



AEON CO. (M) BHD.
(126926-H)

Passion *for* Growth

Annual Report **2012**



Passion *for* Growth

Like the Dandelion floral meaning of love, faithfulness and happiness, AEON adopts similar values in its commitment towards Peace, People and Community. The spread of pollen represents AEON's aim for continuous growth and expansion, enriching lifestyles of its customers across Malaysia.



CONTENTS

01

CORPORATE AND BUSINESS REVIEW

- 2** An Introduction AEON Group
- 3** Corporate Information and Directory
- 4** Five-Year Financial Highlights
- 5** Share Price and Financial Charts
- 6** AEON Seri Manjung Shopping Centre
- 7** Human Resource Development
- 8** Sustainable Corporate Social Responsibility
- 17** Chairman's Statement
- 20** Directors' Profile
- 25** Senior Management
- 26** Review of Operations

29

CORPORATE GOVERNANCE

- 29** Statement on Corporate Governance
- 38** Terms of Reference of the Audit and Risk Management Committee
- 41** Audit Committee Report
- 43** Statement on Risk Management and Internal Control
- 45** Additional Compliance Information
- 46** Statement of Directors' Responsibility

47

FINANCIAL STATEMENTS

- 48** Directors' Report
- 52** Statements of Financial Position
- 53** Statements of Profit or Loss and Other Comprehensive Income
- 54** Statements of Changes in Equity
- 56** Statements of Cash Flows
- 58** Notes to the Financial Statements
- 100** Statement by Directors
Statutory Declaration
- 101** Independent Auditors' Report

103

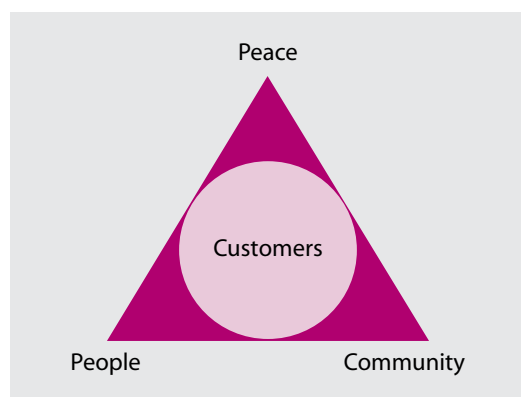
OTHERS

- 103** Analysis of Shareholdings
Substantial shareholdings
Directors' Interests
- 104** List of Thirty (30) Largest Shareholders
- 106** Particulars of Properties
- 108** AEON Stores, Shopping Centres
and MaxValu
- 110** Milestones
- 112** Notice of Annual General Meeting
- 114** Notice of Dividend Payment
Proxy Form

AN INTRODUCTION AEON GROUP

AEON CO. (M) BHD. is a leading retailer in Malaysia with a total revenue of RM3.26 billion for the financial year under review. The Company was incorporated on 15 September 1984. AEON CO. (M) BHD. (AEON or the Company) was set up in response to the Malaysian Government's invitation to AEON Japan to help modernise the retailing industries in Malaysia. The 'AEON' name today is well established among Malaysians as well as foreigners, especially due to its association with the international AEON Group of Companies. AEON has established itself as a leading chain of General Merchandise Stores (GMS). AEON's constant interior refurbishment of stores to project an image designed to satisfy the ever changing needs and desires of consumers is clear evidence of this. The Company's performance has been further enhanced by the management's acute understanding of target market needs and the provision of an optimal product-mix. AEON's stores are mostly situated in suburban residential areas, catering to Malaysia's vast middle income group.

The AEON Group of Companies consists of AEON Co., Ltd. and about 200 consolidated subsidiaries and affiliated companies. In addition to its core GMS plus its supermarket and convenience store operations, AEON is also active in specialty store operations and shopping centre development, operations, credit card business and services. The AEON Group of Companies is an integrated Japanese retailer and is active not only in Japan but also throughout Southeast Asia and China. At all times, in every market, AEON's activities are guided by its unchanging 'Customer First' philosophy. Its aim is to surpass expectations by combining excellent products with unique personal services that enhance the shopping experience to make customers smile every time they shop.



AEON Basic Principles:

Peace

AEON is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.

People

AEON is a corporate group that respects human dignity and values personal relationships.

Community

AEON is a corporate group rooted in local community life and dedicated to make a continuing contribution to the community.

OUR PRINCIPLE

The fundamental principle of AEON is its 'Customer Centred Approach'. AEON's mission is and always will be to contribute to the customers.

AEON's most basic and abiding principles are the pursuit of peace, respect for humanity and contribution to local communities through customer-centred initiatives. Under these principles, we are determined to achieve global management standards while being the best serving retailer in the local community.

OUR STRATEGY

AEON follows two strategies for continuous growth: Organic Growth and Company Tie-ups. Its core business of shopping centre operations includes GMS and Supermarkets. AEON builds complementary operations such as specialty stores, shopping centre development, services and works to create synergies among this diverse business.

OUR GOAL

AEON's goal is to operate as an "international-scale retailing group", recognised for excellence not only in Japan, but also in other nations. The international recognition we are working to achieve is not one which can be measured merely in quantifiable term of size, growth and profitability. We hope to be competitive at the global level in intangible aspects such as customer satisfaction and corporate citizenship. We are dedicated to the idea of "quality management" to further enhance our capabilities.

CORPORATE INFORMATION AND DIRECTORY

BOARD OF DIRECTORS

- Dato' Abdullah bin Mohd Yusof (Chairman)
- Mr Nagahisa Oyama
- Ms Nur Qamarina Chew binti Abdullah
- Mr Poh Ying Loo
- Dato' Chew Kong Seng
- Datuk Ramli bin Ibrahim
- Mr Naoki Hayashi
- Mr Mitsuru Nakata
- Datuk Syed Ahmad Helmy bin Syed Ahmad
(Appointed on 16 April 2013)
- Dato' Tunku Putra Badlishah Ibni
Tunku Annuar
(Appointed on 16 April 2013)
- Brig Jen (B) Dato' Mohamed Idris bin Saman
(Retired on 28 February 2013)
- Datuk Zawawi bin Mahmuddin
(Demised on 12 November 2012)

SECRETARIES

- Tai Yit Chan (MA/CSA 7009143)
- Liew Irene (MA/CSA 7022609)

REGISTERED OFFICE AND HEAD OFFICE

3rd Floor, AEON Taman Maluri Shopping Centre
Jalan Jejaka, Taman Maluri
Cheras, 55100 Kuala Lumpur
Tel : 03-9207 2005
Fax : 03-9207 2006/2007

AUDITORS

KPMG Desa Megat & Co. (AF0759)
Chartered Accountants
Level 10, KPMG Tower, 8, First Avenue
Bandar Utama, 47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7721 3388
Fax : 03-7721 3399

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2264 3883
Fax : 03-2282 1886

DATE OF INCORPORATION

15 September 1984

STOCK EXCHANGE LISTING

The Company is a public listed company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad.

WEBSITE

<http://www.aeonretail.com.my>

PRINCIPAL BANKERS

- Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
(302316-U)
- Malayan Banking Berhad (3813-K)
- CIMB Bank Berhad (13491-P)

CORPORATE CALENDAR

Notice of Annual General Meeting
30 April 2012

Annual General Meeting
24 May 2012

Payment of Dividend
Book Closure – 14 June 2012
Payment – 11 July 2012

Quarterly Results Announcement

1st Quarter
24 May 2012

2nd Quarter
24 August 2012

3rd Quarter
29 November 2012

4th Quarter
28 February 2013

FIVE-YEAR FINANCIAL HIGHLIGHTS

	31/12/12 RM'000	31/12/11 RM'000	31/12/10 RM'000	31/12/09 RM'000	31/12/08 RM'000
FINANCIAL RESULTS					
Revenue	3,255,669	2,984,614	2,894,482	2,747,782	2,487,615
Retailing	2,822,575	2,609,070	2,524,330	2,394,886	2,198,216
Property management services	433,094	375,544	370,152	352,896	289,399
EBITDA	438,795	411,919	386,467	338,382	298,346
Profit before tax	299,478	277,272	240,294	194,372	176,349
Profit after tax	212,825	195,353	165,301	133,529	120,604
Net dividend	64,058	51,773	42,120	31,590	31,590
FINANCIAL POSITIONS					
ASSETS					
Property, plant and equipment and Intangible assets	1,700,661	1,650,707	1,496,013	1,507,772	1,558,168
Investments	44,276	23,619	9,668	1,075	1,075
Current assets	937,235	763,156	727,024	532,366	532,895
Total assets	2,682,172	2,437,482	2,232,705	2,041,213	2,092,138
EQUITY					
Share capital	351,000	351,000	351,000	351,000	351,000
Non-distributable reserves	36,865	16,772 *	39,742	31,666	32,183
Retained earnings	1,081,190	920,138 *	735,756	601,528	499,072
Total equity attributable to owners of the Company	1,469,055	1,287,910	1,126,498	984,194	882,255
LIABILITIES					
Deferred tax liabilities	20,188	21,146	28,303	30,698	37,138
Current liabilities	1,192,929	1,128,426	1,077,904	1,026,321	1,172,745
Total equity and liabilities	2,682,172	2,437,482	2,232,705	2,041,213	2,092,138
FINANCIAL INDICATORS					
Earnings per share (sen)	60.6	55.7	47.0	38.0	34.4
Gross dividend per share (sen) #	24.0	19.0	16.0	12.0	12.0
Net assets per share (RM)	4.19	3.67	3.21	2.80	2.51
Return on equity (%)	14.49	15.17	14.67	13.57	13.67
Price earnings ratio	23.30	13.00	12.96	13.04	12.22
Share price as at the financial year end (RM)	14.12	7.24	6.09	4.96	4.20

Notes:

- * Comparative figure as at 31 December 2011 has been adjusted upon adoption of MFRSs.
Gross dividend per share is the total dividend declared for the respective financial years.

SHARE PRICE AND FINANCIAL CHARTS

SHARE PRICE

STOCK CODE : **6599**

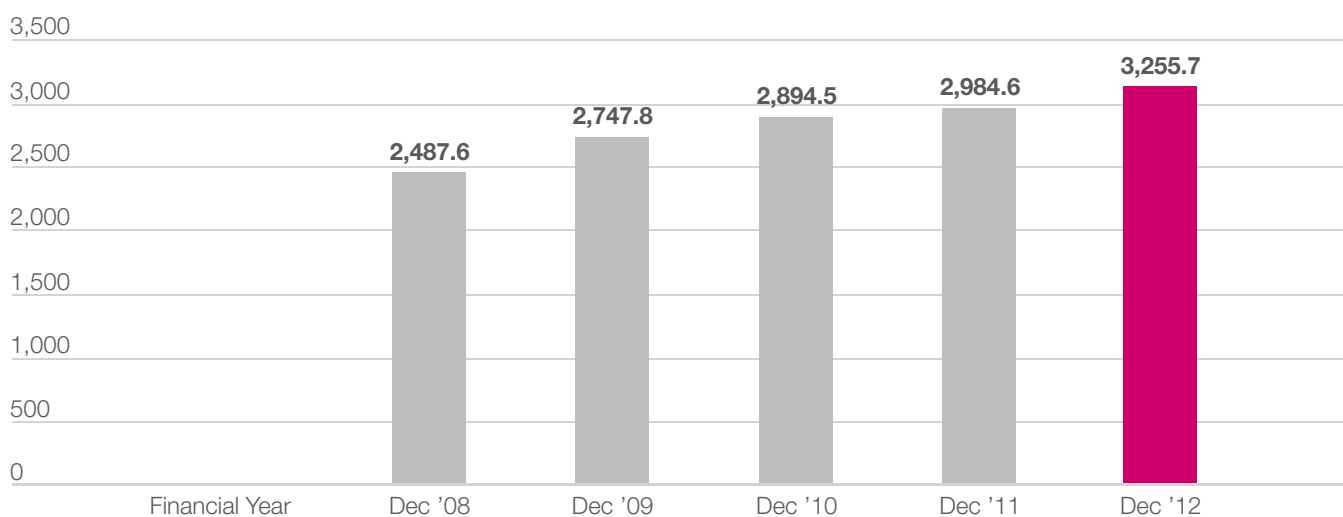
STOCK NAME : **AEON**

2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
High (RM)	7.49	8.84	10.00	10.00	10.20	9.80	9.71	10.50	11.10	13.18	12.54	14.12
Low (RM)	7.21	7.45	8.70	9.20	9.19	8.50	8.88	9.70	10.00	11.00	11.50	11.78
Volume ('000)	4,555	4,897	1,617	4,682	2,650	16,756	3,563	2,257	11,285	3,793	5,073	5,483

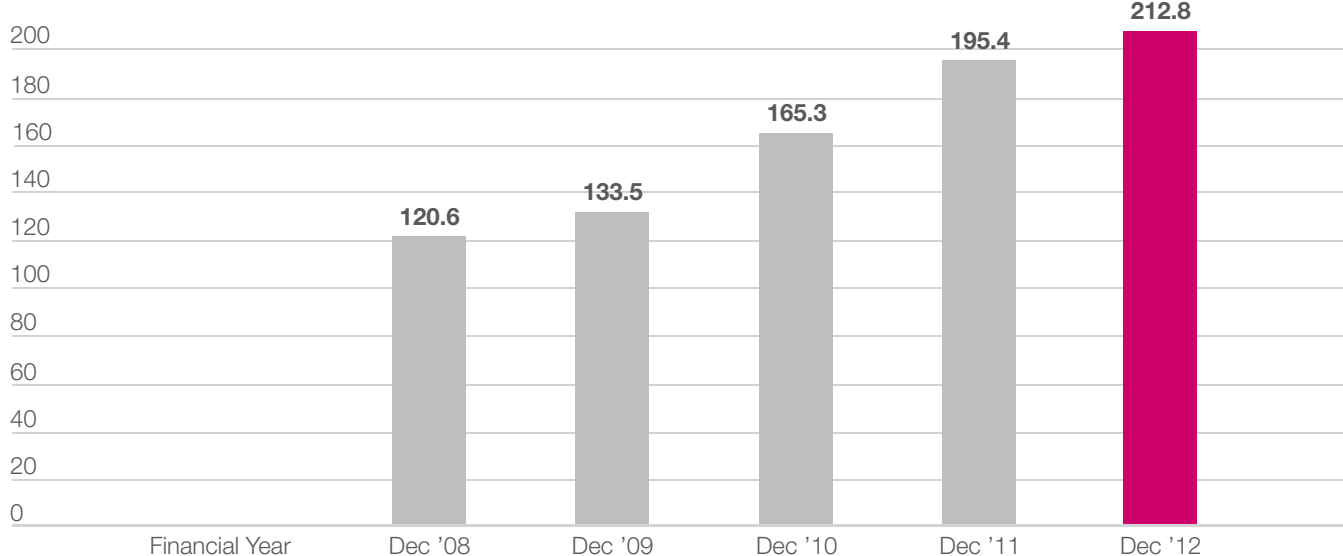
REVENUE

RM million



PROFIT ATTRIBUTABLE TO OWNERS

RM million



AEON SERI MANJUNG SHOPPING CENTRE



4 December 2012

AEON Seri Manjung Shopping Centre, the Company's 21st shopping centre and also its 26th general merchandise store, opened its business to the residents of Seri Manjung and surrounding communities on 4 December 2012.

The grand opening ceremony on 8 December 2012 was officiated by Y.A.B Dato' Seri DiRaja Dr. Zambry bin Abdul Kadir, Menteri Besar of Perak Darul Ridzuan.

The shopping centre which the Company leased, has two (2) levels of shopping floors with approximate 453,561 square feet in net lettable area and 2,500 parking bays. Besides AEON general merchandise store and supermarket, there are more than 130 other retail shops providing, among others, varieties of food, fashion, family amusement and lifestyle products.



HUMAN RESOURCE DEVELOPMENT

HIGHLIGHTS OF THE YEAR

AEON always strives to develop and raise the level of competencies of its human capital through its recruitment programmes, trainings and career development plans. The Company seeks to benchmark itself against the best in the service industry.

AEON continuously invests in systematic and organised trainings for all levels of staff in various areas of technical, operational and management disciplines, either in-house, external or with attachments to our affiliates in Japan. Potential staff are further identified for leadership trainings to enhance their leadership and management capabilities in preparation for higher roles in future.

Among others, AEON's MTRT (Management Trainee & Retail Trainee) programme offers opportunities for fresh graduates to join retail industry and be part of AEON family. For its store and shopping centre managers, AEON Business School, an in-house training programme, was established in 2012 to further enhance their skill sets and equip them with more leadership and management skills. The Company's STEP (Service Transformation for Excellent Performance) programme, a customer service culture initiative, is also currently on-going and aims to ensure that the customer service levels on its selling floor far exceed customer expectations. The culture is enhanced constantly through repeated practices and demonstrations in meetings and staff assemblies.

In recognising the changes in labour market and to enable the Company to manage its human resources more efficiently so as to continue delivering the quality desired, the Company had in 2012 also embarked on a transformation of its human resource system and processes which are currently on-going.



COMPLIANCE WITH THE BEST PRACTICES IN AEON CODE OF CONDUCT

AEON's Code of Conduct which have its basic principles in Peace, People and Community, are the set of values to which AEON adhere to in conducting its business and to which each and every AEON employee is trained to adhere to in carrying out their work and duties for AEON. AEON people constantly remind themselves of AEON Code of Conduct commitments through citations in meetings and staff assemblies.



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

AEON CONTRIBUTES TO ENVIRONMENT CONSERVATIONS

A. PRESERVATION OF BIODIVERSITY

REFORESTATION AND REHABILITATION OF ORANG UTAN IN SABAH

AEON continues to monitor closely its joint project with World Wide Fund for Nature (WWF) Malaysia on creating a better shelter for the estimated 500 Orang Utans living in North Ulu Segama, Sabah, through reforestation and rehabilitation of their habitat. Through the project which started in 2011, AEON will contribute RM500,000 over the span of 5 years to plant 30,000 trees over 80 hectares of land in this area.



FIREFLY BREEDING PROJECT AT KUALA SELANGOR

In 2012, AEON entered into a Memorandum of Understanding with the Selangor State Government and Forest Research Institute of Malaysia for a three-year tree planting programme at Kampung Kuantan, Kuala Selangor to encourage firefly breeding. On 11 February 2012, under the programme's first phase, 600 saplings were planted. A total of 400 volunteers including AEON staff, members of the Majlis Perbandaran Kuala Selangor, students from Open University Malaysia and local residents took part in the event.

In conjunction with the Firefly Breeding Project, AEON further took initiatives to educate the public and visitors via information boards at the Kampung Kuantan visitors' jetty, about the firefly colony, their habitat and the importance of their preservation.



AEON HOMETOWN FOREST PROGRAMME

TREE PLANTING CEREMONY AT AEON SERI MANJUNG SHOPPING CENTRE

On 3 November 2012, more than 800 participants planted over 3,000 saplings in a tree planting ceremony held for the opening of AEON Seri Manjung Shopping Centre. The ceremony was graced by State Secretary of Perak Darul Ridzuan, Y.B. Dato' Abdul Puhat bin Mat Nayan.

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY



JOINT TREE PLANTING ACTIVITIES

In April 2012, AEON organised tree planting activities for the local and international student participants of the Sri Aman International Environmental Youth Leadership Summit at Paya Indah Wetland, Selangor. A total of 580 participants took part including 80 delegates from ASEAN countries. And in another tree planting activity on the same month, with support from Landskap Malaysia, AEON staff together with students of Open University Malaysia participated in a mangrove tree planting activity at Port Dickson, Negeri Sembilan. A total of 1,100 saplings were planted.

AEON MANGROVE TREE PLANTING PROJECT IN JAKARTA, INDONESIA

On 15 July 2012, a total of 2,000 volunteers including 1,300 participants from Japan came together to plant 25,200 mangrove trees at Pantai Indah Kapuk, Jakarta. In 2011, AEON Environmental Foundation Japan has committed to a three-year mangrove tree planting programme at this area as part of its commitment towards environmental conservation and protection.



B. EFFICIENT USE OF RESOURCES

BRING YOUR OWN SHOPPING BAG CAMPAIGN

In efforts to reduce plastic bag usage, AEON worked together with KPDNKK Perak to introduce new AEON reusable bags at its shopping centres of AEON Kinta City and AEON Ipoh Station 18 in Perak Darul Ridzuan. This is to further promote and encourage customers to use less plastic bags but instead to start using environmental friendly reusable shopping bags.

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

AEON YOUNG RECYCLER PROGRAMME

To further promote recycling awareness among the young, in 2012, 5 primary schools were selected whereby AEON together with its business partners organise recycling campaign talks, environmental related fun activities and donated recycling bins to the schools to encourage awareness and inculcate recycling habits among the young students. AEON intends to make this an annual affair.



C. REALISATION OF LOW CARBON SOCIETY

PROMOTE ENVIRONMENTAL INITIATIVE WITH AEON GREEN CORNER


AEON Green Corner in our shopping centres was one of the initiatives implemented during the year to promote and highlight awareness for the need of environmental conservation and protection.



AEON Ipoh Station 18 Shopping Centre



AEON Seri Manjung Shopping Centre



NEW ATTRACTIVE RECYCLING BINS AT AEON SHOPPING CENTRES

To further attract and encourage customers to live green and preserve the environment, attractive new recycling bins are currently being progressively introduced into AEON shopping centres to draw customers' attentions and to encourage them to do their part for recycling.

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

ENERGY SAVING INITIATIVES

Energy saving through use of initiatives such as energy efficient LED lights and auto sensors in the Company's operating areas such as showcase chillers, customer walkways, escalators, restrooms and parking areas were also carried out in 2012.



AEON CONTRIBUTES TO COMMUNITY – AEON CARES

AEON NATIONWIDE COASTAL CLEAN-UP PROJECT

In conjunction with Earth Day on 21 April 2012, AEON again organised its “Pantai Ku Indah” coastal clean-up project, this time at Pantai Bersih in Pulau Pinang, Pantai Pasir Panjang in Perak, Pantai Saujana Port Dickson in Negeri Sembilan, Pantai Puteri in Melaka, Pantai Pontian in Johor and in Selangor at Pantai Kelanang, Pantai Morib and Pantai Bagan Lalang. A total of 970 people comprising volunteers and staff were involved and they collected in total over 2,295 kg of discarded waste along the beaches.



COMMUNITY SERVICES AT ZOO NEGARA

On 30 June 2012, approximately 50 AEON people participated in a “Gotong Royong” cleaning up project at the National Zoo, volunteering, among others, cleaning up the animal cages, sweeping the surroundings and feeding the animals.

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

COMMUNITY SERVICES IN NEIGHBOURHOOD

On 26 May 2012, AEON people were involved in a “Gotong Royong” project with the residents of Taman Rakyat, Klang to help clean and spruce up the surroundings of the housing estate. Such community services allow AEON people to foster closer relationship with the surrounding community in which it operates.



AEON CONTRIBUTES TO COMMUNITY – AEON CARES

LANTERN PARADE

For Mid Autumn Festival, “AEON Lantern Parade 2012” was celebrated at AEON Ipoh Station 18 Shopping Centre on 20 September 2012. The ceremony was graced by Y.B. Dato’ Dr. Mah Hang Soon, Perak State Executive Council Member. Fun activities were organised including lantern making competition, lion and dragon dance performances.



PRE-RAMADHAN BLOOD DONATION CAMPAIGN

Since 2006, AEON had organised on annual basis, blood donation campaigns at its shopping centres and had managed to collect more than 30,000 units of blood bags to-date. In 2012, without exception, together with Persatuan Bekas Pelajar MRSM Malaysia (Ansara) and the National Blood Centre, AEON again organised a two-day blood donation campaign in July at all AEON shopping centres. A total of 4,427 units of blood bags were successfully collected.

