

PARKSON HOLDINGS BERHAD

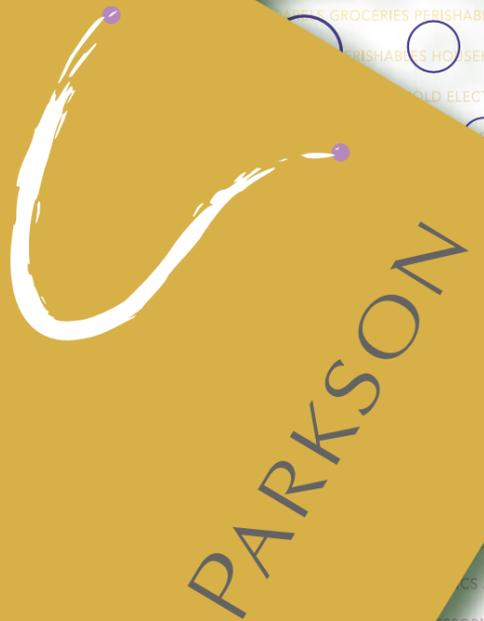


PARKSON HOLDINGS BERHAD

A Member of The Lion Group

(89194-P)

2011



laporan tahunan • annual report

2011



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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth 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 5 December 2011 at 10.00 am for the following purposes:

AGENDA

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2011. **Note 3**
2. To approve the payment of a final single tier dividend of 5.0 sen per ordinary share. **Resolution 1**
3. To approve the payment of Directors' fees amounting to RM273,500 (2010 : RM200,000). **Resolution 2**
4. To re-elect Directors:

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

Y. Bhg. Dato' Hassan bin Abdul Mutalip **Resolution 3**
Mr Yeow Teck Chai **Resolution 4**

In accordance with Article 99 of the Company's Articles of Association, Y. Bhg. Tan Sri Abd Rahman bin Mamat who was appointed during the financial year retires and, being eligible, offers himself for re-election. **Resolution 5**
5. To re-appoint Auditors to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Resolution 6**
6. Special Business
 - 6.1 To consider and, if thought fit, pass the following ordinary resolutions:
 - 6.1.1 Authority to Directors to issue shares

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." **Resolution 7**
 - 6.1.2 Proposed Shareholders' Mandate for Recurrent Related Party Transactions

"THAT approval be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of Part A of the Circular to Shareholders of the Company dated 11 November 2011 ("Related Parties") which has been despatched to the shareholders of the Company, provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and **Resolution 8**



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

- (i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier; and

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

6.1.3 Proposed Renewal of Authority for Share Buy-Back

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

Resolution 9

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

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

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

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

whichever occurs first; and

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



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

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

DIVIDEND ENTITLEMENT

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

- (a) shares deposited into the depositor's securities account before 12.30 pm on 6 December 2011 in respect of shares exempted from mandatory deposit;
- (b) shares transferred into the depositor's securities account before 4.00 pm on 8 December 2011 in respect of transfers; and
- (c) shares bought on the Exchange on a cum entitlement basis according to the Rules of the Exchange.

The dividend, if approved, will be paid on 21 December 2011 to shareholders on the Register of Members and the Record of Depositors of the Company at the close of business on 8 December 2011.

By Order of the Board

CHAN POH LAN
LIM KWEE PENG
Secretaries

Kuala Lumpur
11 November 2011



Notes:

1. Proxy

- *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 25 November 2011 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 11 November 2011 ("Circular")

Details on the following are set out in the Circular enclosed together with the 2011 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 2

It is proposed that the fees for the Directors be increased due to the increasing duties and responsibilities.

5. Resolution 7

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

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 23 November 2010 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.

6. Resolution 8

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

7. Resolution 9

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



CORPORATE INFORMATION

Board of Directors	: Y. Bhg. Tan Sri William H.J. Cheng <i>(Chairman and Managing Director)</i> Y. Bhg. Tan Sri Abd Rahman bin Mamat Y. Bhg. Dato' Hassan bin Abdul Mutalip Mr Yeow Teck Chai Dr Folk Jee Yoong Mr Cheng Sin Yeng
Secretaries	: Ms Chan Poh Lan Ms Lim Kwee Peng
Company No	: 89194-P
Registered Office	: Level 14, Office Tower No. 1 Jalan Nagasari (Off Jalan Raja Chulan) 50200 Kuala Lumpur Tel No : 03-21420155 Fax No : 03-21413448 Homepage: http://www.lion.com.my/parkson
Share Registrar	: Secretarial Communications Sdn Bhd Level 13, Office Tower No. 1 Jalan Nagasari (Off Jalan Raja Chulan) 50200 Kuala Lumpur Tel Nos : 03-21420155, 03-21418411 Fax No : 03-21428409
Auditors	: Ernst & Young Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
Principal Bankers	: JPMorgan Chase Bank CIMB Bank Berhad RHB Bank Berhad Industrial and Commercial Bank of China (Malaysia) Berhad
Stock Exchange Listing	: Bursa Malaysia Securities Berhad ("Bursa Securities")
Stock Name	: PARKSON
Bursa Securities Stock No	: 5657
Reuters Code	: PRKN.KL
ISIN Code	: MYL565700001



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 68, 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, computer, motor and plantation.

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

Tan Sri William Cheng's other directorships in public 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 Director of The Community Chest, a company limited by guarantee incorporated for charity purposes.

Tan Sri William Cheng has a direct shareholding of 245,539,012 ordinary shares of RM1.00 each and an indirect interest in 280,582,673 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 153 of this Annual Report.

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

Tan Sri William Cheng attended all seven (7) Board Meetings of the Company held during the financial year ended 30 June 2011.

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.

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 and industrial growth. 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 the one (1) Board Meeting of the Company held during the financial year ended 30 June 2011 subsequent to his appointment.



Dato' Hassan bin Abdul Mutalip

Independent Non-Executive Director

Y. Bhg. Dato' Hassan bin Abdul Mutalip, a Malaysian, aged 66, was appointed to the Board on 4 July 2001. He is also the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee, and a member of the Executive Share Option Scheme Committee of the Company.

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

Dato' Hassan attended all seven (7) Board Meetings of the Company held during the financial year ended 30 June 2011.

Yeow Teck Chai

Independent Non-Executive Director

Mr Yeow Teck Chai, a Malaysian, aged 61, was appointed to the Board on 16 August 2006. He is also the Chairman of the Executive Share Option Scheme Committee, and a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

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

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

Mr Yeow attended six (6) of the seven (7) Board Meetings of the Company held during the financial year ended 30 June 2011.

Dr Folk Jee Yoong

Independent Non-Executive Director

Dr Folk Jee Yoong, a Malaysian, aged 50, was appointed to the Board on 18 October 2001. He is also a member of the Audit Committee and Nomination 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 and Doctor of Business Administration from the University of South Australia. He is a member of the Australian Society of Certified Practising Accountants and the Malaysian Institute of Accountants. He also holds a certificate in Investor Relations from the IR Society, United Kingdom.

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

Dr Folk attended six (6) of the seven (7) Board Meetings of the Company held during the financial year ended 30 June 2011.



Cheng Sin Yeng

Non-Independent Non-Executive Director

Mr Cheng Sin Yeng, a Malaysian, aged 59, was appointed to the Board on 29 August 2001. He is also a member of the Remuneration Committee of the Company.

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

Mr Cheng attended six (6) of the seven (7) Board Meetings of the Company held during the financial year ended 30 June 2011.

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 the highest standard of corporate governance is practised and maintained throughout the Group as the underlying principle in discharging its responsibilities.

The Board is pleased to present below a description of how the Group has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Malaysian Code on Corporate Governance (“Code”). These principles and best practices have been applied consistently throughout the financial year ended 30 June 2011 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 2011, seven (7) Board Meetings were held and each Director attended at least 50% of the total Board Meetings held during the financial year. Details of attendance and a brief profile of each member of the Board are set out in the Directors’ Profile section of this Annual Report.

Board Composition and Balance

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

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

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

Board Committees

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

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



Supply of Information

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

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

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

Appointments to the Board

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

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

The members and terms of reference of the Nomination Committee are presented on page 19 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">• Forum on “Activate Asia Insight Indonesia”• 2010 National Entrepreneurs Convention• Seminar on “Swiftlet Nest Farming Enterprise”• Forum on “Activate Asia: Vietnam in View”• Interaction Forum for Malaysian & Taiwanese Chambers of Commerce on “Trade between Malaysia and Taiwan”• Malaysia - International Chinese Business Forum• Forum on “Fight Corruption by Business Community”• University Tunku Abdul Rahman: Entrepreneurial Experience Sharing• Interaction Forum with Students of University of Malaya on “Prospect and Opportunity of Future Career”• Seminar on “Goods and Services Tax in Malaysia”• Seminar on “How You Can Participate & Benefit from Economic Transformation Programme”• Forum on “Family Business: The Next Generation”• The Associated Chinese Chambers of Commerce and Industry of Malaysia 4th Youth Conference on “Entrepreneurship”
Tan Sri Abd Rahman bin Mamat	<ul style="list-style-type: none">• Sustainability Programme for Corporate Malaysia - Consumer Products, Finance, Technology & Closed End Funds• Mandatory Accreditation Programme for Directors of Public Listed Companies• Bursa - “The Board’s Responsibility for Corporate Culture - Selected Governance Concerns and Tools for addressing Corporate Culture and Board Performance”• The Institute of Chartered Accountants in England and Wales - Talk on “The CFO and Conflicts of Interest”
Dato’ Hassan bin Abdul Mutalip	<ul style="list-style-type: none">• Bursa - “Assessing the Risk and Control Environment”• Sustainability Programme for Corporate Malaysia - Consumer Products, Finance, Technology & Closed End Funds• Bursa - “The Board’s Responsibility for Corporate Culture - Selected Governance Concerns and Tools for addressing Corporate Culture and Board Performance”• Seminar Kenali Potensi Diri - Dr. Azizan
Yeow Teck Chai	<ul style="list-style-type: none">• Conference on “Invest Malaysia 2011”• Sustainability Programme for Corporate Malaysia - Consumer Products, Finance, Technology & Closed End Funds
Dr Folk Jee Yoong	<ul style="list-style-type: none">• Should the Chinese Yuan Be Revalued? - Perspectives of a Scholar from China• East Asian Economic Reorganisation: Propaganda and Reality• Price and Volume Analysis in Futures Trading• China’s Financial Market and Internationalisation of its National Currency• Management Budget 2011• Global Economic Status: Prospects and Challenges for Malaysia• Malaysian Companies Act and Regulations and Corporate Disclosure Policy and Overview on Chapter 10 of the Listing Requirements - Transactions• East Asian Developments and Varying ASEAN Views on East Asian Regionalism• Global Economic Crisis Smash Effect Simulator: The Chinese and World Economy• Sustainability - New Thinking for A New and Better World• Branding in the New Millenia - Creditability for Accounting Practices• The Role of Audit Committee in Influencing Audit Quality• The Impact of the 2008 Financial Crisis on China’s Role in Global Governance• Sustainability Programme for Corporate Malaysia - Consumer Products, Finance, Technology & Closed End Funds• Practical steps to implement an effective IR programme• National Achievers Congress 2011• Islamic Finance and the Malaysian Capital Markets• IPO or Dual Listing on HKSE• Accessing the Bond Market



<u>Name of Directors</u>	<u>Programmes</u>
Cheng Sin Yeng	<ul style="list-style-type: none"> Sustainability Programme for Corporate Malaysia - Consumer Products, Finance, Technology & Closed End Funds MSWG Seminar on "Lessons from the Investment Gurus : Learning from Benjamin Graham and Warren Buffett"

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 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 19 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 2011 are categorised as follows:

	Fees RM'000	Salaries & Other Emoluments RM'000	Total RM'000
Executive Director	109	451	560
Non-executive Directors*	224	–	224
	<u>333</u>	<u>451</u>	<u>784</u>

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

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-executive*
25,000 & below	–	2
25,001 – 50,000	–	4
550,001 – 600,000	1	–

* Including a Director who resigned subsequent to the financial year.



3. RELATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

4. ACCOUNTABILITY AND AUDIT

The Audit Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group. The Audit Committee comprises four (4) Directors, all of whom are independent. The terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 15 to 18 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 2011, 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 14 of this Annual Report.

Relationship with the Auditors

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



STATEMENT ON INTERNAL CONTROL

Introduction

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

Board Responsibility

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

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

Risk Management

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

Control and Monitoring Process

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

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

Y. Bhg. Dato' Hassan bin Abdul Mutalip
(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)

Dr Folk Jee Yoong
(Independent Non-Executive Director)

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

- **Secretaries**

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

TERMS OF REFERENCE

- **Membership**

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

- **Meetings and Minutes**

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

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

- **Authority**

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

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

- **Duties**

The duties of the Audit Committee are:

- (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. Whilst Y. Bhg. Tan Sri Abd Rahman bin Mamat attended all the three (3) meetings held subsequent to his appointment as a member of the Audit Committee, all other members of the Audit Committee had full attendance for all the eight (8) meetings held except for Mr Yeow Teck Chai who was absent for one (1) meeting held.

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

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

- **Financial Results**

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

- **Internal Audit**

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

- **External Audit**

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

- **Risk Management**

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

- **Related Party Transactions**

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

- **Material Transactions**

Reviewed material transactions entered into by the Group.



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 RM385,000.



NOMINATION COMMITTEE

Chairman	:	Y. Bhg. Dato' Hassan bin Abdul Mutalip <i>(Independent Non-Executive Director)</i>
Members	:	Mr Yeow Teck Chai <i>(Independent Non-Executive Director)</i> Dr Folk Jee Yoong <i>(Independent Non-Executive Director)</i>
Terms of Reference	:	<ul style="list-style-type: none">• To recommend to the Board, candidates for directorships in Parkson Holdings Berhad• To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder• To recommend to the Board, Directors to fill the seats on Board Committees• To assist the Board in reviewing on an annual basis, the required mix of skills and experience and other qualities, including core competencies which non-executive Directors should bring to the Board• To assess, on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, based on the process and procedure laid out by the Board

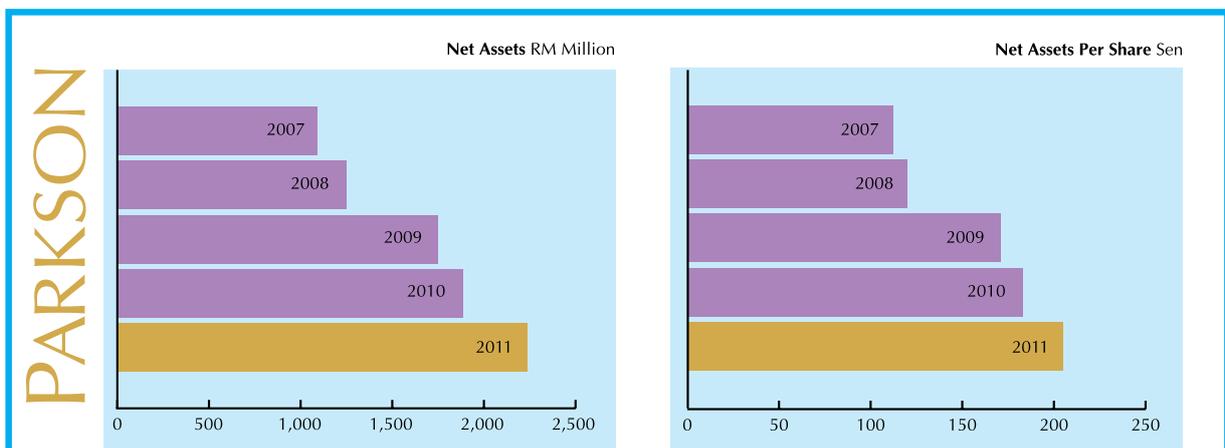
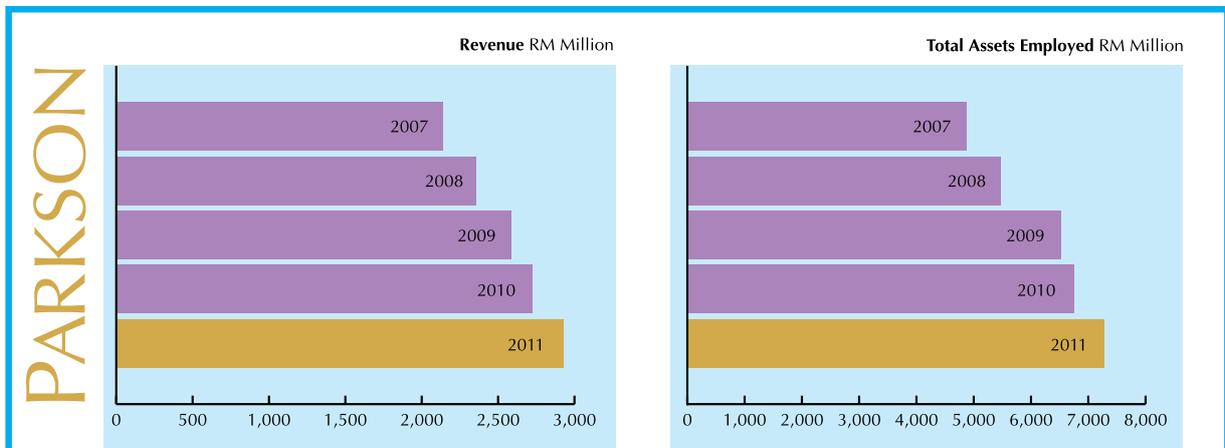
REMUNERATION COMMITTEE

Chairman	:	Y. Bhg. Dato' Hassan bin Abdul Mutalip <i>(Independent Non-Executive Director)</i>
Members	:	Mr Yeow Teck Chai <i>(Independent Non-Executive Director)</i> Mr Cheng Sin Yeng <i>(Non-Independent Non-Executive Director)</i>
Terms of Reference	:	<ul style="list-style-type: none">• To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary• To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time



5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years ended 30 June	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
Revenue	2,139,136	2,354,028	2,583,705	2,722,256	2,925,082
Profit before taxation	384,877	760,838	939,033	704,173	805,267
Profit after taxation	271,779	638,048	775,433	533,598	606,622
Dividends:					
- Cash dividend					
Rate (%)	-	15.0	5.0	6.0	15.0
Amount (Net of tax)	-	154,128	50,727	64,803	162,538
- Share dividend (No. of shares)	-	-	1 for 100	1 for 100	-
Total assets employed	4,866,539	5,462,982	6,526,179	6,738,500	7,270,943
Net assets	1,089,154	1,249,494	1,749,581	1,882,680	2,236,090
	Sen	Sen	Sen	Sen	Sen
Net assets per share	112	120	171	183	205
Earnings per share	13.7	45.6	53.3	28.0	32.3



CHAIRMAN'S STATEMENT



TAN SRI WILLIAM H.J. CHENG
Chairman

Higher gross sales
proceeds of
RM9.49 billion,
up by about **10%**

On behalf of the Board of Directors, it is my pleasure once again to present the Annual Report and Audited Financial Statements of Parkson Holdings Berhad for the financial year ended 30 June 2011.

FINANCIAL PERFORMANCE

The year under review witnessed some drastic changes in the global economic landscape. The gradual recovery of the global economy which started in the last financial year and was gaining momentum in the first half of this financial year was abruptly affected by the US credit rating downgrade and the debt burden in Europe. Amidst the growing uncertainties in the West, emerging economies in Asia were faced with new challenges required to boost this faltering economic growth. New measures included the strengthening of domestic demand through the accelerated implementation of public development projects and the introduction of new fiscal policies to stimulate the economy.

Despite the slower regional growth, the Group continued to deliver a strong set of revenue and earnings for the financial year ended 30 June 2011:

- Higher gross sales proceeds of RM9.49 billion, up by about 10% as compared to RM8.62 billion in the previous year;
- Higher operating profit of RM971 million, up by about 11% as compared to RM875 million in the previous year; and
- Higher net earnings of RM348 million, up by about 22% as compared to RM285 million in the previous year.

Localisation and consistent market positioning is the key strategy for the continuous growth and success of the Group. We tailor our merchandise assortments, brand mix and floor space allocation on a store-by-store basis to better serve our targeted middle to middle-upper end consumers in every city that we operate in.

As at 30 June 2011, the Group's balance sheet remains healthy in a net cash position and with shareholders' funds of more than RM2 billion. This position of strength will allow the Group to maximise returns from its existing businesses and also explore merger and acquisition opportunities.

Higher operating profit of RM971 million, up by about 11%

CORPORATE DEVELOPMENTS

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

- (i) In November 2010, Parkson Retail Group Limited (“Parkson Retail”), a 51.5% owned subsidiary of the Company, completed the disposal of its entire 55% equity interest in Yangzhou Parkson Plaza Co Ltd as the location was no longer desirable for department store operation;
- (ii) In April 2011, East Crest International Limited (“ECIL”), a wholly-owned subsidiary of the Company, and Parkson Retail Asia Limited (“Parkson Asia”), a wholly-owned subsidiary of the ECIL, entered into a conditional joint-venture agreement with PT Mitra Samaya (“MS”), the major shareholder of PT Tozy Bintang Sentosa (“TBS”) for the purposes of combining the Malaysian and Vietnamese retail business of the Company with the Indonesian retail business of TBS (“Proposed Collaboration”). The Proposed Collaboration was completed in June 2011; and
- (iii) In August 2011, Parkson Asia submitted an application in connection with the proposed listing of Parkson Asia’s shares on the Singapore Exchange Securities Trading Limited (“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 will be a combination of offering of new shares for subscription and existing shares for sale.

