

# AEON CO. (M) BHD.

( Company No. 126926 - H )

( Incorporated in Malaysia )

Unaudited results of the Company for the fourth quarter ended 31 December 2010.

## Condensed Statement of Comprehensive Income

For the twelve months ended 31 December 2010

	3 months ended 31 December		12 months ended 31 December	
	2010	2009 (Restated)	2010	2009 (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	759,706	716,355	2,894,482	2,747,782
Total operating expenses	(696,523)	(639,772)	(2,659,981)	(2,554,286)
Other operating income	1,427	1,540	3,887	3,852
<b>Profit from operations</b>	<b>64,610</b>	<b>78,123</b>	<b>238,388</b>	<b>197,348</b>
Interest expense	-	(401)	(43)	(3,122)
Interest income	938	59	1,949	146
<b>Profit before taxation</b>	<b>65,548</b>	<b>77,781</b>	<b>240,294</b>	<b>194,372</b>
Tax expense	(21,503)	(22,040)	(74,993)	(60,843)
<b>Profit for the period</b>	<b>44,045</b>	<b>55,741</b>	<b>165,301</b>	<b>133,529</b>
<b>Other Comprehensive Income:</b>				
Loss from fair value changes on available-for-sale investment	(439)	-	(465)	-
<b>Total Comprehensive Income for the period</b>	<b>43,606</b>	<b>55,741</b>	<b>164,836</b>	<b>133,529</b>
Basic earnings per ordinary share (sen)	12.55	15.88	47.09	38.04

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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## Condensed Statement of Financial Position

At 31 December 2010

	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	1,477,553	1,507,772
Intangible assets	21,533	-
Available-for-sale investment	9,669	1,075
	<u>1,508,755</u>	<u>1,508,847</u>
<b>Current Assets</b>		
Inventories	338,401	335,015
Trade and other receivables	54,643	60,284
Cash and cash equivalents	330,908	137,067
	723,952	532,366
<b>TOTAL ASSETS</b>	<u><u>2,232,707</u></u>	<u><u>2,041,213</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders</b>		
Share capital	351,000	351,000
Reserves	775,498	633,194
<b>TOTAL EQUITY</b>	<u>1,126,498</u>	<u>984,194</u>
<b>Non Current Liabilities</b>		
Deferred tax liabilities	28,303	30,698
<b>Total Non Current Liabilities</b>	28,303	30,698
<b>Current Liabilities</b>		
Trade and other payables	1,056,586	1,009,928
Current tax payable	21,320	16,393
	<u>1,077,906</u>	<u>1,026,321</u>
<b>TOTAL LIABILITIES</b>	<u>1,106,209</u>	<u>1,057,019</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>2,232,707</u></u>	<u><u>2,041,213</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 2009 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	Revaluation reserve	Fair value reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>For the twelve months ended 31 December 2010</b>					
<b>At 1 January 2010</b>					
As previously reported	351,000	31,666	-	601,528	984,194
Effect of applying FRS 139	-	-	9,058	-	9,058
As restated	351,000	31,666	9,058	601,528	993,252
Total comprehensive income for the period	-	-	(465)	165,301	164,836
Transfer from revaluation reserve to retained earnings	-	(517)	-	517	-
Dividends paid	-	-	-	(31,590)	(31,590)
<b>At 31 December 2010</b>	<b>351,000</b>	<b>31,149</b>	<b>8,593</b>	<b>735,756</b>	<b>1,126,498</b>
<b>For the twelve months ended 31 December 2009</b>					
<b>At 1 January 2009</b>	<b>351,000</b>	<b>32,183</b>	<b>-</b>	<b>499,072</b>	<b>882,255</b>
Total comprehensive income for the period	-	-	-	133,529	133,529
Transfer from revaluation reserve to retained earnings	-	(517)	-	517	-
Dividends paid	-	-	-	(31,590)	(31,590)
<b>At 31 December 2009</b>	<b>351,000</b>	<b>31,666</b>	<b>-</b>	<b>601,528</b>	<b>984,194</b>

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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## Condensed Statement of Cash Flows

