



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

**ANNUAL REPORT**  
**2014**



**Managing** in  
Challenging Times

## **RATIONALE**

The butterfly's steady perch on top of the pearl signifies its desire to be in control despite challenges faced. Likewise, AEON seeks and aims to manage the challenges in the current competitive environment.



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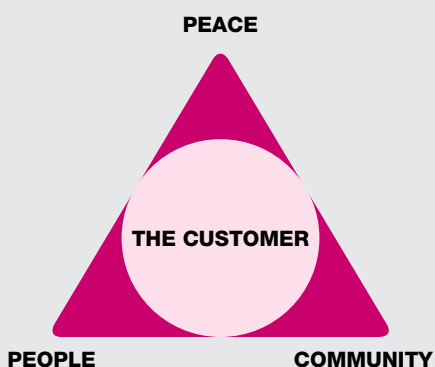
## AN INTRODUCTION OF AEON GROUP

**AEON CO. (M) BHD.** is a leading retailer in Malaysia with a total revenue of RM3.71 billion for the financial year under review. The Company was incorporated on 15 September 1984. AEON CO. (M) BHD. (AEON or the Group) 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), supermarkets and malls. AEON's constant interior refurbishment of stores and malls to project an image designed to satisfy the ever changing needs and desires of consumers is clear evidence of this. The Group'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 in Japan consists of AEON Co., Ltd. and about 300 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, shopping centre development and 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 ASEAN 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

Pursuing peace, respecting humanity and contributing to local communities, always with the customer's point of view as its core.



The word aeon (ÆON) has its origins in a Latin root meaning "eternity".

The customers' beliefs and desires comprise the central core of our philosophy. At AEON, our eternal mission as a corporate group is to benefit our customers, and our operations are thus customer-focused to the highest degree.

#### AEON Basic Principles are the following:

##### 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 making a continuing contribution to the community.

On the basis of the AEON Basic Principles, AEON practices its "Customer-First" philosophy with its ever-lasting innovative spirit.



CORPORATE AND BUSINESS REVIEW

## CORPORATE INFORMATION AND DIRECTORY

### Board of Directors

- › Dato' Abdullah bin Mohd Yusof (Chairman)
- › Shinobu Washizawa (Appointed on 22 April 2015)
- › Nur Qamarina Chew binti Abdullah
- › Poh Ying Loo
- › Naoki Hayashi
- › Mitsuru Nakata
- › Datuk Syed Ahmad Helmy bin Syed Ahmad
- › Dato' Tunku Putra Badlishah Ibni Tunku Annuar
- › Abdul Rahim bin Abdul Hamid
- › Charles Tseng @ Charles Tseng Chia Chun
- › Nagahisa Oyama (Resigned on 22 April 2015)

### Secretaries

Tai Yit Chan (MAICSA 7009143)  
Tan Ai Ning (MAICSA 7015852)

### 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.  
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,  
Lingkar 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.

Stock Name: AEON

Stock Code: 6599

### Homepage

[www.aeonretail.com.my](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)  
Mizuho Bank (Malaysia) Berhad (923693-H)  
RHB Bank Berhad (6171-M)

## CORPORATE CALENDAR

### Notice of Annual General Meeting

23 April 2014

### Annual General Meeting

15 May 2014

### Payment of Dividend

Book Closure – 22 May 2014  
Payment – 11 June 2014

### Quarterly Results Announcement

1st Quarter ..... 15 May 2014  
2nd Quarter ..... 28 August 2014  
3rd Quarter ..... 20 November 2014  
4th Quarter ..... 26 February 2015

CORPORATE AND BUSINESS REVIEW

## FIVE-YEAR FINANCIAL HIGHLIGHTS

Year Ended 31 December	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
<b>Financial Results</b>					
Revenue	3,705,477	3,514,418	3,255,669	2,984,614	2,894,482
Retailing	3,193,194	3,041,717	2,822,575	2,609,070	2,524,330
Property management services	512,283	472,701	433,094	375,544	370,152
EBITDA	486,074	484,031	438,795	411,919	386,467
Profit before tax	301,327	331,828	299,478	277,272	240,294
Profit after tax	211,877	230,962	212,825	195,353	165,301
Net dividend	70,200	77,220	64,058	51,773	42,120
<b>Financial Positions</b>					
<b>Assets</b>					
Property, plant and equipment and Intangible assets	2,618,557	2,060,684	1,700,661	1,650,707	1,496,013
Investments	43,963	51,960	44,276	23,619	9,668
Current assets	697,484	908,176	937,235	763,156	727,024
<b>Total assets</b>	<b>3,360,004</b>	<b>3,020,820</b>	<b>2,682,172</b>	<b>2,437,482</b>	<b>2,232,705</b>
<b>Equity</b>					
Share capital	702,000	351,000	351,000	351,000	351,000
Non-distributable reserves	36,122	44,543	36,865	16,772*	39,742
Retained earnings	1,032,580	1,248,094	1,081,190	920,138*	735,756
<b>Total equity attributable to owners of the Company</b>	<b>1,770,702</b>	<b>1,643,637</b>	<b>1,469,055</b>	<b>1,287,910</b>	<b>1,126,498</b>
<b>Non-controlling interests</b>	<b>12,671</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Liabilities</b>					
Deferred tax liabilities	19,299	24,574	20,188	21,146	28,303
Current liabilities	1,557,332	1,352,609	1,192,929	1,128,426	1,077,904
<b>Total equity and liabilities</b>	<b>3,360,004</b>	<b>3,020,820</b>	<b>2,682,172</b>	<b>2,437,482</b>	<b>2,232,705</b>
<b>Financial Indicators</b>					
Earnings per share (sen)	15.15	16.45**	60.63	55.66	47.09
Net dividend per share (sen)	5.00	22.00	18.25	14.75	12.00
Net assets per share (RM)	1.26	1.17**	4.19	3.67	3.21
Return on equity (%)	11.97	14.05	14.49	15.17	14.67
Price earnings ratio	20.79	21.28	23.30	13.00	12.96
Share price as at 31 December (RM)	3.15	14.00	14.12	7.24	6.09

### Notes:

\* Comparative figure as at 31 December 2011 has been adjusted upon adoption of MFRSs.

\*\* Previous year's earnings per share and net assets per share have been restated to reflect the bonus issue and share split which were completed on 2 June 2014.

CORPORATE AND BUSINESS REVIEW

## SHARE PRICE AND FINANCIAL CHARTS

### SHARE PRICE 2014

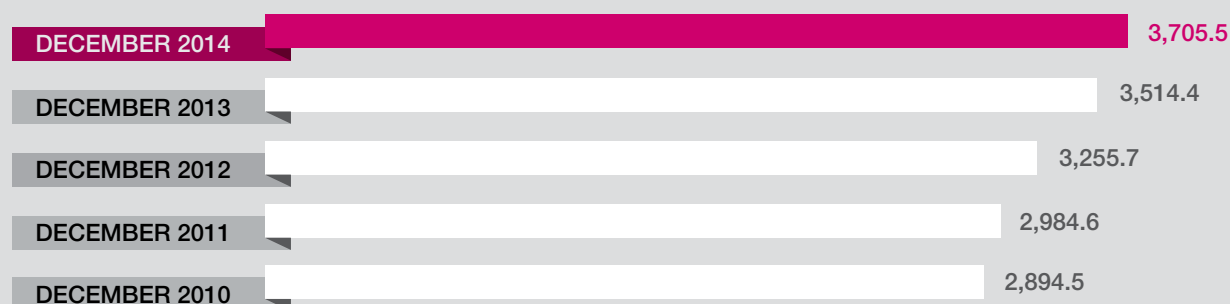
STOCK CODE: **6599**STOCK NAME: **AEON**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
<b>High (RM)</b>	14.00	14.80	14.64	15.96	15.30	4.33	4.14	4.12	3.95	3.79	3.76	3.44
<b>Low (RM)</b>	12.20	11.86	14.30	14.38	3.79*	3.67	3.91	3.87	3.76	3.45	3.44	2.64
<b>Volume ('000)</b>	2,228	2,959	2,706	5,266	7,572	24,740	17,701	13,649	5,938	6,081	8,814	13,422

\* Ex-date price. Bonus Issue and Share Split completed on 2 June 2014.

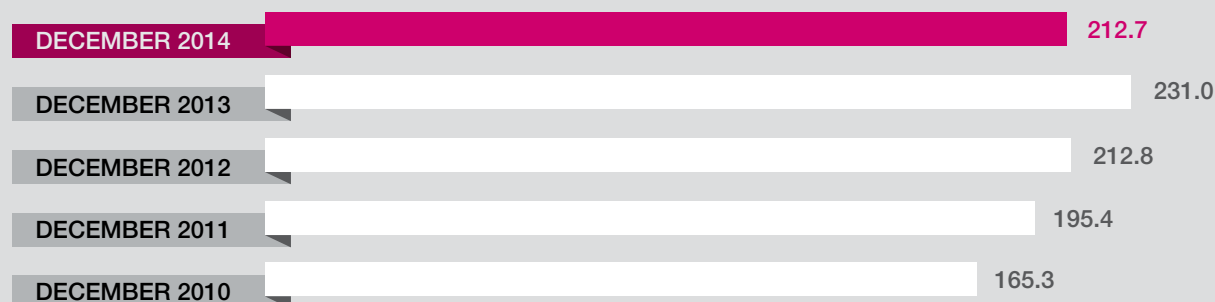
### REVENUE

RM million



### PROFIT ATTRIBUTABLE TO OWNERS

RM million



## 2014 CORPORATE EVENT HIGHLIGHTS



### 1 29 January 2014 AEON Price Reduction Campaign

Prime Minister, Y.A.B. Dato' Sri Haji Mohd Najib bin Tun Haji Abdul Razak launched the "Price Reduction" campaign at AEON Cheras Selatan store and shopping centre with the aim to help lessen shoppers' burdens due to the rising cost of living.



### 2 20 February 2014 30th Anniversary Launching

AEON officially launched its 30th Anniversary at AEON Bukit Tinggi Shopping Centre. This year-long celebration was themed "A New Beginning with You" and various activities and initiatives have been carried out during the year to express gratitude to members, business partners, shareholders and communities. AEON had also introduced an interactive mobile application for its shoppers called *iButterfly* during this launch.



### 3 25 February 2014 AEON Careline received ISO 9001:2008

AEON Careline, the customer service division of AEON received the ISO 9001: 2008 certification from SIRIM QAS International at a ceremony in Plaza VADS.



### 4 28 February 2014 Formation of AEON Index Living Sdn. Bhd.

AEON entered into a Joint Venture Agreement with Index Living Mall Company Limited to incorporate AEON Index Living Sdn. Bhd.. This joint venture aims to provide consumers with quality home furnishings at affordable price tags.



### 5 13 March 2014 AEON Taste of New Zealand Food Fair

The New Zealand Food Fair is one of AEON's initiatives to promote products and services from New Zealand and is organised by the New Zealand Trade and Enterprise. This fair was held from 13 till 26 March 2014 at selected AEON supermarkets.



### 6 18 March 2014 The Norwegian Salmon Launch

The Norwegian Salmon launch was filled with displays of fresh salmon at AEON Bandar Utama. The event was graced by the presence of the Norwegian Trade and Industry Minister, H.E. Monica Maeland and Ambassador Hans Ola Urstad and the highlight of this event was a cooking demonstration by Chef Jimmy Chok.



### 7 27 March 2014 Hiroshima Fair

The Hiroshima Fair returned to AEON for its third consecutive year with the cooperation of Hiroshima Prefecture's government, who is regularly seeking opportunities to promote the region's produce to market beyond its own. The fair ran for two weeks at AEON Bandar Utama with great success.

### 8 16 April 2014 AEON Business Partners Alliances (ABPA) Luncheon and Talk

The ABPA Luncheon and Talk is an annual event and this year the event was held at DoubleTree by Hilton. This event serves as a platform for AEON to share their vision and growth for the year with business partners. Business partners are also encouraged to share their opinion and ideas for a better working relationship. The guest speaker for this event was Encik Lokman Affandy bin Yahya.



### 9 15 May 2014 Annual General Meeting (AGM)

AEON held its 29th AGM and its Extraordinary General Meeting at DoubleTree by Hilton. More than 600 shareholders attended the meetings. AEON's AGM serves as a platform for the Company's Board of Directors to communicate with shareholders on the business performance as well as tabling the annual audited financial statements.



## CORPORATE AND BUSINESS REVIEW

## 2014 Corporate Event Highlights

10 **7 June 2014****AEON Meet Customer Day 2014**

AEON organised its first “Meet Customer Day” in an effort to appreciate customers’ feedback and to create an additional customer communication channel. Themed “We Care and Hear You Always”, this event was launched by Y.B. Dato’ Basaruddin bin Sadali, Deputy Secretary General, KPDNKK at AEON AU2 Setiawangsa Shopping Centre.

11 **14 – 15 June 2014****AEON Raya Fashion Weekend 2014**

The AEON Raya Fashion Weekend featured AEON’s in-house brands – Puteri, Guys’ Vision and JKids as well as renowned local fashion designer, Datuk Radzuan Radziwill’s exclusive range for AEON. This event was in collaboration with Busana Tradisi to showcase the latest Hari Raya collection. The event was held for a period of two days at AEON Bukit Tinggi Shopping Centre and AEON Bukit Raja Shopping Centre on 21 till 22 June 2014.

12 **19 July 2014****AEON Mall Bukit Mertajam Grand Opening**

This new mall was officiated in a grand ceremony by Y.B. Dato’ Haji Farizan bin Darus, the State Secretary of Penang.

13 **13 August 2014****ABPA Golf Tournament 2014**

The 2014 ABPA Golf Tournament was attended by approximately 100 of AEON’s business partners. This annual event managed to raise RM72,750 for the Malaysian AEON Foundation and this year, it was held at Kuala Lumpur Golf & Country Club.

14 **14 September 2014****30th Anniversary Thank You Dinner**

With the presence of former Prime Minister, Tun Dr. Mahathir bin Mohamad and founder Mr Takuya Okada, the 30th Anniversary Thank You Dinner was themed “The AEON Journey – Gratitude”. This dinner was held at the Mandarin Oriental Hotel in Kuala Lumpur to commemorate the Company’s 30 years of establishment in Malaysia.

15 **16 October 2014****AEON @ Quill City Mall Opening**

AEON’s 29th General Merchandise Store opened its doors to business on 16 October 2014 in the heart of Kuala Lumpur city centre along Jalan Sultan Ismail.

16 **15 November 2014****AEON Mall Taiping Grand Opening**

AEON opened its fourth shopping mall in the state of Perak and the grand opening was officiated by Duli Yang Maha Mulia Raja Permaisuri Perak Darul Ridzuan, Tuanku Zara Salim.

17 **2 December 2014****Back To School 2015**

The “Back To School 2015” Campaign was launched by Datuk Seri Hasan Malek, Minister of Domestic Trade, Cooperatives and Consumerism at AEON AU2 Setiawangsa Shopping Centre. At the same event, 500 underprivileged children received school supplies worth RM250 each comprising essentials such as stationery, school uniform and a pair of school shoes.



# AEON MALL BUKIT MERTAJAM

**AEON** Mall Bukit Mertajam, the Company's 28th General Merchandise Store, opened its business to the residents of Bukit Mertajam and surrounding communities on 4 June 2014. The grand opening ceremony was officiated by Y.B. Dato' Haji Farizan bin Darus, the State Secretary of Penang on 19 July 2014.

The mall which the Company owns, has four levels comprising three retail floors and one car park floor with approximately 510,940 square feet in net lettable area, 1,627 car parking bays and 988 motorcycle bays. Besides AEON General Merchandise Store ("GMS") and supermarket, there are more than 150 retail shops providing, among others, a wide variety of food, fashion, family amusement and lifestyle products.

Each floor caters to every shopper's needs from groceries, lifestyle and fashion brands, health and beauty, popular food choices, home living to kids' zone. The ground floor is all about lifestyle; showcasing a trendy and vibrant way of life with a touch of international brands such as UNIQLO and H&M; first floor features family concept focusing on health and beauty; second floor is filled with futuristic theme activities for children while the third floor is equipped with a cinema and amusement park.



AEON Mall Bukit Mertajam, Penang





## CORPORATE AND BUSINESS REVIEW



AEON Mall Taiping, Perak Darul Ridzuan



**AEON** Mall Taiping, the Company's 30th General Merchandise Store and fourth shopping mall in Perak Darul Ridzuan, opened its business to the residents of Taiping and surrounding communities on 14 November 2014. The grand opening ceremony was officiated by Duli Yang Maha Mulia Raja Permaisuri Perak Darul Ridzuan, Tuanku Zara Salim on 15 November 2014.

The mall has five levels comprising two retail floors, one basement car park and two carpark floors with approximately 466,108 square feet in net lettable area, 1,868 carpark bays and 535 motorcycle bays. Besides the AEON GMS and supermarket, there are 118 units of retail shops providing, among others, a wide variety of food, fashion, family amusement and lifestyle products.

Each floor in AEON Mall Taiping is designed with different concepts and themes. The ground floor is filled with trendy fashion, health care, services and restaurants, whereas the first floor comprises of kids' fashion, home and leisure centre. The second floor is the entertainment floor and is equipped with a cinema and amusement park. The mall also offers plenty of local delicacies to tantalise the taste buds of the shoppers at the food and beverage outlets conveniently located at the ground floor of the mall.

**AEON MALL  
TAIPING**

# AEON @ QUILL CITY MALL



**AEON** @ Quill City Mall, the Company's 29th General Merchandise Store, opened its business on 16 October 2014 in downtown Kuala Lumpur along Jalan Sultan Ismail.

This AEON store is the anchor tenant in Quill City Mall, occupying five levels of retail floor with approximately 255,944 square feet in net lettable area. Being the first AEON urban store, it offers a city lifestyle and convenient shopping experience to the customers and members. From fashion to food, entertainment to electronics and even lifestyle to sporting equipment and others like kids' toilets, hot and delica salad bar, Dolce Gusto kiosk and AEON Member lounge to cater to the needs and desires of today's brand and fashion-conscious urbanities.



# PASAR RAYA MAXVALU @ GAMUDA WALK KOTA KEMUNING



**AEON** Pasar Raya MaxValu @ Gamuda Walk Kota Kemuning, which was relocated from the former MaxValu Kota Kemuning outlet, opened its door for business on 17 December 2014.

This MaxValu supermarket is the anchor tenant in Gamuda Walk with a brand new look in its repositioning move to upgrade from a convenience supermarket to a lifestyle concept with more fresh produces and bakery items in store to cater to the premium market in the neighbourhood of Kota Kemuning. It has an approximate net lettable area of 16,135 square feet located on the ground floor of the building.





**AEON** through a joint venture with Index Living Mall Thailand, a leading home furnishing and decorative retail store, established a new company called AEON Index Living Sdn. Bhd.. The first Index Living Mall in Malaysia is at IOI City Mall, Putrajaya and has opened its doors for business on 20 November 2014. The grand opening ceremony was officiated by Tuan Mohd Sayuthi bin Bakar, Yang Di Pertua Majlis Perbandaran Sepang on 29 November 2014.

With approximately 61,393 square feet space dedicated to infinite ideas and design inspiration of home decorative items and furniture, this store brings top quality home and kitchen accessories such as glassware, tableware, cooking ware, home furnishing, outdoor accessories, etc to shoppers.

Like Thailand, Index Living Mall in Malaysia operates based on 4-JOY concept:

- **JOY PRICE**, focuses on offering customers a better price.
- **JOY DESIGN**, focuses on offering customers brands and designs by world-class designers from Italy, Germany, Denmark, Sweden, as well as Thailand.
- **JOY QUALITY**, focuses on offering customers the best selection and finishing.
- **JOY SERVICE**, focuses on offering customers exceptional service that exceeds expectations.

The store is equipped with the latest 3D rooms with illustration programmes that can create 360 degree viewing to help customers envision and create their dream home within 30 minutes. Besides being home specialists, Index Living Mall is also introducing the first Sleeping Clinic to Malaysians. Customers can receive free consultancy by Healthy Sleeping Specialists on back and spine physiology to help customers select the most suitable mattress as per their unique physical needs.

**INDEX**  
LIVING MALL  
@ IOI CITY MALL

Moreover, home owners can also opt to sign up for the JOY Card membership reward programme to enjoy exclusive benefits and earn points. At the Index Living Mall, customers can enjoy home solution services from a professional team of design specialists and Healthy Sleeping specialists as well as a professional delivery and installation team that will be on-site to fulfil the dreams of a perfect home.



## HUMAN RESOURCE DEVELOPMENT

In line with AEON Basic Principle, AEON remains committed to the development of its 'People' in its quest to be the best retailer in providing excellent shopping experience and in enriching the lifestyle of its customers. AEON strives to equip its employees as knowledgeable brand ambassadors who have the right skills and culture to provide the highest level of service and widest range of merchandise.

