2010 RM'000	2012 RM'000	2011 RM'000
Cash dividend:					
First and final dividend for 2010, tax exempt (6 sen per share) (i)	–	–	64,803	–	64,803
Interim single tier dividend for 2011 (10 sen per share) (ii)	–	108,005	–	–	108,005
Final single tier dividend for 2011 (5 sen per share) (ii)	–	54,393	–	<b>54,393</b>	–
Interim single tier dividend for 2012 (10 sen per share) (iii)	<b>108,785</b>	–	–	<b>108,785</b>	–
Second interim single tier dividend for 2012 (6 sen per share) (iii)	<b>65,133</b>	–	–	<b>65,133</b>	–
	<b>173,918</b>	162,398	64,803	<b>228,311</b>	172,808
Share dividend (i)	–	–	48,684	–	48,684

(i) In respect of the financial year ended 30 June 2010:

- A first and final dividend of 6% (6 sen per share), tax exempt amounting to RM64,803,000 was paid on 15 December 2010 and a total of 10,797,855 treasury shares with a carrying amount of approximately RM48,684,000 were distributed as share dividend on 15 December 2010 on the basis of one (1) treasury share for every one hundred (100) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.

(ii) In respect of the financial year ended 30 June 2011:

- An interim single tier dividend of 10% (10 sen per share), amounting to RM108,005,000 was paid on 16 December 2010; and
- A final single tier dividend of 5% (5 sen per share), amounting to RM54,393,000 was paid on 21 December 2011.

(iii) In respect of the financial year ended 30 June 2012:

- An interim single tier dividend of 10% (10 sen per share), amounting to RM108,785,000 was paid on 22 December 2011; and
- A second interim single tier dividend of 6% (6 sen per share), amounting to RM65,133,000 was paid on 20 June 2012.

The Directors do not recommend the payment of final dividend in respect of the current financial year.



## 11. EARNINGS PER SHARE

### (a) Basic

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

	2012	Group 2011
Profit for the year attributable to owners of the parent (RM'000)	<b>380,076</b>	348,404
Weighted average number of ordinary shares in issue ('000)	<b>1,088,216</b>	1,077,498
Basic earnings per share (sen)	<b>34.93</b>	32.33

### (b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. RCSLS and shares granted under the ESOS of the Company.

	2012	Group 2011
Profit for the year attributable to owners of the parent (RM'000)	<b>380,076</b>	348,404
After-tax effect of interest on RCSLS (RM'000)	–	1,574
Profit for the year attributable to owners of the parent including assumed conversion (RM'000)	<b>380,076</b>	349,978
Weighted average number of ordinary shares in issue ('000)	<b>1,088,216</b>	1,077,498
Effects of dilution:		
- RCSLS ('000)	–	8,306
- ESOS ('000)	<b>1</b>	288
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<b>1,088,217</b>	1,086,092
Diluted earnings per share (sen)	<b>34.93</b>	32.22



## 12. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovation RM'000	Capital work-in- progress <sup>(i)</sup> RM'000	Total RM'000
<b>At 30 June 2012</b>						
<b>Cost</b>						
At 1 July 2011	1,129,438	13,485	331,875	655,189	76,136	2,206,123
Additions	894	2,453	66,658	167,105	71,199	308,309
Disposals	–	(1,554)	(7,201)	(825)	(63)	(9,643)
Write off	–	(135)	(4,833)	(9,375)	–	(14,343)
Reclassification from investment properties (Note 13)	12,817	–	–	–	–	12,817
Reclassification	54,546	–	461	70,187	(125,194)	–
Exchange differences	79,445	663	12,121	35,810	1,111	129,150
At 30 June 2012	<u>1,277,140</u>	<u>14,912</u>	<u>399,081</u>	<u>918,091</u>	<u>23,189</u>	<u>2,632,413</u>
<b>Accumulated depreciation</b>						
At 1 July 2011	151,533	7,644	214,582	339,087	–	712,846
Charge for the year	29,196	2,172	36,454	110,575	–	178,397
Disposals	–	(1,364)	(5,777)	(448)	–	(7,589)
Write off	–	(128)	(4,512)	(9,360)	–	(14,000)
Exchange differences	12,809	459	8,720	21,067	–	43,055
At 30 June 2012	<u>193,538</u>	<u>8,783</u>	<u>249,467</u>	<u>460,921</u>	<u>–</u>	<u>912,709</u>
<b>Net book value</b>						
At 30 June 2012	<u><u>1,083,602</u></u>	<u><u>6,129</u></u>	<u><u>149,614</u></u>	<u><u>457,170</u></u>	<u><u>23,189</u></u>	<u><u>1,719,704</u></u>





**12. PROPERTY, PLANT AND EQUIPMENT** (continued)

<b>Group</b>	<b>Buildings RM'000</b>	<b>Office equipment and vehicles RM'000</b>	<b>Furniture, fittings and other equipment RM'000</b>	<b>Renovation RM'000</b>	<b>Capital work-in- progress <sup>(i)</sup> RM'000</b>	<b>Total RM'000</b>
<b>At 30 June 2011</b>						
<b>Cost</b>						
At 1 July 2010	638,168	11,593	319,838	538,545	723,505	2,231,649
Additions	269	2,742	24,045	50,613	86,125	163,794
Disposals	–	(782)	(4,290)	(3,127)	–	(8,199)
Write off	–	–	(5,361)	(1,875)	–	(7,236)
Acquisition of a subsidiary (Note 16(a))	–	321	4,843	14,480	2,021	21,665
Disposal of a jointly controlled entity (Note 18)	(21,828)	(81)	(4,238)	(398)	(56)	(26,601)
Adjustments (Note 15)	(6,672)	–	–	–	–	(6,672)
Reclassification to investment properties (Note 13) (ii)(a)	–	–	–	–	(105,625)	(105,625)
Reclassification	542,579	–	2,993	69,519	(615,091)	–
Exchange differences	(23,078)	(308)	(5,955)	(12,568)	(14,743)	(56,652)
At 30 June 2011	1,129,438	13,485	331,875	655,189	76,136	2,206,123
<b>Accumulated depreciation</b>						
At 1 July 2010	140,431	7,208	198,767	275,988	–	622,394
Charge for the year	27,910	1,292	29,965	73,520	–	132,687
Disposals	–	(595)	(3,780)	(2,477)	–	(6,852)
Write off	–	–	(2,789)	(1,730)	–	(4,519)
Disposal of a jointly controlled entity (Note 18)	(12,372)	(72)	(3,655)	(223)	–	(16,322)
Adjustments (Note 15)	(150)	–	–	–	–	(150)
Exchange differences	(4,286)	(189)	(3,926)	(5,991)	–	(14,392)
At 30 June 2011	151,533	7,644	214,582	339,087	–	712,846
<b>Net book value</b>						
At 30 June 2011	977,905	5,841	117,293	316,102	76,136	1,493,277



**12. PROPERTY, PLANT AND EQUIPMENT** (continued)

Company	Motor vehicle	
	2012 RM'000	2011 RM'000
<b>Cost</b>		
At 1 July	137	–
Additions	–	137
At 30 June	137	137
<b>Accumulated depreciation</b>		
At 1 July	2	–
Charge for the year	27	2
At 30 June	29	2
<b>Net book value</b>		
At 30 June	108	135

(i) Capital work-in-progress includes the following:

	Group 2011 RM'000
(a) Retail mall in Malaysia	
Cumulated cost incurred	160,171
Reclassification to investment properties (Note 13)	(105,625)
	54,546

The retail mall, located in Setapak, Kuala Lumpur, Malaysia was completed during the financial year, as further disclosed in Note 13(ii).

In 2011, certain portions of the retail mall were allocated for lease to third parties and such portions were reclassified as investment properties.

	Group 2011 RM'000
(b) Retail mall in China	
Cumulated cost incurred	542,579
Reclassification to building	(542,579)
	–

The retail mall is located in Beijing, the PRC and was completed for its intended use in the previous financial year.



**12. PROPERTY, PLANT AND EQUIPMENT** (continued)

(ii) Purchase of property, plant and equipment

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Aggregate costs of purchase of property, plant and equipment	<b>308,309</b>	163,794	–	137
Purchase by means of hire purchase	–	(127)	–	(127)
	<b>308,309</b>	<b>163,667</b>	<b>–</b>	<b>10</b>

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

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Office equipment and vehicles	<b>163</b>	180	<b>108</b>	135

**13. INVESTMENT PROPERTIES**

	<b>2012</b>			<b>2011</b>		
<b>Group</b>	<b>Completed investment properties RM'000</b>	<b>IPUC RM'000</b>	<b>Total RM'000</b>	<b>Completed investment properties RM'000</b>	<b>IPUC RM'000</b>	<b>Total RM'000</b>
<b>Net book value</b>						
At 1 July	<b>29,914</b>	<b>148,286</b>	<b>178,200</b>	31,671	–	31,671
Additions	–	<b>8,439</b>	<b>8,439</b>	–	42,661	42,661
Reclassification (to)/from property, plant and equipment (Note 12)	<b>(12,817)</b>	–	<b>(12,817)</b>	–	105,625	105,625
Reclassification to completed investment properties	<b>156,725</b>	<b>(156,725)</b>	–	–	–	–
Reclassification from inventories	<b>1,263</b>	–	<b>1,263</b>	–	–	–
Charge for the year	<b>(3,220)</b>	–	<b>(3,220)</b>	(946)	–	(946)
Exchange differences	<b>2,086</b>	–	<b>2,086</b>	(811)	–	(811)
At 30 June	<b>173,951</b>	–	<b>173,951</b>	29,914	148,286	178,200



### 13. INVESTMENT PROPERTIES (continued)

The net book value and the estimated fair value of the investment properties of the Group are as follows:

	Office premises <sup>(i)</sup> RM'000	Buildings <sup>(ii)</sup> RM'000	Building under construction <sup>(iii)</sup> RM'000	Total RM'000
<b>Net book value at 30 June 2012</b>				
Cost	13,197	172,297	–	185,494
Accumulated depreciation	(5,698)	(5,845)	–	(11,543)
	<u>7,499</u>	<u>166,452</u>	<u>–</u>	<u>173,951</u>
<b>Estimated fair value at 30 June 2012</b>	<u>26,028</u>	<u>212,408</u>	<u>–</u>	<u>238,436</u>
<b>Net book value at 30 June 2011</b>				
Cost	11,148	26,521	148,286	185,955
Accumulated depreciation	(4,936)	(2,819)	–	(7,755)
	<u>6,212</u>	<u>23,702</u>	<u>148,286</u>	<u>178,200</u>
<b>Estimated fair value at 30 June 2011</b>	<u>29,067</u>	<u>44,551</u>	<u>180,582</u>	<u>254,200</u>

- (i) The fair values of the office premises were internally appraised by reference to observed market price in other similar property transactions.
- (ii) The fair value of the building as at 30 June 2011 was determined based on the valuations performed by an accredited independent firm of professional valuers, on a direct comparison approach. The fair value of the buildings as at 30 June 2012 were internally appraised by reference to observed market price in other similar property transactions.

Included in the buildings as at 30 June 2012 is a retail mall located in Setapak, Kuala Lumpur, Malaysia. The retail mall was completed during the financial year. Festival City Sdn Bhd ("Festival City"), a wholly-owned subsidiary of the Group, is the beneficial owner of this retail mall and the strata title of the retail mall has yet to be issued to Festival City.

Certain portions of the retail mall are held for own use by the Group and such portions are classified as property, plant and equipment (Note 12).

- (iii) The fair value of the building under construction as at 30 June 2011 was determined based on the valuations performed by an accredited independent firm of professional valuers, on a direct comparison approach.



#### 14. INTANGIBLE ASSETS

Group	Goodwill RM'000	Customer relationships RM'000	Computer software RM'000	Club memberships RM'000	Total RM'000
<b>Cost</b>					
At 1 July 2010	1,250,936	–	2,074	388	1,253,398
Acquisition of a subsidiary	12,638	3,770	34	–	16,442
Exchange differences	(25,649)	–	(52)	–	(25,701)
At 30 June 2011 and 1 July 2011	<b>1,237,925</b>	<b>3,770</b>	<b>2,056</b>	<b>388</b>	<b>1,244,139</b>
Additions	–	–	5,112	–	5,112
Write off (i)	(2,834)	–	–	–	(2,834)
Exchange differences	72,673	(31)	108	(1)	72,749
At 30 June 2012	<b>1,307,764</b>	<b>3,739</b>	<b>7,276</b>	<b>387</b>	<b>1,319,166</b>
<b>Accumulated amortisation and impairment</b>					
At 1 July 2010	6,550	–	1,999	107	8,656
Amortisation	–	–	40	–	40
Exchange differences	–	–	(91)	–	(91)
At 30 June 2011 and 1 July 2011	<b>6,550</b>	<b>–</b>	<b>1,948</b>	<b>107</b>	<b>8,605</b>
Amortisation	–	765	67	64	896
Exchange differences	–	14	138	1	153
At 30 June 2012	<b>6,550</b>	<b>779</b>	<b>2,153</b>	<b>172</b>	<b>9,654</b>
<b>Net carrying amount</b>					
At 30 June 2012	<b>1,301,214</b>	<b>2,960</b>	<b>5,123</b>	<b>215</b>	<b>1,309,512</b>
At 30 June 2011	1,231,375	3,770	108	281	1,235,534

Company	Club memberships 2012 RM'000	2011 RM'000
<b>Cost</b>		
At 1 July and 30 June	<b>135</b>	135
<b>Accumulated amortisation and impairment</b>		
At 1 July and 30 June	<b>107</b>	107
<b>Net carrying amount</b>		
At 30 June	<b>28</b>	28

- (i) Beijing Haisheng, previously a branch of Parkson Retail Development Co Ltd was closed down during the financial year. Accordingly, the goodwill of RM2,834,000 arising on the acquisition of Beijing Haisheng was impaired during the financial year.

#### Customer relationships

Customer relationships refer to the “Centro Friends” loyalty programme which arose from a business combination with PT Tozy Sentosa as disclosed in Note 16(a)(2)(i).

Amortisation of customer relationships is included in the “depreciation and amortisation” line item of profit or loss. As customer relationships were acquired in June 2011, no amortisation expense was recognised for the financial year ended 30 June 2011.



#### 14. INTANGIBLE ASSETS (continued)

##### (a) Impairment tests for goodwill

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

	2012 %	2011 %
<b>CGU</b>		
People's Republic of China ("PRC")	10.9	9.7
Malaysia and Indonesia	11.9	10.0

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

	Malaysia RM'000	PRC RM'000	Indonesia RM'000	Total RM'000
<b>Retailing</b>				
At 30 June 2012	19,723	1,267,647	13,844	1,301,214
At 30 June 2011	19,723	1,199,014	12,638	1,231,375

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

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

Revenue	: the bases used to determine the future earnings potential are historical sales and expected growth rates of the relevant industry.
Gross margins	: gross margins are based on the average gross margin achieved in the past two years.
Operating expenses	: the bases used to determine the values assigned are the cost of inventories purchased for resale, staff costs, depreciation and amortisation, rental expenses and other operating expenses. The value assigned to the key assumption reflects past experience and management's commitment to maintain the operating expenses to an acceptable level.
Growth rates	: the forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.
Discount rates	: discount rates reflect management's estimate of the risks specific to these entities. In determining appropriate discount rates for each unit, consideration has been given to the applicable weighted average cost of capital for each unit.

