

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Company for the third quarter ended 30 September 2011.

Condensed Economic Entity's Statement of Comprehensive Income

For the nine months ended 30 September 2011

	3 months ended		9 months ended	
	30 September		30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Revenue	750,098	708,829	2,157,347	2,134,776
Total operating expenses	(683,284)	(644,003)	(1,998,757)	(1,963,228)
Other operating income	615	484	15,702	2,230
Profit from operations	67,429	65,310	174,292	173,778
Interest expense	(2)	(14)	(2)	(43)
Interest income	1,369	372	4,019	1,011
Share of results of an associate	64	-	9	-
Profit before taxation	68,860	65,668	178,318	174,746
Tax expense	(20,092)	(19,458)	(54,125)	(53,490)
Profit for the period	48,768	46,210	124,193	121,256
Other Comprehensive Income:				
Gain / (Loss) on fair value of available-for-sale investment	(309)	-	2,503	(26)
Total Comprehensive Income for the period	48,459	46,210	126,696	121,230
Basic earnings per ordinary share (sen)	13.89	13.17	35.38	34.55

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 2010 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 30 September 2011

	30 September 2011	31 December 2010
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,602,114	1,474,481
Intangible asset	20,719	21,532
Investment in associate	7,409	-
Available-for-sale investments	12,171	9,668
	1,642,413	1,505,681
Current assets		
Inventories	356,086	338,401
Trade and other receivables	60,738	57,715
Cash and cash equivalents	272,776	330,908
Assets held for sale	752	-
	690,352	727,024
TOTAL ASSETS	2,332,765	2,232,705
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	351,000	351,000
Reserves	860,074	775,498
TOTAL EQUITY	1,211,074	1,126,498
Non-current liabilities		
Deferred tax liabilities	28,152	28,303
	28,152	28,303
Current liabilities		
Trade and other payables	1,085,317	1,056,584
Current tax payable	8,222	21,320
	1,093,539	1,077,904
TOTAL LIABILITIES	1,121,691	1,106,207
TOTAL EQUITY AND LIABILITIES	2,332,765	2,232,705

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 2010 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Economic Entity's Statement of Changes in Equity

	← Non-distributable →		Distributable		
	Share capital RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
For the nine months ended 30 September 2011					
At 1 January 2011	351,000	8,593	31,149	735,756	1,126,498
Total comprehensive income for the period	-	2,503	-	124,193	126,696
Transfer from revaluation reserve to retained earnings	-	-	(388)	388	-
Dividends paid	-	-	-	(42,120)	(42,120)
At 30 September 2011	<u>351,000</u>	<u>11,096</u>	<u>30,761</u>	<u>818,217</u>	<u>1,211,074</u>
For the nine months ended 30 September 2010					
At 1 January 2010					
As previously reported	351,000	-	31,666	601,528	984,194
Effect of adopting FRS 139	-	9,058	-	-	9,058
As restated	351,000	9,058	31,666	601,528	993,252
Total comprehensive income for the period	-	(26)	-	121,256	121,230
Transfer from revaluation reserve to retained earnings	-	-	(388)	388	-
Dividends paid	-	-	-	(31,590)	(31,590)
At 30 September 2010	<u>351,000</u>	<u>9,032</u>	<u>31,278</u>	<u>691,582</u>	<u>1,082,892</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 2010 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 nine months ended 30 September 2011

	30 September 2011	30 September 2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	178,318	174,746
Adjustments for:		
Non-cash items	107,286	110,792
Non-operating items	(4,308)	(1,200)
Operating profit before changes in working capital	<u>281,296</u>	<u>284,338</u>
Changes in working capital:		
Net change in current assets	19,635	(20,829)
Net change in current liabilities	28,007	18,809
Cash generated from operations	<u>328,938</u>	<u>282,318</u>
Tax paid	<u>(67,374)</u>	<u>(52,211)</u>
Net cash generated from operating activities	<u>261,564</u>	<u>230,107</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	290	232
Interest received	4,019	1,012
Other investments	(281,883)	(107,704)
Net cash used in investing activities	<u>(277,574)</u>	<u>(106,460)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2)	(43)
Dividend paid	(42,120)	(31,590)
Net cash used in financing activities	<u>(42,122)</u>	<u>(31,633)</u>
Net change in cash and cash equivalents	(58,132)	92,014
Cash and cash equivalents at 1 January	<u>330,908</u>	<u>137,067</u>
Cash and cash equivalents at 30 September	<u><u>272,776</u></u>	<u><u>229,081</u></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 2010 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial statements for the period ended 30 September 2011

A EXPLANATORY NOTES PURSUANT TO FRS 134

1 Basis of Preparation

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

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

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

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

Associate is accounted for in the Economic Entity's financial statements using the equity method unless it is classified as held for sale (or included in a disposal Economic Entity that is classified as held for sale). The financial statements of the Economic Entity include the Company's share of the profit or loss of the equity accounted associate, after adjustments, if any, to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

Economic Entity comprises Company and its interests in associate.

2 Seasonality or Cyclicity of Interim Operations

The Company's revenue for the third quarter was higher than the second quarter mainly due to the festive seasons in the third quarter.

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

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

4 Changes in Estimates

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

5 Debt and Equity Securities

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

6 Dividends Paid

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

A first and final dividend of 16% less income tax of 25%, amounting to RM42.12 million in respect of the financial year ended 31 December 2010 was approved by shareholders at the Twenty-Sixth Annual General Meeting and was paid to shareholders on 20 July 2011.