### Human Resource Transformation

AEON's quest to create a high performance organisation had seen its human resource transformation journey continues with the current development and designing of a new incentive plan to link rewards to results and behavior.

### AEON Business Academy

Through its AEON Business Academy, which spotted a new logo, AEON strives to develop new leaders by providing them with among others, technical, operational and management discipline trainings to raise their competencies.



### Nurturing Our Future Leaders



AEON truly believes that nurturing and grooming future leaders will sustain its business growth and working culture. Thus, AEON has continuously invested in and developed its Management Trainee (MT) and Japan Trainee (JT) program whereby identified candidates are given opportunities to further upgrade themselves, including retailing attachments with AEON's affiliated companies in Japan.

### Collaboration with Ministries



AEON is always committed in providing employment opportunities to support the welfare and social well-beings of the local community where it operates. To this end, during the year, AEON had collaborated with Ministry of Youth and Sports to hire young talents from Institut Kemahiran Belia Negara (IKBN) for vacancies in bakery, electrical and beauty departments in various AEON stores and business units.

In line with AEON Basic Principles, which emphasises on Peace, People and Community, AEON supports and encourages employment of People with Disabilities (PWD). In conjunction with the People with Disabilities Day in 2014, for its efforts on this objective, AEON was awarded the "Majikan Prihatin 2014" by the Ministry of Women, Family and Community Development on 3 December 2014.

To recognise employees at supervisory level and below who have worked and possessed years of retailing experience in their respective fields such as bakery or customer service, AEON has also embraced the RPL (Recognition Prior Learning) scheme introduced by the Ministry of Human Resources whereby employees are recognised for their experience in their fields and awarded diplomas.

### Collaboration with Educational Institutions



During the year, through its collaboration with Open University Malaysia (OUM), AEON offerings' of OUM Executive Diploma in Retailing Management and Business to its employees was further enhanced with modules that are tailored to suit to the needs of the organisation.

During the year, AEON had also signed a Memorandum of Understanding (MoU) with Universiti Malaysia Sabah (UMS) for a long-term collaboration in Food Safety, Internship & Management Trainees intake.

CORPORATE AND BUSINESS REVIEW

## SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY



### AEON Towards Sustainable Living

AEON is committed to achieve a sustainable society with stakeholders, based on our basic principle of **“Pursuing Peace, Respecting Humanity and Contributing to Local Communities, Centred on Customers.”**

Our focus for environment and society are:

1. **PRESERVATION OF BIODIVERSITY**
2. **EFFICIENT USE OF RESOURCES**
3. **REALISATION OF LOW CARBON SOCIETY**
4. **STAKEHOLDER ENGAGEMENT**
5. **AWARENESS AND EDUCATION**



### Preservation of Biodiversity

AEON continues to collaborate and work closely with various agencies and governmental bodies for its mission on preservation of biodiversity. The creation of a better shelter for the estimated 500 Orang Utans living in North Ulu Segama, Lahad Datu, Sabah, continued to progress well. The Firefly breeding project in Kuala Selangor was also a success, with firefly population multiplying. The Malaysian-Japan Friendship Forest in Paya Indah Wetlands, Dengkil, Selangor had also continued to receive attention and constant monitoring from AEON as a showpiece of AEON's commitment towards environmental and ecology preservation. Under the AEON Hometown Programme, new shopping centres like the AEON Mall Bukit Mertajam and AEON Mall Taiping continued the tradition of tree planting at the shopping centres prior to the openings. The Group also assists and participates in events with similar goals by its affiliates in other ASEAN countries.

In conjunction with the 30th Anniversary celebrations, 1,000 participants joined the AEON Forest Tree Diversity Planting Programme in Bidor, Perak on 14 September 2014. 8,000 trees from 30 species were successfully planted and the event was graced by Duli Yang Maha Mulia Sultan Nazrin Shah Muizuddin Ibni Almarhum Sultan Azlan Muhibbuddin Shah Al-Magfurlah, Sultan of Perak Darul Ridzuan and Mr Takuya Okada, the Honorary Chairman of Japan's AEON Environmental Foundation.





## Sustainable Corporate Social Responsibility

### Efficient Use of Resource

As a retailer, AEON continues to promote, encourage and create awareness with its customers on the need for efficient use of resources via its 3R programme especially to lessen the use of plastic bags and to encourage customers to opt for environmentally friendly reusable shopping bags.



### Realisation of Low Carbon Society

In an effort to promote environmental preservation, AEON has launched some initiatives in its shopping centres by creating awareness and drawing customers to its green corners and also encouraging recycling activities by placing recycling bins in its malls. Besides that, AEON has also worked with selected schools by installing solar panels to raise awareness and educating school children on the need for environmental protection.

Community event such as “Healthy Living at Taman Tasik Country Homes” were also organised to raise awareness about preserving nature through tree planting and recycling.





## Sustainable Corporate Social Responsibility



### Stakeholder Engagement

As part of its philosophy, AEON continues to engage its surrounding communities in which it operates. AEON works with ANSARA (Persatuan Bekas Pelajar MRSM) annually on the Pre-Ramadhan Blood Donation Campaign and has also supported the government's initiative, TUKAR Project, to assist small retailing entrepreneurs.

Together with the Japan International Cooperation Agency (JICA), AEON had also hosted a special exhibition during the year. Apart from that, AEON had also organised activities with a Japanese cultural show in conjunction with the International Day of Persons with Disabilities (PWD).



### Awareness and Education

In an effort to educate the young, AEON through its AEON Malaysia Cheers Club (AMCC) had also organised eco trips for its members, both overseas and locally to instil in them a sense of love for the environment and also the importance of preserving nature for future generations.

During the year, AEON together with approximately 800 participants from all walks of life including the young children from the AMCC took part in a coastal clean-up exercise in eight selected locations throughout the country under its "Pantai Ku Indah" programme. This was in conjunction with Earth Day.



CORPORATE AND BUSINESS REVIEW

## MALAYSIAN AEON FOUNDATION



**‘With All Our Hearts’** Malaysian AEON Foundation (MAF) is the charity arm of which AEON CO. (M) BHD., AEON Credit Service (M) BERHAD, AEON Big (M) Sdn. Bhd. and its business partners play major roles in running all of its main 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 more than 10 years and benefits many Malaysian in need especially children. AEON is the first and the only retailer that has its own charity foundation in Malaysia.

To date, the MAF has contributed more than **RM7 million** for worthy causes in line with its mission.

### OUR MISSION

- To be continuously involved in fundraising activities and events for the benefit of all Malaysians; irrespective of race, religion and creed with special focus on the needs of 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 away 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 can live fuller and more meaningful lives.

#### BRANDING

- Tea Talk Series
- Newsletter
- Social Media

#### DONATION to

- Individual
- Charitable Organisation
- Education (Support)

#### SOCIAL EVENT

- Festive Event
- School Holiday Event
- Charity Event

#### FUNDRAISING

- Charity Donation Box
- Charity Gala Dinner
- Charity Bazaar
- Collaboration with AEON business partners
- Emergency Donation Drive



## CORPORATE AND BUSINESS REVIEW

## Malaysian AEON Foundation

### DONATION

#### BEST PROJECT (BASIC EDUCATION SUPPORT)

The BEST Project is the Foundation's biggest donation project in the field of education. The project started in 2012 with three schools in Sarawak and continued with three Orang Asli schools in the following year at Perak. The objective was to provide and create conducive learning environment for these children. In 2014, the project was further extended to four schools at rural areas of Kelantan. A total of RM320,000 was used to assist the schools.



#### LAUNCH OF ONLINE DONATION & MEGA CHARITY 'BACK TO SCHOOL'

In an effort to make donation convenient and easy for donors to the Foundation, the Malaysian AEON Foundation has made available its donation drive channel online through [edonation.aeonretail.com.my](http://edonation.aeonretail.com.my) where the public can contribute and pledge their support. It was launched during the Ministry of Domestic Trade, Cooperatives and Consumerism's (MDTCC) 'Back To School' campaign at AEON AU2 Setiawangsa Shopping Centre on 2 December 2014.

At the same event, the Foundation had also invited 500 underprivileged children to shop for their school essentials at selected AEON stores and AEON BiG outlets.



## Malaysian AEON Foundation



### HUMANITARIAN EFFORTS (Donation to Gaza War Victims)

The Foundation collected, nationwide, a total of RM150,000 in August 2014 from customers, business partners and associate companies of AEON during the campaign drive for the Gaza War victims. The donation was handed over to Mercy Malaysia on 6 November 2014.



### HUMANITARIAN EFFORTS (Flood Relief Efforts)

During the flood tragedies that ravaged the East Coast states in Malaysia, the Malaysian AEON Foundation in collaboration with various local associations and business associates had taken immediate actions to provide and disburse about RM350,000 worth of aid such as food, daily use items and school necessities to those in need in the affected areas.

On 28 December 2014, donations worth RM100,000 to Kelantan and Terengganu flood victims were successfully delivered via air with assistance from the Royal Malaysian Air Force. Items donated to the victims included, amongst others, pillows, bath towels, diapers, mineral water and instant noodles.



On 6 January 2015, the Foundation donated RM5,000 of daily items such as rice, cooking oil and mineral water to affected families in Kampung Manong, Kuala Kangsar, Perak. The donation was handed over by volunteer staffs from AEON stores of Ipoh Station 18, Seri Manjung and Taiping and was witnessed by the Menteri Besar of Perak, Y.A.B. Dato' Seri DiRaja Dr. Zambray bin Abdul Kadir.

On 10 January 2015, school uniforms worth RM200,000 (for secondary and primary school children) were donated to flood victims in Kelantan and Pahang via the Education Department of Kelantan.





## CORPORATE AND BUSINESS REVIEW

## Malaysian AEON Foundation

### FESTIVE CELEBRATIONS

#### CHINESE NEW YEAR

**25 January 2014** – The Foundation visited the occupants of House of Megaways and Sikamat Old Folks, in Seremban, Negeri Sembilan. The residents of these homes received daily necessities such as adult diapers, hygiene products and food. Besides these necessities, they also received New Year goodies and angpows.

#### SINAR KASIH RAMADAN

**14 July 2014** – The Foundation organised gotong-royong activities to repair three homes in the area of Kuala Pilah, Negeri Sembilan before breaking fast with about 120 underprivileged families. These families also received Duit Raya and daily necessities from the Foundation.

#### DEEPAVALI

**24 October 2014** – At AEON Bandaraya Melaka, the Foundation brought cheers to 25 children with a shopping trip to the store for new clothes. This excursion was followed by lunch before ending with fun time at Molly Fantasy. Daily necessities for the children's homes such as cooking oil, toiletries and milk were also given.

#### CHRISTMAS

**15 December 2014** – The Foundation organised a shopping trip for 40 children from Rumah Keluarga Kami, Kajang to shop for their new clothes and Christmas gifts at AEON @ Quill City Mall. The home also received RM5,000 worth of donation in kind.



### FUND RAISING ACTIVITY

The annual Malaysian AEON Foundation Charity Gala Dinner fundraising activity was held at the One World Hotel on 21 May 2014 and it was theme "A Celebration of Hearts". 2014 marks the Foundation's 10th year anniversary.

Before the event, the Foundation along with its business associates such as Sangla Foods Sdn. Bhd., VOIR Group Holdings and KMT Trading Sdn. Bhd. came together for charity by offering selected products to customers and channelling a portion of the sales proceeds to the Foundation.

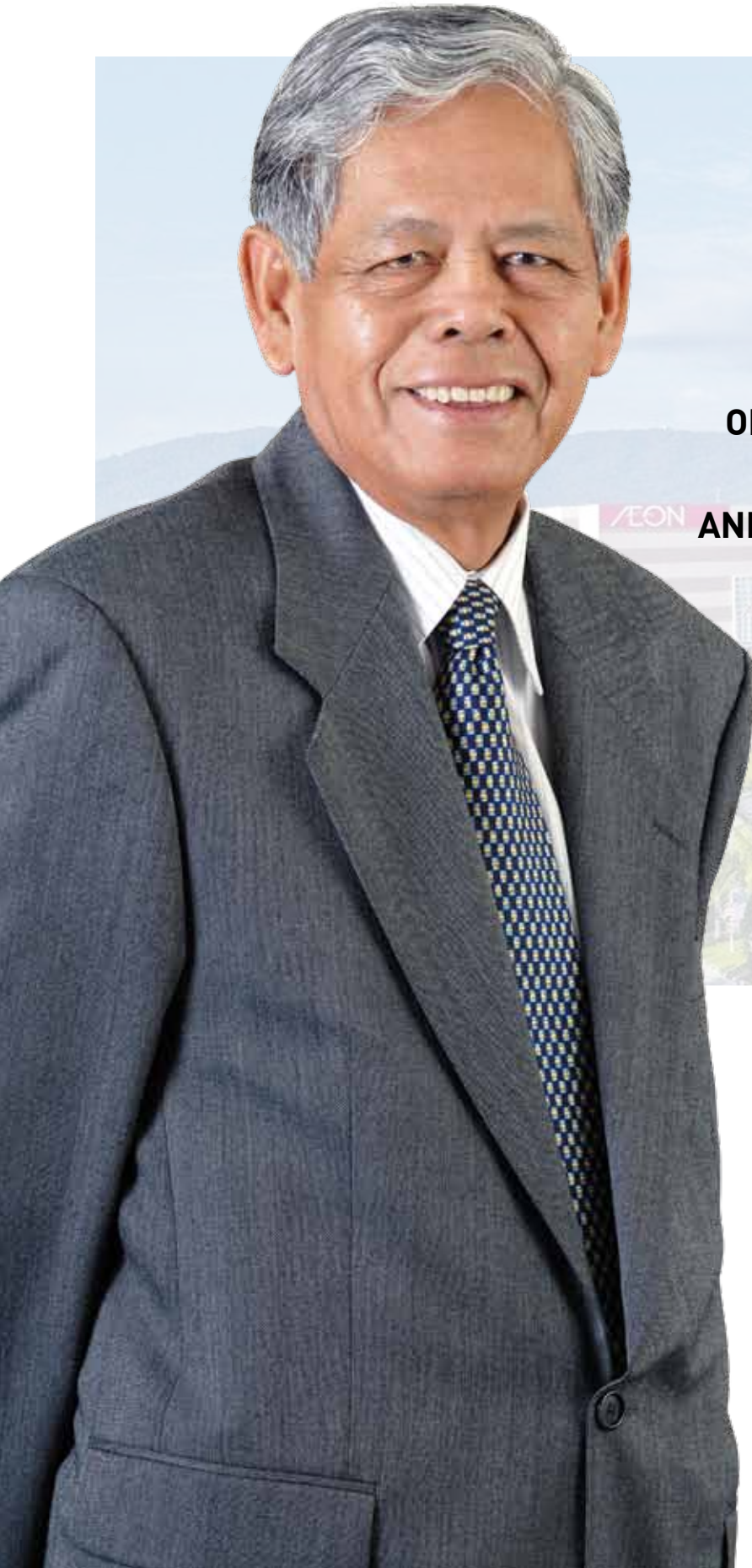
#### COMMUNITY

The Foundation also actively contributes to schools, welfare organisations, individuals and orphanage homes for education, medical assistance and improving daily life, in line with the objectives of the Foundation.



CORPORATE AND BUSINESS REVIEW

## 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 GROUP") FOR  
THE YEAR ENDED  
31 DECEMBER 2014.**

**Dato' Abdullah bin Mohd Yusof**  
Chairman

### **FINANCIAL REVIEW**

Despite the challenging business environment, AEON's business continued to record growth with creditable results for the year under review. For the financial year ended 31 December 2014, the Group registered a revenue of RM3.705 billion which is 5.4% higher compared to RM3.514 billion recorded in the previous financial year. However, the impact from softer retail market, increasing cost of doing business, new store openings and 30th Anniversary activities resulted in AEON recording a slightly lower profit before tax of RM301.3 million and profit after tax of RM211.9 million for the year under review, representing 9.2% and 8.3% lower respectively over the previous year's performance. The profit for the year under review included a gain of RM14.2 million from the disposal of 18.18%



## Chairman's Statement



undivided share of the land and building for one of the Group's shopping centres.

During the year under review, the Group undertook and completed the bonus issue of new shares on the basis of one bonus share for every one existing ordinary share held and the subsequent subdivision of every ordinary share of RM1.00 each into two ordinary shares of RM0.50 each. The present paid-up capital of the Company stood at RM702.0 million consisting of 1,404 million ordinary shares of RM0.50 each.

AEON's financial position as at 31 December 2014 remains healthy with only a short term borrowings of RM136

million and shareholders' funds totalling RM1.783 billion which provides a net assets per share of RM1.26 (2013: RM1.17 restated for comparative purpose). Earnings per share, however, dropped slightly at 15.15 sen (2013: 16.45 sen – restated for comparative purpose)

### REVIEW OF PERFORMANCE

Year 2014 had proved to be a challenging year for the retail industry as consumer sentiments turned cautious on the back of rising cost of living due to, among others, subsidy removal rationalisation and increase in costs of utilities, products and services which impacted household income. The retail industry remains soft for the year, in particular for discretionary purchases which had also resulted in heavy competition during the year as retailers jostled for the consumers' spending.

AEON's efforts and responses to such challenging business environment, including leveraging on its 30th Anniversary year celebrations and promotions, had seen the Group continuing to achieve growth in its core businesses. For the year under review, retailing contributed RM3.193 billion and the property management services contributed RM512.3 million which respectively represented growth of 5.0% and 8.4% against their previous year's results.

For its retailing business, the overall growth was mainly driven by new store openings and the generally better performance from some of the existing stores. During the year, while closing its store in Seberang Prai City, the Group had also opened three new General Merchandise Store in Bukit Mertajam, Taiping and in downtown Kuala Lumpur. Its store in Kulaijaya which were opened in previous year also operated for a full year in the year under review. Though some of the existing stores undertook refurbishments during the year, the overall performance remains commendable with same store growth of 1.9%.

The Group's property management services revenue at RM512.3 million registered a healthy growth of 8.4% over the previous year with a same scale performance of 3.5%. The overall better performance was primarily due to contributions from its new shopping malls as well as higher rental rates and sales commission achieved as a result of tenants revamp in some of its existing shopping malls. The property management services revenue also enjoyed full year contribution from its AEON Mall Kulaijaya which opened in November 2013.

To complement consumers' modern lifestyles with quality home furnishings, the Group had also opened its first home furnishing and decorative retail store, Index Living Mall, through its subsidiary, AEON Index Living Sdn. Bhd., which is a joint venture arrangement with its Thailand's partner. The Group had also continued to expand its other specialty retail business, among others, in pharmacy, electrical and flat price shops with opening of more outlets. Both the home furnishing specialty store and the other specialty shop outlets contributed marginally to the Group's overall revenue for the year under review.



### SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

The Group remains active in its corporate social responsibilities and activities in line with AEON basic principles of pursuing peace, humanity and contributing to local communities, all of which centered on customers.



## Chairman's Statement



Thus, in conjunction with its 30th Anniversary, on 14 September 2014, the Group for its part in preservation of biodiversity had organised a mega tree planting event themed “Forest Tree Diversity Planting” on an ex-mining land in Bidor, Perak. The event was graced by Duli Yang Maha Mulia Sultan Nazrin Shah Muizuddin Ibni Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah, Sultan Negeri Perak. The objective of the mega tree planting in the Bidor locality was rehabilitation and reforestation of the area for selected species of trees and wildlife to flourish. More than 1,000 participants comprising AEON staff, business associates, students, local residents, government representatives and volunteers from Japan took part in this activity.

The Group carried out community projects with the surrounding communities in which it operates including the tradition of tree planting at its new malls in Bukit Mertajam and Taiping.

The Group continuously pursues the objectives of creating and promoting awareness amongst its shoppers on environmental protection through its active “3R” promotions and educational campaigns, focusing on areas such as reduction in the use of plastic bags and increasing use in recycling and reusable materials.



The Group's charity foundation, Malaysian AEON Foundation had also been active in raising funds and providing assistance to benefit all Malaysians especially children. During the year, as part of its efforts to improve learning environment in schools, Malaysian AEON Foundation through its Basic Education Support (BEST) project provided financial assistance to four schools in Tanah Merah, Jeli and Pasir Mas, Kelantan.

During the recent unfortunate flood disaster in East Coast Malaysia, besides organising donation campaign at its stores, the Group through Malaysian AEON Foundation also donated about RM350,000 worth of food and non-food items including medicine, groceries, blankets and toiletries to the affected residents in East Coast.

### FUTURE PROSPECTS AND OUTLOOK

With the prevailing global economic conditions, weakening of Ringgit as well as the implementation of the Goods and Services Tax (“GST”) in 2015, consumers' sentiment is expected to remain soft with cautious spending in the light of the higher cost of living. Consumers are expected to be more price sensitive and will shop for the best values in town. On top of the change and shift in consumers' behaviour, competition is expected to be keener, especially with the presence of foreign retailers and further addition of retail floor space.