On 27 September 2011, Parkson Asia received the conditional eligibility-to-list letter from the SGX-ST in relation to the Proposed Listing.

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.

Malaysia



China



Vietnam





Higher net earnings of RM348 million, up by about 22%

The businesses are located in Malaysia, the People's Republic of China ("China" or "PRC"), Vietnam and Indonesia. The number of owned and managed stores and the performance in each location are as follows:

(As at 30 June)	Number of Stores	
	2011	2010
Malaysia (Parkson)	36	35
China (Parkson)	46	45
Vietnam (Parkson)	7	6
Indonesia (Centro & Kem Chicks)	6	–
	95	86



(RM'Million)	Revenue		Segment Profit/(Loss)	
	2011	2010	2011	2010
<u>Operations in</u>				
- Malaysia	766	697	92	68
- China	2,048	1,927	729	712
- Vietnam	101	98	23	23
- Indonesia *	10	–	2	–
Investment holding	–	–	(15)	(13)
	2,925	2,722	831	790



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

* The acquisition was completed in the beginning of June 2011.

Malaysia (Parkson)

Amidst gradual subsidy rationalisation causing inflationary and rising cost of living concerns, Parkson Malaysia continued to produce strong creditable performance in its retailing business. The growth was contributed by new stores opened in the past few years and also from overall better performance of existing stores. During the financial year, we added another store to our chain with the opening of Parkson 1st Avenue in Penang in November 2010.

Our first local self-owned new retail mall, with Parkson as its anchor tenant, is located in Setapak Kuala Lumpur. The mall, which was originally scheduled to be opened in the beginning of 2011, had opened its door to the community in October 2011. This shopping mall promotes a convenient and comfortable shopping style for all shoppers in the neighbourhood and surrounding communities. With a total net lettable area of approximately 500,000 square feet, the 4-level shopping centre offers an assortment of merchandise for everyone. The maiden launch of this retail mall is expected to translate into a new recurring income stream for the Group in the coming years.



China (Parkson)

Parkson China is one of the few nationwide department store chain operators in the PRC. The Parkson brand was introduced to the Beijing market in the early 1990's and has todate expanded to cover 30 major cities across the PRC market. In line with the economic recovery and stronger consumption sentiments, the Group continued to achieve high productivity and recorded stronger same-store sales ("SSS") in its stores.

The Group opened 4 new stores during the financial year. The Beijing Sun Palace store, Wuxi New District store and Hefei Yaohai store were officially opened in the first half of the financial year. Our first store in Zigong, Sichuan Province, was opened in January 2011. As at 30 June 2011, the Group operates 46 stores of which 45 are self-owned stores and 1 is a managed store.



The Group will continue to focus on improving its market share in existing and new markets by leveraging on the strength of its flagship store in cities or markets wherein the Group has established a strong presence with strong brand equity. Attention will also be given to relatively affluent cities or new markets in order to further expand the Group's network and brand image.

The Group believes that the PRC economy, being the largest developing economy and the second largest economy in the world, will continue to expand at a robust pace despite the temporary set-back caused by the debt problem in the West. The Group plans to add on an average of 20% new operating areas to its portfolio and intends to open 8 to 10 new stores annually for the years 2011 and 2012 to capitalise on the growing domestic consumption market.

Vietnam (Parkson)

Parkson is the first and only licensed foreign department store chain in Vietnam. Our foray into the Vietnamese retail market in 2005 through the first flagship store in Ho Chi Minh City has yielded encouraging results. The success of the first store and the experiences that we have accumulated over the years have set the stage for our future growth strategies.

We will continue to execute our well-developed expansion plans and strengthen our foothold in Vietnam as the long term prospects remain bright. During the financial year, Parkson Vietnam opened its 7th outlet, namely Parkson Paragon in Ho Chi Minh City. All our 7 Parkson stores (inclusive of 3 managed stores) are located in the top 3 cities in Vietnam, namely Ho Chi Minh City, Hanoi and Hai Phong.

Following the maturing of the existing stores together with the merchandise mix adjustments and aggressive marketing programmes, the Division continued to perform well with strong SSS growth of about 20% and was able to contribute higher revenue and profit to the Group. However, due to the appreciation of the Ringgit Malaysia against the Vietnamese Dong, only marginal improvement in revenue was consolidated and reported by the Group.

Indonesia (Centro & Kem Chicks)

In June 2011, the Group completed the acquisition of PT Tozy Sentosa ("Tozy"), a company incorporated in Indonesia. Tozy is one of the leading retail companies in Indonesia and operates 6 retail stores under the brand name of Centro Lifestyle Department Store and Kem Chicks supermarket, located in Jakarta, Yogyakarta and Bali.

The acquisition marked another new milestone for the Group and will provide the Group with a unique opportunity to penetrate and extend its international network into Indonesia which has a large domestic retail market with approximately 240 million consumers. Plans are in place to expand the existing business by opening more stores in choice locations in Indonesia over the next few years.

DIVIDENDS

The Board of Directors is pleased to recommend a final single tier dividend of 5 sen per share in respect of the financial year ended 30 June 2011, for the approval of the shareholders at the forthcoming Annual General Meeting. Net dividend payable will amount to approximately RM55 million.

(Financial year ended 30 June)	Total Dividend	
	2011	2010
Interim - Cash Dividend	10 sen	–
Final - Proposed:		
- Cash Dividend	5 sen	6 sen
- Share Dividend	–	1 for 100



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

CORPORATE SOCIAL RESPONSIBILITY

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

Society

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

The Lion-Parkson Foundation disburses funds for various needs such as education, charity and scientific research; and every year, awards scholarships and education loans to undergraduates in the local universities. 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.

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

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. The Parkson stores are also participating in the 'No Plastic Bag Day' in line with the environmental initiative by a few states to reduce the use of plastic bags.

PROSPECTS

Moving ahead, even though regional economic growth will be dampened by the woes besetting Europe and the US, the Group will continue to focus on expanding its regional presence and moving into new retail markets. In this respect, our tie-up with the Indonesian partner and the subsequent listing of shares on the SGX-ST augur well for the future growth of Parkson in Indonesia as well as in other Asian countries.

The management is confident of successfully executing the Group's refined and proven expansion strategy going forward. Leveraging on the Group's strong balance sheet, favourable business model, strong brand equity, and huge customer base from the existing Parkson Loyalty Card programme, the management believes that the Group is well-positioned to consolidate and maintain its leadership position.

BOARD OF DIRECTORS

The Board would like to extend its warm welcome to Y. Bhg. Tan Sri Abd Rahman bin Mamat on his appointment as a Director of the Company during the financial year.

I would also like to record a vote of thanks and appreciation to Y. Bhg. Dato' Mohamad Daud bin Haji Dolmoin who resigned from the Board subsequent to the financial year, for his contributions during his tenure as a Director of the Company.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to extend my sincere thanks to all our valued customers, 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 PENERUS



Hasil jualan kasar
lebih tinggi berjumlah
RM9.49 bilion,
meningkat kira-kira **10%**

Bagi pihak Ahli Lembaga Pengarah, saya dengan sukacitanya sekali lagi membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Parkson Holdings Berhad bagi tahun kewangan berakhir 30 Jun 2011.

PRESTASI KEWANGAN

Tahun kewangan dalam kajian menyaksikan perubahan ketara dalam corak ekonomi sejagat. Pemulihan beransur-ansur ekonomi dunia yang bermula dalam tahun kewangan lalu dan mendapat momentum pada separuh pertama tahun kewangan ini telah terjejas oleh penurunan penarafan kredit AS dan beban hutang di Eropah. Di tengah-tengah ketidakpastian yang semakin meruncing di negara Barat, ekonomi baru muncul di Asia berdepan dengan cabaran baru yang memerlukan mereka untuk merangsang pertumbuhan ekonomi yang goyah ini. Langkah-langkah baru termasuk memperkukuhkan permintaan domestik dengan mempercepatkan pelaksanaan projek-projek pembangunan awam dan pengenalan dasar-dasar fiskal baru bagi merangsang ekonomi.

Di sebalik pertumbuhan serantau yang perlahan, Kumpulan terus mencatatkan aliran pendapatan dan perolehan kukuh bagi tahun kewangan berakhir 30 Jun 2011:

- Hasil jualan kasar yang tinggi berjumlah RM9.49 bilion, meningkat kira-kira 10% berbanding dengan RM8.62 bilion pada tahun sebelumnya;
- Keuntungan operasi yang tinggi berjumlah RM971 juta, meningkat kira-kira 11% berbanding dengan RM875 juta pada tahun sebelumnya; dan
- Perolehan bersih yang tinggi berjumlah RM348 juta, meningkat kira-kira 22% berbanding dengan RM285 juta pada tahun sebelumnya.

Tumpuan setempat dan usaha memantapkan kedudukan pasaran secara konsisten merupakan strategi utama bagi pertumbuhan berterusan dan kejayaan Kumpulan. Kita menyesuaikan aneka barangan, campuran jenama dan peruntukan ruang lantai berasaskan kedudukan stor untuk memberi perkhidmatan terbaik kepada pelanggan sasaran kita yang terdiri daripada golongan pertengahan hingga pertengahan atas di setiap bandar kita beroperasi.

Setakat 30 Jun 2011, kunci kira-kira Kumpulan kekal sihat dengan kedudukan tunai bersih dan dana pemegang saham lebih daripada RM2 bilion. Kedudukan kukuh ini membolehkan Kumpulan memaksimumkan pulangan daripada perniagaan sedia ada dan juga meneroka peluang penggabungan dan pengambilalihan.



Keuntungan operasi lebih tinggi berjumlah

RM971 juta, meningkat kira-kira **11%**

PERKEMBANGAN KORPORAT

Sepanjang dan berikutan tahun kewangan dalam kajian, Kumpulan melaksanakan langkah korporat utama berikut;

- (i) Pada November 2010, Parkson Retail Group Limited ("Parkson Retail"), sebuah subsidiari milik 51.5% Syarikat, menyelesaikan pelupusan keseluruhan 55% kepentingan ekuiti dalam Yangzhou Parkson Plaza Co Ltd berikutan lokasi itu tidak lagi menarik untuk operasi gedung serbaneka;
- (ii) Pada April 2011, East Crest International Limited ("ECIL"), subsidiari milik penuh Syarikat, dan Parkson Retail Asia Limited ("Parkson Asia"), subsidiari milik penuh ECIL, memeterai perjanjian usahasama bersyarat dengan PT Mitra Samaya ("MS"), pemegang saham terbesar PT Tozy Bintang Sentosa ("TBS") bertujuan menggabungkan perniagaan runcit Syarikat di Malaysia dan Vietnam dengan perniagaan runcit TBS di Indonesia ("Cadangan Kerjasama"). Cadangan Kerjasama ini dimuktamadkan pada Jun 2011; dan
- (iii) Pada Ogos 2011, Parkson Asia mengemukakan permohonan berhubung cadangan penyenaraian saham Parkson Asia di Bursa Saham Singapura ("SGX-ST") ("Cadangan Penyenaraian").

Cadangan penyenaraian merangkumi, antara lain, tawaran saham dalam Parkson Asia menerusi tawaran awam kepada orang awam di Singapura dan penempatan saham kepada institusi dan/atau pelabur-pelabur lain di Singapura dan luar negara. Tawaran ini membabitkan gabungan tawaran saham baru untuk langganan dan jualan saham sedia ada.

Pada 27 September 2011, Parkson Asia menerima surat kelayakan untuk penyenaraian bersyarat daripada SGX-ST berhubung Cadangan Penyenaraian.

TINJAUAN OPERASI

Kumpulan pada dasarnya terlibat dalam operasi gedung beli-belah jenama "Parkson" dan "Centro". Kumpulan menawarkan pelbagai fesyen dan barangan berkaitan gaya hidup jenama terkenal antarabangsa dengan memfokuskan kepada empat kategori utama barangan iaitu; Fesyen & Pakaian, Kosmetik & Aksesori, Kelengkapan Rumah & Barangan Elektrik dan Barangan Runcit & Tidak Tahan Lama, yang mensasarkan segmen pasaran golongan muda dan kontemporari.





Perolehan bersih lebih tinggi berjumlah

RM348 juta, meningkat kira-kira **22%**

Perniagaan ini terletak di Malaysia, Republik Rakyat China ("China" atau "PRC"), Vietnam dan Indonesia. Bilangan gedung beli-belah yang dimiliki/diuruskan dan prestasi setiap lokasi adalah seperti berikut:

(Pada 30 Jun)	Jumlah Gedung Beli-Belah	
	2011	2010
Malaysia (Parkson)	36	35
China (Parkson)	46	45
Vietnam (Parkson)	7	6
Indonesia (Centro & Kem Chicks)	6	–
	95	86



(RM'juta)	Pendapatan		Untung/(Rugi) Segmen	
	2011	2010	2011	2010
<u>Operasi di</u>				
- Malaysia	766	697	92	68
- China	2,048	1,927	729	712
- Vietnam	101	98	23	23
- Indonesia *	10	–	2	–
Pegangan pelaburan	–	–	(15)	(13)
	2,925	2,722	831	790



("Untung/(rugi) Segmen" merujuk kepada untung/(rugi) operasi sebelum pembayaran asas perkongsian kakitangan, faedah, hasil keputusan syarikat sekutu dan percukaian)

* Pengambilalihan diselesaikan pada awal Jun 2011.

Malaysia (Parkson)

Berikutan penyelarasan subsidi secara berperingkat yang membangkitkan kebimbangan terhadap peningkatan inflasi dan kos sara hidup, Parkson Malaysia terus menyumbangkan prestasi memberangsangkan dalam perniagaan peruncitannya. Pertumbuhan ini disumbangkan oleh gedung-gedung baru yang dibuka dalam tempoh beberapa tahun lalu dan juga daripada prestasi keseluruhan yang baik dari gedung-gedung sedia ada. Pada tahun kewangan ini, kita telah menambah satu lagi gedung dalam rangkaian kita dengan pembukaan Parkson 1st Avenue di Pulau Pinang pada November 2010.

Pusat beli-belah baru milik sendiri yang pertama dalam negara terletak di Setapak Kuala Lumpur di mana Parkson adalah penyewa utamanya. Pusat beli-belah ini asalnya dijadualkan dibuka pada awal 2011, telah membuka pintu kepada orang ramai pada Oktober 2011. Pusat beli-belah ini menawarkan suasana membeli-belah yang mudah dan selesa kepada para pengunjung daripada komuniti kejiranan dan sekeliling. Dengan jumlah bersih ruang boleh sewa seluas kira-kira 500,000 kaki persegi, pusat beli-belah 4-tingkat ini menawarkan pelbagai barangan kepada setiap orang. Pelancaran



salung pusat beli-belah ini dijangka menyumbang kepada aliran pendapatan berulang yang baru untuk Kumpulan pada tahun-tahun akan datang.

China (Parkson)

Parkson China adalah salah satu daripada pengendali rangkaian gedung beli-belah di seluruh PRC. Jenama Parkson diperkenalkan kepada pasaran Beijing pada awal 1990-an dan kini telah berkembang ke 30 bandar utama di seluruh pasaran PRC. Seiring dengan pemulihan ekonomi dan sentimen penggunaan yang kukuh, Kumpulan terus menikmati produktiviti tinggi dan mencatatkan jualan gedung sama (“SSS”) yang lebih kukuh.



Kumpulan membuka 4 gedung baru dalam tahun kewangan ini. Gedung Beijing Sun Palace, gedung Wuxi New District dan gedung Hefei Yaohai dibuka secara rasmi pada separuh masa pertama tahun kewangan ini. Gedung pertama kita di Zigong, Wilayah Sichuan, dibuka pada Januari 2011. Setakat 30 Jun 2011, Kumpulan mengendalikan 46 gedung beli-belah yang mana 45 daripadanya dimiliki sendiri dan sebuah lagi adalah gedung yang diuruskan.

Kumpulan terus memberi tumpuan untuk meningkatkan penguasaan di pasaran sedia ada dan pasaran baru dengan memanfaatkan kekuatan rangkaian gedung utama di bandar-bandar atau pasaran di mana Kumpulan telah teguh bertapak dan ekuiti jenama kukuh. Tumpuan juga akan diberikan kepada bandar-bandar atau pasaran baru yang agak mewah dalam usaha memperluaskan lagi rangkaian dan imej jenama Kumpulan.

Kumpulan percaya bahawa ekonomi PRC, yang merupakan ekonomi terbesar negara membangun dan ekonomi kedua terbesar di dunia, akan terus berkembang kukuh di sebalik rintangan sementara yang disebabkan oleh masalah hutang di Barat. Kumpulan merancang untuk menambah purata 20% ruang operasi baru kepada portfolionya dan bercadang untuk membuka 8 hingga 10 gedung baru setiap tahun bagi tempoh 2011 dan 2012 bagi mengambil kesempatan daripada perkembangan pasaran penggunaan domestik.

Vietnam (Parkson)

Parkson adalah rangkaian gedung beli-belah asing yang pertama dan satu-satunya di Vietnam. Penerokaan kita ke pasaran peruncitan Vietnam pada 2005 menerusi gedung pertama di Bandaraya Ho Chi Minh telah menghasilkan pulangan memberangsangkan. Kejayaan gedung pertama dan pengalaman yang dikumpul sejak beberapa tahun lalu, menjadi landasan kukuh untuk strategi pertumbuhan pada masa depan.

Kita akan terus melaksanakan rancangan pengembangan pembangunan dan memantapkan kehadiran kita di sana memandangkan prospek jangka panjang kekal cerah. Dalam tahun kewangan ini, Parkson Vietnam membuka cawangan 7, dikenali sebagai Parkson Paragon di Bandaraya Ho Chi Minh. Kesemua 7 gedung Parkson (termasuk 3 gedung yang diuruskan) terletak di 3 bandar utama di Vietnam, iaitu Bandaraya Ho Chi Minh, Hanoi dan Hai Phong.

Berikutan kematangan gedung-gedung sedia ada berserta pelarasan kepelbagaian barangan dan program pemasaran yang agresif, Bahagian ini terus menunjukkan prestasi baik dengan pertumbuhan SSS yang kukuh kira-kira 20% dan dapat menyumbang perolehan dan keuntungan yang lebih tinggi kepada Kumpulan. Walau bagaimanapun, disebabkan oleh pengukuhan nilai Ringgit Malaysia berbanding Dong Vietnam, hanya sedikit peningkatan dalam hasil digabungkan dan dilaporkan oleh Kumpulan.

Indonesia (Centro & Kem Chicks)

Pada Jun 2011, Kumpulan menyelesaikan pengambilalihan PT Tozy Sentosa (“Tozy”), sebuah syarikat diperbadankan di Indonesia. Tozy ialah salah satu syarikat peruncitan terkemuka di Indonesia dan mengendalikan 6 gedung runcit di bawah nama jenama Centro Lifestyle Department Store and Kem Chicks yang terletak di Jakarta, Yogyakarta dan Bali.



Pengambilalihan ini menandakan satu lagi kejayaan baru Kumpulan dan menyediakan Kumpulan dengan peluang unik untuk meneroka serta mengembangkan rangkaian antarabangnya di Indonesia yang mempunyai pasaran runcit besar dengan kira-kira 240 juta pengguna. Rancangan sedang dibuat untuk mengembangkan perniagaan sedia ada dengan membuka lebih banyak gedung di lokasi pilihan di Indonesia untuk tempoh beberapa tahun akan datang.



DIVIDEN

Lembaga Pengarah dengan sukacitanya mencadangkan dividen peringkat satu akhir sebanyak 5 sen sesaham bagi tahun kewangan berakhir 30 Jun 2011, untuk kelulusan pemegang saham pada Mesyuarat Agung Tahunan akan datang. Bayaran dividen bersih akan berjumlah kira-kira RM55 juta.

(Tahun kewangan berakhir 30 Jun)	Jumlah Dividen	
	2011	2010
Awal - Dividen Tunai	10 sen	–
Akhir - Cadangan:		
- Dividen Tunai	5 sen	6 sen
- Dividen Saham	–	1 untuk 100

Dividen ini dicadangkan selepas mengambil kira imbalan munasabah di antara ganjaran pemegang saham dan dana yang diperuntukkan untuk pelaburan masa depan dan perkembangan perniagaan.

TANGGUNGJAWAB SOSIAL KORPORAT

Kita mendukung kepentingan Tanggungjawab Sosial Korporat (“CSR”) sebagai bahagian penting daripada perniagaan dan menggabungkan rangka kerja CSR ke dalam rancangan perniagaan bagi meningkatkan keyakinan pemegang kepentingan, kebertanggungjawapan dan ketelusan. CSR adalah komponen penting dalam amalan perniagaan baik yang bermatlamat memperbaiki masyarakat dan alam sekitar.

Masyarakat

Dalam mengendalikan kegiatan perniagaannya, Kumpulan menyedari tanggungjawabnya sebagai warga korporat, dalam menyumbang kepada masyarakat di samping meningkatkan keuntungan dan nilai pemegang saham. Kumpulan memberi tumpuan memajukan masyarakat menerus pendidikan dan penjagaan kesihatan melalui dua Yayasan yang ditubuhkan oleh Syarikat-Syarikat Kumpulan Lion yang mana Kumpulan adalah ahlinya.



