



Annual Report **2011**

AEON CO. (M) BHD.

(126926-H)

Incorporated in Malaysia



Hand in hand we progress together



Hand in hand we progress together

At AEON, we always work hand in hand
with all our stakeholders and progress together for mutual prosperity.

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REOPENING OF JUSCO BANDAR UTAMA



In 2011, JUSCO Bandar Utama store undertook a major renovation since its establishment in 1995. The renovated JUSCO Bandar Utama store has an approximate 321,510 square feet in net lettable area with four (4) levels of shopping floors including the upper two levels for general merchandise store, ground floor level for supermarket and food delicacies and the basement level catering for amusement, food court, sports and lifestyle products.

JUSCO Bandar Utama store had its reopening ceremony on 22 August 2011, which was officiated by Puan Hathija Bebe binti Abdul Majeed, Senior Director, Ministry of Domestic Trade, Co-Operatives & Consumerism.

JUSCO Bandar Utama store was rebranded to AEON Bandar Utama store in 2012.

AEON RAWANG ANGGUN SHOPPING CENTRE



AEON Rawang Anggun Shopping Centre, the Company's 19th shopping centre and also its 24th general merchandise store, opened its business to the residents of Rawang and surrounding communities on 19 December 2011.

The grand opening ceremony on 22 December 2011 was officiated by Y.A.B. Tan Sri Dato' Seri Abdul Khalid bin Ibrahim, Dato' Menteri Besar of Selangor Darul Ehsan.

AEON Rawang Anggun Shopping Centre adopts the "Your Community Shopping Centre" concept and is conveniently located to cater to all the needs of the surrounding communities from daily necessities and food to leisure and fun.

The shopping centre which the Company leased, has two (2) levels of shopping floors with an approximate 360,850 square feet in net lettable area and 1,400 parking bays. Besides AEON general merchandise store and supermarket, there are 107 tenant shops providing, among others, varieties of food, fashion, family amusement and lifestyle products.

AEON IPOH STATION 18 SHOPPING CENTRE



AEON Ipoh Station 18 Shopping Centre, a 3-level shopping centre which the Company owns, has an approximate net lettable area of 670,810 square feet and more than 2,000 parking bays. It had its soft opening on 29 March 2012.

It is the Company's 20th shopping centre and also its 25th general merchandise store. It is also the second and largest AEON shopping centre that the Company operates in Perak Darul Ridzuan. Besides AEON's general merchandise store and supermarket, it has a total of 170 other retail shops which will further enhance the shopping experience and lifestyles of the surrounding communities.

AEON UNVEILED THE NEW BRAND NAME AND TAGLINE “AEON ENRICHING YOUR LIFESTYLE”



The name AEON is derived from the Latin word which means 'eternity'. Through the years, JUSCO has become a household name to Malaysians and one that has been growing together with the nation since its first presence in Malaysia. The names JUSCO and now AEON are equally familiar with Malaysians of all ages.

In a press launch on 8 March 2012, the Company announced that it is moving in line with AEON Group of Japan's direction for globalisation by taking on the global brand name AEON for all its stores and shopping centres. It is also the perfect opportunity for the Company to further strengthen its position in the market and to establish a clear brand identity.

Besides the press launch, the Company organized a series of activities including media advertorials, television commercials, radio contests, customer engagement activities and special merchandise for the public. All AEON stores and shopping centres' signages are also being progressively replaced with AEON signages over the next two years as part of the rebranding exercise.

J Card, the Company's loyalty card is also being upgraded to its new name of AEON Member Card with new designs and features that reflect values of peace, community life and people.

Simultaneously, AEON is introducing a new tagline, 'AEON ENRICHING YOUR LIFESTYLE' to the public, the goal of which is to give all AEON's customers an enriching experience every time they shop with AEON. The Company believes that the new brand name and tagline will further enhance its position as a leading retailer in Malaysia.

SUSTAINABLE HUMAN RESOURCE CAPITAL



AEON remains committed to the development of its human resource which is pivotal in service oriented industry such as retail. Customers' experiences and perceptions of a retailer and its brand are shaped by the service standards and culture that they experienced besides the merchandise offerings.

To remain a forerunner in the industry, AEON continuously strive to equip its employees with the right skill and culture to further raise their level of competencies and benchmarking against the best in the industry. The Company continuously invests in trainings for all levels of staff in various areas of technical, operational and management disciplines including leadership trainings to develop talent and enhance employees' skill sets. Besides systematic and organized training programs, employees are given opportunities and encourage to be involved in the Company's activities to further cultivate their sense of ownership and leadership qualities. Continuous innovation in human resource practices to improve recruitment, retention, communications and working ways are also carried out.



SERVICE TRANSFORMATION FOR EXCELLENT PERFORMANCE (S.T.E.P.) PROGRAMME

AEON had in 2011 also embarked on a customer service initiative known as "Service Transformation for Excellent Performance" (S.T.E.P.) programme to upgrade and revamp its customer service to a desired level that exceeds customers expectations. The goal is to motivate and engage employees to provide a consistent quality service environment across the organization that the customers will be able to experience.

COMPLIANCE WITH THE BEST PRACTICES IN AEON CODE OF CONDUCT

AEON Code of Conduct is a set of values and principles that AEON adheres to in conducting its business. The Company strives to ensure that the best practices highlighted in the AEON Code of Conduct are adhered to by all AEON people in carrying out their duties and responsibilities. AEON people practice reading AEON Code of Conduct Commitment in its meetings and staff assemblies.



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

AEON CONTRIBUTES TO ENVIRONMENT CONSERVATIONS

A. PRESERVATION OF BIODIVERSITY AEON WOODLAND

On 15 September 2004, AEON CO. (M) BHD. held a special tree planting ceremony at Paya Indah Wetlands in Dengkil, Selangor to commemorate AEON's 20 years in Malaysia. The volunteers included AEON people, customers, representatives from NGOs, schools, business associates and 1,000 volunteers from Japan.

On 3 October 2009, to commemorate AEON's 25th Anniversary, the Company organised the 25th Tree Planting Ceremony at AEON Woodland involving 3,500 volunteers. From 1991 till today, AEON has planted more than 450,000 saplings at tree planting ceremonies.

This event was sponsored by the AEON Environment Foundation in Japan, which sponsored the planting of over 5 million trees around the world.

Representatives of the Foundation have paid regular visits to the site, known as Malaysia-Japan Friendship Forest, AEON Woodland. It is now a beautiful tract of thriving greenery.



REFORESTATION & REHABILITATION OF ORANG UTAN IN SABAH

Over at North Ulu Segama, Sabah, AEON joined forces with the World Wide Fund for Nature (WWF) Malaysia to create a better shelter for the estimated five hundred (500) Orang Utans living in that area. AEON intends to contribute RM500,000 over the span of five (5) years to plant 30,000 trees over 80 hectares of land in this area. On 30 July 2011, an initial 1,000 trees were planted over 6.41 hectares of land.

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

FIREFLY BREEDING PROJECT AT KUALA SELANGOR

On 29 April 2011, AEON donated RM390,350 to a Trust Fund for Firefly Breeding Project which was launched by Dato' Menteri Besar of Selangor Darul Ehsan, Y.A.B. Tan Sri Dato' Seri Abdul Khalid bin Ibrahim after the signing ceremony of the memorandum of understanding (MOU) between AEON, Forest Research Institute of Malaysia (FRIM) and the Selangor State Government.

This is a three-year project whereby AEON together with the state government and FRIM experts intend to plant over 5,400 nipah and malabera trees along the Tanjung Beluntas riverbank to emphasize the significance and value of helping the firefly population to breed.



AEON RAWANG ANGGUN SHOPPING CENTRE TREE PLANTING CEREMONY

On 3 December 2011, more than 900 participants planted 3,500 saplings in a tree planting ceremony held for the opening of AEON Rawang Anggun Shopping Centre. The ceremony was graced by Y.A. Bhg. Tun Jeanne Abdullah, Chairman of Landscape Malaysia.



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

AEON IPOH STATION 18 SHOPPING CENTRE TREE PLANTING CEREMONY

On 25 February 2012, more than 800 participants planted 3,500 saplings in a tree planting ceremony held for the opening of AEON Ipoh Station 18 Shopping Centre. The ceremony was graced by Y.A.B. Dato' Seri DiRaja Dr. Zambry bin Abd. Kadir, Menteri Besar of Perak Darul Ridzuan.



AEON MANGROVE TREES PLANTING IN JAKARTA, INDONESIA

In 2011, AEON also assisted in tree planting activities in Indonesia. On 10 July, a total of 1,346 volunteers including 1,000 volunteers from Japan worked together to plant 14,000 mangrove trees at Pantai Indah Kapok, Jakarta.



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

B. BRING YOUR OWN SHOPPING BAG (BYOSB)

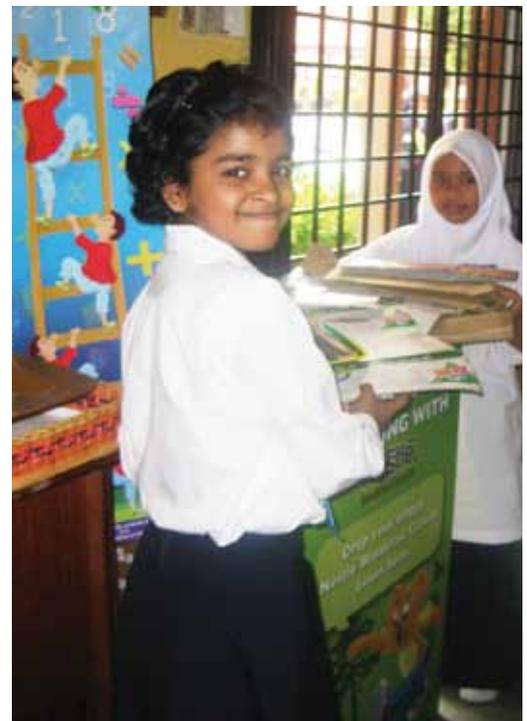
EVERY DAY BYOSB CAMPAIGN

Since its implementation in 2008, the No-Plastic-Bag-Day initiative, which is now currently practice at all AEON stores, has been well received by the public. Besides seeing a reduction in the use of plastic bags, the number of customers utilizing AEON reusable bag has also increased. In 2011, to further promote this initiative, AEON launched Bring Your Own Shopping Bag (BYOSB) campaign which encourage customers to bring along their own reusable shopping bags from home to reduce plastic bag usage.

C. RECYCLING PROGRAMME

365 DAYS RECYCLING CAMPAIGN

In 2011 over a two-month period, AEON and its business partners engaged themselves with young school children on a campaign to promote awareness of recycling activities. Besides having talks and educating the children on recyclable materials and activities, a recyclable collection campaign was also held in which an approximate 2,200 kg of recyclable boxes were collected from the participating schools.



RECYCLING CENTRES PROGRAMME

The AEON Community Recycling Centre (CRC) provides an innovative recycling service for customers. The main objective of setting up these centres is to encourage the customers to practice this routine on a more habitual basis. The CRC can be found at all AEON shopping centres located throughout Malaysia.

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

D. AWARENESS & EDUCATION PROGRAMME

AEON RECYCLABLE INNOVATION CAMPAIGN

In 2011, in a bid to educate Malaysians especially youths and children on the importance of environmental protection, AEON together with the Ministry of Domestic Trade, Co-Operatives and Consumerism (MDTCC) and Universiti Kebangsaan Malaysia collaborated to organise and promote sustainable living with the “Aktifkan Gaya Hidup Lestari” (Activate a Sustainable Lifestyle) campaign at AEON Mahkota Cheras Shopping Centre.

Besides creating awareness through exhibition and talks, local universities' students used their creative talents and took part in the AEON Recycle Innovation Competition.



AEON ENVIRONMENT DAY 2011

In conjunction with World Environment Day, AEON also launched an awareness and education programme at Alpha Angle Shopping Centre from 23 to 26 June 2011 with the objective of educating the community especially children on the importance of protecting the biodiversity of our forests.



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

AEON CONTRIBUTES TO COMMUNITY - AEON CARES

BEACH AND RIVER CLEANING PROJECTS

On 23 April 2011, in conjunction with Earth Day 2011, AEON organised a coastal clean up project at Pantai Teluk Senangin, Perak Darul Ridzuan, graced by the Menteri Besar of Perak Darul Ridzuan, Y.A.B. Dato' Seri DiRaja Dr. Zambry bin Abd. Kadir. 800 volunteers including students collected over 340kg of discarded waste along the beach. AEON also donated recycling and rubbish bins to be placed along the beach.

Over at Johor Bahru, on 28 May 2011, local AEON employees combined forces with local volunteers and government agencies participated in the Skudai River cleaning project in Tampoi, Johor Bahru. A total of approximate 2,854kg of rubbish was collected. Besides waste collection, an approximate 2,700 pieces of mud balls were also tossed into the Skudai river to clear drainage sediments and weeds.



ECO TOUR WITH CHILDREN

From 17 to 19 June 2011, in collaboration with TV3, 'Bersamamu Alam' programme was initiated whereby 100 orphans aged between 9 to 12 years old were invited for an eco tour to Taman Alam in Kuala Selangor. The activities included a mangrove swamp tour and visit to fireflies park.

In the last quarter of the year, another trip was organised to the Paya Indah Wetlands. The trip themed "Cintai Khazanah Alam Kita" revolved around educating the children on the local flora and fauna in the Wetlands.



LANTERN PARADES

Over 4,500 customers and AEON employees participated in the AEON Lantern Parade 2011 held at AEON shopping centres nationwide to celebrate and promote the Mid Autumn cultural event among Malaysians. Fun events included lantern making competitions, lion and dragon dance performances, magic shows and martial art displays.



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

BLOOD DONATIONS

Since 2006, AEON shopping centres had organised 246 blood donation campaigns and managed to collect about 20,000 units of blood bags. This year was no exception and on 11 June 2011 together with National Blood Bank, the AEON Annual Blood Donation Campaign was launched at AEON Cheras Selatan Shopping Centre by Datuk M.Saravanan, Deputy Minister of Federal Territories and Urban Wellbeing. The blood donation drive was held from 10 to 12 June 2011 at all AEON shopping centres with a total collection of 2,450 units of blood bags. On 18 June 2011, AEON was named as the most responsive company in organising blood donation campaigns by Pusat Darah Negara.