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY



JOHOR FLOOD AID RELIEF

On 19 December 2012, AEON people rally to the aid of flood victims at Kampung Sepang Loi, Batu Anam, Segamat by participating in the massive cleaning of the affected residents' houses and public places besides providing food donations.

AEON CONTRIBUTES TO COMMUNITY – AEON CARES

AWARENESS AND EDUCATION

AEON MALAYSIA CHEERS CLUB

On 31 May 2012, in conjunction with World Environment Day, AEON launched its AEON Malaysia Cheers Club whose aim is to introduce and instil a spirit of love for nature during a child's early stage of development so that they will learn and care about the environment. Through the club, the children will also be able to develop their interactive skills through teamwork activities.

The event at Paya Indah Wetlands, which included a school holiday camp from 30 May to 1 June for 300 AEON Malaysia Cheers Club young members, was launched by Y.B. Dato' Sri Peter Chin Fah Kui, Minister of Energy, Green Technology and Water, who also witnessed a signing ceremony between AEON and Green Tech Corporation who will serve as a platform for AEON Malaysia Cheers Club's Green Kid Programme. The members participated in various activities during the school holiday camp including tree planting, wildlife encounters, night walks and exercises whereby the young members were educated on the importance of environmental preservation. Currently AEON Malaysia Cheers Club has 1,672 members.



TASMANIA BIODIVERSITY TOUR

In August 2012, two of AEON Malaysia Cheers Club's members had been selected to participate in a 8 days 7 nights Tasmania Biodiversity Tour together with 15 other members from AEON Cheers Club of Japan.



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

SUPPORTING GOVERNMENT'S INITIATIVES

PROGRAM TRANSFORMASI KEDAI RUNCIT (TUKAR)

TUKAR project is an Entry Point Project (EPP) under the Economic Transformation Programme that aims to modernise traditional 'mom and pop' grocery stores and increase levels of competitiveness in their localities. Together with Ministry of Domestic Trade, Co-Operatives and Consumerism (MDTCC), AEON had in 2012 supported the programme and transformed ten (10) units of such shops in Kedah and Perak. The transformation not only help to increase the shops' sales by enhancing their competitiveness and efficiency through improved processes and tools, but it also creates new jobs in the sector.



TASTE OF MALAYSIA

The AEON Taste of Malaysia (TOM) fair was held from 31 August till 2 September 2012 for the second time in Japan in collaboration with MDTCC and AEON Group of Japan. The programme was officiated by Y.Bhg Dato' Saripuddin Bin Kassim, Secretary General of MDTCC and the event was held at five (5) AEON Stores, namely AEON Lake Town Mall, AEON Urawa Misuno, AEON Makuhari, AEON Tsudanuma and AEON Shinagawa.

The TOM which was initiated since 2003 by MDTCC, is to assist Malaysian's local small medium entrepreneurs (SME) to have a greater shelf presence in the super market and hyper market industry outside of Malaysia besides giving them the opportunities and exposure to innovate new ways of expanding their business overseas. Through AEON Group of Japan's network, SME entrepreneurs with the support of MDTCC will be able to have a platform to showcase Malaysian food products to Japan.

A total of 74 items comprising local food products, Malaysian craft and souvenirs were promoted during the fair.



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

MALAYSIAN AEON FOUNDATION

'With All Our Hearts' Malaysian AEON Foundation (MAF) is the charity arm of which AEON CO. (M) BHD. and AEON Credit Service (M) Berhad (ACS) play major roles to run all the major charity events and community services, in making contributions and fund raising activities. The Foundation, which started up as a charity fund, has been operating for 10 years and benefits many Malaysian in needs especially children. AEON is the first and the only retailer which has its own charity foundation in Malaysia.



OUR MISSION

- To be continuously involved in fund-raising activities and events for the benefit of all Malaysians, irrespective of race, religion and creed, with special focus on the needs of Malaysian children.
- To provide financial aid to those with greatest needs, especially in the area of education, living environment and medical assistance. We also aim to provide activity-based resources to guide people from today's social ills.
- To give the children of Malaysia the opportunity to discover their self-worth and develop themselves to their fullest potential so that they may live fuller and more meaningful lives in the future.



CHARITY DRIVES

Throughout 2012, MAF has worked together with Sangla Foods Sdn. Bhd., Mamee Double-Decker Berhad and Nestle (Malaysia) Berhad to offer selected food, goodies bags and health care to customers and communities, in which a fraction of the sales made were channeled into MAF.

One of the major annual fund raising activity by the Foundation is the Charity Gala Dinner. For 2012, it was hosted at KL Convention Centre on 12 July with the theme – 'A Blend of Culture'. Gracing the event was Yang Amat Berbahagia Puan Sri Noorainee binti Abdul Rahman, wife of Yang Amat Berhormat Timbalan Perdana Menteri. The net proceeds from the sales of tickets were channeled to MAF.

BASIC EDUCATION SUPPORT ("BEST" PROGRAMME)

Basic Education Support Programme (BEST) was also initiated by MAF during the year under review. 3 selected schools in Kuching, Sarawak benefited from this pilot project which was kicked off in December 2012. The activities carried out include construction of a new library, purchase of furniture and equipment for Sekolah Kebangsaan Serabak Bau, setting up of a new audio and visual room, a canteen, cementing works for classrooms and purchasing of new school furnitures for Sekolah Kebangsaan Pedaun Bawah, and building of a new library, canteen, multi-purpose hall and purchasing some new book shelves for Sekolah Kebangsaan Tembawang. A total sum of RM450,000 was allocated for this project in an effort to provide a conducive learning environment for the school children in these rural areas.



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

COMMUNITY ACTIVITIES – HOLIDAY EVENTS

On 21 April 2012, 50 children from 2 orphanage homes were given an opportunity to enjoy the Musical Play of the Malay famous cartoon characters, “Upin & Ipin” at the Istana Budaya, Kuala Lumpur, providing the children with exposure to the musical theater whilst enjoying watching the life and adventures of the eponymous twin brothers in a fictional Malaysian Kampung.

During the school holidays on 30 May 2012, MAF brought 65 children from various orphanages for an educational trip to Mamee factory in Ayer Keroh, Melaka. The children also enjoyed a boat ride along the Melaka River and had fun activities at Molly Fantasy, AEON Bandaraya Melaka Shopping Centre.

On 18 December 2012, 230 children and single mothers from various homes participated in a one-day holiday excursion with MAF to “Fun In The Woods” Carnival at Forest Research Institute Malaysia (FRIM), Kepong. The children were treated with exciting activities such as telematch games, magic shows, face painting and sand arts. These children were also presented with prizes and new school bags.



FESTIVITIES CELEBRATIONS

Festive seasons are a time to reflect, a time to give and a special time to be close to our families and friends. Bringing cheers to the needy especially during months of festivities, is also one of the missions of the Foundation. During the Chinese New Year festival, RM12,000 worth of daily necessities, angpows and lokam were donated to an orphanage home in Johor Bahru and an elderly home in Ampang.

In August 2012, MAF celebrated Hari Raya by bringing 140 underprivileged children from various homes in Johor Bahru for a shopping trip at AEON Terbrau City Store to choose their baju raya worth RM200 each, followed by a Buka Puasa dinner at Mutiara Hotel, Johor Bahru, together with hamper gifts and duit raya.

In conjunction with Deepavali Celebration 2012, 130 children from various homes and 20 families with single mothers were brought to AEON Bukit Raja Store to choose their own Deepavali items worth RM200 each and further given purple packets and hampers to bring them more joy on Deepavali occasion.



A STARRY SMILE

During the Christmas Charity Drive, orphans from 35 orphanages homes, were invited to write their wishes on Star Cards. AEON customers were then invited to fulfil the Star Card wishes which were later presented to the children on Christmas eve. All Star Card wishes were fulfilled by AEON customers together with MAF and hampers were also presented to the orphanages. A total of 1,135 starry cards were received and fulfilled to the orphans.



CHAIRMAN'S STATEMENT



“ Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of AEON CO. (M) BHD. (AEON or Company) for the year ended 31 December 2012 (the Year). ”

FINANCIAL REVIEW

The Company achieved a new revenue record of RM3.256 billion for the Year which is 9.1% higher than the RM2.985 billion for the previous financial year. Correspondingly, AEON registered a strong profit before tax of RM299.5 million and profit after tax of RM212.8 million representing 8.0% and 8.9% growth respectively over the previous year's performance.

The Year's results were most commendable if we take into consideration that the results for the preceding year had included both the RM12.7 million gain on disposal of its amusement business and the RM11.3 million net proceeds from insurance claim though they were offset by an impairment loss of RM14.1 million in one of the Company's store and shopping centre's property, plant and equipment.

AEON's financial position as at 31 December 2012 remains healthy without any borrowings and with shareholders' funds totaling RM1.469 billion which provides a net asset value per share of RM4.19 (2011 : RM3.67). Earnings per share also improved to 60.6 sen per share (2011 : 55.7 sen).

REVIEW OF PERFORMANCE

In 2012, despite the weak global economy, Malaysia continued to perform well and recorded a GDP growth of 5.6% for the year, driven mainly by the strong domestic demand.

The strong domestic demand spurred AEON to register strong results in its businesses of retailing and property management services. For the Year, retail sales contributed RM2.823 billion and the property management services contributed RM433.1 million, which respectively represented growth of 8.2% and 15.3% against their previous year's results.

On its retail operations, the overall better performance was mainly contributed by new stores which opened during the year and AEON Bandar Utama store and AEON Rawang store which operated for a full fiscal year in 2012. Existing stores also performed well to register a commendable same stores growth of 1.6%. The Company opened the AEON Ipoh Station 18 store and AEON Seri Manjung store in March and December 2012 respectively to bring new lifestyles and shopping experience to the community in Ipoh, Seri Manjung and its surrounding areas.

AEON's property management services revenue at RM433.1 million represented an impressive growth of 15.3% over the previous year's performance. The performance for the Year included same shopping centres income growth of 3.6% reflecting the higher occupancy rates, net lettable area and rental rates achieved during the Year. The Company's property management services revenue also included the results from its new shopping centres which we are confident will contribute greatly to the Company's results in years to come.

CHAIRMAN'S STATEMENT

CORPORATE SOCIAL RESPONSIBILITY

AEON continues to remain focus on its basic principles of pursuing peace, respecting humanity and contributing to local communities, centred on customers.

In pursuance of these principles, during the Year, AEON continued with its corporate social responsibilities activities which included, among others, tree plantings for its new AEON Ipoh Station 18 Shopping Centre and AEON Seri Manjung Shopping Centre, reforestation of mangrove swamps, beach cleaning projects, Orang Utan and firefly rehabilitation projects and various Gotong Royong projects with the surrounding communities in which it operates.



AEON continued to promote actively on the efficiency use of resources through its recycling programmes, reduction in use of plastic bags, use of reusable bags and other similar activities and campaigns to further educate and create strong awareness among the customers and communities.

To further instill young children with a love for nature and environment, during the year under review, the Company also through its AEON Malaysia Cheers Club, which it set up in the year, organise nature trips and holiday camps for its young members.

PROSPECTS AND OUTLOOK

The Malaysian economy, anchored by the continued resilience of domestic demand, is expected to remain strong. Domestic consumption is expected to remain the key driver of growth in 2013, supported by the Government's ongoing economic transformation programmes, stable employment environment and continuous investment by the private sector.

Retail industry in Malaysia remains very competitive as more entrepreneurs are aware of the healthy prospects and the rising demand for better shopping experiences.

AEON remains positive on its prospects and will continue to leverage on its competitive strengths and grow its business, both organically and through new store expansions. The Company will continue to provide refreshing shopping experience to its customers through refurbishment of some of its existing stores and shopping centres, and enhance the standards of customer service which it is known for across the country.

AEON remains committed to its long-term plan to open new stores in strategic locations. The Company is on schedule to open a three-level community shopping centre in Kulai, Johor Darul Takzim by end of 2013. This is part of conscious and on-going efforts by the Company to maintain and enhance its dominant position in Malaysia.



DIVIDEND

The Board of Directors is pleased to recommend for your approval a first and final dividend of 23% less 25% income tax and a special tax exempt dividend of 1% for the year ended 31 December 2012 at the forthcoming Annual General Meeting.

CHAIRMAN'S STATEMENT

ACKNOWLEDGEMENT

We are saddened by the death of our colleague, the late Datuk Zawawi bin Mahmuddin who passed away on 12 November 2012. We wish to extend our heartfelt condolences to his family. We will miss his invaluable contributions.

Brig Jen (B) Dato' Mohamed Idris bin Saman retired effective 28 February 2013. The Company's senior independent director, Dato' Chew Kong Seng and Datuk Ramli bin Ibrahim are both retiring at this forthcoming Annual General Meeting and have indicated they are not seeking re-election. We would like to record our appreciation and gratitude for their enormous contributions to the success of the Company.

I would also like to welcome our recently appointed directors Datuk Syed Ahmad Helmy bin Syed Ahmad and Dato' Tunku Putra Badlishah Ibni Tunku Annuar who with their expertise and wealth of experience will be able to provide guidance and leadership which will add further strength to the Board.

On behalf of the Board, I wish to thank the management and staff for their loyalty, dedication and unfailing commitments in taking AEON through another year of excellent performance. Finally, I also would like to express my gratitude to our valued customers, business associates, bankers, government authorities, our valued shareholders and my fellow directors for their continuous support and confidence in AEON.



Dato' Abdullah bin Mohd Yusof

Chairman

DIRECTORS' PROFILE



DATO' ABDULLAH BIN MOHD YUSOF

Independent Non-Executive Chairman

Malaysian 74

Dato' Abdullah bin Mohd Yusof was appointed as the Non-Independent Non-Executive Chairman of AEON CO. (M) BHD. on 26 October 1984 and redesignated as Independent Non-Executive Chairman on 26 May 2011. Dato' Abdullah bin Mohd Yusof holds a Bachelor of Law (Honours) from University of Singapore, which he obtained in 1968. Dato' Abdullah bin Mohd Yusof has more than forty (40) years of experience as an Advocate & Solicitor. Dato' Abdullah bin Mohd Yusof started his career with Skrine & Co., as a Legal Assistant in 1968 before starting his own partnership under the name of Tunku Zuhri Manan & Abdullah, Advocates & Solicitors in 1969 and subsequently renamed the law firm to Abdullah & Zainuddin, Advocates and Solicitors. Dato' Abdullah bin Mohd Yusof sits on the Board of Directors of MMC Corporation Berhad, Zelan Berhad, Tradewinds Corporation Berhad and AEON Credit Service (M) Berhad, all of which are companies listed on Bursa Malaysia Securities Berhad. Dato' Abdullah bin Mohd Yusof also sits on the Board of Directors of THR Hotel (Selangor) Bhd and several private limited companies. Dato' Abdullah bin Mohd Yusof is a member of the Nomination Committee and Remuneration Committee of the Board. Dato' Abdullah bin Mohd Yusof has attended all the four (4) Board Meetings held in the financial year. Dato' Abdullah bin Mohd Yusof holds 526,000 ordinary shares directly and 1,067,800 ordinary shares indirectly in the Company.

MR NAGAHISA OYAMA

Japanese 58

Non-Independent Non-Executive Vice Chairman

Mr Nagahisa Oyama was appointed as the Managing Director of AEON CO. (M) BHD. on 22 June 2005 and redesignated as Non-Independent Non-Executive Vice Chairman on 26 May 2011. Mr Nagahisa Oyama was appointed as Chairman of the Nomination Committee and Remuneration Committee of the Board on 26 May 2011. Mr Nagahisa Oyama is now Vice President, CEO, ASEAN Business of AEON Co., Ltd. Mr Nagahisa Oyama holds a Bachelor's Degree in Business Management from Kinki University, Japan, which he obtained in 1977. Mr Nagahisa Oyama joined AEON Co., Ltd. in 1977 as a Management Trainee and was promoted to be Softline Merchandiser in 1980. Mr Nagahisa Oyama was seconded to Siam JUSCO, Thailand to set up the GMS Merchandising Division. Following his appointment at Siam JUSCO, Thailand from 1989 to 1991, Mr Nagahisa Oyama was promoted to General Manager of Tonami Regional Shopping Centre in 1991. Mr Nagahisa Oyama was next appointed as the General Manager of Kaga Regional Shopping Centre in 1996 and next transferred to Kochi Regional Shopping Centre in 2000. In 2002, Mr Nagahisa Oyama served as General Manager of Higashi Mikawa and Shizuoka Prefecture, Japan, where Mr Nagahisa Oyama was in charge of the overall planning, opening and operations of three (3) new Regional Shopping Centres and the operations of seven (7) existing Regional Shopping Centres in the Shizuoka Prefecture. Mr Nagahisa Oyama was appointed as the Managing Director of AEON Big (M) Sdn Bhd on 31 October 2012. Mr Nagahisa Oyama has attended all the four (4) Board Meetings held in the financial year. He holds 20,000 ordinary shares directly in the Company.



Note: Save as disclosed in this annual report, all the Directors mentioned in pages 20 to 24 have no conflict of interest with AEON CO. (M) BHD. or any family relationship with any Director and / or major shareholder nor have they are convictions for offences within the past 10 years, except for traffic summons, if any.

DIRECTORS' PROFILE

MS NUR QAMARINA CHEW BINTI ABDULLAH

Managing Director

Malaysian 52



Ms Nur Qamarina Chew binti Abdullah was appointed as the Executive Director of AEON CO. (M) BHD., on 25 February 2011 and redesignated as Managing Director on 26 May 2011. Ms Nur Qamarina Chew binti Abdullah holds a Master Degree in Business Administration (Entrepreneurship). Ms Nur Qamarina Chew binti Abdullah joined AEON CO. (M) BHD. in 1985 and was a Merchandising Manager from 1990 to 1993 and Store Manager of JUSCO Bandar Utama in 1998 and then JUSCO Mid Valley in 1999. Ms Nur Qamarina Chew binti Abdullah was promoted to Senior Manager in 2001 and then General Manager in 2002 to head the Store Operations Division. In 2006, Ms Nur Qamarina Chew binti Abdullah was transferred to be General Manager in-charge of the New Business Development Division and in 2008, promoted to Senior General Manager to head the Neighborhood Shopping Centre Business Division. Ms Nur Qamarina Chew binti Abdullah was the Senior General Manager of the Merchandising Division in 2009 and in 2010 as Senior General Manager of the Store Operations Division. Ms Nur Qamarina Chew binti Abdullah has attended all the four (4) Board Meetings held in the financial year and does not hold any shares in the Company.

MR POH YING LOO

Malaysian 51

Executive Director

Mr Poh Ying Loo was appointed as the Executive Director of AEON CO. (M) BHD. on 26 May 2011. Mr Poh Ying Loo is a Fellow member of the Chartered Institute of Management Accountants and a member of Malaysian Institute of Accountants. Mr Poh Ying Loo was the Audit Semi-Senior of Ong Boon Bah & Co from 1986 to 1988 and joined Dreamland Holdings Berhad as an Accounts Executive in February 1988. Mr Poh Ying Loo joined CPC/AJI (M) Sdn Bhd as Assistant Accountant and was the Senior Accountant in June 1996. Mr Poh Ying Loo joined AEON CO. (M) BHD. on July 1996 as the Finance Manager and then promoted as the Financial Controller in 2002. Mr Poh Ying Loo was the Senior General Manager in charge of Business Support in January 2008 and the Senior General Manager in charge of Corporate Finance and Investor Relations in February 2010. Mr Poh Ying Loo is currently in charge of the Corporate Finance, Investor Relations, Administration, IT & SCM Division. Mr Poh Ying Loo has attended all the four (4) Board Meetings held in the financial year and holds 20,000 ordinary shares directly and 24,000 ordinary shares indirectly in the Company.



DIRECTORS' PROFILE

DATO' CHEW KONG SENG

Malaysian 75

Independent Non-Executive Director

Dato' Chew Kong Seng was appointed as the Independent Non-Executive Director of AEON CO. (M) BHD. on 23 July 2001. Dato' Chew Kong Seng is a Fellow of Institute of Chartered Accountants in England and Wales, a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Dato' Chew Kong Seng was a tax officer in the Inland Revenue Department in the United Kingdom and then joined Stoy Hayward & Co. in the United Kingdom from 1964 to 1970. Dato' Chew Kong Seng returned to Malaysia and joined Turquand Young & Co. (now known as Ernst & Young) and was subsequently transferred to Sarawak office as Manager in-charge and later as Partner in-charge. Dato' Chew Kong Seng was appointed as the Managing Partner of Ernst & Young from 1990 to 1996. Currently, Dato' Chew Kong Seng is a Director and Audit Committee Chairman of PBA Holdings Berhad and Bank of America Malaysia Berhad, as well as a Director and a member of the Audit Committee of GuocoLand (Malaysia) Berhad and Encorp Berhad. Dato' Chew Kong Seng is also a Director of GW Plastic Holdings Berhad and a private limited company. Dato' Chew Kong Seng is the Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee of the Board. Dato' Chew Kong Seng has attended all the four (4) Board Meetings held in the financial year. Dato' Chew Kong Seng does not hold any shares in the Company. Dato' Chew Kong Seng has opted not to seek for re-election as Director and will be retiring upon the conclusion of the Twenty-Eighth Annual General meeting on 22 May 2013.



DATUK RAMLI BIN IBRAHIM

Independent Non-Executive Director

Malaysian 72

Datuk Ramli bin Ibrahim was appointed as the Non-Executive Director of AEON CO. (M) BHD. on 20 August 1996 and redesignated as Independent Non-Executive Director on 26 May 2011. Datuk Ramli bin Ibrahim is a Member of the Malaysian Institute of Accountants and a Fellow of the Australian Institute of Chartered Accountants. Datuk Ramli bin Ibrahim was attached to KPMG Peat Marwick (now known as KPMG) in Australia, United Kingdom and Malaysia from 1959 to 1995. Datuk Ramli bin Ibrahim was appointed as a Partner of KPMG Malaysia in 1971. In 1989, Datuk Ramli bin Ibrahim was made the first bumiputera Senior Partner of KPMG Malaysia. Datuk Ramli bin Ibrahim also served on the Boards of KPMG International and KPMG Asia Pacific from 1990 to 1995. Datuk Ramli bin Ibrahim retired from KPMG Malaysia in 1995. From December 1995 to December 2000, Datuk Ramli bin Ibrahim served as the Executive Chairman of Kuala Lumpur Options & Financial Futures Exchange Berhad. Currently, Datuk Ramli bin Ibrahim sits on the Board of Directors of BCT Technology Berhad and AEON Credit Service (M) Berhad. Datuk Ramli bin Ibrahim also sits on the Board of Directors of several other unlisted public and private limited companies including Measat Global Berhad, HSBC Bank Malaysia Berhad and Yayasan Tuan Ku Syed Sirajuddin. Datuk Ramli bin Ibrahim is also a member of the Audit and Risk Management Committee and Remuneration Committee of the Board. Datuk Ramli bin Ibrahim has attended all the four (4) Board Meetings held in the financial year. He holds 560,000 ordinary shares indirectly in the Company. Datuk Ramli bin Ibrahim has opted not to seek for re-election as Director and will be retiring upon the conclusion of the Twenty-Eighth Annual General meeting on 22 May 2013.