Despite moving into a new era of consumer spending with the implementation of GST, AEON remains positive on its prospects and is confident that with the current steady employment and income as well as the

## CORPORATE AND BUSINESS REVIEW

## Chairman's Statement



continuous support and initiatives by the government to lighten the burden on consumers through ongoing efforts such as price reduction campaigns, consumer sentiments will remain positive. On its part, AEON supports and participates in such initiatives by the government and other ongoing efforts to benefit the consumers.

The Group continues to leverage on its competitive strengths to provide shopping experience in its stores and malls through its amenities, services, valued merchandise and promotion activities to suit changing lifestyles. To further renew this commitment, on 11 April 2015, AEON rebranded its selected shopping centres to their new name as AEON Mall. AEON is also now focusing on the opening of two shopping malls with General Merchandise Store by end of 2015, at Klebang, Perak and Shah Alam, Selangor. The Group continues to carry out timely refurbishments to upgrade selected stores and shopping centres and had also announced the purchase of land in Batu Pahat, Johor and Senawang, Negeri Sembilan for its future expansion, so that they could remain competitive and to continuously provide refreshing shopping experience to customers.

The Group will be opening its second Index Living Mall outlet in its upcoming mall in Shah Alam. On its other specialty shop businesses, though contribution is satisfactory at the moment, more outlets

especially in pharmacy and flat price will be opened in the coming year. With the growing online shopping behaviour, the Group will also be embarking on new online e-commerce business for its selected merchandise.

#### DIVIDEND

The Board of Directors is pleased to recommend for your approval a first and final single tier dividend of 5.0 sen per ordinary share for the year ended 31 December 2014 at the forthcoming Annual General Meeting.

#### ACKNOWLEDGEMENT

On 22 April 2015, the Group bid farewell to its Non-Independent Non-Executive Vice Chairman and former Managing Director, Mr. Nagahisa Oyama, who resigned from the Board to take up a new position as the Vice President and Chief Representative of Vietnam, AEON Co. Ltd. During his tenure as Managing Director, Mr. Nagahisa Oyama was responsible for the aggressive expansion embarked by AEON. On behalf of the Board, I would like to wish Mr. Nagahisa Oyama the best for his new undertakings and to thank Mr. Nagahisa Oyama for his able stewardship and contributions to strengthen AEON's position as a leading retailer in Malaysia.

I would also like to take this opportunity to welcome our newly appointed Non-Independent Non-Executive Vice

Chairman, Mr Shinobu Washizawa who came on Board on 22 April 2015. Mr Shinobu Washizawa, with his expertise and wealth of experience in retailing, will be able to provide guidance and leadership which will add further strength to the Board.

Mr Naoki Hayashi, the Non-Independent Non-Executive Director will be retiring this forthcoming Annual General Meeting and he has indicated that he is not seeking for re-election. I would like to record our appreciation and gratitude for his enormous contributions to the success of the Company.

On behalf of the Board, I also wish to thank the management and staff for their invaluable contributions, efforts, commitment, loyalty and hard work in taking AEON through another challenging year. 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

CORPORATE AND BUSINESS REVIEW

## BOARD OF DIRECTORS



- 
- 1. DATO' ABDULLAH BIN MOHD YUSOF**  
Independent Non-Executive Chairman
  - 2. SHINOBU WASHIZAWA**  
Non-Independent Non-Executive Vice Chairman
  - 3. NUR QAMARINA CHEW BINTI ABDULLAH**  
Managing Director
  - 4. POH YING LOO**  
Executive Director



## CORPORATE AND BUSINESS REVIEW

## Board of Directors



- 
5. **NAOKI HAYASHI**  
Non-Independent Non-Executive Director
  6. **MITSURU NAKATA**  
Non-Independent Non-Executive Director
  7. **DATUK SYED AHMAD HELMY BIN SYED AHMAD**  
Independent Non-Executive Director
  8. **DATO' TUNKU PUTRA BADLISHAH IBNI TUNKU ANNUAR**  
Independent Non-Executive Director
  9. **ABDUL RAHIM BIN ABDUL HAMID**  
Independent Non-Executive Director
  10. **CHARLES TSENG @ CHARLES TSENG CHIA CHUN**  
Independent Non-Executive Director

## BOARD OF DIRECTORS' PROFILES

### Dato' Abdullah bin Mohd Yusof

Independent Non-Executive Chairman Malaysian 76

**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 holds a Bachelor of Law (Honours) from University of Singapore, which he obtained in 1968. He has more than forty five (45) years of experience as an Advocate & Solicitor. Dato' Abdullah 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 sits on the Board of Directors of MMC Corporation Berhad, Zelan Berhad and AEON Credit Service (M) Berhad, all of which are companies listed on Bursa Malaysia Securities Berhad. He also sits on the Board of Directors of THR Hotel (Selangor) Bhd and several private limited companies.

Dato' Abdullah is a member of the Nomination Committee and Remuneration Committee of the Board.

Dato' Abdullah has attended all the four (4) Board Meetings held in the financial year.

### Shinobu Washizawa

Non-Independent Non-Executive Vice Chairman Japanese 59

**Mr Shinobu Washizawa** was appointed as the Non-Independent Non-Executive Vice Chairman of AEON CO. (M) BHD. on 22 April 2015.

Mr Washizawa holds a Bachelor Degree in The Department of Commercial Science from Hiroshima Shudo University, Japan. He joined AEON Co., Ltd in July 1980 as Foodline Manager. In 1985, he was seconded to AEON CO. (M) BHD. as Foodline Manager until 1990, he returned to Japan as General Manager, Operations at Shinshu JUSCO Co., Ltd. He was the Store Manager of Jusco Yamato in July 1999. In April 2001, he was seconded to AEON Stores (Hong Kong) Co., Ltd. as the Director and General Manager of Merchandising. In May 2003, Mr Washizawa was the Store Manager of Fujinomiya store and then in March 2005, he was the Store Manager of Dainichi store. In July 2007, Mr Washizawa was promoted as the General Manager of Shikoku region in AEON Co., Ltd. He was the Project Leader of Next Generation GMS policy in July 2010 and subsequently in March 2011, he was seconded to Cambodia as the Project Leader in charge of the overall planning, opening and operations of a new AEON store in Cambodia. He was appointed as the Managing Director of AEON Cambodia Co., Ltd in August 2012. Mr Washizawa is now the Managing Director of AEON Asia Sdn. Bhd..

Mr Washizawa is appointed as the Chairman of the Nomination Committee and Remuneration Committee of the Board on 22 April 2015.

He has not attended any Board Meetings during his term in office.



## Board of Directors' Profiles

### Nur Qamarina Chew binti Abdullah

Managing Director Malaysian 54

**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 holds a Master Degree in Business Administration (Entrepreneurship). She 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. She was promoted to Senior Manager in 2001 and then General Manager in 2002 to head the Store Operations Division.

In 2006, she 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 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 has attended all the four (4) Board Meetings held in the financial year.

### Poh Ying Loo

Executive Director Malaysian 53

**Mr Poh Ying Loo** was appointed as the Executive Director of AEON CO. (M) BHD. on 26 May 2011.

Mr Poh is a Fellow member of the Chartered Institute of Management Accountants and a member of Malaysian Institute of Accountants. He 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. He joined CPC/AJI (M) Sdn Bhd as Assistant Accountant and was the Senior Accountant in June 1996. Mr Poh joined AEON CO. (M) BHD. on July 1996 as the Finance Manager and then promoted as the Financial Controller in 2002. He 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 is currently in charge of the Corporate Finance, Investor Relations, Administration, IT & SCM Division.

Mr Poh has attended all the four (4) Board Meetings held in the financial year.

## Board of Directors' Profiles

### Naoki Hayashi

Non-Independent Non-Executive Director Japanese 67

**Mr Naoki Hayashi** was appointed as the Non-Independent Non-Executive Director of AEON CO. (M) BHD. on 13 August 2009.

Mr Hayashi holds a Bachelor Degree in Economics from Keio University, Japan. He joined AEON Co., Ltd. in March 1970 and promoted to General Manager, Executive Secretary Office in March 1987. In September 1990, he assumed the post of General Manager, General Affair Division and subsequently transferred to be the General Manager in charge of Kanto Regional Operations. He was promoted as Director of AEON Co., Ltd. in May 1996 and then in February 1997 as Director for Kanto Regional Company. Mr 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, he 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 Hayashi is now a Director, Vice President, Office of the President, Chief Environmental Affairs Office of AEON Co., Ltd..

Mr Hayashi has attended all the four (4) Board Meetings held in the financial year.

Mr Hayashi has opted not to seek for re-election as Director and will be retiring upon the conclusion of the Thirtieth Annual General Meeting on 21 May 2015.

### Mitsuru Nakata

Non-Independent Non-Executive Director Japanese 54

**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 Nakata holds a Bachelor Degree in Business Management of Ritsumeikan University. He 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, he was the Division Leader of Kongou store in Osaka Prefecture and in April 1991, as the Store Manager of Takami store. He was the Foodline Manager of Katabiranotuji store in Kyoto Prefecture in April 1993 and the Store Manager of Nagayoshi store in April 1996. In April 1998, he was the Store Manager of Fujiidera store in Osaka Prefecture and then in April 2001, the Store Manager of Shinnabari store in Mie Prefecture. He was the Store Manager of Hamamatsu Shitoro in Shizuoka Prefecture in September 2003. He was seconded to AEON CO. (M) BHD. in October 2006 and was the General Manager in charge of Merchandising Division. He was the Senior Executive General Manager, GMS Business Division in 2009. Mr Nakata was appointed as the Executive Director of AEON Big (M) Sdn. Bhd. on 31 October 2012, and promoted as the Managing Director of AEON Big (M) Sdn. Bhd. on 1 April 2014.

Mr Nakata is a member of the Audit and Risk Management Committee of the Board.

Mr Nakata has attended all the four (4) Board Meetings held in the financial year.



## Board of Directors' Profiles

### Datuk Syed Ahmad Helmy bin Syed Ahmad

Independent Non-Executive Director Malaysian 68

**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 holds a Bachelor of Laws (LL.B) Honours from University of Singapore, which he obtained in 1971. He has forty (40) years of experience as legal practitioner and judicial officer in Malaysia and Singapore. Datuk Syed Ahmad Helmy 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. He 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. He retired as a Judge in December 2012 and appointed as the Chairman of Advocates & Solicitors Disciplinary Board.

Datuk Syed Ahmad Helmy is a member of the Nomination Committee and Remuneration Committee of the Board.

Datuk Syed Ahmad Helmy has attended all the four (4) Board Meetings held in the financial year.

### Dato' Tunku Putra Badlishah Ibni Tunku Annuar

Independent Non-Executive Director Malaysian 50

**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 holds a Bachelor of Science (Hons) in Business Administration. He 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, he worked in Sandestin Resort, Florida, United States of America as Manager of Marketing and Development. He 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 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, he is the Managing Director of Putra Ventures Sdn Bhd.

Dato' Tunku has attended all the four (4) Board Meetings held in the financial year.

## Board of Directors' Profiles

### Abdul Rahim bin Abdul Hamid

Independent Non-Executive Director Malaysian 64

**En Abdul Rahim bin Abdul Hamid** was appointed as the Independent Non-Executive Director and Audit and Risk Management Chairman of AEON CO. (M) BHD. on 16 August 2013.

En Abdul Rahim is a Fellow of the Association of Chartered Certified Accountants, Member of the Malaysian Institute of Certified Public Accountants and Member of the Malaysian Institute of Accountants. He started his career in Coopers & Lybrand (previously known as Cooper Brothers & Co.) in 1971. He rose in the firm to eventually become its Chief Executive in 1993. When the firm merged with Price Waterhouse in 1998 to form PricewaterhouseCoopers, he served as its Deputy Executive Chairman until he retired in June 2004. During the span of more than 3 decades in the firm, he was involved in audit, management consultancy and insolvency practice covering multiple industries including retail and manufacturing, construction, plantation, entertainment and banking in both public and private sectors. He was also appointed to the Council of the Malaysian Institute of Accountants ("MIA") and his election by the Council to hold office as President. In the education sector, he is an Adjunct Professor of Accountancy at Universiti Malaysia Terengganu; a member of the Senate at Open University Malaysia; a member of Advisory Panel at Universiti Kebangsaan Malaysia and Universiti Putra Malaysia and Industry Adviser at Universiti Tunku Abdul Rahman. He served as President of the MIA (2005-2007 and 2009-2011) and as President of the ASEAN Federation of Accountants from 2010 to 2011.

En Abdul Rahim sits on the Board of Directors of MIDF Amanah Asset Management Berhad, Malaysia Debt Ventures Berhad, Petra Energy Berhad, Malaysian Venture Capital Management Berhad, Encorp Berhad and Ire-Text Corporation Berhad.

En Abdul Rahim is also a member of the Remuneration Committee of the Board.

En Abdul Rahim has attended three (3) Board Meetings held in the financial year.

### Charles Tseng @ Charles Tseng Chia Chun

Independent Non-Executive Director Malaysian 64

**Mr Charles Tseng** was appointed as the Independent Non-Executive Director and Audit and Risk Management Member of AEON CO. (M) BHD. on 16 August 2013.

Mr Charles Tseng holds a Master of Business Administration from The Wharton School, University of Pennsylvania, United States of America and First Class Honors' Degree in Engineering from the University of Melbourne in Australia. He began his career with the Ford Motor Company as a manufacturing engineer in Australia and subsequently held other manufacturing and marketing positions with Ford in Asia including marketing director, Malaysia. He was with Cold Storage, a leading food and retail company in Southeast Asia, where he was appointed Group General Manager in Malaysia. He was with another global search firm, where he was senior partner for East Asia and a member of its board of directors practice group. Presently, Mr Charles Tseng is President, Asia Pacific for Korn Ferry International. Based in Shanghai, he oversees 17 offices in a region encompassing Greater China, India, ASEAN, Australasia, Japan and Korea. He is also a member of the Firm's Global Operating Committee. He was voted by Business Week in 2008 as one of the 50 most influential search consultants in the world. He is the Chairman of the Wharton Executive Board for Asia and a fellow member of the Singapore Institute of Directors. He also serves on the Advisory Board of the Centre for Strategic Leadership at the National University of Singapore Business School.

Mr Charles Tseng is also a member of the Nomination Committee of the Board.

Mr Charles Tseng has attended all the four (4) Board Meetings held in the financial year.



CORPORATE AND BUSINESS REVIEW

## SENIOR MANAGEMENT



(Seating from left to right)

1. **Ms Audrey Lim Suan Imm**  
General Manager of Merchandising
2. **Ms Etsuko Eto**  
General Manager of Human Resource
3. **Mr Kenichi Suenami**  
Senior General Manager of Shopping Centre Business
4. **Ms Nur Qamarina Chew binti Abdullah**  
Managing Director
5. **Mr Poh Ying Loo**  
Executive Director
6. **Mr Hiroyuki Kotera**  
Senior General Manager of General Merchandise Store Business
7. **Ms Joanne Liew Wei Woon**  
General Manager of Shopping Centre Leasing & Marketing
8. **Ms Lee Siew Tee**  
General Manager of Finance

(Standing from left to right)

1. **Mr Kenji Hiramatsu**  
General Manager of Information Technology & Supply Chain Management
2. **Mr Hiroyoshi Ekinaga**  
General Manager of New Business Development 1
3. **Mr Vincent Ng Wei Chyun**  
General Manager of Legal
4. **Mr Keisuke Matsuda**  
Shopping Centre Management Task Force Leader (Project Leader) – SC Business
5. **Mr Toshihiro Ozawa**  
MaxValu Project Leader
6. **Mr Yoshihiro Kaya**  
General Manager of Shopping Centre Development, Property Management and Construction
7. **Mr Mathavan Arjunan**  
General Manager of General Merchandise Store Operations
8. **Lt. Col (R) Yaacob bin Mahmud**  
General Manager of Loss, Quality Management & Risk Management
9. **En Ahmad Fazli bin Abu Bakar**  
General Manager of Shopping Centre Operations, Facility, Security, Safety & Housekeeping
10. **Mr Ong Hock Heng**  
General Manager of Store Operations, MaxValu

## REVIEW OF OPERATIONS



**GROUP'S REVENUE OF RM3.705 BILLION FOR THE YEAR UNDER REVIEW REPRESENTED A GROWTH OF 5.4% OVER ITS PREVIOUS YEAR'S PERFORMANCE.**

### REVIEW OF OPERATIONS

AEON continuous quest to enhance shopping experience for its shoppers saw it themed, the year under review which was its 30th Anniversary celebrations as "A New Beginning with You" in which AEON celebrated with yearlong activities to express gratitude to its loyal customers especially AEON members, business partners, shareholders and local community. The 30th Anniversary marked the start of a new chapter in the Group's history in Malaysia, a commemoration of its past successes and a promise to continue enriching customers' lives with new and innovative ideas to enhance their shopping experience.

### OVERVIEW

Amidst the challenging market environment faced during the year, the Group achieved total revenue of RM3.705 billion for the year under review which represented a growth of 5.4% over its previous year's performance. Retailing business contributed RM3.193 billion and property management services contributed RM512.3 million.

### RETAILING

2014 had been a challenging year for the retail industry despite the economy showing continuous GDP growth. Consumer sentiment was cautious for the year as they grappled with the higher cost of living, caused in part, by the subsidy rationalisation measures and the impending implementation of GST even though employment remains stable. AEON's retailing businesses, just like other retailers, are also not immune to such impact on consumers' household income and consumption trend.

In spite of these challenges, the Group's revenue from retail business segment grew by 5.0% to RM3.193 billion. The growth was mainly driven by the overall better performance from some of its existing stores and contributions from new stores openings. Same stores registered a growth of 1.9%. The Group also took the opportunity to leverage on its 30th Anniversary celebrations for increasing its retailing business through innovative and exclusive merchandise promotions activities.

Though the softer retail market impacted the stores performances, the individual performance of the stores themselves had been mixed, characterised by local operating conditions and refurbishments during the year.

During the year under review, to cater for changing consumer demands and to counter competition, several AEON stores such as Wangsa Maju, Bandar Sunway, Metro Prima, Bandar Puchong, Ipoh Kinta City, Bandar Baru Klang and Melaka undertook refurbishments, either in their general merchandise area or supermarket.

AEON closed its Seberang Prai City store on 30 May 2014 and commenced its business at AEON Bukit Mertajam store on 4 June 2014. On 16 October 2014, AEON opened a new store as an anchor tenant in Quill City Mall, a downtown



## CORPORATE AND BUSINESS REVIEW

## Review of Operations



shopping centre in Kuala Lumpur. On 14 November 2014, AEON opened its store at AEON Mall Taiping. These new stores together with AEON Mall Kulajaya which opened in November 2013 and operated for a full year in 2014 had contributed a total retail sales of RM122.2 million for the year.

AEON stores which have achieved double-digit growth ranging from 12% to 18% for the year under review were Bukit Indah store, Rawang store and Seri Manjung store, mainly due to the growing number of customers and loyalty members' base and the benefits they derived from the increased and completion of the surrounding housing developments within its vicinity.

AEON stores in Queensbay and Ipoh Station 18 enjoyed growth of 9.1% and 9.0% respectively whereas Bandar Baru Klang, Permas Jaya, Bandar Sunway, Bandaraya Melaka and Mahkota Cheras also enjoyed commendable performances ranging from 3.8% to 5.8%. Other AEON stores in Melaka, Bandar Utama, Tebrau City, Bukit Tinggi and Taman Equine recorded growth

ranging from 0.2% to 2.6% against their previous year's performances as a result of the infrastructure development and competition around the stores.

However, AEON stores in Wangsa Maju, Ipoh, Bandar Puchong and Metro Prima, which had either their supermarket, food court or general merchandise department undergone refurbishments during the year, registered lower performance ranging from 0.17% to 4.4% against their previous year's revenue. AEON stores in Taman Maluri, Mid Valley and Cheras Selatan recorded lower revenue performances ranging from 0.8% to 2.8% against their previous year's results mainly due to the stiff competition nearby. AEON stores in AU2, Taman

Universiti and Seremban 2 also recorded lower performances ranging from 0.9% to 3.8% due to ongoing renovation in their respective shopping centres.

For the new retail business categories that the Group had embarked on since 2012, such as AEON Wellness pharmacy shops, DAISO lifestyle household products stores and Mister Donut



## Review of Operations



shops, they contributed a combined revenue of RM103.6 million for the year under review. MaxValu supermarkets registered a total revenue of RM43.2 million, an increase of 3.6% as compared to the previous financial year. MaxValu Kota Kemuning closed its operations on 31 March 2014 for subsequent relocation to MaxValu Gamuda Walk on 17 December 2014.

### PROPERTY MANAGEMENT SERVICES

In the highly competitive property management services business, though the Group faced tough challenges in maintaining occupancy rates and competition with new retail space, the Group's expertise in the management of shopping centres had enabled its property management services business to remain steady and sustainable with



an average occupancy rate of 94.1% during the year.

