

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Economic Entity for the first quarter ended 31 March 2012.

Condensed Economic Entity's Statement of Comprehensive Income

For the three months ended 31 March 2012

	3 months ended 31 March		3 months ended 31 March	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	779,464	720,648	779,464	720,648
Total operating expenses	(727,511)	(668,859)	(727,511)	(668,859)
Other operating income	1,511	13,157	1,511	13,157
Profit from operations	<u>53,464</u>	<u>64,946</u>	<u>53,464</u>	<u>64,946</u>
Interest expense	-	-	-	-
Interest income	2,146	1,443	2,146	1,443
Share of results of an associate	104	-	104	-
Profit before taxation	<u>55,714</u>	<u>66,389</u>	<u>55,714</u>	<u>66,389</u>
Tax expense	(18,074)	(19,779)	(18,074)	(19,779)
Profit for the period	<u>37,640</u>	<u>46,610</u>	<u>37,640</u>	<u>46,610</u>
Other Comprehensive Income:				
Gain on fair value of available-for-sale investment	5,160	594	5,160	594
Total Comprehensive Income for the period	<u><u>42,800</u></u>	<u><u>47,204</u></u>	<u><u>42,800</u></u>	<u><u>47,204</u></u>
Basic earnings per ordinary share (sen)	10.72	13.28	10.72	13.28

The Condensed Economic Entity's Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Economic Entity's Statement of Financial Position

As at 31 March 2012

	31 March 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	1,684,606	1,630,835	1,474,481
Intangible asset	18,545	19,872	21,532
Investment in associate	5,876	5,772	-
Available-for-sale investments	23,007	17,847	9,668
	1,732,034	1,674,326	1,505,681
Current assets			
Inventories	343,020	353,555	338,401
Trade and other receivables	73,513	68,549	57,715
Cash and cash equivalents	288,777	341,052	330,908
	705,310	763,156	727,024
TOTAL ASSETS	<u>2,437,344</u>	<u>2,437,482</u>	<u>2,232,705</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	351,000	351,000	351,000
Reserves	979,710	936,910	775,498
TOTAL EQUITY	<u>1,330,710</u>	<u>1,287,910</u>	<u>1,126,498</u>
Non-current liabilities			
Deferred tax liabilities	21,096	21,146	28,303
	21,096	21,146	28,303
Current liabilities			
Trade and other payables	1,067,192	1,108,504	1,056,584
Current tax payable	18,346	19,922	21,320
	1,085,538	1,128,426	1,077,904
TOTAL LIABILITIES	<u>1,106,634</u>	<u>1,149,572</u>	<u>1,106,207</u>
TOTAL EQUITY AND LIABILITIES	<u>2,437,344</u>	<u>2,437,482</u>	<u>2,232,705</u>

The Condensed Economic Entity's Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Economic Entity's Statement of Changes in Equity

For the three months ended 31 March 2012

	← Non-distributable →			Distributable	
	Share capital	Fair value reserve	Revaluation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
For the three months ended 31 March 2012					
At 1 January 2012	351,000	16,772	-	920,138	1,287,910
Total comprehensive income for the period	-	5,160	-	37,640	42,800
At 31 March 2012	<u>351,000</u>	<u>21,932</u>	<u>-</u>	<u>957,778</u>	<u>1,330,710</u>
For the three months ended 31 March 2011					
At 1 January 2011	351,000	8,593	31,149	735,756	1,126,498
Effect of transition to MFRS	-	-	(31,149)	31,149	-
At 1 January 2011, restated	<u>351,000</u>	<u>8,593</u>	<u>-</u>	<u>766,905</u>	<u>1,126,498</u>
Total comprehensive income for the period	-	594	-	46,610	47,204
At 31 March 2011	<u>351,000</u>	<u>9,187</u>	<u>-</u>	<u>813,515</u>	<u>1,173,702</u>

The Condensed Economic Entity's Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Economic Entity's Statement of Cash Flows

For the three months ended 31 March 2012

	31 March 2012	31 March 2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	55,714	66,389
Adjustments for:		
Non-cash items	34,008	36,536
Non-operating items	(2,146)	(1,443)
Operating profit before changes in working capital	<u>87,576</u>	<u>101,482</u>
Changes in working capital:		
Net change in current assets	9,172	23,075
Net change in current liabilities	(41,311)	(76,353)
Cash generated from operations	<u>55,437</u>	<u>48,204</u>
Tax paid	(19,700)	(18,150)
Net cash generated from operating activities	<u>35,737</u>	<u>30,054</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(86,694)	(80,603)
Acquisition of intangible assets	(25)	-
Deposit paid as part of purchase consideration for acquisition of land	(3,602)	(13,614)
Investment in associate	-	(1,500)
Proceeds from disposal of property, plant and equipment	163	4
Interest received	2,146	1,443
Net cash used in investing activities	<u>(88,012)</u>	<u>(94,270)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Interest paid	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	(52,275)	(64,216)
Cash and cash equivalents at 1 January	<u>341,052</u>	<u>330,908</u>
Cash and cash equivalents at 31 March	<u>288,777</u>	<u>266,692</u>