DIRECTORS' PROFILE

MR NAOKI HAYASHI

Japanese 65

Non-Independent Non-Executive Director

Mr Naoki Hayashi was appointed as the Non-Executive Director of AEON CO. (M) BHD. on 13 August 2009. Mr Naoki Hayashi holds a Bachelor Degree in Economics from Keio University, Japan. Mr Naoki Hayashi joined AEON Co., Ltd. in March 1970 and promoted to General Manager, Executive Secretary Office in March 1987. In September 1990, Mr Naoki Hayashi assumed the post of General Manager, General Affair Division and subsequently transferred to be the General Manager in charge of Kanto Regional Operations. Mr Naoki Hayashi was promoted as Director of AEON Co., Ltd. in May 1996 and then in February 1997 as Director for Kanto Regional Company. Mr Naoki Hayashi was promoted as Executive Vice President in May 1998 and subsequently in May 2004 as Senior Executive Vice President and then as Executive Vice President in charge of SC Development Business and Chairman of AEON Co., Ltd.'s subsidiary Diamond City Co., Ltd. in May 2006. In May 2007, Mr Naoki Hayashi was assigned as Director of AEON Mall Co., Ltd. and in May 2008 as Director and Executive Vice President for the Office of the President, AEON Co., Ltd.. Mr Naoki Hayashi is now a Director, Vice President, Office of the President, Chief Environmental Affairs Office of AEON Co., Ltd.. Mr Naoki Hayashi has attended all the four (4) Board Meetings held in the financial year and does not hold any shares in the Company.



MR MITSURU NAKATA

Non-Independent Non-Executive Director

Japanese 52



Mr Mitsuru Nakata was appointed as the Executive Director of AEON CO. (M) BHD. on 26 May 2011 and redesignated as Non-Independent Non-Executive Director on 28 February 2013. Mr Mitsuru Nakata holds a Bachelor Degree in Business Management of Ritsumeikan University. Mr Mitsuru Nakata joined AEON Co. Ltd. in March 1985 as a Section Leader of Ikoma store in Nara prefecture and then Group Leader of Yamato Kohriyama store in April 1986. In April 1987, Mr Mitsuru Nakata was the Division Leader of Kongou store in Osaka prefecture and in April 1991, as the Store Manager of Takami store. Mr Mitsuru Nakata was the Food Line Manager of Katabiranotuji store in Kyoto prefecture in April 1993 and the Store Manager of Nagayoshi store in April 1996. In April 1998, Mr Mitsuru Nakata was the Store Manager of Fujiidera store in Osaka Prefecture and then in April 2001, the Store Manager of Shinnabari store in Mie Prefecture. Mr Mitsuru Nakata was the Store Manager of Hamamatsu Shitoro in Shizuoka prefecture in September 2003. Mr Mitsuru Nakata was seconded to AEON CO. (M) BHD. in October 2006 and was the General Manager in charge of Merchandising Division. Mr Mitsuru Nakata was the Senior Executive General Manager, GMS Business Division in 2009. Mr Mitsuru Nakata was appointed as the Executive Director of AEON Big (M) Sdn Bhd on 31 October 2012. Mr Mitsuru Nakata has attended all the four (4) Board Meetings held in the financial year and holds 7,000 ordinary shares directly in the Company.

DIRECTORS' PROFILE

DATUK SYED AHMAD HELMY BIN SYED AHMAD

Independent Non-Executive Director

Malaysian 66



Datuk Syed Ahmad Helmy bin Syed Ahmad was appointed as the Independent Non-Executive Director of AEON CO. (M) BHD. on 16 April 2013. Datuk Syed Ahmad Helmy bin Syed Ahmad holds a Bachelor of Laws (LL.B) Honours from University of Singapore, which he obtained in 1971. Datuk Syed Ahmad Helmy bin Syed Ahmad has forty (40) years of experience as legal practitioner and judicial officer in Malaysia and Singapore. Datuk Syed Ahmad Helmy bin Syed Ahmad started his legal career in 1972 before starting his own partnership under the name of Yahya Helmy & Co in 1985 and subsequently renamed the law firm to S.A. Helmy & Partners. Datuk Syed Ahmad Helmy bin Syed Ahmad was then appointed as High Court Judge for High Court of Malaya – Johor Bahru, High Court Judge for High Court of Malaya – Shah Alam and Court of Appeal Judge for Court of Appeal, Putrajaya in year 2000, 2007 and 2009 respectively. Datuk Syed Ahmad Helmy bin Syed Ahmad retired as a Judge in December 2012 and appointed as the Chairman of Advocates & Solicitors Disciplinary Board. Datuk Syed Ahmad Helmy bin Syed Ahmad does not hold any shares in the Company.

DATO' TUNKU PUTRA BADLISHAH IBNI TUNKU ANNUAR

Malaysian 48

Independent Non-Executive Director

Dato' Tunku Putra Badlishah Ibni Tunku Annuar was appointed as the Independent Non-Executive Director of AEON CO. (M) BHD. on 16 April 2013. Dato' Tunku Putra Badlishah Ibni Tunku Annuar holds a Bachelor of Science (Hons) in Business Administration. Dato' Tunku Putra Badlishah Ibni Tunku Annuar started his career as Account Manager in J.Walter Thompson Advertising in 1987 and subsequently joined DMIB Berhad as Senior Executive and thereafter promoted as Marketing Manager. From January 1992 to December 1995, Dato' Tunku Putra Badlishah Ibni Tunku Annuar worked in Sandestin Resort, Florida, United States of America as Manager of Marketing and Development. Dato' Tunku Putra Badlishah Ibni Tunku Annuar joined Kumpulan Sime Darby Berhad Group (KSDB) in January 1996 and has held various senior positions within the KSDB, amongst them act as Senior Manager in Sales & Marketing of Sime Darby Land Sdn. Bhd. (January 1996 to July 2000), General Manager – Sales & Marketing of Auto Bavaria (August 2000 to March 2004), Managing Director of Auto Bavaria (February 2004 to March 2005), Director of Operations of Sime UEP Properties Berhad (April 2005 to December 2005) and Director-Group Property of Sime Darby Berhad – Group Property (January 2006 – October 2007). Dato' Tunku Putra Badlishah Ibni Tunku Annuar was appointed as the Executive Vice President in Property Development & Strategic Investments, Property Division of Sime Darby Property Berhad from November 2007 to July 2008 and as Managing Director and Member of the Board of Sime Darby Healthcare Sdn Bhd and Sime Darby Property Berhad from August 2008 to July 2011, prior to venturing into his current business practices. Currently, Dato' Tunku Putra Badlishah Ibni Tunku Annuar is the Managing Director of Putra Ventures Sdn Bhd. Dato' Tunku Putra Badlishah Ibni Tunku Annuar was appointed as a member of Audit and Risk Management Committee of the Company on 16 April 2013 and he does not hold any shares in the Company.



SENIOR MANAGEMENT



(Seating from left to right)

Ms Audrey Lim Suan Imm

General Manager of Human Resource & Merchandising

Ms Yukiyo Komatsu

Senior General Manager of GMS Operations

Ms Nur Qamarina Chew binti Abdullah

Managing Director

Mr Poh Ying Loo

Executive Director

Mr Kenichi Suenami

Senior General Manager of Shopping Centre Business

Mr Vincent Ng Wei Chyun

General Manager of Legal

(Standing from left to right)

Ms Karis Lim Sook Yen

General Manager of Merchandising, MaxValu

Mr Ong Hock Heng

General Manager of Operations, MaxValu

Mr Yoshihiro Kurokawa

MaxValu Project Leader

Mr Kenji Hiramatsu

General Manager of Information Technology & Supply Chain Management

Mr Yoshihiro Kaya

General Manager of Shopping Centre Development, Property Management and Construction

Mr Kazuhiro Kakura

General Manager of Electrical Business

Mr Hiroyoshi Ekinaga

General Manager of New Business Development

Lt. Col (R) Yaacob bin Mahmud

General Manager of Security, Safety & Housekeeping

REVIEW OF OPERATIONS

AEON's reassuring strong creditable performances in both of its core businesses of retailing and property management services in financial year 2012 indicated resiliency amidst the challenges in the external environment, having benefited from the rising domestic demand and new stores openings. The Company achieved total revenue of **RM3.256 billion** for the year under review which represented a growth of **9.1%** over its previous year's performance. Retailing business contributed **RM2.823 billion** and property management services contributed **RM433.1 million**.

RETAILING OPERATIONS

The retail industry in the year under review remains very competitive, more so with the challenging and uncertain global economic environment. Retailers were getting creative and resourceful in developing ingenious ways to sustain their business and market share. New malls with new formats and themes also added more variety of choices for shoppers through their innovative shopping concepts, aggressive merchandise strategies that create differentiation and prevalent pricing promotions as they strive to attract shoppers traffic to their stores and seek to retain customers' loyalty.

Under such challenging environment, AEON's retailing business continued to remain resilient and generally delivered good results. AEON continued to rely on its established brand and competitive strengths to provide the best in value, quality and variety of merchandise and services to its customers.

On 8 March 2012, the Company had successfully launched a rebranding exercise to replace the old trading name 'JUSCO' with 'AEON', in line with the AEON Group of Japan's globalisation direction and to further allow the Company to create a clear brand identity for its business in Malaysia. Together with its rebranding exercise, the Company had introduced a new tagline, "AEON Enriching Your Lifestyle" to give all AEON's customers an enriching experience every time they shop with AEON. To show its appreciation to the customers for their continuous support, a series of promotions and activities including special merchandise and pricing were carried out. The Company also took the opportunity to embark on its customer service programme (STEP) to further enhance and revamp its customer service to complete the total customer experience, thus continuously positioning the Company as a leading retailer and lifestyle destinations for all its customers.

The retail sales of RM2.823 billion represented a 8.2% growth over the previous year's performance. The better performance was as a result of a combination of performances from new stores that were opened during the year, full year contributions from stores that were opened in year 2011 as well as the overall better performance from existing stores. Same stores registered a growth of 1.6% for the year under review. AEON stores of Permas Jaya, Bukit Indah and Mahkota Cheras recorded a double-digit growth ranging from 10.4% to 13.5% due to the growing number of customers and loyalty members' base and benefits from the improvement in the surrounding infrastructure and housing developments. Stores in Melaka, Taman Universiti, Seremban 2, Bukit Tinggi, Seberang Prai City, AU2 and Bandaraya Melaka also enjoyed good performances of 5.2% to 8.2% growth against their previous year's results. Other stores of Taman Maluri, Wangsa Maju, Tebrau City, Cheras Selatan, Taman Equine and Queensbay recorded lower growth ranging from 0.02% to 2.4% against their previous year's performances.

For JUSCO Ipoh store, the lower performance of 11.1% against previous year was within expectation with the opening of AEON Ipoh Station 18 store in March 2012 besides stiff competitions nearby. AEON stores of Bandar Baru Klang, Mid Valley, Bandar Puchong, Metro Prima and Bandar Sunway recorded lower performance of between 0.3% and 4.8% due to the competitive environments.



REVIEW OF OPERATIONS

AEON stores of Bandar Utama and Rawang which operated for a full year in 2012 further contributed to the revenue growth as their customers' base grew whereas the new AEON Seri Manjung store which opened in December 2012 contributed marginally. The MaxValu supermarkets, whose contributions are still marginal for the year under review, registered a total contribution of RM40.3 million for the year. The Company had also ventured into new retail business categories of doughnut (Mister Donut), pharmacy (AEON Wellness) and lifestyle household products (DAISO) shops which in total contributed a revenue of RM38.1 million.



PROPERTY MANAGEMENT SERVICES

The property management services business remains a significant and integral part of the AEON's overall business. In managing the shopping centres and its tenant mix, AEON was able to provide shoppers with a one-stop conducive and convenient shopping destinations that also complements its own AEON store's retailing business within the shopping centres.

AEON continued to employ successful and sustainable strategies to attract and increase shoppers' traffic to its shopping centres. This was through a provision of the right tenant mix, exciting promotional activities and joint promotional efforts with tenants together with proper maintenance and superior customer services in terms of facilities and convenience. Attractive and modern kiosks that offer varieties of merchandise and services were also introduced to attract more shoppers. Close relationship with tenants were maintained through regular dialogues and feedbacks which allowed development of synergistic strategies to increase shoppers traffic.

During the year under review, AEON's property management services registered revenue of RM433.1 million representing a healthy growth of 15.3% over the previous year's performance amidst an environment of increased competition. The strong growth for the year under review was both due to the same shopping centre income growth of 3.6% and also contribution from new shopping centres of 11.5% to the shopping centre income. Overall occupancy rate remains at 93.5% as at the end of 2012.

With the opening of AEON Ipoh Station 18 Shopping Centre and AEON Seri Manjung Shopping Centre on 29 March 2012 and 4 December 2012 respectively, AEON now manages twenty one (21) shopping centres.



PROSPECTS AND OUTLOOK

Despite uncertainties in global economy and given the challenging external environment, domestic demand is expected to remain one of the key drivers of economic growth in 2013. Retailing sector will benefit from this and the sustainable private sector spending on the back of stable income and healthy labour market conditions.

REVIEW OF OPERATIONS

Retailing

In the highly competitive retail industry, AEON recognises that for long-term business sustainability, it needs to continuously evaluate and enhance its strategies and competitive strengths. AEON aims for its business to be sustainable through achievement and sustainability of customer services, merchandise assortment and a store shopping experience that exceed the customers' expectations.

The Company recognises that urban shoppers, in particular, could now enjoy wider choices of retail stores to patronise and also wider variety of merchandise to choose from. They are now seeking for total shopping experience instead of just basic shopping needs.

As such, in 2013, besides focus to strengthen its business and operations units, merchandising, human resource development, information technology upgrade, customer service and operational efficiency of selling floors, the Company will also be focusing on renovation and upgrading of its existing stores. The Company will embark on refurbishment on some of its existing stores such as Bandar Baru Klang, Bandar Puchong, Ipoh Kinta City and Wangsa Maju so as to continue offering refreshing shopping experience to its customers.

For merchandising whereby the constant challenge is to develop suitable merchandise and mix that meet the demands and tastes of consumers who are today well informed and spoilt for choice, AEON remains committed to its pursuit of continuously sourcing for the right and new merchandise to offer to its customers. This includes leveraging on AEON Group of Japan's expertise in various merchandise categories, its own private brand development efforts and developing big concept merchandise categories that comprise better brands composition mix and latest trends.

For AEON Member Loyalty Card which remains a strategic marketing tool for the Company, AEON, through innovative membership recruitment scheme and further enhancement of members' benefits through alliance with more business partners, remains focus on sustaining and at the same time growing this huge loyalty customer base as it opens up new stores.

On its general merchandise stores expansion, the Company is scheduled to open a new General Merchandise Store in Kulai, Johor Darul Takzim by end of 2013. In addition to previous announcements, the Company had also recently announced its intention to develop a new store in Shah Alam, Selangor in the near future. Plans are in the pipeline to further fuel growth with identified locations for new stores openings in which announcements will be made in due course.



Property Management Services

While the number of shopping centres in the country have been increasing as the income and prosperity level increase, the landscape is expected to change further in the near future with the entry of new property management services players and announcement of construction of new malls that are expected to be completed in the next few years. The presence of more malls will mean there will be keener competition for shoppers and tenants. While AEON has the advantage of its General Merchandise Store being its own anchor tenant, thus enabling it to secure good shoppers' traffic and tenant mix, it remains committed to its philosophy of Customer First which demands that its malls remain well-maintained with good facilities for customer convenience, possess good tenant mix and always have attractive shopping events and activities. The ultimate objective is to provide the overall shopping experience that exceed shoppers expectation.



On its expansion plans, AEON, which had grown steadily over the years and make its presence in key strategic locations and markets nationwide, remains committed to its mid-term strategy plan to solidify its position as the market leader and make AEON accessible to more Malaysians. On 4 December 2012, the Company opened AEON Seri Manjung Shopping Centre, its 21st shopping centre in Malaysia, bringing convenience and neighborhood shopping experience to the communities in Seri Manjung and Setiawan in Perak.

The Company is also scheduled to own and operate a three-level community shopping centre with an approximate net lettable area of 457,000 square feet in Kulai, Johor Darul Takzim towards the end of 2013. During the year under review, it had also announced on its commitments for expansion in the strategic area of Shah Alam, Selangor. The Company will continue to identify new suitable locations for shopping centre development and will announced their openings in due course.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the “Board”) of AEON CO. (M) BHD. (the “Company” or AEON) recognises the importance of corporate governance and is committed in ensuring the sustainability of the Company’s business and operations through the implementation of the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”).

This statement outlines the key aspects on how the Company has applied all the Principles under the MCCG 2012 during financial year 2012 and any non-observation of the Recommendations of MCCG 2012, including the reasons thereof, has been included in this Statement in view of the transition to MCCG 2012.

Principle 1 – Establish clear roles and responsibilities of the Board and Management

The Board is accountable and responsible for the performance and affairs of the Company by overseeing and appraising the Company’s strategies, policies and performance.

Board Charter

All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities. The Board has adopted a Board Charter which clearly sets out the roles, functions, composition, operation and processes of the Board, having regard to the principles of good corporate governance and requirements of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board Charter further defines the matters that are reserved for the Board and its committees as well as the roles and responsibilities of the Chairman and the Managing Director. Key matters reserved for the Board includes the approval of corporate strategic plans and capital budgets, material acquisitions and disposals of undertakings and properties, quarterly and annual financial statements for announcement, monitoring of operating performance and review of the Financial Authority Approving Limits.

As set out in the Board Charter, the Board is responsible for:

- reviewing and adopting the overall corporate strategy, plans and directions for the Company including its sustainability;
- overseeing and evaluating the conduct of business of the Company;
- identifying principal risks and ensuring implementation of a proper risk management system to manage such risks;
- monitoring and reviewing management processes aimed at ensuring the integrity and other reporting with the guidance of Audit and Risk Management Committee;
- promoting effective communication with shareholders and relevant stakeholders;
- approving major capital expenditure, acquisitions, disposals and capital management;
- reviewing the adequacy and the integrity of the management information and internal control systems of the Company; and
- performing such other functions as are prescribed by law or are assigned to the Board.

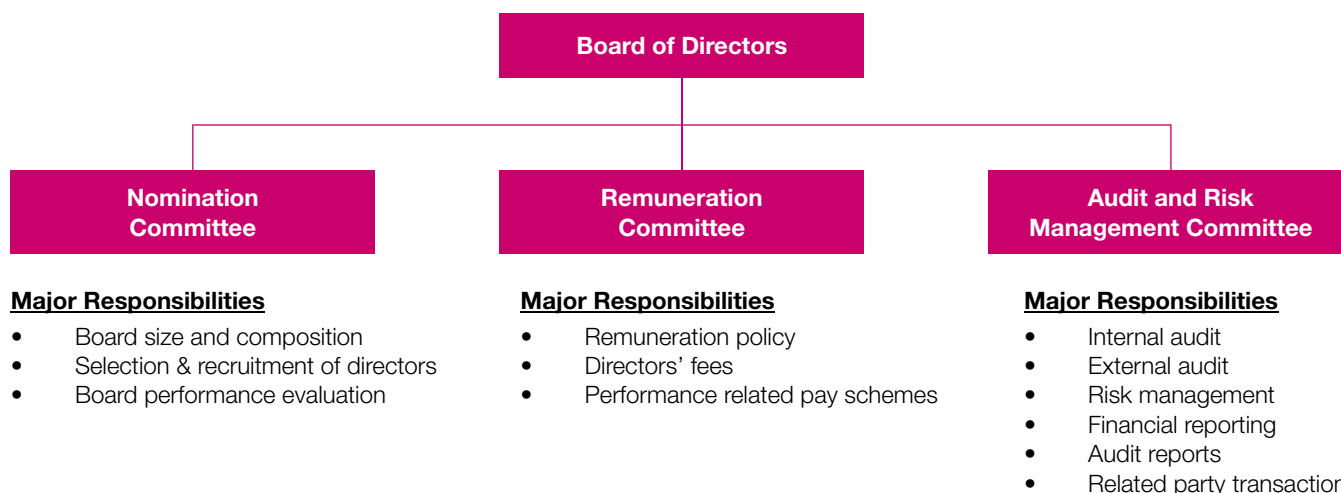
Steps will be taken to make available the salient features of the Board Charter on the Company’s website at www.aeonretail.com.my.

The Board delegates the implementation of its strategy to the Company’s Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company. While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide it with recommendations and advice:

- Nomination Committee;
- Remuneration Committee; and
- Audit and Risk Management Committee.

STATEMENT ON CORPORATE GOVERNANCE

The following diagram shows a brief overview of the three main Board Committees of the Company's Board, each of which is explained in further detail as below:



Each Committee operates in accordance with the written terms of reference approved by the Board. The Board reviews the terms of reference of the committees from time to time. The Board appoints the members and the Chairman of each committee.

AEON Code of Conduct ("AEON COC")

The AEON COC which was established by AEON Co., Ltd. in Japan has been adopted by the Board to support the Company's objectives, vision and values. The basic principles have been carried out by having appropriate regard to the interests of the Company's customers, shareholders, people, business partners and the broader community in which the Company operates.

All employees are briefed and provided with a copy of the AEON COC on the commencement of their employment. All the employees will attend a refresher seminar on the AEON COC annually. The principles of AEON COC are being constantly made aware to employees through citation in staff assemblies and before the start of the Company's meetings. The AEON COC can be found on the Company's website at www.aeonretail.com.my.

The Board recognises the importance on adherence to the AEON COC by all personnel in the Company and has put in place a process to ensure its compliance. The Company further encourages its employees to provide feedback with any concerns regarding illegal or unethical conduct, or malpractice via its existing Code of Conduct Hotline (Whistle-Blowing Hotline).

Sustainability Policy

The Company has established a Sustainability Policy which is based on the three basic principles of AEON, which is to honor Peace, People and Community. With the aim to promote sustainable development, the Company focuses on key areas of environment conservation and social contribution. The Company is also actively engaging with the Company's customers, staff members, suppliers, tenants, stakeholders, Non-Governmental Organisations (NGOs) and local authorities in activities related to sustaining the environment. The Company's activities on environment, social and governance for the year under review are disclosed on pages 8 to 16 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

Supply and Access to Information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Company. The Directors have access to information through the following means:

- Members of Senior Management attend Board and Committee meetings by invitation to report areas of the business within their responsibility including financial, operational, corporate, regulatory, business development, audit matters and information technology updates, for the Board's informal decision making and effective discharge of the Board's responsibilities.
- The Board and Committee papers are prepared and are issued to the Directors or Committee Members at least seven (7) days before the Board and Committee meetings.
- The Audit and Risk Management Committee Chairman meets with the Management, Internal Auditors and External Auditors regularly to review the reports regarding internal control system and financial reporting.

The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and knowledgeable on new statutory and regulatory requirements, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence with board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries also keep the Directors and principal officers informed of the closed period for trading in the Company's shares.

Besides direct access to the Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties. The Directors may also consult the Chairman and other Board members prior to seeking any independent advice.

Principle 2 - Strengthen Composition of the Board

The Board currently has ten (10) Directors, comprising the Chairman (Independent Non-Executive), one (1) Vice Chairman (Non-Independent Non-Executive Director), four (4) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and two (2) Executive Directors. The Company fulfills Paragraphs 15.02(1) of the MMLR of Bursa Securities which stipulate that at least two (2) Directors or one third (1/3) of the Board, whichever is the higher, are Independent Directors.

The Board is satisfied that the current composition of Directors provides the appropriate balance and size in the Board necessary to promote all shareholders' interests and to govern the Company effectively. It also fairly represents the ownership structure of the Company, with appropriate representations of minority interests through the Independent Non-Executive Directors. Dato' Chew Kong Seng is the Senior Independent Non-Executive Director to whom concerns on matters relating to Corporate Governance of the Company could be conveyed. The Independent Directors fulfill a pivotal role in providing unbiased and independent views, advise and judgement taking into account the interest not only of the Company but also shareholders, employees, customers and communities in which the Company conducts business.

The profile of each Director is set out on pages 20 to 24 of this Annual Report.