With emphasis on customers first, AEON strived to ensure its shopping centres are always well-maintained and filled with activities to maintain their competitiveness and attractiveness to shoppers and tenants alike. These includes constant refurbishments of its shopping centres, tenant mix and zoning review and making efforts to improve operational efficiency in areas such as prayers and washroom facilities so as to provide pleasantly unique AEON shopping experience for shoppers.

The Group's property management services business recorded a revenue of RM512.3 million for the financial year ended 31 December 2014, representing an increase of 8.4% over the previous financial year. On the same shopping centres basis, the revenue growth was 3.5%.

The increase in the property management services income was primarily due to the contributions from its newly opened shopping centres during the year. AEON Mall Bukit Mertajam and AEON Mall Taiping commenced operations on 4 June 2014 and 14 November 2014 respectively; whereas AEON Mall Kulajaya which opened on 27 November 2013 and operated for a full year in 2014 also contributed to the growth. With the opening of AEON Mall Bukit Mertajam and AEON Mall Taiping and the closure

of AEON Seberang Prai City Shopping Centre's property management services on 16 April 2014, AEON now manages a total of 23 shopping centres.

### PROSPECTS AND OUTLOOK



As in 2014, Malaysia's economy outlook in 2015 is expected to be challenging as well. Domestic demand will still be a major economic driver though it is expected to be moderately lower in the wake of dampened consumer sentiment as a result of the higher cost of living, weakening Ringgit and the implementation of the GST in April 2015.

Even though income growth and employment market conditions are expected to remain stable, the uncertainties are likely to weigh heavily on consumer sentiment and spending which are likely to be cautious as the purchasing power reduced. Thus, the short term outlook for retail industry remains very challenging with the increased competition and cautious spending. Retailers, who are already facing rising costs of doing business, will be confronted with these challenges



## CORPORATE AND BUSINESS REVIEW

## Review of Operations



in their efforts to maintain retail sales growth momentum in 2015, and are expected to resort to various innovative and aggressive promotion mechanics to provide differentiation for their products and services.

AEON remains confident that it has the capacity to pursue the growth strategy on its core businesses and to sustain the momentum going forward despite the challenging economic and industry environment. The Group will leverage on its competitive strengths to deliver quality products and services and provide differentiation in its shopping centres for customers' better shopping experience. The Group will undertake to refurbish selected stores for a refreshing look with better merchandise assortment and to further pursue expansions on its merchandise categories of pharmacy, flat price, doughnuts and electrical shops with the expected opening of more outlets.

In the light of the growing e-commerce business, the Group has embarked on an e-commerce initiative to complement its brick and mortar business, and is expected to start this business in second half 2015.

The Company's subsidiary AEON Index Living Sdn. Bhd. will also open its second Index Living Mall outlet by end of 2015 in the Group's new mall in Shah Alam. The Group is confident that the

business would strengthen its shopping mall's competitiveness.

On its property management businesses, revenues and earnings are expected to remain steady and consistent despite the competitive environment and the continuous addition of new retail space. Besides ensuring right tenant mix, proper amenities and customer services, AEON constantly seeks to differentiate itself from competition through innovative strategies. Thus, in a rebranding exercise, on 11 April 2015, selected AEON shopping centres were rebranded to AEON MALL, with the aim of providing a wholesome unique shopping experience for shoppers through better merchandise offerings and services.

In conjunction with the branding exercise at its malls, AEON also introduced the

tagline "DO MALL" at its shopping malls which will focus on creating many "DO MORE" activities and events that will allow the Group to further strengthen its engagement with customers, tenants and communities.

In 2015, the Group is expected to open two new AEON Mall at Klebang, Perak and Shah Alam, Selangor respectively. The Group had also announced on the purchase of land in Batu Pahat, Johor and Senawang, Negeri Sembilan for its future expansion.





## CORPORATE GOVERNANCE

## 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 2014 and any non-observation of the Recommendations of MCCG 2012, including the reasons thereof, has been included in this Statement.

### 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:

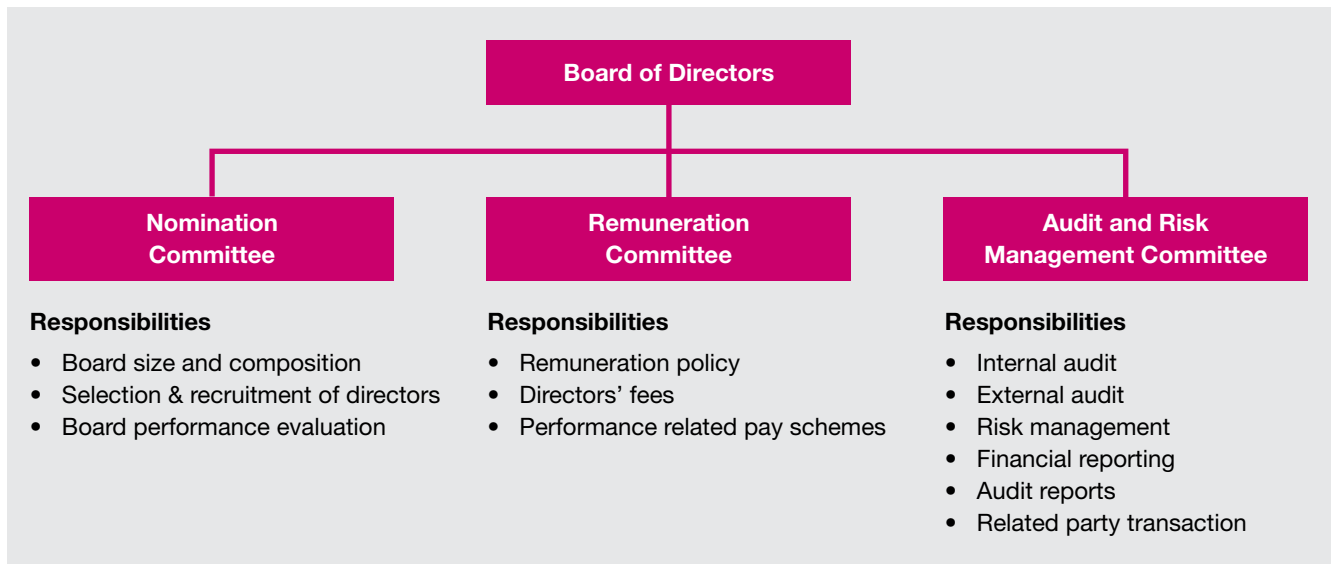
- reviewing and adopting the overall corporate strategy, plans and directions for the Company including its sustainability;
- overseeing and evaluating the conduct of business of the Company;
- identifying principal risks and ensuring implementation of a proper risk management system to manage such risks;
- 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.

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](http://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 13 to 19 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. En. Abdul Rahim bin Abdul Hamid 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 fulfills a pivotal role in providing unbiased and independent views, advice 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 26 to 30 of this Annual Report.



## Statement on Corporate Governance

### 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:

Name	Designation
Shinobu Washizawa (Appointed on 22 April 2015)	Chairman of the Committee (Non-Independent Non-Executive Director)
Dato' Abdullah bin Mohd Yusof	Member (Independent Non-Executive Director)
Datuk Syed Ahmad Helmy bin Syed Ahmad	Member (Independent Non-Executive Director)
Charles Tseng @ Charles Tseng Chia Chun	Member (Independent Non-Executive Director)
Nagahisa Oyama (Resigned on 22 April 2015)	Chairman of the Committee (Non-Independent Non-Executive Director)

Mr Nagahisa Oyama, who was the Chairman of Nomination Committee resigned as Director of the Company on 22 April 2015 and subsequently ceased as the Chairman of Nomination Committee of the Board. Mr Shinobu Washizawa was on 22 April 2015 appointed as the Chairman of Nomination Committee and is able to contribute effectively to the Nomination Committee in view of his wide and vast experience in the retail industry.

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 Nomination 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 has established a formal policy on diversity of the Group by taking consideration on a range of different skills, age, gender, ethnicity, backgrounds and experience represented amongst its Directors, officers and staff as the Board is aware that it is important in ensuring robust decision-making processes with a diversity of viewpoints and the effective governance of the Company.

## Statement on Corporate Governance

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, age, ethnicity, diversity; training courses for Directors and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board. Currently, the Board has one (1) female director on Board - Ms Nur Qamarina Chew binti Abdullah.

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 the 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 had met once to review and assess 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 and the changes to the Board's composition.

### 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"). 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.

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

- Goods and Services Tax Seminars
- Enterprise Risk Management
- Nominating Committee Programme
- Amendments to Listing Requirements of Bursa Malaysia
- The Malaysian Code on Corporate Governance 2012
- 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.

## CORPORATE GOVERNANCE

## Statement on Corporate Governance

The Remuneration Committee consists of the following members:

Name	Designation
Shinobu Washizawa (Appointed on 22 April 2015)	Chairman of the Committee (Non-Independent Non-Executive Director)
Dato' Abdullah bin Mohd Yusof	Member (Independent Non-Executive Director)
Datuk Syed Ahmad Helmy bin Syed Ahmad	Member (Independent Non-Executive Director)
Charles Tseng @ Charles Tseng Chia Chun	Member (Independent Non-Executive Director)
Nagahisa Oyama (Resigned on 22 April 2015)	Chairman of the Committee (Non-Independent Non-Executive Director)

Mr Nagahisa Oyama, who was the Chairman of the Remuneration Committee resigned as Director of the Company on 22 April 2015 and subsequently ceased as the Chairman of Remuneration Committee of the Board. Accordingly, Mr Shinobu Washizawa was appointed as the Chairman of the Remuneration Committee of the Board.

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 of the Managing Director and Executive Director of the Company for Board's approval pursuant to the Terms of Reference of Remuneration Committee. The Non-Executive Directors' fees also has been reviewed and recommended by the Remuneration Committee to the Board for Board to propose 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 was as follows:

- Aggregate remuneration of the Directors categorised into appropriate components:

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	–	1,070
Salaries	1,567	–
Benefits-in-kind	41	45
<b>Total</b>	<b>1,608</b>	<b>1,115</b>



## Statement on Corporate Governance

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

Range of Remuneration	Number of Directors		Total
	Executive	Non-Executive	
Less than RM100,000	–	3	3
RM100,001 – RM150,000	–	3	3
RM250,001 – RM300,000	–	2	2
RM550,001 – RM600,000	1	–	1
RM1,000,001 – RM1,050,000	1	–	1
<b>Total</b>	<b>2</b>	<b>8</b>	<b>10</b>

### 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 is 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 judgement 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.

## CORPORATE GOVERNANCE

## Statement on Corporate Governance

The Board further wishes 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, 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 were set out as follows:

No	Name	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.	Shinobu Washizawa (Appointed as Non-Independent Non-Executive Vice Chairman on 22 April 2015)	N/A
3.	Nur Qamarina Chew binti Abdullah (Managing Director)	4/4
4.	Poh Ying Loo (Executive Director)	4/4
5.	Naoki Hayashi (Non-Independent Non-Executive Director)	4/4
6.	Mitsuru Nakata (Non-Independent Non-Executive Director)	4/4
7.	Datuk Syed Ahmad Helmy bin Syed Ahamd (Independent Non-Executive Director)	4/4
8.	Dato' Tunku Putra Badlishah Ibni Tunku Annuar (Independent Non-Executive Director)	4/4
9.	Abdul Rahim bin Abdul Hamid (Independent Non-Executive Director)	3/4
10.	Charles Tseng @ Charles Tseng Chia Chun (Independent Non-Executive Director)	4/4
11.	Nagahisa Oyama (Resigned as Non-Independent Non-Executive Vice Chairman on 22 April 2015)	3/4

## Statement on Corporate Governance

The Nomination Committee had assessed and recommended the appointment of Mr Shinobu Washizawa as the Non-Independent Non-Executive Vice Chairman.

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 allows a Director to sit on the board of five listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

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 page 40 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 and Risk Management Committee ("ARMC") 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 members of whom majority are Independent and all are Non-Executive Directors, with En. Abdul Rahim bin Abdul Hamid as the ARMC Chairman. The composition of the ARMC, including its roles and responsibilities are set out on pages 46 to 50 under Audit and Risk Management 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's 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 Company's 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.



## Statement on Corporate Governance

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 51 to 52 of this Annual Report.

### **PRINCIPLE 7 – Ensure timely and high quality disclosure**

The Board has formalised a pertinent corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company to the regulators, shareholders and stakeholders not only to comply with the disclosure requirements as stipulated in the MMLR, but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders in compliance with the MMLR of Bursa Securities.

The Board has established a dedicated section for corporate information on the Company's website ([www.aeonretail.com.my](http://www.aeonretail.com.my)) 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 results, 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](http://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-Ninth 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

- Abdul Rahim bin Abdul Hamid
- Charles Tseng @ Charles Tseng Chia Chun
- Mitsuru Nakata

### Designation

Chairman (Independent Non-Executive Director)  
Member (Independent Non-Executive Director)  
Member (Non-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 regards 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 employees 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.

## CORPORATE GOVERNANCE

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board is pleased to present the Audit and Risk Management Committee Report for the financial year ended 31 December 2014.

### COMPOSITION

The Audit and Risk Management Committee comprises the following members:

Name	Designation
Abdul Rahim bin Abdul Hamid	Chairman (Independent Non-Executive Director)
Charles Tseng @ Charles Tseng Chia Chun	Member (Independent Non-Executive Director)
Mitsuru Nakata	Member (Non-Independent Non-Executive Director)

### TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

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

The Board shall review the terms of office and performance of the Audit and Risk Management Committee and each of its members at least once every three (3) years to determine whether the Audit and Risk Management 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 and Risk Management Committee and each of the Audit and Risk Management Committee members.

### MEETINGS

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

Name	Number of meetings attended/held during the member's term in office
Abdul Rahim bin Abdul Hamid – Chairman	4/4
Charles Tseng @ Charles Tseng Chia Chun	4/4
Mitsuru Nakata	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, the Head of Legal and the Senior Finance Manager attended the meetings. The Audit and Risk Management Committee meetings were also attended by other Board members and Senior Management members as and when deemed necessary.

## Audit and Risk Management Committee Report

### SUMMARY OF THE AUDIT AND RISK MANAGEMENT COMMITTEE'S ACTIVITIES DURING THE YEAR UNDER REVIEW

During the year under review, the Audit and Risk Management 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 internal audit findings and management actions taken and 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 Malaysia Securities Berhad ("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 Securities, Securities Commission, Malaysian Accounting Standards Board and other legal and regulatory bodies.
- k. Reviewed the risks identified by Risk Management Working 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.
- m. Engaged an external consultant to work together with the Risk Management Working Committee to review the risk management framework of the Company.

In the financial year under review, the Audit and Risk Management 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 and Risk Management 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 Risk Management Working 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 complied with the Main Market Listing Requirements of Bursa Securities.



CORPORATE GOVERNANCE

## 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 system 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 RM774,712. 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 units' managers submit and present their operational performance reviews as well as business plans and strategic measures in monthly 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 audits the effectiveness and evaluates the proper functioning of the internal control system 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 conditions 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 Risk Management Working Committee has been established 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.

## CORPORATE GOVERNANCE

**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 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 (not being contracts entered into in the ordinary course of business) except as disclosed below and in Notes 25 to the financial statements under "Related Parties" on pages 105 to 107 of this Annual Report.

**NON-AUDIT FEES**

The amount of non-audit fees paid and payable to External Auditors and its affiliates during the financial year ended 31 December 2014 was RM298,000 comprising advisory, review and tax services.

**SHARE BUY-BACK**

There was no share buy-back effected during the financial year ended 31 December 2014.

**OPTIONS OR CONVERTIBLE SECURITIES**

There were no options or convertible securities issued by the Company during the financial year ended 31 December 2014.

**DEPOSITORY RECEIPT PROGRAMME**

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2014.

**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 2014.

**PROFIT GUARANTEE**

There were no profit guarantees during the financial year ended 31 December 2014.

**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 2014.

**RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

At the Twenty-Ninth Annual General Meeting ("AGM") held on Thursday, 15 May 2014, 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 2014 is set out on pages 106 to 107 of the Annual Report and Circular to the shareholders dated 29 April 2015.

**CORPORATE SOCIAL RESPONSIBILITY**

The disclosure on the Corporate Social Responsibility ("CSR") activities or practices undertaken during the financial year ended 31 December 2014 is stated on pages 13 to 19 of the Annual Report.



CORPORATE GOVERNANCE

## 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 Group 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 Group and of the Company as at 31 December 2014, 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 Group 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 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 Group and of the Company to prevent and detect fraud and other irregularities.

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# **FINANCIAL STATEMENTS**

for the year ended 31 December 2014

FINANCIAL STATEMENTS

**DIRECTORS' REPORT**

for the year ended 31 December 2014

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

**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, whilst the principal activity of the subsidiary is as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

**RESULTS**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year attributable to:		
Owners of the Company	212,706	214,216
Non-controlling interests	(829)	–
	<b>211,877</b>	<b>214,216</b>

**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 single tier dividend of 22.00 sen per ordinary share totalling RM77,220,000 in respect of the financial year ended 31 December 2013 on 11 June 2014.

A first and final dividend recommended by the Directors in respect of the financial year ended 31 December 2014 is a single tier dividend of 5.00 sen per ordinary share totalling RM70,200,000 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  
 Poh Ying Loo  
 Naoki Hayashi  
 Mitsuru Nakata  
 Datuk Syed Ahmad Helmy bin Syed Ahmad  
 Dato' Tunku Putra Badlishah Ibni Tunku Annuar  
 Abdul Rahim bin Abdul Hamid  
 Charles Tseng @ Charles Tseng Chia Chun



## FINANCIAL STATEMENTS

**Directors' Report**

for the year ended 31 December 2014

**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 financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares				Balance after bonus issue *
	At 1.1.2014 *	Bought *	Sold *	Bonus issue *	
<b>Shareholdings in which Directors have direct interest</b>					
Interest of Dato' Abdullah bin Mohd Yusof in:					
AEON CO. (M) BHD.	526,000	–	(6,000)	520,000	1,040,000
AEON Credit Service (M) Berhad***	260,180	–	–	–	260,180
Interest of Nagahisa Oyama in:					
AEON CO. (M) BHD.	20,000	–	–	20,000	40,000
AEON Co., Ltd.	6,377	1,069	–	–	7,446
Interest of Naoki Hayashi in:					
AEON Co., Ltd.	33,410	–	–	–	33,410
AEON Mall Co., Ltd.	1,600	–	–	–	1,600
Interest of Poh Ying Loo in:					
AEON CO. (M) BHD.	20,000	6,000	–	26,000	52,000
AEON Credit Service (M) Berhad***	1,200	–	–	–	1,200
Interest of Mitsuru Nakata in:					
AEON CO. (M) BHD.	7,000	–	–	7,000	14,000
AEON Co., Ltd.	9,615	878	–	–	10,493
<b>Shareholdings in which Directors have deemed interest</b>					
Interest of Dato' Abdullah bin Mohd Yusof in:					
AEON CO. (M) BHD.	970,000	–	(30,000)	940,000	1,880,000
AEON Credit Service (M) Berhad***	92,000	–	–	–	92,000
Interest of Poh Ying Loo in:					
AEON CO. (M) BHD.	24,000	–	–	24,000	48,000

## FINANCIAL STATEMENTS

**Directors' Report**

for the year ended 31 December 2014

**DIRECTORS' INTERESTS (continued)**

	Balance after bonus issue *	Number of ordinary shares			At 31.12.2014 ***
		Share split **	Bought ***	Sold ***	
<b>Shareholdings in which Directors have direct interest</b>					
Interest of Dato' Abdullah bin Mohd Yusof in:					
AEON CO. (M) BHD.	1,040,000	1,040,000	–	–	2,080,000
AEON Credit Service (M) Berhad***	260,180	–	–	–	260,180
Interest of Nagahisa Oyama in:					
AEON CO. (M) BHD.	40,000	40,000	–	–	80,000
AEON Co., Ltd.	7,446	–	–	–	7,446
Interest of Naoki Hayashi in:					
AEON Co., Ltd.	33,410	–	–	–	33,410
AEON Mall Co., Ltd.	1,600	–	–	–	1,600
Interest of Poh Ying Loo in:					
AEON CO. (M) BHD.	52,000	52,000	20,000	–	124,000
AEON Credit Service (M) Berhad***	1,200	–	–	–	1,200
Interest of Mitsuru Nakata in:					
AEON CO. (M) BHD.	14,000	14,000	–	–	28,000
AEON Co., Ltd.	10,493	–	–	–	10,493

**Shareholdings in which Directors have deemed interest**

Interest of Dato' Abdullah bin Mohd Yusof in:					
AEON CO. (M) BHD.	1,880,000	1,880,000	–	(260,000)	3,500,000
AEON Credit Service (M) Berhad***	92,000	–	–	–	92,000
Interest of Poh Ying Loo in:					
AEON CO. (M) BHD.	48,000	48,000	–	–	96,000

\* Ordinary shares of RM1.00 each

\*\* Subdivision of every existing one (1) ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each

\*\*\* Ordinary shares of RM0.50 each

None of the other Directors holding office at 31 December 2014 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

FINANCIAL STATEMENTS

## Directors' Report

for the year ended 31 December 2014

### 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

During the financial year, the Company:

- a) increased its authorised share capital from RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each to RM1,000,000,000 comprising 2,000,000,000 ordinary shares of RM0.50 each;
- b) increased its issued and paid-up share capital from RM351,000,000 to RM702,000,000 pursuant to the issuance of bonus shares of 351,000,000 of RM1.00 each on the basis of one (1) bonus share for every one (1) existing ordinary share; and
- c) following the bonus issue, subdivision of every one (1) ordinary share into two (2) ordinary shares from 702,000,000 ordinary shares of RM1.00 each into 1,404,000,000 ordinary shares of RM0.50 each.

