

# AEON CO. (M) BHD.

( Company No. 126926 - H )

( Incorporated in Malaysia )

Unaudited results of the Company for the first quarter ended 31 March 2011.

## Condensed Statement of Comprehensive Income

For the three months ended 31 March 2011

	3 months ended 31 March		3 months ended 31 March	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Revenue	720,648	730,282	720,648	730,282
Total operating expenses	(668,859)	(672,008)	(668,859)	(672,008)
Other operating income	13,157	812	13,157	812
<b>Profit from operations</b>	<b>64,946</b>	<b>59,086</b>	<b>64,946</b>	<b>59,086</b>
Interest expense	-	(1)	-	(1)
Interest income	1,443	310	1,443	310
Share of results of an associate	-	-	-	-
<b>Profit before taxation</b>	<b>66,389</b>	<b>59,395</b>	<b>66,389</b>	<b>59,395</b>
Tax expense	(19,779)	(18,230)	(19,779)	(18,230)
<b>Profit for the period</b>	<b>46,610</b>	<b>41,165</b>	<b>46,610</b>	<b>41,165</b>
<b>Other Comprehensive Income:</b>				
Gain on fair value of available-for-sale investment	594	25	594	25
<b>Total Comprehensive Income for the period</b>	<b>47,204</b>	<b>41,190</b>	<b>47,204</b>	<b>41,190</b>
Basic earnings per ordinary share (sen)	13.28	11.73	13.28	11.73

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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## Condensed Statement of Financial Position

As at 31 March 2011

	<b>31 March 2011</b>	<b>31 December 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,513,765	1,474,481
Intangible asset	20,336	21,532
Investment in associate	1,500	-
Available-for-sale investments	10,262	9,668
	<u>1,545,863</u>	<u>1,505,681</u>
<b>Current assets</b>		
Inventories	319,175	338,401
Trade and other receivables	67,480	57,715
Cash and cash equivalents	266,692	330,908
Assets held for sale	5,975	-
	<u>659,322</u>	<u>727,024</u>
<b>TOTAL ASSETS</b>	<u><u>2,205,185</u></u>	<u><u>2,232,705</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders</b>		
Share capital	351,000	351,000
Reserves	822,702	775,498
<b>TOTAL EQUITY</b>	<u>1,173,702</u>	<u>1,126,498</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	28,252	28,303
<b>Total non-current liabilities</b>	<u>28,252</u>	<u>28,303</u>
<b>Current liabilities</b>		
Trade and other payables	980,231	1,056,584
Current tax payable	23,000	21,320
	<u>1,003,231</u>	<u>1,077,904</u>
<b>TOTAL LIABILITIES</b>	<u>1,031,483</u>	<u>1,106,207</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>2,205,185</u></u>	<u><u>2,232,705</u></u>

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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## Condensed Statement of Changes in Equity

	← Non-distributable →		Distributable		
	Share capital RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>For the three months ended 31 March 2011</b>					
<b>At 1 January 2011</b>	351,000	8,593	31,149	735,756	1,126,498
Total comprehensive income for the period	-	594	-	46,610	47,204
Transfer from revaluation reserve to retained earnings	-	-	(130)	130	-
Dividends paid	-	-	-	-	-
<b>At 31 March 2011</b>	<u>351,000</u>	<u>9,187</u>	<u>31,019</u>	<u>782,496</u>	<u>1,173,702</u>
<b>For the three months ended 31 March 2010</b>					
<b>At 1 January 2010</b>					
As previously reported	351,000	-	31,666	601,528	984,194
Effect of adopting FRS 139	-	9,058	-	-	9,058
As restated	351,000	9,058	31,666	601,528	993,252
Total comprehensive income for the period	-	25	-	41,165	41,190
Transfer from revaluation reserve to retained earnings	-	-	(130)	130	-
<b>At 31 March 2010</b>	<u>351,000</u>	<u>9,083</u>	<u>31,536</u>	<u>642,823</u>	<u>1,034,442</u>

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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## Condensed Statement of Cash Flows