Nomination Committee – Selection and Assessment of Directors

The Company's Nomination Committee comprised wholly Non-Executive Directors a majority of whom are independent and at least three (3) members in total. At the date of this Statement, the members are as follows:

- Nagahisa Oyama (Chairman of the Committee);
- Dato' Abdullah bin Mohd Yusof (Independent Non-Executive Director); and
- Dato' Chew Kong Seng (Independent Non-Executive Director).

The Board is of the view that although the Chairman of the Nomination Committee is Non-Independent Non-Executive Director, Mr Nagahisa Oyama who was the former Managing Director of the Company is able to contribute effectively to the Nomination Committee in view of his wide and vast experience in the industry.

STATEMENT ON CORPORATE GOVERNANCE

The Nomination Committee is responsible for making recommendations to the Board on the most appropriate Board size composition. In discharging its responsibilities, the Nomination Committee has developed certain criteria used in the recruitment process and annual assessment of Directors. In evaluating the suitability of candidates, the Nominating Committee considers the following factors:

- skills, knowledge, expertise and experience;
- professionalism and integrity;
- commitment (including time commitment) and contribution;
- background, character and competence;
- boardroom diversity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

This responsibility includes making recommendations on the desirable competencies, experience and attributes of the Board members and strategies to address Board diversity.

The Board may appoint an individual to be a Director by having selection process for new appointees as recommended by the Nomination Committee to the Board. The appointed individual will stand for election at the next Annual General Meeting ("AGM") in accordance with the Articles of Association of the Company.

The Committee will arrange for the induction for any new appointment such as visits to the Company's significant businesses and meetings with Senior Management personnel, as appropriate, to enable them to have a full understanding of the nature of the business, current issues within the Company and corporate strategies as well as the structure and management of the Company.

The Board recognises that having a range of different skills, backgrounds and experience represented amongst its Directors is important in ensuring robust decision-making processes with a diversity of viewpoints and the effective governance of the Company. The Nomination Committee reviews annually the required mix of skills and experience of Directors; effectiveness of the Board as a whole; succession plans and boardroom diversity, including gender diversity; training courses for Directors and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board.

As boardroom diversity is concerned, the Board does not have a specific policy on setting targets for women candidates. The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The assessment and comments by Directors are summarised in a questionnaire regarding the effectiveness of the Board and its Board Committees and discussed at the Nomination Committee meeting and reported at a Board Meeting by the Nomination Committee Chairman. All assessments and evaluations carried out by the Nomination Committee in the discharge of its functions are properly documented.

The Nomination Committee meets at least once in a year with additional meetings to be convened, if necessary. During the financial year under review, the Nomination Committee has convened a meeting in February 2012 and reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including the core-competencies of both Executive and Non-Executive Directors, the contribution of each individual Director (including the Managing Director and Executive Director who assumed the roles of Chief Executive Officer and Chief Financial Officer respectively); effectiveness of the Board, as a whole, and the Board Committees.

Directors' Training

The Board, via the Nomination Committee, continues to identify and attend appropriate briefings, seminars, conferences and courses to keep abreast of changes in legislations and regulations affecting the Company.

All Directors have completed the Mandatory Accreditation Programme ("MAP"). Datuk Syed Ahmad Helmy bin Syed Ahmad, the newly appointed Director will complete the MAP within the time frame required. The Directors are mindful that they continue to enhance their skills and knowledge to maximise their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually updated on the Company's business and the regulatory requirements.

STATEMENT ON CORPORATE GOVERNANCE

The Directors have attended individually or collectively the various training programmes and brings, amongst others, the following:

- The New Corporate Governance Blueprint and Regulatory update
- Amendments to Listing Requirements of Bursa Malaysia
- New Corporate Disclosure Guide & Corporate Governance Blueprint 2011
- The Malaysian Code on Corporate Governance 2012
- Risk Management
- Tax Budgeting and Accounting Standards
- Malaysian Financial Reporting Standards Updates

The Company Secretaries highlight the relevant guidelines on statutory and regulatory requirements from time to time to the Board. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Company's financial statements during the year.

Remuneration Committee – Directors' Remuneration

The Remuneration Committee established sets of policy, framework and reviews the remuneration of Directors to ensure that the Company is able to attract and retain capable Directors. The Remuneration Committee adopts the ultimate holding company's employee compensation plan to set the remuneration of its Executive Directors. The Executive Directors' remunerations are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken.

The Remuneration Committee consists of the following members:

- Nagahisa Oyama (Chairman of the Committee);
- Dato' Abdullah bin Mohd Yusof (Independent Non-Executive Director); and
- Datuk Ramli bin Ibrahim (Independent Non-Executive Director).

The Company's Remuneration Committee comprises wholly Non-Executive Directors and number at least three (3) in total. The Remuneration Committee met once during the financial year under review to discuss the remuneration packages of all Directors.

The determination of the remuneration packages is a matter for the Board as a whole. The Executive Directors concerned play no part in deciding their own remuneration but may attend the Remuneration Committee meetings at the invitation of the Chairman of the Remuneration Committee if their presence is required.

During the year under review, the Remuneration Committee reviewed and recommended the remuneration for the Managing Director and Executive Directors of the Company and further recommended for the Non-Executive Directors' fees to the Board subject to shareholders' approval at the Company's forthcoming AGM pursuant to the Articles of Association of the Company.

The breakdown of the remuneration of the Directors during the financial year under review is as follows:

- Aggregate remuneration of the Directors categorised into appropriate components:

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	–	1,050
Salaries	2,077	–
Benefits-in-kind	41	57
Other emoluments	84	–
Total	2,202	1,107

STATEMENT ON CORPORATE GOVERNANCE

- The number of Directors of the Company in each remuneration band is as follows:

Range of Remuneration	Executive	Number of Directors Non-Executive	Total
Less than RM100,000	–	2	2
RM100,001 – RM150,000	–	3	3
RM200,001 – RM250,000	–	–	–
RM250,001 – RM300,000	–	1	1
RM300,001 – RM350,000	–	1	1
RM550,001 – RM600,000	1	–	1
RM600,001 – RM650,000	1	–	1
RM1,000,001 – RM1,050,000	1	–	1
Total	3	7	10

Principle 3 - Reinforce Independence of the Board

The Board is mindful on the importance of independence and objectivity in its decision making process which is in line with MCCG 2012.

The roles of the Chairman and the Managing Director are distinct and separate to engender accountability and facilitate clear division of responsibilities for ensuring there is a balance of power and authority in the Company. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board whilst the Managing Director is responsible for day-to-day management of the business with powers, discretions and delegations authorised from time to time by the Board. The detail of the responsibilities of the Managing Director is clearly set out in the Board Charter.

The Board delegates to the Managing Director who are supported by an Executive Management team, implements the Company's strategic plan, policies and decision adopted by the Board to achieve the Company's objective of creating long-term value for its shareholders through excelling in customer service and providing sustainable best-in-industry performance in retail industry, community, reputation and environment impact.

The Company's Independent Directors are required to be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment taking into account the interest, not only of the Company but also of shareholders, employees, customers and communities in which the Company conducts business. The Board, via Nomination Committee assesses each Director's independence to ensure ongoing compliance with this requirement annually.

Any Director who considers that he/she has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning to the Company is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

Dato' Abdullah bin Mohd Yusof is the Independent Non-Executive Chairman of the Board who provide a strong leadership and responsible for ensuring the adequacy and effectiveness of the Board's governance process.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out in the MMLR of Bursa Securities.

The Board is aware of the recommended tenure of an Independent Director which should not exceed a cumulative term of nine (9) years as recommended by MCCG 2012 and that an Independent Director may continue to serve the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of nine (9) years tenure. Furthermore, the Board must justify the decision and seek shareholders' approval at general meeting if the Board intends to retain the Director as Independent after the respective Independent Director has served a cumulative term of nine (9) years.

At the Nomination Committee meeting held on 15 April 2013, it was noted that Dato' Chew Kong Seng and Datuk Ramli bin Ibrahim who have expressed their intention not to seek for re-appointment and will retire pursuant to Section 129(6) of the Companies Act, 1965 at the conclusion of the forthcoming AGM.

STATEMENT ON CORPORATE GOVERNANCE

The Board further wish to highlight that in accordance with the Company's Articles of Association, all the Directors are subject to retirement at the AGM every year.

Principle 4 - Foster commitment of Directors

The Board endeavours to meet at least four (4) times a year, at quarterly intervals which scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board. All Board meetings are furnished with proper agendas with due notice issued and board papers and reports are prepared by the Management which provides updates on financial, operational, staturing legal and circulated prior to the meetings to all Directors with sufficient time to review them for effective discussions and decision making during the meetings.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.

The Board met four (4) times during the financial year under review. The details of Directors' attendance are set out as follows:

No	Name of Directors	Number of Board meetings attended/held during the Director's term in office
1.	Dato' Abdullah bin Mohd Yusof (Independent Non-Executive Chairman)	4/4
2.	Mr Nagahisa Oyama (Non-Independent Non-Executive Vice Chairman)	4/4
3.	Ms Nur Qamarina Chew binti Abdullah (Managing Director)	4/4
4.	Mr Poh Ying Loo (Executive Director)	4/4
5.	Dato' Chew Kong Seng (Independent Non-Executive Director)	4/4
6.	Datuk Ramli bin Ibrahim (Independent Non-Executive Director)	4/4
7.	Mr Naoki Hayashi (Non-Independent Non-Executive Director)	3/4
8.	Mr Mitsuru Nakata (redesignated as Non-Independent Non-Executive Director on 28 February 2013)	4/4
9.	Brig Jen (B) Dato' Mohamed Idris bin Saman (Independent Non-Executive Director, retired on 28 February 2013)	4/4
10.	Dato' Zawawi bin Mahmuddin (Independent Non-Executive Director, demised on 12 November 2012)	3/3

The Board, via Nomination Committee reviewed annually the time commitment of the Directors and ensures that they are able to carry out their own responsibilities and contributions to the Board. It is the Board's policy for Directors to notify the Chairman before accepting any new directorship notwithstanding that the MMLR allow a Director to sit on the boards of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

STATEMENT ON CORPORATE GOVERNANCE

In order to enable Directors to sustain active participation in board deliberations, the Directors have access to continuing education programmes or trainings. The Directors have devoted sufficient time to update their knowledge and enhance their skills by attending trainings, details as set out in pages 32 to 33 of this Statement.

Furthermore, the Directors from time to time visited existing stores and/or new sites to familiarise and have a thorough understanding of the Company's operations.

Principle 5 - Uphold integrity in financial reporting by the Company

The Board upholds the integrity in financial reporting. The Audit Committee which has been renamed as the Audit and Risk Management Committee ("ARMC") and its Terms of Reference revised on 28 February 2013 is entrusted to provide advice and assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company's internal and external audit functions, risk management and compliance systems and practice, financial statements, accounting and control systems and matters that may significantly impact the financial condition or affairs of the business. The ARMC is also responsible in ensuring that the financial statements of the Company comply with the applicable financial reporting standards in Malaysia.

The ARMC also provides a forum for communication between the Board, Management and both the Internal and External Auditors and provides a conduit to the Board on audit, risk management and compliance matters.

The ARMC comprises three (3) members of whom all are Independent Non-Executive Directors, with Dato' Chew Kong Seng as the Committee Chairman. The composition of the ARMC, including its roles and responsibilities are set out on pages 38 to 42 under Audit Committee Report of this Annual Report.

The Board recognised the value of an effective ARMC in ensuring the Company's financial statements are reliable source of financial information by establishing the procedures, via the ARMC, in assessing the suitability and independence of the External Auditors. The External Auditors has confirmed in writing that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

Principle 6 - Recognise and Manage Risks

The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework policy and overseeing the Company's strategic risk management and internal control framework.

The ARMC assists the Board in discharging these responsibilities by overseeing and reviewing the risk management framework and the effectiveness of risk management of the Company. The ARMC processes are designed to establish a proactive framework and dialogue in which the ARMC, the Management and External and Internal Auditors review and assess the risk management framework. The Risk Management Working Committee reports to ARMC on quarterly basis.

The ARMC met with External Auditors twice a year without the presence of the Management during the financial year to allow discussion of any issues arising from the audit exercise or any other matters, which the External Auditors wished to raise.

The Board has established an independent internal audit function previously that reports directly to the ARMC. The scope of work covered by the internal audit function during the financial year under review, including its observations and recommendations, is provided in the Statement on Risk Management and Internal Control of the Company set out on pages 43 to 44 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

Principle 7 – Ensure timely and high quality disclosure

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company to the regulators, shareholders and stakeholders. The Company has identified persons authorised and responsible to approve and disclose material information to shareholders and stakeholders to ensure compliance with the MMLR of Bursa Securities.

The Board has established a dedicated section for corporate information on the Company's website where information on the Company's announcements, financial information, share prices and the Company's annual report may be accessed.

Principle 8 – Strengthen relationship between the Company and shareholders

It has always been the Company's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Company have always been duly and promptly announced to all shareholders, in line with Bursa Securities's objectives of ensuring transparency and good corporate governance practices.

The Company's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly performance, annual report, corporate announcements to Bursa Securities and press conferences. Further update of the Company's activities and operations are also disseminated to shareholders and investors through dialogue with analysts, fund managers, investor relations roadshows and the media.

Besides highlighting retail business promotional activities, the Company's website (www.aeonretail.com.my) also contains all announcements made to Bursa Securities as well as the contact details of designated persons to cater to any queries.

During the AGM, there was a presentation on the Company's performance and major activities that were carried out by the Company during the financial year under review. During the meeting, shareholders have the opportunities to enquire and comment on the Company's performance and operations.

The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Company's operations in general.

During the last AGM, the Executive Director also provided shareholders with a brief review of the Company financial year's performance and operations. The Chairman also shared with shareholders at the meeting responses to questions submitted in advance by the Minority Shareholder Watchdog Group.

All the resolutions set out in the Notice of the Twenty-Seventh AGM were put to vote by show of hands and duly passed. The shareholders were informed of their right to demand for a poll. The outcome of the AGM was announced to Bursa Securities on the same meeting day.

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

COMMITTEE MEMBER

Dato' Chew Kong Seng
Datuk Ramli bin Ibrahim
Dato' Tunku Putra Badlishah Ibni Tunku Annuar (appointed on 16 April 2013)
Brig Jen (B) Dato' Mohamed Idris bin Saman (retired on 28 February 2013)

Designation

Chairman (Independent Non-Executive Director)
Member (Independent Non-Executive Director)
Member (Independent Non-Executive Director)
Member (Independent Non-Executive Director)

CONSTITUTION

The Board hereby resolves to establish a Committee of the Board to be known as the Audit and Risk Management Committee with the following terms of reference.

COMPOSITION OF AUDIT AND RISK MANAGEMENT COMMITTEE

The Committee shall be appointed by the Board from among its members and shall consists of not less than three (3) members of whom a majority shall be Independent Directors and all shall be Non-Executive Directors.

The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants (MIA) or alternatively a person who must have at least three (3) years' working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of the associations of accountants specified in Part II of the said Schedule or fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

No alternate director shall be appointed as a member of the Committee.

The Committee shall elect a chairperson from amongst its members. In the event that a member of the Audit and Risk Management Committee resigns, dies or for any other reason ceases to be a member, with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

The Board shall review the terms of office and performance of Committee members at least once in every three (3) years.

MEETINGS

The Committee shall meet at least four (4) times a year. In addition, the Chairman shall convene a meeting of the Committee if requested to do so by any member, the management or the Internal or External Auditors to consider any matter within the scope and responsibilities of the Committee.

The Committee shall meet at least two (2) times a year with the External Auditors and/or the Internal Auditor without presence of any Executive Board members, management or employees.

QUORUM

A quorum shall consist of a majority of committee members present at the meeting who are Independent Directors. In the absence of the Chairman, the members present at the meeting shall elect a Chairman for the meeting from amongst the members present.

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

ATTENDANCE AT MEETINGS

The Head of Finance, the Head of Internal Audit, the Company Secretaries, the Head of Legal, the Senior Finance Manager and a representative of the External Auditors shall normally attend meetings. However, the Committee shall invite any person to be in attendance to assist it in its deliberations.

Non-member Directors shall not attend unless specifically invited to by the Committee.

The Audit and Risk Management Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the Audit and Risk Management Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

SECRETARY TO AUDIT AND RISK MANAGEMENT COMMITTEE

The Company Secretaries shall be the Secretary of the Committee and shall be responsible for drawing up the agenda in consultation of the Chairperson. The agenda together with the relevant explanatory papers and documents shall be circulated to the Committee members prior to each meeting.

The Secretary shall be responsible for recording attendance of all members and invitees, keeping minutes of the meeting of the Committee, circulating them to Committee members and to the other members of the Board of Directors and for ensuring compliance with Bursa Malaysia Securities Berhad's requirements.

AUTHORITY

The Committee is authorised by the Board to:

- Investigate any activity within its terms of reference.
- Have resources, which are reasonably required to enable it to perform its duties.
- Have full and unrestricted access to all information and documents it requires for the purpose of discharging its functions and responsibilities.
- Have direct communication channels with the External Auditors, the Internal Auditor and Senior Management of the Company.
- Obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- Convene meetings with the External Auditors at least twice a year, excluding the attendance of the Executive Board members, whenever deemed necessary.
- Convene meetings with the Internal Auditors, excluding the attendance of the Executive Board members, whenever deemed necessary.

REPORTING PROCEDURES

The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee for inclusion in the Company's Annual Report.

Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad, the Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be:

- To review any financial information for publication, including quarterly and annual financial statements before submission to the Board.
- The review shall focus on: -
 - Any changes in accounting policies and practices.
 - Major judgmental areas.
 - Significant audit adjustments from the External Auditors.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements.
- To review with the External Auditors their audit plan, scope and nature of audit for the Company.
- To review and discuss the External and Internal Audits' audit reports, areas of concern arising from the audit and any other matters the External and Internal Auditors may wish to discuss in the absence of management, if necessary.
- To assess the adequacy and effectiveness of the risk management processes, system of internal controls and accounting control procedures of the Company.
- To review External Auditors' management letters and management responses.
- To discuss problems and reservations arising from the audits and any matters the auditors may wish to discuss including the assistance given by the employees in the absence of management, if necessary.
- To review the internal audit plan, consider the major findings of Internal Audit, fraud investigations and actions and steps taken by management in response to audit findings.
- To review the adequacy and relevance of the scope, functions and resources of Internal Audit and the necessary authority to carry out its work, including any appraisal or assessment of the competency of the internal audit function.
- To take cognisance of resignations of Internal Audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- To review any related party transactions and conflict of interest situations that may arise within the Company.
- To consider the appointment of the External Auditors, the terms of reference of its appointment and any question of resignation and dismissal before making a recommendation to the Board.
- To review the statement with regard to the state of risk management and internal controls of the Company for inclusion in the Annual Report and report the same to the Board.
- To review the adequacy of Company's risk management framework and assess the resources and knowledge of the Management and employee involved in the risk management process.
- To review the effectiveness of internal control systems deployed by the Management to address those risks.
- To review and recommend corrective measures undertaken to remedy failings and/or weaknesses.
- To review and further monitor principal risks that may affect the Company directly or indirectly that if deemed necessary, recommend additional course of actions to mitigate such risks.
- Communication and monitoring of risk assessment results to the Board.

OVERSEEING THE INTERNAL AUDIT FUNCTION

The Committee shall oversee all internal audit functions and is authorised to commission investigations to be conducted by Internal Audit as it deems fit. The Head of Internal Audit shall report directly to the Committee and shall have direct access to the Chairman of the Committee.

All proposals by management regarding the appointment and transfer or dismissal of the Head of Internal Audit shall require the prior approval of the Committee.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2012.

COMPOSITION

The Audit Committee comprises the following members:

Dato' Chew Kong Seng	Chairman (Independent Non-Executive Director)
Datuk Ramli bin Ibrahim	Member (Independent Non-Executive Director)
Brig Jen (B) Dato' Mohamed Idris bin Saman (retired on 28 February 2013)	Member (Independent Non- Executive Director)

Note: Subsequent to financial year ended 31 December 2012, the Audit Committee has been renamed as the Audit and Risk Management Committee on 28 February 2013. Dato Tunku Putra Badlishah Ibni Tunku Annuar was appointed as Audit and Risk Management Committee Member on 16 April 2013 in replacement of Brig Jen (B) Dato' Mohamad Idris bin Saman who retired on 28 February 2013.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

During the financial year under review, there were no changes to the terms of reference of the Audit Committee.

The Board shall review the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and the members have carried out their duties in accordance with the terms of reference. During the financial year under review, the Board had reviewed the terms of office and performance of the Audit Committee and each of the Audit Committee members.

The Audit Committee on 28 February 2013 has been renamed as the Audit and Risk Management Committee as scope of the Committee has been broadened to encompass the review of the adequacy and effectiveness of the Company's risk management.

MEETINGS

During the financial year under review, the Audit Committee convened four (4) meetings. The attendance records of the members of the Audit Committee are as follows:

Name of Directors	Number of meetings attended/held during the member's term in office
Dato' Chew Kong Seng (Chairman)	4/4
Datuk Ramli bin Ibrahim	4/4
Brig Jen (B) Dato' Mohamed Idris bin Saman (retired on 28 February 2013)	4/4

The meetings were structured through the use of agendas, which were distributed to members with sufficient notification.

The Company Secretary was present in all the meetings. A representative of the External Auditors, Messrs KPMG Desa Megat & Co., the Head of Finance, the Head of Internal Audit, Head of Legal and the Senior Finance Manager attended the meetings. The Audit Committee meetings were also attended by other Board members and Senior Management members as and when deemed necessary.

AUDIT COMMITTEE REPORT

SUMMARY OF THE AUDIT COMMITTEE'S ACTIVITIES DURING THE YEAR UNDER REVIEW

During the year under review, the Audit Committee carried out its duties in accordance with its terms of reference as follows:

- a. Reviewed the unaudited quarterly financial results and audited financial statements for the financial year before submission to the Board for consideration and approval.
- b. Reviewed the External Auditors' scope of work and audit plan for the year.
- c. Reviewed and discussed the External Auditors' audit report of the Financial Statements and areas of concern.
- d. Considered the appointment of the External Auditors, the terms of reference of their appointment and reviewed the External Auditor's independence and their audit fees.
- e. Reviewed the internal audit plan, considered the major findings of Internal Audit, fraud investigations and actions taken by management in response to the audit findings.
- f. Assessed the adequacy and effectiveness of the system of internal controls and accounting control procedures of the Company by reviewing the External Auditors' management letter and management responses.
- g. Reviewed the adequacy and relevance of scope, functions and resources of Internal Audit and that it has the necessary authority to carry out its work.
- h. Reviewed the related party transactions on a quarterly basis and also the internal audit reports to ascertain that the review procedures established to monitor the related party transactions have been complied with in accordance to the Main Market Listing Requirements of Bursa Securities.
- i. Reported to the Board on its activities and significant findings and results of the External and Internal Audit recommendations.
- j. Monitored the compliance requirements in line with the new updates of Bursa Malaysia Securities Berhad, Securities Commission, Malaysian Accounting Standards Board and other legal and regulatory bodies.
- k. Reviewed the risks identified by Operation Risk Management Committee to ascertain the adequacy of actions taken to address and mitigate the risks.
- l. Reviewed and discussed the Japanese Sarbanes Oxley (J-SOX) Compliance Assessment Progress Report for the Company.

In the financial year under review, the Audit Committee held two (2) meetings with the External Auditors without the presence of the management, to allow the External Auditors to discuss any issues arising from the audit exercise or any other matters, which the External Auditors wished to raise.