There were no other 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 Group 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 Group and in 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 Group and of the Company misleading, or

FINANCIAL STATEMENTS

## Directors' Report

for the year ended 31 December 2014

### OTHER STATUTORY INFORMATION (continued)

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

- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group 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 Group and of the Company misleading.

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

- i) any charge on the assets of the Group or 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 Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 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.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 28 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: 27 March 2015



## FINANCIAL STATEMENTS

**STATEMENTS OF FINANCIAL POSITION**

as at 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Assets</b>					
Property, plant and equipment	3	2,608,538	2,048,373	2,600,120	2,048,373
Intangible assets	4	10,019	12,311	9,323	12,311
Investment in a subsidiary	5	–	–	31,500	–
Investments in associates	6	6,811	6,387	9,200	9,200
Available-for-sale investments	7	37,152	45,573	37,152	45,573
<b>Total non-current assets</b>		<b>2,662,520</b>	<b>2,112,644</b>	<b>2,687,295</b>	<b>2,115,457</b>
Inventories	8	518,842	460,725	513,081	460,725
Receivables, deposits and prepayments	9	101,900	128,884	101,498	128,884
Cash and cash equivalents	10	76,742	313,560	38,645	313,560
Assets classified as held for sale	11	–	5,007	–	5,007
<b>Total current assets</b>		<b>697,484</b>	<b>908,176</b>	<b>653,224</b>	<b>908,176</b>
<b>Total assets</b>		<b>3,360,004</b>	<b>3,020,820</b>	<b>3,340,519</b>	<b>3,023,633</b>
<b>Equity</b>					
Share capital		702,000	351,000	702,000	351,000
Fair value reserve		36,122	44,543	36,122	44,543
Retained earnings		1,032,580	1,248,094	1,036,903	1,250,907
<b>Equity attributable to owners of the Company</b>	12	<b>1,770,702</b>	<b>1,643,637</b>	<b>1,775,025</b>	<b>1,646,450</b>
<b>Non-controlling interests</b>		<b>12,671</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>1,783,373</b>	<b>1,643,637</b>	<b>1,775,025</b>	<b>1,646,450</b>
<b>Liabilities</b>					
Deferred tax liabilities	13	19,299	24,574	19,299	24,574
<b>Total non-current liabilities</b>		<b>19,299</b>	<b>24,574</b>	<b>19,299</b>	<b>24,574</b>
Borrowings	14	136,400	–	136,400	–
Payables and accruals	15	1,417,439	1,335,462	1,406,302	1,335,462
Taxation		3,493	17,147	3,493	17,147
<b>Total current liabilities</b>		<b>1,557,332</b>	<b>1,352,609</b>	<b>1,546,195</b>	<b>1,352,609</b>
<b>Total liabilities</b>		<b>1,576,631</b>	<b>1,377,183</b>	<b>1,565,494</b>	<b>1,377,183</b>
<b>Total equity and liabilities</b>		<b>3,360,004</b>	<b>3,020,820</b>	<b>3,340,519</b>	<b>3,023,633</b>

The notes on pages 67 to 117 are an integral part of these financial statements.

## FINANCIAL STATEMENTS

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Continuing operations</b>					
Revenue	16	3,705,477	3,514,418	3,703,518	3,514,418
Other operating income		31,962	6,251	31,960	6,365
Change in inventories		57,327	87,990	51,566	87,990
Net purchases		(2,315,413)	(2,201,648)	(2,308,238)	(2,201,648)
Staff costs		(261,124)	(238,536)	(260,576)	(238,536)
Depreciation of property, plant and equipment	3	(178,258)	(152,517)	(178,057)	(152,517)
Amortisation of intangible assets	4	(5,253)	(5,724)	(5,229)	(5,724)
Operating expenses		(732,579)	(684,209)	(729,857)	(684,209)
<b>Results from operating activities</b>	17	302,139	326,025	305,087	326,139
Interest expense		(3,889)	(20)	(3,889)	(20)
Interest income		2,653	6,058	2,468	6,058
Share of results of associates		424	(235)	-	-
<b>Profit before tax</b>		301,327	331,828	303,666	332,177
Tax expense	19	(89,450)	(100,866)	(89,450)	(100,866)
<b>Profit for the year</b>		211,877	230,962	214,216	231,311
<b>Other comprehensive income, net of tax</b>					
<b>Item that may be reclassified subsequently to profit or loss</b>					
Fair value of available-for-sale financial assets		(8,421)	7,678	(8,421)	7,678
<b>Total comprehensive income</b>		203,456	238,640	205,795	238,989
<b>Profit attributable to:</b>					
Owners of the Company		212,706	230,962	214,216	231,311
Non-controlling interests		(829)	-	-	-
<b>Profit for the year</b>		211,877	230,962	214,216	231,311
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		204,285	238,640	205,795	238,989
Non-controlling interests		(829)	-	-	-
<b>Total comprehensive income for the year</b>		203,456	238,640	205,795	238,989
Basic earnings per ordinary share (sen), <i>restated</i>	20	15.15	16.45	15.26	16.48

The notes on pages 67 to 117 are an integral part of these financial statements.

## FINANCIAL STATEMENTS

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2014

Group	<-----Attributable to owners of the Company----->					
	<---Non-distributable--->		Distributable		Non-controlling interests	Total equity
	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
<b>At 1 January 2013</b>	351,000	36,865	1,081,190	1,469,055	–	1,469,055
Fair value of available-for-sale financial assets	–	7,678	–	7,678	–	7,678
Profit for the year	–	–	230,962	230,962	–	230,962
<b>Total comprehensive income for the year</b>	–	7,678	230,962	238,640	–	238,640
Final dividend in respect of year ended 31 December 2012 (Note 21)	–	–	(64,058)	(64,058)	–	(64,058)
<b>At 31 December 2013/ 1 January 2014</b>	351,000	44,543	1,248,094	1,643,637	–	1,643,637
Fair value of available-for-sale financial assets	–	(8,421)	–	(8,421)	–	(8,421)
Profit for the year	–	–	212,706	212,706	(829)	211,877
<b>Total comprehensive income for the year</b>	–	(8,421)	212,706	204,285	(829)	203,456
Final dividend in respect of year ended 31 December 2013 (Note 21)	–	–	(77,220)	(77,220)	–	(77,220)
Issuance of shares to non-controlling interests	–	–	–	–	13,500	13,500
Bonus issue (Note 12)	351,000	–	(351,000)	–	–	–
<b>At 31 December 2014</b>	702,000	36,122	1,032,580	1,770,702	12,671	1,783,373
	Note 12	Note 12				

The notes on pages 67 to 117 are an integral part of these financial statements.

## FINANCIAL STATEMENTS

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2014

Company	<-----Attributable to owners of the Company----->			
	<---Non-distributable---> Share capital RM'000	Fair value reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2013</b>	351,000	36,865	1,083,654	1,471,519
Fair value of available-for-sale financial assets	–	7,678	–	7,678
Profit for the year	–	–	231,311	231,311
<b>Total comprehensive income for the year</b>	–	7,678	231,311	238,989
Final dividend in respect of year ended 31 December 2012 (Note 21)	–	–	(64,058)	(64,058)
<b>At 31 December 2013/1 January 2014</b>	351,000	44,543	1,250,907	1,646,450
Fair value of available-for-sale financial assets	–	(8,421)	–	(8,421)
Profit for the year	–	–	214,216	214,216
<b>Total comprehensive income for the year</b>	–	(8,421)	214,216	205,795
Final dividend in respect of year ended 31 December 2013 (Note 21)	–	–	(77,220)	(77,220)
Bonus issue (Note 12)	351,000	–	(351,000)	–
<b>At 31 December 2014</b>	702,000	36,122	1,036,903	1,775,025
	Note 12	Note 12		



## FINANCIAL STATEMENTS

**STATEMENTS OF CASH FLOWS**

for the year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		301,327	331,828	303,666	332,177
Adjustments for:					
Amortisation of intangible assets	4	5,253	5,724	5,229	5,724
Depreciation of property, plant and equipment	3	178,258	152,517	178,057	152,517
Dividend income		(1,591)	(1,295)	(1,591)	(1,409)
Impairment loss on property, plant and equipment	3.1	–	1,452	–	1,452
Gain on disposal of:					
- property, plant and equipment		(736)	(662)	(736)	(662)
- available-for-sale investment		–	(20)	–	(20)
- assets classified as held for sale	11	(14,243)	–	(14,243)	–
Interest expense		3,889	20	3,889	20
Interest income		(2,653)	(6,058)	(2,468)	(6,058)
Property, plant and equipment written off		810	719	810	719
Share of results of associates		(424)	235	–	–
Operating profit before changes in working capital		469,890	484,460	472,613	484,460
Changes in working capital:					
Inventories		(58,117)	(87,891)	(52,356)	(87,891)
Receivables, deposits and prepayments		(20,737)	(7,997)	(20,335)	(7,997)
Payables and accruals		81,977	161,528	70,840	161,528
<b>Cash generated from operations</b>		473,013	550,100	470,762	550,100
Tax paid		(108,379)	(98,328)	(108,379)	(98,328)
<b>Net cash from operating activities</b>		364,634	451,772	362,383	451,772
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	(ii)	(671,239)	(522,381)	(662,620)	(522,381)
Acquisition of intangible assets	4	(5,026)	(3,142)	(4,306)	(3,142)
Deposit paid as part of purchase consideration for acquisition of land	9	(21,431)	(11,013)	(21,431)	(11,013)
Investment in a subsidiary	5	–	–	(31,500)	–
Investment in an associate	6	–	(400)	–	(400)
Proceeds from disposal of available-for-sale investment		–	65	–	65
Proceeds from disposal of assets classified as held for sale	11	19,250	–	19,250	–
Proceeds from disposal of property, plant and equipment		3,959	743	3,959	743
Dividend received		1,591	1,409	1,591	1,409
Interest received		2,653	6,058	2,468	6,058
<b>Net cash used in investing activities</b>		(670,243)	(528,661)	(692,589)	(528,661)

## FINANCIAL STATEMENTS

**Statements of Cash Flows**

for the year ended 31 December 2014 [continued]

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		136,400	–	136,400	–
Proceeds from issuance of shares to non-controlling interests		13,500	–	–	–
Dividend paid to owners of the Company		(77,220)	(64,058)	(77,220)	(64,058)
Interest paid		(3,889)	(20)	(3,889)	(20)
<b>Net cash generated from/(used in) financing activities</b>		68,791	(64,078)	55,291	(64,078)
<b>Net decrease in cash and cash equivalents</b>		(236,818)	(140,967)	(274,915)	(140,967)
<b>Cash and cash equivalents at 1 January</b>	(i)	313,560	454,527	313,560	454,527
<b>Cash and cash equivalents at 31 December</b>		76,742	313,560	38,645	313,560

**(i) Cash and cash equivalents**

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

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	10	28,154	190,469	26,057	190,469
Deposits with licensed financial institutions	10	48,588	123,091	12,588	123,091
		76,742	313,560	38,645	313,560

**(ii) Acquisition of property, plant and equipment**

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM740,391,000 (2013: RM522,381,000) and RM731,772,000 (2013: RM522,381,000) respectively. In these costs, RM69,152,000 (2013: Nil) were transferred from other receivables for deposits paid for the acquisition of land.

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 follows:

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

The consolidated financial statements of the Company in previous years comprised the Company and its interests in associates. During this financial year ended 31 December 2014, the Company invested in a newly incorporated subsidiary, AEON Index Living Sdn. Bhd.. The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 comprise the Company and its subsidiary (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in associates. The financial statements of the Company as at and for the financial year ended 31 December 2014 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 27 March 2015.

### 1. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 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 2016**

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- *MFRS 14, Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

##### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017**

- MFRS 15, *Revenue from Contracts with Customers*

##### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018**

- MFRS 9, *Financial Instruments (2014)*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for Amendments to MFRS 2, Amendments to MFRS 119 and Amendments to MFRS 140 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14, MFRS 141 and Amendments to MFRS 119, which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.



## Notes to the Financial Statements

### 1. BASIS OF PREPARATION (continued)

#### (a) Statement of compliance (continued)

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

##### **MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

##### **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, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

#### (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 Group'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 (i), Impairment.

## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

#### (a) Basis of consolidation

##### (i) Subsidiary

Subsidiary is an entity, including structured entity, controlled by the Company. The financial statements of subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in a subsidiary 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 investment includes transaction costs.

##### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### (iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (a) Basis of consolidation (continued)

##### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### (v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the consolidated 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 consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group'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 Group has obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in the profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in associates are 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 investment includes transaction costs.

## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (a) Basis of consolidation (continued)

##### (vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### (vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group entities 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 hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.



## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Financial instruments

##### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes 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 as 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 Group 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 equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise 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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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, 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 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.

## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Property, plant and equipment (continued)

##### (i) Recognition and measurement (continued)

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.

##### (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 component will flow to the Group or to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in 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 is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group 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 Group or the Company assumes 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.

## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Leased assets (continued)

##### (i) Finance leases (continued)

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.

##### (ii) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the Group'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 Group 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 lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.



## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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 Group 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.

#### (i) Impairment

##### (i) Financial assets

All financial assets (except for investment in a subsidiary and investments in associates) 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.

## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Impairment (continued)

##### (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 or cash-generating units.

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 the end of 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 profit or loss in the financial year in which the reversals are recognised.

#### (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.

## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Employee benefits (continued)

##### Short-term employee benefits (continued)

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has 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 Group'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 Group has 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 Group or the Company acts 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 Group or 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 Group or the Company fulfills its 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. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as revenue.

#### (m) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or 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.

## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Interest income and borrowing costs (continued)

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 ceased 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 are 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.

#### (p) Earnings per share

The Group 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 period.



## Notes to the Financial Statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (p) Earnings per share (continued)

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 Group 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 Group'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 Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### (r) Non-current asset held for sale

Non-current assets that are expected to be recovered primarily through sales rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale and subsequently gains or losses on remeasurement are recognised in the profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not depreciated.

#### (s) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	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
<b>Cost/Valuation</b>										
At 1 January 2013	432,502	876,312	289,847	14,920	645,640	345,055	9,171	35,205	30,016	2,678,668
Additions	83,976	73,070	48,539	1,116	85,567	54,315	1,763	7,586	166,449	522,381
Disposals	-	-	-	(190)	(375)	(32)	(1,593)	-	-	(2,190)
Written off	-	-	(1,987)	(53)	(5,965)	(13,709)	(7)	(28)	-	(21,749)
Transfer in/(out)	9,001	9,626	6,317	-	9,475	2,012	-	-	(36,431)	-
Transfer to assets held for sale	(2,513)	(2,961)	(523)	-	-	-	-	-	-	(5,997)
At 31 December 2013/ 1 January 2014	522,966	956,047	342,193	15,793	734,342	387,641	9,334	42,763	160,034	3,171,113
Additions	13,614	59,113	84,052	1,165	99,674	90,511	790	12,007	379,465	740,391
Disposals	-	-	(527)	(29)	(466)	(16)	(740)	(599)	-	(2,377)
Written off	-	-	(8,083)	(358)	(15,545)	(27,039)	-	(144)	-	(51,169)
Transfer in/(out)	57,897	51,621	24,427	-	65,013	2,374	-	-	(201,332)	-
At 31 December 2014	594,477	1,066,781	442,062	16,571	883,018	453,471	9,384	54,027	338,167	3,857,958

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	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
<b>Depreciation and impairment loss</b>										
At 1 January 2013										
- Accumulated depreciation	24,607	160,668	136,672	7,846	374,012	246,020	6,494	16,325	-	972,644
- Accumulated impairment loss	-	-	6,848	634	6,153	6,410	-	211	-	20,256
Depreciation for the year	24,607	160,668	143,520	8,480	380,165	252,430	6,494	16,536	-	992,900
Impairment loss	2,637	18,570	25,034	1,293	61,864	33,939	1,170	8,010	-	152,517
Disposals	-	-	-	4	113	1,322	-	13	-	1,452
Written off	-	-	-	(153)	(346)	(17)	(1,593)	-	-	(2,109)
Transfer to assets held for sale	-	-	(1,666)	(42)	(5,689)	(13,614)	(7)	(12)	-	(21,030)
	-	(660)	(330)	-	-	-	-	-	-	(990)
At 31 December 2013/										
1 January 2014										
- Accumulated depreciation	27,244	178,578	159,710	8,944	429,841	266,328	6,064	24,323	-	1,101,032
- Accumulated impairment loss	-	-	6,848	638	6,266	7,732	-	224	-	21,708
Depreciation for the year	27,244	178,578	166,558	9,582	436,107	274,060	6,064	24,547	-	1,122,740
Disposals	3,498	21,106	31,664	1,279	71,225	40,697	1,167	7,622	-	178,258
Written off	-	-	(44)	(8)	(218)	(15)	(717)	(217)	-	(1,219)
Written off of impairment loss	-	-	(2,355)	(142)	(11,186)	(20,471)	-	(47)	-	(34,201)
	-	-	(5,676)	(208)	(3,773)	(6,409)	-	(92)	-	(16,158)
At 31 December 2014										
- Accumulated depreciation	30,742	199,684	188,975	10,073	489,662	286,539	6,514	31,681	-	1,243,870
- Accumulated impairment loss	-	-	1,172	430	2,493	1,323	-	132	-	5,550
	30,742	199,684	190,147	10,503	492,155	287,862	6,514	31,813	-	1,249,420

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## Notes to the Financial Statements

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	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
<b>Carrying amounts</b>										
At 1 January 2013	407,895	715,644	146,327	6,440	265,475	92,625	2,677	18,669	30,016	1,685,768
At 31 December 2013/ 1 January 2014	495,722	777,469	175,635	6,211	298,235	113,581	3,270	18,216	160,034	2,048,373
At 31 December 2014	563,735	867,097	251,915	6,068	390,863	165,609	2,870	22,214	338,167	2,608,538



## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

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
<b>Cost/Valuation</b>										
At 1 January 2013	432,502	876,312	289,847	14,920	645,640	345,055	9,171	35,205	30,016	2,678,668
Additions	83,976	73,070	48,539	1,116	85,567	54,315	1,763	7,586	166,449	522,381
Disposals	-	-	-	(190)	(375)	(32)	(1,593)	-	-	(2,190)
Written off	-	-	(1,987)	(53)	(5,965)	(13,709)	(7)	(28)	-	(21,749)
Transfer in/(out)	9,001	9,626	6,317	-	9,475	2,012	-	-	(36,431)	-
Transfer to assets held for sale	(2,513)	(2,961)	(523)	-	-	-	-	-	-	(5,997)
<b>At 31 December 2013/</b>										
1 January 2014	522,966	956,047	342,193	15,793	734,342	387,641	9,334	42,763	160,034	3,171,113
Additions	13,614	59,113	80,406	1,117	97,797	88,038	788	11,434	379,465	731,772
Disposals	-	-	(527)	(29)	(466)	(16)	(740)	(599)	-	(2,377)
Written off	-	-	(8,083)	(358)	(15,545)	(27,039)	-	(144)	-	(51,169)
Transfer in/(out)	57,897	51,621	24,427	-	65,013	2,374	-	-	(201,332)	-
<b>At 31 December 2014</b>	<b>594,477</b>	<b>1,066,781</b>	<b>438,416</b>	<b>16,523</b>	<b>881,141</b>	<b>450,998</b>	<b>9,382</b>	<b>53,454</b>	<b>338,167</b>	<b>3,849,339</b>

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

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
<b>Depreciation and impairment loss</b>										
At 1 January 2013										
- Accumulated depreciation	24,607	160,668	136,672	7,846	374,012	246,020	6,494	16,325	-	972,644
- Accumulated impairment loss	-	-	6,848	634	6,153	6,410	-	211	-	20,256
At 31 December 2013										
Depreciation for the year	24,607	160,668	143,520	8,480	380,165	252,430	6,494	16,536	-	992,900
Impairment loss	2,637	18,570	25,034	1,293	61,864	33,939	1,170	8,010	-	152,517
Disposals	-	-	-	4	113	1,322	-	13	-	1,452
Written off	-	-	(1,666)	(153)	(346)	(17)	(1,593)	-	-	(2,109)
Transfer to assets held for sale	-	(660)	(330)	(42)	(5,689)	(13,614)	(7)	(12)	-	(21,030)
	-	-	-	-	-	-	-	-	-	(990)
At 31 December 2013/ 1 January 2014										
- Accumulated depreciation	27,244	178,578	159,710	8,944	429,841	266,328	6,064	24,323	-	1,101,032
- Accumulated impairment loss	-	-	6,848	638	6,266	7,732	-	224	-	21,708
At 31 December 2014										
Depreciation for the year	27,244	178,578	166,558	9,582	436,107	274,060	6,064	24,547	-	1,122,740
Disposals	3,498	21,106	31,603	1,278	71,187	40,615	1,167	7,603	-	178,057
Written off	-	-	(44)	(8)	(218)	(15)	(717)	(217)	-	(1,219)
Written off of impairment loss	-	-	(2,355)	(142)	(11,186)	(20,471)	-	(47)	-	(34,201)
	-	-	(5,676)	(208)	(3,773)	(6,409)	-	(92)	-	(16,158)
At 31 December 2014										
- Accumulated depreciation	30,742	199,684	188,914	10,072	489,624	286,457	6,514	31,662	-	1,243,669
- Accumulated impairment loss	-	-	1,172	430	2,493	1,323	-	132	-	5,550
	30,742	199,684	190,086	10,502	492,117	287,780	6,514	31,794	-	1,249,219

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

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
<b>Carrying amounts</b>										
At 1 January 2013	407,895	715,644	146,327	6,440	265,475	92,625	2,677	18,669	30,016	1,685,768
At 31 December 2013/ 1 January 2014	495,722	777,469	175,635	6,211	298,235	113,581	3,270	18,216	160,034	2,048,373
At 31 December 2014	563,735	867,097	248,330	6,021	389,024	163,218	2,868	21,660	338,167	2,600,120

## Notes to the Financial Statements

### 3. PROPERTY, PLANT AND EQUIPMENT (continued)

#### 3.1 Impairment loss

In prior year, the Group and the Company decided to discontinue the operations of the two existing stores for subsequent relocation in current year and assessed the recoverable amount of all the property, plant and equipment of these stores and wrote down the carrying amount with respect to plant and equipment by RM1,452,000.