SUPPORTING GOVERNMENT'S INITIATIVES

PROGRAM TRANSFORMASI KEDAI RUNCIT (TUKAR)

The Small Retailer Transformation Programme or TUKAR aims to modernise traditional retail stores by enhancing their competitiveness in retail business environment. Together with Ministry of Domestic Trade, Co-Operatives and Consumerism (MDTCC), AEON had in 2011 supported the programme and assisted to modernise shops in Kedah through various trainings and development programmes to transfer retail knowledge to the TUKAR participants. These include stock ordering and movement, merchandise display and sales area management.



TASTE OF MALAYSIA

In December 2011, in collaboration with MDTCC and AEON Group of Japan, the Company conducted a Taste of Malaysia (TOM) programme at Tokyo, Japan to promote and market Malaysia's consumer products, allowing Malaysia's Small Medium Entrepreneur (SMEs) to promote their products overseas, and thus further helps to develop their skills and marketing capacity.

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY



MALAYSIAN AEON FOUNDATION

"With All Our Hearts" Malaysian AEON Foundation (MAF) is the charity arm of which AEON CO. (M) BHD. (AEON) and AEON Credit Service (M) Berhad (ACS) play major roles to run all the major charity events and community services for both in making contributions and fund raising activities.

OUR MISSION

- To be continuously involved in fund-raising activities and events for the benefit of all Malaysians, irrespective of race, religion and creed, with special focus on the needs of Malaysian 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 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 may live fuller and more meaningful lives in the future.

COMMUNITY ACTIVITIES

To bring the Foundation closer to the communities and raise public awareness towards the beauty of charity, Malaysian AEON Foundation continues its joint partnership with TV3, and acted as the main sponsor for "Bersamamu TV3" programme. The second season of the programme was broadcasted on TV3 at 9:30 p.m. every Wednesday, from February to August 2011.

The programme watched by an estimated 3 million viewers shared stories about less fortunate families in every episode and featured AEON and ACS assisting the families by contributing essential items and financial aids.



It was a special holiday treat for fifty (50) special children from selected orphanage homes as they were given an opportunity to participate in a one-day holiday excursion with Malaysian AEON Foundation to the Penang Butterfly Farm. The children were given a special education briefing by the Farm's Education and Recreation team and were encourage to participate in the fun activities. These children were also later brought to Batu Ferringhi beach and further treated to more fun games and picnic by the beach.



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

CHARITY DRIVES

Throughout 2011, Malaysian AEON Foundation has worked together with other companies such as Sangla Foods Sdn. Bhd., Nestlé (Malaysia) Berhad, VOIR Holdings Berhad and Euro-Atlantic (EA) Sdn. Bhd. to offer selected food, health care and garment products to customers, in which a fraction of the sales made are channeled into the Malaysian AEON Foundation fund.

During the 2011 Foundation's Charity Gala Dinner, Malaysian AEON Foundation presented a RM1,000,000 donation to the AEON 1% Club of Japan for assistance to victims of the tsunami and earthquake tragedy in Japan. MAF also donated a total sum of RM80,000 to the Thailand and Cambodia flood victims.



FESTIVITIES CELEBRATION WITH ORPHANS

During the Chinese New Year festivities, Malaysian AEON Foundation donated daily necessities such as cooking oil, rice and milk to orphanages homes in Perak Darul Ridzuan. In conjunction with the Deepavali celebration, RM5,000 worth of goods and daily necessities were also donated to less fortunate families living in Puchong.

In August 2011, Malaysian AEON Foundation celebrated Hari Raya by treating 105 underprivileged children from Dusun Tua, Semenyih and Kajang to a shopping trip in JUSCO stores in Taman Maluri, Makhota Cheras and Cheras Selatan. All 105 children were invited to choose their very own baju raya worth RM200 per child followed by an evening dinner treat at J.W. Marriot Hotel, Kuala Lumpur with hamper presentations, Mamee goodie bags and duit raya.

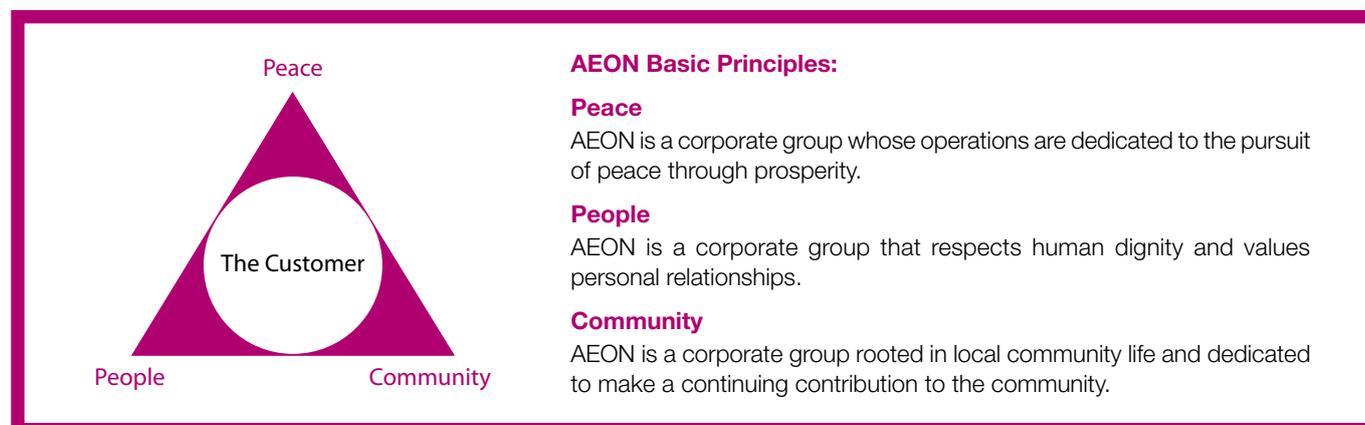


A STARRY SMILE

During the Christmas Charity Drive, 350 orphans were invited to write their wishes on Star Cards. AEON customers were then invited to fulfill the Star Card wishes which was later presented to the children on Christmas eve. All Star Card wishes were fulfilled by AEON customers together with Malaysian AEON Foundation and hampers were also presented to the orphanages.



AN INTRODUCTION TO AEON GROUP



AEON CO. (M) BHD. is a leading retailer in Malaysia with a total revenue of RM2.985 billion for the financial year under review. The Company was incorporated on 15 September 1984. AEON CO. (M) BHD. (AEON or the Company) was set up in response to the Malaysian Government's invitation to AEON Japan to help modernise the retailing industries in Malaysia. The 'JUSCO' and now 'AEON' name is today 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). AEON's constant interior refurbishment of stores to project an image designed to satisfy the ever changing needs and desires of consumers is clear evidence of this. The Company'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 consists of AEON Co., Ltd., and more than 180 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 and shopping centre development, 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 Southeast Asia 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.

OUR PRINCIPLE

The fundamental principle of AEON is its 'Customer Centred Approach'. AEON's mission is and always will be to contribute to the customers.

AEON's most basic and abiding principles are the pursuit of peace, respect for humanity and contribution to local communities through customer-centred initiatives. Under these principles, we are determined to achieve global management standards while being the best serving retailer in the local community.

OUR STRATEGY

AEON follow two strategies for continuous growth: Organic Growth and Company Tie-ups. Its core business of shopping centre operations includes GMS and Supermarkets. AEON builds complementary operations such as specialty stores, shopping centre development, services, and works to create synergies among this diverse business.

OUR GOAL

AEON's goal is to operate as an "international-scale retailing group", recognised for excellence not only in Japan, but also in other nations. The international recognition we are working to achieve is not one which can be measured merely in quantifiable term of size, growth and profitability. We hope to be competitive at the global level in intangible aspects such as customer satisfaction and corporate citizenship. We are dedicated to the idea of "quality management" to further enhance our capabilities.

CORPORATE INFORMATION AND DIRECTORY

BOARD OF DIRECTORS

- Dato' Abdullah bin Mohd Yusof (Chairman)
- Mr Nagahisa Oyama
- Ms Nur Qamarina Chew binti Abdullah
- Dato' Chew Kong Seng
- Datuk Ramli bin Ibrahim
- Brig Jen (B) Dato' Mohamed Idris bin Saman
- Datuk Zawawi bin Mahmuddin
- Mr Naoki Hayashi
- Mr Poh Ying Loo
- Mr Mitsuru Nakata

SECRETARIES

- Tai Yit Chan (MAICSA 7009143)
- Liew Irene (MAICSA 7022609)

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, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia.
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.

HOMEPAGE

<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)

CORPORATE CALENDAR

Notice of Annual General Meeting

29 April 2011

Annual General Meeting

26 May 2011

Payment of Dividend

Book Closure – 22 June 2011

Payment – 20 July 2011

Quarterly Results Announcement

1st Quarter

26 May 2011

2nd Quarter

25 August 2011

3rd Quarter

24 November 2011

4th Quarter

24 February 2012

SHARE PRICE

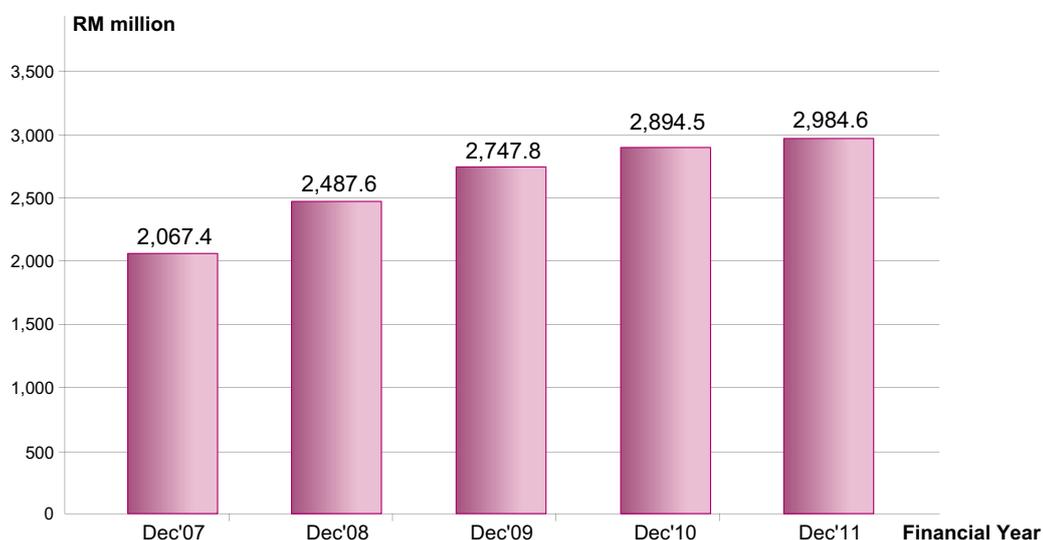
STOCK CODE : 6599

STOCK NAME : AEON

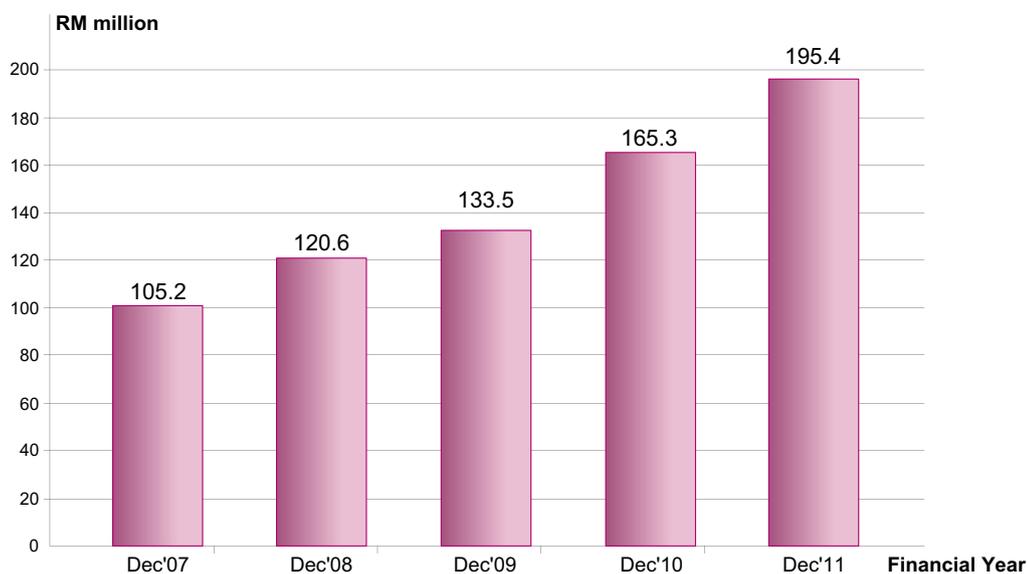
2011

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---------------|-------|-------|-------|-------|--------|--------|-------|-------|-------|-------|-------|-------|
| High (RM) | 6.62 | 6.33 | 6.09 | 6.28 | 6.48 | 7.82 | 7.65 | 7.50 | 7.40 | 7.15 | 7.15 | 7.50 |
| Low (RM) | 5.95 | 6.00 | 5.72 | 5.80 | 5.94 | 6.40 | 7.20 | 6.51 | 6.70 | 6.70 | 6.80 | 7.04 |
| Volume ('000) | 6,476 | 5,783 | 9,742 | 5,686 | 15,583 | 10,895 | 4,858 | 6,154 | 2,177 | 2,225 | 2,251 | 8,868 |

REVENUE



PROFIT ATTRIBUTABLE TO OWNERS



FIVE-YEAR FINANCIAL HIGHLIGHTS

| | 31/12/11 RM'000 | 31/12/10 RM'000 | 31/12/09 RM'000 | 31/12/08 RM'000 | 31/12/07 RM'000 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| STATEMENT OF COMPREHENSIVE INCOME | | | | | |
| Revenue | 2,984,614 | 2,894,482 | 2,747,782 | 2,487,615 | 2,067,354 |
| Retailing | 2,609,070 | 2,524,330 | 2,394,886 | 2,198,216 | 1,837,492 |
| Property management services | 375,544 | 370,152 | 352,896 | 289,399 | 229,862 |
| EBITDA | 411,919 | 386,467 | 338,382 | 298,346 | 264,114 |
| Profit before tax | 277,272 | 240,294 | 194,372 | 176,349 | 159,006 |
| Profit after tax | 195,353 | 165,301 | 133,529 | 120,604 | 105,176 |
| Net dividend | 51,772 | 42,120 | 31,590 | 31,590 | 29,098 |
| STATEMENT OF FINANCIAL POSITION | | | | | |
| ASSETS | | | | | |
| Property, plant, and equipment and Intangible assets | 1,650,707 | 1,496,013 | 1,507,772 | 1,558,168 | 1,195,392 |
| Investments | 23,619 | 9,668 | 1,075 | 1,075 | 1,075 |
| Current assets | 763,156 | 727,024 | 532,366 | 532,895 | 526,007 |
| Total assets | 2,437,482 | 2,232,705 | 2,041,213 | 2,092,138 | 1,722,474 |
| EQUITY | | | | | |
| Share capital | 351,000 | 351,000 | 351,000 | 351,000 | 175,500 |
| Non-distributable reserves | 47,404 | 39,742 | 31,666 | 32,183 | 32,700 |
| Share premium | – | – | – | – | 20,609 |
| Retained earnings | 889,506 | 735,756 | 601,528 | 499,072 | 562,012 |
| Total equity attributable to equity holders of the Company | 1,287,910 | 1,126,498 | 984,194 | 882,255 | 790,821 |
| LIABILITIES | | | | | |
| Deferred tax liabilities | 21,146 | 28,303 | 30,698 | 37,138 | 23,829 |
| Current liabilities | 1,128,426 | 1,077,904 | 1,026,321 | 1,172,745 | 907,824 |
| Total equity and liabilities | 2,437,482 | 2,232,705 | 2,041,213 | 2,092,138 | 1,722,474 |
| FINANCIAL INDICATORS | | | | | |
| Earnings per share (sen) | 55.7 | 47.0 | 38.0 | 34.4 | 30.0* |
| Gross dividend per share (sen) | 19*** | 16 | 12 | 12 | 21** |
| Net assets per share (RM) | 3.67 | 3.21 | 2.80 | 2.51 | 4.51 |
| Return on equity (%) | 15.17 | 14.67 | 13.57 | 13.67 | 13.30 |
| Price earnings ratio | 13.00 | 12.96 | 13.04 | 12.22 | 17.69* |
| Share price as at the financial year end (RM) | 7.24 | 6.09 | 4.96 | 4.20 | 10.60 |

Notes:

* Earnings per share and Price earnings ratio have been calculated based on the number of ordinary shares of 351,000,000. Comparative Earnings per share and Price earnings ratio information have been restated after adjusting for the bonus issue undertaken by the Company.