For the twelve months ended 31 December 2010

	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit before taxation</b>	240,294	194,372
Adjustment for non-cash flow :-		
Non-cash items	153,793	144,109
Non-operating items	(2,360)	2,554
<b>Operating profit before changes in working capital</b>	<u>391,727</u>	<u>341,035</u>
<b>Changes in working capital</b>		
Net change in current assets	(7,438)	(10,757)
Net change in current liabilities	46,658	6,250
Taxation paid	(72,461)	(60,457)
<b>Net cash from operating activities</b>	<u>358,486</u>	<u>276,071</u>
<b>Investing Activities</b>		
Dividend received	455	422
Interest received	1,949	146
Other investments	(135,416)	(103,754)
<b>Net cash used in investing activities</b>	<u>(133,012)</u>	<u>(103,186)</u>
<b>Financing Activities</b>		
Net short term borrowings	-	(159,500)
Interest paid	(43)	(3,122)
Dividend paid	(31,590)	(31,590)
<b>Net cash used in financing activities</b>	<u>(31,633)</u>	<u>(194,212)</u>
<b>Net Change in Cash and Cash Equivalents</b>	193,841	(21,327)
<b>Cash and cash equivalents at 1 January</b>	137,067	158,394
<b>Cash and cash equivalents at 31 December</b>	<u><u>330,908</u></u>	<u><u>137,067</u></u>

The Condensed Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

**Notes to the interim financial statements for the period ended 31 December 2010**

**A SIGNIFICANT EVENTS AND TRANSACTIONS**

**1 Basis of Preparation**

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

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 31 December 2009 and new and revised FRSS, IC Interpretations and Amendments which the Company adopted and which are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, *Insurance Contracts*, Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*, Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations*, IC Interpretation 11, *FRS 2 – Group and Treasury Share Transactions* and IC Interpretation 14, *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction* which are not applicable to the Company.

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

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

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

*FRS 101 ( revised ), Presentation of Financial Statements*

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

*FRS 139 Financial Instruments : Recognition and Measurement*

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

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

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

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

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

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

#### FRS 7 Financial Instruments : Disclosures

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

#### FRS 8 Operating Segments

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

#### IC Interpretation 13 Customer Loyalty Programmes

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

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

#### Amendments to FRS 118, Revenue

The amendments further clarify the distinction between when an entity is acting as a principal and an agent, where previously practice had varied. The adoption of this guidance will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. This change in accounting policy will affect the presentation of such revenue from a gross presentation to a net presentation. The Company has considered the features provided in the amendments and adopted a net presentation basis. This resulted in a change in presentation and has no impact to the profit. The effects of the change in presentation are as stated in note A12.

## 2 Seasonality or Cyclical of Interim Operations

The Company's revenue for the fourth quarter is higher than the third quarter mainly due to the year end festive seasons in the fourth quarter.

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

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

## 4 Material Changes in Estimates

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

## 5 Debt and Equity Securities

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

## 6 Dividends Paid

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

A first and final Dividend of 12% less income tax of 25%, amounting to RM31.59 million in respect of the financial year ended 31 December 2009 was paid to shareholders on 7 July 2010.

## 7 Operating Segments

The operating segments analysis is as follows:

	<b>Retailing</b>	<b>Property</b>	<b>Total</b>
	<b>12 months ended</b>	<b>Management Services</b>	<b>12 months ended</b>
	<b>31 December 2010</b>	<b>12 months ended</b>	<b>31 December 2010</b>
	<b>RM'000</b>	<b>31 December 2010</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	2,524,330	370,152	2,894,482
Profit from operations	165,471	72,917	238,388
Interest expense			(43)
Interest income			1,949
Profit before taxation			240,294
Tax expense			(74,993)
Profit for the period			165,301

## 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.

On 28 June 2010, the Company entered into a Sale and Purchase Agreement with Seroja Mulia Sdn. Bhd., Antero Harapan Sdn. Bhd. and Kemboja Iringan Sdn. Bhd. for the acquisition of three (3) pieces of leasehold lands which are held under PN 196434 & Lot 305553, PN 196435 & Lot 305554 and PN 196436 & Lot 305555 respectively and all of which are situated in Mukim Hulu Kinta, Daerah Kinta, Negeri Perak, and two (2) pieces of state land measuring in total area approximately 17.3 acres or 753,588 square feet for the purpose of constructing thereon a shopping centre, at the purchase price of RM27.1 million, of which 10% has been paid during the financial period under review.

As at the date of this announcement, the Sale and Purchase Agreement has not been completed yet.