For the three months ended 31 March 2011

	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	66,389	59,395
Adjustments for:		
Non-cash items	36,536	35,162
Non-operating items	(1,443)	(309)
Operating profit before changes in working capital	101,482	94,248
Changes in working capital:		
Net change in current assets	23,075	1,529
Net change in current liabilities	(76,353)	(17,044)
Cash generated from operations	48,204	78,733
Tax paid	(18,150)	(13,643)
<b>Net cash generated from operating activities</b>	<b>30,054</b>	<b>65,090</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,443	310
Other investments	(95,713)	(27,278)
<b>Net cash used in investing activities</b>	<b>(94,270)</b>	<b>(26,968)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-	(1)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(1)</b>
<b>Net change in cash and cash equivalents</b>	<b>(64,216)</b>	<b>38,121</b>
<b>Cash and cash equivalents at 1 January</b>	<b>330,908</b>	<b>137,067</b>
<b>Cash and cash equivalents at 31 March</b>	<b>266,692</b>	<b>175,188</b>

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**Notes to the interim financial statements for the period ended 31 March 2011**

**A EXPLANATORY NOTES PURSUANT TO FRS 134**

**1 Basis of Preparation**

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 31 December 2010, and inclusive of the revised Financial Reporting Standards (FRSs), IC Interpretations and Amendments that are effective for financial period beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for FRS 3, FRS 127, Amendments to FRS 2, IC Interpretation 4, 12, 16, 17 and 18 are not applicable to the Company.

Investment in associate is measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs. Associate is entity, including unincorporated entity, in which the Company has significant influence, but not control, over the financial and operating policies.

Associate is accounted for in the Economic Entity's financial statements using the equity method unless it is classified as held for sale (or included in a disposal Economic Entity that is classified as held for sale). The financial statements of the Economic Entity include the Company's share of the profit or loss 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.

Economic Entity comprises Company and its interests in associate.

**2 Seasonality or Cyclicity of Interim Operations**

The Company's revenue for the first quarter, as in the preceding quarter, was also good due to the festive season in the first quarter.

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

On 12 January 2011, the Company received from its insurers an amount of RM17.9 million in respect of its business interruption and damages loss arising from the fire incident that occurred at one of its shopping centre in Melaka in 2009. A net amount of RM10.9 million, after expenses, was recognised as other income in the current quarter.

Saved as disclosed above, there were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the financial period.

**4 Changes in Estimates**

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

**5 Debt and Equity Securities**

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

## 6 Dividends Paid

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

## 7 Operating Segments

The operating segments analysis is as follows:

	<b>Retailing</b> <b>3 months ended</b> <b>31 March 2011</b> <b>RM'000</b>	<b>Property</b> <b>Management Services</b> <b>3 months ended</b> <b>31 March 2011</b> <b>RM'000</b>	<b>Total</b> <b>3 months ended</b> <b>31 March 2011</b> <b>RM'000</b>
Revenue	631,303	89,345	720,648
Segmental profit	40,255	32,634	72,889
Less: Unallocated expenses			(7,943)
Profit from operations			64,946
Interest expense			-
Interest income			1,443
Share of results of an associate			-
Profit before taxation			66,389
Tax expense			(19,779)
Profit for the period			46,610

## 8 Valuations of Property, Plant and Equipment

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

## 9 Events Subsequent to Balance Sheet Date

On 15 April 2011, further to the Company's announcement on 28 June 2010, the Company announced it had completed the acquisition of the piece of land in Mukim Hulu Kinta, Daerah Kinta, Negeri Perak (formerly three pieces of leasehold land and two pieces of state land) for the purpose of constructing a shopping centre, at the purchase price of RM27.2 million.

Except for the above, there were no material events subsequent to the balance sheet date to be disclosed in the financial statements for the current financial period.

## 10 Effects of Changes in the Composition of the Company

There were no changes in the composition of the Company during the current financial period, other than as disclosed under Note B7 below.

## 11 Related Party Transactions

During the current quarter under review and up to the date of this announcement, except as disclosed below, the Company did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature that had not been included or exceeded the estimated value by 10% or more which had been mandated by the shareholders during the annual general meeting held on 18 May 2010.

The sale transaction of the Company's existing amusement business namely Smart Wonder World to AEON Fantasy (Malaysia) Sdn. Bhd. as announced on 25 February 2011 and as disclosed under Note B7 was a related party transaction. AEON Co., Ltd, the holding company of the Company, is also the holding company of AEON Fantasy Co., Ltd.. AEON Fantasy Co., Ltd in turn, is the holding company of AEON Fantasy (Malaysia) Sdn. Bhd..