Yayasan Lion-Parkson menyalurkan dana untuk pelbagai keperluan seperti pendidikan, kebajikan dan penyelidikan saintifik; dan setiap tahun, memberikan biasiswa dan pinjaman pendidikan kepada mahasiswa di universiti-universiti tempatan. Tabung Bantuan Perubatan Kumpulan Lion memberikan bantuan kewangan kepada mereka yang kurang bernasib baik yang memerlukan rawatan perubatan termasuk pembedahan, pembelian peralatan perubatan dan ubat-ubatan. Tabung ini juga menaja program kesihatan masyarakat seperti kem-kem perubatan, dan pembelian mesin dialisis bagi Pusat Dialisis yang menyediakan rawatan bersubsidi kepada mereka yang mengalami kegagalan buah pinggang.



Kumpulan juga menganjurkan kegiatan amal tahunan Kembali ke Sekolah dengan gedung-gedung Parkson di seluruh negara menyediakan tong khas untuk orang ramai menderma barangan keperluan sekolah seperti pakaian seragam, kasut dan alat tulis, yang diedarkan kepada kanak-kanak sekolah yang memerlukan di seluruh negara.



Kumpulan turut menyokong masyarakat dengan mengambil bahagian dalam program-program kebajikan dan usaha pengumpulan dana untuk membantu mereka yang memerlukan.

Alam Sekitar

Di bawah program *Parkson Cares My Park*, Kumpulan menjadikan taman-taman di beberapa negeri sebagai taman angkat dengan matlamat memulihara taman-taman untuk dinikmati dan dimanfaatkan oleh masyarakat sekeliling. Program ini membabitkan pemuliharaan, penambahbaikan dan menaiktaraf keadaan taman dan kemudahan rekreasi seiring usaha mempromosi persekitaran hijau dan gaya hidup sihat. Gedung-gedung Parkson juga mengambil bahagian dalam 'Hari Tanpa Beg Plastik' selaras dengan inisiatif alam sekitar oleh beberapa negeri dalam mengurangkan penggunaan beg plastik.

PROSPEK

Melangkah ke hadapan, walaupun pertumbuhan ekonomi serantau akan dilembapkan oleh kesukaran yang melanda Eropah dan AS, Kumpulan akan terus memberi tumpuan mengembangkan kehadirannya di pasaran serantau dan menerokai pasaran runcit baru. Dalam hubungan ini, kerjasama kita dengan rakan kongsi Indonesia dan seterusnya penyenaian saham di SGX-ST memberi petanda baik bagi pertumbuhan masa depan Parkson di Indonesia serta di negara Asia yang lain.

Pihak pengurusan yakin berjaya melaksanakan strategi pengembangan Kumpulan dengan baik dan terbukti maju. Memanfaatkan kunci kira-kira Kumpulan yang kukuh, model perniagaan menguntungkan, jenama ekuiti teguh dan asas pelanggan yang besar daripada Program Kad Setia Parkson sedia ada, pihak pengurusan percaya Kumpulan berada pada kedudukan baik untuk mengukuh dan mengekalkan kedudukannya sebagai peneraju.

LEMBAGA PENGARAH

Lembaga Pengarah mengalu-alukan pelantikan Y. Bhg. Tan Sri Abd Rahman bin Mamat sebagai Pengarah Syarikat dalam tahun kewangan ini.

Saya juga ingin merakamkan ucapan terima kasih dan penghargaan kepada Y. Bhg. Dato' Mohamad Daud bin Haji Dolmoin yang telah meletak jawatan daripada Lembaga Pengarah pada tahun kewangan ini, atas sumbangan beliau sepanjang menjadi Pengarah Syarikat.

PENGHARGAAN

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

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

TAN SRI WILLIAM H.J. CHENG
Pengerusi

主席报告



较高的销售所得款项共
94亿9千万令吉，
增加约10%

我谨代表董事部，欣然提呈百盛控股有限公司截至2011年6月30日财务年度的常年报告和经审核财务报表。

财务表现

在受检讨的年度内，全球经济格局发生了剧烈改变。上个财务年度开始逐渐复苏的全球经济在本财务年度上半年取得进展，却突然因美国信贷评级下调和欧洲的债务负担而逆转。在西方国家的经济成长处于不确定的同时，亚洲新兴经济体面对需要振兴这虚弱的经济成长之新挑战。新措施包括加速执行公共发展工程以加强内需以及实施新财政政策以刺激经济。

然而，尽管本区域经济成长放缓，本集团在截至2011年6月30日的财务年度，继续取得强劲的营业额和盈利：

- 较高的销售所得款项，共94亿9千万令吉，比上一年度的86亿2千万令吉增加约10%；
- 较高的经营利润，共9亿7千100万令吉，比上一年度的8亿7千500万令吉增加约11%；以及
- 较高的净盈利，共3亿4千800万令吉，比上一年度的2亿8千500万令吉增加约22%。

本土化和持续市场定位是本集团继续取得成长和成功的关键策略。我们对各城市的每一间百货商店度身订造商品种类、品牌组合以及舒适的店面调配，为中产阶级和中高收入阶级的消费者提供尽善尽美的服务。

在2011年6月30日，本集团的资产负债表一贯健全，处于净现金的状况并拥有股东基金超过20亿令吉。这强劲地位将容许本集团可从其现有的业务中取得最大的回酬并寻求合并与收购的商机。

企业发展

在本财务年度期间及之后，本集团进行下述重大企业事项：

- 在2010年11月，本公司拥有51.5%股权的附属公司，百盛商业集团有限公司（“百盛商业”）完成脱售其在扬州百盛商业大厦有限公司的全部55%股权，因为该地点不再适合经营百货业务；
- 在2011年4月，本公司的附属公司，Parkson Retail Asia Limited (“Parkson Asia”) 和 PT Mitra Samaya (“MS”)，即 PT Tozy Bintang Sentosa (“TBS”) 的大股东，缔结有条件合资协议，旨在结合本公司在马来西亚和越南的零售业务与 TBS 在印尼的零售业务（“合作建议”）。这项合作建议在2011年6月完成；以及
- 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9月27日，Parkson Asia 接到新加坡股票交易所批准附带条件适合上市的信件。



较高的经营利润共 9亿7千100万令吉，增加约 11%

业务检讨

本集团主要从事百盛及“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。

这些业务分布在马来西亚、中国、越南和印尼。由本集团拥有/管理的百货商店的数目以及各营业地点的成绩如下：

(在6月30日)	百货商店数目	
	2011	2010
马来西亚 (百盛)	36	35
中国 (百盛)	46	45
越南 (百盛)	7	6
印尼 (Centro与Kem Chicks)	6	-
	95	86



(单位：百万令吉)	营业额		部类利润/ (亏损)	
	2011	2010	2011	2010
营业地点				
- 马来西亚	766	697	92	68
- 中国	2,048	1,927	729	712
- 越南	101	98	23	23
- 印尼*	10	-	2	-
投资控股	-	-	(15)	(13)
	2,925	2,722	831	790



(部类利润/ (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))

* 在2011年6月初完成收购。

马来西亚 (百盛)

尽管津贴逐步合理化造成人们对通货膨胀以及生活费上涨的关注，马来西亚百盛继续在其零售业务取得强劲和令人赞赏的表现。这增长归功于在过去几年开设的百货商店以及原有百货商店整体优越的表现。在本财务年度，本集团于2010年11月在檳城开设了 1st Avenue 百盛，使我们增添1间连锁百货商店。

我们在本地的第一家自有的新零售商场设在吉隆坡的文良港，百盛是主要租户。这间商场原本预定在2011年初开幕，却在2011年10月才向公众人士开放。这座购物商场为邻里及周边社区的购物者提供便利和舒适的购物场所。这座4层楼的购物中心，拥有接近50万平方尺的可供出租的净总面积，为大众提供各式各样的商品。它在开门营业之后，预料将在未来数年，为本集团带来源源不绝的收入。

中国 (百盛)

中国百盛是少数几家在中国经营全国性连锁店的百货商店之一。百盛品牌是在90年代初进入北京市场，目前已遍布中国30个大城市。随着经济复苏和强劲的消费意识，本集团各百货商店继续取得更高的生产力并录得更高的同店销售增长。



较高的净盈利共
3亿4千800万令吉，
增加约 22%

在本财务年度，本集团增设4间新店。北京太阳宫百盛百货商店、无锡新区百盛百货商店和合肥瑶海百盛百货商店在本财务年度上半年正式开幕。我们在四川省自贡市的第1间百货商店在2011年1月开幕。截至2011年6月30日，本集团共经营46间百货商店，其中45间是本身拥有，1间是本集团管理的商店。

凭借本集团旗舰百货商店已建立巩固地位和强劲品牌意识的优势，我们将继续专注提高其于现有市场及新市场的市场份额。我们也将专注于相对富裕的城市或新市场，以进一步扩大本集团的网络和品牌形象。

本集团深信，中国作为最大的发展中国家经济体和全球第二大经济体，其经济尽管受到西方债务问题的牵制而暂时受挫，将继续以强劲的速度成长。本集团计划在现有基础上按每年平均20%的比例扩大经营面积，同时规划在2011年和2012年每年开设8至10间新百货商店，以充分利用不断成长的中国国内消费市场。

越南 (百盛)

百盛是越南第一家也是唯一一家拥有执照的外国百货连锁店。我们在2005年以胡志明市的第一间旗舰店进军越南零售市场，迄今已取得令人鼓舞的成果。第一间百货商店的成功以及多年来累计的经验，成为我们制定未来成长策略的参考。

基于正面的长期展望，我们将会继续执行良好的扩充计划以及加强我们的立足点。在本财务年度，越南百盛增设第7间分店，即胡志明市的 Parkson Paragon。我们所有7家分店（包括3间管理店）都坐落在越南的3大城市，即胡志明市、河内和海防。

随着现有百货商店日益成熟，加上对商品的组合进行调整以及积极的销售计划，本区域表现良好，取得约20%的同店销售成长并为本集团带来更高的营业额和利润。然而，由于令吉对越南盾增值，所报导的营业额只稍微增加。

印尼 (Centro与Kem Chicks)

在2011年6月，本集团完成收购在印尼注册成立的 PT Tozy Sentosa (“Tozy”)。Tozy 是印尼的主要零售公司之一，经营6间品牌为 Centro Lifestyle Department Store 和 Kem Chicks supermarket 的零售公司，位于雅加达、日惹及巴厘。

这项收购标志着本集团的新里程碑，提供本集团殊胜的机会进军印尼的零售市场。印尼拥有庞大的国内零售市场，消费者将近2亿4千万。我们计划在未来几年内，在印尼的特选地点开设更多百货商店以扩大现有业务。

股息

董事部欣然建议在截至2011年6月30日的财务年度，派发每股5仙的终期单层现金股息。此建议股息的分配有待行将召开的常年股东大会批准。应付股息约5千500万令吉。

(截止6月30日的财务年度)	总股息	
	2011	2010
中期 - 现金股息	10 仙	-
终期 - 建议:		
- 现金股息	5 仙	6 仙
- 股票股息	-	100股配1股

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

企业社会责任

我们坚信企业社会责任的重要性并把它视为公司治理框架中不可或缺的一部分，以加强权益关系者的信心、责任感和透明度。企业社会责任是良好营商原则的要素，目的是要改善社会服务和环境发展。

社会

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

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

本集团也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。

本集团也通过参与慈善及捐款活动为社会做出贡献以帮助弱势群体。

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，以提倡绿色环境与更健康的生活方式。百盛百货商店也参与‘无塑袋日’，响应一些州属减少使用塑胶袋的环保计划。

展望

展望未来，尽管本区域的经济成长将受到欧美的困境所阻扰，本集团将继续集中于扩展现有的区域市场和继续开拓新的零售市场。在这方面，我们和印尼伙伴合作以及在新加坡股市上市将是百盛在印尼以及其他亚洲国家未来成长的好兆头。

管理层对本集团持续推行且不断完善和证实有效的扩张策略充满信心。凭借本集团稳健的资产负债表、良好的经营模式、雄厚的品牌资产、以及现有百盛会员卡计划的庞大顾客群，管理层相信本集团已为巩固与维持其市场领导地位准备就绪。

董事部

董事部热烈欢迎尊贵的Tan Sri Abd Rahman bin Mamat 在本财务年度被委任为本公司的董事。

我也要感谢在本财务年度后辞去董事职位尊贵的Dato' Mohamad Daud bin Haji Dolmoin, 在担任本公司董事期间所作的贡献。

鸣谢

我谨代表董事部，衷心感谢我们所有尊贵的客户、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

2011

For The Financial Year Ended 30 June 2011

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 2011.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	<u>606,622</u>	<u>95,236</u>
Profit for the year attributable to:		
Owners of the parent	348,404	95,236
Minority interests	<u>258,218</u>	<u>–</u>
	<u>606,622</u>	<u>95,236</u>

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 2010 were as follows:

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 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.



DIVIDENDS (continued)

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.

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 30 June 2011 of 5% (5 sen per share), amounting to a dividend payable of approximately RM54,533,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2012.

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 (Appointed on 14.3.2011)
Dato' Hassan Bin Abdul Mutalip
Yeow Teck Chai
Dr Folk Jee Yoong
Cheng Sin Yeng
Dato' Mohamad Daud Bin Haji Dolmoin (Resigned with effect from 8.7.2011)

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

In accordance with Article 99 of the Company's Articles of Association, Y. Bhg. Tan Sri Abd Rahman Bin Mamat who was appointed during the financial year retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			30.6.2011
	1.7.2010	Acquired	Disposed	
Tan Sri William H.J. Cheng				
Direct interest	246,389,224	9,713,890	(2,200,000)	253,903,114
Indirect interest	250,205,151	72,347,456	(25,488,041)	297,064,566



DIRECTORS' INTERESTS (continued)

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

	Number of RM1.00 nominal value of RCSLS			
	1.7.2010	Acquired	Converted	30.6.2011
Indirect Interest				
Tan Sri William H.J. Cheng	228,800,000	–	(228,800,000)	–

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

Indirect Interest

Tan Sri William H.J. Cheng	Nominal value per ordinary share	Number of shares			
		1.7.2010	Acquired	Disposed	30.6.2011
Parkson Retail Group Limited ("Parkson Retail")	HK\$0.02	1,446,770,000	–	–	1,446,770,000
Kiara Innovasi Sdn Bhd	RM1.00	1,200,000	1,800,000	–	3,000,000

	Nominal value per ordinary share	Number of shares			
		31.3.2011	Acquired	Disposed	30.6.2011
Parkson Retail Asia Limited	*	2	143,510,486	–	143,510,488

	Currency	1.7.2010	Acquired	Disposed	30.6.2011
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Investments in the People's Republic of China

Chongqing Wanyou Parkson Plaza Co Ltd	Rmb	21,000,000	–	–	21,000,000
Dalian Tianhe Parkson Shopping Centre Co Ltd	Rmb	60,000,000	–	–	60,000,000
Guizhou Shenqi Parkson Retail Development Co Ltd	Rmb	10,200,000	–	–	10,200,000
Qingdao No. 1 Parkson Co Ltd	Rmb	226,990,197	–	(3,193,803) [#]	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

Investments in Vietnam

Parkson Hanoi Co Ltd	US\$	3,360,000	–	–	3,360,000
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* Shares in companies incorporated in Singapore do not have a par value.

Reduction in registered capital.

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 RM1,036,410,250 to RM1,093,673,250 by:

- (i) the conversion of the remaining RM228,800,000 nominal value of RCSLS 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; and
- (ii) the issuance of 63,000 new Shares 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 263,000 ordinary shares of its issued ordinary shares from the open market at an average price of RM5.56 per share. The total consideration paid for the repurchase including transaction costs was RM1.46 million. The repurchase transactions were financed by internally generated funds.

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 2011, the Company held 3,017,631 treasury shares and such treasury shares are held at a carrying amount of RM13.71 million and further relevant details are disclosed in Note 26 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 28 to the financial statements.

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

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

Grant date	Subscription price per share	Number of options				30.6.2011
		1.7.2010	Granted	Exercised	Lapsed	
12 May 2008	RM6.35	3,942,100	–	–	(197,000)	3,745,100
7 April 2010	RM5.31	5,073,400	–	(63,000)	(215,800)	4,794,600
		9,015,500	–	(63,000)	(412,800)	8,539,700

OTHER STATUTORY INFORMATION

- (a) Before the income statements, statements of comprehensive income and 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.



OTHER STATUTORY INFORMATION (continued)

- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in 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.
- (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 39 to the financial statements.

SIGNIFICANT EVENTS

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

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 39 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 14 October 2011.

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 45 to 148 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 2011 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 149 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 14 October 2011.

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 45 to 149 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 14 October 2011.

TAN SRI WILLIAM H.J. CHENG

Before me,

W259
AHMAD B. LAYA
Commissioner for Oaths
Kuala Lumpur



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PARKSON HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Parkson Holdings Berhad, which comprise the statements of financial position as at 30 June 2011 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 45 to 148.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, 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 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 2011 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 15 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 149 is disclosed to meet the requirement 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

Kuala Lumpur, Malaysia
14 October 2011

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



INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	3	2,925,082	2,722,256	100,000	100,000
Other items of income					
Finance income	4	141,701	114,504	1,755	1,597
Other income	5	308,755	285,526	1	10
Items of expense					
Purchase of goods and changes in inventories		(954,398)	(907,391)	-	-
Employee benefits expense	6	(263,677)	(268,562)	(436)	(504)
Depreciation and amortisation		(141,558)	(132,677)	(2)	-
Promotional and advertising expenses		(91,325)	(72,915)	-	-
Rental expenses		(494,992)	(453,604)	-	-
Other expenses		(458,164)	(411,922)	(4,336)	(2,040)
Operating profit		971,424	875,215	96,982	99,063
Finance costs	4	(166,290)	(171,195)	(2,099)	(14,367)
Share of results of an associate		133	153	-	-
Profit before tax	7	805,267	704,173	94,883	84,696
Income tax (expense)/credit	8	(198,645)	(170,575)	353	1,584
Profit for the year		606,622	533,598	95,236	86,280
Profit for the year attributable to:					
Owners of the parent		348,404	285,128	95,236	86,280
Minority interests		258,218	248,470	-	-
		606,622	533,598	95,236	86,280
Earnings per share attributable to owners of the parent (sen)					
Basic	10(a)	32.33	27.96		
Diluted	10(b)	32.22	27.47		

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 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit for the year	606,622	533,598	95,236	86,280
Other comprehensive income/(loss)				
Gain on fair value changes on available-for-sale financial assets	91	–	–	–
Gain on fair value changes in hedging instruments on cash flow hedges	12,728	1,481	–	–
Foreign currency translation	(88,208)	(177,498)	–	–
Other comprehensive loss for the year, net of tax	(75,389)	(176,017)	–	–
Total comprehensive income for the year	531,233	357,581	95,236	86,280
Total comprehensive income for the year attributable to:				
Owners of the parent	295,462	176,667	95,236	86,280
Minority interests	235,771	180,914	–	–
	531,233	357,581	95,236	86,280

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



STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	1,493,277	1,609,255	135	–
Investment properties	12	178,200	31,671	–	–
Intangible assets	13	1,235,534	1,244,742	28	28
Land use rights	14	272,005	282,413	–	–
Investments in subsidiaries	15	–	–	23,758	23,152
Investment in an associate	16	937	1,152	–	–
Deferred tax assets	18	38,106	35,824	–	–
Other assets	19	97,207	64,793	–	–
Amounts due from subsidiaries	20	–	–	7,901,958	8,106,224
Investment securities	21	14,543	650,840	–	–
Derivatives	22	52	–	–	–
		3,329,861	3,920,690	7,925,879	8,129,404
Current assets					
Inventories	23	246,240	213,012	–	–
Trade and other receivables	24	345,849	328,726	25,753	24,130
Amounts due from subsidiaries	20	–	–	118,941	–
Investment securities	21	604,447	–	–	–
Tax recoverable		3,848	2,270	–	–
Deposits, cash and bank balances	25	2,740,698	2,273,802	7,140	7,232
		3,941,082	2,817,810	151,834	31,362
Total assets		7,270,943	6,738,500	8,077,713	8,160,766
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	26	1,093,673	1,036,410	1,093,673	1,036,410
Share premium	26	3,729,979	3,593,554	3,729,979	3,593,554
Treasury shares	26	(13,707)	(60,929)	(13,707)	(60,929)
Other reserves	27	(2,771,887)	(2,923,812)	2,926,501	2,940,599
Retained profits	29	198,032	237,457	338,917	415,464
		2,236,090	1,882,680	8,075,363	7,925,098
Minority interests		1,147,275	990,957	–	–
Total equity		3,383,365	2,873,637	8,075,363	7,925,098



STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2011 (continued)

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-current liabilities					
Deferred tax liabilities	18	114,085	123,716	–	353
Loans and borrowings	30	739,151	623,953	109	–
Senior guaranteed notes	33	–	1,049,787	–	–
Long term payables	34	73,050	71,726	–	–
Derivative financial instruments designated as hedging instruments	41(c)	22,236	22,056	–	–
		948,522	1,891,238	109	353
Current liabilities					
Trade and other payables and other liabilities	35	1,703,585	1,600,962	2,223	1,763
Loans and borrowings	30	581,177	328,217	18	233,552
Senior guaranteed notes	33	603,280	–	–	–
Tax payables		46,497	44,446	–	–
Derivative financial instruments designated as hedging instruments	41(c)	4,517	–	–	–
		2,939,056	1,973,625	2,241	235,315
Total liabilities		3,887,578	3,864,863	2,350	235,668
Total equity and liabilities		7,270,943	6,738,500	8,077,713	8,160,766