During the year under review, the Internal Audit Department had effectively carried out the following activities:

- a. Presented and obtained approval from Audit Committee, the annual internal audit plan, its audit strategy and audit scope of work.
- b. Reviewed and analysed certain key business processes identified in the annual audit plan, reported ineffective and inadequate controls, and made recommendations to improve their effectiveness.
- c. Monitored and ensured management implemented corrective action plans.
- d. Monitored compliance with policies, procedures, rules and regulations.
- e. Reviewed the adequacy and effectiveness of the internal control structures of the Company.
- f. Assisted the Board of Directors and Management on compliance matters required by the Malaysian Code on Corporate Governance 2012.
- g. Assisted the Board of Directors and Management by reviewing the risk policy and control strategies in the organisation.
- h. Assisted the Operation Risk Management Committee on internal and operational audits.
- i. Carried out investigative assignments.
- j. Continued inculcating good risk management practices throughout the Company.
- k. Reviewed the related party transactions and reports to ascertain that the review procedures established to monitor the related party transactions have been complied with in accordance to the Main Market Listing Requirements of Bursa Securities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD'S RESPONSIBILITIES

The Board recognises its responsibilities over the Company's system of internal controls, covering all its financial and operating activities to safeguard shareholders' investment and the Company's assets.

The Board has an established on-going process for identifying, evaluating and managing the significant risks encountered by the Company. The Board through its Audit and Risk Management Committee regularly reviews this process.

In view of the limitations inherent in any system of internal controls, the system is designed to manage, rather than to eliminate the risk of failure to achieve the Company's corporate objectives.

The Audit and Risk Management Committee assists the Board to review the adequacy and effectiveness of the system of internal controls in the Company and to ensure that a mix of techniques is used to obtain the level of assurance required by the Board. The Audit and Risk Management Committee presents its findings to the Board.

The Board has received assurance from the Managing Director and the Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Company during the financial year under review and up to the date of this Statement.

INTERNAL AUDIT FUNCTION

The Audit and Risk Management Committee, assisted by the in-house Internal Audit Department, provides the Board with the assurance it requires on the adequacy and effectiveness of the system of internal controls. In the year under review, the total cost incurred for the Internal Audit Function was RM463,671. The Internal Audit Department independently reviews the risk identification procedures and control processes implemented by the Management, conducts audits that encompass reviewing critical areas that the Company faces, and reports to the Audit and Risk Management Committee on a quarterly basis.

The Internal Audit Department also carried out internal control reviews on key activities of the Company's business on the basis of an annual internal audit plan that was presented and approved by the Audit and Risk Management Committee. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROLS

The Board is responsible for managing the key business risks of the Company and implementing appropriate internal control system to manage those risks. The Board reviewed the adequacy and effectiveness of the system of internal controls as it operated during the year under review. The following are the key elements of the Company's risk management and system of internal controls:

- The management structure of the Company formally defines lines of responsibility and delegation of authority for all aspect of the Company's affairs. Senior management and business unit's managers submit and present their operational performance reviews as well as business plans and strategic measures in regularly held Divisional Head Meetings and Store and Shopping Centre Managers Meetings;
- The Board approves the annual budget and reviews key business indicators and monitors the achievements of the Company's performance on a quarterly basis;
- The authorisation limits and approvals authority threshold of the Company encompasses internal control procedures. These procedures are subject to review by the Management to incorporate changing business risks and operational efficiency;
- The Audit and Risk Management Committee is responsible for reviewing the statutory annual financial statements and the quarterly announcements and recommends to the Board for approval prior to submission to Bursa Malaysia Securities Berhad;
- The Internal Audit Department periodically monitors the effectiveness and evaluates the proper functioning of the internal control systems on an on-going basis to ascertain compliance with the control procedures and policies of the Company. The Head of Internal Audit reports to Audit and Risk Management Committee on the status of internal control systems on a quarterly basis;
- Project teams are set up from time to time to address business and operational issues to meet the business objectives and operational requirements of the Company;
- The Operation Risk Management Committee has been established and met quarterly to review the risk management process with the business operating units which include risk identification, assessment, mitigation and monitoring; and
- The Head of Internal Audit has been appointed to provide an independent assessment of the adequacy of the risk management process. Periodically, he reports to the Audit and Risk Management Committee on the effectiveness of the risk management.

All the above-mentioned processes have been in place and provide reasonable assurance on the effectiveness of the risk management and internal control systems.

CONCLUSION

The Board reviewed the adequacy and effectiveness of the system of internal controls and risk management that provides reasonable assurance to the Company in achieving its business objectives. As the development of a sound system of internal controls is an on-going process, the Board and the Management maintain an on-going commitment and continue to take appropriate measures to strengthen the risk management and internal control environment of the Company.

The Board is in the view that the risk management and internal control systems have been in place for the year under review and up to the date of approval of this statement is adequate and effective to safeguard the shareholders' investment, the interest of customers, regulators and employees, and the Company's assets.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

MATERIAL CONTRACTS

There were no material contracts entered into by the Company (not being contracts entered into in the ordinary course of business) involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

NON-AUDIT FEES

The amount of non-audit fees paid and payable to External Auditors and its affiliates during the period under review was RM156,455 comprising advisory, review and tax services.

SHARE BUY-BACK

There was no share buy-back effected during the financial year ended 31 December 2012.

OPTIONS OR CONVERTIBLE SECURITIES

There were no options or convertible securities issued by the Company during the financial year ended 31 December 2012.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2012.

IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company, directors or management, by the relevant regulatory bodies during the financial year ended 31 December 2012.

PROFIT GUARANTEE

There were no profit guarantees during the financial year ended 31 December 2012.

CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Company involving Directors' and major shareholders' interests during the financial year ended 31 December 2012.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Twenty-Seventh Annual General Meeting held on Thursday, 24 May 2012, the Company obtained a shareholders' mandate to allow the Company to enter into recurrent related party transactions of a revenue or trading nature.

The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2012 is set out on page 85 to 86 of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

The disclosure on the Corporate Social Responsibility activities or practices undertaken during the financial year ended 31 December 2012 is stated on pages 8 to 16 of the Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITY

Pursuant to paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Board of Directors is responsible for ensuring that the annual audited financial statements of the Economic Entity and of the Company are prepared with reasonable accuracy from the accounting records so as to give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2012, and of their financial performance and cash flows for the year then ended.

The Board is also responsible for ensuring that the annual audited financial statements of the Economic Entity and of the Company are drawn up in accordance with the requirements of the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, the requirements of the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other regulatory bodies.

In preparing the annual audited financial statements, the Directors and Management have ascertained that the relevant accounting policies and reasonable prudent judgement and estimates have been consistently applied. The Directors and Management also have a general responsibility for taking reasonable steps to safeguard the assets of the Economic Entity and the Company to prevent and detect fraud and other irregularities.

Financial Statements

For The Year Ended 31 December 2012

DIRECTORS' REPORT

For The Year Ended 31 December 2012

The Directors have pleasure in submitting their report and the audited financial statements of the Economic Entity and of the Company for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the operations of a chain of departmental stores and supermarkets selling a broad range of goods ranging from clothing, food, household goods, other merchandise and shopping centre operation. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Economic Entity RM'000	Company RM'000
Profit attributable to owners of the Company	212,825	212,261

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDEND

Since the end of the previous financial year, the Company paid:

- a first and final dividend of 17% less income tax of 25% totalling RM44,752,500 (12.75 sen net per ordinary shares) in respect of the year ended 31 December 2011 on 11 July 2012; and
- a special tax exempt dividend of 2% totalling RM7,020,000 (2.00 sen per ordinary shares) in respect of the year ended 31 December 2011 on 11 July 2012.

A first and final dividend recommended by the Directors in respect for the year ended 31 December 2012 is 23% less income tax of 25% totalling RM60,547,500 (17.25 sen net per ordinary shares) and a special tax exempt dividend of 1% totalling RM3,510,000 (1.00 sen per ordinary shares) subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Dato' Abdullah bin Mohd Yusof
Nagahisa Oyama
Nur Qamarina Chew binti Abdullah
Dato' Chew Kong Seng @ Chew Kong Huat
Datuk Ramli bin Ibrahim
Naoki Hayashi
Poh Ying Loo
Mitsuru Nakata
Datuk Zawawi bin Mahmuddin (Demised on 12 November 2012)
Brig Jen (B) Dato' Mohamed Idris bin Saman (Retired on 28 February 2013)

DIRECTORS' REPORT

For The Year Ended 31 December 2012

DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Nominal value per share	At 1.1.2012	Number of ordinary shares		
			Bought	Sold	At 31.12.2012
Shareholdings in which Directors have direct interests					
Interest of Dato’ Abdullah bin Mohd Yusof in:					
AEON CO. (M) BHD.	RM1.00	526,000	–	–	526,000
AEON Credit Service (M) Berhad	RM0.50	250,900	45,180*	(25,000)	271,080
Interest of Nagahisa Oyama in:					
AEON CO. (M) BHD.	RM1.00	20,000	–	–	20,000
AEON Co., Ltd.	–	3,300	2,068	–	5,368
Interest of Datuk Ramli bin Ibrahim in:					
AEON Credit Service (M) Berhad	RM0.50	160,000	32,000*	(30,000)	162,000
Interest of Naoki Hayashi in:					
AEON Co., Ltd.	–	27,410	3,000	–	30,410
AEON Mall Co., Ltd.	–	1,600	–	–	1,600
Interest of Poh Ying Loo in:					
AEON CO. (M) BHD.	RM1.00	20,000	–	–	20,000
AEON Credit Service (M) Berhad	RM0.50	1,000	200*	–	1,200
Interest of Mitsuru Nakata in:					
AEON CO. (M) BHD.	RM1.00	7,000	–	–	7,000
AEON Co., Ltd.	–	17,530	–	–	17,530

Shareholdings in which Directors have deemed interests

Interest of Dato' Abdullah bin Mohd Yusof in:					
AEON CO. (M) BHD.	RM1.00	1,167,800	–	(100,000)	1,067,800
AEON Credit Service (M) Berhad	RM0.50	105,000	17,000*	(20,000)	102,000
Interest of Datuk Ramli bin Ibrahim in:					
AEON CO. (M) BHD.	RM1.00	560,000	–	–	560,000
Interest of Poh Ying Loo in:					
AEON CO. (M) BHD.	RM1.00	24,000	–	–	24,000

* Bonus issue on the basis of one share for every 5 shares of RM0.50 each held.

None of the other Directors holding office at 31 December 2012 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT

For The Year Ended 31 December 2012

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Economic Entity and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the financial statements of the Economic Entity and of the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Economic Entity and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Economic Entity and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Economic Entity and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Economic Entity and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Economic Entity and of the Company that has arisen since the end of the financial year.

No contingent liability 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, in the opinion of the Directors, will or may substantially affect the ability of the Economic Entity and of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Economic Entity and of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT

For The Year Ended 31 December 2012

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 26 to the financial statements.

AUDITORS

The auditors, Messrs KPMG Desa Megat & Co., have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Dato' Abdullah bin Mohd Yusof

.....
Nur Qamarina Chew binti Abdullah

Kuala Lumpur,
Date: 15 April 2013

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2012

	Note	Economic Entity			Company	
		31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Assets						
Property, plant and equipment	3	1,685,768	1,630,835	1,685,768	1,630,835	1,474,481
Intangible assets	4	14,893	19,872	14,893	19,872	21,532
Investment in an associate	5	6,336	5,772	8,800	8,800	–
Available-for-sale investments	6	37,940	17,847	37,940	17,847	9,668
Total non-current assets		1,744,937	1,674,326	1,747,401	1,677,354	1,505,681
Inventories	7	372,834	353,555	372,834	353,555	338,401
Receivables, deposits and prepayments	8	109,874	68,549	109,874	68,549	57,715
Cash and cash equivalents	9	454,527	341,052	454,527	341,052	330,908
Total current assets		937,235	763,156	937,235	763,156	727,024
Total assets		2,682,172	2,437,482	2,684,636	2,440,510	2,232,705
Equity						
Share capital		351,000	351,000	351,000	351,000	351,000
Reserves		36,865	16,772	36,865	16,772	8,593
Retained earnings		1,081,190	920,138	1,083,654	923,166	766,905
Total equity attributable to owners of the Company	10	1,469,055	1,287,910	1,471,519	1,290,938	1,126,498
Liabilities						
Deferred tax liabilities	11	20,188	21,146	20,188	21,146	28,303
Total non-current liabilities		20,188	21,146	20,188	21,146	28,303
Payables and accruals	12	1,173,934	1,108,504	1,173,934	1,108,504	1,056,584
Taxation		18,995	19,922	18,995	19,922	21,320
Total current liabilities		1,192,929	1,128,426	1,192,929	1,128,426	1,077,904
Total liabilities		1,213,117	1,149,572	1,213,117	1,149,572	1,106,207
Total equity and liabilities		2,682,172	2,437,482	2,684,636	2,440,510	2,232,705

The notes on pages 58 to 99 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December 2012

	Note	Economic Entity		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Continuing operations					
Revenue	13	3,255,669	2,984,614	3,255,669	2,984,614
Other operating income		8,947	29,395	8,947	32,580
Change in inventories		18,408	12,414	18,408	12,414
Net purchases		(1,985,943)	(1,812,965)	(1,985,943)	(1,812,965)
Staff costs		(212,193)	(188,582)	(212,193)	(188,582)
Depreciation of property, plant and equipment	3	(140,535)	(134,823)	(140,535)	(134,823)
Amortisation of intangible assets	4	(5,437)	(5,164)	(5,437)	(5,164)
Operating expenses		(646,657)	(613,114)	(646,657)	(613,114)
Results from operating activities	14	292,259	271,775	292,259	274,960
Interest expense		–	(2)	–	(2)
Interest income		6,655	5,342	6,655	5,342
Share of results of an associate		564	157	–	–
Profit before tax		299,478	277,272	298,914	280,300
Tax expense	16	(86,653)	(81,919)	(86,653)	(81,919)
Profit attributable to owners of the Company		212,825	195,353	212,261	198,381
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Fair value of available-for-sale financial assets		20,093	8,179	20,093	8,179
Total comprehensive income attributable to owners of the Company		232,918	203,532	232,354	206,560
Basic earnings per ordinary share (sen)	17	60.6	55.7	60.5	56.5

The notes on pages 58 to 99 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2012

Economic Entity	Non-distributable Share capital RM'000	Fair value reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2011	351,000	8,593	766,905	1,126,498
Fair value of available-for-sale financial assets	–	8,179	–	8,179
Profit for the year	–	–	195,353	195,353
Total comprehensive income for the year	–	8,179	195,353	203,532
Final Dividend in respect of year ended 31 December 2010 (Note 18)	–	–	(42,120)	(42,120)
At 31 December 2011/1 January 2012	351,000	16,772	920,138	1,287,910
Fair value of available-for-sale financial assets	–	20,093	–	20,093
Profit for the year	–	–	212,825	212,825
Total comprehensive income for the year	–	20,093	212,825	232,918
Final Dividend in respect of year ended 31 December 2011 (Note 18)	–	–	(51,773)	(51,773)
At 31 December 2012	351,000	36,865	1,081,190	1,469,055
	Note 10	Note 10		

The notes on pages 58 to 99 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2012 (continued)

Company	Non-distributable Share capital RM'000	Fair value reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2011	351,000	8,593	766,905	1,126,498
Fair value of available-for-sale financial assets	–	8,179	–	8,179
Profit for the year	–	–	198,381	198,381
Total comprehensive income for the year	–	8,179	198,381	206,560
Final Dividend in respect of year ended 31 December 2010 (Note 18)	–	–	(42,120)	(42,120)
At 31 December 2011/1 January 2012	351,000	16,772	923,166	1,290,938
Fair value of available-for-sale financial assets	–	20,093	–	20,093
Profit for the year	–	–	212,261	212,261
Total comprehensive income for the year	–	20,093	212,261	232,354
Final dividend in respect of year ended 31 December 2011 (Note 18)	–	–	(51,773)	(51,773)
At 31 December 2012	351,000	36,865	1,083,654	1,471,519
	Note 10	Note 10		

The notes on pages 58 to 99 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For The Year Ended 31 December 2012

	Note	Economic Entity		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		299,478	277,272	298,914	280,300
Adjustments for:					
Amortisation of intangible assets	4	5,437	5,164	5,437	5,164
Depreciation of property, plant and equipment	3	140,535	134,823	140,535	134,823
Dividend income		(929)	(631)	(929)	(631)
Impairment loss on property, plant and equipment	3.1	1,013	14,130	1,013	14,130
Interest expense		–	2	–	2
Interest income		(6,655)	(5,342)	(6,655)	(5,342)
Gain on disposal of property, plant and equipment		(332)	(303)	(332)	(303)
Property, plant and equipment written off		2,099	2,716	2,099	2,716
Gain on disposal of amusement business		–	(12,742)	–	(15,927)
Share of results of an associate		(564)	(157)	–	–
Operating profit before changes in working capital		440,082	414,932	440,082	414,932
Changes in working capital:					
Inventories		(19,279)	(15,727)	(19,279)	(15,727)
Receivables, deposits and prepayment		9,172	(3,791)	9,172	(3,791)
Payables and accruals		65,430	51,920	65,430	51,920
Cash generated from operations		495,405	447,334	495,405	447,334
Tax paid		(88,538)	(90,474)	(88,538)	(90,474)
Net cash from operating activities		406,867	356,860	406,867	356,860
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	3	(198,927)	(315,131)	(198,927)	(315,131)
Acquisition of intangible assets	4	(461)	(2,376)	(461)	(2,376)
Deposit paid as part of purchase consideration for acquisition of land		(50,497)	(7,043)	(50,497)	(7,043)
Investment in an associate	5	–	(8,800)	–	(8,800)
Proceeds from disposal of amusement business		–	22,400	–	22,400
Proceeds from disposal of property, plant and equipment		679	383	679	383
Proceeds from disposal of intangible assets		3	–	3	–
Dividend received		929	631	929	631
Interest received		6,655	5,342	6,655	5,342
Net cash used in investing activities		(241,619)	(304,594)	(241,619)	(304,594)

STATEMENTS OF CASH FLOWS

For The Year Ended 31 December 2012 (continued)

	Note	Economic Entity		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to owners of the Company		(51,773)	(42,120)	(51,773)	(42,120)
Interest paid		–	(2)	–	(2)
Net cash used in financing activities		(51,773)	(42,122)	(51,773)	(42,122)
Net increase in cash and cash equivalents		113,475	10,144	113,475	10,144
Cash and cash equivalents at 1 January	(i)	341,052	330,908	341,052	330,908
Cash and cash equivalents at 31 December		454,527	341,052	454,527	341,052

(i) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

Cash and bank balances	9	213,277	133,562	213,277	133,562
Deposits with licensed financial institutions	9	241,250	207,490	241,250	207,490
		454,527	341,052	454,527	341,052

The notes on pages 58 to 99 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AEON CO. (M) BHD. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of its registered office which is also the principal place of business is as follow:

3rd Floor, AEON Taman Maluri Shopping Centre
Jalan Jejaka, Taman Maluri
Cheras
55100 Kuala Lumpur

The financial statements of the Economic Entity as at and for the financial year ended 31 December 2012 comprise the Company and its interest in an associate (together referred to as the "Economic Entity"). The financial statements of the Company as at and for the financial year ended 31 December 2012 do not include other entities.

The Company is principally engaged in the operations of a chain of departmental stores and supermarkets selling a broad range of goods ranging from clothing, food, household goods, other merchandise and shopping centre operation.

The holding company during the financial year is AEON Co., Ltd., a company incorporated in Japan.

The financial statements were authorised for issue by the Board of Directors on 15 April 2013.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Economic Entity and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the Economic Entity and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Economic Entity and the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. The financial impacts on transition to MFRSs are disclosed in Note 27.

The Economic Entity's and the Company's date of transition to MFRSs is 1 January 2011. As of 1 January 2011, the Economic Entity comprised only the Company. Hence, the Economic Entity's statement of financial position and its related disclosure notes as of 1 January 2011 are the same as those presented for the Company.

The Economic Entity and the Company have early adopted the amendments to MFRS 101, *Presentation of Financial Statements* which are effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Economic Entity and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013 (continued)

- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures*

The Economic Entity and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for MFRS 11, IC Interpretation 20 and Amendments to MFRS 11, which are not applicable to the Economic Entity and the Company.
- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

Material impacts of initial application of a standard, an amendment or an interpretation are discussed below:

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities. Upon adoption of MFRS 9, financial assets and financial liabilities will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Economic Entity and the Company are currently assessing the financial impact of adopting MFRS 9.

MFRS 13, Fair Value Measurement

MFRS 13 establishes the principles for fair value measurement and replaces the existing guidance in different MFRSs.

The initial application of other standards, amendments and interpretations is not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Economic Entity's and the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 2.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Economic Entity and of the Company at 1 January 2011 (the transition date to MFRS framework), unless otherwise stated.

(a) Associate

Associate is an entity, including an unincorporated entity, in which the Company has significant influence, but not control, over the financial and operating policies.

Investment in associate is accounted for in the Economic Entity's financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The financial statements of the Economic Entity include the Company's share of the profit or loss and other comprehensive income of the equity-accounted associate, after adjustments, if any, to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has obligation or has made payments on behalf of the associate.

When the Company ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Company's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Investment in associate is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Economic Entity and of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Economic Entity and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Economic Entity and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

Loans and receivables and available-for-sale financial assets are subject to review for impairment (see Note 2(i)).

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(ii) *Financial instrument categories and subsequent measurement (continued)*

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) *Derecognition*

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or without retaining substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(d) Property, plant and equipment

(i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "operating expenses" respectively in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Economic Entity and to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in the profit and loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Economic Entity and the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	74 - 97 years
• Buildings	25 - 50 years
• Structures	10 years
• Office equipment	10 years
• Machinery and equipment	3 - 10 years
• Furniture, fixtures and fittings	5 years
• Motor vehicles	5 years
• IT equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance leases

Leases in terms of which the Economic Entity and the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leased assets (continued)

(ii) Operating leases

Leases, where the Economic Entity and the Company do not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised in the Economic Entity's and Company's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Recognition and measurement

Intangible assets represent software and franchise fees acquired by the Economic Entity and the Company, and are stated at cost less any accumulated amortisation and any impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Intangible assets are amortised from the date they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives for the current and comparative periods are as follows:

- | | |
|------------------------|--------------|
| • capitalised software | 3 to 5 years |
| • franchise fees | 15 years |

Amortisation methods, useful life and residual values are reviewed at the end of each reporting period, and adjusted, if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value with weighted average cost being the main basis for cost. Cost comprises the weighted average cost of merchandise derived at by using the Retail Inventory Method. Weighted average cost includes related charges incurred in purchasing such merchandise.

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 sales.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Economic Entity and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment

(i) *Financial assets*

All financial assets (except for investment in associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial 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.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

(ii) *Other assets*

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (known as cash-generating unit).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Equity instruments

Instruments classified as equity are stated at cost on initial recognition and are not remeasured subsequently.

(i) *Issue expenses*

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) *Ordinary shares*

Ordinary shares are classified as equity.

(k) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Economic Entity and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Economic Entity's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Economic Entity and the Company have no further payment obligations.

(l) Revenue

(i) *Retail sales - goods sold, commission and distribution charges earned*

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Distribution centre charges earned is included as part of revenue.

When the Economic Entity and the Company act in a capacity of an agent rather than as the principal in a transaction, the revenue is recognised upon the sale of goods and is the net amount of commission made by the Economic Entity and the Company.

Award credits from sale of goods transacted under customer loyalty programmes are accounted for as a separately identifiable component of the sales transactions in which they are granted (the "initial sale"). The fair value of the consideration received in respect of the initial sale is allocated between the cost of award credits earned by customers and the other components of the sale. The consideration allocated to award credits is recognised as revenue when award credits are redeemed and the Economic Entity and the Company fulfill their obligations to supply awards.