## 9 Material Events Subsequent to Balance Sheet Date

The Company received from its insurers an amount of RM 17.92 million in respect of its business interruption and damages loss arising from the explosion incident that happened at one of its stores in Melaka. A net amount of RM10.91 million after expenses will be reflected into its first quarter results for the financial year ended 31 December 2011 as other income.

The Board of Directors has also approved on 25 February 2011 for the Company to enter into an agreement with AEON Fantasy (Malaysia) Sdn. Bhd. to sell the Company's existing amusement business named Smart Wonder World to AEON Fantasy (Malaysia) Sdn. Bhd and to further enter into a separate agreement with AEON Fantasy Co., Ltd, Japan and AEON Fantasy (Malaysia) Sdn. Bhd. to subscribe the ordinary shares of RM1.00 each up to 20% of the issued and paid-up capital of AEON Fantasy (Malaysia) Sdn. Bhd. Further details on the sale are available in the announcement dated 25 February 2011.

Except for above and as disclosed under Note B10, 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.

## 11 Contingent Liabilities or Contingent Assets

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

## 12 Comparative Figures

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

<b>For the twelve months ended 31 December 2009</b>	<b>Income Statement As previously reported RM'000</b>	<b>Effects of adopting IC Interpretation 13 RM'000</b>	<b>Effects of adopting amendments to FRS 118 RM'000</b>	<b>Statement of Comprehensive Income As restated RM'000</b>
<b>Revenue</b>	3,735,755	(27,856)	(960,117)	2,747,782
Total Operating Expenses	(3,542,259)	27,856	960,117	(2,554,286)
Other Operating Income	3,852			3,852
<b>Profit from Operations</b>	197,348			197,348
Interest Expense	(3,122)			(3,122)
Interest Income	146			146
<b>Profit Before Taxation</b>	194,372			194,372
Tax Expense	(60,843)			(60,843)
<b>Profit for the period</b>	133,529			133,529



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

**1 Review of Performance of the Company**

The Company recorded a revenue of RM759.7 million for the period from October 2010 to December 2010 and RM2.894 billion for the current financial year as compared with a revenue of RM716.3 million for the period from October 2009 to December 2009 and RM2.748 billion for the previous financial year. The better performance is mainly due to new stores that opened in year 2010 and overall better performance from existing stores.

The results of the Company included an impairment loss of RM5.1 million arising from its stores' plant and equipment on which the Company had carried out a review of the recoverable amount on the basis of their value in use.

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

The Company's profit before taxation for the fourth quarter under review of RM65.5 million is marginally lower than the third quarter of RM65.7 million mainly due to the impairment loss of RM 5.1 million recorded in the current period.

**3 Current Year Prospects**

The domestic consumption is expected to continually play an important role in the country's economic growth for the year 2011. As such, the Company expects consumer spending to remain positive and its performance will grow in tandem.

**4 Tax expense**

Tax expense comprises:

	<b>3 months ended 31 December 2010 RM'000</b>	<b>12 months ended 31 December 2010 RM'000</b>
Current tax expense	23,748	77,388
Deferred tax expense	(2,245)	(2,395)
	<u>21,503</u>	<u>74,993</u>

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

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

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

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

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

**7 Status of Corporate Proposals**

There were no corporate proposals announced.

**8 Borrowings and Debt Securities**

As at 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.

## 11 Dividend

- (a) (i) a first and final dividend has been recommended for year ended 31 December 2010  
(ii) amount per share – 16 sen less income tax of 25%  
(iii) date payable to be determined later; and  
(iv) in respect of deposited securities, the date of entitlement to dividend will be determined later.
- (b) For the year ended 31 December 2009, a first and final dividend of 12% less tax of 25% amounting to RM 31.590 million was paid on 7 July 2010.
- (c) The first and final dividend recommended for year ended 31 December 2010 will be subject to the approval of shareholders at the forthcoming AGM to be held on the day which shall be announced later.

## 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 December 2010</b>	<b>12 months ended 31 December 2010</b>
Profit attributable to ordinary shareholders for the period (RM'000)	44,045	165,301
Number of ordinary shares outstanding ('000)	351,000	351,000

Diluted earnings per share is not applicable for the Company.

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

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

## 14 Disclosure of Realised and Unrealised Profit/Losses

	<b>31 December 2010 RM'000</b>
Total retained profits:	
- Realised	752,254
- Unrealised	(16,498)
Total	735,756