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 2011

Note	Attributable to owners of the parent						Minority interests RM'000	Total equity RM'000
	Share capital RM'000 (Note 26)	Non-distributable		Retained profits RM'000 (Note 29)	Total RM'000	Total		
		Share premium RM'000 (Note 26)	Treasury shares RM'000 (Note 26)					
At 1 July 2010	1,036,410	3,593,554	(60,929)	(2,923,812)	237,457	1,882,680	990,957	2,873,637
Effects of adopting FRS 139	-	-	-	-	(811)	(811)	-	(811)
	<u>1,036,410</u>	<u>3,593,554</u>	<u>(60,929)</u>	<u>(2,923,812)</u>	<u>236,646</u>	<u>1,881,869</u>	<u>990,957</u>	<u>2,872,826</u>
Total comprehensive income/ (loss) for the year	-	-	-	(52,942)	348,404	295,462	235,771	531,233
Transactions with owners								
Appropriation of profit to capital reserves	-	-	-	9,687	(9,687)	-	-	-
Dilution of interest in subsidiaries	-	-	-	(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 minority 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	<u>57,263</u>	<u>136,425</u>	<u>47,222</u>	<u>204,867</u>	<u>(387,018)</u>	<u>58,759</u>	<u>(79,453)</u>	<u>(20,694)</u>
At 30 June 2011	<u>1,093,673</u>	<u>3,729,979</u>	<u>(13,707)</u>	<u>(2,771,887)</u>	<u>198,032</u>	<u>2,236,090</u>	<u>1,147,275</u>	<u>3,383,365</u>



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (continued)

Note	Attributable to owners of the parent					Total RM'000	Minority interests RM'000	Total equity RM'000
	Non-distributable				Retained profits RM'000 (Note 29)			
	Share capital RM'000 (Note 26)	Share premium RM'000 (Note 26)	Treasury shares RM'000 (Note 26)	Other reserves RM'000 (Note 27)				
At 1 July 2009	1,036,410	3,637,912	(93,849)	(3,328,318)	497,426	1,749,581	934,787	2,684,368
Total comprehensive income/ (loss) for the year	-	-	-	(108,461)	285,128	176,667	180,914	357,581
Transactions with owners								
Appropriation of profit to capital reserves	-	-	-	11,305	(11,305)	-	-	-
Dilution of interest in a subsidiary	-	-	-	(130)	-	(130)	7,635	7,505
Employee share options lapsed	-	-	-	(587)	587	-	-	-
Employee share options exercised	-	-	-	(930)	-	(930)	(875)	(1,805)
Purchase of treasury shares	26	-	(11,438)	-	-	(11,438)	-	(11,438)
Transfer to merger deficit	-	-	-	483,652	(483,652)	-	-	-
Equity-settled share option arrangements granted by:								
- The Company	-	-	-	9,449	-	9,449	-	9,449
- A subsidiary	-	-	-	10,208	-	10,208	9,604	19,812
Acquisition of minority interests	-	-	-	-	-	-	(36,839)	(36,839)
Dividends to minority interests	-	-	-	-	-	-	(104,269)	(104,269)
Dividends paid:	9							
- Cash dividend	-	-	-	-	(50,727)	(50,727)	-	(50,727)
- Share dividend	-	(44,358)	44,358	-	-	-	-	-
Total transactions with owners	-	(44,358)	32,920	512,967	(545,097)	(43,568)	(124,744)	(168,312)
At 30 June 2010	<u>1,036,410</u>	<u>3,593,554</u>	<u>(60,929)</u>	<u>(2,923,812)</u>	<u>237,457</u>	<u>1,882,680</u>	<u>990,957</u>	<u>2,873,637</u>

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 2011

Note	Share capital RM'000 (Note 26)	Non-distributable		Other reserves RM'000 (Note 27)	Distributable Retained profits RM'000 (Note 29)	Total equity RM'000
		Share premium RM'000 (Note 26)	Treasury shares RM'000 (Note 26)			
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
Transactions with owners						
Equity-settled share option arrangements granted	-	-	-	640	-	640
Conversion of RCCLS	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	26	-	(1,462)	-	-	(1,462)
Dividends paid:	9					
- 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
At 1 July 2009	1,036,410	3,637,912	(93,849)	2,931,737	379,324	7,891,534
Total comprehensive income for the year	-	-	-	-	86,280	86,280
Transactions with owners						
Equity-settled share option arrangements granted	-	-	-	9,449	-	9,449
Employee share options lapsed	-	-	-	(587)	587	-
Purchase of treasury shares	26	-	(11,438)	-	-	(11,438)
Dividends paid:	9					
- Cash dividend	-	-	-	-	(50,727)	(50,727)
- Share dividend	-	(44,358)	44,358	-	-	-
Total transactions with owners	-	(44,358)	32,920	8,862	(50,140)	(52,716)
At 30 June 2010	1,036,410	3,593,554	(60,929)	2,940,599	415,464	7,925,098

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 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from operating activities					
Profit before tax		805,267	704,173	94,883	84,696
Adjustments for:					
Depreciation and amortisation	7	141,558	132,677	2	-
Amortisation of deferred lease expenses and income - net	7	502	-	-	-
Property, plant and equipment written off	7	2,717	927	-	-
(Reversal of)/Allowance for impairment on receivables - net	7	(80)	428	-	-
Write down of inventories	7	434	263	-	-
Employee share-based payments	6	1,464	29,261	34	90
Unrealised exchange (gain)/loss	7	(1,841)	2,605	-	-
Loss on disposal of property, plant and equipment	7	804	323	-	-
Share of results of an associate		(133)	(153)	-	-
Interest expenses	4	152,588	171,195	2,099	14,367
Premium arising from early redemption of the SGN2012	4	13,702	-	-	-
Interest income	4	(141,701)	(114,504)	(1,755)	(1,597)
Gain on dilution of interest in a subsidiary	5	-	(7,192)	-	-
Gain on disposal of a jointly controlled entity	5	(20,794)	-	-	-
Net fair value gain on derivatives	5	(52)	-	-	-
Dividend income (gross)	3	-	-	(100,000)	(100,000)
Operating profit/(loss) before working capital changes		954,435	920,003	(4,737)	(2,444)
Changes in working capital:					
Inventories		(30,820)	(5,901)	-	-
Receivables and other assets		6,299	18,905	85,326	(28,216)
Payables		81,224	133,117	460	157
Net changes in working capital		56,703	146,121	85,786	(28,059)
Defined benefit plan paid	34	(4)	-	-	-
Taxes paid		(208,348)	(164,022)	-	(13)
Interest paid		(159,880)	(162,192)	(7,327)	(8,096)
Interest received		114,125	115,298	131	2,925
Net cash from/(used in) operating activities		757,031	855,208	73,853	(35,687)



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (continued)

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(163,667)	(349,572)	(10)	-
Additions to investment properties	12	(42,661)	-	-	-
Proceeds from disposal of property, plant and equipment		543	1,102	-	-
Proceeds from disposal of a jointly controlled entity	17	27,697	-	-	-
Net cash inflow on acquisition of subsidiaries	15	9,492	26,469	-	-
Acquisition of minority interests		-	(99,101)	-	-
Purchase of investment securities		(14,452)	-	-	-
Dividends received from:					
- A subsidiary		-	-	100,000	100,000
- An associate		451	395	-	-
Net cash (used in)/from investing activities		(182,597)	(420,707)	99,990	100,000
Cash flows from financing activities					
Dividends paid to:					
- Shareholders of the Company		(172,808)	(50,727)	(172,808)	(50,727)
- Minority shareholders		(114,789)	(104,269)	-	-
Issuance of shares by:					
- The Company		335	-	335	-
- Subsidiaries		9,718	13,354	-	-
Purchase of treasury shares		(1,462)	(11,438)	(1,462)	(11,438)
Proceeds from loans and borrowings		753,327	94,564	-	-
Repayment of loans, borrowings, notes and derivatives liability		(521,950)	(49,887)	-	-
Hire purchase principal payments		(94)	(328)	-	-
Net cash used in financing activities		(47,723)	(108,731)	(173,935)	(62,165)
Net increase/(decrease) in cash and cash equivalents		526,711	325,770	(92)	2,148
Effects of changes in exchange rates		(62,338)	(145,479)	-	-
Cash and cash equivalents at beginning of year		2,273,802	2,093,511	7,232	5,084
Cash and cash equivalents at end of year	25	2,738,175	2,273,802	7,140	7,232

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



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

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 15. 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 14 October 2011.

2. 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 2010 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 2010, the Group and the Company adopted the following applicable new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2010:

- FRS 1 *First-time Adoption of Financial Reporting Standards**
- FRS 3 *Business Combinations (Revised)*
- FRS 4 *Insurance Contracts**
- FRS 7 *Financial Instruments: Disclosures*
- FRS 101 *Presentation of Financial Statements (Revised)*
- FRS 123 *Borrowing Costs*
- FRS 139 *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 2 *Share-based Payment*
- Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations**
- Amendments to FRS 127 *Consolidated and Separate Financial Statements*
- Amendments to FRS 132 *Financial Instruments: Presentation*
- Amendments to FRS 132 *Classification of Right Issues**
- Amendments to FRS 138 *Intangible Assets*
- Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*, FRS 7 *Financial Instruments: Disclosures* and IC Interpretation 9 *Reassessment of Embedded Derivatives*

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

- Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*
- Improvements to FRSs issued in 2009
- IC Interpretation 9 *Reassessment of Embedded Derivatives*
- IC Interpretation 10 *Interim Financial Reporting and Impairment*
- IC Interpretation 11 *FRS 2 - Group and Treasury Share Transactions*
- IC Interpretation 12 *Service Concession Arrangements**
- IC Interpretation 13 *Customer Loyalty Programmes*
- IC Interpretation 14 *FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**
- IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation**
- IC Interpretation 17 *Distributions of Non-cash Assets to Owners**
- TR i-3 *Presentation of Financial Statements of Islamic Financial Institutions**

* These new and amended FRSs and IC interpretations are, however, not applicable to the Group and the Company.

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

FRS 7 *Financial Instruments: Disclosures*

Prior to 1 July 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 30 June 2011.

FRS 101 *Presentation of Financial Statements (Revised)*

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

FRS 127 Consolidated and Separate Financial Statements (Revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 127 include:

- a change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss;
- losses incurred by a subsidiary are allocated to the minority interest even if the losses exceed the minority interest in the subsidiary's equity; and
- when control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 127 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with minority interest, attribution of losses to minority interest, and disposal of subsidiaries before 1 July 2010. The changes will affect future transactions with minority interest.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 July 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard have been accounted for by adjusting the opening balance of retained profits as at 1 July 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Equity instruments

Prior to 1 July 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 July 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date. There are no material adjustment to their previous carrying amounts to be recognised as adjustments to the opening balance of retained profits as at 1 July 2010.

- Debt securities

Prior to 1 July 2010, investments in debt securities were stated at amortised cost using the effective interest rate method. Upon the adoption of FRS 139, these investments are designated as at 1 July 2010 as held-to-maturity investments. The carrying values of held-to-maturity debt securities as at 1 July 2010 amounted to RM650,840,000. The fair values of these held-to-maturity debt securities approximate their carrying amounts as at 1 July 2010.

- Non-hedging derivatives

Prior to 1 July 2010, all derivative financial instruments were recognised in the financial statements only upon settlement except for those which qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group as at 1 July 2010 except for those designated as hedging instruments are recognised at their fair values and are classified as financial assets at fair value through profit or loss.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

FRS 139 Financial Instruments: Recognition and Measurement (continued)

- Impairment of trade receivables

Prior to 1 July 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 July 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and concluded that there are no material adjustments required to the opening balance of retained profits.

- Inter-company loans

During the current and prior years, the Company granted interest-free or below market interest loans and advances to its subsidiaries. Prior to 1 July 2010, these loans and advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS 139, other than those inter-company loans that are repayable on demand, the interest-free or below market interest loans or receivables are recorded initially at a fair value. The difference between the fair value and carrying value of the loans or advances are recognised as an additional investment in the subsidiary. Subsequent to initial recognition, the loans and advances are measured at amortised cost. As at 1 July 2010, the Company has concluded that the effects arising from the adoption of FRS 139 are not material.

- Rental deposits receivable and payable

During the current and prior years, the Group received and granted interest-free rental deposits from/to its landlords and tenants. Prior to 1 July 2010, these rental deposits were recorded at cost in the financial statements of the Group. Upon the adoption of FRS 139, the interest-free rental deposits are recorded initially at their fair values. The differences between the fair value and the absolute rental deposits received/paid represent deferred lease expense/income. Subsequent to the initial recognition, the deferred lease expense/income are measured at amortised cost. As at 1 July 2010, the Group has remeasured such rental deposits receivable and payable at their amortised cost of RM28,319,000 and RM4,773,000 respectively. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained profits as at 1 July 2010.

The effects arising from the above changes in accounting policies are as follows:

Group	Increase/(Decrease)	
	As at 30.6.2011 RM'000	As at 1.7.2010 RM'000
Statement of financial position		
Non-current assets		
Other assets:		
- Rental deposits receivable	(34,023)	(28,208)
- Deferred lease expenses	32,475	27,204
Non-current liabilities		
Long term payables:		
- Rental deposits payable	(6,341)	(5,168)
- Deferred lease income	5,995	4,975
Retained profits	(1,202)	(811)



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

FRS 139 Financial Instruments: Recognition and Measurement (continued)

- Rental deposits receivable and payable (continued)

Group	Increase/(Decrease) 2011 RM'000
Income statement	
Revenue	1,353
Finance income	1,305
Rental expenses	1,855
Operating profit	803
Finance costs	1,194
Profit before tax/for the year	<u>(391)</u>

Amendments to FRS 140 Investment Property

On 1 July 2010, the Group adopted the amendments to FRS 140 *Investment Property* which arose from the Improvements to FRSs issued in 2009.

The Group has properties that are being constructed for future use classified as investment properties. Such investment properties under construction ("IPUC") were accounted as property, plant and equipment. Upon adoption of the amendments to FRS 140, these IPUC are reclassified as investment properties and measured at cost.

The Group applied the amendments prospectively. As a result of the adoption of the amendments to FRS 140, as at 1 July 2010, the Group has reclassified the IPUC of RM105,625,000 from property, plant and equipment to investment properties, which represents the cost of IPUC as at 30 June 2010.

2.3 Standards and interpretations issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters**
- Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions*
- Amendments to FRS 3 *Business Combinations*
- Amendments to FRS 7 *Improving Disclosures about Financial Instruments*
- Improvements to FRSs issued in 2010
- IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*
- IC Interpretation 18 *Transfer of Assets from Customers**

Effective for annual periods beginning on or after 1 July 2011

- Amendments to IC Interpretation 14 *Prepayments of a Minimum Funding Requirement**
- IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*

Effective for annual periods beginning on or after 1 January 2012

- FRS 124 *Related Party Transactions*
- IC Interpretation 15 *Agreements for the Construction of Real Estate**

* These new and amended FRSs and IC interpretations are, however, not applicable to the Group and the Company.

The Directors expect that the adoption of the standards and interpretations above will not have any material impact on the financial statements in the period of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

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

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

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the 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.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(a) Subsidiaries and basis of consolidation (continued)

(ii) Basis of consolidation (continued)

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.

(iii) Transactions with minority interests

Minority interests 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 minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, 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 minority interests is recognised directly in equity.

(b) 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 investment in associates is 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 investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, 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 investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(c) 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 intragroup 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 Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

(d) 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, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of 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 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 of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 8%
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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(e) Investment properties

Investment properties and 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 2.4(d) up to the date of change in use.

(f) Intangible assets

(i) 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 operations and translated in accordance with the accounting policy set out in Note 2.4(u).

Goodwill and fair value adjustments which arising on acquisitions 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(f) Intangible assets (continued)

(ii) 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.

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 5 years.

- **Club memberships**

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

(g) 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.

(h) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

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

An asset's recoverable amount is the higher of an asset's 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 (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 to reduce the carrying amount of the 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.

(i) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company becomes 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 loans and receivables, available-for-sale financial assets and held-to-maturity investments.

(i) 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 is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(i) Financial assets (continued)

(ii) 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.

(iii) 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.

(iv) 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.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(i) Financial assets (continued)

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.

(j) 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.

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.

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.

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.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(j) Impairment of financial assets (continued)

Available-for-sale financial assets (continued)

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.

(k) 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.

(l) 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.

(m) 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.

(n) 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 statement 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.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(n) Financial liabilities (continued)

(i) 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.

(ii) 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.

(o) 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(p) Redeemable convertible secured loan stocks (“RCSLS”)

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

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

(q) 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 the 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.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(q) Derivative financial instruments and hedging (continued)

Fair value hedges (continued)

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.

Cash flow hedges

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

Amounts taken to equity 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 equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognised in equity are transferred to 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 equity remain in equity until the forecast transaction or firm commitment occurs.

(r) 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.

(s) Employee benefits

(i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(s) Employee benefits (continued)

(ii) 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.

Post 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.

(iii) 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.

(t) Leases

(i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(t) Leases (continued)

(i) As lessee (continued)

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.

(ii) 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.

(u) Foreign currency

(i) Functional and presentation currency

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

(ii) 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.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(u) Foreign currency (continued)

(iii) 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.

(v) 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.

(i) 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.

(ii) Commissions from concessionaire sales

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

(iii) Interest income

Interest income is recognised using the effective interest method.

(iv) Revenue from services

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

(v) 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.

(vi) Royalty income

Royalty income is recognised on an accrual basis.

(vii) Promotion income and sales commissions

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



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(v) Revenue recognition (continued)

(viii) Management and consultancy fees

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

(ix) Sale of properties held for sale

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

(x) Revenue from customer loyalty award

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

(w) 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 statement 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.

(x) Income taxes

(i) 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 substantially 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.

(ii) 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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(x) Income taxes (continued)

(ii) Deferred tax (continued)

- 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 probably that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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.

(iii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

(y) 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 the 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 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

(z) 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.

(aa) 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.

2.5 Significant accounting estimates and judgements

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.

(a) 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 of financial assets

The Group classifies financial assets as held-to-maturity investments when it has a positive intention and ability to hold the investment to maturity.

A subsidiary of the Group classified its investments in credit linked notes of RM604,447,000 (2010: RM650,840,000) as held-to-maturity. These investments serve as collateral against the senior guaranteed notes due November 2011.

Management exercises judgement based on the Group's treasury objective and financial risk management policy to determine whether the financial assets are to be classified as held-to-maturity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting estimates and judgements (continued)

(a) Judgements made in applying accounting policies (continued)

(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 retail stores business. The commercial properties combined leases of land and buildings. At the inception of the 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. Therefore, the Group has evaluated based on terms and conditions of the arrangement, whether the land and the buildings were clearly operating leases or finance leases. The Group assessed the following:

- the land title do not passed to the Group; and
- the rentals paid to the landlord for the commercial properties increases to the market rent at regular intervals, and the Group does not participate in residual value of the building.

Management determined that the lessor retains all the significant risks and rewards of ownership of these properties, thus accounted for the contracts as operating leases.

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

Certain subsidiaries of the Group have entered into certain lease/tenancy agreements of premises for its retail business. In accordance with those lease agreements, the Group is required to restore the premises to its original state at end of each lease term. Management had, based on their past experience, assessed that the possibility of outflow for restoring the premise to be remote and the related cost, if any, are not significant. As at reporting date, no provision has been made in relation to the dismantlement, removal or restoration of property, plant and equipment as they are considered immaterial.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(iii) 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.

(iv) 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 3% variance in the profit for the year.

(v) 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.

(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 royalty 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 13.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(vii) Deferred tax assets (continued)

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 RM2,176,000 (2010: RM4,458,000) 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 deferred tax assets of the Group as at 30 June 2011 was RM38,106,000 (2010: RM35,824,000) and the total unused tax losses and capital allowances of the Group were RM80,166,000 (2010: RM45,610,000).

(viii) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement 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.

(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 34(iii).

3. REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sales of goods - direct sales	1,146,465	1,087,350	–	–
Commissions from concessionaire sales (i)	1,631,015	1,502,495	–	–
Consultancy and management service fees	9,787	12,384	–	–
Rental income	137,815	120,027	–	–
Dividend from a subsidiary	–	–	100,000	100,000
	2,925,082	2,722,256	100,000	100,000



3. REVENUE (continued)

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

	Group	
	2011	2010
	RM'000	RM'000
Gross revenue from concessionaire sales	8,199,659	7,398,109
Commissions from concessionaire sales	1,631,015	1,502,495

4. FINANCE INCOME/COSTS

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Finance income				
Interest income on:				
Amount due from a related party (Note 24(iii))	1,623	1,292	1,623	1,292
Cross currency interest rate swap arrangement (Note 33(ii))	6,527	13,387	-	-
Credit linked notes (Note 21)	60,292	66,258	-	-
Discount on rental deposits receivable	1,305	-	-	-
Short term deposits and others	71,954	33,567	132	305
	141,701	114,504	1,755	1,597
Finance costs				
Interest expenses on:				
Senior guaranteed notes due November 2011 (Note 33(i))	52,236	56,335	-	-
Senior guaranteed notes due May 2012 ("SGN2012") (Note 33(ii))	16,508	31,825	-	-
Term loans and PRC bank loans (Note 30)	80,454	68,607	-	-
RCSLS (Note 32)	2,099	14,367	2,099	14,367
Discount on rental deposits payable	1,194	-	-	-
Hire purchase liabilities (Note 31)	17	27	-	-
Bank overdrafts and others	80	34	-	-
Premium arising from early redemption of the SGN2012 (Note 33(ii))	13,702	-	-	-
	166,290	171,195	2,099	14,367



5. OTHER INCOME

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Promotion income	45,896	36,195	–	–
Credit card handling fees	101,876	96,445	–	–
Government grants ⁽ⁱ⁾	6,632	775	–	–
Compensation income ⁽ⁱⁱ⁾	2,459	5,300	–	–
Sale of completed properties	–	10,451	–	–
Equipment and display space lease income	20,723	20,512	–	–
Administration and management fees	62,959	49,756	–	–
Service fees	15,377	14,468	–	–
Gain on disposal of a jointly controlled entity ⁽ⁱⁱⁱ⁾	20,794	–	–	–
Gain on dilution of interest in a subsidiary ^(iv)	–	7,192	–	–
Net fair value gain on derivatives (Note 22)	52	–	–	–
Other income	31,987	44,432	1	10
	308,755	285,526	1	10

- (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 is entitled to receive compensation from a landlord in Hangzhou, Zhejiang Province, the PRC for the landlord's breach of the terms of the underlying lease agreement.
- (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 RM36,660,000) and recognised the disposal proceeds in excess of the investment cost as a gain on disposal of a jointly controlled entity (Note 17).
- (iv) This dilution of interest in Parkson Retail occurred due to the exercise of share options granted to the employees under Parkson Retail's employee share option scheme. Options exercised have resulted in the issuance of additional 4,248,750 ordinary shares of HK\$0.02 each in Parkson Retail, representing 0.15% of the enlarged paid-up capital of Parkson Retail as at 30 June 2010.