The Condensed Economic Entity's Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial statements for the period ended 31 March 2012

A EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with *MFRS 134: Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Economic Entity's audited financial statements as at and for the year ended 31 December 2011. The financial statements of the Economic Entity as at and for the year ended 31 December 2011 were prepared in accordance with Financial Reporting Standards ("FRS").

These are the Economic Entity's interim financial statements for part of the period covered by the Economic Entity's first MFRS framework annual financial statements for the year ending 31 December 2012 and hence *MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards* has been applied. An explanation of how the transition from the previous FRS to the new MFRS has affected its financial position is set out in the Note 2 below.

In preparing its opening MFRS statement of financial position as at 1 January 2011 (which is also the date of transition), the Economic Entity has adjusted the amounts previously reported in financial statements prepared in accordance with the FRS.

2 Significant accounting policies and application of MFRS 1

The accounting policies applied by the Economic Entity in these interim financial statements are the same as those applied by the Economic Entity in its annual financial statements as at and for the year ended 31 December 2011 except as discussed below:

Property, plant and equipment

The Economic Entity has previously availed itself to the transitional provision when the MASB first adopted International Accounting Standard No. 16 (Revised), *Property, Plant and Equipment* in 1998. Certain buildings were revalued in February 1995 and no later revaluation has been recorded for these property, plant and equipment.

Upon transition to MFRS, the Economic Entity has elected to measure all its property, plant and equipment using the cost model under *MFRS 116, Property, Plant and Equipment*. At the date of transition to MFRS, the Economic Entity elected to apply the optional exemption to use that previous revaluation as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM31,149,000 at 1 January 2011 was transferred to retained earnings.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

Reconciliation of equity as at 1 January 2011

	FRS as at 1 January 2011 RM'000	Reclassifications RM'000	MFRS as at 1 January 2011 RM'000
Equity			
Revaluation reserve	31,149	(31,149)	-
Retained earnings	735,756	31,149	766,905
	<hr/>	<hr/>	<hr/>

2 Explanation of transition to MFRSs (continued)

Reconciliation of equity as at 31 March 2011

	FRS as at 31 March 2011 RM'000	Reclassifications RM'000	MFRS as at 31 March 2011 RM'000
Equity			
Revaluation reserve	31,019	(31,019)	-
Retained earnings	782,496	31,019	813,515

Reconciliation of equity as at 31 December 2011

	FRS as at 31 December 2011 RM'000	Reclassifications RM'000	MFRS as at 31 December 2011 RM'000
Equity			
Revaluation reserve	30,632	(30,632)	-
Retained earnings	889,506	30,632	920,138

3 Seasonality or Cyclicity of Interim Operations

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

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

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

5 Changes in Estimates

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

6 Debt and Equity Securities

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

7 Dividends Paid

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

8 Events Subsequent to the end of reporting period

There were no material events which occurred subsequent to the end of current financial period except as disclosed under note B7.

9 Effects of Changes in the Composition of the Economic Entity

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

10 Operating Segments

The operating segments analysis is as follows:

	Retailing		Property Management Services		Total	
	3 months ended		3 months ended		3 months ended	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	678,629	631,303	100,835	89,345	779,464	720,648
Segmental profit	23,014	35,428	35,178	32,634	58,192	68,062
Less: Unallocated expenses					(4,728)	(3,116)
Profit from operations					53,464	64,946
Interest expense					-	-
Interest income					2,146	1,443
Share of results of an associate					104	-
Profit before tax					55,714	66,389
Tax expense					(18,074)	(19,779)
Profit for the period					37,640	46,610
Segment assets	835,381	680,980	1,496,861	1,332,377	2,332,242	2,013,357
Unallocated assets					105,102	191,828
					2,437,344	2,205,185

11 Related Party Transactions

During the current quarter under review and up to the date of this announcement, the Company did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature that had not been included or exceeded the estimated value by 10% or more which had been mandated by the shareholders during the Annual General Meeting held on 26 May 2011.