(ii) *Property management services*

Revenue from shopping centre operation which include rental income, service charge, sales commission and car park charges are recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Dividend income

Dividend income is recognised in profit or loss on the date that the Economic Entity's and the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(n) Interest income and borrowing costs

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying assets which is accounted for in accordance with the accounting policy on borrowing costs.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Earnings per share

The Economic Entity and the Company present basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

(q) Operating segments

An operating segment is a component of the Economic Entity and the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Economic Entity's and the Company's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case are the Managing Director and Board of Directors of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Economic Entity and Company	Land RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work in progress RM'000	Total RM'000
Cost/Valuation										
At 1 January 2011	404,438	759,898	204,581	14,747	557,304	290,849	8,761	18,335	16,263	2,275,176
Additions	-	-	24,431	610	21,662	25,686	654	7,212	234,876	315,131
Disposals	-	-	(1,824)	(208)	(20,534)	(4,861)	(578)	-	-	(28,005)
Written off	-	-	(6,611)	(239)	(17,642)	(8,462)	-	-	-	(32,954)
Transfer in/(out)	28,064	-	38,605	164	23,969	10,977	173	235	(103,315)	(1,128)
At 31 December 2011/ 1 January 2012	432,502	759,898	259,182	15,074	564,759	314,189	9,010	25,782	147,824	2,528,220
Additions	-	34,355	21,996	1,488	49,245	52,840	1,300	9,497	28,206	198,927
Disposals	-	-	(233)	(169)	(251)	(22)	(1,139)	(23)	-	(1,837)
Written off	-	-	(1,359)	(1,498)	(20,398)	(23,336)	-	(51)	-	(46,642)
Transfer in/(out)	-	82,059	10,261	25	52,285	1,384	-	-	(146,014)	-
At 31 December 2012	432,502	876,312	289,847	14,920	645,640	345,055	9,171	35,205	30,016	2,678,668

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Economic Entity and Company	Land RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work in progress RM'000	Total RM'000
Depreciation and Impairment loss										
At 1 January 2011	19,561	126,351	101,299	7,294	316,383	213,762	5,572	5,360	-	795,582
- Accumulated depreciation	-	-	1,461	130	2,447	997	-	78	-	5,113
- Accumulated impairment loss										
Depreciation for the year	19,561	126,351	102,760	7,424	318,830	214,759	5,572	5,438	-	800,695
Impairment loss	2,488	16,440	20,655	1,197	52,785	35,316	1,325	4,617	-	134,823
Disposals	-	-	5,085	502	3,134	5,284	-	125	-	14,130
Written off	-	-	(744)	(82)	(16,925)	(3,767)	(507)	-	-	(22,025)
	-	-	(5,528)	(185)	(16,273)	(8,252)	-	-	-	(30,238)
At 31 December 2011/ 1 January 2012	22,049	142,791	115,682	8,224	335,970	237,059	6,390	9,977	-	878,142
- Accumulated depreciation	-	-	6,546	632	5,581	6,281	-	203	-	19,243
- Accumulated impairment loss										
Depreciation for the year	2,558	17,877	22,263	1,205	57,559	31,430	1,243	6,400	-	140,535
Impairment loss	-	-	302	2	572	129	-	8	-	1,013
Disposals	-	-	(10)	(167)	(152)	(12)	(1,139)	(10)	-	(1,490)
Written off	-	-	(1,263)	(1,416)	(19,365)	(22,457)	-	(42)	-	(44,543)
At 31 December 2012	24,607	160,668	136,672	7,846	374,012	246,020	6,494	16,325	-	972,644
- Accumulated depreciation	-	-	6,848	634	6,153	6,410	-	211	-	20,256
- Accumulated impairment loss										
Carrying amounts	24,607	160,668	143,520	8,480	380,165	252,430	6,494	16,536	-	992,900
At 1 January 2011	384,877	633,547	101,821	7,323	238,474	76,090	3,189	12,897	16,263	1,474,481
At 31 December 2011/ 1 January 2012	410,453	617,107	136,954	6,218	223,208	70,849	2,620	15,602	147,824	1,630,835
At 31 December 2012	407,895	715,644	146,327	6,440	265,475	92,625	2,677	18,669	30,016	1,685,768

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.1 Impairment loss

Historical losses from a store caused the Economic Entity and the Company to assess the recoverable amount of the store's related plant and equipment.

The recoverable amounts of the loss making store were estimated based on its value in use, with the following key assumptions for future cash flows such as 2-year cash flow projection, using an estimated negative growth rate of 13% per annum and a pre-tax discount rate of 4.5% per annum.

Based on the assessment, the aggregate carrying amount of the store exceeded the aggregate recoverable amount by RM1.01 million and the impairment loss was recognised in other expenses.

3.2 Land

Included in the carrying amounts of land are:

	Economic Entity			Company	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	203,711	203,711	203,711	203,711	203,711
Leasehold land with unexpired lease period of more than 50 years	204,184	206,742	204,184	206,742	181,166
	407,895	410,453	407,895	410,453	384,877

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS

Economic Entity and Company	Information technology software RM'000	Franchise fees RM'000	Total RM'000
Cost			
At 1 January 2011	23,923	–	23,923
Additions	1,791	585	2,376
Transfer in	1,128	–	1,128
At 31 December 2011/1 January 2012	26,842	585	27,427
Additions	461	–	461
Disposal	(3)	–	(3)
At 31 December 2012	27,300	585	27,885
Accumulated amortisation			
At 1 January 2011	2,391	–	2,391
Amortisation for the year	5,148	16	5,164
At 31 December 2011/1 January 2012	7,539	16	7,555
Amortisation for the year	5,398	39	5,437
At 31 December 2012	12,937	55	12,992
Carrying amount			
At 1 January 2011	21,532	–	21,532
At 31 December 2011/1 January 2012	19,303	569	19,872
At 31 December 2012	14,363	530	14,893

5. INVESTMENT IN AN ASSOCIATE

	Economic Entity			Company	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At cost:					
Unquoted shares	8,800	8,800	8,800	8,800	–
Add: Share of post-acquisition reserves	721	157	–	–	–
Less: Share of gain on disposal of business	(3,185)	(3,185)	–	–	–
	6,336	5,772	8,800	8,800	–

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT IN AN ASSOCIATE (continued)

Summary financial information for the associate:

Name of subsidiary	Country of Incorporation	Principal activities	Effective ownership interest	
			31.12.2012 %	31.12.2011 %
AEON Fantasy (Malaysia) Sdn. Bhd.	Malaysia	Operating indoor amusement park business	20	20

The summarised financial information of the Economic Entity's investment in the associate is as follows:

	31.12.2012 RM'000	31.12.2011 RM'000
Total assets (100%)	54,639	47,138
Total liabilities (100%)	(7,037)	(2,354)
Net assets	47,602	44,784
Revenue (100%)	29,111	12,333
Profit (100%)	2,819	784

AEON Fantasy (Malaysia) Sdn. Bhd. has a financial year end of 28 February, which is not coterminous with that of the Company. For the purpose of applying the equity method, the associate is accounted for using the management accounts for the period ended 31 December 2012.

6. AVAILABLE-FOR-SALE INVESTMENTS

	Economic Entity		Company		
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current					
Unquoted equities	45	45	45	45	45
Quoted equities in Malaysia	37,895	17,802	37,895	17,802	9,623
	37,940	17,847	37,940	17,847	9,668
Representing items:					
At fair value:					
Unquoted	45	45	45	45	45
Quoted	37,895	17,802	37,895	17,802	9,623
	37,940	17,847	37,940	17,847	9,668
Market value of quoted investments	37,895	17,802	37,895	17,802	9,623

The unquoted equities will continue to be carried at cost, less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

7. INVENTORIES

	Economic Entity			Company	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Retail merchandise	206,668	191,927	206,668	191,927	173,636
Food and others	166,166	161,628	166,166	161,628	164,765
	372,834	353,555	372,834	353,555	338,401

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Economic Entity			Company	
		31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Trade						
Trade receivables		28,709	37,965	28,709	37,965	25,797
Amount due from a related company	8.1	1,332	2,152	1,332	2,152	1,896
		30,041	40,117	30,041	40,117	27,693
Non-trade						
Other receivables and prepayments	8.2	68,486	18,576	68,486	18,576	13,727
Rental and utility deposits		10,055	9,856	10,055	9,856	16,295
Amount due from related companies	8.1	1,292	–	1,292	–	–
		79,833	28,432	79,833	28,432	30,022
		109,874	68,549	109,874	68,549	57,715

8.1 Amount due from related companies

The amount due from related companies are unsecured, interest free and subject to normal trade terms.

8.2 Other receivables and prepayments

Included in other receivables and prepayments is a deposit of RM64,258,000 (31.12.2011: RM13,760,000) for the Economic Entity and RM64,258,000 (31.12.2011: RM13,760,000; 1.1.2011: RM6,717,000) for the Company paid as part of the purchase consideration for the acquisition of land for the purpose of constructing shopping centres.

9. CASH AND CASH EQUIVALENTS

	Economic Entity			Company	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Cash and bank balances	213,277	133,562	213,277	133,562	150,408
Deposits with licensed financial institutions	241,250	207,490	241,250	207,490	180,500
	454,527	341,052	454,527	341,052	330,908

NOTES TO THE FINANCIAL STATEMENTS

10. CAPITAL AND RESERVES

Share capital

Economic Entity	Amount 31.12.2012 RM'000	Number of shares 31.12.2012 '000	Amount 31.12.2011 RM'000	Number of shares 31.12.2011 '000
Authorised:				
Ordinary shares of RM1 each	500,000	500,000	500,000	500,000
Issued and fully paid:				
Ordinary shares of RM1 each	351,000	351,000	351,000	351,000

Company	Amount 31.12.2012 RM'000	Number of shares 31.12.2012 '000	Amount 31.12.2011 RM'000	Number of shares 31.12.2011 '000	Amount 1.1.2011 RM'000	Number of shares 1.1.2011 '000
Authorised:						
Ordinary shares of RM1 each	500,000	500,000	500,000	500,000	500,000	500,000
Issued and fully paid:						
Ordinary shares of RM1 each	351,000	351,000	351,000	351,000	351,000	351,000

10.1 Fair value reserve

The fair value reserve relates to fair valuation of financial assets categorised as available-for-sale.

10.2 Section 108 tax credit

Subject to agreement of the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank up to approximately RM573 million of its retained earnings at 31 December 2012 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the remaining Section 108 tax credit as at 31 December 2012 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

NOTES TO THE FINANCIAL STATEMENTS

11. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

Economic Entity	Assets		Liabilities		Net	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Property, plant and equipment						
- capital allowance	503	266	(18,613)	(13,445)	(18,110)	(13,179)
- revaluation	-	-	(10,392)	(10,593)	(10,392)	(10,593)
Provisions	8,314	2,626	-	-	8,314	2,626
Net tax assets/(liabilities)	8,817	2,892	(29,005)	(24,038)	(20,188)	(21,146)

Company	Assets		Liabilities		Net	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	1.1.2011 RM'000
Property, plant and equipment						
- capital allowance	503	266	(18,613)	(13,445)	(18,110)	(20,944)
- revaluation	-	-	(10,392)	(10,593)	(10,392)	(10,794)
Provisions	8,314	2,626	-	-	8,314	2,626
Net tax assets/(liabilities)	8,817	2,892	(29,005)	(24,038)	(20,188)	(28,303)

NOTES TO THE FINANCIAL STATEMENTS

11. DEFERRED TAX LIABILITIES (continued)

Movement in temporary differences during the year

	At 1.1.2011 RM'000	Recognised in profit or loss (Note 16) RM'000	At 31.12.2011/ 1.1.2012 RM'000	Recognised in profit or loss (Note 16) RM'000	At 31.12.2012 RM'000
Economic Entity					
Property, plant and equipment					
- capital allowance	(20,944)	7,765	(13,179)	(4,931)	(18,110)
- revaluation	(10,794)	201	(10,593)	201	(10,392)
Provisions	3,435	(809)	2,626	5,688	8,314
	(28,303)	7,157	(21,146)	958	(20,188)
Company					
Property, plant and equipment					
- capital allowance	(20,944)	7,765	(13,179)	(4,931)	(18,110)
- revaluation	(10,794)	201	(10,593)	201	(10,392)
Provisions	3,435	(809)	2,626	5,688	8,314
	(28,303)	7,157	(21,146)	958	(20,188)

12. PAYABLES AND ACCRUALS

	Note	Economic Entity 31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	Company 31.12.2011 RM'000	1.1.2011 RM'000
Trade						
Trade payables		691,723	648,253	691,723	648,253	608,607
Non-trade						
Other payables and accrued expenses		264,462	260,496	264,462	260,496	256,117
Progress claims by contractors		22,416	17,055	22,416	17,055	23,383
Rental and utility deposits		166,386	156,028	166,386	156,028	143,916
Amount due to holding company	12.1	27,868	25,716	27,868	25,716	24,108
Amount due to related companies	12.1	1,079	956	1,079	956	453
		482,211	460,251	482,211	460,251	447,977
		1,173,934	1,108,504	1,173,934	1,108,504	1,056,584

NOTES TO THE FINANCIAL STATEMENTS

12. PAYABLES AND ACCRUALS (continued)

12.1 Amounts due to holding and related companies

The amounts due to holding and related companies are unsecured, interest free and repayable on demand.

13. REVENUE

	Economic Entity		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Sale of goods and others	2,439,308	2,250,789	2,439,308	2,250,789
Net commission from concessionaire sales	383,267	358,281	383,267	358,281
Property management services	433,094	375,544	433,094	375,544
	3,255,669	2,984,614	3,255,669	2,984,614

14. RESULTS FROM OPERATING ACTIVITIES

	Economic Entity		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging:				
Auditors' remuneration				
- audit fees				
- KPMG Malaysia	180	180	180	180
- non-audit fees				
- KPMG Malaysia	31	18	31	18
Amortisation of intangible assets	5,437	5,164	5,437	5,164
Depreciation of property, plant and equipment	140,535	134,823	140,535	134,823
Impairment loss				
- property, plant and equipment	1,013	14,130	1,013	14,130
- trade receivables	264	371	264	371
Loss on foreign exchange - realised	-	166	-	166
Personnel expenses (including key management personnel)				
- contributions to Employees Provident Fund	23,572	20,219	23,572	20,219
- wages, salaries and others	188,622	168,363	188,622	168,363
Property, plant and equipment written off	2,099	2,716	2,099	2,716

NOTES TO THE FINANCIAL STATEMENTS

14. RESULTS FROM OPERATING ACTIVITIES (continued)

	Economic Entity		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging: (continued)				
Rental expense				
- land and buildings	160,023	143,231	160,023	143,231
- equipment	3,718	3,729	3,718	3,729
- fixtures and fittings	175	214	175	214
- hostel	48	77	48	77
Royalty	26,370	24,136	26,370	24,136
after crediting:				
Dividend income from shares quoted in Malaysia	929	631	929	631
Gain on disposal of property, plant and equipment	332	303	332	303
Gain on disposal of amusement business	-	12,742	-	15,927
Net proceeds from insurance claims	-	11,267	-	11,267
Gain on foreign exchange - realised	35	-	35	-
Property management services				
- rental income on shopping centre operation	382,045	333,838	382,045	333,838
- other property management services income	51,049	41,706	51,049	41,706

15. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Economic Entity		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Directors:				
Fees	1,050	1,200	1,050	1,200
Remuneration	2,077	952	2,077	952
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	182	158	182	158
Total short-term employee benefits	3,309	2,310	3,309	2,310

NOTES TO THE FINANCIAL STATEMENTS

16. TAX EXPENSE

	Economic Entity		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense				
- current year	87,611	87,524	87,611	87,524
- under provision in prior year	–	1,552	–	1,552
	87,611	89,076	87,611	89,076
Deferred tax expense				
- reversal and origination of temporary differences	2,810	(1,843)	2,810	(1,843)
- over provision in prior year	(3,768)	(5,314)	(3,768)	(5,314)
	(958)	(7,157)	(958)	(7,157)
Tax expense	86,653	81,919	86,653	81,919
Reconciliation of tax expense				
Profit before tax	299,478	277,272	298,914	280,300
Tax calculated using Malaysian tax rate of 25%	74,870	69,318	74,729	70,075
Non-deductible expenses	16,142	19,788	16,142	19,788
Non-taxable income	(249)	(3,185)	(249)	(3,981)
Others	(201)	(201)	(201)	(201)
Share of results of an associate	(141)	(39)	–	–
	90,421	85,681	90,421	85,681
Under/(Over) provision in prior year				
- current tax expense	–	1,552	–	1,552
- deferred tax expense	(3,768)	(5,314)	(3,768)	(5,314)
Tax expense	86,653	81,919	86,653	81,919

NOTES TO THE FINANCIAL STATEMENTS

17. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2012 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Economic Entity		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit for the year attributable to owners	212,825	195,353	212,261	198,381
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	351,000	351,000	351,000	351,000
Basic earnings per ordinary share (sen)	60.6	55.7	60.5	56.5

18. DIVIDEND

Dividend recognised by the Company is:

	Sen per share	Total amount RM'000	Date of payment
2012			
Final 31.12.2011 ordinary dividend (net)	12.75	44,753	11 July 2012
Final 31.12.2011 tax exempt dividend	2.00	7,020	11 July 2012
Total amount		51,773	
2011			
Final 31.12.2010 ordinary dividend (net)	12.00	42,120	20 July 2011

After the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in the subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
Final proposed 31.12.2012 ordinary dividend (net)	17.25	60,548
Final proposed 31.12.2012 tax exempt dividend	1.00	3,510
Total amount		64,058

19. OPERATING SEGMENTS

Reportable segments

Retailing

Property management services

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-earning assets and related revenue, loans and borrowings and related expenses and tax assets and liabilities. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

82 AEON CO. (M) BHD.

NOTES TO THE FINANCIAL STATEMENTS

19. OPERATING SEGMENTS (continued)

Economic Entity	Retailing		Property management services		Total	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Segment assets	889,329	827,486	1,551,593	1,402,506	2,440,922	2,229,992
Unallocated assets					241,250	207,490
Total assets					2,682,172	2,437,482
Segment liabilities	(955,487)	(887,945)	(218,447)	(220,559)	(1,173,934)	(1,108,504)
Unallocated liabilities					(39,183)	(41,068)
Total liabilities					(1,213,117)	(1,149,572)
Capital expenditure	30,956	136,074	168,432	181,433	199,388	317,507
Depreciation and amortisation	68,501	58,847	77,471	81,140	145,972	139,987
Non-cash (income)/expenses other than depreciation and amortisation	981	(6,029)	1,798	6,646	2,779	617

Company	Retailing		Property management services		Total	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Business segments						
Revenue from external customers	2,822,575	2,609,070	433,094	375,544	3,255,669	2,984,614
Total revenue	2,822,575	2,609,070	433,094	375,544	3,255,669	2,984,614
Segmental profit	154,640	166,207	156,111	125,996	310,751	292,203
Less: Unallocated expenses					(18,492)	(17,243)
Operating profit					292,259	274,960
Interest expense					-	(2)
Interest income					6,655	5,342
Profit before tax					298,914	280,300
Tax expense					(86,653)	(81,919)
Profit for the year					212,261	198,381

NOTES TO THE FINANCIAL STATEMENTS

19. OPERATING SEGMENTS (continued)

Company	Retailing		Property management services		Total	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Segment assets	891,793	830,514	1,551,593	1,402,506	2,443,386	2,233,020
Unallocated assets					241,250	207,490
Total assets					2,684,636	2,440,510
Segment liabilities	(955,487)	(887,945)	(218,447)	(220,559)	(1,173,934)	(1,108,504)
Unallocated liabilities					(39,183)	(41,068)
Total liabilities					(1,213,117)	(1,149,572)
Capital expenditure	30,956	136,074	168,432	181,433	199,388	317,507
Depreciation and amortisation	68,501	58,847	77,471	81,140	145,972	139,987
Non-cash (income)/expenses other than depreciation and amortisation	981	(6,029)	1,798	6,646	2,779	617

20. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rental payables are as follows:

	Economic Entity		31.12.2012 RM'000	Company	
	31.12.2012 RM'000	31.12.2011 RM'000		31.12.2011 RM'000	1.1.2011 RM'000
Less than one year	163,225	145,612	163,225	145,612	136,716
Between one and five years	412,729	476,735	412,729	476,735	490,865
More than five years	209,106	264,488	209,106	264,488	301,804
	785,060	886,835	785,060	886,835	929,385

The Company leases a number of land, buildings and premises under operating leases. The leases have initial years ranging from 3 to 25 years, with options to renew the respective leases after expiry.

NOTES TO THE FINANCIAL STATEMENTS

21. CAPITAL COMMITMENTS

	Economic Entity			Company	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment					
Authorised but not contracted for	1,645,034	858,189	1,645,034	858,189	387,318
Contracted but not provided for and not payable:					
Within one year	264,272	151,362	264,272	151,362	173,287
One year or later and no later than five years	38,536	52,243	38,536	52,243	59,360

22. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Economic Entity and the Company if the Economic Entity or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Economic Entity or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Economic Entity and of the Company either directly or indirectly. The key management personnel include all the Directors of the Economic Entity and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

22. RELATED PARTIES (continued)

Transactions and balances with related parties

The significant related party transactions of the Economic Entity and of the Company, other than key management personnel compensation as disclosed in Note 15, are as follows:

	Economic Entity				Company			
	Transactions value		Balance outstanding		Transactions value		Balance outstanding	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Director with companies in which Dato' Abdullah bin Mohd Yusof has interest:								
Legal fees payable	(64)	-	-	-	(64)	-	-	-
Holding company:								
Royalty expenses	(26,370)	(24,136)	(26,370)	(24,136)	(26,370)	(24,136)	(26,370)	(24,136)
Retail support services	810	360	-	90	810	360	-	90
Rental income	65	-	-	-	65	-	-	-
Related companies:								
Purchase of merchandise	(3,006)	(2,122)	(245)	(154)	(3,006)	(2,122)	(245)	(154)
Consultation fees	(94)	(268)	-	2	(94)	(268)	-	2
Sales through easy payment scheme financing	6,744	6,188	461	398	6,744	6,188	461	398
Retail support service	270	-	270	-	270	-	270	-
Rental income	8,029	3,937	33	-	8,029	3,937	33	-
Sales through AEON credit card	103,145	103,210	871	1,754	103,145	103,210	871	1,754
Convertible AEON Member card point income	1,886	1,598	-	-	1,886	1,598	-	-
Credit card sales commission expenses	(1,492)	(1,487)	-	-	(1,492)	(1,487)	-	-

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Available-for-sale financial assets (AFS); and
- (c) Other financial liabilities measured at amortised cost (OL).

