

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Economic Entity for the third quarter ended 30 September 2012.

Condensed Economic Entity's Statement of Comprehensive Income

For the nine months ended 30 September 2012

	3 months ended 30 September		9 months ended 30 September	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	844,684	750,098	2,382,823	2,157,347
Total operating expenses	(771,821)	(683,284)	(2,208,749)	(1,998,757)
Other operating income	1,634	615	4,266	15,702
Profit from operations	<u>74,497</u>	<u>67,429</u>	<u>178,340</u>	<u>174,292</u>
Interest expense	-	(2)	-	(2)
Interest income	1,123	1,369	4,468	4,019
Share of results of an associate	124	64	335	9
Profit before taxation	<u>75,744</u>	<u>68,860</u>	<u>183,143</u>	<u>178,318</u>
Tax expense	(24,378)	(20,092)	(55,898)	(54,125)
Profit for the period	<u>51,366</u>	<u>48,768</u>	<u>127,245</u>	<u>124,193</u>
Other Comprehensive Income:				
Gain on fair value of available-for-sale investment	3,158	(309)	14,768	2,503
Total Comprehensive Income for the period	<u><u>54,524</u></u>	<u><u>48,459</u></u>	<u><u>142,013</u></u>	<u><u>126,696</u></u>
Basic earnings per ordinary share (sen)	14.63	13.89	36.25	35.38

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 30 September 2012

	30 September 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	1,671,012	1,630,835	1,474,481
Intangible assets	15,934	19,872	21,532
Investment in an associate	6,106	5,772	-
Available-for-sale investments	32,615	17,847	9,668
	1,725,667	1,674,326	1,505,681
Current assets			
Inventories	352,456	353,555	338,401
Receivables, deposits and prepayments	97,750	68,549	57,715
Cash and cash equivalents	342,823	341,052	330,908
	793,029	763,156	727,024
TOTAL ASSETS	2,518,696	2,437,482	2,232,705
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	351,000	351,000	351,000
Reserves	1,027,150	936,910	775,498
TOTAL EQUITY	1,378,150	1,287,910	1,126,498
Non-current liabilities			
Deferred tax liabilities	18,951	21,146	28,303
	18,951	21,146	28,303
Current liabilities			
Payables and accruals	1,108,869	1,108,504	1,056,584
Taxation	12,726	19,922	21,320
	1,121,595	1,128,426	1,077,904
TOTAL LIABILITIES	1,140,546	1,149,572	1,106,207
TOTAL EQUITY AND LIABILITIES	2,518,696	2,437,482	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 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 nine months ended 30 September 2012

	← Non-distributable →			Distributable	Total equity RM'000
	Share capital RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	
For the nine months ended 30 September 2012					
At 1 January 2012	351,000	16,772	-	920,138	1,287,910
Total comprehensive income for the period	-	14,768	-	127,245	142,013
Dividends paid	-	-	-	(51,773)	(51,773)
At 30 September 2012	<u>351,000</u>	<u>31,540</u>	<u>-</u>	<u>995,610</u>	<u>1,378,150</u>
For the nine months ended 30 September 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	-	2,503	-	124,193	126,696
Dividends paid	-	-	-	(42,120)	(42,120)
At 30 September 2011	<u>351,000</u>	<u>11,096</u>	<u>-</u>	<u>848,978</u>	<u>1,211,074</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 nine months ended 30 September 2012

	30 September 2012 RM'000	30 September 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	183,143	178,318
Adjustments for:		
Non-cash items	109,059	107,286
Non-operating items	(4,903)	(4,308)
Operating profit before changes in working capital	<u>287,299</u>	<u>281,296</u>
Changes in working capital:		
Net change in current assets	(5,519)	19,635
Net change in current liabilities	365	28,007
Cash generated from operations	<u>282,145</u>	<u>328,938</u>
Tax paid	(65,287)	(67,374)
Net cash generated from operating activities	<u>216,858</u>	<u>261,564</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(145,929)	(240,366)
Deposit paid as part of purchase consideration for acquisition of land	(22,584)	(34,254)
Proceeds from disposal of property, plant and equipment and intangible assets	298	137
Dividend received	433	290
Interest received	4,468	4,019
Investment in associate	-	(7,400)
Net cash used in investing activities	<u>(163,314)</u>	<u>(277,574)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(51,773)	(42,120)
Interest paid	-	(2)
Net cash used in financing activities	<u>(51,773)</u>	<u>(42,122)</u>
Net change in cash and cash equivalents	1,771	(58,132)
Cash and cash equivalents at 1 January	<u>341,052</u>	<u>330,908</u>
Cash and cash equivalents at 30 September	<u>342,823</u>	<u>272,776</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 30 September 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 land and buildings were revalued in February 1995 and no later revaluation has been recorded for these assets.

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

2 Explanation of transition to MFRSs (continued)

Reconciliation of equity as at 30 September 2011

	FRS as at 30 September 2011 RM'000	Reclassifications RM'000	MFRS as at 30 September 2011 RM'000
Equity			
Revaluation reserve	30,761	(30,761)	-
Retained earnings	818,217	30,761	848,978

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 Cyclicalities 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.

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.

A first and final dividend of 17% less 25% income tax and a special tax exempt dividend of 2%, amounting to RM51,772,500 in respect of the financial year ended 31 December 2011 was approved by shareholders at the Twenty-Seventh Annual General Meeting and was paid to shareholders on 11 July 2012.