** Gross dividend per share is inclusive of the 4% special tax exempt dividend.

*** Gross dividend per share is inclusive of the 2% special tax exempt dividend.

DIRECTORS' PROFILE



DATO' ABDULLAH BIN MOHD YUSOF
Independent Non-Executive Chairman
Malaysian 73

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 bin Mohd Yusof holds a Bachelor of Law (Honours) from University of Singapore, which he obtained in 1968. Dato' Abdullah bin Mohd Yusof has more than forty (40) years of experience as an Advocate & Solicitor. Dato' Abdullah bin Mohd Yusof 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 bin Mohd Yusof sits on the Board of Directors of MMC Corporation Berhad, Zelan Berhad, Tradewinds Corporation Berhad and AEON Credit Service (M) Berhad, all of which are companies listed on Bursa Malaysia Securities Berhad. Dato' Abdullah bin Mohd Yusof also sits on the Board of Directors of THR Hotel (Selangor) Bhd and several private limited companies. Dato' Abdullah bin Mohd Yusof is a member of the Nomination Committee and Remuneration Committee of the Board. Dato' Abdullah bin Mohd Yusof has attended all the five (5) Board Meetings held in the financial year. Dato' Abdullah bin Mohd Yusof holds 526,000 ordinary shares directly and 1,167,800 ordinary shares indirectly in the Company.



MR NAGAHISA OYAMA
Non-Independent Non-Executive Vice Chairman
Japanese 57

Mr Nagahisa Oyama was appointed as the Managing Director of AEON CO. (M) BHD. on 22 June 2005 and redesignated as Non-Independent Non-Executive Vice Chairman on 26 May 2011. Mr Nagahisa Oyama holds a Bachelor's Degree in Business Management from Kinki University, Japan, which he obtained in 1977. Mr Nagahisa Oyama joined AEON Co., Ltd. in 1977 as a Management Trainee and was promoted to be Softline Merchandiser in 1980. Mr Nagahisa Oyama was seconded to Siam JUSCO, Thailand to set up the GMS Merchandising division. Following his appointment at Siam JUSCO, Thailand from 1989 to 1991, Mr Nagahisa Oyama was promoted to General Manager of Tonami Regional Shopping Centre in 1991. Mr Nagahisa Oyama was next appointed as the General Manager of Kaga Regional Shopping Centre in 1996 and next transferred to Kochi Regional Shopping Centre in 2000. In 2002, Mr Nagahisa Oyama served as General Manager of Higashi Mikawa and Shizuoka Prefecture, Japan, where Mr Nagahisa Oyama was in charge of the overall planning, opening and operations of three (3) new Regional Shopping Centres and the operations of seven (7) existing Regional Shopping Centres in the Shizuoka Prefecture. Mr Nagahisa Oyama is now Vice President, CEO, ASEAN Business of AEON Co., Ltd. Mr Nagahisa Oyama was appointed as Chairman of the Nomination Committee and Remuneration Committee of the Board on 26 May 2011. Mr Nagahisa Oyama has attended all the five (5) Board Meetings held in the financial year. He holds 20,000 ordinary shares directly in the Company.

Note: Save as disclosed in this annual report, all the Directors mentioned in pages 20 to 23 have no conflict of interest with AEON CO. (M) BHD. or any family relationship with any Director and / or major shareholder nor have they are convictions for offences within the past 10 years, except for traffic summons, if any.

DIRECTORS' PROFILE



**MS NUR QAMARINA CHEW
BINTI ABDULLAH**
Managing Director
Malaysian 51

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 binti Abdullah holds a Master Degree in Business Administration (Entrepreneurship). Ms Nur Qamarina Chew binti Abdullah joined AEON CO. (M) BHD. in 1985 and was a Merchandising Manager from 1990 to 1993 and then transferred to be Store Manager of JUSCO Bandar Utama in 1998 and then JUSCO Mid Valley in 1999. Ms Nur Qamarina Chew binti Abdullah was promoted to Senior Manager in 2001 and then General Manager in 2002 to head the Store Operations Division. In 2006, Ms Nur Qamarina Chew binti Abdullah 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 binti Abdullah 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 binti Abdullah has attended four (4) out of five (5) Board Meetings held in the financial year and does not hold any shares in the Company.



DATO' CHEW KONG SENG
Independent Non-Executive Director
Malaysian 74

Dato' Chew Kong Seng was appointed as the Non-Executive Director of AEON CO. (M) BHD. on 23 July 2001. Dato' Chew Kong Seng is a Fellow of Institute of Chartered Accountants in England and Wales, a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Dato' Chew Kong Seng was a tax officer in the Inland Revenue Department in the United Kingdom and then joined Stoy Hayward & Co. in the United Kingdom from 1964 to 1970. Dato' Chew Kong Seng returned to Malaysia and joined Turquand Young & Co. (now known as Ernst & Young) and was subsequently transferred to Sarawak office as Manager in-charge and later as Partner in-charge. Dato' Chew Kong Seng was appointed as the Managing Partner of Ernst & Young from 1990 to 1996. Currently, Dato' Chew Kong Seng is a Director and Audit Committee Chairman of Petronas Dagangan Berhad, PBA Holdings Berhad and Bank of America Malaysia Berhad, as well as a Director and a member of the Audit Committee of Petronas Gas Berhad, GuocoLand (Malaysia) Berhad and Encorp Berhad. Dato' Chew Kong Seng is also a Director of Great Wall Plastic Industries Berhad, GW Plastic Holdings Berhad and a private limited company. Dato' Chew Kong Seng is the Chairman of the Audit Committee and a member of the Nomination Committee of the Board. Dato' Chew Kong Seng has attended all the five (5) Board Meetings held in the financial year. Dato' Chew Kong Seng does not hold any shares in the Company.



DATUK RAMLI BIN IBRAHIM
Independent Non-Executive Director
Malaysian 71

Datuk Ramli bin Ibrahim was appointed as the Non-Executive Director of AEON CO. (M) BHD. on 20 August 1996 and redesignated as Independent Non-Executive Director on 26 May 2011. Datuk Ramli bin Ibrahim is a Member of the Malaysian Institute of Accountants and a Fellow of the Australian Institute of Chartered Accountants. Datuk Ramli bin Ibrahim was attached to KPMG Peat Marwick (now known as KPMG) in Australia, United Kingdom and Malaysia from 1959 to 1995. Datuk Ramli bin Ibrahim was appointed as a Partner of KPMG Malaysia in 1971. In 1989, Datuk Ramli bin Ibrahim was made the first bumiputera Senior Partner of KPMG Malaysia. Datuk Ramli bin Ibrahim also served on the Boards of KPMG International and KPMG Asia Pacific from 1990 to 1995. Datuk Ramli bin Ibrahim retired from KPMG Malaysia in 1995. From December 1995 to December 2000, Datuk Ramli bin Ibrahim served as the Executive Chairman of Kuala Lumpur Options & Financial Futures Exchange Berhad. Currently, Datuk Ramli bin Ibrahim sits on the Board of Directors of BCT Technology Berhad and AEON Credit Service (M) Berhad. Datuk Ramli bin Ibrahim also sits on the Board of Directors of several other unlisted public and private limited companies including Measat Global Berhad, HSBC Bank Malaysia Berhad and Yayasan Tuanku Syed Sirajuddin. Datuk Ramli bin Ibrahim is also a member of the Audit Committee and Remuneration Committee of the Board. Datuk Ramli bin Ibrahim has attended all the five (5) Board Meetings held in the financial year. He holds 560,000 ordinary shares indirectly in the Company.

DIRECTORS' PROFILE



BRIG JEN (B) DATO' MOHAMED IDRIS BIN SAMAN
Independent Non-Executive Director
Malaysian 67

Brig Jen (B) Dato' Mohamed Idris bin Saman was appointed as the Non-Executive Director of AEON CO. (M) BHD. on 16 June 2000. Brig Jen (B) Dato' Mohamed Idris bin Saman holds a Post Graduate Diploma in Management Studies from the Slough College, United Kingdom which he obtained in 1980. Brig Jen (B) Dato' Mohamed Idris bin Saman was a graduate of the Air Command & Staff College, Maxwell, USA and the Armed Forces Defence College, Kuala Lumpur. Brig Jen (B) Dato' Mohamed Idris bin Saman joined the Royal Malaysian Air Force as a Pilot Officer and served for thirty-five (35) years, in various executive positions within its Logistic Branch. Brig Jen (B) Dato' Mohamed Idris bin Saman retired from the Royal Malaysian Air Force in 2000 as the Assistant Chief of the Air Force (Material). Brig Jen (B) Dato' Mohamed Idris bin Saman is a Director of Affin Fund Management Bhd. Brig Jen (B) Dato' Mohamed Idris bin Saman is a Fellow of the Malaysian Institute of Logistics. Brig Jen (B) Dato' Idris Mohamed bin Saman is a member of the Audit Committee and Nomination Committee of the Board. Brig Jen (B) Dato' Mohamed Idris bin Saman has attended all the five (5) Board Meetings held in the financial year. He does not hold any shares in the Company.



DATUK ZAWAWI BIN MAHMUDDIN
Independent Non-Executive Director
Malaysian 66

Datuk Zawawi bin Mahmuddin was appointed as the Non-Executive Director of AEON CO. (M) BHD. on 23 July 2001. Datuk Zawawi bin Mahmuddin holds a Bachelor of Arts (Honours) Degree from the University of Malaya, which he obtained in 1968. Datuk Zawawi bin Mahmuddin joined the Administrative and Diplomatic Service and began his career as an Administrative Officer in the Ministry of Transport in 1968. From 1970 to 1975 Datuk Zawawi bin Mahmuddin served as private secretary to the Deputy Prime Minister and thereafter held various positions in the Cabinet Secretariat of the Prime Minister's Department from 1975 to 1990. Datuk Zawawi bin Mahmuddin subsequent appointments were as follows:- Federal Secretary in Sarawak (1990 – 1992), Deputy Secretary General 1, Ministry of Home Affairs (1992 – 1994), Secretary General, Ministry of Information (1994 – 2000). Datuk Zawawi bin Mahmuddin was formerly on the Board of Syarikat Explosive Malaysia Sdn. Bhd. (SME), National Film Development Corporation (FINAS), Governing Council, Bernama and Sukom Ninety Eight Bhd. Besides being Chairman of Northport Distripark Sdn. Bhd., Datuk Zawawi bin Mahmuddin also sits on the Board of a few private limited companies. Datuk Zawawi bin Mahmuddin is also a member of the Nomination Committee of the Board. Datuk Zawawi bin Mahmuddin has attended all the five (5) Board Meetings held in the financial year. Datuk Zawawi bin Mahmuddin does not hold any shares in the Company.



MR NAOKI HAYASHI
Non-Independent Non-Executive Director
Japanese 64

Mr Naoki Hayashi was appointed as the Non-Executive Director of AEON CO. (M) BHD., on 13 August 2009. Mr Naoki Hayashi holds a Bachelor Degree in Economics from Keio University, Japan. Mr Naoki Hayashi joined AEON Co., Ltd. in March 1970 and promoted to General Manager, Executive Secretary Office in March 1987. In September 1990, Mr Naoki Hayashi assumed the post of General Manager, General Affair division and subsequently transferred to be the General Manager in charge of Kanto Regional Operations. Mr Naoki Hayashi was promoted as Director of AEON Co., Ltd. in May 1996 and then in February 1997 as Director for Kanto Regional Company. Mr Naoki 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, Mr Naoki Hayashi 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 Naoki Hayashi is now a Director, Vice President, Office of the President, Chief Environmental Affairs Office of AEON Co., Ltd.. Mr Naoki Hayashi has attended four (4) out of five (5) Board Meetings held in the financial year and does not hold any shares in the Company.

DIRECTORS' PROFILE



MR POH YING LOO
Executive Director
Malaysian 50

Mr Poh Ying Loo was appointed Executive Director of AEON CO. (M) BHD. on 26 May 2011. Mr Poh Ying Loo is a Fellow of the Chartered Institute of Management Accountants (FCMA) and a member of Malaysian Institute of Accountants (MIA). Mr Poh Ying Loo started his career with the public accountant firm, Ong Boon Bah & Co as the Audit Semi Senior in March 1986 and subsequently joined Dreamland Holdings Berhad as an Accounts Executive in February 1988. In January 1989, Mr Poh Ying Loo joined CPC/AJI (M) Sdn Bhd as Assistant Accountant and was promoted to Accountant and Senior Accountant by 1996. Mr Poh Ying Loo joined AEON CO. (M) BHD. on July 1996 as the Finance Manager and was promoted to be the Financial Controller in 2000 and General Manager of Finance in 2002. Mr Poh Ying Loo 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 December 2009. Mr Poh Ying Loo has attended three (3) Board Meeting during his term of office in the financial year and holds 20,000 ordinary shares directly and 24,000 ordinary shares indirectly in the Company.