##### (c) Sensitivity to changes in assumptions

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





## 15. LAND USE RIGHTS

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>		
At 1 July	326,769	330,445
Adjustments (Note 12)	–	6,672
Exchange differences	24,782	(10,348)
At 30 June	351,551	326,769
<b>Accumulated amortisation</b>		
At 1 July	54,764	48,032
Adjustments (Note 12)	–	150
Amortisation for the year	8,421	7,885
Exchange differences	6,629	(1,303)
At 30 June	69,814	54,764
<b>Net book value</b>	<b>281,737</b>	<b>272,005</b>
Amount to be amortised:		
- Not later than one year	8,421	7,885
- Later than one year but not later than five years	33,684	31,540
- Later than five years	239,632	232,580

Land use rights include the payment for land use rights to the PRC authorities which are amortised on a straight-line basis over their respective lease periods. These leasehold lands have tenure ranging from 42 to 45 years. The net book values of the said leasehold lands as at 30 June 2012 are RM261.5 million (2011: RM251.2 million).

## 16. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	*	*
Share option granted to employees of subsidiaries	23,951	23,758
	23,951	23,758

\* Represent RM22 (2011: RM20)



**16. INVESTMENTS IN SUBSIDIARIES** (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012 %	2011 %
East Crest International Limited	British Virgin Islands	Investment holding	<b>100</b>	100
Parkson Vietnam Investment Holdings Co Ltd	British Virgin Islands	Investment holding	<b>100</b>	100
Parkson Properties Holdings Co Ltd	British Virgin Islands	Investment holding	<b>100</b>	100
Prime Yield Holdings Limited	British Virgin Islands	Investment holding	<b>100</b>	100
Puncak Pelita Sdn Bhd <sup>f</sup>	Malaysia	Investment holding	<b>100</b>	—
<u>Subsidiaries of East Crest International Limited</u>				
PRG Corporation Limited <sup>f</sup>	British Virgin Islands	Investment holding	<b>100</b>	100
Parkson Venture Pte Ltd <sup>f</sup>	Singapore	Investment holding	<b>100</b>	100
Serbadagang Holdings Sdn Bhd <sup>f</sup>	Malaysia	Investment holding	<b>100</b>	100
Sea Coral Limited <sup>f</sup>	Hong Kong SAR	Investment holding	<b>100</b>	100
Victor Crest Limited	British Virgin Islands	Investment holding	<b>100</b>	100
Park Avenue Fashion Sdn Bhd	Malaysia	Retailing business	<b>100</b>	100
Qingdao No. 1 Parkson Co Ltd <sup>f</sup>	People's Republic of China	Property development and operation of department stores	<sup>*1</sup> <b>95.9</b>	<sup>*1</sup> 95.9
Smart Spectrum Limited	British Virgin Islands	Investment holding	<b>100</b>	100
Parkson Retail Asia Limited ("Parkson Asia") + <sup>β</sup> (Note 39(a))	Singapore	Investment holding	<b>67.6</b>	90.1



**16. INVESTMENTS IN SUBSIDIARIES** (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012 %	2011 %
<u>Subsidiaries of Parkson Vietnam Investment Holdings Co Ltd</u>				
Parkson HCMC Holdings Co Ltd	British Virgin Islands	Dormant	100	100
Parkson HaiPhong Holdings Co Ltd	British Virgin Islands	Dormant	100	100
Parkson TSN Holdings Co Ltd	British Virgin Islands	Investment holding	100	100
<u>Subsidiaries of Parkson Properties Holdings Co Ltd</u>				
Parkson Properties NDT (Emperor) Co Ltd	British Virgin Islands	Dormant	100	100
Parkson Properties Hanoi Co Ltd	British Virgin Islands	Dormant	100	100
<u>Subsidiary of Prime Yield Holdings Limited</u>				
Dyna Puncak Sdn Bhd	Malaysia	Investment holding	100	100
<u>Subsidiary of PRG Corporation Limited</u>				
Parkson Retail Group Limited (“Parkson Retail”) + @	Cayman Islands	Investment holding	51.2*2 0.3	51.2*2 0.3
<u>Subsidiary of Parkson Retail</u>				
Grand Parkson Retail Group Limited + #1	British Virgin Islands	Investment holding	100	100



**16. INVESTMENTS IN SUBSIDIARIES (continued)**

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012 %	2011 %
<u>Subsidiaries of Grand Parkson Retail Group Limited</u>				
Leonemas International Limited +	British Virgin Islands	Investment holding	100	100
Malverest Property International Limited +	British Virgin Islands	Investment holding	100	100
Oroleon International Limited +	British Virgin Islands	Investment holding	100	100
Releomont International Limited +	British Virgin Islands	Investment holding	100	100
Exonbury Limited + #1	Hong Kong SAR	Investment holding	100	100
Parkson Investment Pte Ltd + #1	Singapore	Investment holding	100	100
Parkson Supplies Pte Ltd + #1	Singapore	Investment holding	100	100
Creation International Investment & Development Limited +	British Virgin Islands	Investment holding	100	100
Step Summit Limited + #1	Hong Kong SAR	Investment holding	100	100
Global Heights Investment Limited + #1	British Virgin Islands	Investment holding	100	100
Golden Village Group Limited +	British Virgin Islands	Investment holding	100	100
Lung Shing International Investment & Development Company Limited +	British Virgin Islands	Investment holding	100	100
Capital Park Development Limited +	British Virgin Islands	Investment holding	100	100
Favor Move International Limited +	British Virgin Islands	Investment holding	100	100
Jet East Investments Limited +	British Virgin Islands	Investment holding	100	100
Bond Glory Limited +	British Virgin Islands	Investment holding	100	100



**16. INVESTMENTS IN SUBSIDIARIES (continued)**

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012 %	2011 %
<u>Subsidiary of Leonemas International Limited</u>				
Leonemas (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100
<u>Subsidiary of Malverest Property International Limited</u>				
Malverest (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100
<u>Subsidiary of Malverest (Hong Kong) Limited</u>				
Parkson Retail Development Co Ltd +	People’s Republic of China	Operation of department stores	100	100
<u>Subsidiaries of Parkson Retail Development Co Ltd</u>				
Beijing Huadesheng Property Management Co Ltd +	People’s Republic of China	Property management	100	100
Shijiazhuang Shishang Parkson Trading Co Ltd +	People’s Republic of China	Operation of department stores	100	100
Tianjin Parkson Shopping Mall Co Ltd + ^ (“Tianjin Parkson”)	People’s Republic of China	Operation of department stores	100	–
Zhangjiakou Shishang Parkson Shopping Mall Co Ltd + ^	People’s Republic of China	Operation of department stores	100	–
<u>Subsidiary of Oroleon International Limited</u>				
Oroleon (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100



**16. INVESTMENTS IN SUBSIDIARIES (continued)**

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012 %	2011 %
<u>Subsidiary of Releomont International Limited</u>				
Releomont (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100
<u>Subsidiaries of Exonbury Limited</u>				
Hong Kong Fen Chai Investment Limited + #1	Hong Kong SAR	Investment holding	100	100
Shanghai Nine Sea Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	100	100
Shanghai Lion Parkson Investment Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	100	100
Parkson Investment Holdings Co Ltd +	People's Republic of China	Investment holding	70 *3 30	70 *3 30
Jinan Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	100	100
<u>Subsidiary of Hong Kong Fen Chai Investment Limited</u>				
Xi'an Lucky King Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	91 *4 9	91 *4 9
<u>Subsidiaries of Xi'an Lucky King Parkson Plaza Co Ltd</u>				
Xi'an Chang'an Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	51 *5 49	51 *5 49
Xi'an Shidai Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	51 *5 49	51 *5 49
Shanxi Parkson Retail Development Co Ltd + ^	People's Republic of China	Retail operation	100	–





**16. INVESTMENTS IN SUBSIDIARIES (continued)**

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012 %	2011 %
<u>Subsidiary of Shanghai Lion Parkson Investment Consultant Co Ltd</u>				
Beijing Century Parkson E-business Co Ltd + (Dissolved on 10.7.2012)	People’s Republic of China	Research and development of computer software	99*6 1	99*6 1
<u>Subsidiaries of Parkson Investment Holdings Co Ltd</u>				
Hangzhou Parkson Retail Development Co Ltd +	People’s Republic of China	Operation of department stores	100	100
Shanghai Xinzhuang Parkson Retail Development Co Ltd +	People’s Republic of China	Operation of department stores	100	100
Lanzhou Shishang Parkson Retail Development Co Ltd +	People’s Republic of China	Operation of department stores	100	100
Zigong Parkson Retail Co Ltd +	People’s Republic of China	Operation of department stores	100	100
<u>Subsidiary of Parkson Investment Pte Ltd</u>				
Rosenblum Investments Pte Ltd + #1	Singapore	Investment holding	100	100
<u>Subsidiaries of Parkson Supplies Pte Ltd</u>				
Chongqing Wanyou Parkson Plaza Co Ltd +	People’s Republic of China	Operation of department stores	70	70
Mianyang Fulin Parkson Plaza Co Ltd +	People’s Republic of China	Operation of department stores	60*7 40	60*7 40
Sichuan Shishang Parkson Retail Development Co Ltd +	People’s Republic of China	Operation of department stores	100	100



**16. INVESTMENTS IN SUBSIDIARIES (continued)**

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012 %	2011 %
<u>Subsidiary of Creation International Investment &amp; Development Limited</u>				
Creation (Hong Kong) Investment & Development Limited +	Hong Kong SAR	Investment holding	100	100
<u>Subsidiaries of Step Summit Limited</u>				
Guizhou Shenqi Parkson Retail Development Co Ltd +	People’s Republic of China	Operation of department stores	60	60
Shanghai Hongqiao Parkson Development Co Ltd +	People’s Republic of China	Operation of department stores	100	100
Hefei Parkson Xiaoyao Plaza Co Ltd +	People’s Republic of China	Operation of department stores	100	100
<u>Subsidiaries of Shanghai Hongqiao Parkson Development Co Ltd</u>				
Changshu Parkson Retail Development Co Ltd +	People’s Republic of China	Operation of department stores	100	100
Shaoxing Shishang Parkson Retail Development Co Ltd +	People’s Republic of China	Operation of department stores	100	100
Changzhou Parkson Retail Development Co Ltd +	People’s Republic of China	Operation of department stores	100	100
Changzhou Shishang Parkson Retail Development Co Ltd + ^	People’s Republic of China	Retail operation	100	—
<u>Subsidiary of Hefei Parkson Xiaoyao Plaza Co Ltd</u>				
Anshan Tianxing Parkson Shopping Centre Co Ltd +	People’s Republic of China	Operation of department stores	51 *8 49	51 *8 49



**16. INVESTMENTS IN SUBSIDIARIES (continued)**

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012 %	2011 %
<u>Subsidiary of Global Heights Investment Limited</u>				
Asia Victory International Limited +	British Virgin Islands	Investment holding	100	100
<u>Subsidiary of Asia Victory International Limited</u>				
Shunhe International Investment Limited +	Hong Kong SAR	Investment holding	100	100
<u>Subsidiary of Shunhe International Investment Limited</u>				
Kunming Yun Shun He Retail Development Co Ltd +	People’s Republic of China	Operation of department stores	100	100
<u>Subsidiaries of Kunming Yun Shun He Retail Development Co Ltd</u>				
Guizhou Zunyi Parkson Retail Development Co Ltd +	People’s Republic of China	Operation of department stores	90 *9 10	90 *9 10
Liupanshui Parkson Retail Co Ltd + ^	People’s Republic of China	Operation of department stores	100	–
Kunshan Parkson Retail Development Co Ltd + ^	People’s Republic of China	Operation of department stores	100	–
<u>Subsidiaries of Golden Village Group Limited</u>				
Duo Success Investments Limited +	British Virgin Islands	Investment holding	100	100
Jiangxi Parkson Retail Co Ltd +	People’s Republic of China	Operation of department stores	100	100



**16. INVESTMENTS IN SUBSIDIARIES (continued)**

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012 %	2011 %
<u>Subsidiary of Duo Success Investments Limited</u>				
Huge Return Investment Limited +	Hong Kong SAR	Investment holding	100	100
<u>Subsidiary of Lung Shing International Investment &amp; Development Company Limited</u>				
Anshan Lung Shing Property Services Limited +	People's Republic of China	Property management	100	100
<u>Subsidiary of Capital Park Development Limited</u>				
Capital Park (HK) Investment & Development Limited +	Hong Kong SAR	Investment holding	100	100
<u>Subsidiary of Capital Park (HK) Investment &amp; Development Limited</u>				
Wuxi Sanyang Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	60	60
<u>Subsidiary of Favor Move International Limited</u>				
Hanmen Holdings Limited +	Hong Kong SAR	Investment holding	100	100
<u>Subsidiary of Jet East Investments Limited</u>				
Victory Hope Limited +	Hong Kong SAR	Investment holding	100	100



**16. INVESTMENTS IN SUBSIDIARIES (continued)**

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012 %	2011 %
<u>Subsidiaries of Victory Hope Limited</u>				
Nanning Brilliant Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	<b>70</b> <i>*10 30</i>	70 <i>*10 30</i>
Tianjin Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100
<u>Subsidiary of Bond Glory Limited</u>				
Choice Link Limited +	British Virgin Islands	Investment holding	<b>100</b>	100
<u>Subsidiary of Choice Link Limited</u>				
Great Dignity Development Limited +	Hong Kong SAR	Investment holding	<b>100</b>	100
<u>Subsidiary of Great Dignity Development Limited</u>				
Shantou Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100
<u>Subsidiary of Sea Coral Limited</u>				
Dalian Parkson Retail Development Co Ltd <i>f</i>	People's Republic of China	Operation of department stores	<b>100</b>	100
<u>Subsidiary of Serbadagang Holdings Sdn Bhd</u>				
Dalian Tianhe Parkson Shopping Centre Co Ltd <i>f</i> <i>£</i>	People's Republic of China	Operation of department stores	<b>60</b>	60
<u>Subsidiary of Victor Crest Limited</u>				
Wide Crest Limited	British Virgin Islands	Investment holding	<b>100</b>	100



**16. INVESTMENTS IN SUBSIDIARIES** (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012 %	2011 %
<u>Subsidiary of Wide Crest Limited</u>				
Wide Field International Limited <i>f</i>	Hong Kong SAR	Investment holding	100	100
<u>Subsidiary of Wide Field International Limited</u>				
Shenyang Parkson Shopping Plaza Co Ltd <i>f</i>	People's Republic of China	Operation of department stores	100	100
<u>Subsidiaries of Parkson Asia</u>				
Parkson Corporation Sdn Bhd	Malaysia	Operation of department stores	100	100
Centro Retail Pte Ltd +	Singapore	Investment holding	100	100
PT Tozy Sentosa +	Indonesia	Operation of department stores, supermarket and merchandising	<sup>*11</sup> 72.2 27.8	<sup>*11</sup> 72.2 27.8
<u>Subsidiaries of Parkson Corporation Sdn Bhd</u>				
Parkson Vietnam Co Ltd +	Vietnam	Operation of department stores	100	100
Parkson Haiphong Co Ltd +	Vietnam	Operation of department stores	100	100
Kiara Innovasi Sdn Bhd	Malaysia	Operation of department stores	60	60
Parkson Cambodia Holdings Co Ltd	British Virgin Islands	Investment holding	100	100
Parkson Online Sdn Bhd	Malaysia	Online retailing	100	—
<u>Subsidiaries of Parkson Vietnam Co Ltd</u>				
Parkson Vietnam Management Services Co Ltd +	Vietnam	Operation of department stores	100	100
Parkson Hanoi Co Ltd +	Vietnam	Operation of department stores	70	70





**16. INVESTMENTS IN SUBSIDIARIES (continued)**

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012 %	2011 %
<u>Subsidiary of Parkson Cambodia Holdings Co Ltd</u>				
Parkson (Cambodia) Co Ltd +	Cambodia	Operation of department stores	100	100
<u>Subsidiary of Parkson TSN Holdings Co Ltd</u>				
Parkson HBT Properties Co Ltd + ^	Vietnam	Real estate consulting and management services	100	–
<u>Subsidiary of Dyna Puncak Sdn Bhd</u>				
Idaman Erajuta Sdn Bhd	Malaysia	Investment holding	100	100
<u>Subsidiary of Idaman Erajuta Sdn Bhd</u>				
Festival City Sdn Bhd	Malaysia	Property management and investment holding	100	100

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

\*1 50% held by Parkson Venture Pte Ltd and 45.9% held by Serbadagang Holdings Sdn Bhd.