7 Operating Segments

The operating segments analysis is as follows:

	Retailing	Property	Total
	9 months ended	Management Services	9 months ended
	30 September 2011	9 months ended	30 September 2011
	RM'000	30 September 2011	30 September 2011
	RM'000	RM'000	RM'000
Revenue	1,882,979	274,368	2,157,347
Segmental profit	94,033	95,152	189,185
Less: Unallocated expenses			(14,893)
Profit from operations			174,292
Interest income			4,019
Interest expense			(2)
Share of results of an associate			9
Profit before taxation			178,318
Tax expense			(54,125)
Profit for the period			124,193

8 Valuations of Property, Plant and Equipment

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

9 Events Subsequent to Balance Sheet Date

There were no other material events subsequent to the balance sheet date to be disclosed in the financial statements for the current financial period.

10 Effects of Changes in the Composition of the Economic Entity

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

11 Related Party Transactions

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

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

12 Assets Held For Sale

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

13 Contingent Liabilities or Contingent Assets

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

14. Capital Commitments

Capital commitments not provided for in the financial statements as at 30 September 2011 are as follows:

	30 September 2011 RM'000	31 December 2010 RM'000
Property, plant and equipment		
Authorised but not contracted for	907,766	387,318
Authorised and contracted for	214,309	232,647

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

1 Review of Performance of the Company

For the current quarter under review, the Company's revenue increased by 5.8% to RM750.1 million compared to RM708.8 million recorded in the preceding year corresponding quarter mainly due overall better performance from existing stores. One of its stores which had been temporarily closed for upgrade since February 2011 had commenced operations again in August 2011. Correspondingly, the Company's profit before tax for the quarter was 4.9% higher than the previous year corresponding period. Profit before tax for the nine months ended 30 September 2011 includes net proceeds received from insurance claim of RM10.9 million in first quarter of the current financial year.

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

The profit before taxation of RM68.9 million for the quarter was higher than the preceding quarter of RM65.7 million mainly due to the higher revenue generated in the current quarter.

3 Current Year Prospects

The present trend of domestic consumption is expected to continue though there are concerns over uncertainties on the global economy. However, the Company expects an improved performance for the current financial year.

4 Tax expense

Tax expense comprises:

	3 months ended 30 September 2011 RM'000	9 months ended 30 September 2011 RM'000
Current tax expense	20,143	54,278
Deferred tax expense	(51)	(153)
	<u>20,092</u>	<u>54,125</u>

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

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

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

6 Particulars of Purchase or Disposal of Quoted Securities

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

7 Status of Corporate Proposals

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

On 25 February 2011, the Company had announced that it had entered into a Sale and Purchase Agreement with AEON Fantasy (Malaysia) Sdn. Bhd. to sell its existing amusement business named Smart Wonder World to AEON Fantasy (Malaysia) Sdn. Bhd. for a cash consideration of RM22.4 million. As at the date of this announcement, the Sale and Purchase Agreement has not been completed yet.

The Company further subscribed for 20 per cent of AEON Fantasy (Malaysia) Sdn. Bhd.'s ordinary shares for a cash consideration of RM7.4 million. As at the date of this report, the Company had subscribed for all the three tranches of the ordinary shares pursuant to the Subscription and Relationship Agreement in AEON Fantasy (Malaysia) Sdn. Bhd. for the total consideration of RM7.4 million. AEON Fantasy (Malaysia) Sdn. Bhd. is now an associate of the Company.

8 Borrowings and Debt Securities

As at 30 September 2011, the Company did not have any borrowings and debt securities.

9 Off Balance Sheet Financial Instruments

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

10 Material Litigation

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

The Company's Legal Proceedings and D'Aseania's Defence and Counterclaim have yet to be heard by the court. In the meantime, under the Company's Legal Proceedings (main suit), the Company has initiated legal proceedings in the High Court of Malaya, Kuala Lumpur against D'Aseania for several breaches of the Agreement To Lease and Infrastructure Agreement both dated 17 February 2006 ("the aforesaid Agreements") and has filed an application for Summary Judgement under Order 14 of the Rules of the High Court 1980 against D'Aseania on 24 August 2011 ("O14 application") for an order allowing the Company, among others to terminate the Agreement to Lease dated 17 February 2006 and for the Company to return vacant possession of AEON Seberang Prai City Shopping Centre to D'Aseania accordingly. The decision of the O14 application has yet to be made by the court. The Company's solicitors are of the view that the D'Aseania's Defence and Counterclaim do not have any merit and therefore they are not expected to have material financial impact to the Company as of the date of this announcement.

11 Dividend

No dividend was proposed or declared for the current financial period ended 30 September 2011.

12 Earnings Per Share

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

	3 months ended 30 September 2011	9 months ended 30 September 2011
Profit attributable to ordinary shareholders for the period (RM'000)	48,768	124,193
Number of ordinary shares outstanding ('000)	351,000	351,000
Basic earnings per ordinary share (sen)	13.89	35.38

Diluted earnings per share is not applicable for the Company.

13 Qualification of Audit Report of the Preceding Annual Financial Statements

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

14 Disclosure of Realised and Unrealised Profit or Losses

The retained earnings as at 30 September 2011 is analysed as follows:

	30 September 2011 RM'000	31 December 2010 RM'000
Total retained earnings of the Company:		
- realised	849,640	765,663
- unrealised	(31,432)	(29,907)
Total share of retained earnings from an associate company:		
- realised	9	-
Total retained earnings of the Economic Entity	818,217	735,756