#### 3.2 Land

Included in the carrying amounts of land are:

	Group and Company	
	2014	2013
	RM'000	RM'000
Freehold land	272,709	201,199
Leasehold land with unexpired lease period of more than 50 years	291,026	294,523
	563,735	495,722

#### 3.3 Sale and leaseback

On 25 June 2014, the Group and the Company had completed the disposal of 18.18% of undivided share of the land, building and structures of AEON Taman Universiti Shopping Centre ("J-REIT Share") to AEON REIT Investment Corporation ("J-REIT"). The Group and the Company further agreed with J-REIT to undertake an operating lease of J-REIT Share to continue using the entirety of the property for a period of 10 years based on the monthly rent stated in the lease agreement with an option to renew for a further 10 years.

#### 3.4 Written off of impairment loss

During the financial year, the Group and the Company had closed down two AEON stores resulting in a write off of RM16,158,000. This amount was written off against impairment loss recognised in prior years.

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 4. INTANGIBLE ASSETS

Group	Information technology software RM'000	Franchise fees RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2013	27,300	585	27,885
Additions	3,142	–	3,142
At 31 December 2013/1 January 2014	30,442	585	31,027
Additions	5,026	–	5,026
Disposal	(9,097)	–	(9,097)
At 31 December 2014	26,371	585	26,956
<b>Accumulated amortisation</b>			
At 1 January 2013	12,937	55	12,992
Amortisation for the year	5,685	39	5,724
At 31 December 2013/1 January 2014	18,622	94	18,716
Amortisation for the year	5,214	39	5,253
Disposal	(7,032)	–	(7,032)
At 31 December 2014	16,804	133	16,937
<b>Carrying amount</b>			
At 1 January 2013	14,363	530	14,893
At 31 December 2013/1 January 2014	11,820	491	12,311
At 31 December 2014	9,567	452	10,019



## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 4. INTANGIBLE ASSETS (continued)

Company	Information technology software RM'000	Franchise fees RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2013	27,300	585	27,885
Additions	3,142	–	3,142
At 31 December 2013/1 January 2014	30,442	585	31,027
Additions	4,306	–	4,306
Disposal	(9,097)	–	(9,097)
At 31 December 2014	25,651	585	26,236
<b>Accumulated amortisation</b>			
At 1 January 2013	12,937	55	12,992
Amortisation for the year	5,685	39	5,724
At 31 December 2013/1 January 2014	18,622	94	18,716
Amortisation for the year	5,190	39	5,229
Disposal	(7,032)	–	(7,032)
At 31 December 2014	16,780	133	16,913
<b>Carrying amount</b>			
At 1 January 2013	14,363	530	14,893
At 31 December 2013/1 January 2014	11,820	491	12,311
At 31 December 2014	8,871	452	9,323

## 5. INVESTMENT IN A SUBSIDIARY

	Company	
	2014 RM'000	2013 RM'000
<b>At cost:</b>		
Unquoted shares	31,500	–

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

**5. INVESTMENT IN A SUBSIDIARY (continued)**

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2014 %	2013 %
AEON Index Living Sdn. Bhd.	Malaysia	Furniture retailer	70	–

AEON Index Living Sdn. Bhd. (“AEON Index”) has been incorporated on 28 February 2014 with an authorised share capital of RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each. As at 31 December 2014, AEON Index has a total issued and paid-up share capital of RM45,000,000 comprising 45,000,000 ordinary shares of RM1.00 each. The Company had subscribed for seventy per cent (70%) of the issued and paid-up share capital for a cash consideration of RM31,500,000.

**5.1 Non-controlling interests in a subsidiary**

The Group’s subsidiary that has material non-controlling interests (“NCI”) is as follows:

2014	AEON Index Living Sdn. Bhd. RM’000
NCI percentage of ownership interest and voting interest	30%
Carrying amount of NCI	12,671
Loss allocated to NCI	(829)
<b>Summarised financial information before intra-group elimination</b>	
<b>As at 31 December</b>	
Non-current assets	9,113
Current assets	44,261
Current liabilities	(11,137)
Net assets	42,237
<b>Year ended 31 December</b>	
Revenue	1,959
Loss for the year	(2,762)
Cash flows from operating activities	2,250
Cash flows used in investing activities	(9,153)
Cash flows from financing activities	45,000
Net increase in cash and cash equivalents	38,097
Dividend paid to NCI	–

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 6. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>At cost:</b>				
Unquoted shares	9,200	9,200	9,200	9,200
Add: Share of post-acquisition reserves	796	372	–	–
Less: Share of gain on disposal of business	(3,185)	(3,185)	–	–
	6,811	6,387	9,200	9,200

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Effective ownership interest	
			2014 %	2013 %
AEON Fantasy (Malaysia) Sdn. Bhd.	Malaysia	Operating indoor amusement park business	20	20
AEON TopValu Malaysia Sdn. Bhd.	Malaysia	Product development of AEON private brand	20	20

The summarised financial information of the Group's investments in the associates are as follows:

	Revenue (100%) RM'000	Profit/ (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
<b>2014</b>				
AEON Fantasy (Malaysia) Sdn. Bhd.	43,465	864	80,387	(30,409)
AEON TopValu Malaysia Sdn. Bhd.	50,202	1,254	20,106	(21,757)
<b>2013</b>				
AEON Fantasy (Malaysia) Sdn. Bhd.	38,090	2,083	76,599	(27,483)
AEON TopValu Malaysia Sdn. Bhd.	11,102	(3,254)	6,947	(8,201)

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 2014.

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 7. AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2014 RM'000	2013 RM'000
<b>Non-current</b>		
Quoted equities in Malaysia	37,152	45,573
Representing items: At fair value:		
Quoted equities in Malaysia	37,152	45,573
Market value of quoted investments	37,152	45,573

## 8. INVENTORIES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Retail merchandise	287,780	246,067	282,019	246,067
Food and others	231,062	214,658	231,062	214,658
	518,842	460,725	513,081	460,725

## 9. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Trade</b>					
Trade receivables		41,254	32,833	41,168	32,833
Amount due from a related company	9.1	797	937	791	937
		42,051	33,770	41,959	33,770
<b>Non-trade</b>					
Other receivables and prepayments	9.2	38,919	82,467	38,874	82,467
Rental and utility deposits		15,781	12,000	15,199	12,000
Amount due from a subsidiary	9.1	–	–	317	–
Amount due from related companies	9.1	5,149	647	5,149	647
		59,849	95,114	59,539	95,114
		101,900	128,884	101,498	128,884

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

**9. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)****9.1 Amount due from a subsidiary and related companies**

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

**9.2 Other receivables and prepayments**

Included in other receivables and prepayments are deposits of RM27,550,000 (2013: RM75,271,000) paid as part of the purchase consideration for the acquisition of land for the purpose of constructing shopping centres. During the year, there was a transfer of RM69,152,000 to additions of property, plant and equipment upon the completion of the purchase of land for the Group and the Company.

**10. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	28,154	190,469	26,057	190,469
Deposits with licensed financial institutions	48,588	123,091	12,588	123,091
	76,742	313,560	38,645	313,560

**11. ASSETS CLASSIFIED AS HELD FOR SALE**

On 2 October 2013, the Group and the Company entered into a Sale and Purchase Agreement to sell 18.18% undivided share of land, building and structures of AEON Taman Universiti Shopping Centre to AEON REIT Investment Corporation ("J-REIT"), a related corporation.

	Note	Group and Company	
		2014 RM'000	2013 RM'000
<b>Carrying amount</b>			
At 1 January		5,007	–
Transfer from property, plant and equipment	3	–	5,007
Disposal		(5,007)	–
At 31 December		–	5,007

On 25 June 2014, the Group and the Company announced that the Sale and Purchase Agreement with J-REIT for the abovementioned disposal had been completed with sales proceed of RM19.25 million and gain of disposal of RM14.2 million being recognised in the financial statements.



## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 12. CAPITAL AND RESERVES

## Share capital

	Group and Company		Amount 2013 RM'000	Number of shares 2013 '000
	Amount 2014 RM'000	Number of shares 2014 '000		
<b>Authorised:</b>				
Ordinary shares of RM1.00 each				
At 1 January	500,000	500,000	500,000	500,000
Increase in share capital	500,000	1,500,000	–	–
At 31 December of				
- RM0.50 each	1,000,000	2,000,000		
- RM1.00 each			500,000	500,000
<b>Issued and fully paid:</b>				
Ordinary shares of RM1.00 each				
At 1 January	351,000	351,000	351,000	351,000
Bonus issue	351,000	351,000	–	–
Share split to RM0.50 each	–	702,000	–	–
At 31 December of				
- RM0.50 each	702,000	1,404,000		
- RM1.00 each			351,000	351,000

During the financial year, the Company:

- increased its authorised share capital from RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each to RM1,000,000,000 comprising 2,000,000,000 ordinary shares of RM0.50 each;
- increased its issued and paid-up share capital from RM351,000,000 to RM702,000,000 pursuant to the issuance of bonus shares of 351,000,000 of RM1.00 each on the basis of one (1) bonus share for every one (1) existing ordinary share; and
- following the bonus issue, subdivision of every one (1) ordinary share into two (2) ordinary shares from 702,000,000 ordinary shares of RM1.00 each into 1,404,000,000 ordinary shares of RM0.50 each.

## 12.1 Fair value reserve

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

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

**13. DEFERRED TAX LIABILITIES****Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

Group and Company	Assets		Liabilities		Net	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property, plant and equipment						
- capital allowance	1,979	3,373	(40,381)	(26,437)	(38,402)	(23,064)
- revaluation	–	–	(9,990)	(10,191)	(9,990)	(10,191)
Provisions	29,093	8,681	–	–	29,093	8,681
Net tax assets/(liabilities)	31,072	12,054	(50,371)	(36,628)	(19,299)	(24,574)

**Movement in temporary differences during the year**

Group and Company	At 1.1.2013 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2013/ 1.1.2014 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2014 RM'000
	Property, plant and equipment				
- capital allowance	(18,110)	(4,954)	(23,064)	(15,338)	(38,402)
- revaluation	(10,392)	201	(10,191)	201	(9,990)
Provisions	8,314	367	8,681	20,412	29,093
	(20,188)	(4,386)	(24,574)	5,275	(19,299)

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

**13. DEFERRED TAX LIABILITIES (continued)****Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items (stated in gross):

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unutilised tax losses	313	–	–	–
Unabsorbed capital allowances	417	–	–	–
Other deductible temporary differences	(344)	–	–	–
	386	–	–	–

The unutilised tax losses do not expire under current tax legislation.

In 2014, deferred tax assets of a subsidiary that was suffering loss have not been recognised as management considered it not probable that sufficient future taxable profit will be available against which they can be utilised.

**14. BORROWINGS**

Current	Group and Company	
	2014 RM'000	2013 RM'000
Revolving credit facilities - unsecured	136,400	–

The unsecured revolving credit facilities bear interest rates ranging from 3.70% to 4.03% per annum (2013: Nil) and are fully repayable within one month.

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 15. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Trade</b>					
Trade payables		714,141	751,754	712,656	751,754
Amount due to an associate	15.1	15,459	3,862	15,459	3,862
Amount due to a related company	15.1	139	–	139	–
		729,739	755,616	728,254	755,616
<b>Non-trade</b>					
Other payables and accrued expenses		366,526	313,610	356,944	313,610
Progress claims by contractors		89,354	47,790	89,354	47,790
Rental and utility deposits		192,538	181,030	192,538	181,030
Amount due to holding company	15.1	30,525	28,434	30,525	28,434
Amount due to associates	15.1	1,287	1,302	1,287	1,302
Amount due to related companies	15.1	7,470	7,680	7,400	7,680
		687,700	579,846	678,048	579,846
		1,417,439	1,335,462	1,406,302	1,335,462

## 15.1 Amounts due to holding company, associates and related companies

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

## 16. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of goods and others	2,796,074	2,646,712	2,794,115	2,646,712
Net commission from concessionaire sales	397,120	395,005	397,120	395,005
Property management services	512,283	472,701	512,283	472,701
	3,705,477	3,514,418	3,703,518	3,514,418

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 17. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging:				
Auditors' remuneration				
- audit fees				
- KPMG Malaysia	238	200	220	200
- non-audit fees				
- KPMG Malaysia	38	24	38	24
Amortisation of intangible assets	5,253	5,724	5,229	5,724
Depreciation of property, plant and equipment	178,258	152,517	178,057	152,517
Impairment loss				
- sundry receivables	43	-	43	-
- property, plant and equipment	-	1,452	-	1,452
Personnel expenses (including key management personnel)				
- contributions to Employees Provident Fund	29,359	26,729	29,081	26,729
- wages, salaries and others	232,020	211,807	231,495	211,807
Property, plant and equipment written off	810	719	810	719
Rental expense				
- land and buildings	178,845	180,283	178,202	180,283
- equipment	2,183	3,223	2,183	3,223
- fixtures and fittings	165	195	165	195
- hostel	351	93	351	93
Royalty expenses	29,330	28,028	29,271	28,028
after crediting:				
Dividend income from:				
- quoted shares in Malaysia	1,591	1,295	1,591	1,295
- associate	-	-	-	114
Gain on disposal of property, plant and equipment	736	662	736	662
Gain on disposal of asset held for sale	14,243	-	14,243	-
Gain on disposal of available-for-sale investment	-	20	-	20
Gain on foreign exchange				
- realised	35	179	35	179
Property management services				
- rental income on shopping centre operation	455,459	416,936	455,459	416,936
- other property management services income	56,824	55,765	56,824	55,765
Reversal of impairment loss				
- trade receivables	17	309	17	309
Royalty income	-	-	39	-



## FINANCIAL STATEMENTS

## Notes to the Financial Statements

**18. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel compensations are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors:				
Fees	1,070	1,241	1,070	1,241
Remuneration	1,567	1,376	1,567	1,376
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	86	92	86	92
<b>Total short-term employee benefits</b>	<b>2,723</b>	<b>2,709</b>	<b>2,723</b>	<b>2,709</b>

**19. TAX EXPENSE**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Current tax expense</b>				
- current year	82,135	96,480	82,135	96,480
- under provision in prior year	12,590	–	12,590	–
	94,725	96,480	94,725	96,480
<b>Deferred tax expense</b>				
- Origination of temporary differences	9,398	3,207	9,398	3,207
- (over)/under provision in prior year	(14,673)	1,179	(14,673)	1,179
	(5,275)	4,386	(5,275)	4,386
<b>Tax expense</b>	<b>89,450</b>	<b>100,866</b>	<b>89,450</b>	<b>100,866</b>
<b>Reconciliation of tax expense</b>				
Profit before tax	301,327	331,828	303,666	332,177
Tax calculated using Malaysian tax rate of 25% (2013: 25%)	75,332	82,957	75,916	83,044
Non-deductible expenses	16,237	17,273	16,237	17,273
Non-taxable income	(419)	(400)	(419)	(429)
Others	489	(201)	(201)	(201)
Share of results of associates	(106)	58	–	–
	91,533	99,687	91,533	99,687
Under/(over) provision in prior year				
- current tax expense	12,590	–	12,590	–
- deferred tax expense	(14,673)	1,179	(14,673)	1,179
<b>Tax expense</b>	<b>89,450</b>	<b>100,866</b>	<b>89,450</b>	<b>100,866</b>

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## Notes to the Financial Statements

## 20. EARNINGS PER ORDINARY SHARE

## Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2014 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period.

The weighted average number of ordinary shares in issue for the previous financial year has been restated to reflect the retrospective adjustment arising from the issuance of bonus shares and share split which were completed on 2 June 2014, as required by MFRS 133, *Earnings Per Share*.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit for the year attributable to owners of the Company	212,706	230,962	214,216	231,311
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	1,404,000	1,404,000	1,404,000	1,404,000
Basic earnings per ordinary share (sen), <i>restated</i>	15.15	16.45	15.26	16.48

## 21. DIVIDEND

Dividend recognised by the Company is as follows:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
<b>2014</b>			
Final 31.12.2013 single tier dividend	22.00	77,220	11 June 2014
<b>2013</b>			
Final 31.12.2012 ordinary dividend	17.25	60,548	11 July 2013
Final 31.12.2012 tax exempt dividend	1.00	3,510	11 July 2013
	18.25	64,058	

After the reporting period, the following dividend was proposed by the Directors:

	Sen per share	Total amount RM'000
Final 31.12.2014 single tier dividend	5.00	70,200

This dividend will be recognised in the subsequent financial period upon approval by the owners of the Company.

## Notes to the Financial Statements

## 22. OPERATING SEGMENTS

The Group has two main reportable segments as described below, which are based on the Group's management and internal reporting structure. Results from each of the segments are reviewed regularly by the Managing Director and Board of Directors of the Group.

**Reportable segments**

The two main reportable segments are:

**Retailing** The operations of a chain of departmental stores and supermarkets selling a broad range of goods ranging from clothing, food, household goods and other merchandise.

**Property management services** Shopping centre operation.

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.

Group	Retailing		Property management services		Total	
	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Business segments</b>						
Revenue from external customers	3,193,194	3,041,717	512,283	472,701	3,705,477	3,514,418
<b>Total revenue</b>	3,193,194	3,041,717	512,283	472,701	3,705,477	3,514,418
<b>Segmental profit</b>	117,769	170,380	218,020	175,104	335,789	345,484
Less: Unallocated expenses					(33,650)	(19,459)
<b>Operating profit</b>					302,139	326,025
Interest expense					(3,889)	(20)
Interest income					2,653	6,058
Share of results of associates					424	(235)
<b>Profit before tax</b>					301,327	331,828
Tax expense					(89,450)	(100,866)
<b>Profit for the year</b>					211,877	230,962

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 22. OPERATING SEGMENTS (continued)

Group	Retailing		Property management services		Total	
	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment assets</b>	1,066,512	999,894	2,244,904	1,897,835	3,311,416	2,897,729
Unallocated assets					48,588	123,091
<b>Total assets</b>					3,360,004	3,020,820
<b>Segment liabilities</b>	(1,078,897)	(1,062,373)	(338,543)	(273,089)	(1,417,440)	(1,335,462)
Unallocated liabilities					(159,191)	(41,721)
<b>Total liabilities</b>					(1,576,631)	(1,377,183)
Capital expenditure	235,840	99,950	440,425	425,573	676,265	525,523
Depreciation and amortisation	78,861	69,357	104,650	88,884	183,511	158,241
Non-cash (income)/expenses other than depreciation and amortisation	(185)	(140)	(13,984)	1,649	(14,169)	1,509
Company	Retailing		Property management services		Total	
	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Business segments</b>						
Revenue from external customers	3,191,235	3,041,717	512,283	472,701	3,703,518	3,514,418
<b>Total revenue</b>	3,191,235	3,041,717	512,283	472,701	3,703,518	3,514,418
<b>Segmental profit</b>	118,060	170,494	218,019	175,104	336,079	345,598
Less: Unallocated expenses					(30,992)	(19,459)
<b>Operating profit</b>					305,087	326,139
Interest expense					(3,889)	(20)
Interest income					2,468	6,058
<b>Profit before tax</b>					303,666	332,177
Tax expense					(89,450)	(100,866)
<b>Profit for the year</b>					214,216	231,311

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 22. OPERATING SEGMENTS (continued)

Company	Retailing		Property management services		Total	
	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment assets</b>	1,083,027	1,002,707	2,244,904	1,897,835	3,327,931	2,900,542
Unallocated assets					12,588	123,091
<b>Total assets</b>					3,340,519	3,023,633
<b>Segment liabilities</b>	(1,067,759)	(1,062,373)	(338,543)	(273,089)	(1,406,302)	(1,335,462)
Unallocated liabilities					(159,192)	(41,721)
<b>Total liabilities</b>					(1,565,494)	(1,377,183)
Capital expenditure	226,501	99,950	440,425	425,573	666,926	525,523
Depreciation and amortisation	78,636	69,357	104,650	88,884	183,286	158,241
Non-cash (income)/expenses other than depreciation and amortisation	(185)	(140)	(13,984)	1,649	(14,169)	1,509

## 23. OPERATING LEASES

*Leases as lessee*

Non-cancellable operating lease rental payables are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Less than one year	181,242	162,281	179,986	162,281
Between one and five years	524,999	393,227	522,531	393,227
More than five years	424,081	151,583	424,080	151,583
	1,130,322	707,091	1,126,597	707,091

The Group and the Company lease 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.