\*2 Held by East Crest International Limited.

\*3 Held by Parkson Investment Pte Ltd.

\*4 Held by Huge Return Investment Limited.

\*5 Held by Parkson Retail Development Co Ltd.

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

\*7 Held by Shanghai Hongqiao Parkson Development Co Ltd.

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

\*9 Held by Parkson Investment Holdings Co Ltd.

\*10 Held by Hanmen Holdings Limited.

\*11 Held by Centro Retail Pte Ltd.

## 16. INVESTMENTS IN SUBSIDIARIES (continued)

- ^ Subsidiaries which were newly incorporated during the financial year.
- β Listed on the Singapore Exchange Securities Trading Limited.
- @ Listed on The Stock Exchange of Hong Kong Limited.
- £ In financial year 2005, the Group ceased to have management control over Dalian Tianhe Parkson Shopping Centre Co Ltd. Accordingly, the investment was accounted as Investment Securities (Note 22(ii)).
- #1 Pledged as security for term loan facilities as disclosed in Note 31.

### (a) Acquisition of subsidiaries

- (1) During the financial year, the Group acquired the following subsidiaries for a total consideration of RM4:

	<b>Consideration RM</b>
Puncak Pelita Sdn Bhd	2
Parkson Online Sdn Bhd	2
	<hr/> 4 <hr/>

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

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

#### (i) Acquisition of PT Tozy Sentosa ("TS")

On 9 June 2011, Parkson Asia and Centro Retail Pte Ltd, both subsidiaries of the Group, completed the acquisition of the entire equity interest in TS at a total consideration of US\$12,799,249 (equivalent to approximately RM38,269,000).

The acquisition of TS has contributed the following results to the Group:

	<b>2011 RM'000</b>
Revenue	9,617
Profit for the year	1,135 <hr/>

Had the acquisition occurred on 1 July 2010, the Group's revenue and profit for the financial year ended 30 June 2011 (net of tax) would have been RM3,022,171,000 and RM612,606,000 respectively.



## 16. INVESTMENTS IN SUBSIDIARIES (continued)

### (a) Acquisition of subsidiaries (continued)

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

#### (i) Acquisition of TS (continued)

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

	Fair value recognised on acquisition RM'000	Carrying value RM'000
Property, plant and equipment	21,665	21,665
Intangible assets	3,804	3,804
Other assets	13,742	13,742
Inventories	6,411	6,411
Other receivables	2,452	2,452
Cash and cash equivalents	9,492	9,492
	<u>57,566</u>	<u>57,566</u>
Trade payables	(15,311)	(15,311)
Other payables	(15,858)	(15,858)
Deferred tax liabilities	(766)	(766)
	<u>(31,935)</u>	<u>(31,935)</u>
Fair value of net assets	25,631	25,631
Goodwill arising on the acquisition	12,638	
Consideration	<u>38,269</u>	

Goodwill of RM12,638,000 comprised the value of strengthening of the Group's market position in the region, improved resilience to sector specific volatilities, and cost reduction synergies expected to arise from the acquisition. The goodwill recognised is not expected to be deductible for income tax purpose.

Consideration paid for the acquisition of TS:

	RM'000
Cash paid	38,269
Fair value of equity instruments issued (15,768,633 ordinary shares of Parkson Asia)	38,269 *
Cash received for the issuance of shares	(38,269)
Total consideration paid	<u>38,269</u>

\* On 14 June 2011, PT Mitra Samaya ("MS"), the indirect majority shareholder of TS (before TS was wholly acquired by the Group), subscribed for 15,768,633 ordinary shares with a fair value of SGD1.00 per share in Parkson Asia.



## 16. INVESTMENTS IN SUBSIDIARIES (continued)

### (a) Acquisition of subsidiaries (continued)

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

#### (i) Acquisition of TS (continued)

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

	<b>2011 RM'000</b>
Total consideration for 100% equity interest acquired	38,269
Less: Non-cash consideration	(38,269)
Cash paid	–
Less: Cash and cash equivalents of subsidiary acquired	9,492
Net cash inflow on acquisition of subsidiary	9,492

#### (ii) Other subsidiaries

During the previous financial year, the Group acquired the following subsidiaries for a total consideration of RM9:

	<b>Consideration RM</b>
Parkson Properties Hanoi Co Ltd	3
Parkson Cambodia Holdings Co Ltd	3
Smart Spectrum Limited	3
	9

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

### (b) Increase in shareholdings in subsidiaries

- (1) During the financial year, the Group acquired 1,500,000 ordinary shares of HK\$0.02 each in Parkson Retail at an average price of HK\$8.51 per share, amounting to a total consideration of RM5,229,000 which represented 0.05% of the then equity interest of Parkson Retail.
- (2) During the previous financial year, a subsidiary, Kiara Innovasi Sdn Bhd ("Kiara Innovasi") increased its issued and paid-up share capital from RM2,000,000 to RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each.

The Group subscribed for an additional 1,800,000 ordinary shares of RM1.00 each representing 60% of the equity interest by way of cash. The remaining 40% equity interest of Kiara Innovasi was subscribed by a third party, Galaxy Point Sdn Bhd ("Galaxy Point").

Galaxy Point has granted Parkson Corporation Sdn Bhd ("PCSB") an irrevocable option ("Option") to purchase Galaxy Point's entire shareholding in Kiara Innovasi at the proportionate net tangible assets of Kiara Innovasi. PCSB may exercise the Option at any time for a period of three years from the date of business commencement of Kiara Innovasi. The Option is automatically renewed every three years. The fair value of the Option is recognised as derivative as disclosed in Note 23.



## 16. INVESTMENTS IN SUBSIDIARIES (continued)

### (c) Dilution of interest in a subsidiary

Following the listing of and quotation for Parkson Asia shares on the Main Board of the Singapore Exchange Securities Trading Limited on 3 November 2011, the Group's equity interest in Parkson Asia was diluted from 90.1% to 67.6%, as further disclosed in Note 39(a).

## 17. INVESTMENT IN AN ASSOCIATE

	2012 RM'000	Group 2011 RM'000
Unquoted shares, at cost	324	324
Share of post-acquisition reserves	839	613
	<u>1,163</u>	<u>937</u>

Name	Country of incorporation	Principal activities	Equity interest	
			2012 %	2011 %
Shanghai Nine Sea Lion Properties Management Co Ltd	People's Republic of China	Property management and real estate consulting services	35	35

The associate is audited by a firm other than Ernst & Young.

The summarised financial information of the associate is as follows:

	2012 RM'000	2011 RM'000
<b>Assets and liabilities</b>		
Current assets	4,722	4,355
Non-current assets	157	272
Total assets	<u>4,879</u>	<u>4,627</u>
Current liabilities, representing total liabilities	<u>(1,557)</u>	<u>(1,950)</u>
<b>Results</b>		
Revenue	12,792	11,666
Profit for the year	<u>446</u>	<u>381</u>



## 18. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

Details of the jointly controlled entity are as follows:

Name	Country of incorporation	Principal activities	Equity interest	
			2012 %	2011 %
Xinjiang Youhao Parkson Development Co Ltd *	People's Republic of China	Operation of department stores	51	51

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

The entity forms part of the Parkson Retail group of companies, which are audited by a member firm of Ernst & Young Global.

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

	2012 RM'000	2011 RM'000
<b>Assets and liabilities</b>		
Current assets	60,466	46,640
Non-current assets	3,053	2,937
Total assets	<u>63,519</u>	<u>49,577</u>
Current liabilities	(40,425)	(33,088)
Non-current liabilities	(575)	(594)
Total liabilities	<u>(41,000)</u>	<u>(33,682)</u>
<b>Income and expenses</b>		
Revenue	45,809	40,964
Other income	3,626	3,126
Purchase of goods and changes in inventories	(12,201)	(11,116)
Operating expenses	(17,191)	(15,968)
Finance income	2,971	1,346
Finance costs	(434)	—
Profit before tax	<u>22,580</u>	<u>18,352</u>
Income tax expense	(2,062)	(4,770)
Profit for the year	<u>20,518</u>	<u>13,582</u>



# **18. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (continued)**

## **Disposal of a jointly controlled entity in the previous financial year**

Pursuant to the agreement entered into between Parkson Retail and Yangzhou Yangtze Investment and Development Group Co Ltd, a third party, Parkson Retail disposed of its entire 55% equity interest in Yangzhou Parkson Plaza Co Ltd ("Yangzhou Parkson") for a consideration of Rmb78,500,000 (equivalent to approximately RM36,660,000). The disposal of Yangzhou Parkson was completed on 26 November 2010.

	<b>Carrying value RM'000</b>
Net assets disposed of:	
Property, plant and equipment	10,279
Inventories	707
Other receivables	408
Cash and cash equivalents	7,628
Trade payables	(1,166)
Other payables	(1,828)
Tax payables	(162)
	<hr/>
Total disposal proceeds	15,866 (36,660)
	<hr/>
Gain on disposal to the Group	(20,794)
	<hr/>
Disposal proceeds settled by:	
Cash	35,325
Other receivables	1,335
	<hr/>
	36,660
	<hr/>
Cash inflow arising on disposal:	
Cash consideration	35,325
Cash and cash equivalents of the jointly controlled entity disposed	(7,628)
	<hr/>
Net cash inflow on disposal	27,697
	<hr/>

# **19. DEFERRED TAX**

	<b>Group</b>		<b>Company</b>	
	<b>2012 RM'000</b>	<b>2011 RM'000</b>	<b>2012 RM'000</b>	<b>2011 RM'000</b>
At 1 July	(75,979)	(87,892)	–	(353)
Recognised in profit or loss (Note 9)	22,778	10,416	–	353
Acquisition of a subsidiary	–	(766)	–	–
Exchange differences	(4,564)	2,263	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June	(57,765)	(75,979)	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Presented after appropriate offsetting as follows:				
Deferred tax assets	61,949	38,106	–	–
Deferred tax liabilities	(119,714)	(114,085)	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	(57,765)	(75,979)	–	–
	<hr/>	<hr/>	<hr/>	<hr/>





## 19. DEFERRED TAX (continued)

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

### Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Unused tax losses RM'000	Leases and others RM'000	Total RM'000
<b>At 1 July 2011</b>	<b>2,096</b>	<b>6,368</b>	<b>29,642</b>	<b>38,106</b>
Recognised in profit or loss	1,919	17,778	1,186	20,883
Exchange differences	127	889	1,944	2,960
<b>At 30 June 2012</b>	<b>4,142</b>	<b>25,035</b>	<b>32,772</b>	<b>61,949</b>
<b>At 1 July 2010</b>	1,936	4,313	29,575	35,824
Recognised in profit or loss	226	2,176	545	2,947
Acquisition of a subsidiary	–	–	177	177
Exchange differences	(66)	(121)	(655)	(842)
<b>At 30 June 2011</b>	<b>2,096</b>	<b>6,368</b>	<b>29,642</b>	<b>38,106</b>

### Deferred tax liabilities of the Group:

	Capital allowances RM'000	Asset revaluation RM'000	RCSLS RM'000	Withholding taxes RM'000	Intangible assets RM'000	Total RM'000
<b>At 1 July 2011</b>	<b>(73,494)</b>	<b>(39,648)</b>	–	–	<b>(943)</b>	<b>(114,085)</b>
Recognised in profit or loss	1,062	–	–	–	833	1,895
Exchange differences	(4,731)	(2,793)	–	–	–	(7,524)
<b>At 30 June 2012</b>	<b>(77,163)</b>	<b>(42,441)</b>	–	–	<b>(110)</b>	<b>(119,714)</b>
<b>At 1 July 2010</b>	(76,929)	(40,684)	(353)	(5,750)	–	(123,716)
Recognised in profit or loss	1,541	–	353	5,575	–	7,469
Acquisition of a subsidiary	–	–	–	–	(943)	(943)
Exchange differences	1,894	1,036	–	175	–	3,105
<b>At 30 June 2011</b>	<b>(73,494)</b>	<b>(39,648)</b>	–	–	<b>(943)</b>	<b>(114,085)</b>

### Deferred tax liabilities of the Company:

	RCSLS RM'000
<b>At 1 July 2010</b>	(353)
Recognised in profit or loss	353
<b>At 30 June 2011</b>	–



## 19. DEFERRED TAX (continued)

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

	2012 RM'000	Group 2011 RM'000
Unused tax losses	81,388	78,945
Unabsorbed capital allowances	2,062	1,221

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the subsidiaries is subject to approval from the tax authority of the country in which the losses originate.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group has intermediate investment holding companies incorporated in Hong Kong or Singapore which qualify for a preferential withholding tax rate at 5%.

## 20. OTHER ASSETS

	2012 RM'000	Group 2011 RM'000
Deposits	60,351	43,021
Lease prepayments (i)	38,000	21,711
Deferred lease expenses (ii)	54,702	32,475
Prepayment for acquisition of land and building (iii)	211,338	—
	<b>364,391</b>	<b>97,207</b>

(i) Lease prepayments represent long term portion of the prepaid lease rental paid to lessors. Included in lease prepayments is an amount of RM9.0 million (2011: RM15.2 million), representing the long term portion of prepaid lease rental paid to China Arts & Crafts (Group) Company, a former joint venture partner, in respect of the lease of certain properties in Beijing for a period of nine years from August 2005.

(ii) Deferred lease expenses relate to the differences between fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the lease terms ranging from 5 to 20 years.

The movement in deferred lease expenses is as follows:

	2012 RM'000	Group 2011 RM'000
At 1 July	32,475	—
Effect of adopting FRS 139	—	27,204
Additions during the year	23,563	8,208
Recognised in profit or loss (Note 8)	(2,233)	(1,855)
Exchange differences	897	(1,082)
At 30 June	<b>54,702</b>	<b>32,475</b>

(iii) This amount represents a prepayment of Rmb422.8 million (equivalent to approximately RM211.3 million) paid during the financial year for the acquisition of the land use right and the building ownership right of a shopping complex located in the Tianjin City, the PRC ("Tianjin Building"), as further disclosed in Note 39(b).



## 21. AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts due from/to subsidiaries are unsecured, interest free and repayable on demand.

The non-current portion of the amount due from a subsidiary represents the amount which the Company does not intend to demand repayment within twelve months from the reporting date.

## 22. INVESTMENT SECURITIES

	2012 RM'000	Group 2011 RM'000
<b>Current</b>		
Held-to-maturity investment:		
- Credit linked notes, at amortised cost (i)	—	604,447
<b>Non-current</b>		
Available-for-sale financial assets:		
<u>Outside Malaysia</u>		
- Unquoted shares, at fair value		
At cost (ii)	21,296	21,296
Accumulated impairment	(21,296)	(21,296)
	—	—
- Quoted shares, at market value	13,183	14,310
	13,183	14,310
<u>In Malaysia</u>		
- Unquoted shares, at cost (iii)	233	233
Held-to-maturity investment:		
- Unquoted shares, at amortised cost	30,000	—
Total non-current investment securities	43,416	14,543
<b>Total investment securities</b>	<b>43,416</b>	<b>618,990</b>

- (i) The credit linked notes ("CLNs") were issued by JPMorgan Chase Bank, N.A., London Branch, and have a tenure from 14 November 2006 to 13 November 2011. The CLNs were denominated in US\$ and bore interest at a rate of 9.8% per annum. Interest was receivable semi-annually on 13 May and 13 November of each year, commencing on 13 May 2007. The CLNs served as collateral against the senior guaranteed notes due November 2011 ("SGN2011") (Note 34(i)).

The subscription for the CLNs was part of a financing arrangement to enable the Group to obtain Rmb denominated interest-bearing bank loans of Rmb1.5 billion to fund its operations in the PRC as further disclosed in Note 31(i).