12 Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets since the last audited financial statements of the Company for the financial year ended 31 December 2011.

13 Capital Commitments

Capital commitments not provided for in the financial statements as at 31 March 2012 are as follows:

	31 March 2012	31 December 2011
	RM'000	RM'000
Property, plant and equipment		
Authorised but not contracted for	1,009,567	858,189
Authorised and contracted for	182,882	203,605

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

1 Review of Performance

For the current quarter under review, the Company's revenue increased by 8.2% to RM779.5 million from RM720.6 million reported in the previous year corresponding quarter. Profit before taxation of RM55.7 million was however 16.1% lower as compared to RM66.4 million in the previous year corresponding quarter mainly due to the recognition of net proceeds from an insurance claim of RM10.9 million in respect of its business interruption and damages loss in the previous year corresponding quarter.

Retail business segment registered revenue of RM678.6 million for the current quarter and was 7.5% higher than the previous year corresponding quarter of RM631.3 million. The better performance was mainly attributed by the contributions from its new stores openings as well as higher number of loyalty members' sales days during the current quarter. However, this was offset by higher operating costs including initial costs associated with new stores opening. The results of the preceding year corresponding quarter for the segment also included the amusement business income and proceeds from insurance claim.

Revenue from its property management services segment had recorded a growth of 12.9%, at RM100.8 million over the previous year corresponding quarter of RM89.3 million. The overall better performance was as a result of contribution from a new shopping centre that opened in December 2011, higher rental rates and benefits from tenants revamp in some of its existing shopping centres.

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

The profit before taxation of RM55.7 million for the quarter was lower than the preceding quarter of RM99.0 million mainly due to the higher revenue and year end trading rebates received in the preceding quarter and also the higher initial costs associated with new stores openings in the current quarter.

3 Current Year Prospects

Despite lower projected growth in economy, domestic demand is expected to continue to drive Malaysia's economy growth.

In 2012, the Company's stores and shopping centres are moving forward by taking on the global brand name AEON and will continue focus to add value to its businesses through improved efficiency in its retail operations, merchandising and customer service.

With Company's healthy financial position, strong brand name and new stores and shopping centres expansion, the Company remains positive of its 2012 performance.

4 Tax expense

Tax expense comprises:

	3 months ended 31 March 2012 RM'000	3 months ended 31 March 2011 RM'000
Current tax expense	18,125	19,830
Deferred tax expense	(51)	(51)
	<u>18,074</u>	<u>19,779</u>

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

5 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

6 Borrowings and Debt Securities

As at 31 March 2012, the Company did not have any borrowings and debt securities.

7 Changes in Material Litigation

As at the date of this announcement, the Company is not engaged in any material litigation which in the opinion of the Board of Directors will have material effect on the financial position or the business of the Company, save and except for the following updates:

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

Based on the Consent Judgment, all Parties shall withdraw all suits, claims, counter claims, actions, appeals and cross appeals against each other within fourteen (14) days from the date of the Consent Judgment.

The Board of Directors of the Company is of the opinion that the above is not expected to have material financial impact to the Company.

8 Dividend

No dividend was proposed or declared for the current financial period ended 31 March 2012.

9 Earnings Per Share

	3 months ended 31 March 2012	3 months ended 31 March 2011
Profit attributable to the owners for the period (RM'000)	37,640	46,610
Weighted average number of ordinary shares in issue ('000)	351,000	351,000
Basic earnings per ordinary share (sen)	10.72	13.28

Diluted earnings per share is not applicable for the Company.

10 Qualification of Audit Report of the Preceding Annual Financial Statements

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

11 Disclosure of Realised and Unrealised Profit or Losses

The retained earnings as at 31 March 2012 is analysed as follows:

	31 March 2012 RM'000	31 December 2011 RM'000 Restated
Total retained earnings of the Company:		
- realised	978,522	939,947
- unrealised	(20,848)	(19,966)
Total share of retained earnings from an associate:		
- realised	104	157
Total retained earnings of the Economic Entity	957,778	920,138

12 Note to the Statement of Comprehensive Income

	3 months ended 31 March 2012 RM'000	3 months ended 31 March 2011 RM'000
Profit from operations for the period is arrived at after charging:		
Depreciation and amortisation	33,771	35,729
Property, plant and equipment written off	65	808
Loss on disposal of property, plant and equipment	277	-
And after crediting:		
Net proceeds from insurance claims	-	10,913
Gain on disposal of property, plant and equipment	-	1
Gain on foreign exchange	80	14

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.