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages, salaries and bonuses	178,276	162,123	315	319
Defined contribution plans	22,912	20,668	39	38
Employee share-based payments:				
The Company	640	9,449	34	90
A subsidiary	824	19,812	–	–
Defined benefit plan (Note 34(iii))	100	–	–	–
Other staff related expenses	60,925	56,510	48	57
	263,677	268,562	436	504



6. EMPLOYEE BENEFITS EXPENSE (continued)

Included in employee benefits expense of the Group and of the Company are an executive Director's remuneration (excludes Director's fees) amounting to RM451,000 (2010: RM451,000) and RM182,000 (2010: RM182,000) respectively as further disclosed in Note 7(b).

7. PROFIT BEFORE TAX

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors' remuneration (Note b)	784	716	456	382
Auditors' remuneration:				
- Statutory audit	1,347	1,264	30	30
- Parkson Retail's statutory audit	2,127	2,856	-	-
Depreciation and amortisation:				
- Property, plant and equipment	132,687	120,891	2	-
- Investment properties	946	2,013	-	-
- Land use rights	7,885	9,692	-	-
- Intangible assets	40	81	-	-
Property, plant and equipment written off	2,717	927	-	-
Allowance for impairment on receivables	150	478	-	-
Reversal of impairment on receivables	(230)	(50)	-	-
Bad debts recovered	-	(22)	-	-
Write down of inventories	434	263	-	-
Exchange (gain)/loss - net:				
- Realised	(1,900)	9,415	4	-
- Unrealised	(1,841)	2,605	-	-
Loss on disposal of property, plant and equipment	804	323	-	-
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	390,563	354,326	-	-
- Contingent lease payments	102,574	99,278	-	-
- Amortisation of deferred lease expenses	1,855	-	-	-
Direct operating expenses of investment properties	1,361	2,607	-	-
Gross rental income in respect of investment properties	(19,994)	(18,937)	-	-
Sub-letting of properties:				
- Minimum lease payments	(75,745)	(59,523)	-	-
- Contingent lease payments	(40,723)	(41,567)	-	-
- Amortisation of deferred lease income	(1,353)	-	-	-



7. PROFIT BEFORE TAX (continued)

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Executive Director (Note 6):				
Fees	109	105	50	40
Salaries and other emoluments	408	408	168	168
Pension costs - defined contribution plans	43	43	14	14
	<u>560</u>	<u>556</u>	<u>232</u>	<u>222</u>
Non-executive Directors:				
Fees	224	160	224	160
	<u>784</u>	<u>716</u>	<u>456</u>	<u>382</u>

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

	Number of Directors	
	2011	2010
Executive Director:		
- RM550,001 to RM600,000	1	1
Non-executive Directors:		
- RM25,000 and below	2	1
- RM25,001 to RM50,000	4	4
	<u>4</u>	<u>4</u>

8. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income tax:				
Malaysian tax	30,180	20,422	-	-
Foreign tax	175,693	157,615	-	-
	<u>205,873</u>	<u>178,037</u>	<u>-</u>	<u>-</u>
Under provision in prior years:				
Malaysian income tax	3,188	785	-	-
	<u>209,061</u>	<u>178,822</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	(10,420)	(4,936)	(353)	(1,584)
Under/(Over) provision in prior years	4	(3,311)	-	-
	<u>(10,416)</u>	<u>(8,247)</u>	<u>(353)</u>	<u>(1,584)</u>
Total income tax expense/(credit)	<u>198,645</u>	<u>170,575</u>	<u>(353)</u>	<u>(1,584)</u>

8. 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% (2010: 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% (2010: 25%) on their respective taxable income. During the financial year, the relevant PRC tax authorities granted preferential corporate income tax rates or corporate income tax exemptions to 11 (2010: 11) PRC entities within the Group.

Subsidiaries incorporated in Indonesia and Singapore are subject to tax rates of 25% and 17% respectively for the financial year ended 30 June 2011.

The statutory Corporate Income Tax ("CIT") rate applicable to subsidiaries incorporated in Vietnam is 25%. In accordance with Circular 03/2009/TT-BTC issued by the Ministry of Finance of Vietnam on 13 January 2009 which provides guidance on CIT reduction and deferment, all the Group's subsidiaries in Vietnam were entitled to a 30% reduction on the amount of CIT payable in relation to the period from 1 October 2008 to 31 December 2009.

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:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax	805,267	704,173	94,883	84,696
Tax at Malaysian statutory tax rate of 25%	201,317	176,043	23,721	21,174
Different tax rates in other jurisdiction	(20,136)	(28,438)	–	–
Expenses not deductible for tax purposes	16,878	13,880	926	2,242
Income not subject to tax	(6,158)	(4,879)	(25,000)	(25,000)
Utilisation of previously unrecognised tax losses	(1,193)	(2,710)	–	–
Deferred tax assets not recognised	9,628	7,093	–	–
Effects of withholding tax (reversal)/ charged on distributable profits of the Group's PRC subsidiaries and capital gain arising from disposal of a jointly controlled entity	(4,850)	12,150	–	–
Under/(Over) provision of deferred tax in prior years	4	(3,311)	–	–
Under provision of income tax in prior years	3,188	785	–	–
Effects on share of results of an associate	(33)	(38)	–	–
Tax expense/(credit)	198,645	170,575	(353)	(1,584)
Tax savings during the financial year arising from:				
Utilisation of previously unrecognised tax losses	1,193	2,710	–	–

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



9. DIVIDENDS

	Dividends in respect of financial year		Dividends recognised in financial year	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash dividend:				
First and final dividend for 2009, tax exempt (5 sen per share)	–	–	–	50,727
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⁾	54,533	–	–	–
	162,538	64,803	172,808	50,727
Share dividend ⁽ⁱ⁾	–	48,684	48,684	44,358

(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.
- At the forthcoming Annual General Meeting, a final single tier dividend of 5% (5 sen per share), amounting to a dividend payable of approximately RM54,533,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2012.



10. 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.

	2011	Group	2010
Profit for the year attributable to owners of the parent (RM'000)	<u>348,404</u>		<u>285,128</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,077,498</u>		<u>1,019,770</u>
Basic earnings per share (sen)	<u>32.33</u>		<u>27.96</u>

(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.

	2011	Group	2010
Profit for the year attributable to owners of the parent (RM'000)	<u>348,404</u>		<u>285,128</u>
After-tax effect of interest on RCSLS (RM'000)	<u>1,574</u>		<u>10,775</u>
Profit for the year attributable to owners of the parent including assumed conversion (RM'000)	<u>349,978</u>		<u>295,903</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,077,498</u>		<u>1,019,770</u>
Effects of dilution:			
- RCSLS ('000)	<u>8,306</u>		<u>57,200</u>
- ESOS ('000)	<u>288</u>		<u>204</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,086,092</u>		<u>1,077,174</u>
Diluted earnings per share (sen)	<u>32.22</u>		<u>27.47</u>



11. 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 (i) RM'000	Total RM'000
At 30 June 2011						
Cost						
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 15(a))	-	321	4,843	14,480	2,021	21,665
Disposal of a jointly controlled entity (Note 17)	(21,828)	(81)	(4,238)	(398)	(56)	(26,601)
Adjustments (Note 14)	(6,672)	-	-	-	-	(6,672)
Reclassification to investment properties (Note 12) (i)(b)	-	-	-	-	(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	<u>1,129,438</u>	<u>13,485</u>	<u>331,875</u>	<u>655,189</u>	<u>76,136</u>	<u>2,206,123</u>
Accumulated depreciation						
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 17)	(12,372)	(72)	(3,655)	(223)	-	(16,322)
Adjustments (Note 14)	(150)	-	-	-	-	(150)
Exchange differences	(4,286)	(189)	(3,926)	(5,991)	-	(14,392)
At 30 June 2011	<u>151,533</u>	<u>7,644</u>	<u>214,582</u>	<u>339,087</u>	<u>-</u>	<u>712,846</u>
Net book value						
At 30 June 2011	<u>977,905</u>	<u>5,841</u>	<u>117,293</u>	<u>316,102</u>	<u>76,136</u>	<u>1,493,277</u>



11. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovation RM'000	Capital work-in- progress (i) RM'000	Total RM'000
At 30 June 2010						
Cost						
At 1 July 2009	671,917	10,564	324,129	502,980	31,982	1,541,572
Additions	–	1,826	22,579	46,257	634,053	704,715
Disposals	–	(254)	(3,866)	(772)	–	(4,892)
Write off	–	–	(9,261)	(1,428)	–	(10,689)
Acquisition of subsidiaries (Note 15(a))	–	150	387	2,295	–	2,832
Reclassification from investment properties (Note 12)	20,497	–	–	–	–	20,497
Reclassification from land use rights (Note 14)	–	–	–	–	78,242	78,242
Reclassification	–	–	1,503	18,466	(19,969)	–
Exchange differences	(54,246)	(693)	(15,633)	(29,253)	(803)	(100,628)
At 30 June 2010	638,168	11,593	319,838	538,545	723,505	2,231,649
Accumulated depreciation						
At 1 July 2009	128,826	6,502	187,422	225,147	–	547,897
Charge for the year	18,935	1,371	32,800	67,785	–	120,891
Disposals	–	(218)	(2,748)	(501)	–	(3,467)
Write off	–	–	(8,623)	(1,139)	–	(9,762)
Reclassification from investment properties (Note 12)	1,801	–	–	–	–	1,801
Exchange differences	(9,131)	(447)	(10,084)	(15,304)	–	(34,966)
At 30 June 2010	140,431	7,208	198,767	275,988	–	622,394
Net book value At 30 June 2010	497,737	4,385	121,071	262,557	723,505	1,609,255

Company	Motor vehicle RM'000
Cost	
At 30 June 2010 and 1 July 2010	–
Additions	137
At 30 June 2011	137
Accumulated depreciation	
At 30 June 2010 and 1 July 2010	–
Charge for the year	2
At 30 June 2011	2
Net book value At 30 June 2011	135



11. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2011	Group
	RM'000	2010
		RM'000
(a) Retail mall in China		
Cumulated cost incurred at closing foreign currency translation rate	542,579	551,898
Reclassification to building	(542,579)	–
	<u>–</u>	<u>551,898</u>

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

	2011	Group
	RM'000	2010
		RM'000
(b) Retail mall in Malaysia		
Cumulated cost incurred	160,171	144,478
Reclassification to investment properties (Note 12)	(105,625)	–
	<u>54,546</u>	<u>144,478</u>

The retail mall is located in Setapak, Kuala Lumpur, Malaysia and is still under construction. Festival City Sdn Bhd, 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 by the vendor.

Certain portions of the retail mall are intended for lease to third parties. The Group has adopted the amendments to FRS 140, as described in Note 2.2, and reclassified such portions to investment properties.

(ii) Purchase of property, plant and equipment

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Aggregate costs of purchase of property, plant and equipment	163,794	704,715	137	–
Deposit paid for purchase of property, plant and equipment	–	(355,143)	–	–
Purchase by means of hire purchase	(127)	–	(127)	–
	<u>163,667</u>	<u>349,572</u>	<u>10</u>	<u>–</u>



11. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Furniture, fittings and other equipment	–	203	–	–
Office equipment and vehicles	180	72	135	–
	<u>180</u>	<u>275</u>	<u>135</u>	<u>–</u>

12. INVESTMENT PROPERTIES

Group	2011			2010		
	Completed investment properties RM'000	IPUC RM'000	Total RM'000	Completed investment properties RM'000	IPUC RM'000	Total RM'000
Carrying amounts						
At 1 July	31,671	–	31,671	56,189	–	56,189
Additions	–	42,661	42,661	–	–	–
Reclassification from/(to) property, plant and equipment (Note 11)	–	105,625	105,625	(18,696) ⁽ⁱ⁾	–	(18,696)
Charge for the year	(946)	–	(946)	(2,013)	–	(2,013)
Exchange differences	(811)	–	(811)	(3,809)	–	(3,809)
At 30 June	<u>29,914</u>	<u>148,286</u>	<u>178,200</u>	<u>31,671</u>	<u>–</u>	<u>31,671</u>

As at 1 July 2010, investment properties owned by the Group include office and commercial space and comprise both completed investment properties and investment properties under construction ("IPUC"). As at 30 June 2010, the IPUC were presented at cost under property, plant and equipment.

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

	Office premises ⁽ⁱⁱ⁾ RM'000	Building ⁽ⁱⁱⁱ⁾ RM'000	Building under construction ^(iv) RM'000	Total RM'000
Net book value at 30 June 2011				
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>
Estimated fair value at 30 June 2011	<u>29,067</u>	<u>44,551</u>	<u>180,582</u>	<u>254,200</u>



12. INVESTMENT PROPERTIES (continued)

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

	Office premises ⁽ⁱⁱ⁾ RM'000	Building ⁽ⁱⁱⁱ⁾ RM'000	Building under construction RM'000	Total RM'000
Net book value at 30 June 2010				
Cost	11,440	27,214	–	38,654
Accumulated depreciation	(4,668)	(2,315)	–	(6,983)
	<u>6,772</u>	<u>24,899</u>	<u>–</u>	<u>31,671</u>
Estimated fair value at 30 June 2010				
	<u>22,138</u>	<u>44,224</u>	<u>–</u>	<u>66,362</u>

- (i) In the previous financial year, certain investment properties of the Group were reclassified to property, plant and equipment as the said properties are occupied for the Group's own use.
- (ii) The fair values of the office premises were internally appraised by reference to observed market price in other similar property transactions.
- (iii) The fair value of the building as at 30 June 2010 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 building as at 30 June 2011 was internally appraised by reference to observed market price in other similar property transactions.
- (iv) 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.

13. INTANGIBLE ASSETS

Group	Goodwill RM'000	Customer relationships RM'000	Computer software RM'000	Club memberships RM'000	Total RM'000
Cost					
At 1 July 2009	1,223,192	–	2,228	388	1,225,808
Acquisition of subsidiaries	38,996	–	–	–	38,996
Acquisition of a minority interest ⁽¹⁾	63,513	–	–	–	63,513
Exchange differences	(74,765)	–	(154)	–	(74,919)
At 30 June 2010 and 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	1,237,925	3,770	2,056	388	1,244,139
Accumulated amortisation and impairment					
At 1 July 2009	6,550	–	2,063	107	8,720
Amortisation	–	–	81	–	81
Exchange differences	–	–	(145)	–	(145)
At 30 June 2010 and 1 July 2010	6,550	–	1,999	107	8,656
Amortisation	–	–	40	–	40
Exchange differences	–	–	(91)	–	(91)
At 30 June 2011	6,550	–	1,948	107	8,605
Net carrying amount					
At 30 June 2011	1,231,375	3,770	108	281	1,235,534
At 30 June 2010	1,244,386	–	75	281	1,244,742



13. INTANGIBLE ASSETS (continued)

Company	Club memberships	
	2011 RM'000	2010 RM'000
Cost		
At 1 July and 30 June	135	135
Accumulated amortisation and impairment		
At 1 July and 30 June	107	107
Net carrying amount		
At 30 June	<u>28</u>	<u>28</u>

⁽¹⁾ The amount represents goodwill pursuant to the acquisition of an additional 43.31% equity interest in Qingdao No. 1 Parkson Co Ltd not already owned by the Group.

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 15(a)(1)(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 current financial year.

(a) Impairment tests for goodwill

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

	2011 %	2010 %
CGU		
People’s Republic of China (“PRC”)	9.7	9.6
Malaysia and Indonesia	10.0	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
Retailing				
At 30 June 2011	19,723	1,199,014	12,638	1,231,375
At 30 June 2010	19,723	1,224,663	–	1,244,386



13. INTANGIBLE ASSETS (continued)

(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.

14. LAND USE RIGHTS

	Group	
	2011	2010
	RM'000	RM'000
Cost		
At 1 July	330,445	435,383
Reclassification to property, plant and equipment (Note 11)	–	(78,242)
Adjustments (Note 11)	6,672	–
Exchange differences	(10,348)	(26,696)
At 30 June	326,769	330,445
Accumulated amortisation		
At 1 July	48,032	41,442
Adjustments (Note 11)	150	–
Amortisation for the year	7,885	9,692
Exchange differences	(1,303)	(3,102)
At 30 June	54,764	48,032
Net book value	272,005	282,413



14. LAND USE RIGHTS (continued)

	Group	
	2011	2010
	RM'000	RM'000
Amount to be amortised:		
- Not later than one year	7,885	9,692
- Later than one year but not later than five years	31,540	38,768
- Later than five years	232,580	233,953

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 2011 are RM251.2 million (2010: RM265.5 million).

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011	2010
	RM'000	RM'000
Unquoted shares, at cost	*	*
Share option paid to employees of subsidiaries	23,758	23,152
	23,758	23,152

* Represent RM20

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2011	2010
			%	%
East Crest International Limited	British Virgin Islands	Investment holding	100	100
Parkson Vietnam Investment Holdings Co Ltd	British Virgin Islands	Investment holding	100	100
Parkson Properties Holdings Co Ltd	British Virgin Islands	Investment holding	100	100
Prime Yield Holdings Limited	British Virgin Islands	Investment holding	100	100



15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2011 %	2010 %
<u>Subsidiaries of East Crest International Limited</u>				
PRG Corporation Limited ^f	British Virgin Islands	Investment holding	100	100
Parkson Venture Pte Ltd ^f	Singapore	Investment holding	100	100
Serbadagang Holdings Sdn Bhd ^f	Malaysia	Investment holding	100	100
Sea Coral Limited ^f	Hong Kong SAR	Investment holding	100	100
Victor Crest Limited	British Virgin Islands	Investment holding	100	100
Park Avenue Fashion Sdn Bhd	Malaysia	Retailing business	100	^{*1} 100
Qingdao No.1 Parkson Co Ltd ^f	People's Republic of China	Property development and operation of department stores	^{*2} 95.9	^{*2} 95.9
Smart Spectrum Limited	British Virgin Islands	Investment holding	100	–
Parkson Retail Asia Pte Ltd + ^β	Singapore	Investment holding	90.1	–
<u>Subsidiaries of Parkson Vietnam Investment Holdings Co Ltd</u>				
Parkson HCMC Holdings Co Ltd	British Virgin Islands	Dormant	100	100
Parkson HaiPhong Holdings Co Ltd	British Virgin Islands	Dormant	100	100
Parkson TSN Holdings Co Ltd	British Virgin Islands	Dormant	100	100
<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	–
<u>Subsidiary of Prime Yield Holdings Limited</u>				
Dyna Puncak Sdn Bhd	Malaysia	Investment holding	100	100



15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2011 %	2010 %
<u>Subsidiary of PRG Corporation Limited</u>				
Parkson Retail Group Limited ("Parkson Retail") + @	Cayman Islands	Investment holding	51.2 ^{*3} 0.3	51.2 ^{*3} 0.3
<u>Subsidiary of Parkson Retail</u>				
Grand Parkson Retail Group Limited + #1	British Virgin Islands	Investment holding	100	100
<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



15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2011 %	2010 %
<u>Subsidiaries of Grand Parkson Retail Group Limited</u> (continued)				
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	*3 100
<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
<u>Subsidiary of Oroleon International Limited</u>				
Oroleon (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100
<u>Subsidiary of Releomont International Limited</u>				
Releomont (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100



15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2011 %	2010 %
<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 ^{*4} 30	70 ^{*4} 30
Jinan Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	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 ^{*5} 9	91 ^{*5} 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 ^{*6} 49	51 ^{*6} 49
Xi'an Shidai Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	51 ^{*6} 49	51 ^{*6} 49
<u>Subsidiary of Shanghai Lion Parkson Investment Consultant Co Ltd</u>				
Beijing Century Parkson E-business Co Ltd +	People's Republic of China	Research and development of computer software	99 ^{*7} 1	99 ^{*7} 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



15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2011 %	2010 %
<u>Subsidiaries of Parkson Investment Holdings Co Ltd (continued)</u>				
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 ^{*8} 40	60 ^{*8} 40
Sichuan Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100
<u>Subsidiary of Creation International Investment & 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