During the financial year, the CLNs were redeemed and the Group remitted the redemption proceeds to settle amount owing to the senior guaranteed notes holders (Note 34(i)).

- (ii) As disclosed in Note 16, the Group ceased to have management control over Dalian Tianhe Parkson Shopping Centre Co Ltd. Accordingly, the investment was accounted as available-for-sale financial assets.
- (iii) Represented 7% equity interest in Lion Insurance Company Limited, a related party of the Group. The relationship of the related party with the Group is further disclosed in Note 37.



## 23. DERIVATIVE

	2012 RM'000	Group 2011 RM'000
Option to purchase additional shares in Kiara Innovasi ("Option")	52	52

Further details of the Option are disclosed in Note 16(b)(2) and Note 41(a).

## 24. INVENTORIES

	2012 RM'000	Group 2011 RM'000
At costs:		
Merchandise inventories	271,591	236,131
Properties held for sale	3,295	4,258
Consumables	5,021	5,041
	279,907	245,430
At net realisable value:		
Merchandise inventories	569	810
	280,476	246,240

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,098,829,000 (2011: RM954,398,000).



## 25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Current</b>				
Trade receivables	16,867	13,126	–	–
Less: Allowance for impairment	(571)	(563)	–	–
	<b>16,296</b>	<b>12,563</b>	<b>–</b>	<b>–</b>
Sundry receivables <sup>(i)</sup>	201,021	139,108	2	6
Less: Allowance for impairment	(3,553)	(3,306)	–	–
	<b>197,468</b>	<b>135,802</b>	<b>2</b>	<b>6</b>
Deposits <sup>(ii)</sup>	84,471	88,026	7	10
Less: Allowance for impairment	(500)	–	–	–
	<b>83,971</b>	<b>88,026</b>	<b>7</b>	<b>10</b>
Amounts due from related parties <sup>(iii)</sup>	18,910	25,737	18,900	25,737
Designated loans <sup>(iv)</sup>	–	140	–	–
Lease prepayments <sup>(v)</sup>	164,105	63,120	–	–
Prepayments	31,773	20,461	–	–
	<b>214,788</b>	<b>109,458</b>	<b>18,900</b>	<b>25,737</b>
Total trade and other receivables	<b>512,523</b>	<b>345,849</b>	<b>18,909</b>	<b>25,753</b>
Total trade and other receivables (as above)	512,523	345,849	18,909	25,753
Add: Deposits, cash and bank balances (Note 26)	3,030,992	2,740,698	28,961	7,140
Add: Long term deposits (Note 20)	60,351	43,021	–	–
Less: Lease prepayments	(164,105)	(63,120)	–	–
Prepayments	(31,773)	(20,461)	–	–
Total loans and receivables	<b>3,407,988</b>	<b>3,045,987</b>	<b>47,870</b>	<b>32,893</b>

(i) Sundry receivables are non-interest bearing with average credit terms ranging from 1 to 90 days (2011: 1 to 90 days).

(ii) Included in deposits are:

- (a) a refundable deposit of RM24 million (2011: RM24 million) paid to C&T Corporation ("C&T") for the proposed acquisition by the Group from C&T of a 55% equity interest in a joint-stock company, C.T Phuong Nam Joint Stock Company. During the previous financial year, the Group and C&T have mutually agreed to terminate the acquisition and the deposit paid will be refunded by C&T in full together with interest to the Group; and



## 25. TRADE AND OTHER RECEIVABLES (continued)

(ii) Included in deposits are: (continued)

(b) deposits of RM33 million (2011: RM23 million) paid by Parkson Vietnam Co Ltd ("Parkson Vietnam") to two individuals and a Vietnamese company ("Vietnamese Store Owners"). These Vietnamese Store Owners separately own three department stores in Vietnam which are operated and managed by Parkson Vietnam Management Services Co Ltd, a subsidiary of the Group. Pursuant to agreements entered into between these Vietnamese Store Owners, Parkson Vietnam is allowed to acquire certain equity interests in the department stores upon fulfilment of certain conditions. The deposits are non-interest bearing and are secured by certain percentage of the charter capital of the Vietnamese Store Owners in the companies operating the department stores and the assets of the Vietnamese company's department store.

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

	<b>Group/Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Principal amount	<b>12,000</b>	20,000
Interest	<b>6,787</b>	5,614
	<b>18,787</b>	25,614

On 19 September 2007, the Company completed the disposal of the entire 100% equity interest in Bright Steel Sdn Bhd ("Bright Steel") to Total Triumph for a cash consideration of RM53.47 million, of which RM13.47 million was settled upon the completion. As at 30 June 2012, a total of RM28 million deferred payment was paid by Total Triumph to the Company.

On 20 September 2012, a repayment of RM2 million was further made by Total Triumph with the remaining balance to be paid in 2013.

The amount due from Total Triumph bears interest of 1% (2011: 1%) above base lending rate per annum and is secured against shares in Bright Steel.

Other than the above, the amounts due from related parties are unsecured, interest free and repayable on demand.

The relationship of the related parties with the Group and the Company are further disclosed in Note 37.

(iv) These designated loans were granted by a PRC subsidiary to its suppliers of goods and services in the PRC which complied with the local law. These loans bear interest at rates ranging from 5.6% to 5.7% per annum and have a term of one year. The Group has the right to offset the outstanding designated loan balances against future rental payments to the borrowers. These designated loans were fully settled during the financial year.

(v) Lease prepayments are non-interest bearing except for an amount of approximately RM50 million (2011: RM Nil) paid to a landlord by a subsidiary in the PRC which bore interest at a rate of 6.65% per annum.

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

Credit terms of trade receivables range from payment in advance to 90 days (2011: payment in advance to 90 days).

Other information on financial risks of trade and other receivables are disclosed in Note 42.



**25. TRADE AND OTHER RECEIVABLES (continued)**

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

	2012 RM'000	Group 2011 RM'000
Neither past due nor impaired	11,028	8,122
1 to 30 days past due not impaired	2,524	1,626
31 to 60 days past due not impaired	689	219
61 to 90 days past due not impaired	283	114
More than 91 days past due not impaired	1,772	2,336
	5,268	4,295
Impaired	571	709
	<b>16,867</b>	<b>13,126</b>

Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Receivables that are past due but not impaired are unsecured in nature. Management is confident that these receivables are recoverable as these accounts are still active.

Receivables that are impaired

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

	2012 RM'000	Group 2011 RM'000
<b>Individually impaired</b>		
Trade receivables - nominal amounts	571	709
Less: Allowance for impairment	(571)	(563)
	—	146
Sundry receivables - nominal amounts	3,553	3,306
Less: Allowance for impairment	(3,553)	(3,306)
	—	—
Deposits - nominal amounts	509	—
Less: Allowance for impairment	(500)	—
	9	—





## 25. TRADE AND OTHER RECEIVABLES (continued)

Movement of allowance accounts is as follows:

Group	Trade receivables RM'000	Sundry receivables RM'000	Deposits RM'000	Total RM'000
At 1 July 2011	563	3,306	–	3,869
Charge for the year	–	654	487	1,141
Reversal of impairment	–	(424)	–	(424)
Exchange differences	8	17	13	38
At 30 June 2012	571	3,553	500	4,624
At 1 July 2010	606	3,457	754	4,817
Charge for the year	–	150	–	150
Reversal of impairment	(43)	(187)	–	(230)
Write off	–	(84)	(754)	(838)
Exchange differences	–	(30)	–	(30)
At 30 June 2011	563	3,306	–	3,869

## 26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits, cash and bank balances:				
Cash on hand and at banks	688,520	707,973	3,775	3,040
Deposits with:				
Licensed banks	2,236,858	1,952,205	25,186	4,100
Licensed finance companies	105,614	80,520	–	–
	3,030,992	2,740,698	28,961	7,140
Bank overdrafts (Note 31)	(140)	(2,523)	–	–
Cash and cash equivalents	3,030,852	2,738,175	28,961	7,140

In the previous financial year, deposits, cash and bank balances of the Group amounting to RM608 million were pledged with financial institutions for banking facilities extended to the Group as disclosed in Note 31(i).

The deposits, cash and bank balances of the subsidiaries in the PRC which amounted to RM2,096.4 million (2011: RM2,251.3 million) at the reporting date are subject to the exchange control restrictions of that country. The said deposits, cash and bank balances are available for use by the subsidiaries in the country and the exchange control restrictions will only apply if the monies are to be remitted to another country outside the PRC.



## 26. CASH AND CASH EQUIVALENTS (continued)

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

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Licensed banks	4.1	3.8	2.8	2.7
Licensed finance companies	2.9	3.0	–	–

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

## 27. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

Group/Company	Number of ordinary shares of RM1.00 each		Amount			
	Share capital (Issued and fully paid-up) '000	Treasury shares '000	Share capital (Issued and fully paid-up) RM'000 (a)	Share premium RM'000 (a)	Total share capital and share premium RM'000	Treasury shares RM'000 (b)
<b>At 1 July 2011</b>	<b>1,093,673</b>	<b>(3,017)</b>	<b>1,093,673</b>	<b>3,729,979</b>	<b>4,823,652</b>	<b>(13,707)</b>
Employee share options exercised	229	–	229	1,437	1,666	–
Purchase of treasury shares	–	(6,286)	–	–	–	(31,977)
<b>At 30 June 2012</b>	<b>1,093,902</b>	<b>(9,303)</b>	<b>1,093,902</b>	<b>3,731,416</b>	<b>4,825,318</b>	<b>(45,684)</b>
<b>At 1 July 2010</b>	<b>1,036,410</b>	<b>(13,552)</b>	<b>1,036,410</b>	<b>3,593,554</b>	<b>4,629,964</b>	<b>(60,929)</b>
Conversion of RCSLS	57,200	–	57,200	184,713	241,913	–
Employee share options exercised	63	–	63	396	459	–
Purchase of treasury shares	–	(263)	–	–	–	(1,462)
Distribution of share dividend	–	10,798	–	(48,684)	(48,684)	48,684
<b>At 30 June 2011</b>	<b>1,093,673</b>	<b>(3,017)</b>	<b>1,093,673</b>	<b>3,729,979</b>	<b>4,823,652</b>	<b>(13,707)</b>

	Number of ordinary shares of RM1.00 each		Amount	
	2012 '000	2011 '000	2012 RM'000	2011 RM'000
<b>Authorised share capital</b>				
At 1 July/30 June	<b>4,500,000</b>	<b>4,500,000</b>	<b>4,500,000</b>	<b>4,500,000</b>



**27. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (continued)**

**(a) Issue of shares**

During the financial year, the issued and paid-up share capital of the Company was increased from RM1,093,673,250 to RM1,093,902,050 by the issuance of 228,800 new ordinary shares of RM1.00 each at an issue price of RM5.31 per share for cash pursuant to the Executive Share Option Scheme (“ESOS”) of the Company.

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

**(b) Treasury shares**

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

During the financial year, the Company repurchased a total of 6,285,600 of its ordinary shares from the open market at an average price of RM5.09 per share. The total consideration paid for the repurchase including transaction costs was RM31.98 million. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

During the previous financial year, a total of 10,797,855 treasury shares were distributed as share dividend on 15 December 2010 on the basis of one (1) treasury share for every one hundred (100) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.

As at 30 June 2012, the number of outstanding ordinary shares in issue after the set off of 9,303,231 (2011: 3,017,631) treasury shares held by the Company is 1,084,598,819 (2011: 1,090,655,619) ordinary shares of RM1.00 each.



## 28. OTHER RESERVES

Group	Exchange fluctuation reserves RM'000	Share option reserve RM'000 (a)	Asset revaluation reserve RM'000 (b)	Capital reserves RM'000 (c)	Merger deficit RM'000 (d)	Hedging reserve RM'000	Premium on acquisition of non- controlling interests RM'000	Available- for-sale investment revaluation reserve RM'000	Total RM'000
<b>2012</b>									
At 1 July 2011	(48,747)	31,191	60,440	64,338	(2,876,086)	(3,070)	-	47	(2,771,887)
<b>Other comprehensive income/ (loss) for the year</b>									
Loss on fair value changes on available-for-sale financial assets	-	-	-	-	-	-	-	(1,753)	(1,753)
Gain on fair value changes in hedging instruments on cash flow hedges	-	-	-	-	-	31,520	-	-	31,520
Foreign currency translation	173,624	1,436	8,270	8,704	-	(420)	-	6	191,620
Less: Non-controlling interests	(73,491)	(699)	(4,014)	(4,223)	-	(15,074)	-	847	(96,654)
	100,133	737	4,256	4,481	-	16,026	-	(900)	124,733
<b>Transactions with owners</b>									
Transfer from capital reserves	-	-	-	(2,272)	-	-	-	-	(2,272)
Acquisition of interest in a subsidiary	(149)	12	68	72	-	(3)	(3,843)	-	(3,843)
Employee share options lapsed/terminated	-	(20,288)	-	-	-	-	-	-	(20,288)
Employee share options exercised	-	(451)	-	-	-	-	-	-	(451)
Transfer from retained profits	-	-	-	-	181,403	-	-	-	181,403
Equity-settled share option arrangements granted by: - The Company	-	207	-	-	-	-	-	-	207
	(149)	(20,520)	68	(2,200)	181,403	(3)	(3,843)	-	154,756
At 30 June 2012	51,237	11,408	64,764	66,619	(2,694,683)	12,953	(3,843)	(853)	(2,492,398)



**28. OTHER RESERVES (continued)**

Group	Exchange fluctuation reserves RM'000	Share option reserve RM'000 (a)	Asset revaluation reserve RM'000 (b)	Capital reserves RM'000 (c)	Merger deficit RM'000 (d)	Hedging reserve RM'000	RCSLS equity components RM'000 (Note 33)	Available- for-sale investment revaluation reserve RM'000	Total RM'000
<b>2011</b>									
<b>At 1 July 2010</b>	7,292	32,115	62,073	56,694	(3,085,693)	(9,882)	13,589	–	(2,923,812)
<b>Other comprehensive income/ (loss) for the year</b>									
Gain on fair value changes on available-for-sale financial assets	–	–	–	–	–	–	–	91	91
Gain on fair value changes in hedging instruments on cash flow hedges	–	–	–	–	–	12,728	–	–	12,728
Foreign currency translation	(81,816)	(533)	(3,067)	(3,192)	–	488	–	(88)	(88,208)
Less: Non-controlling interests	25,766	260	1,488	1,302	–	(6,413)	–	44	22,447
	(56,050)	(273)	(1,579)	(1,890)	–	6,803	–	47	(52,942)
<b>Transactions with owners</b>									
Transfer to capital reserves	–	–	–	9,687	–	–	–	–	9,687
Dilution of interest in a subsidiary	11	(10)	(54)	(49)	–	9	–	–	(93)
Conversion of RCSLS	–	–	–	–	–	–	(13,589)	–	(13,589)
Employee share options lapsed	–	(1,025)	–	–	–	–	–	–	(1,025)
Employee share options exercised	–	(680)	–	–	–	–	–	–	(680)
Transfer from retained profits	–	–	–	–	209,607	–	–	–	209,607
Equity-settled share option arrangements granted by:									
- The Company	–	640	–	–	–	–	–	–	640
- A subsidiary	–	424	–	–	–	–	–	–	424
Disposal of a jointly controlled entity	–	–	–	(104)	–	–	–	–	(104)
	11	(651)	(54)	9,534	209,607	9	(13,589)	–	204,867
<b>At 30 June 2011</b>	(48,747)	31,191	60,440	64,338	(2,876,086)	(3,070)	–	47	(2,771,887)



**28. OTHER RESERVES (continued)**

Company	Share option reserve RM'000 (a)	Capital redemption reserve RM'000	RCSLS equity components RM'000 (Note 33)	Total RM'000
<b>At 1 July 2011</b>	<b>20,670</b>	<b>2,905,831</b>	<b>–</b>	<b>2,926,501</b>
Employee share options lapsed/terminated	(20,288)	–	–	(20,288)
Employee share options exercised	(451)	–	–	(451)
Equity-settled share option arrangements granted	207	–	–	207
<b>At 30 June 2012</b>	<b>138</b>	<b>2,905,831</b>	<b>–</b>	<b>2,905,969</b>
<b>At 1 July 2010</b>	21,179	2,905,831	13,589	2,940,599
Conversion of RCSLS	–	–	(13,589)	(13,589)
Employee share options lapsed	(1,025)	–	–	(1,025)
Employee share options exercised	(124)	–	–	(124)
Equity-settled share option arrangements granted	640	–	–	640
<b>At 30 June 2011</b>	<b>20,670</b>	<b>2,905,831</b>	<b>–</b>	<b>2,926,501</b>

**(a) Share option reserve**

The share option reserve represents the equity-settled share options granted to employees of the Group under the employee share option scheme of the Company and its subsidiary, Parkson Retail, as set out in Note 29.