Economic Entity	Carrying amount RM'000	L&R RM'000	AFS RM'000
Financial assets			
31 December 2012			
Investments	37,940	–	37,940
Receivables (excluding prepayments)	106,430	106,430	–
Cash and cash equivalents	454,527	454,527	–
	598,897	560,957	37,940
31 December 2011			
Investments	17,847	–	17,847
Receivables (excluding prepayments)	65,052	65,052	–
Cash and cash equivalents	341,052	341,052	–
	423,951	406,104	17,847
Economic Entity	Carrying amount RM'000	OL RM'000	
Financial liabilities			
31 December 2012			
Payables and accruals	(1,173,934)	(1,173,934)	
31 December 2011			
Payables and accruals	(1,108,504)	(1,108,504)	

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.1 Categories of financial instruments (continued)

Company	Carrying amount RM'000	L&R RM'000	AFS RM'000
Financial assets			
31 December 2012			
Investments	37,940	–	37,940
Receivables (excluding prepayments)	106,430	106,430	–
Cash and cash equivalents	454,527	454,527	–
	598,897	560,957	37,940
31 December 2011			
Investments	17,847	–	17,847
Receivables (excluding prepayments)	65,052	65,052	–
Cash and cash equivalents	341,052	341,052	–
	423,951	406,104	17,847
1 January 2011			
Investments	9,668	–	9,668
Receivables (excluding prepayments)	54,111	54,111	–
Cash and cash equivalents	330,908	330,908	–
	394,687	385,019	9,668
Financial liabilities			
31 December 2012			
Payables and accruals	(1,173,934)	(1,173,934)	
31 December 2011			
Payables and accruals	(1,108,504)	(1,108,504)	
1 January 2011			
Payables and accruals	(1,056,584)	(1,056,584)	

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.2 Net gain/(loss) arising from financial instruments

	Economic Entity		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Available-for-sale financial assets - recognised in other comprehensive income	20,093	8,179	20,093	8,179

23.3 Financial risk management

The Economic Entity and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.4 Credit risk

Credit risk is the risk of a financial loss to the Economic Entity and the Company if a customer, tenant or counterparty to a financial instrument fails to meet its contractual obligations. The Economic Entity's and the Company's exposure to credit risk arises from its shopping centre tenants and credit card receivables.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on shopping centre tenants and the Economic Entity and the Company require all tenants to place adequate security deposits as stipulated under the tenancy agreement. In terms of its credit card receivables, which are basically from banking institutions, the Economic Entity and the Company have in place an ongoing process to monitor closely and ensure risk exposure is always minimal.

Exposure to credit risk and credit quality

As at the end of the reporting date, the Economic Entity and the Company do not have any major concentration of credit risk on its shopping centre tenants or credit card receivables and the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. These receivables are credit card receivables from banking institution and regular tenants that have been transacting with the Economic Entity and the Company. The Economic Entity and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

Economic Entity and Company	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
31 December 2012				
Not past due	27,946	–	–	27,946
Past due 0 - 30 days	255	–	–	255
Past due 31 - 120 days	260	–	–	260
Past due more than 120 days	1,943	(1,695)	–	248
	30,404	(1,695)	–	28,709
31 December 2011				
Not past due	36,153	–	–	36,153
Past due 0 - 30 days	247	–	–	247
Past due 31 - 120 days	442	–	–	442
Past due more than 120 days	2,554	(1,431)	–	1,123
	39,396	(1,431)	–	37,965
Company	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
1 January 2011				
Not past due	24,870	–	–	24,870
Past due 0 - 30 days	499	–	–	499
Past due 31 - 120 days	1,149	(721)	–	428
Past due more than 120 days	339	(339)	–	–
	26,857	(1,060)	–	25,797

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

Other receivables, rental and utility deposits are neither past due nor impaired. Therefore, these receivables are stated at their realisable values.

The movements in the allowance for impairment losses of trade receivables during the year were:

	Economic Entity		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At 1 January	1,431	1,060	1,431	1,060
Impairment loss recognised	264	371	264	371
At 31 December	1,695	1,431	1,695	1,431

23.5 Liquidity risk

Liquidity risk is the risk that the Economic Entity and the Company will not be able to meet its financial obligations as they fall due. The Economic Entity's and the Company's exposure to liquidity risk arises principally from its various payables.

Risk management objectives, policies and processes for managing the risk

The Economic Entity and the Company monitor and maintain a level of cash and cash equivalents, and banking facilities that are deemed adequate by management for the Economic Entity's and the Company's operational needs and mitigate effects of fluctuations in cash flows and liquidity. The Economic Entity's and the Company's deposits are also placed with licensed financial institutions which are highly liquid.

Maturity risk

The table below summarises the maturity profile of the Economic Entity's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Under 1 year RM'000
Economic Entity		
31 December 2012		
Payables and accruals	1,173,934	1,173,934
31 December 2011		
Payables and accruals	1,108,504	1,108,504

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.5 Liquidity risk (continued)

Maturity risk (continued)

Company	Carrying amount RM'000	Under 1 year RM'000
31 December 2012		
Payables and accruals	1,173,934	1,173,934
31 December 2011		
Payables and accruals	1,108,504	1,108,504
1 January 2011		
Payables and accruals	1,056,584	1,056,584

23.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and other prices will affect the Economic Entity's and the Company's financial position or cash flows.

23.6.1 Interest rate risk

The Economic Entity's and the Company's exposure to interest rate risk relates to its short-term borrowings such as overdraft and trade financing facilities. Interest-earning financial assets are mainly deposits placed with financial institutions that generate interest income.

Risk management objectives, policies and processes for managing the risk

The management monitors closely the prevailing interest rates at regular intervals and ensure that the Economic Entity and the Company obtain competitive rates for its banking facilities and interest earning deposits.

In view of the competitive rates that are available from the prevailing banking facilities granted to the Economic Entity and the Company to finance its working capital requirements and the prevailing low interest rate scenario, the interest rate risk is not expected to have a material impact on the Economic Entity and the Company.

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (continued)

24.6 Market risk (continued)

24.6.1 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Economic Entity's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Effective interest rate p.a. %	Total RM'000	Within 1 year RM'000
Economic Entity			
31 December 2012			
Fixed rate instruments			
Deposits placed with licensed financial institutions	3.2	241,250	241,250
31 December 2011			
Fixed rate instruments			
Deposits placed with licensed financial institutions	2.8	207,490	207,490
Company			
31 December 2012			
Fixed rate instruments			
Deposits placed with licensed financial institutions	3.2	241,250	241,250
31 December 2011			
Fixed rate instruments			
Deposits placed with licensed financial institutions	2.8	207,490	207,490
1 January 2011			
Fixed rate instruments			
Deposits placed with licensed financial institutions	2.8	180,500	180,500

The Economic Entity and the Company do not have any interest-bearing financial liabilities as at the end of the reporting period.

Fair value sensitivity analysis for fixed rate instruments

The Economic Entity and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Economic Entity and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.6 Market risk (continued)

23.6.2 Foreign currency risk

The Economic Entity and the Company do not have any significant exposure to foreign currency risk as its transactions and balances are substantially denominated in Ringgit Malaysia.

23.6.3 Other price risk

Equity price risk arises from the Economic Entity's and the Company's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

The Economic Entity's and the Company's equity investments are monitored regularly and subject to periodical review. Transaction decisions are approved by the Board.

Equity price risk sensitivity analysis

A 1% (2011: 1%) increase in the market price of the investment as at the end of the reporting period would have increased equity by RM379,000 (2011: RM178,000). A 1% (2011: 1%) decrease in market price would have had equal but opposite effect on equity.

23.7 Fair value of financial instruments

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

The carrying amounts of cash and cash equivalents, receivables and payables, approximate their fair value due to the relatively short-term nature of these financial instruments.

It was not practicable to estimate the fair value of the Economic Entity's and the Company's other investments in unquoted equities due to the lack of comparable market prices and the inability to estimate fair value without incurring excessive costs.

23.7.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Economic Entity	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2012				
Financial assets				
Investment in quoted equities	37,895	–	–	37,895
31 December 2011				
Financial assets				
Investment in quoted equities	17,802	–	–	17,802

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.7 Fair value of financial instruments (continued)

23.7.1 Fair value hierarchy (continued)

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2012				
Financial assets				
Investment in quoted equities	37,895	–	–	37,895
31 December 2011				
Financial assets				
Investment in quoted equities	17,802	–	–	17,802
1 January 2011				
Financial assets				
Investment in quoted equities	9,623	–	–	9,623

24. CAPITAL MANAGEMENT

The Economic Entity's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Economic Entity's and the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Economic Entity's and the Company's approach to capital management during the year. Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Economic Entity and the Company are required to maintain shareholders' equity equal to or not less than 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Economic Entity and the Company have complied with this requirement.

25. MATERIAL LITIGATION

On 9 May 2012, the Company has entered into a Consent Judgment with D'Aseania Mall Sdn. Bhd. ("D'Aseania") and Aseania Development Sdn. Bhd. ("Aseania") (the Company, D'Aseania and Aseania are hereinafter collectively referred to as "Parties") as the Parties have reached an amicable settlement in respect of the disputes among the Parties earlier. In view thereof, an announcement has been made by the Company on 10 May 2012 that the Parties have entered into a Consent Judgment.

Based on the Consent Judgment, all Parties shall withdraw all suits, claims, counter claims, actions, appeals and cross appeals against each other within fourteen (14) days from the date of the Consent Judgment. In this regard, all the suits have since been withdrawn on 14 May 2012.

The above does not have any material financial impact to the Company.

NOTES TO THE FINANCIAL STATEMENTS

26. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 17 July 2012, the Company announced that the Sale and Purchase Agreement dated 18 February 2009 with third parties for the acquisition of a piece of land together with a shopping centre to be erected thereon in the township known as Bandar Sri Permaisuri, for the purchase price of RM107.2 million comprising land cost and building cost of RM27.2 million and RM80.0 million respectively, has been deemed terminated on that date due to the non-fulfillment of the conditions precedent. As the end of the reporting period, the security deposit of RM2.72 million had been refunded by the vendor.
- (ii) On 28 December 2012, the Company entered into a Joint Development and Sale and Purchase Agreement with third parties for the acquisition of a piece of land in Daerah Petaling, Selangor for the purpose of constructing thereon a shopping centre and departmental store cum supermarket, at a purchase price of RM90.0 million. As at the end of the reporting period, RM9.1 million has been paid as part of the purchase consideration. The completion of the Sale and Purchase Agreement is subject to the fulfillment of certain condition precedents.

27. EXPLANATION OF TRANSITION TO MFRSs

As stated in note 1(a), these are the first financial statements of the Economic Entity and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Economic Entity and of the Company for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Economic Entity's and the Company's date of transition to MFRSs).

In preparing the opening statement of financial position at 1 January 2011, the Economic Entity and the Company have adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Economic Entity's and the Company's financial position, financial performance and cash flows is set out as follows:

NOTES TO THE FINANCIAL STATEMENTS

27. EXPLANATION OF TRANSITION TO MFRSs (continued)

27.1 Reconciliation of financial position

	Note	FRSs RM'000	1.1.2011 Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	31.12.2011 Effect of transition to MFRSs RM'000	MFRSs RM'000
Economic Entity							
Equity							
Share capital		351,000	-	351,000	351,000	-	351,000
Reserves		39,742	(31,149)	8,593	47,404	(30,632)	16,772
Retained earnings		735,756	31,149	766,905	889,506	30,632	920,138
Total equity		1,126,498	-	1,126,498	1,287,910	-	1,287,910
Company							
Equity							
Share capital		351,000	-	351,000	351,000	-	351,000
Reserves		39,742	(31,149)	8,593	47,404	(30,632)	16,772
Retained earnings		735,756	31,149	766,905	892,534	30,632	923,166
Total equity		1,126,498	-	1,126,498	1,290,938	-	1,290,938

NOTES TO THE FINANCIAL STATEMENTS

27. EXPLANATION OF TRANSITION TO MFRSs (continued)

27.2 Material adjustments to the statements of profit or loss and other comprehensive income for 2011

There are no material differences between the statement of profit or loss and other comprehensive income presented under MFRSs and the statement of profit or loss and other comprehensive income presented under FRSs.

27.3 Material adjustments to the statements of cash flows for 2011

There are no material differences between the statement of cash flows presented under MFRSs and the statement of cash flows presented under FRSs.

27.4 Notes to reconciliations

(a) Property, plant and equipment – Deemed cost exemption – previous revaluation

Under FRSs, the Economic Entity and the Company had availed itself to the transitional provision when the MASB first adopted IAS 16, *Property, Plant and Equipment* in 1998. Certain freehold land and buildings were revalued in May 1997 and no later valuation has been recorded for these property, plant and equipment (except in the case of impairment adjustments based on valuation).

Upon transition to MFRSs, the Economic Entity and the Company elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM31,149,000 at 1 January was reclassified to retained earnings.

The aggregate fair value of these freehold land and buildings at February 1995 was determined to be RM159,390,000 compared to the then carrying amount of RM92,422,000 under FRSs.

The impact arising from the change is summarised as follows:

	Economic Entity		Company	
	1.1.2011 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2011 RM'000
Statement of financial position				
Revaluation reserve	31,149	30,632	31,149	30,632
Adjustment to retained earnings	31,149	30,632	31,149	30,632

NOTES TO THE FINANCIAL STATEMENTS

28. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Economic Entity and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Economic Entity		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Total retained earnings:				
- realised	1,067,845	909,315	1,071,030	912,500
- unrealised	12,624	10,666	12,624	10,666
Total share of retained earnings of an associate:				
- realised	721	157	—	—
Total retained earnings	1,081,190	920,138	1,083,654	923,166

The determination of realised and unrealised profits is based on the Guidance of 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*, issued by Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

Pursuant To Section 169(15) Of The Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 52 to 98 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2012 and of its financial performance and cash flows for the year then ended.

The information set out in Note 28 on page 99 to the financial statements has been compiled 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*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Dato' Abdullah bin Mohd Yusof

Nur Qamarina Chew binti Abdullah

Kuala Lumpur,

Date: 15 April 2013

STATUTORY DECLARATION

Pursuant To Section 169(16) Of The Companies Act, 1965

I, **Poh Ying Loo**, the Director primarily responsible for the financial management of **AEON CO. (M) BHD.**, do solemnly and sincerely declare that the financial statements set out on pages 52 to 99 are, to the best of my knowledge and belief, 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 in Kuala Lumpur on 15 April 2013.

Poh Ying Loo

Before me:

Lee Chin Hin (W493)
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To The Members Of AEON CO. (M) BHD.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **AEON CO. (M) BHD.**, which comprise the statements of financial position as at 31 December 2012 of the Economic Entity and of the Company and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Economic Entity and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 98.

Directors' Responsibility for the Financial Statements

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

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 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

INDEPENDENT AUDITORS' REPORT

To The Members Of AEON CO. (M) BHD.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 28 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of 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*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by 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.

KPMG Desa Megat & Co.

Firm Number: AF 0759
Chartered Accountants

Petaling Jaya,
Date: 15 April 2013

Mok Wan Kong

Approval Number: 2877/12/14(J)
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

As At 21 March 2013

Authorised Share Capital	:	RM500,000,000
Issued and Paid-up Share Capital	:	RM351,000,000
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders/Depositors	% of Shareholders/Depositors	No. of Shares Held	% of Issued Capital
1 - 99	185	10.93	2,321	0.00
100 - 1,000	528	31.21	339,209	0.10
1,001 - 10,000	710	41.96	3,138,092	0.89
10,001 - 100,000	167	9.87	5,357,600	1.53
100,001 - 17,549,999 (*)	99	5.85	88,568,478	25.23
17,550,000 and above (**)	3	0.18	253,594,300	72.25
Total	1,692	100.00	351,000,000	100.00

Notes * - Less than 5% of Issued Shares
 ** - 5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDINGS

As Per Register Of Substantial Shareholders

No.	Name	Direct Interest	%	No. of Shares Indirect Interest	%
1	AEON Co., Ltd.	179,010,000	51.00	—	—
2	Aberdeen Asset Management PLC and its subsidiaries (together "The Group") on behalf of account managed by The Group	77,295,100	22.02	—	—
3	Mitsubishi UFJ Financial Group, Inc	—	—	77,295,166 ⁱ	22.02
4	Aberdeen Asset Management Asia Limited	65,829,100 ⁱⁱ	18.75	—	—
5	Employees Provident Fund Board	34,159,700 ⁱⁱⁱ	9.73	—	—
6	Aberdeen International Fund Managers Limited	51,773,100 ⁱⁱⁱ	14.75	—	—
7	Aberdeen Asset Managers Limited	27,156,800 ⁱⁱⁱ	7.74	—	—

Notes: ⁱ Mitsubishi UFJ Financial Group, Inc is deemed interested in the shares by virtue of Mitsubishi UFJ Financial Group, Inc's wholly owned subsidiary, Mitsubishi UFJ Trust & Banking Corp, holding more than 15% in Aberdeen Asset Management PLC and Morgan Stanley & Co. International PLC group.

ⁱⁱ The disclosures include holdings of mandates delegated from other subsidiaries of Aberdeen Asset Management PLC.

ⁱⁱⁱ 4,400,000 Ordinary Shares of RM1.00 each are registered in the name of Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (ABERDEEN).

DIRECTORS' INTERESTS

No.	Name	Direct Interest	%	No. of Shares Indirect Interest	%
1	Dato' Abdullah bin Mohd Yusof	526,000	0.15	1,067,800	0.30
2	Nagahisa Oyama	20,000	0.01	—	—
3	Nur Qamarina Chew binti Abdullah	—	—	—	—
4	Poh Ying Loo	20,000	0.01	24,000	0.01
5	Dato' Chew Kong Seng	—	—	—	—
6	Datuk Ramli bin Ibrahim	—	—	560,000	0.16
7	Naoki Hayashi	—	—	—	—
8	Mitsuru Nakata	7,000	—	—	—

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

As At 21 March 2013

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	% OF SHARES HELD
1.	AEON CO., LTD.	179,010,000	51.00
2.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS LUX FOR ABERDEEN GLOBAL	51,773,100	14.75
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	22,811,200	6.50
4.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS PARIS FOR ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC	5,810,300	1.66
5.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	4,797,000	1.37
6.	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND AM4N FOR ABERDEEN INSTITUTIONAL COMMINGLED FUNDS LLC	4,439,700	1.27
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	4,425,100	1.26
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	4,400,000	1.25
9.	SYARIKAT MALURI SDN BHD	3,730,000	1.06
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	3,700,000	1.06
11.	MAYBANK NOMINEES (ASING) SDN BHD DBS BANK FOR ALBIZIA ASEAN OPPORTUNITIES FUND (290127)	3,400,000	0.97
12.	CARTABAN NOMINEES (ASING) SDN BHD RBC INVESTOR SERVICES BANK FOR GLOBAL EMERGING MARKETS SMALLCAP (DANSKE INVEST)	3,175,200	0.91
13.	TAKUYA OKADA	2,400,000	0.68
14.	ROSHAYATI BINTI BASIR	2,310,000	0.66
15.	ROZILAWATI BINTI HAJI BASIR	2,310,000	0.66
16.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT)	2,140,100	0.61
17.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR DANSKE BANK A/S (CLIENT HOLDINGS)	1,950,000	0.56
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	1,859,700	0.53

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

As At 21 March 2013 (continued)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	% OF SHARES HELD
19.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (SINGAPORE - SGD)	1,650,000	0.47
20.	CIMB COMMERCE TRUSTEE BERHAD PUBLIC FOCUS SELECT FUND	1,649,300	0.47
21.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (GUERNSEY)	1,407,000	0.40
22.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.K.)	1,406,700	0.40
23.	HSBC NOMINEES (ASING) SDN BHD HSBC BK PLC FOR FIRST STATE SINGAPORE AND MALAYSIA GROWTH FUND	1,319,300	0.38
24.	AMSEC NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN)	1,265,000	0.36
25.	HIDENORI FUTAGI	1,200,000	0.34
26.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAJA AZNIN BIN RAJA AHMAD (CEB)	1,200,000	0.34
27.	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR ABERDEEN EMERGING MARKETS TELECOMMUNICATIONS AND INFRASTRUCTURE FUND, INC.	1,146,000	0.33
28.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	1,089,300	0.31
29.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,074,000	0.31
30.	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR GENESIS ASEAN OPPORTUNITIES FUND (GEMOPLC)	989,689	0.28
TOTAL		319,837,689	91.12

PARTICULARS OF PROPERTIES

As At 31 December 2012

Details of AEON's properties as at 31 December 2012 are set out below:

Location	Description/ Existing use	Land/ Built-up area (sq ft)	Date of Acquisition (A)/ Completion (C)/ Revaluation (R)	Approx. age of building (year)	Tenure (Year of expiry for leasehold)	Net book value as at 31/12/2012 (RM'000)
Lot 7041, Mukim of Bukit Baru, District of Melaka Tengah, Melaka.	Leasehold land/ Existing two-storey shopping centre Extension/Renovation with rooftop car park	436,036/ 200,316 179,989	February 1995 (R)	21 14½	99 years expiring on 19/12/2089	50,112
Lot 23551, Mukim of Setapak, District and State of Wilayah Persekutuan.	Leasehold land/ Two-storey shopping centre and three-storey car park	368,516/ 666,694	February 1995 (R)	20½	95 years expiring on 28/03/2085	77,075
Lot PT 21441, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Leasehold land/ Two-storey shopping centre and two-storey car park	643,753/ 691,414	June 1994 (A)/ October 1995 (C)	17	99 years expiring on 09/05/2093	57,989
Lot 49045, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim.	Freehold land/ Two-storey shopping centre including covered car park	377,490/ 483,299	April 2002 (A)/ August 2002 (C)	10½	Freehold	26,725
Lot 62232, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan.	Leasehold land/ Two-storey shopping centre and three-storey car park	409,577/ 906,497	January 2004 (C)	9	99 years expiring on 25/08/2103	82,316
Lot PTD 114179, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim.	Freehold land/ Three-storey shopping centre with basement car park	1,308,035/ 1,468,693	March 2004 (A)/ January 2006 (C)	7	Freehold	148,935
Lot PT 41977	Leasehold land/	550,910/	April 2004 (A)	6	99 years expiring on 12/04/2103	78,075
Lot 3144, Mukim of Cheras, District of Ulu Langat, Selangor Darul Ehsan.	Freehold land/ Two-storey shopping centre and two-storey car park	113,451/ 893,819	April 2004 (A)/ December 2006 (C)		Freehold	
Lot 5106, Mukim Ulu Kelang, Kuala Lumpur.	Leasehold land/ Two-storey shopping centre with basement car park	631,620/ 895,449	March 2007 (A)/ December 2008 (C)	4	87 years expiring on 05/04/2083	133,527

PARTICULARS OF PROPERTIES

As At 31 December 2012

Details of AEON's properties as at 31 December 2012 are set out below: (continued)

Location	Description/ Existing use	Land/ Built-up area (sq ft)	Date of Acquisition (A)/ Completion (C)/ Revaluation (R)	Approx. age of building (year)	Tenure (Year of expiry for leasehold)	Net book value as at 31/12/2012 (RM'000)
Lot 136962, Mukim Pulai, District of Johor Bahru, Johor Darul Takzim.	Freehold land/ Three-storey shopping centre with open car park	1,645,671/ 845,634	October 2007 (A)/ December 2008 (C)	4	Freehold	236,483
PT Plot 55919, Mukim Cheras, District of Ulu Langat, Selangor Darul Ehsan.	Freehold land/ Two-storey shopping centre with rooftop and open car park	304,920/ 299,979	December 2008 (A)/ May 2010 (C)	2½	Freehold	60,596
PT 239099, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan.	Leasehold land/ Three-storey shopping centre with rooftop and open car park	755,855/ 1,287,504	June 2010 (A)/ March 2012 (C)	1	99 years expiring on 03/11/2109	129,252

AEON STORES, SHOPPING CENTRES AND MAXVALU

CENTRAL



AEON TAMAN MALURI
Jalan Jejaka, Taman Maluri,
Cheras, 55100 Kuala Lumpur.
Tel: 03-9285 5222
**AEON TAMAN MALURI
SHOPPING CENTRE**
Tel: 03-9200 1004



AEON TAMAN EQUINE
No. 2, Jalan Equine,
Taman Equine, Bandar Putra Permai,
43300 Seri Kembangan, Selangor Darul Ehsan.
Tel: 03-8941 3700
**AEON TAMAN EQUINE
SHOPPING CENTRE**
Tel: 03-8945 2700



AEON WANGSA MAJU
Jalan R1, Seksyen 1,
Bandar Baru Wangsa Maju,
53300 Kuala Lumpur.
Tel: 03-4149 7666
**ALPHA ANGLE
SHOPPING CENTRE**
Tel: 03-4149 5288



AEON CHERAS SELATAN
Lebuhr Tun Hussein Onn,
43200 Balakong, Selangor Darul Ehsan.
Tel: 03-9080 3018
**AEON CHERAS SELATAN SHOPPING
CENTRE**
Tel: 03-9080 3498



AEON BANDAR UTAMA
No. 1, Leboh Bandar Utama,
Bandar Utama, Damansara,
47800 Petaling Jaya,
Selangor Darul Ehsan.
Tel: 03-7726 6266



AEON BANDAR SUNWAY
Lg 1.111, Sunway Pyramid,
No. 3, Jalan PJS 11/15,
Bandar Sunway, 46150 Petaling Jaya,
Selangor Darul Ehsan.
Tel: 03-5637 3720



**AEON BANDAR BARU
KLANG**
Persiaran Bukit Raja 2,
Bandar Baru Klang,
41150 Klang,
Selangor Darul Ehsan.
Tel: 03-3343 9366
**BUKIT RAJA
SHOPPING CENTRE**
Tel: 03-3343 2166



AEON BUKIT TINGGI
No. 1, Persiaran Batu Nilam 1/KS 6,
Bandar Bukit Tinggi 2,
41200 Klang, Selangor Darul Ehsan.
Tel: 03-3326 2330
AEON BUKIT TINGGI SHOPPING CENTRE
Tel: 03-3326 2370



AEON MID VALLEY
AT3 Mid Valley Megamall,
Mid Valley City,
Lingkar Syed Putra,
59200 Kuala Lumpur.
Tel: 03-2284 4800



AEON AU2 SETIAWANGSA
No. 6, Jalan Taman Setiawangsa (Jalan 37/56),
AU2, Taman Keramat,
54200 Kuala Lumpur.
Tel: 03-4257 8840
**AEON AU2 SETIAWANGSA SHOPPING
CENTRE**
Tel: 03-4257 2533



AEON BANDAR PUCHONG
Lot G40, IOI Mall, Batu 9,
Jalan Puchong,
Bandar Puchong Jaya,
47100 Puchong,
Selangor Darul Ehsan.
Tel: 03-8070 1200



AEON MAHKOTA CHERAS
Jalan Temenggung 21/9,
Persiaran Mahkota Cheras 1,
Bandar Mahkota Cheras,
43200 Cheras, Selangor Darul Ehsan.
Tel: 03-9080 3562
**AEON MAHKOTA CHERAS SHOPPING
CENTRE**
Tel: 03-9080 3579



AEON METRO PRIMA
No. 1, Jalan Metro Prima,
52100 Kepong, Kuala Lumpur.
Tel: 03-6257 2121
**AEON METRO PRIMA
SHOPPING CENTRE**
Tel: 03-6259 1122



AEON RAWANG
No. 1, Persiaran Anggun,
Taman Anggun,
48000 Rawang, Selangor Darul Ehsan.
Tel: 03-6091 0671
**AEON RAWANG ANGGUN SHOPPING
CENTRE**
Tel: 03-6092 0678

Note: In line with the rebranding exercise, all JUSCO stores and shopping centres will be rebranded and renamed to AEON. As at date of printing, the stores and shopping centres rebranding process are still ongoing.