8 Events Subsequent to the end of reporting period

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

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	
	9 months ended		9 months ended		9 months ended	
	30 Sep 2012 RM'000	30 Sep 2011 RM'000	30 Sep 2012 RM'000	30 Sep 2011 RM'000	30 Sep 2012 RM'000	30 Sep 2011 RM'000
Revenue	2,064,573	1,882,979	318,250	274,368	2,382,823	2,157,347
Segmental profit	75,083	94,033	115,359	95,152	190,442	189,185
Less: Unallocated expenses					(12,102)	(14,893)
Profit from operations					178,340	174,292
Interest expense					-	(2)
Interest income					4,468	4,019
Share of results of an associate					335	9
Profit before tax					183,143	178,318
Tax expense					(55,898)	(54,125)
Profit for the period					127,245	124,193
Segment assets	723,965	805,401	1,501,551	1,383,975	2,225,516	2,189,376
Unallocated assets					293,180	143,389
					2,518,696	2,332,765

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 24 May 2012.

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 30 September 2012 are as follows:

	30 September 2012 RM'000	31 December 2011 RM'000
Property, plant and equipment		
Authorised but not contracted for	1,230,632	858,189
Authorised and contracted for	105,189	203,605

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

1 Review of Performance

Quarter results

For the quarter under review, the Company's total revenue increased by 12.6% to RM844.7 million compared to RM750.1 million recorded in the preceding year corresponding quarter. Correspondingly, profit before tax of RM75.7 million registered for the Economic Entity, which comprised the Company and its interest in associate, was also 10.0% higher than the previous year corresponding quarter due to the healthy growth in revenue.

Retail business segment registered a 11.8% growth in revenue to RM734.2 million compared to the preceding year corresponding quarter mainly attributed by the contributions from its new stores and the re-opening of another store which had temporarily closed for upgrade in August 2011. Property management services segment continued to perform well in the quarter, with 18.1% increased in revenue to RM110.5 million over the previous year corresponding quarter.

Financial Year-to-date results

The Company registered revenue of RM2.38 billion for the 9 months ended 30 September 2012 was 10.5% higher than the previous year corresponding period. Profit before tax of RM183.1 million was 2.7% higher than the previous year corresponding period mainly due to the increase in revenue.

The results of the preceding year corresponding period included the amusement business income and the proceeds from insurance claim of RM10.9 million in respect of its business interruption and damages loss.

Total revenue registered by the retail business segment for the financial year-to-date increased by 9.6% to RM2.06 billion compared to RM1.88 billion recorded in the preceding year corresponding period. This was mainly attributed by the contributions from new stores, overall better performance from its existing stores and higher number of loyalty card members' sales days. However, retail segment profit has decreased to RM75.1 million from RM94.0 million recorded in the preceding year corresponding period due to higher operating costs including initial costs associated with new stores operations and also the preceding year corresponding period's results included the amusement income and proceeds from insurance claim.

Revenue from its property management services segment had recorded a growth of 16.0%, at RM318.2 million over the previous year corresponding period of RM274.4 million. The overall better performance was as a result of contribution from new shopping centres, higher sales commission and higher rental rates 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 RM75.7 million for the quarter was higher than the preceding quarter of RM51.7 million mainly due to the higher revenue generated in the current quarter.

3 Current Year Prospects

As a result of various stimulus measures initiated by the government, the domestic consumption is expected to sustain despite the challenging global economy. The Company with its strong fundamentals, established presence, global brand name and marketing strategies, we expect an improved performance for the current financial year.

4 Tax expense

Tax expense comprises:

	3 months ended		9 months ended	
	30 Sep 2012	30 Sep 2011	30 Sep 2012	30 Sep 2011
	RM'000	RM'000	RM'000	RM'000
Current tax expense	22,262	20,143	58,092	54,278
Deferred tax expense	2,116	(51)	(2,194)	(153)
	<u>24,378</u>	<u>20,092</u>	<u>55,898</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 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 30 September 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 a 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. In this regard, all the suits have since been withdrawn on 14 May 2012.

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

8 Dividend

No dividend was proposed or declared for the current financial period ended 30 September 2012.

9 Earnings Per Share

	3 months ended		9 months ended	
	30 Sep 2012	30 Sep 2011	30 Sep 2012	30 Sep 2011
Profit attributable to the owners for the period (RM'000)	51,366	48,768	127,245	124,193
Weighted average number of ordinary shares in issue ('000)	351,000	351,000	351,000	351,000
Basic earnings per ordinary share (sen)	<u>14.63</u>	<u>13.89</u>	<u>36.25</u>	<u>35.38</u>

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 30 September 2012 is analysed as follows:

	30 September 2012 RM'000	31 December 2011 RM'000 Restated
Total retained earnings of the Company:		
- realised	1,047,183	970,579
- unrealised	(52,065)	(50,598)
Total share of retained earnings from an associate:		
- realised	492	157
Total retained earnings of the Economic Entity	<u>995,610</u>	<u>920,138</u>

12 Notes to the Statement of Comprehensive Income

	9 months ended 30 September 2012 RM'000	9 months ended 30 September 2011 RM'000
Profit from operations for the period is arrived at after charging:		
Depreciation and amortisation	108,823	105,448
Property, plant and equipment written off	706	2,088
Loss on foreign exchange	17	123
And after crediting:		
Net proceeds from insurance claims	-	10,913
Gain on disposal of property, plant and equipment	136	101

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