15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2011 %	2010 %
<u>Subsidiaries of Step Summit Limited</u> (continued)				
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	–
<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 ^{*9} 49	51 ^{*9} 49
<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>Subsidiary 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 ^{*10} 10	90 ^{*10} 10



15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2011 %	2010 %
<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
<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 & 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 & 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



15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2011 %	2010 %
<u>Subsidiaries of Victory Hope Limited</u>				
Nanning Brilliant Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	70 ^{**} 30	70 ^{**} 30
Tianjin Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	100	100
<u>Subsidiary of Bond Glory Limited</u>				
Choice Link Limited +	British Virgin Islands	Investment holding	100	100
<u>Subsidiary of Choice Link Limited</u>				
Great Dignity Development Limited +	Hong Kong SAR	Investment holding	100	100
<u>Subsidiary of Great Dignity Development Limited</u>				
Shantou Parkson Commercial Co Ltd ^f	People's Republic of China	Operation of department stores	100	100
<u>Subsidiaries of Sea Coral Limited</u>				
Dalian Parkson Retail Development Co Ltd ^f	People's Republic of China	Operation of department stores	100	100
Changchun Parkson Retail Development Co Ltd ^f (Wound-up on 16.8.2010)	People's Republic of China	Operation of department stores	–	100
<u>Subsidiary of Serbadagang Holdings Sdn Bhd</u>				
Dalian Tianhe Parkson Shopping Centre Co Ltd ^f [£]	People's Republic of China	Operation of department stores	60	60
<u>Subsidiary of Victor Crest Limited</u>				
Wide Crest Limited	British Virgin Islands	Investment holding	100	100
<u>Subsidiary of Wide Crest Limited</u>				
Wide Field International Limited ^f	Hong Kong SAR	Investment holding	100	100



15. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2011 %	2010 %
<u>Subsidiary of Wide Field International Limited</u>				
Shenyang Parkson Shopping Plaza Co Ltd ^f	People's Republic of China	Operation of department stores	100	100
<u>Subsidiaries of Parkson Retail Asia Pte Ltd</u>				
Parkson Corporation Sdn Bhd	Malaysia	Operation of department stores	100	^{*3} 100
Centro Retail Pte Ltd +	Singapore	Investment holding	100	–
PT Tozy Sentosa ^f	Indonesia	Operation of department stores, supermarket and merchandising	72.2 ^{*12} 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	–
<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
<u>Subsidiary of Parkson Cambodia Holdings Co Ltd</u>				
Parkson (Cambodia) Co Ltd +	Cambodia	Operation of department stores	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	Investment holding	100	100



15. INVESTMENTS IN SUBSIDIARIES (continued)

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

- *1 Held by Parkson Corporation Sdn Bhd.
- *2 50% held by Parkson Venture Pte Ltd and 45.9% held by Serbadagang Holdings Sdn Bhd.
- *3 Held by East Crest International Limited.
- *4 Held by Parkson Investment Pte Ltd.
- *5 Held by Huge Return Investment Limited.
- *6 Held by Parkson Retail Development Co Ltd.
- *7 Held by Shanghai Nine Sea Parkson Plaza Co Ltd.
- *8 Held by Shanghai Hongqiao Parkson Development Co Ltd.
- *9 Held by Creation (Hong Kong) Investment & Development Limited.
- *10 Held by Parkson Investment Holdings Co Ltd.
- *11 Held by Hanmen Holdings Limited.
- *12 Held by Centro Retail Pte Ltd.
- β Converted into a public limited company with effect from 11 October 2011 and is now known as Parkson Retail Asia 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 21).
- #1 Pledged as security for senior guaranteed notes as disclosed in Note 33.

(a) Acquisition of subsidiaries

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

(i) Acquisition of PT Tozy Sentosa (“TS”)

On 9 June 2011, Parkson Retail Asia Pte Ltd (“Parkson Asia”) and Centro Retail Pte Ltd, both subsidiaries of the Group, completed the acquisition of a 100% 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:

	2011
	RM’000
Revenue	9,617
Profit for the year	1,135

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



15. INVESTMENTS IN SUBSIDIARIES (continued)

(a) **Acquisition of subsidiaries** (continued)

(1) During the 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	<u>25,631</u>
Goodwill arising on the acquisition	<u>12,638</u>	
Consideration	<u><u>38,269</u></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	<u>(38,269)</u>
Total consideration paid	<u><u>38,269</u></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.



15. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(1) During the 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:

	2011 RM'000
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 financial year, the Group acquired the following subsidiaries for a total consideration of RM9:

	Consideration RM
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.

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

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

The Group completed the acquisition of Great Dignity on 16 November 2009. Consequent thereupon, Great Dignity and its wholly-owned subsidiaries, Shenyang Parkson Shopping Plaza Co Ltd and Shantou Parkson Commercial Co Ltd became wholly-owned subsidiaries of the Group.

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

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



15. INVESTMENTS IN SUBSIDIARIES (continued)

(a) **Acquisition of subsidiaries** (continued)

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

(i) **Acquisition of Great Dignity** (continued)

Had the acquisition occurred on 1 July 2009, the Group's revenue and profit for the year (net of tax) for the financial year ended 30 June 2010 would have been RM2,738,782,000 and RM536,355,000 respectively.

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

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

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

	2010 RM'000
Cash paid	(3,900)
Cash and cash equivalents of subsidiaries acquired	30,369
Net cash inflow on acquisition of subsidiaries	<u>26,469</u>

15. INVESTMENTS IN SUBSIDIARIES (continued)
(a) Acquisition of subsidiaries (continued)

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

(ii) Other subsidiaries

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

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

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

(b) Increase in shareholdings in subsidiaries

(1) During the 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 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 shareholdings 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 derivatives as disclosed in Note 22.

(2) In the previous financial year, the Group:

- (i) increased its shareholdings in Parkson Hanoi Co Ltd from 49% to 70%; and
- (ii) increased its shareholdings in Qingdao No. 1 Parkson Co Ltd from 52.6% to 95.9%.

16. INVESTMENT IN AN ASSOCIATE

	2011 RM'000	Group 2010 RM'000
Unquoted shares, at cost	324	324
Share of post-acquisition reserves	613	828
	937	1,152
	937	1,152



16. INVESTMENT IN AN ASSOCIATE (continued)

Name	Country of incorporation	Principal activities	Equity interest	
			2011 %	2010 %
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:

	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	4,355	5,317
Non-current assets	272	343
Total assets	<u>4,627</u>	<u>5,660</u>
Current liabilities, representing total liabilities	<u>(1,950)</u>	<u>(2,367)</u>
Results		
Revenue	11,666	11,902
Profit for the year	<u>381</u>	<u>438</u>

17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

Details of jointly controlled entities are as follows:

Name	Country of incorporation	Principal activities	Equity interest	
			2011 %	2010 %
Xinjiang Youhao Parkson Development Co Ltd *	People's Republic of China	Operation of department stores	51	51
Yangzhou Parkson Plaza Co Ltd *	People's Republic of China	Operation of department stores	–	55

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

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



17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (continued)

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:

	2011	2010
	RM'000	RM'000
Assets and liabilities		
Current assets	46,640	49,750
Non-current assets	2,937	13,034
Total assets	49,577	62,784
Liabilities		
Current liabilities	(33,088)	(29,270)
Non-current liabilities	(594)	(668)
Total liabilities	(33,682)	(29,938)
Income and expenses		
Revenue	40,964	43,239
Other income	3,126	4,208
Purchase of goods and changes in inventories	(11,116)	(12,557)
Operating expenses	(15,968)	(19,390)
Finance income	1,346	1,017
Finance costs	-	(8)
Profit before tax	18,352	16,509
Income tax expense	(4,770)	(3,377)
Profit for the year	13,582	13,132

Disposal of a jointly controlled entity

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 RM36,660,000). The disposal of Yangzhou Parkson was completed on 26 November 2010.

	Carrying value
	RM'000
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)
Total disposal proceeds	15,866
Gain on disposal to the Group	(20,794)



17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (continued)

	Carrying value RM'000
Disposal proceeds settled by:	
Cash	35,325
Other receivables	1,335
	<u>36,660</u>
Cash inflow arising on disposal:	
Cash consideration	35,325
Cash and cash equivalents of the jointly controlled entity disposed	(7,628)
	<u>27,697</u>

18. DEFERRED TAX

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 July	(87,892)	(102,619)	(353)	(1,937)
Recognised in profit or loss	10,416	8,247	353	1,584
Acquisition of a subsidiary	(766)	-	-	-
Exchange differences	2,263	6,480	-	-
	<u>(75,979)</u>	<u>(87,892)</u>	<u>-</u>	<u>(353)</u>
At 30 June	(75,979)	(87,892)	-	(353)
Presented after appropriate offsetting as follows:				
Deferred tax assets	38,106	35,824	-	-
Deferred tax liabilities	(114,085)	(123,716)	-	(353)
	<u>(75,979)</u>	<u>(87,892)</u>	<u>-</u>	<u>(353)</u>

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
At 1 July 2010	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)
	<u>2,096</u>	<u>6,368</u>	<u>29,642</u>	<u>38,106</u>
At 30 June 2011	2,096	6,368	29,642	38,106



18. DEFERRED TAX (continued)

The components and movements of deferred tax assets and liabilities prior to offsetting are as follows: (continued)

Deferred tax assets of the Group: (continued)

	Unabsorbed capital allowances RM'000	Unused tax losses RM'000	Leases and others RM'000	Total RM'000
At 1 July 2009	2,233	–	31,454	33,687
Recognised in profit or loss	(148)	4,458	102	4,412
Exchange differences	(149)	(145)	(1,981)	(2,275)
At 30 June 2010	<u>1,936</u>	<u>4,313</u>	<u>29,575</u>	<u>35,824</u>

Deferred tax liabilities of the Group:

	Capital allowance RM'000	Asset revaluation RM'000	Withholding RCSLS taxes RM'000	Intangible assets RM'000	Total RM'000
At 1 July 2010	(76,929)	(40,684)	(353)	–	(123,716)
Recognised in profit or loss	1,541	–	353	–	7,469
Acquisition of a subsidiary	–	–	–	(943)	(943)
Exchange differences	1,894	1,036	–	175	3,105
At 30 June 2011	<u>(73,494)</u>	<u>(39,648)</u>	<u>–</u>	<u>(943)</u>	<u>(114,085)</u>
At 1 July 2009	(62,752)	(68,114)	(1,937)	–	(136,306)
Recognised in profit or loss	(17,905)	22,732	1,584	–	3,835
Exchange differences	3,728	4,698	–	329	8,755
At 30 June 2010	<u>(76,929)</u>	<u>(40,684)</u>	<u>(353)</u>	<u>–</u>	<u>(123,716)</u>

Deferred tax liabilities of the Company:

	RCSLS RM'000
At 1 July 2010	(353)
Recognised in profit or loss	353
At 30 June 2011	<u>–</u>
At 1 July 2009	(1,937)
Recognised in profit or loss	1,584
At 30 June 2010	<u>(353)</u>



18. DEFERRED TAX (continued)

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

	2011	Group
	RM'000	2010
		RM'000
Unused tax losses	78,945	44,773
Unabsorbed capital allowances	1,221	837
	<u>78,945</u>	<u>44,773</u>
	<u>1,221</u>	<u>837</u>

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%.

19. OTHER ASSETS

	2011	Group
	RM'000	2010
		RM'000
Deposits	43,021	29,635
Lease prepayments ⁽ⁱ⁾	21,711	35,158
Deferred lease expenses ⁽ⁱⁱ⁾	32,475	–
	<u>97,207</u>	<u>64,793</u>
	<u>97,207</u>	<u>64,793</u>

(i) Lease prepayments represent long term portion of the prepaid lease rental paid to lessors. Included in lease prepayments is an amount of RM15.2 million (2010: RM22.5 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:

	Group
	2011
	RM'000
At 1 July	–
Effect of adopting FRS 139	27,204
Additions during the year	8,208
Recognised in profit or loss (Note 7)	(1,855)
Exchange differences	(1,082)
	<u>32,475</u>
At 30 June	<u>32,475</u>



20. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

The non-current portion of the amounts due from subsidiaries represent the amount which the Company does not intend to demand repayment within twelve months from the reporting date.

21. INVESTMENT SECURITIES

	Group	
	2011 RM'000	2010 RM'000
Current		
Held-to-maturity investment:		
- Credit linked notes, at amortised cost ⁽ⁱ⁾	604,447	-
Non-current		
Available-for-sale financial assets:		
<u>Outside Malaysia</u>		
- Unquoted shares		
At fair value/cost ⁽ⁱⁱ⁾	-	21,296
Accumulated impairment	-	(21,296)
	-	-
- Quoted shares, at market value	14,310	-
	14,310	-
<u>In Malaysia</u>		
- Unquoted shares, at cost ⁽ⁱⁱⁱ⁾	233	-
Held-to-maturity investment:		
- Credit linked notes, at amortised cost ⁽ⁱ⁾	-	650,840
Total non-current investment securities	14,543	650,840
Total investment securities	618,990	650,840

- (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 are denominated in US\$ and bear interest at a rate of 9.8% (2010: 9.8%) per annum. Interest is receivable semi-annually on 13 May and 13 November of each year, commencing on 13 May 2007. The CLNs serve as collateral against the senior guaranteed notes due November 2011 ("SGN2011") (Note 33(i)).

The subscription for the CLNs is 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 30(ii).

- (ii) As disclosed in Note 15, the Group ceased to have management control over Dalian Tianhe Parkson Shopping Centre Co Ltd. Accordingly, the investment was accounted as available-for-sale financial assets. Pursuant to the adoption of FRS 139, the unquoted investment is stated at fair value of RM1.00.
- (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 36.



22. DERIVATIVES

	2011 RM'000	Group 2010 RM'000
Option to purchase additional shares in Kiara Innovasi	52	–

Further details of the option are disclosed in Note 15(b) and Note 40(a).

23. INVENTORIES

	2011 RM'000	Group 2010 RM'000
At costs:		
Merchandise inventories	236,131	200,242
Properties held for sale	4,258	4,369
Consumables	5,041	6,205
	<u>245,430</u>	<u>210,816</u>
At net realisable value:		
Merchandise inventories	810	2,196
	<u>246,240</u>	<u>213,012</u>

24. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current				
Trade receivables	13,126	17,695	–	–
Less: Allowance for impairment	(563)	(606)	–	–
	<u>12,563</u>	<u>17,089</u>	<u>–</u>	<u>–</u>
Sundry receivables ⁽ⁱ⁾	139,108	145,476	6	6
Less: Allowance for impairment	(3,306)	(3,457)	–	–
	<u>135,802</u>	<u>142,019</u>	<u>6</u>	<u>6</u>
Deposits ⁽ⁱⁱ⁾	88,026	66,767	10	10
Less: Allowance for impairment	–	(754)	–	–
	<u>88,026</u>	<u>66,013</u>	<u>10</u>	<u>10</u>
Amounts due from related parties ⁽ⁱⁱⁱ⁾	25,737	24,114	25,737	24,114
Designated loans ^(iv)	140	192	–	–
Lease prepayments	63,120	64,453	–	–
Prepayments	20,461	14,846	–	–
	<u>109,458</u>	<u>103,605</u>	<u>25,737</u>	<u>24,114</u>
Total trade and other receivables	<u>345,849</u>	<u>328,726</u>	<u>25,753</u>	<u>24,130</u>



24. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Total trade and other receivables (as above)	345,849	328,726	25,753	24,130
Add: Deposits, cash and bank balances (Note 25)	2,740,698	2,273,802	7,140	7,232
Less: Lease prepayments	(63,120)	(64,453)	-	-
Prepayments	(20,461)	(14,846)	-	-
Total loans and receivables	<u>3,002,966</u>	<u>2,523,229</u>	<u>32,893</u>	<u>31,362</u>

- (i) Sundry receivables are non-interest bearing with average credit terms ranging from 1 to 90 days (2010: 1 to 90 days).
- (ii) Included in deposits are:
- (a) a refundable deposit of RM24 million (2010: RM31 million) paid to C&T Corporation ("C&T") for the proposed acquisition by the Group from C&T of 55% equity interest in a joint-stock company, C.T Phuong Nam Joint Stock Company. During the financial year, the Group and C&T have mutually agreed to terminate the acquisition and the deposit paid will be refunded by C&T in full together with interest to the Group; and
- (b) deposits of RM22.9 million (2010: RM15.7 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:

	Group/Company	
	2011	2010
	RM'000	RM'000
Principal amount	20,000	20,000
Interest	5,614	3,991
	<u>25,614</u>	<u>23,991</u>

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. The first deferred payment of RM20 million was paid by Total Triumph to the Company on 19 September 2009.

On 14 September 2011, a repayment of RM8 million was made by Total Triumph with the remaining balance to be paid in 2012.

The amount due from Total Triumph bears interest of 1% (2010: 1%) above base lending rate per annum and is secured against shares in Bright Steel.



24. TRADE AND OTHER RECEIVABLES (continued)

Other than the above, the amounts due from related parties are unsecured, interest free and are repayable on demand.

The relationship of the related parties with the Group and the Company are further disclosed in Note 36.

- (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% (2010: 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.

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 (2010: payment in advance to 90 days).

Other information on financial risks of trade and other receivables are disclosed in Note 41.

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

	Group	
	2011	2010
	RM'000	RM'000
Neither past due nor impaired	8,122	4,967
1 to 30 days past due not impaired	1,626	3,597
31 to 60 days past due not impaired	219	93
61 to 90 days past due not impaired	114	130
More than 91 days past due not impaired	2,336	8,282
	4,295	12,102
Impaired	709	626
	13,126	17,695

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.



24. TRADE AND OTHER RECEIVABLES (continued)

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:

	2011 RM'000	Group 2010 RM'000
Individually impaired		
Trade receivables - nominal amounts	709	626
Less: Allowance for impairment	(563)	(606)
	<u>146</u>	<u>20</u>
Sundry receivables - nominal amounts	3,306	3,457
Less: Allowance for impairment	(3,306)	(3,457)
	<u>-</u>	<u>-</u>
Deposits - nominal amounts	-	754
Less: Allowance for impairment	-	(754)
	<u>-</u>	<u>-</u>

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 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	<u>563</u>	<u>3,306</u>	<u>-</u>	<u>3,869</u>
At 1 July 2009	469	3,116	804	4,389
Charge for the year	137	341	-	478
Reversal of impairment	-	-	(50)	(50)
At 30 June 2010	<u>606</u>	<u>3,457</u>	<u>754</u>	<u>4,817</u>



25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits, cash and bank balances:				
Cash on hand and at banks	707,973	1,015,577	3,040	1,532
Deposits with:				
Licensed banks	1,952,205	1,063,185	4,100	5,700
Licensed finance companies	80,520	195,040	–	–
	<u>2,740,698</u>	<u>2,273,802</u>	<u>7,140</u>	<u>7,232</u>
Bank overdrafts (Note 30)	(2,523)	–	–	–
Cash and cash equivalents	<u><u>2,738,175</u></u>	<u><u>2,273,802</u></u>	<u><u>7,140</u></u>	<u><u>7,232</u></u>

Deposits, cash and bank balances of the Group amounting to RM608.0 million (2010: RM99.7 million) are pledged with financial institutions for banking facilities extended to the Group as disclosed in Notes 30(i) and 30(ii).

The deposits, cash and bank balances of the subsidiaries in the PRC which amounted to RM2,251.3 million (2010: RM1,849.6 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.

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

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Licensed banks	3.8	3.5	2.7	1.9
Licensed finance companies	3.0	2.0	–	–

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.



26. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

Group/Company	Number of ordinary share of RM1.00 each		Amount			
	Share capital (Issued and fully paid-up) '000	Treasury shares '000	Share capital (Issued and fully paid-up) RM'000 (a)	Share premium RM'000 (a)	Total share capital and share premium RM'000	Treasury shares RM'000 (b)
At 1 July 2010	1,036,410	(13,552)	1,036,410	3,593,554	4,629,964	(60,929)
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
At 30 June 2011	1,093,673	(3,017)	1,093,673	3,729,979	4,823,652	(13,707)
At 1 July 2009	1,036,410	(21,534)	1,036,410	3,637,912	4,674,322	(93,849)
Purchase of treasury shares	-	(2,163)	-	-	-	(11,438)
Distribution of share dividend	-	10,145	-	(44,358)	(44,358)	44,358
At 30 June 2010	1,036,410	(13,552)	1,036,410	3,593,554	4,629,964	(60,929)

Authorised share capital	Number of ordinary share of RM1.00 each		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
At 1 July/30 June	4,500,000	4,500,000	4,500,000	4,500,000

(a) Issue of shares

During the financial year, the issued and paid-up share capital of the Company was increased from RM1,036,410,250 to RM1,093,673,250 by:

- (i) the conversion of the remaining RM228,800,000 nominal value of RCSLS 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; and
- (ii) the issuance of 63,000 new Shares at an issue price of RM5.31 per Share for cash pursuant to the 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.

- (i) During the financial year, the Company repurchased a total of 263,000 ordinary shares of its issued ordinary shares from the open market at an average price of RM5.56 per share. The total consideration paid for the repurchase including transaction costs was RM1.46 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.



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

(b) Treasury shares (continued)

(ii) 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 2011, the number of outstanding ordinary shares in issue after the set off of 3,017,631 (2010: 13,552,486) treasury shares held by the Company is 1,090,655,619 (2010: 1,022,857,764) ordinary shares of RM1.00 each.