PASAR RAYA MAXVALU DAMANSARA DAMAI

C-1-05, Park Avenue,
Jalan PJU 10/1,
PJU 10, Damansara Damai,
47830 Petaling Jaya,
Selangor Darul Ehsan.
Tel: 03-6157 1432



PASAR RAYA MAXVALU KOTA KEMUNING

No. 1-2G,
Jalan Anggerik Vanilla T31/T,
Kota Kemuning, Seksyen 31,
40460 Shah Alam,
Selangor Darul Ehsan.
Tel: 03-5122 1669



PASAR RAYA MAXVALU DESA PARKCITY

Lot No. GF22, Ground Floor,
The Waterfront @ Desa ParkCity,
5, Persiaran Residen,
Desa ParkCity,
52200 Kuala Lumpur.
Tel: 03-6280 7790



PASAR RAYA MAXVALU AMPANG

Petronas Service Station,
Jalan Kolam Ayer Lama,
Taman Dato' Ahmad Razali,
68000 Ampang,
Selangor Darul Ehsan.
Tel: 03-4252 1601

NORTHERN



JUSCO IPOH

No. 2, Jalan Teh Lean Swee,
Off Jalan Sultan Azlan Shah Utara,
31400 Ipoh, Perak Darul Ridzuan.
Tel: 05-549 9633

KINTA CITY SHOPPING CENTRE

Tel: 05- 548 4668



AEON IPOH STATION 18

No. 2, Susuran Stesen 18, Station 18,
31650 Ipoh, Perak Darul Ridzuan.
Tel: 05-321 6748

AEON IPOH STATION 18 SHOPPING CENTRE

Tel: 05-321 6807



AEON SERI MANJUNG

Pusat Perniagaan Manjung Point 3,
32040 Seri Manjung,
Perak Darul Ridzuan.
Tel: 05-687 0008

AEON SERI MANJUNG SHOPPING CENTRE

Tel: 05-687 0018



AEON QUEENSBAY

1F-61, Queensbay Mall,
100, Persiaran Bayan Indah,
11900 Bayan Lepas,
Pulau Pinang.
Tel: 04-641 3822



JUSCO SEBERANG PRAI CITY

Jalan Perda Timur,
14000 Bukit Mertajam,
Seberang Prai Tengah,
Pulau Pinang.
Tel: 04-538 8600

AEON SEBERANG PRAI CITY SHOPPING CENTRE

Tel: 04-537 9022

SOUTHERN



AEON SEREMBAN 2

112, Persiaran S2 B1,
Seremban 2, 70300 Seremban,
Negeri Sembilan Darul Khusus.
Tel: 06-601 5633

AEON SEREMBAN 2 SHOPPING CENTRE

Tel: 06-601 5618



AEON MELAKA

Leboh Ayer Keroh,
75450 Melaka.
Tel: 06-232 4899

AEON MELAKA SHOPPING CENTRE

Tel: 06-233 2988



AEON BANDARAYA MELAKA

No. 2, Jalan Lagenda,
Taman 1-Lagenda,
75400 Melaka.
Tel: 06-282 9389

AEON BANDARAYA MELAKA SHOPPING CENTRE

Tel: 06-282 9666



AEON TAMAN UNIVERSITI

No. 4, Jalan Pendidikan,
Taman Universiti,
81300 Skudai, Johor Darul Takzim.
Tel: 07-521 8000

AEON TAMAN UNIVERSITI SHOPPING CENTRE

Tel: 07-520 8700



AEON PERMAS JAYA

No. 1, Jalan Permas Utara,
Bandar Baru Permas Jaya,
81750 Johor Bahru,
Johor Darul Takzim.
Tel: 07-386 8900

AEON PERMAS JAYA SHOPPING CENTRE

Tel: 07-386 0600



AEON TEBRAU CITY

No. 1, Jalan Desa Tebrau,
Taman Desa Tebrau,
81100 Johor Bahru,
Johor Darul Takzim.
Tel: 07-351 1110

AEON TEBRAU CITY SHOPPING CENTRE

Tel: 07-352 2220



AEON BUKIT INDAH

No. 8, Jalan Indah 15/2,
Bukit Indah,
81200 Johor Bahru,
Johor Darul Takzim.
Tel: 07-236 8036

AEON BUKIT INDAH SHOPPING CENTRE

Tel: 07-236 8071

MILESTONES

1984	SEPTEMBER	-	JAYA JUSCO STORES SDN BHD established, in response to a request from the former Prime Minister Y.A. Bhg. Tun Dr Mahathir bin Mohamad, to help modernize the retailing industry in Malaysia.
1985	JUNE DECEMBER	-	The first pilot store, JAYA JUSCO Dayabumi, opened. The second pilot store, JAYA JUSCO Taman Tun Dr. Ismail, opened.
1989	JUNE OCTOBER	-	JAYA JUSCO Dayabumi closed. The first Superstore, JAYA JUSCO Taman Maluri, opened.
1990	JUNE NOVEMBER	-	“Japan Management Training Programme” begun. 28 Malaysian students invited to Japan as “Ambassadors” through the AEON “1% Club” Programme.
1991	OCTOBER	-	JUSCO Melaka was opened and fully operated by Malaysian staff. The AEON Group’s “Hometown Forest” Programme was launched simultaneously at the inauguration of JUSCO Melaka.
1992	APRIL	-	JUSCO Wangsa Maju (Alpha Angle Shopping Centre), the first Shopping Centre, opened.
1994	AUGUST OCTOBER	-	The Distribution Centre begun operations. Japan Trainee Programme begun.
1995	JUNE AUGUST OCTOBER	-	JAYA JUSCO Taman Tun Dr. Ismail closed. JUSCO Bandar Utama (1 Utama Shopping Centre) opened. JUSCO Bandar Baru Klang (Bukit Raja Shopping Centre) opened.
1996	DECEMBER	-	JAYA JUSCO STORES BHD was listed on the Main Board of the Kuala Lumpur Stock Exchange (KLSE).
1997	AUGUST	-	JUSCO Ipoh (Kinta City Shopping Centre) opened.
1998	DECEMBER	-	JUSCO Melaka Superstore was upgraded to a Shopping Centre.
1999	DECEMBER	-	JUSCO Mid Valley opened.
2000	DECEMBER	-	JUSCO Taman Maluri Superstore was upgraded to a Shopping Centre. JUSCO Bandar Puchong opened.
2001	OCTOBER NOVEMBER	-	Launch of WAOH Charity Fund/ JUSCO Fest / JUSCO’s 17th Anniversary. 22 Malaysian students and 2 former participants from the 1990 batch were invited to Japan as “Ambassadors” through the AEON “1% Club” Programme.
2002	APRIL JULY	-	Establishment of JUSCO-OUM Retail Centre in Alpha Angle Shopping Centre, Wangsa Maju. JUSCO Taman Universiti (JUSCO Taman Universiti Shopping Centre) opened. Japan Management Training Programme reactivated.
2003	JULY AUGUST OCTOBER DECEMBER	-	WAOH Charity Bazaar. Smart Wonder World opened in JUSCO Taman Maluri. JUSCO Home Centre opened in 1 Utama Shopping Centre. 3,000 saplings were planted in the vicinity of the JUSCO Permas Jaya store as part of AEON’s environmental campaign, “Planting Seeds of Growth”. JUSCO Permas Jaya (JUSCO Permas Jaya Shopping Centre) opened.
2004	JANUARY JUNE AUGUST SEPTEMBER OCTOBER	-	JUSCO Metro Prima Tree Planting Ceremony was held. 2,000 saplings were planted. JUSCO Metro Prima (JUSCO Metro Prima Shopping Centre) opened. “With All Our Hearts” Charity Fund officially registered as the “With All Our Hearts” Malaysian JUSCO Foundation. Company authorised share capital increased from RM100,000,000 to RM500,000,000. JAYA JUSCO STORES BHD officially changed name to AEON CO. (M) BHD., JUSCO celebrated 20th Anniversary in Malaysia with Gala Dinner. Official launch of “With All Our Hearts” Malaysian JUSCO Foundation. 30,000 saplings planted in the Malaysian-Japan Friendship Forest, AEON Woodland, Paya Indah Wetlands. Completed Bonus Issue (1:1) for 87,750,000 new Ordinary Shares.

MILESTONES

2005	MARCH	-	AEON CO. (M) BHD. received a certificate of appreciation from the former Prime Minister Y.A. Bhg. Tun Dr Mahathir bin Mohamad for its tree planting activities.
	JULY	-	The 1st Annual WAOH Charity Gala Dinner was held.
	SEPTEMBER	-	JUSCO Seremban 2 Shopping Centre Tree Planting Ceremony was held. 3,300 saplings were planted.
		-	JUSCO Seremban 2 (JUSCO Seremban 2 Shopping Centre) opened.
	OCTOBER	-	The first Pasar Raya J-One Supermarket in Damansara Damai opened.
	DECEMBER	-	AEON Tebrau City Shopping Centre Tree Planting Ceremony were held. 6,000 saplings were planted.
2006	JANUARY	-	JUSCO Tebrau City (AEON Tebrau City Shopping Centre) opened.
	APRIL	-	Change of financial year end from February to December.
	JUNE	-	AEON Taman Equine Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted.
	JULY	-	JUSCO Taman Equine (AEON Taman Equine Shopping Centre) opened.
		-	Pasar Raya J-One Supermarket in Pearl Point opened.
	SEPTEMBER	-	Completion of Kinta City Shopping Centre sales and lease back.
	NOVEMBER	-	AEON Cheras Selatan Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted.
	DECEMBER	-	JUSCO Queensbay opened.
		-	JUSCO Cheras Selatan (AEON Cheras Selatan Shopping Centre) opened.
2007	JANUARY	-	Pasar Raya J-One change of name ceremony (From J-One to D'HATI) held at Pearl Point Shopping Mall.
	JUNE	-	Replanting of trees at AEON Woodland.
	SEPTEMBER	-	Pasar Raya D'HATI Kota Kemuning opened.
		-	JUSCO Bandar Sunway opened.
	OCTOBER	-	AEON Bukit Tinggi Shopping Centre Tree Planting Ceremony held. 5,085 saplings were planted.
	DECEMBER	-	Pasar Raya MaxValu Desa ParkCity and Pasar Raya MaxValu Ampang opened.
		-	JUSCO Bukit Tinggi (AEON Bukit Tinggi Shopping Centre) opened.
2008	JUNE	-	Completed Bonus Issue (1:1) for 175,500,000 new Ordinary Shares.
	JULY	-	AEON Careline was launched.
		-	AEON Seberang Prai City Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted.
	AUGUST	-	JUSCO Seberang Prai City (AEON Seberang Prai City Shopping Centre) opened.
		-	Taman Asuhan Kanak-Kanak Asahi (TAKA) at Bandar Puchong Jaya opened.
	OCTOBER	-	24th Anniversary Tree Planting at AEON Woodland. 2,400 saplings were planted.
	NOVEMBER	-	AEON AU2 Setiawangsa Shopping Centre Tree Planting Ceremony held. 4,600 saplings were planted.
	DECEMBER	-	JUSCO AU2 Setiawangsa (AEON AU2 Setiawangsa Shopping Centre) opened.
		-	AEON Bukit Indah Shopping Centre Tree Planting Ceremony held. 3,000 saplings were planted.
		-	JUSCO Bukit Indah (AEON Bukit Indah Shopping Centre) opened.
2009	JUNE	-	Pasar Raya MaxValu Pearl Point closed.
	OCTOBER	-	25th Anniversary Tree Planting Ceremony at AEON Woodland. 25,000 saplings planted.
	NOVEMBER	-	AEON Bandaraya Melaka Shopping Centre Tree Planting Ceremony held. 2,000 saplings were planted.
2010	JANUARY	-	"With All Our Hearts" Malaysian JUSCO Foundation changed name to Malaysian AEON Foundation.
	FEBRUARY	-	JUSCO Bandaraya Melaka (AEON Bandaraya Melaka Shopping Centre) opened.
	MARCH	-	AEON Mahkota Cheras Tree Planting Ceremony held. 3,000 saplings were planted.
	APRIL	-	JUSCO Mahkota Cheras (AEON Mahkota Cheras Shopping Centre) opened.
2011	AUGUST	-	JUSCO Bandar Utama reopened.
	DECEMBER	-	AEON Rawang Anggun Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted.
		-	JUSCO Rawang (AEON Anggun Rawang Shopping Centre) opened.
		-	Disposal of Smart Wonder World (SWW) amusement business completed.
2012	FEBRUARY	-	AEON Ipoh Station 18 Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted.
	MARCH	-	AEON unveiled the new brand name "AEON" and tagline "AEON Enriching Your Lifestyle".
		-	J Card rebranded to AEON Member Card.
		-	AEON Ipoh Station 18 (AEON Ipoh Station 18 Shopping Centre) opened.
	MAY	-	Launch of first AEON Festival in conjunction with new AEON branding.
		-	Launch of AEON Malaysia Cheers Club.
	NOVEMBER	-	AEON Seri Manjung Shopping Centre Tree Planting Ceremony held. 3,000 saplings were planted.
	DECEMBER	-	AEON Seri Manjung (AEON Seri Manjung Shopping Centre) opened.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting of AEON CO. (M) BHD. will be held at Ballroom 1 and 2, Level 2, InterContinental Hotel Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 22 May 2013 at 10.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. (Please refer to Note 1 of the Explanatory Notes)
2. To declare and approve the payment of a First and Final Dividend of 23% less 25% tax and a special tax exempt dividend of 1% in respect of the financial year ended 31 December 2012. Ordinary Resolution 1
3. To approve the Directors' fees of RM1.05 million for the financial year ended 31 December 2012. Ordinary Resolution 2
4. To re-elect the following Directors who are retiring under Article 74 of the Articles of Association of the Company:
 - (i) Mr Nagahisa Oyama Ordinary Resolution 3
 - (ii) Ms Nur Qamarina Chew binti Abdullah Ordinary Resolution 4
 - (iii) Mr Poh Ying Loo Ordinary Resolution 5
 - (iv) Mr Naoki Hayashi Ordinary Resolution 6
 - (v) Mr Mitsuru Nakata Ordinary Resolution 7
5. To re-elect the following Directors who are retiring under Article 80 of the Articles of Association of the Company:
 - (i) Datuk Syed Ahmad Helmy bin Syed Ahmad Ordinary Resolution 8
 - (ii) Dato' Tunku Putra Badlishah Ibni Tunku Annuar Ordinary Resolution 9
6. To re-appoint Dato' Abdullah bin Mohd Yusof as Director pursuant to Section 129(6) of the Companies Act, 1965. Ordinary Resolution 10

Dato' Chew Kong Seng and Datuk Ramli bin Ibrahim who retire pursuant to Section 129(6) of the Companies Act, 1965, have expressed their intention not to seek re-appointment. Hence, they will retain office until the close of the Twenty-Eighth Annual General Meeting.
7. To re-appoint Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 11

As Special Business

To consider and, if thought fit, to pass the following resolution:

8. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"THAT approval be and is hereby given to the Company, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as "Recurrent Transactions") with the related parties as stated in Section 2.3 of the Circular to Shareholders dated 30 April 2013 which are necessary for the Company's day-to-day operations subject further to the following:

NOTICE OF ANNUAL GENERAL MEETING

As Special Business (cont'd)

- (i) the Recurrent Transactions contemplated are in the ordinary course of business and on terms which are not more favourable to related parties than those generally available to the public, and are not to the detriment of the minority shareholders;
- (ii) the approval is subject to annual renewal and shall only continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting of the Company at which the Proposed Shareholders' Mandate is approved, at which time it will lapse unless by a resolution passed at the Annual General Meeting the mandate is again renewed;
 - (b) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting,whichever is the earlier; and
- iii) the disclosure of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Shareholders' Mandate in the Annual Report of the Company based on the following information:
 - (a) the type of Recurrent Transactions entered into; and
 - (b) the names of the related parties involved in each type of the Recurrent Transactions entered into and their relationship with the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Directors of the Company, in their absolute discretion, deem fit."

Ordinary Resolution 12

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the Twenty-Eighth Annual General Meeting, a First and Final Dividend of 23% less 25% tax and a special tax exempt dividend of 1% in respect of the financial year ended 31 December 2012 will be paid to shareholders on 11 July 2013. The entitlement date for the said dividend shall be 14 June 2013.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

- (a) Shares transferred to the Depositor's securities account before 4.00 p.m. on 14 June 2013 in respect of transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD
TAI YIT CHAN (MAICSA 7009143)
LIEW IRENE (MAICSA 7022609)
Secretaries

Date: 30 April 2013

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 ("the Act") shall not apply.
2. A member shall be entitled to appoint more than one (1) proxy and shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
6. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 May 2013 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

EXPLANATORY NOTE:

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Ordinary Resolution 12 on the Proposed Renewal of Shareholders' Mandate

The Ordinary Resolution 12 proposed, if passed, will empower the Directors from the date of the Twenty-Eighth Annual General Meeting, to deal with the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations. These recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company and subject always to provision (ii) of the resolution. The details of the recurrent related party transactions are set out in the Circular to the Shareholders dated 30 April 2013, which is dispatched together with this Annual Report.

PROXY FORM

AEON CO. (M) BHD.

(Company No. 126926-H)
(Incorporated in Malaysia)

No. of Shares

CDS Account No.

I/We, _____ (name of shareholder as per NRIC, in capital letters)

IC No./ID No./Company No. _____ (new) _____ (old)

of _____ (full address)

being a member of AEON CO. (M) BHD., hereby appoint _____

(name of proxy as per NRIC, in capital letters) IC No. _____ (new) _____ (old)

of _____ (full address)

or failing him/her _____ (name of proxy as per NRIC, in capital letters)

IC No. _____ (new) _____ (old)

of _____

_____ (full address) or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Eighth Annual General Meeting of the Company, to be held at Ballroom 1 and 2, Level 2, InterContinental Hotel Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 22 May 2013 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

No.	Resolution	For	Against
ORDINARY BUSINESS			
Ordinary Resolution 1	To declare and approve the payment of a First and Final Dividend of 23% less 25% tax and a special tax exempt dividend of 1% in respect of the financial year ended 31 December 2012		
Ordinary Resolution 2	To approve the payment of Directors' Fees for the financial year ended 31 December 2012		
Ordinary Resolution 3	To re-elect Mr Nagahisa Oyama as Director		
Ordinary Resolution 4	To re-elect Ms Nur Qamarina Chew binti Abdullah as Director		
Ordinary Resolution 5	To re-elect Mr Poh Ying Loo as Director		
Ordinary Resolution 6	To re-elect Mr Naoki Hayashi as Director		
Ordinary Resolution 7	To re-elect Mr Mitsuru Nakata as Director		
Ordinary Resolution 8	To re-elect Datuk Syed Ahmad Helmy bin Syed Ahmad as Director		
Ordinary Resolution 9	To re-elect Dato' Tunku Putra Badlishah Ibni Tunku Annuar as Director		
Ordinary Resolution 10	To re-appoint Dato' Abdullah bin Mohd Yusof as Director pursuant to Section 129(6) of the Companies Act, 1965		
Ordinary Resolution 11	To re-appoint Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS			
Ordinary Resolution 12	Proposed Renewal of Existing Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Signature of Shareholder or Common Seal

Dated this _____ day of _____ 2013

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

NOTES:

- A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 ("the Act") shall not apply.
- A member shall be entitled to appoint more than one (1) proxy and shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
- If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 May 2013 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Explanatory Note:

- To receive the Audited Financial Statements
Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.
- Ordinary Resolution 12 on the Proposed Renewal of Shareholders' Mandate
The Ordinary Resolution 12 proposed, if passed, will empower the Directors from the date of the Twenty-Eighth Annual General Meeting, to deal with the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations. These recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company and subject always to provision (ii) of the resolution. The details of the recurrent related party transactions are set out in the Circular to the Shareholders dated 30 April 2013, which is dispatched together with this Annual Report.



Please fold here



Postage
Stamp

The Share Registrar:

AEON CO. (M) BHD. (126926-H)

c/o TRICOR INVESTOR SERVICES SDN BHD (118401-V)
Level 17, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur,
Malaysia.

Please fold here

ENRICH YOUR LIFESTYLE WITH

AEON MEMBER CARD




ENJOY 3 YEARS MEMBERSHIP
FOR THE PRICE OF 2 YEARS
Now: RM24 (Save RM12)

Terms and conditions apply.



MORE THAN JUST REWARDS

 This annual report is printed on recycle paper



AEON CO. (M) BHD.
(126926-H)

Incorporated in Malaysia

3rd Floor, AEON Taman Maluri Shopping Centre, Jalan Jejaka, Taman Maluri, Cheras,
55100 Kuala Lumpur, Malaysia. Tel : +603-9207 2005 Fax : +603 9207 2006/2007
www.aeonretail.com.my www.facebook.com/aeonretail.my