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## Notes to the Financial Statements

## 24. CAPITAL COMMITMENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Property, plant and equipment</b>				
Authorised but not contracted for	3,297,279	3,191,563	3,297,279	3,191,563
Contracted but not provided for and not payable:				
Within one year	516,306	195,519	516,306	195,519
One year or later and no later than five years	163,231	57,621	163,231	57,621

## 25. RELATED PARTIES

*Identity of related parties*

For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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 Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its holding company, subsidiary, related companies and associates.

## Notes to the Financial Statements

## 25. RELATED PARTIES (continued)

## Significant related party transactions

The significant related party transactions of the Group and of the Company (other than key management personnel compensation as disclosed in Note 18) are as follows:

	<-----Group----->				<-----Company----->			
	Transactions value		Balance outstanding		Transactions value		Balance outstanding	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Director with companies in which Dato' Abdullah bin Mohd Yusof has interest:								
Legal fees payable	-	(2)	-	-	-	(2)	-	-
Holding company:								
Royalty expenses	(29,271)	(28,028)	(29,271)	(28,028)	(29,271)	(28,028)	(29,271)	(28,028)
Related companies:								
Sales through AEON credit card	103,587	100,628	347	334	103,546	100,628	340	334
Sales through easy payment scheme financing	7,136	7,151	450	603	7,136	7,151	450	603
Rental income	5,178	2,866	835	132	5,178	2,866	835	132
Convertible AEON Member card point income	2,298	2,044	168	-	2,298	2,044	168	-
Support services	2,541	-	775	-	2,541	-	775	-
Retail support services	546	1,986	51	514	553	1,986	51	514
Trustee fee	10	-	-	-	10	-	-	-
Credit card sales commission expenses	(1,497)	(1,471)	-	-	(1,496)	(1,471)	-	-
Supply chain & distribution centre management fee	(34,379)	(18,835)	(6,279)	(6,181)	(34,379)	(18,835)	(6,279)	(6,181)
Purchase of merchandise	(7,328)	(2,015)	(1,791)	(230)	(763)	(2,015)	(139)	(230)
Facility management service	(1,825)	-	(989)	-	(1,755)	-	(920)	-
Rental expenses	(1,104)	-	-	-	(1,104)	-	-	-
Royalty expenses	(59)	-	(59)	-	-	-	-	-

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 25. RELATED PARTIES (continued)

## Significant related party transactions (continued)

	<-----Group----->				<-----Company----->			
	Transactions value		Balance outstanding		Transactions value		Balance outstanding	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Associates:								
Purchase of merchandise	(38,054)	(6,120)	(15,472)	(3,862)	(38,054)	(6,120)	(15,472)	(3,862)
Rental income	7,840	6,928	20	-	7,840	6,928	20	-
Retail support services	3	11	-	-	3	11	-	-
Dividend income	-	-	-	-	-	114	-	-
Subsidiary:								
Royalty income	-	-	-	-	39	-	39	-

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

## 26. FINANCIAL INSTRUMENTS

## 26.1 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”).

	Carrying amount RM'000	L&R/ (OL) RM'000	AFS RM'000
<b>2014</b>			
<b>Financial assets</b>			
<b>Group</b>			
Investments	37,152	–	37,152
Receivables (excluding prepayments)	97,773	97,773	–
Cash and cash equivalents	76,742	76,742	–
	211,667	174,515	37,152
<b>Company</b>			
Investments	37,152	–	37,152
Receivables (excluding prepayments)	97,370	97,370	–
Cash and cash equivalents	38,645	38,645	–
	173,167	136,015	37,152
<b>Financial liabilities</b>			
<b>Group</b>			
Borrowings	(136,400)	(136,400)	–
Payables and accruals	(1,417,439)	(1,417,439)	–
	(1,553,839)	(1,553,839)	–
<b>Company</b>			
Borrowings	(136,400)	(136,400)	–
Payables and accruals	(1,406,302)	(1,406,302)	–
	(1,542,702)	(1,542,702)	–

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

**26. FINANCIAL INSTRUMENTS (continued)****26.1 Categories of financial instruments (continued)**

Group and Company	Carrying amount RM'000	L&R/ (OL) RM'000	AFS RM'000
<b>2013</b>			
<b>Financial assets</b>			
Investments	45,573	–	45,573
Receivables (excluding prepayments)	126,203	126,203	–
Cash and cash equivalents	313,560	313,560	–
	485,336	439,763	45,573
<b>Financial liabilities</b>			
Payables and accruals	(1,335,462)	(1,335,462)	–

**26.2 Net (loss)/gain arising from financial instruments**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Available-for-sale financial assets - recognised in other comprehensive income	(8,421)	7,678	(8,421)	7,678

**26.3 Financial risk management**

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

- Credit risk
- Liquidity risk
- Market risk

**26.4 Credit risk**

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



## Notes to the Financial Statements

## 26. FINANCIAL INSTRUMENTS (continued)

## 26.4 Credit risk (continued)

**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 Group 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 Group 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 Group 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 Group and the Company. The Group 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.

*Impairment losses*

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

<b>Group</b>	<b>Gross RM'000</b>	<b>Individual impairment RM'000</b>	<b>Net RM'000</b>
<b>2014</b>			
Not past due	38,783	–	38,783
Past due 0 - 30 days	764	–	764
Past due 31 - 120 days	350	–	350
Past due more than 120 days	2,726	(1,369)	1,357
	42,623	(1,369)	41,254
<b>2013</b>			
Not past due	31,616	–	31,616
Past due 0 - 30 days	256	–	256
Past due 31 - 120 days	437	–	437
Past due more than 120 days	1,910	(1,386)	524
	34,219	(1,386)	32,833

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## Notes to the Financial Statements

**26. FINANCIAL INSTRUMENTS (continued)****26.4 Credit risk (continued)****Receivables (continued)***Impairment losses (continued)*

Company	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>2014</b>			
Not past due	38,697	–	38,697
Past due 0 - 30 days	764	–	764
Past due 31 - 120 days	350	–	350
Past due more than 120 days	2,726	(1,369)	1,357
	42,537	(1,369)	41,168
<b>2013</b>			
Not past due	31,616	–	31,616
Past due 0 - 30 days	256	–	256
Past due 31 - 120 days	437	–	437
Past due more than 120 days	1,910	(1,386)	524
	34,219	(1,386)	32,833

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 financial year were:

	Group and Company	
	2014 RM'000	2013 RM'000
At 1 January	1,386	1,695
Impairment loss recognised	89	340
Impairment loss reversed	(106)	(649)
At 31 December	1,369	1,386

**26.5 Liquidity risk**

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

## Notes to the Financial Statements

### 26. FINANCIAL INSTRUMENTS (continued)

#### 26.5 Liquidity risk (continued)

*Risk management objectives, policies and processes for managing the risk*

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

*Maturity profiles*

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

	Group		Company	
	Carrying amount RM'000	Under 1 year RM'000	Carrying amount RM'000	Under 1 year RM'000
<b>2014</b>				
Borrowings	136,400	136,400	136,400	136,400
Payables and accruals	1,417,439	1,417,439	1,406,302	1,406,302
	1,553,839	1,553,839	1,542,702	1,542,702
<b>2013</b>				
Payables and accruals	1,335,462	1,335,462	1,335,462	1,335,462

#### 26.6 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 Group's and the Company's financial position or cash flows.

##### 26.6.1 Interest rate risk

The Group'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 Group and the Company obtain competitive rates for its banking facilities, interest earning deposits and short term borrowings.

In view of the competitive rates that are available from the prevailing banking facilities granted to the Group 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 Group and the Company.

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## Notes to the Financial Statements

**26. FINANCIAL INSTRUMENTS (continued)****26.6 Market risk (continued)****26.6.1 Interest rate risk (continued)***Exposure to interest rate risk*

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

	<b>Effective interest rate p.a. %</b>	<b>Total RM'000</b>	<b>Within 1 year RM'000</b>
<b>Group</b>			
<b>2014</b>			
<b>Fixed rate instruments</b>			
<i>Financial asset</i>			
Deposits placed with licensed financial institutions	3.12	48,588	48,588
<i>Financial liability</i>			
Revolving credit	3.70 - 4.03	136,400	136,400
<b>2013</b>			
<b>Fixed rate instruments</b>			
<i>Financial asset</i>			
Deposits placed with licensed financial institutions	3.21	123,091	123,091
<b>Company</b>			
<b>2014</b>			
<b>Fixed rate instruments</b>			
<i>Financial asset</i>			
Deposits placed with licensed financial institutions	2.30	12,588	12,588
<i>Financial liability</i>			
Revolving credit	3.70 - 4.03	136,400	136,400
<b>2013</b>			
<b>Fixed rate instruments</b>			
<i>Financial asset</i>			
Deposits placed with licensed financial institutions	3.21	123,091	123,091

## Notes to the Financial Statements

### 26. FINANCIAL INSTRUMENTS (continued)

#### 26.6 Market risk (continued)

##### 26.6.1 Interest rate risk (continued)

###### *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group 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.

##### 26.6.2 Foreign currency risk

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

##### 26.6.3 Other price risk

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

###### *Risk management objectives, policies and processes for managing the risk*

The Group'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% (2013: 1%) increase in the market price of the investment as at the end of the reporting period would have increased equity by RM372,000 (2013: RM456,000). A 1% (2013: 1%) decrease in market price would have had equal but opposite effect on equity.



## Notes to the Financial Statements

### 26. FINANCIAL INSTRUMENTS (continued)

#### 26.7 Fair value of financial instruments

##### 26.7.1 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables, short term borrowings and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments. The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group and Company	Fair value of financial instruments carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
<b>2014</b>						
<b>Financial asset</b>						
Investment in quoted equities	37,152	–	–	37,152	37,152	37,152
<b>2013</b>						
<b>Financial asset</b>						
Investment in quoted equities	45,573	–	–	45,573	45,573	45,573

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

#### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2013: no transfer in either direction).

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

## Notes to the Financial Statements

### 27. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group'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 Group's and the Company's approach to capital management during the year. Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Group is required to maintain shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Group and the Company have complied with this requirement.

### 28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- 28.1 On 28 February 2014, the Company entered into a Joint Venture Agreement with Index Living Mall Company Limited ("ILM"), a company incorporated in Thailand to jointly incorporate and register a private limited company in Malaysia in the name of AEON Index Living Sdn. Bhd. ("AEON Index") to engage in a business as a furniture retailer. AEON Index had been incorporated on 28 February 2014. AEON Index has an authorised share capital of 50,000,000 ordinary shares of RM1.00 each and the issued and paid-up capital of 45,000,000 ordinary shares of RM1.00 each. Pursuant to the Joint Venture Agreement, the Company had subscribed 70% of AEON Index's issued and paid-up share capital for a cash consideration of RM31.5 million. AEON Index is now a subsidiary of the Company.
- 28.2 On 25 June 2014, the Company announced that the disposal of 18.18% undivided share of the land, building and structures of AEON Taman Universiti Shopping Centre ("J-REIT Share") to AEON REIT Investment Corporation ("J-REIT") has been completed. The disposal proceeds of RM19.25 million and a gain of disposal of RM14.2 million was recognised in the financial statements.
- 28.3 On 10 July 2014, the Company entered into a Sale and Purchase Agreement with Genting Property Sdn. Bhd. to acquire a piece of freehold land measuring in total area of approximately 20 acres in Mukim Simpang Kanan, Daerah Batu Pahat, Negeri Johor for the purpose of constructing a mall with car parks and departmental stores cum supermarket, at the purchase price of RM34.8 million. At the end of the reporting period, RM3.5 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.
- 28.4 On 26 December 2014, the Company entered into a Sale and Purchase Agreement with Ireka Engineering & Construction Sdn. Bhd. to acquire a piece of freehold land measuring in total area of approximately 20.88 acres in Pekan Senawang, Daerah Seremban, Negeri Sembilan for the purpose of constructing a shopping centre with departmental stores cum supermarket, at the purchase price of RM53.7 million. The completion of the Sale and Purchase Agreement is subject to the fulfillment of certain condition precedents.

## FINANCIAL STATEMENTS

## Notes to the Financial Statements

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

The breakdown of the retained earnings of the Group 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:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings:				
- realised	1,012,420	1,240,258	1,017,536	1,243,443
- unrealised	19,364	7,464	19,367	7,464
Total share of retained earnings of associates:				
- realised	796	372	-	-
Total retained earnings	1,032,580	1,248,094	1,036,903	1,250,907

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 Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

FINANCIAL STATEMENTS

## 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 61 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 29 on page 117 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: 27 March 2015

## 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 61 to 117 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 above named in Kuala Lumpur in the Federal Territory on 27 March 2015.

**Poh Ying Loo**

Before me:

Manoharan A/L Sellamuthu (W656)  
Commissioner for Oaths  
Kuala Lumpur

FINANCIAL STATEMENTS

## 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 2014 of the Group and of the Company and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group 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 61 to 116.

#### ***Directors' Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of 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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## FINANCIAL STATEMENTS

**Independent Auditors' Report**

to the members of AEON CO. (M) BHD.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit report on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**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 29 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.

**OTHER MATTERS**

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: 27 March 2015

**Mok Wan Kong**

Approval Number: 2877/12/16(J)

Chartered Accountant



OTHERS

## ANALYSIS OF SHAREHOLDINGS

As at 31 March 2015

Authorised Share Capital	:	RM1,000,000,000
Issued and Paid-up Share Capital	:	RM702,000,000
Class of Shares	:	Ordinary Share of RM0.50 each
Voting Rights	:	1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Issued Shares	% of Issued Shares
1 - 99	207	2.76	3,522	0.00
100 - 1,000	1,745	23.28	1,380,756	0.10
1,001 - 10,000	4,231	56.43	17,674,601	1.26
10,001 - 100,000	1,119	14.93	31,916,060	2.27
100,001 - 70,199,999 (*)	193	2.57	476,057,361	33.91
70,200,000 and above (**)	2	0.03	876,967,700	62.46
<b>Total</b>	<b>7,497</b>	<b>100.00</b>	<b>1,404,000,000</b>	<b>100.00</b>

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

## SUBSTANTIAL SHAREHOLDERS

As Per Register of Substantial Shareholders as at 31 March 2015

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares	% of Issued Shares	No. of Shares	% of Issued Shares
1	AEON Co., Ltd.	716,040,000	51.00	-	-
2	Aberdeen Asset Management PLC and its subsidiaries (together "The Group") on behalf of account managed by The Group	280,760,100	20.00	-	-
3	Mitsubishi UFJ Financial Group, Inc	-	-	280,960,364 <sup>i</sup>	20.01
4	Aberdeen Asset Management Asia Limited	221,478,200 <sup>ii</sup>	15.77	-	-
5	Employees Provident Fund Board	96,911,800 <sup>iii</sup>	6.90	-	-
6	Aberdeen International Fund Managers Limited	160,927,700 <sup>ii</sup>	11.46	-	-
7	Aberdeen Asset Managers Limited	85,328,200 <sup>ii</sup>	6.08	-	-

Notes: <sup>i</sup> 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.  
<sup>ii</sup> The disclosures include holdings of mandates delegated from other subsidiaries of Aberdeen Asset Management PLC.  
<sup>iii</sup> 23,400,000 Ordinary Shares of RM0.50 each are registered in the name of Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (ABERDEEN).

## DIRECTORS' INTEREST

As Per Register of Directors' Shareholdings as at 31 March 2015

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares	% of Issued Shares	No. of Shares	% of Issued Shares
1	Dato' Abdullah bin Mohd Yusof	2,080,000	0.15	3,460,000 *	0.25
2	Nagahisa Oyama #	80,000	0.01	-	-
3	Nur Qamarina Chew binti Abdullah	-	-	-	-
4	Poh Ying Loo	124,000	0.01	96,000 **	0.01
5	Naoki Hayashi	-	-	-	-
6	Mitsuru Nakata	28,000	Negligible	-	-
7	Datuk Syed Ahmad Helmy bin Syed Ahmad	-	-	-	-
8	Dato' Tunku Putra Badlishah Ibrni Tunku Annuar	-	-	-	-
9	Abdul Rahim bin Abdul Hamid	-	-	-	-
10	Charles Tseng @ Charles Tseng Chia Chun	-	-	-	-
11	Shinobu Washizawa	-	-	-	-

Notes: \* Indirect interest pursuant to Section 6A of the Companies Act, 1965.  
 \*\* Indirect interest pursuant to Section 134(12)(c) of the Companies Act, 1965.  
 # Mr Nagahisa Oyama has resigned on 22 April 2015 as Director of the Company.