MR MITSURU NAKATA
Executive Director
Japanese 51

Mr Mitsuru Nakata was appointed as the Executive Director of AEON CO. (M) BHD. on 26 May 2011. Mr Mitsuru Nakata holds a Bachelor Degree in Business Management of Ritsumeikan University. Mr Mitsuru Nakata joined AEON Co. Ltd., Japan 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, Mr Mitsuru Nakata was the Division Leader of Kongou store in Osaka prefecture and in April 1991, as the Store Manager of Takami store. Mr Mitsuru Nakata was the Food Line Manager of Katabiranotuji store in Kyoto prefecture in April 1993 and the Store Manager of Nagayoshi store in April 1996. In April 1998, Mr Mitsuru Nakata was the Store Manager of Fujiidera store in Osaka Prefecture and then in April 2001, the Store Manager of Shinnabari store in Mie Prefecture. Mr Mitsuru Nakata was the Store Manager of Hamamatsu Shitoro in Shizuoka prefecture in September 2003. Mr Mitsuru Nakata was seconded to AEON CO. (M) BHD. in October 2006 and was the General Manager in charge of Merchandising Division. Mr Mitsuru Nakata was the Senior Executive General Manager, GMS Business Division in 2009. Mr Mitsuru Nakata has attended three (3) Board Meetings during his term of office in the financial year and holds 7,000 ordinary shares directly in the Company.

SENIOR MANAGEMENT



(Seating from left to right)

- **Mr Isao Yamaguchi**
Senior General Manager of Human Resource & Administration
- **Mr Mitsuru Nakata**
Executive Director
- **Ms Nur Qamarina Chew binti Abdullah**
Managing Director
- **Mr Poh Ying Loo**
Executive Director
- **Mr Tomio Yokoyama**
Senior Executive General Manager of SC Business
- **Mr Akihiro Ohyama**
Senior Executive General Manager of Information Technology & Supply Chain Management

(Standing from left to right)

- **Ms Audrey Lim Suan Imm**
General Manager of Human Resource
- **Mr Kenji Hiramatsu**
General Manager of Information Technology
- **Mr Vincent Ng Wei Chyun**
General Manager of Legal
- **Lt. Col (R) Yaacob bin Mahmud**
General Manager of Security, Safety & Housekeeping
- **Mr Yoshihiro Kaya**
General Manager of Business Development
- **Tuan Hj. A. Rashid Hj. Adam**
General Manager of MD Office – Special Tasks & MRA
- **Mr Hiroyoshi Ekinaga**
General Manager of Merchandising
- **Ms Noryahwati Mohd. Noh**
General Manager of Corporate Communication & Branding

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 Company) for the year ended 31 December 2011.

FINANCIAL REVIEW

AEON continues on its growth path by registering another year of impressive results. For the financial year ended 31 December 2011, the Company posted a strong revenue of RM2.985 billion for the year ended 31 December 2011 which is 3.1% higher compared to RM2.894 billion of the previous year. Correspondingly, for the year under review, AEON registered strong profit before tax of RM277.3 million and profit after tax of RM195.4 million representing 15.4% and 18.2% growth respectively over the previous year's performance.

To further leverage on AEON Group synergy and expertise, the Company had also during the year under review disposed of its amusement business named Smart Wonder World for RM22.4 million to AEON Fantasy (Malaysia) Sdn. Bhd., whose parent company is a specialist operator for such amusement business. The Company had further subscribed for a 20% stake in AEON Fantasy (Malaysia) Sdn. Bhd..

The results for the year included the gain on disposal of RM12.7 million from its amusement business, the net proceeds of RM11.3 million it received from the insurance

claims for the business interruption and damages arising from the fire incident at one of its shopping centres in 2009 and an impairment loss of RM14.1 million on one of its store and shopping centre's property, plant and equipment.

AEON's financial position as at 31 December 2011 remains healthy with no borrowings and with shareholders' funds totaling RM1.288 billion which provides a net asset value per share of RM3.67 (2010 : RM3.21). Earnings per share improved to 55.7 sen per share (2010 : 47.0 sen).

REVIEW OF PERFORMANCE

In 2011, despite the challenging external environments, Malaysia achieved a GDP growth of 5.1% on the back of favorable domestic demand conditions of which strong private and public sectors' spending continue to be the main drivers of Malaysia's economy.

On the back of the buoyant economy, AEON continued to register impressive results in its businesses of retail and property management services. For the year under review, retail sales contributed RM2.609 billion and the property management services contributed RM375.5 million, which respectively represented growth of 3.4% and 1.5% against their previous year's results.

On its retail operations, the overall better performance from existing stores had allowed the Company to register a commendable same stores growth of 4.4% excluding its store in Bandar Utama which was closed for renovation by phases from February 2011 to mid August 2011 and its stores of JUSCO Mahkota Cheras and JUSCO Bandaraya Melaka which operated for a full fiscal year in 2011. Besides JUSCO Bandar Utama which was reopened on 22 August 2011 with a brand new look, the Company also opened the AEON Rawang Anggun Shopping Centre in December 2011 to bring new lifestyles and shopping experience to the community of Rawang and its surrounding areas.



CHAIRMAN'S STATEMENT

AEON's property management services revenue at RM375.5 million remained steady with a 1.5% growth over the previous year. The performance for the year included same shopping centres income growth of 6.5% reflecting the higher occupancy rates, net lettable area and rental rates achieved during the year. Though the Company no longer operating property management services in One Utama Shopping Centre for the year under review, the Company's property management services revenue remained steady with the additional contributions from its new shopping centres in AEON Bandaraya Melaka and AEON Mahkota Cheras, both of which operated for a full fiscal year in the year under review. The new AEON Rawang Anggun Shopping Centre also contributed marginally to the property management services income.

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

In line with its philosophy, AEON continues to play active roles in its corporate social responsibilities and activities. Thus, during the year under review, besides ensuring that its new stores adopt eco friendly concepts, various initiatives involving contributions to communities, environment conservation and protection activities were carried out.

Among others, the various customer-centered initiatives included encouraging use of recycle and reusable bags, tree planting activities for new stores at AEON Rawang Anggun Shopping Centre and AEON Ipoh Station 18 Shopping Centre as well as collaboration with the local authorities and communities for environmental conservation and protection activities such as preservation and reforestation of habitat for Orang Utan, firefly breeding, coastal beach and river cleaning projects. AEON and its charity arm, Malaysian AEON Foundation had also swiftly responded to calls for assistance for the victims of natural disasters that occurred outside Malaysia such as the Japan's earthquake and tsunami tragedy and the Thailand/Cambodia flood disasters.

AEON is also currently involved in the Government-led initiative called Small Retailer Transformation Program (TUKAR) to equip, share and upgrade small entrepreneur retailers with modern retail practices and business models.



BRANDING EXERCISE

In line with AEON Group of Japan's global identity and to further establish a clear brand identity in Malaysia, on 8 March 2012, the Company launched a branding exercise to take on the global brand name AEON and progressively replace the current brand name JUSCO at all its stores and shopping centres. Together with the new brand name for its stores and shopping centres, AEON launched its new tagline "AEON Enriching Your Lifestyle" in line with its philosophy of Customer First. The Company believes that the new brand name and tagline will further enhance its position as a leading retailer in Malaysia. The Company is taking the opportunity to embark on a series of initiatives such as enhancing its customer service to continuously providing great shopping experience to its customers.

FUTURE PROSPECTS AND OUTLOOK

The global economic outlook has become significantly more subdued since the second half of 2011. However, the outlook on the Malaysian economy in 2012 with the government's various economic transformation initiatives is expected to remain stable even though there are lingering concerns over the Europe sovereign debt crisis and fiscal sustainability in the US. The consumer sector will benefit from these various government measures to boost disposable incomes and this in turn will help to support demand for consumer products in the event the external economic conditions deteriorates.

CHAIRMAN'S STATEMENT

Retail industry remains very competitive as retailers sought to enhance and innovate their businesses and more malls are being built to provide consumers with more choices. AEON remains positive on its prospects and believes that consumer sentiments will also remain positive and resilient on the back of the government's concerted efforts to manage the economy in the face of the external challenges. The Company will continue to look for ways to add values to its business and also for its customers. The Company believes that together with its competitive strengths, it will be able to leverage on its recently launched branding exercise to grow its business in tandem with the economy. Growth would come organically and through new store expansions.

AEON's store expansions and business plans remain on track. On 29 March 2012, the Company further bring new level of shopping experience to Ipoh with the opening of its three-level regional shopping centre called AEON Ipoh Station 18 Shopping Centre which is its 25th store and also 20th shopping centre in Malaysia. The Company is also targeted to open a two-level community shopping centre in Sri Manjung, Perak by end of 2012. AEON remains committed to its mid-term strategy plan to open new stores in strategic locations and make AEON accessible to more Malaysians. As part of its long-term growth planning, the Company had recently made announcements to further open new shopping centres in the main growth corridors of Sungai Petani, Bukit Mertajam and Kulai in due course.

DIVIDEND

The Board of Directors is pleased to recommend for your approval a first and final dividend of 17% less 25% income tax and a special tax exempt dividend of 2% for the year ended 31 December 2011 at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT

During the financial year ended 31 December 2011, Mr Nagahisa Oyama relinquished his post as Managing Director on 26 May 2011 to take up a new position as the Vice President, CEO, ASEAN Business of AEON Co. Ltd.. Mr Nagahisa Oyama remains on the Board and was redesignated as Non-Independent Non-Executive Vice Chairman of the Company on the same date. The new Managing Director of the Company is Ms Nur Qamarina Chew binti Abdullah, the executive director who has vast and extensive experience in retailing, having been with the Company since its early days. I would like to wish both Mr Nagahisa Oyama and Ms Nur Qamarina Chew binti Abdullah the best for their new undertakings and thank them for their continuous contributions to strengthen AEON's position as a leading retailer.

On behalf of the Board, I would also like to welcome two new executive directors, Mr Poh Ying Loo and Mr Mitsuru Nakata, who, I believed, with their expertise and years of experience with the Company, will further strengthen the Company's position.

The continued strength and success of the Company would not be possible without the commitment and dedication of its people. On behalf of the Board, I wish to thank the management and staff for their invaluable contributions, efforts, commitment and hard work in taking AEON through a challenging year.

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



REVIEW OF OPERATIONS

The Malaysian economy grew steadily in 2011 to register a growth of 5.1% driven by the robust domestic demand despite the challenging external environment. The retail industry benefited from the steady economy growth and consumer confidence.

Likewise, in 2011, AEON enjoyed good performances in both its core businesses of retailing and property management services. The Company achieved total revenue of RM2.985 billion for the year under review which represented a growth of 3.1% over its previous year's performance. Retailing business contributed RM2.609 billion and property management services contributed RM375.5 million.

RETAILING OPERATIONS

Retail industry continued to be very competitive and dynamic for the year under review as competing players seek to grow their business and devise new innovative ways to retain customers and attract new ones. Besides proliferation of new retail entrants, current retail players also experience with new retail formats away from their traditional core competencies, locations and concepts. Adding to this dynamic landscape was the constant need for retailers to anticipate changing trends in customer behaviors and preferences and to cater for such changes.

Despite these challenges, AEON's retailing business remained resilient with revenue of RM2.609 billion which represent 3.4% growth over the previous year's performance. The Company continued to leverage on its competitive strengths and experience, resulting in overall better performance from its existing stores and favourable contribution from its new and renovated store during the year. Same stores growth registered 4.4% for the year under review.

During the year, besides adopting strategies that leveraged on the Company's loyalty members base through members days and members' special merchandise pricing, continuous efforts to introduce fresh categories of merchandise and layout were carried out.

JUSCO stores in Bandar Puchong, Taman Universiti, Permas Jaya, Tebrau City, Cheras Selatan, Bandar Sunway, Bukit Tinggi, AU2 Setiawangsa and Bukit Indah recorded impressive growths ranging from 5.6% to 9.4% for the year under review. For stores in Bukit Tinggi and Bukit Indah, their better performance were, among others, due to the growing number of customers and loyalty members base as their surrounding areas and township matures. JUSCO stores of Taman Maluri, Wangsa Maju, Bandar Baru Klang, Ipoh, Metro Prima, Seremban 2 and Seberang Prai City also enjoyed good performances of 3.2% to 4.3% growth against their previous year's results.

JUSCO stores of Mid Valley, Queensbay and Taman Equine were generally flattish in their growth against their previous year's performances mainly due to their competitive environments. The lower performance in JUSCO Bandar Utama performance against the previous year was due to its closure for renovation in February 2011 before subsequent reopening for business in August 2011. Similarly for JUSCO Melaka, lower performance recorded for the year was expected, due to the store's renovation in phases during the year.

JUSCO stores of Bandaraya Melaka and Mahkota Cheras which operated for a full year in 2011 further contributed to the revenue growth as their customer base grew whereas the new JUSCO Rawang Anggun store which opened at year end contributed marginally. The MaxValu stores, whose contributions remained marginal, registered revenue of RM40.1 million for the year under review.



REVIEW OF OPERATIONS

PROPERTY MANAGEMENT SERVICES

Retail space continued to grow during the year under review with more new shopping centres opened for business, each striving to promote their differentiation and targeting different customer segments with their attractions, resulting in more choices and convenience for the consumers. Tenant retailers also have more choices to select from for their new outlet's investment.

As in the past, AEON had continued to strive to ensure that its shopping centres remain the shoppers' and tenant retailers' favourite choice for shopping and business. Besides leveraging on its competitive advantages through AEON's general merchandise stores presence, there was continuous focus to create conducive shopping environment in the shopping centres through excellent tenant mix, good promotion events and well maintained malls.

AEON's property management services registered revenue of RM375.5 million representing a growth of 1.5% above the previous year's performance amidst an environment of increased competition for the year and despite the cessation of its property management services in One Utama Shopping Centre. The higher performance was contributed by the same shopping centres income growth of 6.5% due to higher occupancy rates, tenant revamp and higher rental rates from some of the shopping centres. A further 2.9% contribution came from AEON Bandaraya Melaka and AEON Mahkota Cheras shopping centres, both of which opened in 2010 and operated for a full calendar year in 2011.