## 12 Assets Held For Sale

In relation to Note B7, the net book value of assets under Smart Wonder World amusement business had been reclassified to as assets held for sale as its sale is highly probable.

## 13 Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets since the last audited financial statements of the Company for the financial year ended 31 December 2010.

## 14. Capital Commitments

Capital commitments not provided for in the financial statements as at 31 March 2011 are as follows:

	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment		
Authorised but not contracted for	559,109	387,318
	<hr/>	<hr/>
Authorised and contracted for	243,290	232,647
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## **B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BHD. MAIN MARKET LISTING REQUIREMENTS**

### **1 Review of Performance of the Company**

For the quarter under review, the Company's revenue at RM720.6 million was marginally lower by 1.3% compared to RM730.3 million recorded for the preceding year corresponding quarter mainly due to lower number of loyalty members' sales days and the temporary closure of one of its stores for upgrade in the current quarter as compared to previous year corresponding quarter. The overall performance of the Company included the recognition of the net proceeds from insurance claims in respect of its business interruption and damages loss arising from the fire incident in one of its shopping centres in Melaka.

### **2 Changes in the Quarterly Profit Before Taxation Compared to the Results of the Preceding Quarter**

The Company's revenue at RM720.6 million was lower by 5.4% compared to RM759.7 million recorded in the preceding quarter mainly due to lower number of loyalty members' sales days and temporary closure of one of its stores for upgrade during the quarter under review. However, profit before taxation of RM66.4 million was marginally higher than the preceding quarter of RM65.5 million as a result of the net proceeds from insurance claims as stated in Note B1 above.

### **3 Current Year Prospects**

The domestic consumption is expected to remain sustainable and resilient despite increasing inflationary pressures due to rising commodity prices and gradual subsidy rationalisation. The Company expects consumer spending and sentiment to remain positive and its performance will grow in tandem.

### **4 Tax expense**

Tax expense comprises:

	<b>3 months ended 31 March 2011 RM'000</b>	<b>3 months ended 31 March 2010 RM'000</b>
Current tax expense	19,830	18,281
Deferred tax expense	(51)	(51)
	<u>19,779</u>	<u>18,230</u>

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

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

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

### **6 Particulars of Purchase or Disposal of Quoted Securities**

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

### **7 Status of Corporate Proposals**

As at the date of this report, the status of corporate proposal announced but not completed is as follows:

On 25 February 2011, the Company had announced that it had entered into an agreement with AEON Fantasy (Malaysia) Sdn. Bhd. to sell its existing amusement business named Smart Wonder World to AEON Fantasy (Malaysia) Sdn. Bhd. for a cash consideration of RM 22.4 million. The Company will further subscribe for 20 per cent of AEON Fantasy (Malaysia) Sdn. Bhd.'s shares for a cash consideration of RM 7.4 million.

As at the date of this report, the Company had subscribed for the first and second tranche of the shares pursuant to the Subscription and Relationship Agreement in respect of shares in AEON Fantasy (Malaysia) Sdn. Bhd. for a total consideration of RM3.0 million. As a result, AEON Fantasy (Malaysia) Sdn. Bhd. has become an associate of the Company.



## 8 Borrowings and Debt Securities

As at 31 December 2010, the Company did not have any borrowings and debt securities.

## 9 Off Balance Sheet Financial Instruments

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

## 10 Material Litigation

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

## 11 Dividend

No dividend was proposed or declared for the current financial period ended 31 March 2011.

## 12 Earnings Per Share

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

	<b>3 months ended 31 March 2011</b>	<b>3 months ended 31 March 2010</b>
Profit attributable to ordinary shareholders for the period (RM'000)	46,610	41,165
Number of ordinary shares outstanding ('000)	351,000	351,000
Basic earnings per ordinary share (sen)	<u>13.28</u>	<u>11.73</u>

Diluted earnings per share is not applicable for the Company.

## 13 Qualification of Audit Report of the Preceding Annual Financial Statements

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

## 14 Disclosure of Realised and Unrealised Profit or Losses

	<b>31 March 2011 RM'000</b>
Total retained earnings:	
- realised	812,981
- unrealised	(30,485)
Total	<u><u>782,496</u></u>