**(b) Asset revaluation reserve**

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

**(c) Capital reserves**

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

**(d) Merger deficit**

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

The difference between the fair value of the RCSLS of and shares in the Company issued as consideration and the nominal value of the shares acquired has been classified as merger deficit. The merger deficit was subsequently partially set off against capital redemption reserve of RM2,905,831,000 pursuant to a court approval dated 24 September 2007 granted to the Company.

At each reporting date, the merger deficit will be reduced by transferring the Group's retained profits for the immediate preceding financial year in relation to the entities under common control, after adjusting for proposed/declared dividend as at that date, in accordance with the Group's accounting policy disclosed in Note 2.4(b).



## **29. EMPLOYEE SHARE-BASED PAYMENT**

### **(a) Employee share-based payment of the Company**

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

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

- On 12 May 2008, a total of 4,716,400 share options were granted to 462 eligible employees at a subscription price of RM6.35 per share; and
- On 7 April 2010, a total of 5,373,500 share options were granted to 529 eligible employees at a subscription price of RM5.31 per share.

The main features of the Parkson Holdings ESOS are as follows:

- (i) Executive directors and confirmed executive employees of the Group who have been employed on a continuous full time basis for a period of not less than six months on the date of offer shall be eligible to participate in the Parkson Holdings ESOS.
- (ii) The aggregate number of options exercised and options offered and to be offered under the Parkson Holdings ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at any one time during the duration of the Parkson Holdings ESOS subject to the following being complied with:
  - not more than 50% of the shares available under the Parkson Holdings ESOS shall be allocated, in aggregate, to executive directors and senior management; and
  - not more than 10% of the shares available under the Parkson Holdings ESOS shall be allocated to any eligible executive who, either singly or collectively through persons connected with him or her (as defined in paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements), holds 20% or more of the issued and paid-up share capital of the Company.
- (iii) No options shall be granted for less than 100 ordinary shares nor more than the maximum allowable allotment and each grant of options shall be in multiples of 100 ordinary shares.
- (iv) The subscription price of each ordinary share under the Parkson Holdings ESOS shall be the weighted average market price of the shares for the five market days immediately preceding the date of offer on which the shares were traded with a discount of not more than 10%, or the par value of the shares, whichever is the higher.
- (v) The Parkson Holdings ESOS shall continue to be in force for a period of five years and the Company may, if the Board deems fit upon the recommendation of the Option Committee, renew the Parkson Holdings ESOS for a further five years, without further approval of the relevant authorities.

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

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





## 29. EMPLOYEE SHARE-BASED PAYMENT (continued)

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

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

2012		Number of options				
Grant date	As at 1.7.2011	Granted	Exercised	Lapsed/ Terminated	As at 30.6.2012	Exercisable 30.6.2012
12 May 2008	3,745,100	–	–	(3,745,100)	–	–
7 April 2010	4,794,600	–	(228,800)	(4,495,800)	70,000	70,000
	<b>8,539,700</b>	<b>–</b>	<b>(228,800)</b>	<b>(8,240,900)</b>	<b>70,000</b>	<b>70,000</b>
WAEP (RM)	<b>5.77</b>	<b>–</b>	<b>5.31</b>	<b>5.78</b>	<b>5.31</b>	<b>5.31</b>

2011		Number of options				
Grant date	As at 1.7.2010	Granted	Exercised	Lapsed	As at 30.6.2011	Exercisable 30.6.2011
12 May 2008	3,942,100	–	–	(197,000)	3,745,100	3,724,100
7 April 2010	5,073,400	–	(63,000)	(215,800)	4,794,600	4,500,900
	<b>9,015,500</b>	<b>–</b>	<b>(63,000)</b>	<b>(412,800)</b>	<b>8,539,700</b>	<b>8,225,000</b>
WAEP (RM)	<b>5.76</b>	<b>–</b>	<b>5.31</b>	<b>5.81</b>	<b>5.77</b>	<b>5.78</b>

#### (i) Share options exercised during the financial years

Options exercised during the financial year resulted in the issuance of 228,800 (2011: 63,000) ordinary shares at RM5.31 per share.

The related average share price of the Company during the financial year was RM5.41 (2011: RM5.65) per share.

#### (ii) Fair value of share options granted

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

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

	Grant Date	
	7.4.2010	12.5.2008
Fair value of share options (RM)	1.97	3.05
Dividend yield (%)	2.00	1.00
Expected volatility (%)	45.00	50.00
Risk-free interest rate (%)	2.00	3.00
Expected life (years)	2.84	5.00
Share price (RM)	5.99	6.80

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



## **29. EMPLOYEE SHARE-BASED PAYMENT (continued)**

### **(b) Employee share-based payment of a subsidiary**

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

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

On 1 March 2010, a total of 15,821,000 share options under Lot 3 were granted by Parkson Retail to 544 eligible employees, including directors and the chief executive of Parkson Retail at an exercise price of HK\$12.44 per share pursuant to the ESOS Scheme. Total share options were vested on the grant date. The expiration date for the share options is three years from 1 April 2010.

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

- (i) Parkson Retail may from time to time grant options to Group employees, directors, consultants, business associates or advisers of Parkson Retail to subscribe for ordinary shares of Parkson Retail. No consideration is payable upon acceptance of the option by the grantee.
- (ii) The maximum number of unexercised share options currently permitted to be granted under the ESOS Scheme is an amount equivalent, upon their exercise, to 10% of the shares of Parkson Retail on 9 November 2005. The maximum number of shares issuable under share options to each eligible participant in the ESOS Scheme within any 12-month period is limited to 1% of the shares of Parkson Retail in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. In addition, share options granted to substantial shareholders, independent non-executive directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder or an independent non-executive director or a company beneficially owned by any substantial shareholder or independent non-executive director of Parkson Retail) in excess of 0.1% of the shares of Parkson Retail in issue at any time or with an aggregate value in excess of HK\$5,000,000 within any 12-month period, must be approved in advance by Parkson Retail's shareholders in general meeting.
- (iii) The exercise price is determined by the directors of Parkson Retail, but must not be less than the highest of (a) the closing price of Parkson Retail's shares on the date of offer of the share options; (b) the average closing price of Parkson Retail's shares for the five trading days immediately preceding the date of offer; and (c) the nominal value of Parkson Retail's share.
- (iv) The options may be exercised at any time during a period commencing on or after the date to be notified to each grantee which period shall commence not less than 1 year and not to exceed 10 years from the date of grant of the relevant option.
- (v) Shares issued or transferred upon exercise of the options granted under the ESOS Scheme will rank *pari passu* in all respects with the existing ordinary shares of Parkson Retail.



## 29. EMPLOYEE SHARE-BASED PAYMENT (continued)

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

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

2012		Number of options					
Grant date	As at 1.7.2011	Granted	Exercised	Lapsed	Cancelled	As at 30.6.2012	Exercisable 30.6.2012
1 March 2010	14,982,500	–	–	(569,500)	–	14,413,000	14,413,000
WAEP (HK\$)	12.44	–	–	12.44	–	12.44	12.44

2011		Number of options					
Grant date	As at 1.7.2010	Granted	Exercised	Lapsed	Cancelled	As at 30.6.2011	Exercisable 30.6.2011
10 January 2007	2,037,500	–	(1,923,500)	(7,500)	(106,500)	–	–
1 March 2010	15,740,000	–	(568,500)	(189,000)	–	14,982,500	14,982,500
	17,777,500	–	(2,492,000)	(196,500)	(106,500)	14,982,500	14,982,500
WAEP (HK\$)	11.86	–	8.51	12.25	7.35	12.44	12.44

#### (i) Share options exercised during the financial years

No option was exercised during the financial year ended 30 June 2012. Options exercised during the financial year ended 30 June 2011 resulted in the issuance of 1,923,500 ordinary shares at HK\$7.35 per share and 568,500 ordinary shares at HK\$12.44 per share.

The related average share price of Parkson Retail during the financial year was HK\$9.20 (2011: HK\$12.41) per share.

#### (ii) Fair value of share options granted

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

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

	Grant Date	
	1.3.2010	10.1.2007
Fair value of share options (HK\$)	3.00	2.13
Dividend yield (%)	1.17	0.77 - 1.56
Expected volatility (%)	52.13	25.79 - 35.94
Risk-free interest rate (%)	0.95	3.638 - 3.648
Expected life (years)	3.10	0.5 - 1.5
Share price (HK\$) (as adjusted for the effect of subdivision of shares)	12.44	8.85

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



### 30. RETAINED PROFITS

Presently, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company had elected for the irrevocable option to disregard the Section 108 balance on 16 December 2010. Consequent thereto, the Company will be able to distribute dividends out of its entire retained profits as at 30 June 2012 under the single tier system.

### 31. LOANS AND BORROWINGS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Short term loans and borrowings</b>				
Secured:				
Hire purchase liabilities (Note 32)	31	41	19	18
PRC bank loans <sup>(i)</sup>	–	578,613	–	–
Senior guaranteed notes (Note 34)	–	603,280	–	–
	<b>31</b>	<b>1,181,934</b>	<b>19</b>	<b>18</b>
Unsecured:				
Bank overdrafts	140	2,523	–	–
Short term loans and borrowings	<b>171</b>	<b>1,184,457</b>	<b>19</b>	<b>18</b>
<b>Long term loans and borrowings</b>				
Secured:				
Term loan facilities <sup>(ii)</sup> :				
Facility A loan	780,491	739,029	–	–
Facility B loan and Facility C loan	465,241	–	–	–
Hire purchase liabilities (Note 32)	90	122	90	109
Long term loans and borrowings	<b>1,245,822</b>	<b>739,151</b>	<b>90</b>	<b>109</b>
Total loans and borrowings	<b>1,245,993</b>	<b>1,923,608</b>	<b>109</b>	<b>127</b>



**31. LOANS AND BORROWINGS** (continued)

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Total loans and borrowings</b>				
Hire purchase liabilities (Note 32)	<b>121</b>	163	<b>109</b>	127
Other loans and borrowings:				
Bank overdrafts	<b>140</b>	2,523	—	—
PRC bank loans (i)	—	578,613	—	—
Term loan facilities (iii)	<b>1,245,732</b>	739,029	—	—
Senior guaranteed notes (Note 34)	—	603,280	—	—
	<b>1,245,993</b>	1,923,608	<b>109</b>	127
 Maturity of total loans and borrowings (excluding hire purchase liabilities):				
Within one year	<b>140</b>	1,184,416	—	—
More than one year and less than two years	<b>1,245,732</b>	—	—	—
More than two years and less than five years	—	739,029	—	—
	<b>1,245,872</b>	1,923,445	—	—

The ranges of effective interest rates at the reporting date for loans, borrowings and notes were as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>%</b>	<b>%</b>
Bank overdrafts	<b>8.6</b>	8.6
PRC bank loans	—	10.3
Term loan facilities	<b>2.2</b>	1.7
Senior guaranteed notes:		
- SGN2011	—	7.9

- (i) The PRC bank loans from JPMorgan Chase Bank, N.A., Shanghai Branch ("Bank") were issued on 14 November 2006 and matured on 13 November 2011. Interest payable on the PRC bank loans was equal to the five-year bank loan rate as pronounced by the People's Bank of China plus a spread of 2.35% per annum. To manage the Group's interest rate exposure attributable to the PRC bank loans, the Group entered into interest rate swap contracts with the Bank and JPMorgan Chase Bank, N.A. Hong Kong with an aggregate nominal amount of Rmb1.5 billion on 15 November 2006. The fair value of the interest rate swap is disclosed in Note 42(c).

Pursuant to the agreements, the Bank was entitled to request the Group to reduce the aggregate amount of the PRC bank loans outstanding to reflect the reduction in the Rmb equivalent amount of the CLNs which were denominated in US\$ (Note 22(i)). During the financial year ended 30 June 2011, as a result of the appreciation of the Rmb against the US\$, the Group repaid Rmb63 million, equivalent to approximately RM29.4 million of the PRC bank loans.

On 15 November 2010, the Group entered into agreements of Pledge Over Special Account ("Agreements") with the Bank, whereby the Group agreed to provide a pledge over equivalent moneys of the outstanding principal amount placed in a special account in favour of the Bank in accordance with the terms and conditions in the Agreements to secure the performance of the Group's obligations.



### 31. LOANS AND BORROWINGS (continued)

(i) (continued)

On the same day, the Group deposited an aggregate amount of Rmb1,302,000,000, equivalent to approximately RM608 million (Note 26) into DBS Bank (China) Ltd, Beijing Branch ("DBS") with a maturity date of 10 November 2011, on which day the PRC bank loans mature. According to the notice of pledge and corresponding acknowledgement, the Group shall not have any right to withdraw any amounts of the pledged money from the DBS account unless prior written consent or instruction from the Bank is obtained. Thereafter, the Group is no longer required to repay certain amounts of the PRC bank loans to match the outstanding Rmb principal with the CLNs denominated in US\$.

On 13 November 2011, the Group settled the swap agreement and repaid the PRC bank loan by using the pledged deposit with an aggregate amount of Rmb1,302,000,000.

(ii) On 10 November 2010, the Group entered into an agreement with a number of overseas banks to borrow a loan in order to (a) provide funding for its business expansion and other general corporate needs; and (b) redeem the SGN2012 (Note 34(ii)) in full. Pursuant to the loan agreement, the Group drew down the loan at a principal of US\$250 million ("Facility A loan") in two batches of US\$70 million and US\$180 million on 22 November 2010 and 23 December 2010, respectively. The loan bears interest at a floating rate of LIBOR (6 months) plus 2.15% per annum, payable semi-annually in arrears on 10 May and 10 November of each year, beginning on 10 May 2011. The principal of the term loan is repayable on 12 November 2013.

In order to hedge the Group's exposure to the risks arising from the variability of interest rates and fluctuation of foreign exchange rates, the Group entered into interest rate swap and cross currency swap contracts (Note 42(c)(iii)) on the respective drawdown dates. The purpose of the swap arrangement is to provide the Group with a Rmb equivalent fixed rate debt of Rmb1,665,268,000 and a fixed interest rate of 1.66% per annum.

On 29 November 2011, the Group entered into an amendment and restatement agreement with certain overseas investors ("lending banks") to upsize the syndicated loan from the original sum of US\$250 million to US\$400 million in order to fund its growth strategy through acquisition of certain department stores in the PRC. Pursuant to the above loan agreement, the Group is able to draw down a loan principal of US\$150 million through JPMorgan Chase Bank, N.A. Hong Kong in two batches of US\$100 million ("Facility B loan") and HK\$390 million ("Facility C loan", approximates US\$50 million) on 29 November 2011, respectively. The loan bears interest at a floating rate, which is a combination of LIBOR/HIBOR (6 months), and a margin at 2.15% per year. The entire US\$350 million and HK\$390 million of syndicated loan is due for full repayment on 12 November 2013.

Simultaneously, the Group entered into interest rate swap (Note 42(c)(iv)) agreements to hedge the risks arising from the variability of interest rate for the Facility B loan and the Facility C loan, respectively. The purpose of the swap agreements is to provide the Group with a US\$100 million loan with a fixed rate of 2.98% per annum and a HK\$390 million loan with a fixed rate of 2.91% per annum, respectively.