With the opening of the new AEON Rawang Anggun Shopping Centre in December 2011, AEON now operates a total of nineteen (19) shopping centres by the end of the year under review.



BRANDING EXERCISE

The Company's stores and shopping centres are moving forward with the new but familiar name AEON, which will replace the old trading name JUSCO that is currently use for its business. This is in line with the AEON Group of Japan's globalization direction and further allowed the Company to create a clear brand identity for its business in Malaysia.

With the new name, the Company is unveiling a new promise of "AEON Enriching Your Lifestyle", the goal of which is to give all AEON's customers an enriching experience every time they shop with AEON. Sustainability of excellent customer service will be one crucial factor for the success of this goal.

Thus, together with its rebranding exercise, the Company is currently embarking on a customer service transformation program to further upgrade and revamp its customer service to a desired level that exceed customers' expectations. AEON hopes that through consistent trainings and creation of awareness for this Service Transformation for Excellent Performance (S.T.E.P.) program, which cover among others, basic courtesy and greetings, it will instill into all its employees on the importance of providing good customer service to complement the merchandise offering and excellent shopping environment.



PROSPECTS AND OUTLOOK

Despite uncertainties in global economy, domestic demand, on the back of steady consumer confidence and stable employment outlook, is expected to prevail and continues to be the main driver of Malaysia's economy growth in the foreseeable future.

Retailing

Retail industry is highly competitive in Malaysia. AEON will continue to stay focus in its quest to grow, remains competitive and relevant for long term business sustainability. To this end, the Company in 2012 intends to place strategic focus and review on its business and operations units to further enhance efficiency and productivity.

REVIEW OF OPERATIONS

Besides the corporate rebranding exercise and the upgrading of its customer service, the Company intends to further strengthen its position by placing emphasis to review and optimize process efficiency in the areas of retail operations, merchandising, human resource and information technology upgrade. Greater sales productivity, margin management, better operational and manpower management on the selling floor will be key focus areas for retail operations. On its loyalty card which is a strategic marketing tool for the Company, AEON will work to enhance its members' benefits through alliance with more business partners. For its merchandising, the focus will be on enhancing the various merchandise categories concepts, the pricing strategy, private brand development, sales and margin composition mix. The Company intends to further optimize its integrated information technology system in an efficient manner to aid business analysis and decision makings. And for its human resource development which remains a key component, focus will be on developing more leaders through leadership trainings for the Company's future needs and ensuring a sustainable corporate culture that are in line with the Company's corporate values.

In 2012, AEON will also continue to carry out refurbishment on selected General Merchandise Stores to refresh and continue providing great shopping ambience and experience to its customers. The Company is also currently embarking on new retail business categories of doughnut and lifestyle household products. JUSCO Rawang Anggun store will add to the Company's revenue growth in 2012 with its full fiscal year's operation whereas AEON Ipoh Station 18 store which opened on 29 March 2012 is expected to make significant contribution too for the year. The Company is also scheduled to open a new General Merchandise Store in Sri Manjung, Perak Darul Ridzuan by the end of 2012.

Property Management Services

For its property management services, the business remains equally challenging with the presence of more malls that not only compete for shoppers' traffic but also potential tenants. The Company remains focus on ensuring that its malls continue to be well-maintained, possess good tenant mix and always have attractive shopping events and activities. The Company maintains good relationship and partnership with its tenants for synergistic benefits in AEON shopping centres. Tenant mix will be reviewed constantly and revamp will be carried out where necessary to increase the attractions of the shopping centres and cater to changing demands. AEON's new shopping centres are being built with eco friendly features as part of its corporate social responsibility towards environmental protection.

On its expansion plans, AEON, which had grown steadily over the years and make its presence in key strategic locations and markets nationwide, remains committed to its mid-term strategy plan to solidify its position as the market leader and make AEON accessible to more Malaysians. On 29 March 2012, the Company opened AEON Ipoh Station 18 Shopping Centre, its 20th shopping centre in Malaysia, bringing a new level of shopping experience to communities in Ipoh. The Company is also scheduled to lease and operate a two-level community shopping centre with an approximate net lettable area of 477,000 square feet in Sri Manjung, Perak Darul Ridzuan towards the end of 2012. While the Company continues to scout for new suitable locations, it had announced on its commitments for expansion in the strategic areas of Sungai Petani in Kedah, Bukit Mertajam in Penang and Kulai in Johor. The openings of the various earmarked shopping centres will be announced in due course. In 2012, besides AEON Ipoh Station 18 Shopping Centre's contribution, property income will be assisted by contribution from AEON Rawang Anggun Shopping Centre that will operate for a full fiscal year in 2012.

Through its new tagline "AEON Enriching Your Lifestyle", merchandise offerings, shopping ambience and new malls development, AEON aims to continue deliver great shopping experience for all Malaysians. The Company believes that with its established name, it is well-positioned to continue remains a retailer of choice for both its customers and business partners. The Company's strong focus on core business activities and execution had been the key components for its success and growth. And such focus together with its philosophy of "Customer First" and the ongoing rebranding exercise will enable AEON to enhance its branding and customer loyalty.



STATEMENT ON CORPORATE GOVERNANCE

BOARD RESPONSIBILITIES

The Board of Directors (the “Board”) of the Company, in recognising the importance of corporate governance, is committed in ensuring that the Company’s business and operations are in line with the Malaysian Code on Corporate Governance [Revised 2007] (“the Code”).

The Board assumes responsibilities in corporate governance and has established various processes and committees to assist the Board in discharging these responsibilities. Among others, the Company’s strategies and directions, shareholders and investors’ relationship, annual budget, major capital expenditure, significant financial matters, and the adequacy and integrity of internal controls including risk assessment are within the responsibilities of the Board of Directors.

During the year under review, the Company had applied the Principles and complied with the Best Practices as enumerated under the Code, details of which are described in this Statement.

A) DIRECTORS

The Board

The Board recognises its key role in charting the strategic direction, development and control of the Company and has taken the necessary steps to adopt the specific responsibilities that are listed in the Code, which facilitates the discharge of the Board’s stewardship responsibilities.

Board Balance

The Board consists of ten (10) members, comprising one (1) Independent Non-Executive Chairman, one (1) Non-Independent Non-Executive Vice Chairman, three (3) Executive Directors and five (5) Non-Executive Directors. Out of the five (5) Non-Executive Directors, four (4) are Independent Directors, satisfying the Code and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for Independent Non-Executive Directors to make up at least one-third (1/3) of the Board membership. In the event of any vacancy in the Board resulting in non-compliance with the requirements on Independent Directors, the vacancy must be filled within three (3) months of that event.

Dato’ Chew Kong Seng (email address: ks.chew@aeonretail.com.my) is the Senior Independent Non-Executive Director to whom concerns on matters relating to corporate governance of the Company could be conveyed. The presence of Independent Non-Executive Directors fulfills a pivotal role in corporate governance accountability. Although all the Directors are responsible for the Company’s operations, the roles of the Independent Non-Executive Directors are particularly important, as they provide an unbiased and independent view, advice and 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 is of the view that its current composition fairly reflects the interests of minority shareholders in the Company.

The Directors bring a wide range of expertise and experience in various fields such as economics, public services, accounting and finance, legal, human resource, banking, marketing, taxation, general management, retail management and property management services for the effective functioning of the Board. All Board members participated and deliberated on the issues and matters affecting the Company.

The profile of each Director is presented on page 20 to page 23 of the Annual Report.

Supply of Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for informed decision making and effective discharge of Board’s responsibilities.

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 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 also keep the Directors and Principal Officers informed of the closed period for trading in the Company’s shares. The External Auditors also briefed the Board members on any new Financial Reporting Standards that would affect the Company’s financial statements during the year.

In addition, the Directors, if necessary, may obtain independent professional advice at the Company’s expense, where necessary in furtherance of their duties. The Directors may also consult the Chairman and other Board members prior to seeking any independent advice.

STATEMENT ON CORPORATE GOVERNANCE

BOARD MEETINGS

The Board met five (5) times during the financial year ended 31 December 2011. The details of attendance of each Director at the Board meetings held during the financial year are as set out in the table below: -

| No | Name of Directors | Number of Board meetings attended/held during the Director's term in office |
|----|---|---|
| 1 | Dato' Abdullah bin Mohd Yusof (redesignated as Independent Non-Executive Chairman on 26 May 2011) | 5/5 |
| 2 | Mr Nagahisa Oyama (redesignated as Non-Independent Non-Executive Vice Chairman on 26 May 2011) | 5/5 |
| 3 | Ms Nur Qamarina Chew binti Abdullah (appointed as Executive Director on 25 February 2011 and redesignated as Managing Director on 26 May 2011) | 4/5 |
| 4 | Mr Poh Ying Loo (appointed as Executive Director on 26 May 2011) | 3/3 |
| 5 | Mr Mitsuru Nakata (appointed as Executive Director on 26 May 2011) | 3/3 |
| 6 | Dato' Chew Kong Seng (Independent Non-Executive Director) | 5/5 |
| 7 | Datuk Ramli bin Ibrahim (redesignated as Independent Non-Executive Director on 26 May 2011) | 5/5 |
| 8 | Brig Jen (B) Dato' Mohamed Idris bin Saman (Independent Non-Executive Director) | 5/5 |
| 9 | Datuk Zawawi bin Mahmuddin (Independent Non-Executive Director) | 5/5 |
| 10 | Mr Naoki Hayashi (Non-Independent Non-Executive Director) | 4/5 |
| 11 | Mr. Jerome Thomas Black (retired as Non-Independent Non-Executive Director on 26 May 2011) | 1/2 |
| 12 | Mr Kenichi Hirao (retired as Non-Independent Non-Executive Director on 26 May 2011) | 0/2 |

The Board endeavours to meet at least four (4) times a year, at quarterly intervals, with additional meetings to be convened when necessary. Board meetings for each year are scheduled before the end of the previous financial year in order for the Directors to plan their schedules. All Board meetings are furnished with proper agendas with due notice issued. Board papers and reports providing updates on financial, operational and corporate developments including matters such as the Company's corporate social responsibilities program are circulated prior to the meetings to all Directors to allow them sufficient time to peruse for effective discussions and decision making during the meetings.

All pertinent issues at the meeting in arriving at the decisions and conclusions are properly recorded in discharging the Directors' duties and responsibilities.

The proceeding of the meetings was properly recorded by the Company Secretaries.

DIRECTORS' TRAINING

All the Directors have successfully completed the Mandatory Accreditation Programme and the Continuing Education Programme organised by Bursa Malaysia Securities Berhad and are also provided with updates from time to time on relevant new laws and regulations affecting their directorship. Seminars and briefings on Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Risk Management, Internal Audit, Corporate Governance, Tax Budget and new Accounting Standards were attended by one or more Directors during the financial year under review.

Additionally, ongoing development and education sessions are provided by management that cover both operational and financial issues specific to the Company and the industry.

Directors also from time to time visited existing stores and/or new sites to have a thorough understanding of the Company's operational matters.

STATEMENT ON CORPORATE GOVERNANCE

BOARD COMMITTEES

The Board is assisted by its Committees, which have been established under defined terms of reference, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and best practices prescribed by the Code to assist the Board in discharging its responsibilities. The Committees are Audit Committee, Nomination Committee and Remuneration Committee.

The functions and terms of reference of the Board Committees as well as authority delegated by the Board to these Committees have been approved by the Board and are reviewed from time to time to ensure they are relevant and up-to-date. The Board Committees examine specific issues and report to the Board with their recommendations. The ultimate responsibility for decision-making lies with the Board.

AUDIT COMMITTEE

The Board is assisted by the Audit Committee which reviews issues of accounting policies and financial reporting, monitors the work of the Internal Audit Function and ensures that an objective and professional relationship is maintained with the External and Internal Auditors. The Audit Committee works closely with both the Internal and External Auditors who, in turn, have direct access to the Chairman of the Audit Committee.

The Audit Committee members, terms of reference and activities for the financial year under review are stated on page 37 to page 41 of the Annual Report.

NOMINATION COMMITTEE

Mr Nagahisa Oyama relinquished his post as Managing Director on 26 May 2011 and was redesignated as Non-Independent Non-Executive Vice Chairman on the same date and also appointed as Chairman of the Nomination Committee following the retirement of Mr Jerome Thomas Black on 26 May 2011. The Nomination Committee is made up of Non-Executive Directors whose other members are Dato' Abdullah bin Mohd Yusof, Dato' Chew Kong Seng, Brig Jen (B) Dato' Mohamed Idris bin Saman and Datuk Zawawi bin Mahmuddin. The Committee met twice (2) during the financial year under review.

The duties and responsibilities of the Nomination Committee, among others, are to recommend to the Board, candidates for directorship, directors to fill seats on Board Committees and to review annually the required mix of skills, experience and size of the Board including the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual Director.

The Board, through the Nomination Committee, during the year under review, reviewed the required mix of skills and experience of the Board, conducted the annual assessment of the Directors' performance, contribution, competency and efficiency and evaluated the level of independence of Independent Directors.

REMUNERATION COMMITTEE

Mr Nagahisa Oyama relinquished his post as Managing Director on 26 May 2011 and was redesignated as Non-Independent Non-Executive Vice Chairman on the same date and also appointed as Chairman of the Remuneration Committee following the retirement of Mr Jerome Thomas Black on 26 May 2011. The Remuneration Committee comprises of Non-Executive Directors whose other members are Dato' Abdullah bin Mohd Yusof and Datuk Ramli bin Ibrahim. The duties of the Remuneration Committee are to review and recommend to the Board the remuneration of all Directors in all its forms. Executive Directors play no part in decision-making or determining their own remuneration.

In the financial year under review, the Remuneration Committee met once to discuss remuneration packages of all Directors. The determination of the remuneration packages is a matter for the Board as a whole. Individual Directors concerned do not participate in the discussion on their own remuneration. The recommended Directors' fees will be subjected to the shareholders' approval at the forthcoming Company's Annual General Meeting.

RE-ELECTION

In accordance with the Company's Articles of Association, all Directors are subject to retirement at the Annual General Meeting every year.

