

Notes to the interim financial statements for the period ended 30 June 2010

A EXPLANATORY NOTES PURSUANT TO FRS 134

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard (FRS) 134, *Interim Financial Reporting*, issued by the Malaysian Accounting Standard Board (MASB).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 31 December 2009 and new and revised FRSs, IC Interpretations and Amendments which the Company adopted and which are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, *Insurance Contracts*, Amendments to 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*, IC Interpretation 11, *FRS 2 – Group and Treasury Share Transactions* and IC Interpretation 14, *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction* which are not applicable to the Company.

The new and revised FRSs, IC Interpretations and Amendments adopted by the Company which are relevant to its operations and which have an impact on the Company's interim financial statements for the current and preceding year corresponding period, where applicable, are as follows:

| | |
|-----------------------|---|
| FRS 101(revised) | Presentation of Financial Statements |
| FRS 139 | Financial Instruments : Recognition and Measurement |
| FRS 7 | Financial Instruments : Disclosures |
| FRS 8 | Operating Segments |
| IC Interpretation 13 | Customer Loyalty Programmes |
| Amendments to FRS 118 | Revenue |

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

FRS 101 (revised), Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cashflows statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cashflows and notes to the financial statements.

FRS 139 Financial Instruments : Recognition and Measurement

With the adoption of FRS 139, the Company classified all its financial assets and financial liabilities recognized and unrecognized in the prior year into categories that would conform to the FRS. The measurement bases applied to the financial assets and financial liabilities in the prior financial year are changed to conform to the measurement standards of FRS139 in the current quarter.

At initial recognition, all financial assets and financial liabilities are measured at its fair value, plus, in the case of a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of financial asset or financial liability.

Subsequent to the initial recognition, the financial assets and liabilities are measured as follows:

| | Category | Measurement Basis |
|----|---|--|
| 1. | Financial Instruments at fair value through profit and loss | At fair value through profit and loss |
| 2. | Held-to-maturity investments | At amortised cost using effective interest method |
| 3. | Loans and Receivables | At amortised cost using effective interest method |
| 4. | Available for sale Investments | At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost. |
| 5. | Loan and other financial liabilities | At amortised cost using effective interest method other than those categorized as fair value through profit and loss. |

FRS139 provides for the exception in that, for a first time adopter, to apply the requirements of the Standard prospectively. The Company apply the transitions specified, which do not permit retrospective application, but generally requires changes or adjustments to the recognition and measurement bases at the beginning of the financial year in which the Standard is initially applied.

Following the adoption of FRS 139, the Company's quoted/unquoted investments are now categorised as Available for Sale Investments. Accordingly the opening balance is restated and measured to its fair value as at 1 January 2010 and the difference with amount stated as at preceding year ended 31 December 2009 is reflected through fair value reserve in equity. Subsequent measurement of the fair value is reflected in equity through the other comprehensive income.

FRS 7 Financial Instruments : Disclosures

Prior to the adoption of FRS 7, the disclosures for financial instruments were based on the requirements of the original FRS 132, Financial Instruments : Disclosure and Presentation. With the adoption of FRS 7, financial assets and financial liabilities are disclosed in the statement of financial position based on their respective classifications.

FRS 8 Operating Segments

Prior to the adoption of FRS 8, the Company's segment reporting was based on primary reporting format of two business segments which are retailing and property management services. FRS 8 requires operating segments to be identified on the basis of internal segment information that are regularly provided to and reviewed by the Managing Director and Board Of Directors. The adoption of FRS 8 has not resulted in a redesignation of the Company's reportable segments as compared to previous years.

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 13 Customer Loyalty Programmes addresses the accounting by entities that operate, or otherwise, participate in, customer loyalty programme under which the customers are entitled to receive award credits.

In the past, the Company had accounted for the customer loyalty programmes by recognizing the full consideration from retail sales as revenue and recognizing the cost of award credits as expenses. However, IC Interpretation 13 requires such transactions to be accounted for as a separately identifiable component of the sales transaction(s) in which they are granted (the "initial sale"). The consideration received in the initial sale transactions should be allocated between the sale of retail goods and the cost of the award credits that are earned by the customers. This change in accounting policy has been applied retrospectively. The effects of the change in presentation are as stated in note A12.

Amendments to FRS 118, Revenue

The amendments further clarify the distinction between when an entity is acting as a principal and an agent, where previously practice had varied. The adoption of this guidance will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. This change in accounting policy will affect the presentation of such revenue from a gross presentation to a net presentation. The Company has considered the features provided in the amendments and adopted a net presentation basis. This resulted in a change in presentation and has no impact to the profit. The effects of the change in

presentation are as stated in note A12.

2 Seasonality or Cyclical of Interim Operations

The Company's revenue for the second quarter is slightly lower than the first quarter mainly due to the festive seasons in the first quarter.

3 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the financial period, except as disclosed in Note A1.

4 Material Changes in Estimates

There were no material changes in the nature and amount of estimates reported in prior interim period of prior financial years that have a material effect in the current interim period.

5 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period.

6 Dividends Paid

There was no dividend paid in the current financial period to date.

A first and final Dividend of 12% less income tax of 25%, amounting to RM31.59 million in respect of the financial year ended 31 December 2009 was approved by shareholders at the Twenty-Fifth Annual General Meeting and was paid to shareholders on 7 July 2010.