The obligation of the Group under the term loan facilities was secured by pledges or equitable mortgages and charges over the entire issued share capital of certain subsidiaries of the Group. Also, the above loan agreements on the Facility A loan, the Facility B loan and the Facility C loan (collectively the "Facility Agreement") contains a specific performance obligation imposed on the Company. Specifically, the Facility Agreement required the Company at any time when the term loan facilities remain outstanding to control whether directly or indirectly through any person beneficially:

- (a) more than 30% issued share capital of Parkson Retail; or
- (b) issued share capital having the right to cast more than 30% of the votes capable of being cast in the shareholder meeting of Parkson Retail.

The non-compliance on the specific performance obligation imposed on the Company might trigger an early repayment of the outstanding syndicated loan by Parkson Retail within 15 business days after receiving notice from the agent to the Facility Agreement.

At the reporting date, the Company controls and beneficially owns directly or indirectly 51.5% of the issued share capital of Parkson Retail.



### 32. HIRE PURCHASE LIABILITIES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Minimum lease payments:</b>				
Not later than one year	37	48	24	24
Later than one year and not later than two years	24	37	24	24
Later than two years and not later than five years	74	73	74	73
Later than five years	–	24	–	24
	<b>135</b>	<b>182</b>	<b>122</b>	<b>145</b>
Less: Future finance charges	<b>(14)</b>	<b>(19)</b>	<b>(13)</b>	<b>(18)</b>
	<b>121</b>	<b>163</b>	<b>109</b>	<b>127</b>
<b>Present value of finance lease liabilities:</b>				
Not later than one year	31	41	19	18
Later than one year and not later than two years	20	31	20	18
Later than two years and not later than five years	70	68	70	68
Later than five years	–	23	–	23
	<b>121</b>	<b>163</b>	<b>109</b>	<b>127</b>
<b>Representing:</b>				
Current	31	41	19	18
Non-current	90	122	90	109
	<b>121</b>	<b>163</b>	<b>109</b>	<b>127</b>

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

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

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Contractual interest rates	2.4 - 2.5	2.4 - 3.7	2.5	2.5
Weighted average effective interest rate	4.7	5.9	4.7	4.7





### **33. RCSLS**

Pursuant to the completion of the acquisition of the subsidiaries in retail business in September 2007, the Company issued RM500 million nominal value 3-year 3.5% RCSLS at 100% of its nominal value as part settlement thereof which RCSLS was fully converted in August 2010. Salient terms of the RCSLS were as follows:

**(a) Conversion rights and rate**

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

**(b) Conversion period**

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

**(c) Coupon rate**

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

**(d) Redemption**

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

- (i) Optional Redemption - the Company has an option to redeem at any time.
- (ii) Redemption Upon Maturity - any unconverted RCSLS on the expiry of the conversion period could be redeemed for cash at RM1.00 per RCSLS.
- (iii) Mandatory Redemption - upon the occurrence of a shareholders' or creditors' winding up of the Company.

**(e) Security**

Secured against 124,200,000 ordinary shares of HK\$0.02 each in Parkson Retail (taking into account the subdivision of every ordinary share of HK\$0.10 each in Parkson Retail into 5 new subdivided ordinary shares of HK\$0.02 each) and 50,000,002 ordinary shares of RM1.00 each in Parkson Corporation Sdn Bhd.

**(f) Ranking of new shares**

The new ordinary shares of RM1.00 each fully paid issued pursuant to the conversion of the RCSLS shall rank *pari passu* in all respects with the then existing issued and paid-up shares of the Company, except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the crediting of the new shares into the securities account of the holder maintained with Bursa Malaysia Depository Sdn Bhd.



### 33. RCSLS (continued)

The value of the RCSLS was split into the liability component and the equity component, representing the fair value of the conversion option. The RCSLS recognised in the statements of financial position may be analysed as follows:

	Group/Company RM'000
Liability component at 1 July 2010	233,552
Interest expense recognised during the year (Note 5)	2,099
Interest paid during the year	(7,327)
Converted during the year	(228,324)
	<hr/>
Liability component at 30 June 2011	–
	<hr/>

The equity component recognised in the statements of financial position is disclosed in Note 28.

During the financial year ended 30 June 2011, the remaining RM228,800,000 nominal value of RCSLS was fully converted into 57,200,000 new ordinary shares of RM1.00 each in the Company ("Share") at a conversion price of RM4.00 nominal amount of the RCSLS for every one new Share. Interest expense on the RCSLS was calculated on the effective yield basis by applying the interest rate of 6.5% per annum.

### 34. SENIOR GUARANTEED NOTES

	2012 RM'000	Group 2011 RM'000
<b>Quoted:</b>		
SGN2011 (i)	–	603,280
SGN2012 (ii)	–	–
	<hr/>	<hr/>
	–	603,280
	<hr/>	<hr/>
 Maturity of senior guaranteed notes:		
Not later than one year	–	603,280
	<hr/>	<hr/>

- (i) On 14 November 2006, Parkson Retail issued the SGN2011 in an aggregate principal amount of US\$200 million. The SGN2011 were admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The SGN2011 bore interest at a rate of 7.875% per annum. Interest was payable semi-annually in arrears on 14 May and 14 November of each year, commencing on 14 May 2007.

During the financial year, the SGN2011 were fully repaid.

- (ii) On 30 May 2007, Parkson Retail issued the SGN2012 in an aggregate principal amount of US\$125 million. The SGN2012 were admitted to the Official List of the SGX-ST. The SGN2012 were due on 30 May 2012 and bore interest at a rate of 7.125% per annum. Interest was payable semi-annually in arrears on 30 May and 30 November of each year, commencing on 30 November 2007. Parkson Retail had the option to redeem 35% of the SGN2012 through proceeds from equity offerings before 30 May 2010 at a redemption price (expressed as a percentage of the principal amount) equal to 107.125%. After 30 May 2010, Parkson Retail had the option to redeem all or part of the SGN2012 at a redemption price of 103.5625% in year 2010 and 101.78125% thereafter.

The Group had entered into a cross currency interest rate swap arrangement (Note 42(c)(ii)) with J.P. Morgan Securities (Asia Pacific) Limited. The purpose of the cross currency interest rate swap arrangement was to provide the Group with a Rmb equivalent fixed rate debt of Rmb956,630,000 with an interest rate of 3.45% per annum.

The SGN2012 were early redeemed in the previous financial year.



### 35. LONG TERM PAYABLES

	Group	
	2012 RM'000	2011 RM'000
Rental deposits (i)	107,897	66,073
Deferred lease income (ii)	12,403	5,995
Defined benefit obligation (iii)	2,228	610
Others	425	372
	<b>122,953</b>	<b>73,050</b>

- (i) Non-current rental deposits have maturity ranging from 2 to 20 years. The rental deposits are recognised initially at fair value. The difference between fair value and the absolute deposit amount is recorded as deferred lease income.
- (ii) Deferred lease income relates to differences between fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which is amortised on a straight-line basis over the lease terms ranging from 2 to 20 years.

The movement in deferred lease income is as follows:

	Group	
	2012 RM'000	2011 RM'000
At 1 July	5,995	–
Effect of adopting FRS 139	–	4,975
Additions during the year	8,999	2,320
Refunds during the year	(1,427)	–
Recognised in profit or loss (Note 8)	(1,380)	(1,353)
Exchange differences	216	53
At 30 June	<b>12,403</b>	<b>5,995</b>

- (iii) The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 13/2003. The principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2012 are as follows:

Annual discount rate	:	9%
Future annual salary increment	:	8%
Retirement age	:	55 years of age



### 35. LONG TERM PAYABLES (continued)

(iii) (continued)

The following table summarises the components of net employee benefits expense recognised in profit or loss:

	Group	
	2012 RM'000	2011 RM'000
Current service cost	1,554	72
Interest cost on benefit obligations	319	33
Net actuarial loss recognised during the year	(149)	(7)
Expected return on assets	(133)	—
Past service cost	44	4
Curtailment effect	—	(2)
Net employee benefits expense	<u>1,635</u>	<u>100</u>

The estimated liabilities for employee benefits at the reporting date are as follows:

	Group	
	2012 RM'000	2011 RM'000
Defined benefit obligation	5,722	7,474
Fair value of planned assets	(888)	(3,808)
	<u>4,834</u>	<u>3,666</u>
Unrecognised actuarial loss	(1,639)	(1,448)
Unrecognised past service cost	(967)	(1,608)
Liabilities at 30 June	<u>2,228</u>	<u>610</u>

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

	Group	
	2012 RM'000	2011 RM'000
Benefit obligation at 1 July	610	—
Arising from acquisition of a subsidiary	—	516
Reversal during the year	—	(2)
Provision during the year	1,635	100
Benefit paid during the year	—	(4)
Exchange differences	(17)	—
Benefit obligation at 30 June	<u>2,228</u>	<u>610</u>



### 36. TRADE AND OTHER PAYABLES AND OTHER LIABILITIES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Current</b>				
Trade and other payables:				
Trade payables (i)	1,134,673	1,001,148	–	–
Other payables (ii)	128,998	86,212	385	–
Amount due to a related party (iii)	76	141	76	141
Deposits	92,855	75,532	–	–
Accruals	109,512	134,200	1,109	2,082
Total trade and other payables	1,466,114	1,297,233	1,570	2,223
Other liabilities:				
Deferred revenue from gift cards/ vouchers sold	504,185	369,733	–	–
Deferred revenue from customer loyalty award (iv)	47,258	36,619	–	–
	551,443	406,352	–	–
	2,017,557	1,703,585	1,570	2,223
Total trade and other payables (as above)	1,466,114	1,297,233	1,570	2,223
Add:				
Long term payables (Note 35)	122,953	73,050	–	–
Loans and borrowings (Note 31)	1,245,993	1,923,608	109	127
Total financial liabilities carried at amortised cost	2,835,060	3,293,891	1,679	2,350

- (i) Credit terms of trade payables granted to the Group vary from 30 to 90 days (2011: 30 to 90 days).
- (ii) These amounts are non-interest bearing. Other payables are normally settled on average terms of 30 to 90 days (2011: average terms of 30 to 90 days).
- (iii) The amount due to a related party, Amsteel Mills Marketing Sdn Bhd, is unsecured, interest free and repayable on demand.

The relationship of the related party with the Group and the Company are further disclosed in Note 37.



### 36. TRADE AND OTHER PAYABLES AND OTHER LIABILITIES (continued)

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

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	<b>36,619</b>	29,328
Acquisition of a subsidiary	–	4,570
Additions during the year	<b>90,879</b>	92,377
Recognised as revenue	<b>(67,199)</b>	(75,542)
Lapsed amounts reversed	<b>(15,053)</b>	(13,368)
Exchange differences	<b>2,012</b>	(746)
	<hr/>	<hr/>
At 30 June	<b>47,258</b>	36,619
	<hr/>	<hr/>

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

Other information on financial risks of trade and other payables are disclosed in Note 42.

### 37. SIGNIFICANT RELATED PARTY DISCLOSURES

<b>Related parties</b>	<b>Relationship</b>
Posim Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Posim EMS Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Lion Trading & Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Secom (Malaysia) Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Total Triumph Investments Limited ("Total Triumph")	A company in which a Director and certain substantial shareholders of the Company have interests
Amsteel Mills Marketing Sdn Bhd	A subsidiary of Amsteel Mills Sdn Bhd, a substantial shareholder of the Company
Bonuskad Loyalty Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Lion Insurance Company Limited	A company in which a Director and certain substantial shareholders of the Company have interests
1st Avenue Mall Sdn Bhd ("FAM")	A company in which a Director and certain substantial shareholders of the Company, and a director of a subsidiary have interests
WatchMart (M) Sdn Bhd	A company in which a director of a subsidiary is a shareholder
PT Mitra Samaya ("PT Mitra")	Previously a corporate shareholder of a subsidiary of the Company
PT Tozy Bintang Sentosa	A subsidiary of PT Mitra
PT Monica Hijaulestari ("PT Monica")	A company in which the close members of a director of a subsidiary are shareholders



**37. SIGNIFICANT RELATED PARTY DISCLOSURES** (continued)

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

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchases of goods and services from:		
- Bonuskad Loyalty Sdn Bhd	<b>10,281</b>	9,140
- Posim Marketing Sdn Bhd	<b>955</b>	471
- Posim EMS Sdn Bhd	<b>964</b>	534
- Lion Trading & Marketing Sdn Bhd	<b>1,051</b>	211
- Secom (Malaysia) Sdn Bhd	<b>1,107</b>	613
- WatchMart (M) Sdn Bhd	<b>414</b>	91
- PT Mitra	<b>407</b>	—
- PT Monica	<b>8,377</b>	2
Rental of office and warehouse space from:		
- PT Tozy Bintang Sentosa	<b>1,027</b>	76
	<b>1,173</b>	<b>1,623</b>
	<b>Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Subsidiary:		
Dividend income	<b>150,000</b>	100,000
Related party - Total Triumph:		
Finance income (Note 5)	<b>1,173</b>	1,623

A subsidiary, Kiara Innovasi Sdn Bhd ("Kiara Innovasi") had entered into an operating lease arrangement with FAM. The lease will commence on the date that the handover conditions as defined in the lease agreement ("Handover Conditions") being satisfied by FAM ("Commencement Date"). The lease has renewable terms up to 15 years from the Commencement Date. Pursuant to the lease agreement, FAM had provided Kiara Innovasi a cash lease incentive of RM5.5 million. On 15 July 2011, the Handover Conditions have been fulfilled, and the Group's lease commitments are included in Note 38(b).

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

Information regarding outstanding balances arising from related party transactions as at 30 June 2012 are disclosed in Note 21, Note 25 and Note 36.





### 37. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

#### (b) Compensation of key management personnel

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

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term employee benefits	<b>4,921</b>	3,666	<b>230</b>	218
Post-employment benefits				
- Defined contribution plan	<b>374</b>	343	<b>14</b>	14
	<b>5,295</b>	4,009	<b>244</b>	232

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

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>'000</b>	<b>'000</b>
At 1 July	<b>210</b>	210
Exercised	<b>(42)</b>	—
Terminated (i)	<b>(168)</b>	—
At 30 June	<b>—</b>	210

- (i) The unexercised share options granted to the key management personnel under the ESOS of the Company were terminated on 1 June 2012.

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

#### (c) Others

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

Parkson Retail can exercise the option without time limit and the purchase consideration shall be negotiated on an arm's length basis between the Company and Parkson Retail at the time of acquisition.



### 38. COMMITMENTS

#### (a) Capital commitments

Capital expenditure at the reporting date is as follows:

	2012 RM'000	Group 2011 RM'000
Capital expenditure for property, plant and equipment:		
Approved and contracted for	162,107	48,794
Approved but not contracted for	–	4,455
	<u>162,107</u>	<u>53,249</u>

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

	2012 RM'000	Group 2011 RM'000
<b>As lessee</b>		
Future minimum rentals payable:		
Not later than one year	533,980	454,749
Later than one year and not later than five years	2,244,615	1,951,066
Later than five years	5,619,264	4,453,922
	<u>8,397,859</u>	<u>6,859,737</u>

The Group leases certain of its properties and equipment under operating lease arrangements. These leases have non-cancellable lease terms ranging from 5 to 20 years and there are no restrictions placed upon the Group by entering into these lease agreements.

A lease that is cancellable only upon the occurrence of some remote contingency is a non-cancellable operating lease as defined under the FRS. Pursuant to the relevant lease agreements, the Group is entitled to terminate the underlying lease agreement if the attributable retail store business has incurred losses in excess of a prescribed amount or such retail store will not be in a position to continue its business because of the losses.

In addition to the above, the annual contingent rental amount is chargeable on a percentage of the respective stores' turnover or profits, where appropriate, as stated in the relevant lease agreements. The amount of contingent rental charged is disclosed in Note 8(a).