STATEMENT ON CORPORATE GOVERNANCE

B) DIRECTORS' REMUNERATION

The breakdown of the remuneration of the Directors during the financial year under review is as follows: -

- 1) Aggregate remuneration of the Directors categorised into appropriate components:

| | Executive Directors RM | Non-Executive Directors RM | Total RM |
|------------------|---------------------------------------|---|---------------------|
| Fees | – | 1,200,000 | 1,200,000 |
| Salaries | 903,982 | 47,880 | 951,862 |
| Benefits-in-kind | 26,067 | 59,800 | 85,867 |
| Other emoluments | 51,901 | 20,700 | 72,601 |
| | 981,950 | 1,328,380 | 2,310,330 |

- 2) The number of Directors whose total remuneration fall within the following bands are as follows:

| Range of Remuneration | Number of Directors | | Total |
|------------------------------|----------------------------|----------------------|--------------|
| | Executive | Non-Executive | |
| Less than RM50,000 | – | 1 | 1 |
| RM50,001 to RM100,000 | – | 2 | 2 |
| RM100,001 to RM150,000 | – | 4 | 4 |
| RM200,001 to RM250,000 | 1 | – | 1 |
| RM250,001 to RM300,000 | – | 2 | 2 |
| RM300,001 to RM350,000 | 1 | – | 1 |
| RM350,001 to RM400,000 | 1 | – | 1 |
| | 3 | 9 | 12 |

Mr Nagahisa Oyama relinquished his post as Managing Director on 26 May 2011 and was redesignated as Non-Independent Non-Executive Vice Chairman on the same date.

C) SHAREHOLDERS

Investors and Shareholders Communication

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 Malaysia Securities Berhad'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 performance, annual report, corporate announcements to Bursa Malaysia Securities Berhad 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, investors and the media.

Besides highlighting retail business promotional activities, the Company's website (www.aeonretail.com.my) also contains all announcements made to Bursa Malaysia Securities Berhad as well as the contact details of designated persons to cater to any queries.

During the Annual General Meeting, 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.

STATEMENT ON CORPORATE GOVERNANCE

D) ACCOUNTABILITY AND AUDIT

Financial reporting

In the Company's financial reporting via quarterly announcements of results, annual financial statements and annual report presentation including the Chairman's Statement and Review of Operations, the Board of Directors provides a comprehensive assessment of the Company's performance and prospects for the benefits of shareholders, investors and interested parties. The Audit Committee also assists the Board in overseeing the Company's financial reporting processes and accuracy, adequacy and completeness.

GOING CONCERN

The Board confirms that the Company has adequate resources to continue its business in the foreseeable future. For this reason, it continues to adopt the going concern basis for preparing the financial statements.

STATE OF INTERNAL CONTROL

The Statement on Internal Control set out on page 42 of the Annual Report provides an overview of the state of internal controls within the Company.

RELATIONSHIP WITH THE EXTERNAL AUDITORS

The Board with the assistance of the Audit Committee maintains a formal and transparent relationship with the Company's External Auditors through the formal Audit Committee Meetings whereby issues are discussed.

The relationship between the Board and the External Auditors is also formalised through the Audit Committee's Terms of Reference.

COMPLIANCE WITH MALAYSIAN CODE ON CORPORATE GOVERNANCE

The Board is pleased to state that the Company was in compliance with Best Practices of the Code throughout the financial year ended 31 December 2011.

STATEMENT OF DIRECTORS' RESPONSIBILITY

In Respect Of The Preparation Of The Audited Financial Statements

The Board of Directors is responsible for the preparation of the financial statements which provide a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2011, and of the financial performance and cash flows of the Economic Entity and of the Company for the year then ended.

The Board has ensured that the audited financial statements of the Economic Entity and of the Company are drawn up in accordance with the requirements of the applicable Financial Reporting Standards issued by Malaysian Accounting Standards Board, the provisions of the Companies Act, 1965, Bursa Malaysia Securities Berhad and other regulatory bodies. In preparing the financial statements, the Board of Directors has ascertained that accounting policies and reasonable prudent judgement and estimates have been consistently applied.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Audit Committee

- Dato' Chew Kong Seng
- Datuk Ramli bin Ibrahim
- Brig Jen (B) Dato' Mohamed Idris bin Saman

Designation

Chairman (Independent Non-Executive Director)
Member (Independent Non-Executive Director)
Member (Independent Non-Executive Director)

CONSTITUTION

The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee with the following terms of reference.

COMPOSITION OF AUDIT COMMITTEE

The Committee shall be appointed by the Board from among its members and shall consist 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 one of the associations of accountants specified in Part II of the said Schedule or fulfils 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 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 chairperson 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 the 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 shall elect a Chairman for the meeting from amongst the members present.

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 may 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.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

SECRETARY TO AUDIT COMMITTEE

The Company Secretaries shall be the Secretary of the Committee and shall be responsible for drawing up the agenda in consultation with 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 the 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.

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.

The Committee shall assist the Board in preparing the following for publication in the Company's Annual Report:

- Statement of the Company's application of the principles set out in Part I of the Malaysian Code on Corporate Governance;
- Statement on the extent of compliance with the Best Practices in Corporate Governance set out in Part II of the Malaysian Code on Corporate Governance, specifying reasons for any areas of non-compliance (if any) and the alternatives adopted in such areas;
- Statement on the Board's responsibilities for preparing the annual audited financial statements; and
- Statement on the State of Internal Control of the Company.

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

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 free 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 external 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, excluding the attendance of the Executive Board members, whenever deemed necessary.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be:

- To review the Terms of Reference at least annually, or as conditions dictate.
- 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 Auditors' 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 system of internal controls and accounting control procedures of the Company by reviewing the External and/or Internal 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 undertake such other responsibilities as may be agreed to by the Committee and the Board.
- To report to the Board its activities, significant results and findings.

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.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2011.

The Audit Committee comprises the following members:

| | |
|--|---|
| Dato' Chew Kong Seng | Chairman (Independent Non-Executive Director) |
| Datuk Ramli bin Ibrahim | Member (Independent Non-Executive Director) |
| Brig Jen (B) Dato' Mohamed Idris bin Saman | Member (Independent Non-Executive Director) |

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

During the financial year under review, there were no changes to the Terms of Reference of the Audit Committee.

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

MEETINGS

During the financial year under review, the Audit Committee convened five (5) meetings. The attendance records of the members of the Audit Committee are as follows:

| Name of Directors | Number of meetings attended/held during the member's term in office |
|--|---|
| Dato' Chew Kong Seng (Chairman) | 5/5 |
| Datuk Ramli bin Ibrahim | 5/5 |
| Brig Jen (B) Dato' Mohamed Idris bin Saman | 5/5 |

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, Head of Legal and the Senior Finance Manager attended the meetings. The Committee may, as and when deemed necessary, invite other Board members and Senior Management members to attend the meetings.

SUMMARY OF THE AUDIT COMMITTEE'S ACTIVITIES DURING THE YEAR UNDER REVIEW

During the year under review, the Audit Committee carried out its duties in accordance with its terms of reference as follows:

- Reviewed the unaudited quarterly financial results and audited financial statements for the financial year before submission to the Board for consideration and approval.
- Reviewed the External Auditors' scope of work and audit plan for the year.
- Reviewed and discussed the External Auditors' audit report of the Financial Statements and areas of concern.
- Considered the appointment of the External Auditors, the Terms of Reference of their appointment and reviewed the External Auditors' independence and their audit fees.
- 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.
- Assessed the adequacy and effectiveness of the system of internal controls and accounting control procedures of the Company by reviewing the External Auditors' management letter and management responses.
- 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.
- 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 the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- Reported to the Board on its activities and significant findings and results of the External and Internal Audit recommendations.
- Monitored the compliance requirements in line with the new updates of Bursa Malaysia Securities Berhad, Securities Commission, Malaysian Accounting Standards Board and other legal and regulatory bodies.

AUDIT COMMITTEE REPORT

In the financial year under review, the Audit 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 has effectively carried out the following activities:

- a. Presented and obtained approval from Audit 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 Internal 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.
- g. Assisted the Board of Directors and Management by reviewing the risk policy and control strategies in the organisation.
- h. Assisted the Operation Risk Management Committee on internal and operational audits.
- i. Carried out investigative assignments.
- j. Continued inculcating good risk management practices throughout the Company.
- k. Review any related party transaction and conflict of interest situation that may arise within the Company, including any transaction, procedures or course of conduct that raises question on Management's integrity.

STATEMENT ON 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 Committee periodically reviews this process. The Board confirms that this process is in place for the year under review and that it accords with the Internal Control Guidance.

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 Committee assists the Board to review the adequacy and integrity 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 Committee presents its findings to the Board.

INTERNAL AUDIT FUNCTION

The Audit Committee, assisted by the in-house Internal Audit Department, provides the Board with the assurance it requires on the adequacy and integrity of the system of internal controls. In the year under review, the total cost incurred for the Internal Audit Function was RM424,824. 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 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 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.

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 integrity of the system of internal controls as it operated during the year under review. The following are the key elements of the Company's 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 unit's managers submit and present their operational performance reviews as well as business plans and strategic measures in regularly held 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 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 monitors the effectiveness and evaluates the proper functioning of the internal control system on an on-going basis to ascertain compliance with the control procedures and policies of the Company. The Head of Internal Audit reports to Audit Committee on the status of internal control system on a quarterly basis; and
- 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.

All the above-mentioned processes have been in place and provide reasonable assurance on the effectiveness of the internal control system.

CONCLUSION

The Board reviewed the adequacy and integrity of the system of internal controls 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 internal control environment of the Company.

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 23 to the financial statements under "Related Parties" on page 82 of this Annual Report.

On 25 February 2011, the Company entered into a Sale and Purchase Agreement with AEON Fantasy (Malaysia) Sdn. Bhd. (AFM) to sell its existing amusement business named Smart Wonder World to AFM for a cash consideration of RM22.40 million. The Sale and Purchase Agreement was completed on 27 December 2011. Upon approval of the relevant licensing authorities, the Company entered into Tenancy Agreement for space rental to AFM for its amusement business in the Company's stores and shopping centres. Total rental and miscellaneous charges received for the year under review was RM2.34 million. Datin Yasmin binti Ahmad Merican, a Director of AFM is the spouse of Dato' Abdullah bin Mohd Yusof. Dato' Abdullah bin Mohd Yusof is a Director of AEON CO. (M) BHD. AEON CO. (M) BHD. has a direct interest of twenty per cent (20%) in AFM. AEON Co., Ltd., the holding company of AEON CO. (M) Bhd. is also the ultimate holding company of AFM.

On 25 February 2011, the Company entered into a Subscription and Relationship Agreement with AEON Fantasy Co., Ltd. and AFM to subscribe for twenty per cent (20%) of AFM's ordinary shares of RM1.00 each for a total cash consideration of RM7.40 million in accordance with the terms and conditions as stipulated in the Subscription and Relationship Agreement. Subsequently on 10 November 2011, the Company further subscribed for an additional 1.40 million ordinary shares in AFM for a cash consideration of RM1.40 million, representing 20% of the enlarged issued and paid-up share capital of AFM.

NON AUDIT FEES

The amount of non-audit fees paid and payable to External Auditors and its affiliates during the period under review was RM114,559 comprising advisory, review and tax services.

SHARE BUY-BACK

There was no share buy-back effected during the financial year ended 31 December 2011.

OPTIONS OR CONVERTIBLE SECURITIES

There were no options or convertible securities issued by the Company during the financial year ended 31 December 2011.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2011.

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 2011.

PROFIT GUARANTEE

There were no profit guarantees during the financial year ended 31 December 2011.

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 2011.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant To The Main Market Listing Requirements Of Bursa Malaysia Securities Berhad

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Twenty-Sixth Annual General Meeting (“AGM”) held on Thursday, 26 May 2011, 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 2011 is set out on page 82 of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

The disclosure on the Corporate Social Responsibility (“CSR”) activities or practices undertaken during the financial year ended 31 December 2011 is stated on pages 7 to 15 of the Annual Report.



Financial Statements...

For The Year Ended 31 December 2011

DIRECTORS' REPORT

For The Year Ended 31 December 2011

The Directors have pleasure in submitting their report and the audited financial statements of the Economic Entity and of the Company for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the operations of a chain of superstores and supermarkets selling a broad range of goods ranging from clothing, food, household goods, other merchandise and shopping centre operation. There has been no significant change in the nature of these activities during the financial year.

RESULTS

| | Economic Entity RM'000 | Company RM'000 |
|--|---------------------------|-------------------|
| Profit attributable to owners of the Company | 195,353 | 198,381 |

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 dividend of 16% less income tax of 25% amounting to RM42,120,000 in respect of the year ended 31 December 2010 on 20 July 2011.

A first and final dividend recommended by the Directors in respect for the year ended 31 December 2011 is 17% less income tax of 25% and a special tax exempt dividend of 2% totalling RM51,772,500, subject to the approval of the members at the forth coming 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
Dato' Chew Kong Seng @ Chew Kong Huat
Datuk Ramli bin Ibrahim
Brig Jen (B) Dato' Mohamed Idris bin Saman
Datuk Zawawi bin Mahmuddin
Naoki Hayashi
Poh Ying Loo (appointed on 26 May 2011)
Mitsuru Nakata (appointed on 26 May 2011)
Jerome Thomas Black (retired on 26 May 2011)
Kenichi Hirao (retired on 26 May 2011)

DIRECTORS' REPORT

For The Year Ended 31 December 2011

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

| | Nominal value per share | At 1.1.2011/ Date of appointment | Number of ordinary shares | | At 31.12.2011 |
|---|-------------------------|-------------------------------------|---------------------------|------|---------------|
| | | | Bought | Sold | |
| Shareholdings in which Directors have direct interests | | | | | |
| Interest of Dato' Abdullah bin Mohd Yusof in: | | | | | |
| AEON CO. (M) BHD. | RM1.00 | 526,000 | – | – | 526,000 |
| AEON Credit Service (M) Berhad | RM0.50 | 250,900 | – | – | 250,900 |
| Interest of Nagahisa Oyama in: | | | | | |
| AEON CO. (M) BHD. | RM1.00 | 20,000 | – | – | 20,000 |
| AEON Co., Ltd. | – | – | 3,300 | – | 3,300 |
| Interest of Datuk Ramli bin Ibrahim in: | | | | | |
| AEON Credit Service (M) Berhad | RM0.50 | 160,000 | – | – | 160,000 |
| Interest of Naoki Hayashi in: | | | | | |
| AEON Co., Ltd. | – | 22,810 | 4,600 | – | 27,410 |
| AEON Mall Co., Ltd. | – | 1,600 | – | – | 1,600 |
| Interest of Poh Ying Loo in: | | | | | |
| AEON CO. (M) BHD. | RM1.00 | 20,000 | – | – | 20,000 |
| AEON Credit Service (M) Berhad | RM0.50 | 1,000 | – | – | 1,000 |
| Interest of Mitsuru Nakata in: | | | | | |
| AEON CO. (M) BHD. | RM1.00 | – | 7,000 | – | 7,000 |
| AEON Co., Ltd. | – | 17,223 | 307 | – | 17,530 |

Shareholdings in which Directors have deemed interests

| | | | | | |
|---|--------|-----------|---|---|-----------|
| Interest of Dato' Abdullah bin Mohd Yusof in: | | | | | |
| AEON CO. (M) BHD. | RM1.00 | 1,167,800 | – | – | 1,167,800 |
| AEON Credit Service (M) Berhad | RM0.50 | 105,000 | – | – | 105,000 |
| Interest of Datuk Ramli bin Ibrahim in: | | | | | |
| AEON CO. (M) BHD. | RM1.00 | 560,000 | – | – | 560,000 |
| Interest of Poh Ying Loo in: | | | | | |
| AEON CO. (M) BHD. | RM1.00 | 24,000 | – | – | 24,000 |

None of the other Directors holding office at 31 December 2011 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

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.