27. OTHER RESERVES

Group	Exchange fluctuation reserves RM'000	Share option reserve RM'000 (a)	Asset revaluation reserve RM'000 (b)	Capital reserves RM'000 (c)	Merger deficit RM'000 (d)	Hedging reserve RM'000	RCSLS equity components RM'000 (Note 32)	Available-for-sale investment revaluation reserve RM'000	Total RM'000
2011									
At 1 July 2010	7,292	32,115	62,073	56,694	(3,085,693)	(9,882)	13,589	-	(2,923,812)
Other comprehensive income/ (loss) for the year									
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: Minority 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)
Transactions with owners									
Appropriation of profit 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
At 30 June 2011	(48,747)	31,191	60,440	64,338	(2,876,086)	(3,070)	-	47	(2,771,887)



27. OTHER RESERVES (continued)

Group	Exchange fluctuation reserves RM'000	Share option reserve RM'000 (a)	Asset revaluation reserve RM'000 (b)	Capital reserves RM'000 (c)	Merger deficit RM'000 (d)	Hedging reserve RM'000	RCSLS equity components RM'000 (Note 32)	Available- for-sale investment revaluation reserve RM'000	Total RM'000
2010									
At 1 July 2009	104,242	14,550	69,312	50,784	(3,569,345)	(11,450)	13,589	–	(3,328,318)
Other comprehensive income/ (loss) for the year									
Gain on fair value changes in hedging instruments on cash flow hedges	–	–	–	–	–	1,481	–	–	1,481
Foreign currency translation	(157,685)	(1,023)	(11,473)	(8,848)	–	1,531	–	–	(177,498)
Less: Minority interests	60,717	451	4,327	3,521	–	(1,460)	–	–	67,556
	(96,968)	(572)	(7,146)	(5,327)	–	1,552	–	–	(108,461)
Transactions with owners									
Appropriation of profit to capital reserves	–	–	–	11,305	–	–	–	–	11,305
Dilution of interest in a subsidiary	18	(3)	(93)	(68)	–	16	–	–	(130)
Employee share options lapsed	–	(587)	–	–	–	–	–	–	(587)
Employee share options exercised	–	(930)	–	–	–	–	–	–	(930)
Transfer from retained profits	–	–	–	–	483,652	–	–	–	483,652
Equity-settled share option arrangements granted by:									
- The Company	–	9,449	–	–	–	–	–	–	9,449
- A subsidiary	–	10,208	–	–	–	–	–	–	10,208
	18	18,137	(93)	11,237	483,652	16	–	–	512,967
At 30 June 2010	7,292	32,115	62,073	56,694	(3,085,693)	(9,882)	13,589	–	(2,923,812)



27. **OTHER RESERVES** (continued)

Company	Share option reserve RM'000 (a)	Capital redemption reserve RM'000	RCSLS equity components RM'000 (Note 32)	Total RM'000
At 1 July 2010	21,179	2,905,831	13,589	2,940,599
Equity-settled share option arrangements granted	640	–	–	640
Conversion of RCSLS	–	–	(13,589)	(13,589)
Employee share options lapsed	(1,025)	–	–	(1,025)
Employee share options exercised	(124)	–	–	(124)
At 30 June 2011	20,670	2,905,831	–	2,926,501
At 1 July 2009	12,317	2,905,831	13,589	2,931,737
Equity-settled share option arrangements granted	9,449	–	–	9,449
Employee share options lapsed	(587)	–	–	(587)
At 30 June 2010	21,179	2,905,831	13,589	2,940,599

(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 28.

(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 to the merger deficit, in accordance with the Group's accounting policy disclosed in Note 2.4(a)(ii).



28. 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.

28. 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:

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	
	9,015,500	–	(63,000)	(412,800)	8,539,700	8,225,000	
WAEP (RM)	5.76	–	5.31	5.81	5.77	5.78	

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

(i) Share options exercised during the financial years

Options exercised during the financial year resulted in the issuance of 63,000 ordinary shares at RM5.31 per share. No option was exercised during the previous financial year.

The related average share price of the Company during the financial year was RM5.65 (2010: RM5.42) per share.

(ii) Fair value of share options granted

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

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

	Grant Date	
	7.4.2010	12.5.2008
Fair value of share options (RM)	1.97	3.05
Dividend yield (%)	2.00	1.00
Expected volatility (%)	45.00	50.00
Risk-free interest rate (%)	2.00	3.00
Expected life (years)	2.84	5.00
Share price (RM)	5.99	6.80



28. EMPLOYEE SHARE-BASED PAYMENT (continued)

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

(ii) Fair value of share options granted (continued)

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

(b) Employee share-based payment of a subsidiary

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 executive of Parkson Retail at an exercise price of HK\$7.35 per share (as adjusted for the effect of subdivision of shares) pursuant to an employee share option scheme.

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

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

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

- (i) Parkson Retail may from time to time grant options to Group employees, directors, consultants, business associates or advisers of Parkson Retail to subscribe for ordinary shares of Parkson Retail. No consideration is payable upon acceptance of the option by the grantee.
- (ii) The maximum number of unexercised share options currently permitted to be granted under the ESOS Scheme is an amount equivalent, upon their exercise, to 10% of the shares of Parkson Retail on 9 November 2005. The maximum number of shares issuable under share options to each eligible participant in the ESOS Scheme within any 12-month period is limited to 1% of the shares of Parkson Retail in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. In addition, options granted to substantial shareholders, independent non-executive directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder or an independent non-executive director or a company beneficially owned by any substantial shareholder or independent non-executive director of Parkson Retail) in excess of 0.1% of the shares of Parkson Retail in issue at any time or with an aggregate value in excess of HK\$5,000,000, within any 12-month period, must be approved in advance by Parkson Retail's shareholders in general meeting.
- (iii) The exercise price is determined by the directors of Parkson Retail, but must not be less than the highest of (a) the closing price of Parkson Retail's shares on the date of grant; (b) the average closing price of Parkson Retail's shares for the five trading days immediately preceding the date of grant; and (c) the nominal value of Parkson Retail's share.
- (iv) The options may be exercised at any time during a period commencing on or after the date to be notified to each grantee which period shall commence not less than 1 year and not to exceed 10 years from the date of grant of the relevant option.
- (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.



28. 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:

2011		Number of options					As at	Exercisable
Grant date	As at 1.7.2010	Granted	Exercised	Lapsed	Cancelled	30.6.2011	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	

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

(i) Share options exercised during the financial years

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

The related average share price of Parkson Retail during the financial year was HK\$12.41 (2010: HK\$12.78) per share.

(ii) Fair value of share options granted

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

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

	Grant Date	
	1.3.2010	10.1.2007
Fair value of share options (HK\$)	3.00	2.13
Dividend yield (%)	1.17	0.77 - 1.56
Expected volatility (%)	52.13	25.79 - 35.94
Risk-free interest rate (%)	0.95	3.638 - 3.648
Expected life (years)	3.10	0.5 - 1.5
Share price (HK\$) (as adjusted for the effect of subdivision of shares)	12.44	8.85



28. EMPLOYEE SHARE-BASED PAYMENT (continued)

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

(ii) Fair value of share options granted (continued)

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. RETAINED PROFITS

Presently, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company had elected for the irrevocable option to disregard the 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 2011 under the single tier system.

The Company did not elect for the irrevocable option to disregard the 108 balance as at 30 June 2010. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 June 2010 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 30 June 2010, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM6,992,000 out of its retained profits. If the balance of RM408,472,000 were to be distributed as dividend, the Company may distribute such dividends under the single tier system.

30. LOANS AND BORROWINGS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short term loans and borrowings				
Secured:				
Hire purchase liabilities (Note 31)	41	101	18	–
RCSLS (Note 32)	–	233,552	–	233,552
Short term loans ⁽ⁱ⁾	–	94,564	–	–
PRC bank loans ⁽ⁱⁱ⁾	578,613	–	–	–
	578,654	328,217	18	233,552
Unsecured:				
Bank overdrafts	2,523	–	–	–
Short term loans and borrowings	581,177	328,217	18	233,552



30. LOANS AND BORROWINGS (continued)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Long term loans and borrowings				
Secured:				
Term loan facilities (iii)	739,029	–	–	–
Hire purchase liabilities (Note 31)	122	35	109	–
	<u>739,151</u>	<u>35</u>	<u>109</u>	<u>–</u>
Unsecured:				
PRC bank loans (ii)	–	623,918	–	–
Long term loans and borrowings	<u>739,151</u>	<u>623,953</u>	<u>109</u>	<u>–</u>
Total loans and borrowings	<u>1,320,328</u>	<u>952,170</u>	<u>127</u>	<u>233,552</u>
Loans, borrowings and notes				
Hire purchase liabilities (Note 31)	163	136	127	–
Other loans and borrowings:				
RCSLS (Note 32)	–	233,552	–	233,552
Bank overdrafts	2,523	–	–	–
Short term loans (i)	–	94,564	–	–
PRC bank loans (ii)	578,613	623,918	–	–
Term loan facilities (iii)	739,029	–	–	–
	<u>1,320,328</u>	<u>952,170</u>	<u>127</u>	<u>233,552</u>
Senior guaranteed notes (Note 33)	<u>603,280</u>	1,049,787	–	–
	<u>1,923,608</u>	<u>2,001,957</u>	<u>127</u>	<u>233,552</u>
Maturity of loans, borrowings and notes (excluding hire purchase liabilities):				
Within one year	1,184,416	328,116	–	233,552
More than one year and less than two years	–	1,673,705	–	–
More than two years and less than five years	739,029	–	–	–
	<u>1,923,445</u>	<u>2,001,821</u>	<u>–</u>	<u>233,552</u>

30. LOANS AND BORROWINGS (continued)

The ranges of effective interest rates at the reporting date for loans, borrowings and notes were as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
RCSLS	–	6.5	–	6.5
Bank overdrafts	8.6	–	–	–
Short term loans	–	2.5	–	–
PRC bank loans	10.3	10.3	–	–
Term loan facilities	1.7	–	–	–
Senior guaranteed notes:				
- SGN2011	7.9	7.9	–	–
- SGN2012	–	7.1	–	–

- (i) The short term loans of RM94.6 million as at 30 June 2010 were denominated in HK\$ and were secured by the pledge of certain of the Group's deposits amounting to RM99.7 million. The loans were fully settled during the financial year.
- (ii) The PRC bank loans from JPMorgan Chase Bank, N.A., Shanghai Branch ("Bank") were issued on 14 November 2006 and will mature on 13 November 2011. Interest payable on the PRC bank loans is equal to the five-year bank loan rate as pronounced by the People's Bank of China plus a spread of 2.35% per annum. To manage the Group's interest rate exposure attributable to the PRC bank loans, the Group entered into interest rate swap contracts with the Bank and JP Morgan Chase Bank, N.A. Hong Kong with an aggregate nominal amount of Rmb1.5 billion on 15 November 2006. The fair value of the interest rate swap is disclosed in Note 41(c).

Pursuant to the agreements, the Bank is entitled to request the Group to reduce the aggregate amount of the PRC bank loans outstanding to reflect the reduction in the Rmb equivalent amount of the CLNs which is denominated in US\$ (Note 21(i)). As a result of the appreciation in the Rmb in relation to the US\$, the Group repaid Rmb63 million, equivalent to approximately RM29.4 million (2010: Rmb1 million, equivalent to approximately RM0.5 million) of the PRC bank loans during the financial year.

On 15 November 2010, the Group entered into agreements of Pledge Over Special Account ("Agreements") with the Bank, whereby the Bank agreed to grant to the Group facilities up to Rmb1,500,000,000, in aggregate. The Group agrees 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.

On the same day, the Group deposited an aggregate amount of Rmb1,302,000,000, equivalent to approximately RM608.0 million (Note 25) 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\$.

- (iii) 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 33) in full. Pursuant to the loan agreement, the Group drew down the loan at a principal of US\$250 million 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 9 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 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.



30. LOANS AND BORROWINGS (continued)

The obligation of the Group under the loan will be secured by pledges or equitable mortgages and charges over the entire issued share capital of certain subsidiaries of Parkson Retail upon release of the existing charges under the senior guaranteed notes due November 2011 ("SGN2011") (Note 33). The existing charges under the SGN2011 will be released upon the maturity or full redemption of the SGN2011.

31. HIRE PURCHASE LIABILITIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Minimum lease payments:				
Not later than one year	48	119	24	–
Later than one year and not later than two years	37	36	24	–
Later than two years and not later than five years	73	–	73	–
Later than five years	24	–	24	–
	<u>182</u>	<u>155</u>	<u>145</u>	<u>–</u>
Less: Future finance charges	(19)	(19)	(18)	–
	<u>163</u>	<u>136</u>	<u>127</u>	<u>–</u>
Present value of finance lease liabilities:				
Not later than one year	41	101	18	–
Later than one year and not later than two years	31	35	18	–
Later than two years and not later than five years	68	–	68	–
Later than five years	23	–	23	–
	<u>163</u>	<u>136</u>	<u>127</u>	<u>–</u>
Representing:				
Current	41	101	18	–
Non-current	122	35	109	–
	<u>163</u>	<u>136</u>	<u>127</u>	<u>–</u>

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	
	2011 %	2010 %	2011 %	2010 %
Contractual interest rates	2.4 - 3.7	2.4 - 3.7	2.5	–
Weighted average effective interest rate	5.9	7.4	4.7	–



32. 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.

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	
	2011 RM'000	2010 RM'000
Liability component at 1 July	233,552	227,281
Interest expense recognised during the year (Note 4)	2,099	14,367
Interest paid during the year	(7,327)	(8,096)
Converted during the year	(228,324)	-
	-	233,552
Liability component at 30 June	-	233,552

32. RCSLS (continued)

The equity component recognised in the statements of financial position is disclosed in Note 27.

Interest expense on the RCSLS is calculated on the effective yield basis by applying the interest rate of 6.5% (2010: 6.5%) per annum.

During the financial year, 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.

33. SENIOR GUARANTEED NOTES

	2011	Group
	RM'000	2010
		RM'000
Quoted:		
Senior guaranteed notes due November 2011 ("SGN2011") (i)	603,280	646,230
Senior guaranteed notes due May 2012 ("SGN2012") (ii)	–	403,557
	603,280	1,049,787
	603,280	1,049,787
Maturity of senior guaranteed notes:		
Not later than one year	603,280	–
More than one year and less than two years	–	1,049,787
	603,280	1,049,787

- (i) On 14 November 2006, Parkson Retail issued the SGN2011 in an aggregate principal amount of US\$200 million. The SGN2011 were admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SES"). The SGN2011 bore interest at a rate of 7.875% (2010: 7.875%) per annum. Interest is payable semi-annually in arrears on 14 May and 14 November of each year, commencing on 14 May 2007.

The SGN2011 are secured by:

- (a) first priority pledges and share charges of all the ownership interests in certain subsidiaries of Parkson Retail as disclosed in Note 15; and
- (b) a charge over the CLNs as disclosed in Note 21(i).
- (ii) On 30 May 2007, Parkson Retail issued the SGN2012 in an aggregate principal amount of US\$125 million. The SGN2012 were admitted to the Official List of the SES. The SGN2012 are due on 30 May 2012 and bore interest at a rate of 7.125% (2010: 7.125%) per annum. Interest is payable semi-annually in arrears on 30 May and 30 November of each year, commencing on 30 November 2007. Parkson Retail has the option to redeem 35% of the SGN2012 through proceeds from equity offerings before 30 May 2010 at a redemption price (expressed as a percentage of the principal amount) equal to 107.125%. After 30 May 2010, Parkson Retail has the option to redeem all or part of the SGN2012 at a redemption price of 103.5625% in year 2010 and 101.78125% thereafter.

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

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



33. SENIOR GUARANTEED NOTES (continued)

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

As at 30 June 2011, the SGN2012 were fully redeemed by the Group using the funds raised through the loans of US\$250 million (Note 30) at a redemption price of 103.5625%.

34. LONG TERM PAYABLES

	Group	
	2011	2010
	RM'000	RM'000
Rental deposits (i)	66,073	71,398
Deferred lease income (ii)	5,995	–
Defined benefit plan (iii)	610	–
Others	372	328
	<hr/> 73,050 <hr/>	<hr/> 71,726 <hr/>

- (i) Non-current rental deposits have maturity ranging from 1 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 1 to 20 years.

The movement in deferred lease income is as follows:

	Group
	2011
	RM'000
At 1 July	–
Effect of adopting FRS 139	4,975
Additions during the year	2,320
Recognised in profit or loss (Note 7)	(1,353)
Exchange differences	53
	<hr/> 5,995 <hr/>
At 30 June	<hr/> 5,995 <hr/>

- (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 2011 are as follows:

Annual discount rate	:	9%
Future annual salary increment	:	8%
Retirement age	:	55 years of age



34. LONG TERM PAYABLES (continued)

The following table summarises the components of net employee benefits expense recognised in profit or loss:

	2011	Group
	RM'000	2010
		RM'000
Current service cost	72	–
Interest cost on benefit obligations	33	–
Net actuarial loss recognised during the year	(7)	–
Past service cost	4	–
Curtailement effect	(2)	–
	<hr/>	<hr/>
Net employee benefits expense	100	–
	<hr/> <hr/>	<hr/> <hr/>

The estimated liabilities for employee benefits at reporting date are as follows:

	2011	Group
	RM'000	2010
		RM'000
Defined benefit obligation	7,474	–
Fair value of planned assets	(3,808)	–
	<hr/>	<hr/>
	3,666	–
Unrecognised actuarial loss	(1,448)	–
Unrecognised past service cost	(1,608)	–
	<hr/>	<hr/>
Liabilities at 30 June	610	–
	<hr/> <hr/>	<hr/> <hr/>

Changes in the present value of the defined benefit obligation are as follows:

	2011	Group
	RM'000	2010
		RM'000
Benefit obligation at 1 July	–	–
Arising from acquisition of a subsidiary	516	–
Reversal during the year	(2)	–
Provision during the year	100	–
Benefit paid during the year	(4)	–
	<hr/>	<hr/>
Benefit obligation at 30 June	610	–
	<hr/> <hr/>	<hr/> <hr/>



35. TRADE AND OTHER PAYABLES AND OTHER LIABILITIES

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current				
Trade and other payables:				
Trade payables (i)	1,001,148	882,451	-	-
Other payables (ii)	86,212	156,412	-	54
Amount due to a related party (iii)	141	641	141	641
Deposits	75,532	50,932	-	-
Accruals	134,200	101,519	2,082	1,068
Total trade and other payables	1,297,233	1,191,955	2,223	1,763
Other liabilities:				
Deferred revenue from gift cards/ vouchers sold	369,733	379,679	-	-
Deferred revenue from customer loyalty award (iv)	36,619	29,328	-	-
	406,352	409,007	-	-
	1,703,585	1,600,962	2,223	1,763
Total trade and other payables (as above)	1,297,233	1,191,955	2,223	1,763
Add:				
Long term payables (Note 34)	73,050	71,726	-	-
Loans and borrowings (Note 30)	1,320,328	952,170	127	233,552
Senior guaranteed notes (Note 33)	603,280	1,049,787	-	-
Total financial liabilities carried at amortised cost	3,293,891	3,265,638	2,350	235,315

- (i) Credit terms of trade payables granted to the Group vary from 30 to 90 days (2010: 30 to 90 days).
- (ii) These amounts are non-interest bearing. Other payables are normally settled on average terms of 30 to 90 days (2010: 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 36.

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

	Group	
	2011	2010
	RM'000	RM'000
At 1 July	29,328	40,506
Acquisition of a subsidiary	4,570	-
Additions during the year	92,377	57,193
Recognised as revenue	(75,542)	(53,520)
Lapsed amounts reversed	(13,368)	(12,056)
Exchange differences	(746)	(2,795)
At 30 June	36,619	29,328



35. TRADE AND OTHER PAYABLES AND OTHER LIABILITIES (continued)

The deferred revenue from customer loyalty award is estimated based on the amount of bonus points outstanding as at the end of 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 41.

36. SIGNIFICANT RELATED PARTY DISCLOSURES

Related parties	Relationship
Posim Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
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
Barnes Sdn Bhd	A company in which the sister-in-law of a substantial shareholder is a director
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

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

	Group	
	2011	2010
	RM'000	RM'000
Commission income received from concessionaire sales:		
- Barnes Sdn Bhd	1,167	854
Purchases of goods and services from:		
- Bonuskad Loyalty Sdn Bhd	9,140	10,350
- Posim Marketing Sdn Bhd	471	661
- Posim EMS Sdn Bhd	534	195
- Lion Trading & Marketing Sdn Bhd	211	473
- Secom (Malaysia) Sdn Bhd	613	628
	1,623	1,292
	100,000	100,000
Subsidiary:		
Dividend income	100,000	100,000
Related party - Total Triumph:		
Finance income (Note 4)	1,623	1,292

36. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

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 Condition”) 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 37(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 2011 are disclosed in Note 20, Note 21, Note 24(iii) and Note 35.

(b) Compensation of key management personnel

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

	Group		Company	
	2011	2010	2011	2010
	RM’000	RM’000	RM’000	RM’000
Short-term employee benefits	3,666	3,298	218	208
Post-employment benefits				
- Defined contribution plan	343	314	14	14
Share-based payment	-	3,185	-	-
	4,009	6,797	232	222

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

	Group	
	2011	2010
	’000	’000
At 1 July	210	105
Granted	-	105
At 30 June	210	210

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 at an arm’s length basis between the Company and Parkson Retail at the time of acquisition.



37. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	2011 RM'000	Group 2010 RM'000
Capital expenditure for property, plant and equipment:		
Approved and contracted for	48,794	71,142
Approved but not contracted for	4,455	30
	<u>53,249</u>	<u>71,172</u>

(b) Non-cancellable operating lease commitments

	2011 RM'000	Group 2010 RM'000
As lessee		
Future minimum rentals payable:		
Not later than one year	454,749	340,025
Later than one year and not later than five years	1,951,066	1,502,095
Later than five years	4,453,922	2,891,074
	<u>6,859,737</u>	<u>4,733,194</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 7(a).

	2011 RM'000	Group 2010 RM'000
As lessor		
Future minimum rentals receivable:		
Not later than one year	94,646	30,372
Later than one year and not later than five years	94,131	32,579
Later than five years	3,880	4,513
	<u>192,657</u>	<u>67,464</u>

37. COMMITMENTS (continued)

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

The Group leases out certain of its properties under operating leases. These leases have remaining non-cancellable lease terms ranging from 1 to 20 years.

In addition to the above, the annual contingent rental amount is chargeable on a percentage of the respective stores' turnover. The amount of contingent rental chargeable to lessee is disclosed in Note 7(a).

38. SIGNIFICANT EVENTS

(a) On 26 November 2010, Parkson Retail Group Limited completed the disposal of the entire 55% equity interest in Yangzhou Parkson Plaza Co Ltd ("Yangzhou Parkson") to Yangzhou Yangtze Investment and Development Group Co Ltd for a consideration of Rmb78.5 million (equivalent to approximately RM36.7 million). Following the disposal, Yangzhou Parkson ceased to be a jointly controlled entity of the Group.

(b) On 8 April 2011, East Crest International Limited ("East Crest"), a wholly-owned subsidiary of the Company, entered into a conditional joint-venture agreement with PT Mitra Samaya ("MS"), the majority shareholder of PT Tozy Bintang Sentosa ("TBS") and Parkson Retail Asia Pte Ltd ("Parkson Asia"), a wholly-owned subsidiary of East Crest, for the purposes of combining the Malaysian and Vietnamese retail business of the Company with the Indonesian retail business of TBS ("Proposed Collaboration").

The Proposed Collaboration involved amongst others, the acquisition of 100% equity interest of PT Tozy Sentosa ("TS"), a subsidiary of TBS, by Parkson Asia and Centro Retail Pte Ltd, a wholly-owned subsidiary of Parkson Asia, at a total consideration of US\$12,799,249 (equivalent to approximately RM38.3 million) ("Acquisition of TS"). The Acquisition of TS was completed on 9 June 2011.

Pursuant to the Proposed Collaborations, East Crest granted to MS conditional put option ("Put Option") to require East Crest to purchase from MS, its entire shareholding in Parkson Asia at a pre-agreed value of approximately US\$37.1 million (equivalent to approximately RM112.2 million) to be completed by June 2014. In addition, East Crest has the right at any time during the period of ninety days from the date of notice of an event of default by MS to require MS to sell all of the shares owned by MS to East Crest at 90% of the Put Option price ("Call Option"). The joint-venture agreement, and consequently both the Put Option and the Call Option, will be lapsed upon the listing of Parkson Asia on the Singapore Exchange Securities Trading Limited ("SGX-ST").

On 14 June 2011, MS subscribed for a 9.9% equity interest in Parkson Asia while East Crest injected Parkson Corporation Sdn Bhd into Parkson Asia. Consequent thereupon, Parkson Asia became a 90.1% subsidiary of the Group.

39. SUBSEQUENT EVENTS

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 SGX-ST ("Proposed Listing") which involve, 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") ("Proposed Reserved Share Allocation") and the proposal to establish an employee share option scheme for the eligible directors and employees of the Parkson Asia Group ("Proposed ESOS") (collectively the "Proposals").

The Proposals are subject to the following:

(i) The eligibility-to-list letter from the SGX-ST for the Proposed Listing, which was obtained on 27 September 2011, not having been revoked or withdrawn;



39. SUBSEQUENT EVENTS (continued)

- (ii) The registration by the Monetary Authority of Singapore of a prospectus in connection with the Proposed Listing to be issued by Parkson Asia; and
- (iii) The approval of the shareholders of the Company for the Proposed Listing and the specific allocation of Parkson Asia Shares to (i) Tan Sri William H.J. Cheng, the Chairman and Managing Director of the Company and Cheng Hui Yen, Natalie, his daughter; and (ii) Datuk Cheng Yoong Choong, the Group Managing Director of Parkson Asia pursuant to the Proposed Reserved Share Allocation and grant of options to Cheng Hui Yen, Natalie pursuant to the Proposed ESOS.

Parkson Retail Asia Pte Ltd was converted into a public limited company with effect from 11 October 2011 and is now known as Parkson Retail Asia Limited.

40. 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:

	Group	
	2011	2010
	RM'000	RM'000
	Significant unobservable inputs (Level 3)	
Derivatives	52	–



40. 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
Financial assets				
At 30 June 2011				
Unquoted shares	233	^a	–	–
Amounts due from subsidiaries	–	–	8,020,899	^b
Amount due from a related party	123	^b	123	^b
At 30 June 2010				
Amounts due from subsidiaries	–	–	8,106,224	^b
Amount due from a related party	123	^b	123	^b
Financial liabilities				
At 30 June 2011				
Hire purchase liabilities	163	163	127	127
Amount due to a related party	141	^b	141	^b
Senior guaranteed notes	603,280	603,280	–	–
At 30 June 2010				
Hire purchase liabilities	136	140	–	–
Amount due to a related party	641	^b	641	^b
Senior guaranteed notes	1,049,787	1,092,496	–	–

^a 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.

^b 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.

41. 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 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, approximately 100% (2010: 95%) of the Group's borrowings are at fixed rates of interest. The effect and details of the interest rates swaps are further disclosed in Note 41(c) below.

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\$") and Hong Kong Dollar ("HK\$"), the Group's foreign exchange risk is primarily due to exposure to the US\$ and HK\$. 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.



41. 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
	Ringgit Malaysia RM'000	Hong Kong Dollar RM'000	Others RM'000	
At 30 June 2011				
Receivables				
Hong Kong Dollar	5,720	–	–	5,720
Deposits, cash and bank balances				
Ringgit Malaysia	–	522	36,279	36,801
Chinese Renminbi	–	37,751	–	37,751
Hong Kong Dollar	–	–	3,963	3,963
Indonesia Rupiah	–	–	479	479
	–	38,273	40,721	78,994
At 30 June 2010				
Receivables				
Hong Kong Dollar	6,183	–	–	6,183
Deposits, cash and bank balances				
Ringgit Malaysia	–	–	8,207	8,207
Chinese Renminbi	–	81,314	13	81,327
Hong Kong Dollar	–	–	2,026	2,026
	–	81,314	10,246	91,560

Sensitivity analysis of foreign exchange risk

A reasonably possible change of 3% in the US\$ and HK\$ 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 bank loans (Note 30) and currency fluctuations associated with interest and principal payments on the senior guaranteed notes due May 2012 ("SGN2012") (Note 33(ii)). Effective changes in the fair value of these cash flow hedging instruments are recognised in the hedging reserve in the statement of financial position. The effective changes are then recognised in finance costs in the period that the forecast cash flows of the hedged item impacts profit.

The Group entered into interest rate swap contracts with an aggregate notional amount of Rmb1.5 billion with JPMorgan Chase Bank, N.A., Shanghai Branch ("Bank") and JP Morgan Chase Bank, N.A. Hong Kong to convert the Group's variable rate bank loans (Note 30) 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.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)
(c) Hedging activities (continued)
Cash flow hedges (continued)

In addition, the Group entered into a cross currency interest rate swap arrangement with the Bank to convert the Group's SGN2012 of US\$125 million to a Rmb equivalent fixed rate debt of Rmb956,630,000 with an interest rate of 3.45% per annum. In May 2010, the cross currency interest rate swap expired with cash settlement at US\$15.1 million (equivalent to approximately RM49.4 million).

All derivative financial instruments are recorded at fair value in the statement of financial position. Changes in fair value of derivatives that are not designated as cash flow hedging instruments are recognised in profit or loss.

On 25 May 2010, the Group decided not to opt for early redemption of the SGN2012 as mentioned in Note 33(ii). Accordingly, the cash flow hedge accounting is to be discontinued prospectively as the forecasted results, i.e. early redemption of SGN2012 will not occur. Hence, the ineffective portion of the change in fair value of derivatives is to be recognised directly in profit or loss from thereon.

In addition, 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 loan to a Rmb equivalent fixed rate debt of Rmb1,665,268,000 with a fixed interest rate of 1.66% per annum.

As at 30 June 2011, these hedges were in a liability position and had a total fair value of RM26,753,000 which was recorded in 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.

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.

	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2011				
Group				
Financial liabilities:				
Trade and other payables	1,297,233	–	–	1,297,233
Loans and borrowings:				
Hire purchase liabilities	48	110	24	182
Bank overdrafts	2,523	–	–	2,523
PRC bank loans	578,613	–	–	578,613
Term loan facilities	37,650	795,504	–	833,154
Senior guaranteed notes	603,280	–	–	603,280
Derivative financial instruments	4,517	22,236	–	26,753
Long term payables:				
Rental deposits	–	68,831	3,237	72,068
Total undiscounted financial liabilities	2,523,864	886,681	3,261	3,413,806



41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Company				
Financial liabilities:				
Trade and other payables	2,223	–	–	2,223
Loans and borrowings:				
Hire purchase liabilities	24	97	24	145
Total undiscounted financial liabilities	2,247	97	24	2,368

(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 24.

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 24. 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 24.

42. SEGMENTAL INFORMATION

The Group has a single operating segment - the operation and management of retail stores. For management purposes, the Group is organised into business units based on the geographical location of customers and assets, and has four reportable segments as follows:

- (i) Malaysia
- (ii) PRC
- (iii) Vietnam
- (iv) Indonesia



42. SEGMENTAL INFORMATION (continued)

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 Group's segmental information is as follows:

	← Retailing →				Investment holding RM'000	Total RM'000
	Malaysia RM'000	PRC RM'000	Vietnam RM'000	Indonesia RM'000		
30 June 2011						
Revenue	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						805,267
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
30 June 2010						
Revenue	697,317	1,926,705	98,234	–	–	2,722,256
Results:						
Segment profit/(loss)	68,001	712,053	23,238	–	(13,320)	789,972
Finance income						114,504
Employee share-based payments						(29,261)
Operating profit						875,215
Finance costs						(171,195)
Share of results of an associate						153
Profit before tax						704,173
Total assets	642,840	5,724,665	195,105	–	175,890	6,738,500
Total liabilities	317,010	3,288,581	23,551	–	235,721	3,864,863
Capital expenditure	59,386	642,328	3,001	–	–	704,715



43. 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 make 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 2011 and 2010.

	2011	Group
	RM'000	2010
		RM'000
Trade and other payables and other liabilities (Note 35)	1,703,585	1,600,962
Long term payables (Note 34)	73,050	71,726
Loans and borrowings (Note 30)	1,320,328	952,170
Senior guaranteed notes (Note 33)	603,280	1,049,787
Less: Deposits, cash and bank balances (Note 25)	(2,740,698)	(2,273,802)
Less: Held-to-maturity investment, unlisted (Note 21)	(604,447)	(650,840)
Net adjusted debt (A)	355,098	750,003
Equity attributable to owners of the parent, representing total capital	2,236,090	1,882,680
Total capital and net adjusted debt (B)	2,591,188	2,632,683
Gearing ratio (A/B)	14%	28%

44. COMPARATIVES

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



45. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits of the Group and of the Company as at 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.

	Group 2011 RM'000	Company 2011 RM'000
Total retained profits/(losses)		
- realised	211,025	338,917
- unrealised	(19,774)	-
Total share of retained profits from an associate		
- realised	98	-
Total share of retained profits from jointly controlled entities		
- realised	6,508	-
- unrealised	175	-
Total retained profits	198,032	338,917



LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2011

Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM'million)	Date of Acquisition/ Last Revaluation
1. 44-60, Zhong Shan Lu Shi Nan City Qingdao, China	Leasehold 31.5.2025	51,485.7 sq metres	Commercial building	Shopping complex and office (11)	99.8	June 2004
2. 127, Renming Zhong Road Wuxi, China	Leasehold 22.4.2044	30,498.6 sq metres	Commercial building	Shopping complex and office (15)	24.3	June 2004
3. 239, Dongda Street Xian, China	Leasehold 22.5.2047	17,755.4 sq metres	Commercial building	Shopping complex (14)	19.5	June 2004
4. 37, Jinrong Main Road Xicheng District Beijing, China	Leasehold 30.10.2047	60,888.6 sq metres	Commercial building	Shopping complex and office (17)	373.9	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 (24)	171.5	January 2008
6. Mukim Setapak District of Kuala Lumpur Malaysia	Leasehold 20.11.2106	34,103.0 sq metres	Commercial building	Shopping complex under construction	202.8	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 (5)	61.0	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 (1)	529.9	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 10 October 2011

Authorised Capital	:	RM4,500,000,000
Issued and Paid-up Capital	:	RM1,093,679,150
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

Distribution of Shareholdings as at 10 October 2011

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares*
Less than 100	1,368	14.19	32,994	0.00
100 to 1,000	1,791	18.58	772,945	0.07
1,001 to 10,000	5,190	53.84	14,261,077	1.31
10,001 to 100,000	935	9.70	25,854,442	2.37
100,001 to less than 5% of issued shares	353	3.66	815,001,717	74.86
5% and above of issued shares	2	0.03	232,788,344	21.39
	<u>9,639</u>	<u>100.00</u>	<u>1,088,711,519</u>	<u>100.00</u>

Substantial Shareholders as at 10 October 2011

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares [^]	No. of Shares	% of Shares [^]
1. Tan Sri William H.J. Cheng	245,539,012	22.56	280,276,950	25.75
2. Tan Sri Cheng Yong Kim	11,124,110	1.02	270,095,106	24.81
3. Lion Realty Private Limited	–	–	270,095,106	24.81
4. Excel Step Investments Limited	40,763,079	3.74	190,257,317	17.48
5. Lion Corporation Berhad	102,225	0.01	230,918,171	21.21
6. Lion Industries Corporation Berhad	46,184,249	4.24	184,836,147	16.98
7. LLB Steel Industries Sdn Bhd	–	–	231,020,396	21.22
8. Steelcorp Sdn Bhd	–	–	231,020,396	21.22
9. Amsteel Mills Sdn Bhd	143,970,843	13.23	87,049,553	8.00
10. Lion Diversified Holdings Berhad	–	–	231,020,396	21.22
11. Lion Development (Penang) Sdn Bhd	388,100	0.04	269,707,006	24.78
12. Horizon Towers Sdn Bhd	–	–	231,020,396	21.22
13. Teraju Varia Sdn Bhd	–	–	231,020,396	21.22
14. Government of Singapore Investment Corporation Pte Ltd	58,704,086	5.39	–	–

Notes:

* Excluding a total of 4,967,631 ordinary shares of RM1.00 each in the Company ("Parkson Shares") bought back by the Company and retained as treasury shares as at 9 October 2011.

[^] Excluding a total of 5,057,231 Parkson Shares bought back by the Company and retained as treasury shares as at 10 October 2011.



Thirty Largest Registered Shareholders as at 10 October 2011

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	13.22
2. HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account HSBC CTLA for Cheng Heng Jem	88,817,501	8.16
3. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	52,750,000	4.85
4. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	43,211,529	3.97
5. AMSEC Nominees (Asing) Sdn Bhd AmTrustee Berhad for Excel Step Investments Limited	40,763,079	3.74
6. OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad	40,000,000	3.67
7. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	39,278,019	3.61
8. Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Narajaya Sdn Bhd	37,150,308	3.41
9. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (M09)	36,000,240	3.31
10. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	32,957,704	3.03
11. Cheng Heng Jem	29,276,399	2.69
12. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund ZM47 for Invesco Developing Markets Fund	23,173,008	2.13
13. HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account HSBC CTLA for Cheng Heng Jem (TB)	19,380,872	1.78
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 Exempt AN for State Street Bank & Trust Company (West CLTOD67)	15,021,953	1.38
16. Cartaban Nominees (Asing) Sdn Bhd State Street Australia Fund ATB1 for Platinum Asia Fund	12,900,900	1.18
17. Kumpulan Wang Persaraan (Diperbadankan)	12,671,409	1.16
18. Amanahraya Trustees Berhad Public Islamic Dividend Fund	11,616,399	1.07
19. HSBC Nominees (Asing) Sdn Bhd JP Morgan Securities Limited	11,168,086	1.03
20. Cheng Yong Kim	11,124,110	1.02
21. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	11,013,788	1.01
22. Cartaban Nominees (Asing) Sdn Bhd Raffles Nominees Singapore (Pte) Ltd S/A for Asia Landmark Master Fund Ltd	10,007,986	0.92
23. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad icapital.biz Berhad	9,180,900	0.84
24. HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	8,732,023	0.80
25. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	8,585,000	0.79
26. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund HG22 for Smallcap World Fund, Inc.	8,390,322	0.77
27. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund KG67 for Invesco International Small Company Fund	7,167,529	0.66
28. Amanahraya Trustees Berhad Public Islamic Equity Fund	7,090,572	0.65
29. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund KG33 for Invesco Asia Pacific Growth Fund	6,772,777	0.62
30. Pertubuhan Keselamatan Sosial	6,554,867	0.60

Note:

* Excluding a total of 4,967,631 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 9 October 2011.



Directors' Interests in Shares in the Company and its Related Corporations as at 10 October 2011

The Directors' interests in shares in the Company and its related corporations as at 10 October 2011 are as follows:

	Nominal Value per Ordinary Share	Direct Interest		Indirect Interest	
		No. of Shares	% of Shares	No. of Shares	% of Shares
The Company					
Tan Sri William H.J. Cheng	RM1.00	245,539,012	22.56 [^]	280,582,673	25.77 [^]

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	*	–	–	538,167,300	90.10

**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

Investments in Vietnam

	Indirect Interest	
	US\$	% Holdings
Parkson Hanoi Co Ltd	3,360,000	70.00

Notes:

[^] Excluding a total of 5,057,231 ordinary shares of RM1.00 each in the Company bought back by the Company and retained as treasury shares as at 10 October 2011.

* 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 10 October 2011.



OTHER INFORMATION

(I) NON-AUDIT FEES

The amount of non-audit fees paid or payable to external auditors and its affiliated company for the financial year was RM509,000 (2010: RM8,000). The increase was mainly due to the services provided during the proposed collaboration with PT Tozy Bintang Sentosa Group for the purposes of the development and expansion of Parkson department stores into Indonesia.

(II) OPTIONS EXERCISED DURING THE FINANCIAL YEAR ENDED 30 JUNE 2011

During the financial year ended 30 June 2011, a total of 63,000 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) CONVERTIBLE SECURITIES EXERCISED DURING THE FINANCIAL YEAR ENDED 30 JUNE 2011

During the financial year ended 30 June 2011, RM228,800,000 nominal value of 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") were converted into 57,200,000 new ordinary shares of RM1.00 each in the Company ("Share") at the conversion price of RM4.00 nominal amount of the RCSLS for every one new Share.

(IV) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 30 June 2011 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 ⁽¹⁾	824
	Lion Forest Industries Berhad Group ⁽¹⁾	534
		1,358
(b) Obtaining of building maintenance, consumables and other related products and services	Lion Forest Industries Berhad Group ⁽¹⁾	471

Notes:

"Group" includes subsidiary and associated companies

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



(V) SCHEDULE OF SHARE BUY-BACK FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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		
September 2010	5,000	5.70	5.70	5.74	29
November 2010	148,000	5.55	5.76	5.65	835
December 2010	60,000	5.47	5.49	5.50	330
February 2011	50,000	5.31	5.35	5.35	268
Purchased during the financial year	<u>263,000</u>			<u>5.56</u>	<u>1,462</u>

* Including transaction costs.

All the shares purchased by the Company were retained as treasury shares. On 15 December 2010, a total of 10,797,855 treasury shares were distributed as share dividend on the basis of one (1) treasury share for every one hundred (100) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded. As at 30 June 2011, the number of treasury shares held after deducting the share dividend distributed was 3,017,631. None of the treasury shares were resold or cancelled during the financial year.

(VI) STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS AS AT 31 OCTOBER 2011

	Utilisation RM'million	Utilisation Status	
		Actual RM'million	Unutilised/ Outstanding RM'million
Disposal by the Company of its entire equity interest in Bright Steel Sdn Bhd to Total Triumph Investments Limited, a wholly-owned subsidiary of Lion Corporation Berhad for a cash consideration of RM53.47 million:			
• Defray expenses and working capital:			
- Amount received	41.47	41.47	-
- Deferred payment	12.00	-	12.00
	<u>53.47</u>	<u>41.47</u>	<u>12.00</u>

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FORM OF PROXY

CDS ACCOUNT NUMBER

			-			-													
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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-Eighth 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 5 December 2011 at 10.00 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve a final single tier dividend		
2. To approve Directors' fees		
3. To re-elect as Director, Y. Bhg. Dato' Hassan bin Abdul Mutalip		
4. To re-elect as Director, Mr Yeow Teck Chai		
5. To re-elect as Director, Y. Bhg. Tan Sri Abd Rahman bin Mamat		
6. To re-appoint Auditors		
7. Authority to Directors to issue shares		
8. Proposed Shareholders' Mandate for Recurrent Related Party Transactions		
9. Proposed Renewal of Authority for Share Buy-Back		

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 2011

No. of shares :

Signed :.....

Representation at Meeting:

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 25 November 2011 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.