	2012 RM'000	Group 2011 RM'000
<b>As lessor</b>		
Future minimum rentals receivable:		
Not later than one year	111,304	94,646
Later than one year and not later than five years	168,933	94,131
Later than five years	118,580	3,880
	<u>398,817</u>	<u>192,657</u>

The Group leases certain of its properties under operating leases. These leases have remaining non-cancellable lease terms ranging from 1 to 20 years.

In addition to the above, the annual contingent rental amount is chargeable on a percentage of the respective stores' turnover. The amount of contingent rental chargeable to lessee is disclosed in Note 8(a).



### 39. SIGNIFICANT EVENTS

- (a) On 16 August 2011, CIMB Investment Bank Berhad, on behalf of the Board, announced the proposed listing of Parkson Asia on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") which involved, amongst others, the offering of ordinary shares of Parkson Asia ("Parkson Asia Shares") by way of a public offer to the public of Singapore, a placement to institutional and/or other investors in Singapore and overseas and the offering of the Parkson Asia Shares to the eligible directors, management, employees and business associates of Parkson Asia and its subsidiaries ("Parkson Asia Group") and the proposal to establish an employee share option scheme for the eligible directors and employees of the Parkson Asia Group.

On 3 November 2011, Parkson Asia was successfully listed on the SGX-ST and the Group's equity interest in Parkson Asia was diluted from 90.1% to 67.6%.

- (b) On 28 November 2011, Tianjin Parkson, a wholly-owned subsidiary of Parkson Retail Development Co Ltd which in turn is a wholly-owned subsidiary of Parkson Retail, entered into a sale and purchase agreement with Tianjin Binhai Century Plaza Co Ltd for the acquisition by Tianjin Parkson of the land use right and the building ownership right of a shopping complex located in the Tianjin City, the PRC for a total acquisition price of Rmb704.6 million (equivalent to approximately RM352.2 million).

As at 30 June 2012, the acquisition has not been completed pending fulfilment of certain conditions precedent.

### 40. SUBSEQUENT EVENTS

- (a) On 31 July 2012, Parkson Asia completed the acquisition of a total of 60,625,000 ordinary shares in Odel PLC ("Odel") ("Shares") representing 41.82% of the issued and paid-up share capital of Odel at LKR23.50 per share from Otara Del Gunewardene, Ruchi Hubert Gunewardene and Ajit Damon Gunewardene (collectively, the "Gunewardene Family") for a total consideration of approximately LKR1,424.7 million (equivalent to approximately RM33.9 million) ("Acquisition"). Odel is a company listed on the Colombo Stock Exchange in Sri Lanka.

Parkson Asia had also undertaken open market purchases of an additional 525,896 Shares representing 0.37% of the issued and paid-up share capital of Odel at a weighted average price of LKR23.46 per Share for a consideration of approximately LKR12.3 million (equivalent to approximately RM0.3 million). As a result, Parkson Asia holds 42.19% stake in Odel.

Parkson Asia is required under the Sri Lankan Company Take-Overs and Mergers Code 1995 (As amended in 2003) to make a mandatory offer ("Offer") for all of the remaining Shares at LKR23.50 per Share, being the highest price at which Parkson Asia has acquired the Shares within the twelve-month period prior to the date of completion of the Acquisition. Parkson Asia has received an irrevocable undertaking from the Gunewardene Family not to accept the Offer in respect of their remaining 60,625,000 Shares held in Odel, representing 41.82% of Odel's issued and paid-up share capital.

As at 11 September 2012, being the closing date of the Offer, 3,424,536 Shares representing 2.36% of Odel's issued and paid-up share capital had been accepted under the Offer ("Completion of the Offer"). Following the Completion of the Offer, Parkson Asia owns a total of 64,575,432 Shares representing 44.55% of Odel's issued and paid-up share capital.

Subsequent to the Completion of the Offer, Odel will undertake a one-for-one rights issue of Shares at LKR20.00 per Share ("Proposed Rights Issue"), subject to all shareholder, regulatory and other approvals being obtained. Parkson Asia and the Gunewardene Family have undertaken to accept and subscribe for all the rights Shares that they will be entitled to under the Proposed Rights Issue. The Proposed Rights Issue, if fully accepted and subscribed by all of the shareholders of Odel, is expected to raise a minimum of LKR2,899 million (equivalent to approximately RM69.1 million) for Odel. The funds to be raised in the Proposed Rights Issue are intended to fund the development and expansion of Odel in Sri Lanka.

#### 40. SUBSEQUENT EVENTS (continued)

- (b) On 27 August 2012, East Crest International Limited ("East Crest"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement ("SPA") with Grand Parkson Retail Group Limited ("Grand Parkson"), a wholly-owned subsidiary of Parkson Retail, for the disposal by East Crest of its entire equity interest in Victor Crest Limited ("Victor Crest") to Grand Parkson for a total cash consideration of Rmb420,000,001 (equivalent to approximately RM205.8 million).
- (c) On 3 September 2012, Megan Mastika Sdn Bhd ("MMSB"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Dimensi Andaman Sdn Bhd ("DASB"), a company in which a Director of the Company has interest, for the acquisition of 15 acres out of the 23.22 acres undivided interest of land located in Melaka by MMSB from DASB for a cash consideration of RM98 million.

#### 41. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

###### Fair value hierarchy

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

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

There have been no transfer between Levels 1, 2 and 3 during the financial year.

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

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Significant unobservable inputs (Level 3)		
Derivative	<b>52</b>	<b>52</b>



#### 41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

The fair values of the Group's and of the Company's financial assets and liabilities approximate to their carrying amounts except for the following:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial assets</b>				
<b>At 30 June 2012</b>				
Unquoted shares	30,233	<sup>a</sup>	–	–
Amounts due from subsidiaries	–	–	7,893,774	<sup>b</sup>
Amounts due from related parties	123	<sup>b</sup>	113	<sup>b</sup>
<b>At 30 June 2011</b>				
Unquoted shares	233	<sup>a</sup>	–	–
Amounts due from subsidiaries	–	–	8,020,899	<sup>b</sup>
Amount due from a related party	123	<sup>b</sup>	123	<sup>b</sup>
<b>Financial liabilities</b>				
<b>At 30 June 2012</b>				
Hire purchase liabilities	121	121	109	109
Amount due to a related party	76	<sup>b</sup>	76	<sup>b</sup>
<b>At 30 June 2011</b>				
Hire purchase liabilities	163	163	127	127
Amount due to a related party	141	<sup>b</sup>	141	<sup>b</sup>
Senior guaranteed notes	603,280	603,280	–	–

<sup>a</sup> It is not practical to estimate the fair value of the non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

<sup>b</sup> It is not practical to determine the fair values of the amounts due from/to subsidiaries/related parties in view of the uncertainty as to the timing of future cash flows.

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

(i) **Financial instruments classified as current**

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

(ii) **Long term loans and borrowings**

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



## **42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, senior guaranteed notes, trade payables and other payables. The main purpose of these financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as deposits and other receivables, trade receivables, cash and bank balances which arise directly from its operations.

The Group also enters into held-to-maturity investments and derivative transactions, primarily interest rate swaps and cross currency swaps. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of funds.

It is, and has been throughout the year under review, the Group's policy that no trading in derivatives shall be undertaken other than the interest rate swaps and cross currency swaps as mentioned above.

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, liquidity risk and credit risk. The Group reviews and agrees on policies for managing each of these risks.

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

### **(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in the market interest rates.

The Group's policy is to manage its interest rate risk using a mix of floating and fixed rate debts or structured fixed interest rate borrowings through interest rates swaps.

At the reporting date, after taking into consideration the effect of an interest rate swap, nearly 100% (2011: 100%) of the Group's borrowings are at fixed rates of interest. The effects and details of the interest rates swaps are further disclosed in Note 42(c).

#### Sensitivity analysis of interest rate risk

A reasonably possible change of 100 basis points in interest rates, with all other variables held constant, would have no material impact on the Group's profit or loss. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

### **(b) Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign 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 United States Dollar ("US\$"), Hong Kong Dollar ("HK\$") and Singapore Dollar ("SGD"), the Group's foreign exchange risk is primarily due to exposure to the US\$, HK\$ and SGD. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

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

## 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (b) Foreign exchange risk (continued)

In addition to the disclosure detailed elsewhere in the financial statements, the net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional currency	Net financial assets/liabilities held in			Total RM'000
	United States Dollar RM'000	Hong Kong Dollar RM'000	Singapore Dollar RM'000	
<b>At 30 June 2012</b>				
<b>Deposits, cash and bank balances</b>				
Ringgit Malaysia	33,896	1,459	168,859	204,214
Chinese Renminbi	202,239	34,108	1,721	238,068
Hong Kong Dollar	4,176	–	–	4,176
Indonesia Rupiah	522	–	–	522
	<u>240,833</u>	<u>35,567</u>	<u>170,580</u>	<u>446,980</u>
<b>At 30 June 2011</b>				
<b>Deposits, cash and bank balances</b>				
Ringgit Malaysia	36,279	522	–	36,801
Chinese Renminbi	12,447	22,085	3,219	37,751
Hong Kong Dollar	3,963	–	–	3,963
Indonesia Rupiah	479	–	–	479
	<u>53,168</u>	<u>22,607</u>	<u>3,219</u>	<u>78,994</u>

#### Sensitivity analysis of foreign exchange risk

A reasonably possible change of 3% in the US\$, HK\$ and SGD exchange rates against the functional currency of the Group, with all other variables held constant, would have no material impact on the Group's profit or loss.

### (c) Hedging activities

#### Cash flow hedges

Cash flow hedges are used to mitigate the Group's exposure to changes in cash flows attributable to interest rate fluctuations associated with interest and principal payments on the Group's variable rate interest-bearing loans (Note 31).

All derivative financial instruments are recorded at fair value on the statements of financial position. Effective changes in the fair values of these cash flow hedging instruments are recognised in the hedging reserve in the statements of financial position and are then reclassified from equity to profit or loss in the same period that the forecasted cash flows of the hedged items impact the profit. The ineffective portions of changes in fair values of derivatives that do not qualify for hedge accounting are recognised in profit or loss.





## **42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

### **(c) Hedging activities (continued)**

#### Cash flow hedges (continued)

The hedging instruments that the Group have entered into are as follows:

#### **(i) PRC bank loan**

On 15 November 2006, the Group entered into interest rate swap contracts with an aggregate nominal amount of Rmb1.5 billion with JPMorgan Chase Bank, N.A., Shanghai Branch and JPMorgan Chase Bank, N.A. Hong Kong to convert the Group's variable PRC bank loans (Note 31(i)) to a fixed rate of 10.3% per annum. On each settlement date, the bank loan interest and interest rate swap contracts are settled simultaneously. On 13 November 2011, the Group has settled the swap agreement.

#### **(ii) SGN2012**

On 30 May 2007, the Group entered into a cross currency interest rate swap arrangement with J.P. Morgan Securities (Asia Pacific) Limited to convert the Group's SGN2012 (Note 34(ii)) of US\$125 million to a Rmb equivalent fixed rate debt of Rmb956,630,000 with an interest rate of 3.45% per annum. In May 2010, the cross currency interest rate swap expired with cash settlement at US\$15.1 million (equivalent to approximately RM49.4 million).

#### **(iii) Facility A loan**

On 10 November 2010, the Group entered into a series of cross currency and interest rate swap contracts with the contracting parties to convert the Group's US\$250 million Facility A loan (Note 31(ii)) which were drawn down in several tranches to a Rmb equivalent fixed rate debt of Rmb1,665 million with a fixed interest rate of 1.66% per annum.

#### **(iv) Facility B loan and Facility C loan**

On 29 November 2011, the Group entered into a series of interest rate swap contracts with the contracting parties to convert the Group's US\$100 million Facility B loan (Note 31(ii)) which were drawn down in several tranches to a US\$ fixed rate loan at 2.98% per annum and the Group's HK\$390 million Facility C loan (Note 31(ii)) to a HK\$ fixed rate loan at 2.91% per annum, respectively.

As at 30 June 2012, these outstanding hedges were in a liability position with a total fair value of RM14,798,000 (2011: RM26,753,000) which was recorded as derivative financial instruments designated as hedging instruments in the statement of financial position.

The Group is exposed to counterparty credit risk on its derivative financial instruments and only enters into derivative transactions with well-established financial institutions. Therefore, the counterparty credit risk with respect to derivative financial instruments is minimal.

### **(d) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group manages its operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash and bank balances to meet its working capital requirements.



#### 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### (d) Liquidity risk (continued)

###### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2012	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade and other payables	1,466,114	–	–	1,466,114
Loans and borrowings:				
Hire purchase liabilities	37	98	–	135
Bank overdrafts	140	–	–	140
Term loan facilities	–	1,282,290	–	1,282,290
Derivative financial instruments	–	14,798	–	14,798
Long term payables:				
Rental deposits	–	103,605	8,438	112,043
<b>Total undiscounted financial liabilities</b>	<b>1,466,291</b>	<b>1,400,791</b>	<b>8,438</b>	<b>2,875,520</b>
<b>Company</b>				
<b>Financial liabilities:</b>				
Trade and other payables	1,570	–	–	1,570
Loans and borrowings:				
Hire purchase liabilities	24	98	–	122
<b>Total undiscounted financial liabilities</b>	<b>1,594</b>	<b>98</b>	<b>–</b>	<b>1,692</b>

##### (e) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The receivables are monitored on an ongoing basis through the Group's and the Company's management reporting procedures.

###### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position, including derivatives with positive fair values.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 25.

## 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (e) Credit risk (continued)

#### Credit risk concentration profile

The Group and the Company determine concentrations of credit risk by monitoring individual profile of its trade receivables on an ongoing basis. At the reporting date, the Group and the Company do not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risk related to any financial instrument.

#### Financial assets that are neither past due nor impaired

Information regarding receivables that are neither past due nor impaired is disclosed in Note 25. Deposits with banks and other financial institutions are placed with reputable financial institutions.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 25.

### (f) Market risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instrument outside Malaysia. The quoted equity instrument is listed on The Stock Exchange of Hong Kong Limited and is classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

#### Sensitivity analysis for equity price risk

A reasonably possible change of 5% in the market prices of the quoted shares in The Stock Exchange of Hong Kong Limited, with all other variables held constant, would have no material impact on the Group's other comprehensive income, arising as a result of an increase or decrease in the fair value of equity instrument classified as available-for-sale.

## 43. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- |      |                                 |   |   |
|------|---------------------------------|---|---|
| (i)  | Retailing                       | - | Operation and management of retail stores in Malaysia, PRC, Vietnam and Indonesia |
| (ii) | Property and investment holding | - | Operation of a retail mall in Malaysia and investment holding                     |

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

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

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



#### 43. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows:

	Retailing				Property and investment holding	Elimination	Total
	Malaysia RM'000	PRC RM'000	Vietnam RM'000	Indonesia RM'000	RM'000	RM'000	RM'000
<b>30 June 2012</b>							
Revenue:							
External customers	840,724	2,339,869	110,384	132,912	20,538	–	3,444,427
Inter-segment	–	–	–	–	2,938	(2,938)	–
Total revenue	<u>840,724</u>	<u>2,339,869</u>	<u>110,384</u>	<u>132,912</u>	<u>23,476</u>	<u>(2,938)</u>	<u>3,444,427</u>
Results:							
Segment profit	121,145	690,402	11,577	8,671	3,984	–	835,779
Finance income							140,157
Employee share-based payments							(207)
Operating profit							975,729
Finance costs							(88,222)
Share of results of an associate							156
Profit before tax							<u>887,663</u>
Total assets	528,198	6,192,292	202,900	107,812	755,145	–	7,786,347
Total liabilities	360,069	3,108,357	37,936	39,241	20,521	–	3,566,124
Capital expenditure	29,175	220,152	18,460	25,355	28,718	–	321,860
<b>30 June 2011</b>							
Revenue:							
External customers	766,589	2,047,659	101,217	9,617	–	–	2,925,082
Results:							
Segment profit/(loss)	92,312	729,240	23,040	1,519	(14,924)	–	831,187
Finance income							141,701
Employee share-based payments							(1,464)
Operating profit							971,424
Finance costs							(166,290)
Share of results of an associate							133
Profit before tax							<u>805,267</u>
Total assets	652,137	6,073,355	174,254	84,729	286,468	–	7,270,943
Total liabilities	339,808	3,484,367	24,209	36,695	2,499	–	3,887,578
Capital expenditure	75,267	123,996	4,120	2,935	137	–	206,455



#### 44. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains the Group's stability and growth in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group regularly reviews and manages its capital structure and makes adjustments to it, taking into consideration of changes in economic conditions, future capital requirements of the Group, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. No changes were made in the objective, policies or processes during the financial years ended 30 June 2012 and 2011.