DIRECTORS' REPORT

For The Year Ended 31 December 2011

ISSUE OF SHARES

There were no 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 statements of financial position and statements of comprehensive income of the Economic Entity 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 financial statements of the Economic Entity and of 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 Economic Entity and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Economic Entity 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 Economic Entity and of the Company misleading.

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

- i) any charge on the assets of the Economic Entity and 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 Economic Entity and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability 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 Economic Entity and of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Economic Entity and of the Company for the financial year ended 31 December 2011 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 27 to the financial statements.

SUBSEQUENT EVENT

Significant event subsequent to end of the financial year is disclosed in Note 28 to the financial statements.

DIRECTORS' REPORT

For The Year Ended 31 December 2011

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: 13 March 2012

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2011

| | Note | Economic Entity 2011 RM'000 | Company 2011 RM'000 | 2010 RM'000 |
|---|------|--------------------------------------|---------------------------|------------------|
| ASSETS | | | | |
| Property, plant and equipment | 3 | 1,630,835 | 1,630,835 | 1,474,481 |
| Intangible assets | 4 | 19,872 | 19,872 | 21,532 |
| Investment in an associate | 5 | 5,772 | 8,800 | - |
| Available-for-sale investments | 6 | 17,847 | 17,847 | 9,668 |
| Total non-current assets | | 1,674,326 | 1,677,354 | 1,505,681 |
| Inventories | 7 | 353,555 | 353,555 | 338,401 |
| Receivables, deposits and prepayments | 8 | 68,549 | 68,549 | 57,715 |
| Cash and cash equivalents | 9 | 341,052 | 341,052 | 330,908 |
| Total current assets | | 763,156 | 763,156 | 727,024 |
| Total assets | | 2,437,482 | 2,440,510 | 2,232,705 |
| EQUITY | | | | |
| Share capital | | 351,000 | 351,000 | 351,000 |
| Reserves | | 47,404 | 47,404 | 39,742 |
| Retained earnings | | 889,506 | 892,534 | 735,756 |
| Total equity attributable to owners of the Company | 10 | 1,287,910 | 1,290,938 | 1,126,498 |
| LIABILITIES | | | | |
| Deferred tax liabilities | 11 | 21,146 | 21,146 | 28,303 |
| Total non-current liabilities | | 21,146 | 21,146 | 28,303 |
| Payables and accruals | 12 | 1,108,504 | 1,108,504 | 1,056,584 |
| Taxation | | 19,922 | 19,922 | 21,320 |
| Total current liabilities | | 1,128,426 | 1,128,426 | 1,077,904 |
| Total liabilities | | 1,149,572 | 1,149,572 | 1,106,207 |
| Total equity and liabilities | | 2,437,482 | 2,440,510 | 2,232,705 |

The notes on pages 56 to 90 are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2011

| | Note | Economic Entity 2011 RM'000 | Company 2011 RM'000 | 2010 RM'000 |
|---|------|--------------------------------------|---------------------------|----------------|
| CONTINUING OPERATIONS | | | | |
| Revenue | 13 | 2,984,614 | 2,984,614 | 2,894,482 |
| Other operating income | | 29,395 | 32,580 | 3,783 |
| Change in inventories | | 12,414 | 12,414 | 2,775 |
| Net purchases | | (1,812,965) | (1,812,965) | (1,735,454) |
| Staff costs | | (188,582) | (188,582) | (183,986) |
| Depreciation of property, plant and equipment | 3 | (134,823) | (134,823) | (145,688) |
| Amortisation of intangible assets | 4 | (5,164) | (5,164) | (2,391) |
| Operating expenses | | (613,114) | (613,114) | (595,133) |
| RESULTS FROM OPERATING ACTIVITIES | | | | |
| Interest expense | 14 | 271,775 | 274,960 | 238,388 |
| Interest income | 16 | (2) | (2) | (43) |
| Share of results of an associate | | 5,342 | 5,342 | 1,949 |
| | | 157 | – | – |
| PROFIT BEFORE TAX | | | | |
| Tax expense | 17 | 277,272 | 280,300 | 240,294 |
| | | (81,919) | (81,919) | (74,993) |
| PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | |
| | | 195,353 | 198,381 | 165,301 |
| OTHER COMPREHENSIVE INCOME, NET OF TAX | | | | |
| Fair value of available-for-sale financial assets | | 8,179 | 8,179 | (465) |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | |
| | | 203,532 | 206,560 | 164,836 |
| Basic earnings per ordinary share (sen) | 18 | 55.7 | 56.5 | 47.0 |

The notes on pages 56 to 90 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2011

| Economic Entity | Non-distributable | | | Distributable Retained earnings RM'000 | Total RM'000 |
|---|----------------------------|---------------------------------|----------------------------------|---|-----------------|
| | Share capital RM'000 | Fair value reserve RM'000 | Revaluation reserve RM'000 | | |
| At 1 January 2011 | 351,000 | 8,593 | 31,149 | 735,756 | 1,126,498 |
| Fair value of available-for-sale financial assets | – | 8,179 | – | – | 8,179 |
| Profit for the year | – | – | – | 195,353 | 195,353 |
| Total comprehensive income for the year | 351,000 | 16,772 | 31,149 | 931,109 | 1,330,030 |
| Transfer from revaluation reserve to retained earnings | – | – | (517) | 517 | – |
| Dividend - 2010 final in respect of year ended 31 December 2010 (Note 19) | – | – | – | (42,120) | (42,120) |
| At 31 December 2011 | 351,000 | 16,772 | 30,632 | 889,506 | 1,287,910 |
| | Note 10 | Note 10 | Note 10 | | |

The notes on pages 56 to 90 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2011

| Company | Non-distributable | | | Distributable Retained earnings RM'000 | Total RM'000 |
|---|----------------------------|---------------------------------|----------------------------------|---|-----------------|
| | Share capital RM'000 | Fair value reserve RM'000 | Revaluation reserve RM'000 | | |
| At 1 January 2010 | 351,000 | 9,058 | 31,666 | 601,528 | 993,252 |
| Fair value of available-for-sale financial assets | – | (465) | – | – | (465) |
| Profit for the year | – | – | – | 165,301 | 165,301 |
| Total comprehensive income for the year | 351,000 | 8,593 | 31,666 | 766,829 | 1,158,088 |
| Transfer from revaluation reserve to retained earnings | – | – | (517) | 517 | – |
| Dividend - 2009 final in respect of year ended 31 December 2009 (Note 19) | – | – | – | (31,590) | (31,590) |
| At 31 December 2010/1 January 2011 | 351,000 | 8,593 | 31,149 | 735,756 | 1,126,498 |
| Fair value of available-for-sale financial assets | – | 8,179 | – | – | 8,179 |
| Profit for the year | – | – | – | 198,381 | 198,381 |
| Total comprehensive income for the year | 351,000 | 16,772 | 31,149 | 934,137 | 1,333,058 |
| Transfer from revaluation reserve to retained earnings | – | – | (517) | 517 | – |
| Dividend - 2010 final in respect of year ended 31 December 2010 (Note 19) | – | – | – | (42,120) | (42,120) |
| At 31 December 2011 | 351,000 | 16,772 | 30,632 | 892,534 | 1,290,938 |
| | Note 10 | Note 10 | Note 10 | | |

The notes on pages 56 to 90 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For The Year Ended 31 December 2011

| | Note | Economic Entity 2011 RM'000 | Company 2011 RM'000 | 2010 RM'000 |
|---|------|--------------------------------------|---------------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before tax | | 277,272 | 280,300 | 240,294 |
| Adjustments for: | | | | |
| Amortisation of intangible assets | 4 | 5,164 | 5,164 | 2,391 |
| Depreciation of property, plant and equipment | 3 | 134,823 | 134,823 | 145,688 |
| Dividend income | | (631) | (631) | (455) |
| Impairment loss on property, plant and equipment | 3.1 | 14,130 | 14,130 | 5,113 |
| Interest expense | 16 | 2 | 2 | 43 |
| Interest income | | (5,342) | (5,342) | (1,949) |
| Gain on disposal of property, plant and equipment | | (303) | (303) | (177) |
| Property, plant and equipment written off | | 2,716 | 2,716 | 841 |
| Gain on disposal of amusement business | | (12,742) | (15,927) | – |
| Share of results of an associate | | (157) | – | – |
| Operating profit before changes in working capital | | 414,932 | 414,932 | 391,789 |
| Changes in working capital: | | | | |
| Inventories | | (15,727) | (15,727) | (3,386) |
| Receivables, deposits and prepayment | | (3,791) | (3,791) | 5,642 |
| Payables and accruals | | 51,920 | 51,920 | 46,656 |
| Cash generated from operations | | 447,334 | 447,334 | 440,701 |
| Tax paid | | (90,474) | (90,474) | (72,461) |
| Net cash from operating activities | | 356,860 | 356,860 | 368,240 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Acquisition of property, plant and equipment | 3 | (315,131) | (315,131) | (119,043) |
| Acquisition of intangible assets | 4 | (2,376) | (2,376) | (23,923) |
| Deposit paid as part of purchase consideration for acquisition of land | | (7,043) | (7,043) | (3,073) |
| Investment in an associate | 5 | (8,800) | (8,800) | – |
| Proceeds from disposal of amusement business | 5 | 22,400 | 22,400 | – |
| Proceeds from disposal of property, plant and equipment | | 383 | 383 | 869 |
| Dividend received | | 631 | 631 | 455 |
| Interest received | | 5,342 | 5,342 | 1,949 |
| Net cash used in investing activities | | (304,594) | (304,594) | (142,766) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Dividend paid to owners of the Company | | (42,120) | (42,120) | (31,590) |
| Interest paid | | (2) | (2) | (43) |
| Net cash used in financing activities | | (42,122) | (42,122) | (31,633) |
| Net increase in cash and cash equivalents | | 10,144 | 10,144 | 193,841 |
| Cash and cash equivalents at 1 January | (i) | 330,908 | 330,908 | 137,067 |
| Cash and cash equivalents at 31 December | | 341,052 | 341,052 | 330,908 |

STATEMENTS OF CASH FLOWS

For The Year Ended 31 December 2011

(i) *Cash and cash equivalents*

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

| | Note | Economic Entity 2011 RM'000 | Company 2011 RM'000 | 2010 RM'000 |
|---|------|--------------------------------------|---------------------------|----------------|
| Cash and bank balances | 9 | 133,562 | 133,562 | 150,408 |
| Deposits with licensed financial institutions | 9 | 207,490 | 207,490 | 180,500 |
| | | <hr/> | <hr/> | <hr/> |
| | | 341,052 | 341,052 | 330,908 |

The notes on pages 56 to 90 are an integral part of these 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 follow:

Registered office and principal place of business

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

The financial statements of the Company as at and for the financial year ended 31 December 2011 comprise the Company and its interest in an associate (together referred to as the "Economic Entity"). The financial statements of the Company as at and for the financial year ended 31 December 2011 do not include other entities.

The Company is principally engaged in the operations of a chain of superstores 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 13 March 2012.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Economic Entity and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Economic Entity and by the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*
- Amendments to FRS 112, *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013 (continued)

- FRS 128, *Investment in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments (2009)*
- FRS 9, *Financial Instruments (2010)*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures*

The Economic Entity's and the Company's financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB that will also comply with International Financial Reporting Standards (IFRSs). As a result, the Economic Entity and the Company will not be adopting the above FRSs, Interpretations and amendments.

(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 Economic Entity's and 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 FRSs 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.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Associate

Associate is an entity, including an unincorporated entity, in which the Company has significant influence, but not control, over the financial and operating policies.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Associate (continued)

Investment in associate is accounted for in the Economic Entity's 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 financial statements of the Economic Entity include the Company's share of the profit or loss and other comprehensive income 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.

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

Investment in associate 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 investments includes transaction costs.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company'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 functional currency of the Economic Entity and of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at 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 cash flow hedge of currency risk, which are recognised in other comprehensive income.

(c) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Economic Entity and the Company has 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 valuation has been recorded for these property, plant and equipment.

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

(ii) *Subsequent costs*

The cost of replacing part 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 part will flow to the Economic Entity or to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) *Depreciation*

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Economic Entity or the Company 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, and adjusted as appropriate at the end of the reporting period.

(d) Leased assets

(i) *Finance leases*

Leases in terms of which the Economic Entity 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.

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 Economic Entity or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised in the Economic Entity'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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Intangible assets

(i) Recognition and measurement

Intangible assets represent software and franchise fees acquired by the Economic Entity 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 - 5 years
- franchise fees 15 years

Amortisation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

(f) Financial instruments

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Economic Entity 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 at 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 Economic Entity 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

(ii) *Financial instrument categories and subsequent measurement (continued)*

(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(j)).

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 unquoted equity instruments whose fair values 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 the financial asset is transferred to another party without retaining control or without retaining substantially all risks and rewards of the asset. 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 or 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 the profit or loss.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Receivables

Trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2(f).

(i) 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 value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with Note 2(f).

(j) Impairment

(i) Financial assets

All financial assets (except for investment in associate) 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 equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

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 is not reversed through profit or loss.

(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 (known as cash-generating unit).

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(ii) *Other assets (continued)*

Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at 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. 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 the profit or loss in the year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are stated at cost on initial recognition and are not remeasured subsequently.