OTHERS

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS

As at 31 March 2015

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED SHARES
1.	AEON CO., LTD.	716,040,000	51.00
2.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS LUX FOR ABERDEEN GLOBAL	160,927,700	11.46
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	58,326,400	4.15
4.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	27,670,500	1.97
5.	MAYBANK NOMINEES (ASING) SDN BHD DBS BANK FOR ALBIZIA ASEAN OPPORTUNITIES FUND (290127)	26,250,000	1.87
6.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS PARIS FOR ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC	23,241,200	1.65
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	22,000,000	1.57
8.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND AM4N FOR ABERDEEN INSTITUTIONAL COMMINGLED FUNDS LLC	20,703,600	1.47
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	20,400,000	1.45
10.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	19,273,400	1.37
11.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	16,516,000	1.18
12.	SYARIKAT MALURI SDN BHD	14,920,000	1.06
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	14,396,200	1.03
14.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	11,303,100	0.81
15.	TAKUYA OKADA	9,600,000	0.68
16.	CARTABAN NOMINEES (ASING) SDN BHD RBC INVESTOR SERVICES BANK FOR GLOBAL EMERGING MARKETS SMALLCAP (DANSKE INVEST)	9,392,400	0.67
17.	ROSHAYATI BINTI BASIR	9,240,000	0.66
18.	ROZILAWATI BINTI HAJI BASIR	9,240,000	0.66
19.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (GUERNSEY)	7,547,700	0.54
20.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	6,780,200	0.48
21.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR DANSKE BANK A/S (CLIENT HOLDINGS)	6,725,300	0.48
22.	AMSEC NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN)	6,450,000	0.46
23.	HSBC NOMINEES (ASING) SDN BHD BNYM SA/NV FOR INVESCO ASEAN EQUITY FUND	6,000,000	0.43
24.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (JPMEL AIF-UK)	5,626,800	0.40
25.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (SINGAPORE - SGD)	4,850,000	0.35
26.	HIDENORI FUTAGI	4,800,000	0.34
27.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR RAJA AZNIN BIN RAJA AHMAD (CEB)	4,800,000	0.34
28.	CIMB COMMERCE TRUSTEE BERHAD PUBLIC FOCUS SELECT FUND	4,436,000	0.32
29.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND DRQF FOR ABERDEEN EMERGING MARKETS SMALLER COMPANY OPPORTUNITIES FUND, INC.	3,737,900	0.27
30.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	3,721,400	0.26
	<b>Total</b>	<b>1,254,915,800</b>	<b>89.38</b>

OTHERS

## PARTICULARS OF PROPERTIES

As at 31 December 2014

Details of AEON's properties as at 31 December 2014 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 31/12/2014 (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)	23  16 <sup>1</sup> / <sub>2</sub>	99 years expiring on 19/12/2089	47,483
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)	22 <sup>1</sup> / <sub>2</sub>	95 years expiring on 28/03/2085	73,345
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)	19	99 years expiring on 09/05/2093	55,015
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)	12 <sup>1</sup> / <sub>2</sub>	Freehold	21,333
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)	11	99 years expiring on 25/08/2103	79,339
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)	9	Freehold	143,959
Lot PT 41977	Leasehold land/	550,910/	April 2004 (A)/	8	99 years expiring on 12/04/2103	75,403
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)	6	87 years expiring on 05/04/2083	128,579

OTHERS

## Particulars of Properties

as at 31 December 2014

Details of AEON's properties as at 31 December 2014 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 31/12/2014 (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)	6	Freehold	231,088
PT Plot 55919, Mukim Cheras, District of Ulu Langat, Selangor Darul Ehsan.	Freehold land/ Two-storey shopping centre with rooftop car park	304,920/ 299,979	December 2008 (A)/ May 2010 (C)	4½	Freehold	59,098
PT 239099, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan.	Leasehold land/ Three-storey shopping centre with two-storey car park	755,855/ 1,287,504	June 2010 (A)/ March 2012 (C)	3	99 years expiring on 03/11/2109	124,548
Lot 106273, Mukim Kulai, Daerah Kulajjaya, Johor Darul Takzim.	Freehold land/ Two-storey shopping centre with two-storey car park	793,623/ 911,842	December 2011 (A)/ November 2013 (C)	1	Freehold	103,525
Lot 30908, Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold land/ Three-storey shopping centre with rooftop and open car park	784,834/ 750,235	August 2011 (A)/ June 2014 (C)	½	Freehold	150,515
Lot 2437 Seksyen 13, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan.	Leasehold land	818,273	December 2012 (A)	–	99 years expiring on 26/10/2103	91,960

OTHERS

## AEON STORES, AEON MALLS 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 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 MID VALLEY

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



#### AEON METRO PRIMA

No. 1, Jalan Metro Prima,  
52100 Kepong, Kuala Lumpur.  
Tel: 03-6257 2121

#### AEON MALL METRO PRIMA

Tel: 03-6259 1122



#### AEON AU2 SETIAWANGSA

No. 6, Jalan Taman Setiawangsa (Jalan 37/56),  
AU2, Taman Keramat, 54200 Kuala Lumpur.  
Tel: 03-4257 8840

#### AEON MALL AU2 SETIAWANGSA

Tel: 03-4257 2533



#### AEON @ QUILL CITY MALL

Lot LG-21, G-30, 1-30,  
2-40 and 3-63 Kompleks Beli-Belah Quill,  
No. 1018, Jalan Sultan Ismail, 50250 Kuala Lumpur.  
Tel: 03-2602 1798



#### AEON BANDAR UTAMA

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



#### AEON BANDAR BARU KLANG

Persiaran Bukit Raja 2, Bandar Baru Klang,  
41150 Klang, Selangor Darul Ehsan.  
Tel: 03-3343 9366

#### AEON MALL BUKIT RAJA

Tel: 03-3343 2166



#### AEON BANDAR PUCHONG

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



#### 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 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 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 BUKIT TINGGI

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

#### AEON MALL BUKIT TINGGI

Tel: 03-3326 2370



#### 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 RAWANG

No. 1, Persiaran Anggun, Taman Anggun,  
48000 Rawang, Selangor Darul Ehsan.  
Tel: 03-6091 0671

#### AEON MALL RAWANG ANGGUN

Tel: 03-6092 0678



#### 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 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 AMPANG

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



#### PASAR RAYA MAXVALU @ GAMUDA WALK

GS-01, Gamuda Walk,  
No.12, Persiaran Anggerik Vanilla 31/BF,  
Kota Kemuning, Seksyen 31,  
40460 Shah Alam, Selangor Darul Ehsan.  
Tel: 03-5131 4973



OTHERS

## AEON Stores, AEON Malls and MaxValu

### NORTHERN



#### AEON 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 MALL IPOH STATION 18

Tel: 05-321 6807



#### AEON SERI MANJUNG

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

#### AEON MALL SERI MANJUNG

Tel: 05-687 0018



#### AEON TAIPING

Lot 8576 & 8577 Jalan Kamunting,  
34000 Taiping, Perak Darul Ridzuan.  
Tel: 05-804 8722

#### AEON MALL TAIPING

Tel: 05-804 8711



#### AEON QUEENSBAY

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



#### AEON BUKIT MERTAJAM

No. 3393, Jalan Rozhan Alma,  
Seberang Perai Tengah,  
14000 Bukit Mertajam, Pulau Pinang.  
Tel: 04-530 7160

#### AEON MALL BUKIT MERTAJAM

Tel: 04-530 7625

### SOUTHERN



#### AEON SEREMBAN 2

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

#### AEON MALL SEREMBAN 2

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 MALL BANDARAYA MELAKA

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 MALL TEBRAU CITY

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 MALL BUKIT INDAH

Tel: 07-236 8071



#### AEON KULAIJAYA

PTD 106273,  
Persiaran Indahpura Utama, Bandar Indahpura,  
81000 Kulaijaya, Johor Darul Takzim.  
Tel: 07-663 8373

#### AEON MALL KULAIJAYA

Tel: 07-663 7822



OTHERS

## OUR 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.	2001	FEBRUARY	Completed Rights Issue on the basis of one new Ordinary Share for every two existing Ordinary Shares held.
				OCTOBER	Launch of WAOH Charity Fund / JUSCO Fest / JUSCO's 17th Anniversary.
1985	JUNE	The first pilot store, JAYA JUSCO Dayabumi, opened.		NOVEMBER	22 Malaysian students and 2 former participants from the 1990 batch were invited to Japan as "Ambassadors" through the AEON "1% Club" Programme.
	DECEMBER	The second pilot store, JAYA JUSCO Taman Tun Dr. Ismail, opened.			
1989	JUNE	JAYA JUSCO Dayabumi closed.	2002	APRIL	Establishment of JUSCO-OUM Retail Centre in Alpha Angle Shopping Centre, Wangsa Maju.
	OCTOBER	The first Superstore, JAYA JUSCO Taman Maluri, opened.		JULY	JUSCO Taman Universiti (JUSCO Taman Universiti Shopping Centre) opened.  Japan Management Training Programme reactivated.
1990	JUNE	"Japan Management Training Programme" begun.			
	NOVEMBER	28 Malaysian students invited to Japan as "Ambassadors" through the AEON "1% Club" Programme.	2003	JULY	WAOH Charity Bazaar.
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.		AUGUST	Smart Wonder World opened in JUSCO Taman Maluri.
				OCTOBER	JUSCO Home Centre opened in 1 Utama Shopping Centre.
1992	APRIL	JUSCO Wangsa Maju (Alpha Angle Shopping Centre), the first Shopping Centre, opened.		DECEMBER	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".
1994	AUGUST	The Distribution Centre begun operations.			JUSCO Permas Jaya (JUSCO Permas Jaya Shopping Centre) opened.
	OCTOBER	Japan Trainee Programme begun.	2004	JANUARY	JUSCO Metro Prima Tree Planting Ceremony was held. 2,000 saplings were planted.  JUSCO Metro Prima (JUSCO Metro Prima Shopping Centre) opened.
1995	JUNE	JAYA JUSCO Taman Tun Dr. Ismail closed.		JUNE	"With All Our Hearts" Charity Fund officially registered as the "With All Our Hearts" Malaysian JUSCO Foundation.
	AUGUST	JUSCO Bandar Utama (1 Utama Shopping Centre) opened.		AUGUST	Company authorised share capital increased from RM100 million to RM500 million.
	OCTOBER	JUSCO Bandar Baru Klang (Bukit Raja Shopping Centre) opened.		SEPTEMBER	JAYA JUSCO STORES BHD officially changed name to AEON CO. (M) BHD..
1996	DECEMBER	JAYA JUSCO STORES BHD was listed on the Main Board of the Kuala Lumpur Stock Exchange (KLSE).			JUSCO celebrated 20th Anniversary in Malaysia with Gala Dinner.
1997	AUGUST	JUSCO Ipoh (Kinta City Shopping Centre) opened.			Official launch of "With All Our Hearts" Malaysian JUSCO Foundation.
1998	DECEMBER	JUSCO Melaka Superstore was upgraded to a Shopping Centre.			30,000 saplings planted in the Malaysian-Japan Friendship Forest, AEON Woodland, Paya Indah Wetlands.
1999	DECEMBER	JUSCO Mid Valley opened.			
2000	DECEMBER	JUSCO Taman Maluri Superstore was upgraded to a Shopping Centre.  JUSCO Bandar Puchong opened.		OCTOBER	Completed Bonus Issue (1:1) for 87,750,000 new Ordinary Shares.

## OTHERS

## Our 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.	2007	JANUARY	Pasar Raya J-One change of name ceremony (From J-One to D'HATI) held at Pearl Point Shopping Mall.	
	JULY	The 1st Annual WAOH Charity Gala Dinner was held.		JUNE	Replanting of trees at AEON Woodland.	
	SEPTEMBER	JUSCO Seremban 2 Shopping Centre Tree Planting Ceremony was held. 3,300 saplings were planted.		SEPTEMBER	Pasar Raya D'HATI Kota Kemuning opened.	
		JUSCO Seremban 2 (JUSCO Seremban 2 Shopping Centre) opened.		OCTOBER	JUSCO Bandar Sunway opened.	
	OCTOBER	The first Pasar Raya J-One Supermarket in Damansara Damai opened.		DECEMBER	Pasar Raya MaxValu Desa ParkCity and Pasar Raya MaxValu Ampang opened.	
	DECEMBER	AEON Tebrau City Shopping Centre Tree Planting Ceremony were held. 6,000 saplings were planted.			JUSCO Bukit Tinggi (AEON Bukit Tinggi Shopping Centre) opened.	
2006	JANUARY	JUSCO Tebrau City (AEON Tebrau City Shopping Centre) opened.	2008	JUNE	Completed Bonus Issue (1:1) for 175,500,000 new Ordinary Shares.	
	APRIL	Change of financial year end from February to December.		JULY	AEON Careline was launched.	
	JUNE	AEON Taman Equine Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted.				AEON Seberang Prai City Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted.
	JULY	JUSCO Taman Equine (AEON Taman Equine Shopping Centre) opened.		AUGUST	JUSCO Seberang Prai City (AEON Seberang Prai City Shopping Centre) opened.	
		Pasar Raya J-One Supermarket in Pearl Point opened.				Taman Asuhan Kanak-Kanak Asahi (TAKA) at Bandar Puchong Jaya opened.
	SEPTEMBER	Completion of Kinta City Shopping Centre sales and lease back.		OCTOBER	24th Anniversary Tree Planting at AEON Woodland. 2,400 saplings were planted.	
	NOVEMBER	AEON Cheras Selatan Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted.		NOVEMBER	AEON AU2 Setiawangsa Shopping Centre Tree Planting Ceremony held. 4,600 saplings were planted.	
	DECEMBER	JUSCO Queensbay opened.		DECEMBER	JUSCO AU2 Setiawangsa (AEON AU2 Setiawangsa Shopping Centre) opened.	
		JUSCO Cheras Selatan (AEON Cheras Selatan 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.		

## OTHERS

## Our Milestones

2010	JANUARY	"With All Our Hearts" Malaysian JUSCO Foundation changed name to Malaysian AEON Foundation.	2014	MARCH	Pasar Raya MaxValu Kota Kemuning closed.
	FEBRUARY	JUSCO Bandaraya Melaka (AEON Bandaraya Melaka Shopping Centre) opened.		MAY	AEON Mall Bukit Mertajam Tree Planting Ceremony held. 8,461 saplings were planted.  AEON Seberang Prai City Shopping Centre closed.
	MARCH	AEON Mahkota Cheras Tree Planting Ceremony held. 3,000 saplings were planted.		JUNE	Authorised share capital increased from RM500 million to RM1 billion.  Completed Bonus Issue (1:1) for 351,000,000 new Ordinary Shares and Share Split from RM1.00 per share to RM0.50 per share.
	APRIL	JUSCO Mahkota Cheras (AEON Mahkota Cheras Shopping Centre) opened.			AEON Bukit Mertajam (AEON Mall Bukit Mertajam) opened.  Disposal of 18.18% undivided share of the land, building and structure of AEON Taman Universiti Shopping Centre ("J-Reit" Share) completed.
2011	AUGUST	JUSCO Bandar Utama reopened.	SEPTEMBER		"Forest Tree Diversity Planting" Programme at FRIM research station in Bidor, Perak held in conjunction with 30th Anniversary Tree Planting. 8,000 saplings planted.
	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.		OCTOBER	AEON Mall Taiping Tree Planting Ceremony held. 6,000 saplings were planted.  AEON @ Quill City Mall opened.
2012	FEBRUARY	AEON Ipoh Station 18 Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted.	NOVEMBER	AEON Taiping (AEON Mall Taiping) opened.  Index Living Mall opened the first store at IOI City Mall Putrajaya.	
	MARCH	AEON unveiled the new brand name "AEON" and tagline "AEON Enriching Your Lifestyle".  J Card rebranded to AEON Member Card.		DECEMBER	Pasaraya MaxValu @ Gamuda Walk Kota Kemuning opened.
		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.			
2013	SEPTEMBER	Launch of AEON Business Academy.			
	OCTOBER	AEON Mall Kulaijaya Tree Planting Ceremony held. 9,025 saplings were planted.			
	NOVEMBER	AEON Kulaijaya (AEON Mall Kulaijaya) opened.			

OTHERS

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of AEON CO. (M) BHD. will be held at Grand Ballroom, Level 6, Hilton Kuala Lumpur, 3, Jalan Stesen Sentral, 50470 Kuala Lumpur on Thursday, 21 May 2015 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 2014 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 single tier dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 December 2014.  | Ordinary Resolution 1                             |
| 3. | To approve the Directors' fees of RM1.07 million for the financial year ended 31 December 2014.  | 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) Ms Nur Qamarina Chew binti Abdullah  | Ordinary Resolution 3                             |
|    | (ii) Mr Poh Ying Loo   | Ordinary Resolution 4                             |
|    | (iii) Mr Mitsuru Nakata  | Ordinary Resolution 5                             |
|    | (iv) Datuk Syed Ahmad Helmy bin Syed Ahmad   | Ordinary Resolution 6                             |
|    | (v) Dato' Tunku Putra Badlishah Ibni Tunku Annuar  | Ordinary Resolution 7                             |
|    | (vi) En Abdul Rahim bin Abdul Hamid  | Ordinary Resolution 8                             |
|    | (vii) Mr Charles Tseng @ Charles Tseng Chia Chun   | Ordinary Resolution 9                             |
|    | Mr Naoki Hayashi who retire pursuant to Article 74 of the Articles of Association of the Company, has expressed his intention not to seek for re-election. Hence, he will retain office until the close of the Thirtieth Annual General Meeting. |   |
| 5. | To re-elect Mr Shinobu Washizawa as Director who retiring under Article 80 of the Articles of Association of the Company.  | Ordinary Resolution 10                            |
| 6. | To re-appoint Dato' Abdullah bin Mohd Yusof as Director pursuant to Section 129(6) of the Companies Act, 1965.   | Ordinary Resolution 11                            |
| 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 12                            |

OTHERS

## Notice of Annual General Meeting

### 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 29 April 2015 which are necessary for the Company's day-to-day operations subject further to the following:

- (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 13

OTHERS

## NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the Thirtieth Annual General Meeting, a first and final single tier dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 December 2014 will be paid to shareholders on 8 July 2015. The entitlement date for the said dividend shall be 10 June 2015.

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 10 June 2015 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)**

**TAN AI NING (MAICSA 7015852)**

Company Secretaries

Date: 29 April 2015

### 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 11 May 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his 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 13 on the Proposed Renewal of Shareholders' Mandate

The Ordinary Resolution 13 proposed, if passed, will empower the Directors from the date of the Thirtieth 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 29 April 2015, which is dispatched together with this Annual Report.



OTHERS

## ADMINISTRATIVE DETAILS

for the 30th Annual General Meeting (30th AGM)

### AEON CO. (M) BHD.

<b>Date</b>	: <b>Thursday, 21 May 2015</b>
<b>Registration</b>	: <b>From 8.00 a.m. onwards at the entrance of Ballroom</b>
<b>Commencement of meeting</b>	: <b>10.00 a.m.</b>
<b>Venue</b>	: <b>Grand Ballroom, Level 6, Hilton Kuala Lumpur 3, Jalan Stesen Sentral, 50470 Kuala Lumpur</b>

#### REGISTRATION

- Registration will start at 8.00 a.m. at the entrance of Ballroom, Level 6, and will end at a time as directed by the Chairman of the meeting.
- Please refer to the signages to ascertain where you should register yourself for the meeting and join the queue accordingly.
- Please produce your original Identification Card (IC) at the registration counter for verification and ensure that your IC is collected upon completion of registration.
- After the verification, you are required to write your name and sign on the attendance list, you will be given an identification wristband and Door Gift upon successful registration.
- Please note that you will not be allowed to enter the meeting hall (Grand Ballroom) without the identification wristband. There will be no replacement in the event you lose or misplace the identification wristband and door gift.
- No person will be allowed to register on behalf of another person even with the original IC of the other person.
- If you are attending the meeting as shareholder as well as proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall.
- One (1) door gift will be given for one (1) attendee only, regardless of the number of shareholders you are representing as a proxy, and whether you are attending both as proxy and shareholder.

#### PARKING

- Parking for visitors is available at the parking bays of the Hilton Kuala Lumpur Hotel. Shareholders are to exchange their entry tickets with exit tickets at the designated counter outside the Ballroom. The Company will not provide cash reimbursements for parking charges incurred by shareholders/proxies attending the AGM and who park their vehicles at the car park of other buildings.
- Shareholders are encouraged to use the Light Rail Transit (LRT) and KTM and disembark at the KL Sentral Station, which is about 5 minutes walking distance to the Meeting venue.

#### REFRESHMENT AND DOOR GIFTS

- Light refreshment will be served outside the Ballroom before the commencement of the AGM.
- Door gift will be given during registration and lunch box will be distributed at the room next to the Ballroom upon conclusion of the AGM.

#### ENTITLEMENT TO ATTEND AND VOTE

- Only Members whose names appear in the Record of Depositors as at 5.00 p.m. on 11 May 2015 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the AGM or appoint proxies to attend, speak and/or vote on his/her behalf.

#### ENQUIRES

For enquires on the administrative details of this meeting, please contact our Share Registrar, Tricor Investor Services Sdn. Bhd. at +603-2264 3883 or Ms Carmen Fong of AEON CO. (M) BHD.'s MD office at +603-9207 2005 during office hours (Monday – Friday from 9.00 a.m. to 5.00 p.m.).

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# PROXY FORM

## AEON CO. (M) BHD.

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

<b>No. of Shares Held</b>	
<b>CDS Account No.</b>	

I/We, \_\_\_\_\_ (name of shareholder as per NRIC, in capital letters)  
 NRIC 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) NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)  
 of \_\_\_\_\_ (full address)  
 or failing him/her \_\_\_\_\_ (name of proxy as per NRIC, in capital letters)  
 NRIC 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 Thirtieth Annual General Meeting of the Company, to be held at Grand Ballroom, Level 6, Hilton Kuala Lumpur, 3, Jalan Stesen  
 Sentral, 50470 Kuala Lumpur on Thursday, 21 May 2015 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

No.	Resolution	For	Against
	<b>ORDINARY BUSINESS</b>		
Ordinary Resolution 1	To declare and approve the payment of a first and final single tier dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 December 2014		
Ordinary Resolution 2	To approve the payment of Directors' fees for the financial year ended 31 December 2014		
Ordinary Resolution 3	To re-elect Ms Nur Qamarina Chew binti Abdullah as Director		
Ordinary Resolution 4	To re-elect Mr Poh Ying Loo as Director		
Ordinary Resolution 5	To re-elect Mr Mitsuru Nakata as Director		
Ordinary Resolution 6	To re-elect Datuk Syed Ahmad Helmy bin Syed Ahmad as Director		
Ordinary Resolution 7	To re-elect Dato' Tunku Putra Badlishah Ibni Tunku Annuar as Director		
Ordinary Resolution 8	To re-elect En Abdul Rahim bin Abdul Hamid as Director		
Ordinary Resolution 9	To re-elect Mr Charles Tseng @ Charles Tseng Chia Chun as Director		
Ordinary Resolution 10	To re-elect Mr Shinobu Washizawa as Director		
Ordinary Resolution 11	To re-appoint Dato' Abdullah bin Mohd Yusof as Director pursuant to Section 129(6) of the Companies Act, 1965		
Ordinary Resolution 12	To re-appoint Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration		
	<b>SPECIAL BUSINESS</b>		
Ordinary Resolution 13	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 \_\_\_\_\_ 2015

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 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 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 specifies the proportions of his 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 11 May 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to Personal Data Protection Act, 2010.

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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

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**We're going to change the way you DO things.**



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

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