The Group monitors capital using a gearing ratio, which is net adjusted debt divided by total capital plus net adjusted debt. The Group's policy is to keep the gearing ratio below 20%. The Group includes within net adjusted debt, trade and other payables and other liabilities, long term payables, loans and borrowings, less deposits, cash and bank balances and held-to-maturity investment. Capital includes equity attributable to the owners of the parent.

	<b>2012</b>	<b>Group</b>
	<b>RM'000</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade and other payables and other liabilities (Note 36)	<b>2,017,557</b>	1,703,585
Long term payables (Note 35)	<b>122,953</b>	73,050
Loans and borrowings (Note 31)	<b>1,245,993</b>	1,923,608
Less: Deposits, cash and bank balances (Note 26)	<b>(3,030,992)</b>	(2,740,698)
Less: Held-to-maturity investment (Note 22)	<b>–</b>	(604,447)
Net adjusted debt	<b>355,511</b>	355,098
Equity attributable to owners of the parent, representing total capital	<b>2,686,088</b>	2,236,090
Total capital and net adjusted debt	<b>3,041,599</b>	2,591,188
Gearing ratio	<b>12%</b>	14%



#### 45. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits of the Group and of the Company as at 30 June 2012 and 30 June 2011 into realised and unrealised profits is presented in accordance with the directive issued by the Bursa Securities dated 25 March 2010 and prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements*, as issued by the Malaysian Institute of Accountants, and the directive of Bursa Securities.

	<b>2012</b>	<b>Group</b>
	<b>RM'000</b>	<b>2011</b>
		<b>RM'000</b>
Total retained profits/(losses)		
- realised	<b>395,253</b>	211,025
- unrealised	<b>(7,022)</b>	(19,774)
Total share of retained profits from an associate		
- realised	<b>265</b>	98
Total share of retained profits from jointly controlled entities		
- realised	<b>9,996</b>	6,508
- unrealised	<b>360</b>	175
Total retained profits	<b>398,852</b>	198,032

Both retained profits of the Company as at 30 June 2012 and 30 June 2011 of RM278,405,000 and RM338,917,000 respectively, are realised.



## LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2012

	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM'million)	Date of Acquisition/ Last Revaluation
1.	44-60, Zhong Shan Lu Shi Nan City Qingdao, China	Leasehold 3.4.2045	51,485.7 sq metres	Commercial building	Shopping complex and office (12)	101.2	June 2004
2.	127, Renming Zhong Road Wuxi, China	Leasehold 22.4.2044	30,498.6 sq metres	Commercial building	Shopping complex and office (16)	25.3	June 2004
3.	239, Dongda Street Xian, China	Leasehold 22.5.2047	17,755.4 sq metres	Commercial building	Shopping complex (15)	20.3	June 2004
4.	37, Jinrong Main Road Xicheng District Beijing, China	Leasehold 30.10.2047	60,888.6 sq metres	Commercial building	Shopping complex and office (18)	393.1	July 2006
5.	88, Er Dao Street Tie Dong District Anshan City Liaoning Province, China	Leasehold 11.5.2040	42,574.0 sq metres	Commercial building	Shopping complex (25)	177.7	January 2008
6.	No. 67, Jalan Taman Ibu Kota Taman Danau Kota Setapak, 53300 Kuala Lumpur, Malaysia	Leasehold 20.11.2106	34,103.0 sq metres	Commercial building	Shopping complex (1)	209.0	May 2008
7.	New Urban Area Nga Nam Catbi Airport Ngo Quyen District Hai Phong City, Vietnam	Leasehold 4.11.2075	23,000.0 sq metres	Commercial building	Shopping complex (6)	60.9	June 2009
8.	Block 1, No. 12 Qi Sheng Middle Road Chaoyang District Beijing, China	Leasehold 30.8.2044	62,720.0 sq metres	Commercial building	Shopping complex and office (2)	551.8	December 2009

## 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.





## ANALYSIS OF SHAREHOLDINGS

### Share Capital as at 30 September 2012

Authorised Capital	:	RM4,500,000,000
Issued and Paid-up Capital	:	RM1,093,902,050
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

### Distribution of Shareholdings as at 30 September 2012

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares*
Less than 100	1,350	13.23	32,191	0.00
100 to 1,000	2,066	20.25	1,039,110	0.10
1,001 to 10,000	5,427	53.20	15,521,568	1.43
10,001 to 100,000	966	9.47	27,654,611	2.55
100,001 to less than 5% of issued shares	391	3.83	807,362,995	74.45
5% and above of issued shares	2	0.02	232,788,344	21.47
	<u>10,202</u>	<u>100.00</u>	<u>1,084,398,819</u>	<u>100.00</u>

### Substantial Shareholders as at 30 September 2012

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares*	No. of Shares	% of Shares*
1. Tan Sri William H.J. Cheng	218,439,012	20.14	300,025,133	27.67
2. Lion Corporation Berhad	102,225	0.01	225,126,364	20.76
3. Lion Industries Corporation Berhad	40,979,700	3.78	184,248,889	16.99
4. LLB Steel Industries Sdn Bhd	–	–	225,228,589	20.77
5. Steelcorp Sdn Bhd	–	–	225,228,589	20.77
6. Amsteel Mills Sdn Bhd	143,970,843	13.28	81,257,746	7.49
7. Lion Diversified Holdings Berhad	–	–	225,228,589	20.77
8. Lion DRI Sdn Bhd	–	–	225,228,589	20.77
9. Graimpi Sdn Bhd	–	–	225,228,589	20.77
10. Government of Singapore Investment Corporation Pte Ltd	67,549,186	6.23	–	–
11. Employees Provident Fund Board	56,236,904	5.19	–	–

#### Note:

- \* Based on the issued and paid-up capital of the Company excluding a total of 9,503,231 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 30 September 2012.



### Thirty Largest Registered Shareholders as at 30 September 2012

Registered Shareholders	No. of Shares	% of Shares*
1. AMSEC Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Amsteel Mills Sdn Bhd (CS-Amsteel0)	143,970,843	13.28
2. HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account HSBC CTLA for Cheng Heng Jem	88,817,501	8.19
3. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	49,245,429	4.54
4. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	47,950,000	4.42
5. AMSEC Nominees (Asing) Sdn Bhd AmTrustee Berhad for Excel Step Investments Limited	40,175,821	3.70
6. OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Lion Industries Corporation Berhad	40,000,000	3.69
7. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (M09)	37,400,240	3.45
8. Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Narajaya Sdn Bhd	37,150,308	3.43
9. Kumpulan Wang Persaraan (Diperbadankan)	36,596,609	3.37
10. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	33,807,204	3.12
11. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund ZM47 for Invesco Developing Markets Fund	23,173,008	2.14
12. HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account HSBC CTLA for Cheng Heng Jem (TB)	19,380,872	1.79
13. Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLTOD67)	19,088,354	1.76
14. Cartaban Nominees (Tempatan) Sdn Bhd Standard Chartered Bank Malaysia Berhad for Cheng Heng Jem (Pledge Account)	15,314,000	1.41
15. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	12,406,311	1.14
16. Cartaban Nominees (Asing) Sdn Bhd State Street Australia Fund ATB1 for Platinum Asia Fund	12,404,900	1.14
17. Amanahraya Trustees Berhad Public Islamic Dividend Fund	11,616,399	1.07
18. HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	10,669,523	0.98
19. HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities PLC	10,539,486	0.97
20. Cheng Yong Kim	9,799,110	0.90
21. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Trillionvest Sdn Bhd (ACC 1)	9,500,000	0.88
22. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad icapital. biz Berhad	9,180,900	0.85
23. Lembaga Tabung Haji	8,823,000	0.81
24. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U. A. E.)	8,415,942	0.78
25. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	8,085,000	0.75
26. Maybank Nominees (Tempatan) Sdn Bhd Asian Finance Bank Berhad for Trillionvest Sdn Bhd (SF)	7,500,000	0.69
27. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Trillionvest Sdn Bhd (ACC 2)	7,500,000	0.69
28. Pertubuhan Keselamatan Sosial	7,358,267	0.68
29. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund KG67 for Invesco International Small Company Fund	6,696,129	0.62
30. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund KG33 for Invesco Asia Pacific Growth Fund	6,602,177	0.61

**Note:**

\* Based on the issued and paid-up capital of the Company excluding a total of 9,503,231 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 30 September 2012.



### Directors' Interests in Shares in the Company and its Related Corporations as at 30 September 2012

The Directors' interests in shares in the Company and its related corporations as at 30 September 2012 are as follows:

	Nominal Value per Ordinary Share	Direct Interest		Indirect Interest	
		No. of Shares	% of Shares	No. of Shares	% of Shares
<b>The Company</b>					
Tan Sri William H.J. Cheng	RM1.00	218,439,012	20.14*	300,330,856	27.70*

### Related Corporations

#### Tan Sri William H.J. Cheng

Parkson Retail Group Limited	HK\$0.02	—	—	1,448,270,000	51.53
Kiara Innovasi Sdn Bhd	RM1.00	—	—	3,000,000	60.00
Parkson Retail Asia Limited	^	500,000	0.07	457,983,300	67.62

### Investments in the People's Republic of China

	Indirect Interest	
	Rmb	% Holdings
Chongqing Wanyou Parkson Plaza Co Ltd	21,000,000	70.00
Dalian Tianhe Parkson Shopping Centre Co Ltd	60,000,000	60.00
Guizhou Shenqi Parkson Retail Development Co Ltd	10,200,000	60.00
Qingdao No. 1 Parkson Co Ltd	223,796,394	95.91
Wuxi Sanyang Parkson Plaza Co Ltd	48,000,000	60.00
Xinjiang Youhao Parkson Development Co Ltd	10,200,000	51.00

	Indirect Interest	
	US\$	% Holdings
<b>Investments in Vietnam</b>		
Parkson Hanoi Co Ltd	3,360,000	70.00

### Notes:

\* Based on the issued and paid-up capital of the Company excluding a total of 9,503,231 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 30 September 2012.

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

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related corporations as at 30 September 2012.



## OTHER INFORMATION

### (I) NON-AUDIT FEES

The amount of non-audit fees paid or payable to external auditors and its affiliated companies for the financial year was RM4,026,000 (2011: RM509,000). The increase was mainly due to the services provided for the proposed listing of Parkson Retail Asia Limited on the Main Board of the Singapore Exchange Securities Trading Limited.

### (II) OPTIONS EXERCISED DURING THE FINANCIAL YEAR ENDED 30 JUNE 2012

During the financial year ended 30 June 2012, a total of 228,800 options were exercised by eligible executive employees of the Group at an exercise price of RM5.31 per share pursuant to the Executive Share Option Scheme of the Company.

### (III) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 30 June 2012 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(a) Obtaining of office equipment, energy and conservation services, security services and equipment, and other related products and services	Lion Corporation Berhad Group <sup>(1)</sup>	488
	Lion Forest Industries Berhad Group <sup>(1)</sup>	35
		523
(b) Obtaining of building maintenance, consumables and other related products and services	Lion Forest Industries Berhad Group <sup>(1)</sup>	45

#### Notes:

"Group" includes subsidiary and associated companies

<sup>(1)</sup> Companies in which a Director and certain major shareholders of the Company have substantial interests.

### (IV) SCHEDULE OF SHARE BUY-BACK FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Monthly Breakdown	No. of Shares Purchased and Retained as Treasury Shares	Purchase Price per Share (RM)		Average Price per Share* RM	Total Consideration RM'000
		Lowest	Highest		
August 2011	50,000	5.62	5.65	5.67	284
September 2011	966,100	4.94	5.60	5.29	5,112
October 2011	1,728,300	5.13	5.64	5.37	9,288
November 2011	79,600	5.46	5.58	5.56	442
February 2012	55,000	5.59	5.61	5.62	309
March 2012	172,600	5.48	5.58	5.55	957
April 2012	427,400	5.18	5.40	5.33	2,277
May 2012	1,755,000	4.59	5.30	4.83	8,482
June 2012	1,051,600	4.43	4.82	4.59	4,826
Purchased during the financial year	6,285,600			5.09	31,977

\* Including transaction costs.

All the shares purchased by the Company were retained as treasury shares. As at 30 June 2012, the Company held 9,303,231 treasury shares. None of the treasury shares were resold or cancelled during the financial year.



**(V) STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS AS AT 30 SEPTEMBER 2012**

	Utilisation RM'million	Utilisation Status	
		Actual RM'million	Unutilised/ Outstanding RM'million
(a) Disposal by the Company of its entire equity interest in Bright Steel Sdn Bhd to Total Triumph Investments Limited, a wholly-owned subsidiary of Lion Corporation Berhad, for a cash consideration of RM53.47 million: <ul style="list-style-type: none"> <li>Defray expenses and working capital:               <ul style="list-style-type: none"> <li>Amount received</li> <li>Deferred payment</li> </ul> </li> </ul>	43.47	43.47	–
	10.00	–	10.00
	53.47	43.47	10.00
(b) Listing of Parkson Retail Asia Limited on the Main Board of the Singapore Exchange Securities Trading Limited which raised a gross proceeds (including proceeds raised by East Crest International Limited as a result of the exercise of the over-allotment option) totalling approximately SGD150.62 million (equivalent to approximately RM367.48 million) (collectively the "Parkson Asia Listing"): <ul style="list-style-type: none"> <li>Open new stores in Malaysia, Vietnam, Indonesia and Cambodia</li> <li>Information technology investment</li> <li>Part of maintenance capital expenditure in Malaysia, Vietnam and Indonesia</li> <li>General investments including acquisition, development and management of retail malls within commercial and residential centre developments</li> <li>Working capital and defraying expenses incurred in connection with the Parkson Asia Listing</li> </ul>	146.39	12.20	134.19
	12.20	–	12.20
	10.25	–	10.25
	167.55	–	167.55
	31.09	22.06	9.03
	367.48	34.26	333.22



# FORM OF PROXY

CDS ACCOUNT NUMBER

			-			-								
--	--	--	---	--	--	---	--	--	--	--	--	--	--	--

I/We .....

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

of.....

being a member/members of PARKSON HOLDINGS BERHAD, hereby appoint .....

.....

I.C. No. ....

of.....

or failing whom,.....

I.C. No. ....

of.....

as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Ninth Annual General Meeting of the Company to be held at the Meeting Hall, Level 16, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 Kuala Lumpur on 21 November 2012 at 10.30 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve Directors' fees		
2. To re-elect as Director, Mr Cheng Sin Yeng		
3. To re-appoint Auditors		
4. Authority to Directors to issue shares		
5. Proposed Shareholders' Mandate for Recurrent Related Party Transactions		
6. 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 .....2012

No. of shares : .....

Signed :.....

## Representation at Meeting:

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 12 November 2012 shall be eligible to attend the Meeting.
- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.
- The instrument of proxy shall be deposited at the office of the Registrar of the Company, Level 13, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.
- Completed Form of Proxy sent through facsimile transmission shall not be accepted.