7 Operating Segments

The operating segments analysis is as follows:

| | Retailing 6 months ended 30 June 2010 RM'000 | Property Management Services 6 months ended 30 June 2010 RM'000 | Total 6 months ended 30 June 2010 RM'000 |
|------------------------|---|--|---|
| Revenue | 1,237,805 | 188,142 | 1,425,947 |
| Profit from operations | 69,794 | 38,674 | 108,468 |
| Interest expense | | | (29) |
| Interest income | | | 639 |
| Profit before taxation | | | 109,078 |
| Tax expense | | | (34,032) |
| Profit for the period | | | 75,046 |

8 Property, Plant and Equipment

The valuations of land and buildings have been brought forward, without any amendment from the previous audited financial statements.

9 Material Events Subsequent to Balance Sheet Date

There were no material events subsequent to the balance sheet date to be disclosed in the financial statements for the current financial period except as disclosed under Note B 10.

10 Effects of Changes in the Composition of the Company

There were no changes in the composition of the Company during the current financial period.

11 Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets since the last audited financial statements of the Company for the financial year ended 31 December 2009.

12 Comparative Figures

Following the adoption of the new and revised FRSs, IC interpretations and Amendments, certain comparatives have been re-presented as follows:

| For the six months ended 30 June 2009 | Income Statement As previously reported RM'000 | Effects of adopting IC Interpretation 13 RM'000 | Effects of adopting amendments to FRS 118 RM'000 | Statement of Comprehensive Income As restated RM'000 |
|--|---|--|---|---|
| Revenue | 1,780,121 | (13,339) | (434,508) | 1,332,274 |
| Total Operating Expenses | (1,709,874) | 13,339 | 434,508 | (1,262,027) |
| Other Operating Income | <u>1,732</u> | | | <u>1,732</u> |
| Profit from Operations | 71,979 | | | 71,979 |
| Interest Expense | (2,009) | | | (2,009) |
| Interest Income | <u>67</u> | | | <u>67</u> |
| Profit Before Taxation | 70,037 | | | 70,037 |
| Tax Expense | <u>(24,583)</u> | | | <u>(24,583)</u> |
| Profit for the period | <u><u>45,454</u></u> | | | <u><u>45,454</u></u> |

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BHD.
MAIN MARKET LISTING REQUIREMENTS

1 Review of Performance of the Company

The Company's revenue recorded 9.6% and 7.0% growth respectively for the second quarter and financial period to date as compared to the previous year corresponding periods mainly due to new stores that opened in year 2010 and overall better performance from existing stores.

2 Material Changes in the Quarterly Profit Before Taxation Compared to the Results of the Preceding Quarter.

The Company's profit before taxation for the second quarter under review of RM49.7 million is lower than the first quarter of RM59.4 million mainly due to higher revenue registered for the first quarter as a result of the festive period.

3 Current Year Prospects

With the steady recovery of the domestic economy, the Company expects consumer spending to improve. As such, the Company believes its performance will grow in tandem with the economy.

4 Tax expense

Tax expense comprises:

| | 3 months ended 30 June 2010 RM'000 | 6 months ended 30 June 2010 RM'000 |
|----------------------|---|---|
| Current tax expense | 15,853 | 34,134 |
| Deferred tax expense | (51) | (102) |
| | <u>15,802</u> | <u>34,032</u> |

The Company's effective tax rate is higher than the statutory tax rate as certain expenses are not deductible for tax purposes.

5 Profit/(loss) on sale of Unquoted Investment and/or Properties

There was no sale of unquoted investments and/or properties for the quarter under review and financial period to date.

6 Particulars of Purchase or Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the quarter under review and financial period to date.

7 Status of Corporate Proposals

There were no corporate proposals announced.

8 Borrowings and Debt Securities

As at 30 June 2010, the Company did not have any borrowings and debt securities.

9 Off Balance Sheet Financial Instruments

The Company does not have any financial instruments with off balance sheet risk as at the date of this announcement.

10 Material Litigation

As at the date of this announcement, the Company is not engaged in any material litigation which in the opinion of the Board of Directors will have a material effect on the financial position or the business of the Company. However, in light of the Lease Agreement dated 18th October 1995 between the Company and Bandar Utama City Sdn Bhd (“BUC”) has expired on 18th August 2010, the Company has handed over the operation of 1 Utama Shopping Centre to BUC on 18th August 2010 while the Company has obtained an injunction from the court, among others, to continue to operate its Departmental Store cum Supermarket (“GMS”) at the said shopping centre after 18th August 2010, of which the injunction is subject to appeal by BUC, pending the disposal of the difference or dispute between the Company and BUC in relation to the refusal by BUC to renew the lease by way of arbitration according to Article 16 of the said Lease Agreement.

11 Dividend

No dividend was proposed or declared for the current financial period ended 30 June 2010.

12 Earnings Per Share

Earnings per share for the current quarter and financial year to date are calculated based on the profit attributable to ordinary shareholders and the number of ordinary shares outstanding.

| | 3 months ended 30 June 2010 | 6 months ended 30 June 2010 |
|--|--|--|
| Profit attributable to ordinary shareholders for the period (RM'000) | 33,881 | 75,046 |
| Number of ordinary shares outstanding ('000) | 351,000 | 351,000 |

Diluted earnings per share is not applicable for the Company.

13 Qualification of Audit Report of the Preceding Annual Financial Statements

There was no qualification on audit report of the preceding annual financial statements.