Share issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(l) 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.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Economic Entity or the Company 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 Economic Entity's or the Company's contribution 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 Economic Entity or the Company has no further payment obligations.

(m) 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 Economic Entity 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 Economic Entity 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 Economic Entity or the Company fulfills its obligations to supply awards.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Revenue (continued)

(ii) *Property management services*

Revenue from shopping centre operation which include rental income, service charge, sales commission and car park charges are recognised on an accrual basis.

(n) Dividend income

Dividend income is recognised in profit or loss on the date that the Economic Entity's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(o) 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 investments 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.

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 ceases 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.

(p) Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax expense is 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Earnings per share

The Economic Entity 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 year.

No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

(r) Operating segments

An operating segment is a component of the Economic Entity or the Company 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 Economic Entity's or the Company'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 Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

| Economic Entity and Company | Buildings (at valuation) | | Buildings (at cost) | | Structures | Office equipment | Machinery and equipment | Furniture, fixtures and fittings | Motor vehicles | IT equipment | Construction work in progress | Total |
|-----------------------------|--------------------------|----------------|---------------------|----------------|---------------|------------------|-------------------------|----------------------------------|----------------|----------------|-------------------------------|-------|
| | RM'000 | RM'000 | RM'000 | RM'000 | | | | | | | | |
| COST/VALUATION | | | | | | | | | | | | |
| At 1 January 2010 | 379,250 | 126,003 | 596,475 | 184,290 | 13,834 | 512,612 | 293,035 | 8,410 | 14,152 | 66,719 | 2,194,780 | |
| Additions | 15,362 | - | 10,105 | 14,980 | 813 | 24,026 | 13,787 | 935 | 4,034 | 58,924 | 142,966 | |
| Disposals | - | - | (50) | - | (2) | (2,002) | (153) | (840) | - | - | (3,047) | |
| Written off | - | - | - | (3,993) | (306) | (6,525) | (24,735) | (5) | (36) | - | (35,600) | |
| Transfer in/(out) | 9,826 | - | 27,365 | 9,304 | 408 | 29,193 | 8,915 | 261 | 185 | (109,380) | (23,923) | |
| At 31 December 2010/ | | | | | | | | | | | | |
| 1 January 2011 | 404,438 | 126,003 | 633,895 | 204,581 | 14,747 | 557,304 | 290,849 | 8,761 | 18,335 | 16,263 | 2,275,176 | |
| Additions | - | - | - | 24,431 | 610 | 21,662 | 25,686 | 654 | 7,212 | 234,876 | 315,131 | |
| Disposals | - | - | - | (1,824) | (208) | (20,534) | (4,861) | (578) | - | - | (28,005) | |
| Written off | - | - | - | (6,611) | (239) | (17,642) | (8,462) | - | - | - | (32,954) | |
| Transfer in/(out) | 28,064 | - | - | 38,605 | 164 | 23,969 | 10,977 | 173 | 235 | (103,315) | (1,128) | |
| At 31 December 2011 | 432,502 | 126,003 | 633,895 | 259,182 | 15,074 | 564,759 | 314,189 | 9,010 | 25,782 | 147,824 | 2,528,220 | |

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

| Economic Entity and Company | Buildings | | Buildings (at cost) | | Office equipment | | Machinery and equipment | | Furniture, fixtures and fittings | | Motor vehicles | | IT equipment | | Construction work in progress | | Total RM'000 |
|------------------------------------|-------------|-----------------------|----------------------------|----------------------------|-------------------------|-------------------------|--------------------------------|--------------------------------|---|---|-----------------------|-----------------------|---------------------|---------------------|--------------------------------------|--------------------------------------|--------------|
| | Land RM'000 | Land valuation RM'000 | Buildings (at cost) RM'000 | Buildings (at cost) RM'000 | Office equipment RM'000 | Office equipment RM'000 | Machinery and equipment RM'000 | Machinery and equipment RM'000 | Furniture, fixtures and fittings RM'000 | Furniture, fixtures and fittings RM'000 | Motor vehicles RM'000 | Motor vehicles RM'000 | IT equipment RM'000 | IT equipment RM'000 | Construction work in progress RM'000 | Construction work in progress RM'000 | |
| At 1 January 2010 | 17,286 | 40,169 | 69,931 | 86,010 | 6,321 | 197,709 | 262,697 | 197,709 | 4,805 | 2,080 | 4,805 | 2,080 | 687,008 | - | - | 687,008 | |
| - Accumulated depreciation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| - Accumulated impairment loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Depreciation for the year | 2,275 | 2,520 | 13,732 | 19,103 | 1,253 | 40,833 | 61,246 | 197,709 | 4,805 | 2,080 | 4,805 | 2,080 | 687,008 | - | - | 687,008 | |
| Impairment loss | - | - | - | 1,461 | 130 | 997 | 2,447 | 40,833 | 1,410 | 3,316 | 1,410 | 3,316 | 145,688 | - | - | 145,688 | |
| Disposals | - | - | (1) | - | (2) | (150) | (5,996) | (150) | (638) | 78 | (638) | 78 | 5,113 | - | - | 5,113 | |
| Written off | - | - | - | (3,814) | (278) | (24,630) | (5,996) | (24,630) | (5) | (36) | (5) | (36) | (34,759) | - | - | (34,759) | |
| At 31 December 2010/1 January 2011 | 19,561 | 42,689 | 83,662 | 101,299 | 7,294 | 213,762 | 316,383 | 213,762 | 5,572 | 5,360 | 5,572 | 5,360 | 795,582 | - | - | 795,582 | |
| - Accumulated depreciation | - | - | - | 1,461 | 130 | 997 | 2,447 | 997 | 78 | 78 | 78 | 78 | 5,113 | - | - | 5,113 | |
| - Accumulated impairment loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Depreciation for the year | 2,488 | 2,520 | 13,920 | 20,655 | 1,197 | 35,316 | 52,785 | 214,759 | 5,572 | 5,438 | 5,572 | 5,438 | 800,695 | - | - | 800,695 | |
| Impairment loss | - | - | - | 5,085 | 502 | 5,284 | 3,134 | 318,830 | 1,325 | 4,617 | 1,325 | 4,617 | 134,823 | - | - | 134,823 | |
| Disposals | - | - | - | (744) | (82) | (3,767) | (16,925) | (3,767) | (507) | 125 | (507) | 125 | 14,130 | - | - | 14,130 | |
| Written off | - | - | - | (5,528) | (185) | (8,252) | (16,273) | (8,252) | - | - | - | - | (22,025) | - | - | (22,025) | |
| At 31 December 2011 | 22,049 | 45,209 | 97,582 | 115,682 | 8,224 | 237,059 | 335,970 | 237,059 | 6,390 | 9,977 | 6,390 | 9,977 | 878,142 | - | - | 878,142 | |
| - Accumulated depreciation | - | - | - | 6,546 | 632 | 6,281 | 5,581 | 6,281 | 203 | 203 | 203 | 203 | 19,243 | - | - | 19,243 | |
| - Accumulated impairment loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| At 31 December 2011 | 22,049 | 45,209 | 97,582 | 122,228 | 8,856 | 243,340 | 341,551 | 243,340 | 6,390 | 10,180 | 6,390 | 10,180 | 897,385 | - | - | 897,385 | |

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

| Economic Entity and Company | Buildings (at valuation) | | Buildings (at cost) | | 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 |
|--|--------------------------------|--------|------------------------|---------|----------------------|-------------------------------|---|---|--------|-----------------------------|---------------------------|---|-----------------|
| | Land RM'000 | RM'000 | RM'000 | RM'000 | | | | RM'000 | RM'000 | | | | |
| CARRYING AMOUNTS | | | | | | | | | | | | | |
| At 1 January 2010 | 361,964 | 85,834 | 526,544 | 98,280 | 7,513 | 249,915 | 95,326 | 3,605 | 12,072 | 66,719 | 1,507,772 | | |
| At 31 December 2010/ 1 January 2011 | 384,877 | 83,314 | 550,233 | 101,821 | 7,323 | 238,474 | 76,090 | 3,189 | 12,897 | 16,263 | 1,474,481 | | |
| At 31 December 2011 | 410,453 | 80,794 | 536,313 | 136,954 | 6,218 | 223,208 | 70,849 | 2,620 | 15,602 | 147,824 | 1,630,835 | | |

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.1 Impairment loss

Historical losses from a store caused the Economic Entity and the Company to assess the recoverable amount of the store's related plant and equipment.

The recoverable amounts of the loss making store were estimated based on its value in use, with the following key assumptions for future cash flows such as 3-year cash flow projection, using an estimated negative growth rate of 13% per annum and a pre-tax discount rate of 4.5% per annum.

Based on the assessment, the aggregate carrying amount of the store exceeded the aggregate recoverable amount by RM14.13 million and the impairment loss was recognised in other expenses.

3.2 Buildings (at valuation)

Two of the buildings of the Economic Entity and of the Company are situated on land belonging to third parties.

The buildings stated at valuation are based on professional valuation carried out by an independent firm of valuers in February 1995 using the open market value and on an existing use basis. In accordance with the transitional provisions issued by Malaysian Accounting Standards Board ("MASB") upon adoption of International Accounting Standard No. 16 (Revised), *Property, Plant and Equipment*, the valuation of these assets has not been updated, and they continue to be stated at their existing carrying amounts less accumulated depreciation.

Had the buildings been carried at cost model, their carrying amount would have been as follows:

| | Economic Entity 2011 RM'000 | 2011 RM'000 | Company 2010 RM'000 |
|-----------|--------------------------------------|----------------|---------------------------|
| Buildings | 50,633 | 50,633 | 52,331 |

3.3 Land

Included in the carrying amounts of land are:

| | Economic Entity 2011 RM'000 | 2011 RM'000 | Company 2010 RM'000 |
|---|--------------------------------------|----------------|---------------------------|
| Freehold land | 203,711 | 203,711 | 203,711 |
| Leasehold land with unexpired lease period of more than 50 years | 206,742 | 206,742 | 181,166 |
| | 410,453 | 410,453 | 384,877 |

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS

| Economic Entity and Company | Information technology software RM'000 | Franchise fees RM'000 | Total RM'000 |
|------------------------------------|---|--------------------------|-----------------|
| Cost | | | |
| At 1 January 2010 | – | – | – |
| Transfer in | 23,923 | – | 23,923 |
| At 31 December 2010/1 January 2011 | 23,923 | – | 23,923 |
| Additions | 1,791 | 585 | 2,376 |
| Transfer in | 1,128 | – | 1,128 |
| At 31 December 2011 | 26,842 | 585 | 27,427 |
| Accumulated amortisation | | | |
| At 1 January 2010 | – | – | – |
| Amortisation for the year | 2,391 | – | 2,391 |
| At 31 December 2010/1 January 2011 | 2,391 | – | 2,391 |
| Amortisation for the year | 5,148 | 16 | 5,164 |
| At 31 December 2011 | 7,539 | 16 | 7,555 |
| Carrying amount | | | |
| At 1 January 2010 | – | – | – |
| At 31 December 2010/1 January 2011 | 21,532 | – | 21,532 |
| At 31 December 2011 | 19,303 | 569 | 19,872 |

5. INVESTMENT IN AN ASSOCIATE

| | Economic Entity 2011 RM'000 | Company 2011 RM'000 | 2010 RM'000 |
|---|-----------------------------------|---------------------------|----------------|
| At cost: | | | |
| Unquoted shares | 8,800 | 8,800 | – |
| Add: Share of post-acquisition reserves | 157 | – | – |
| Less: Share of gain on disposal of business | (3,185) | – | – |
| | 5,772 | 8,800 | – |

On 25 February 2011, the Company 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. The Company also subscribed for 20 per cent of AEON Fantasy (Malaysia) Sdn. Bhd.'s ordinary shares for a cash consideration of RM7.4 million pursuant to the Subscription and Relationship Agreement with AEON Fantasy Co. Ltd. and AEON Fantasy (Malaysia) Sdn. Bhd.. On 10 November 2011, the Company further subscribed for an additional 1.4 million ordinary shares in AEON Fantasy (Malaysia) Sdn. Bhd. for a cash consideration of RM1.4 million, representing 20% of the enlarged issued and paid-up share capital of AEON Fantasy (Malaysia) Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT IN AN ASSOCIATE (continued)

Summary financial information for associate:

| Name of associate | Country of incorporation | Principal activities | Effective ownership interest 2011 % |
|-----------------------------------|--------------------------|--|-------------------------------------|
| AEON Fantasy (Malaysia) Sdn. Bhd. | Malaysia | Operating indoor amusement park business | 20 |

The summarised financial information of the Economic Entity's investment in the associate is as follows:

| | 2011 RM'000 |
|--------------------------|-------------|
| Total assets (100%) | 47,138 |
| Total liabilities (100%) | (2,354) |
| Net assets | 44,784 |
| Revenue (100%) | 12,333 |
| Profit (100%) | 784 |

AEON Fantasy (Malaysia) Sdn. Bhd. has a financial year end of 20 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 2011.

There are no comparative figures for the Economic Entity as the associate was only acquired during the financial year.

6. AVAILABLE-FOR-SALE INVESTMENTS

| | Economic Entity 2011 RM'000 | Company 2011 RM'000 | Company 2010 RM'000 |
|---------------------------------------|-----------------------------|---------------------|---------------------|
| Non-current | | | |
| Unquoted equities | 45 | 45 | 45 |
| Quoted equities in Malaysia | 17,802 | 17,802 | 9,623 |
| | 17,847 | 17,847 | 9,668 |
| Representing items: At fair value: | | | |
| Unquoted | 45 | 45 | 45 |
| Quoted | 17,802 | 17,802 | 9,623 |
| | 17,847 | 17,847 | 9,668 |
| Market value of quoted investments | 17,802 | 17,802 | 9,623 |

The unquoted equities will continue to be carried at cost, less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

7. INVENTORIES

| | Economic Entity 2011 RM'000 | Company 2011 RM'000 | 2010 RM'000 |
|--------------------|-----------------------------------|---------------------------|----------------|
| Retail merchandise | 191,927 | 191,927 | 173,636 |
| Food and others | 161,628 | 161,628 | 164,765 |
| | 353,555 | 353,555 | 338,401 |

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | Note | Economic Entity 2011 RM'000 | Company 2011 RM'000 | 2010 RM'000 |
|-----------------------------------|------|-----------------------------------|---------------------------|----------------|
| Trade | | | | |
| Trade receivables | | 37,965 | 37,965 | 25,797 |
| Amount due from a related company | 8.1 | 2,152 | 2,152 | 1,896 |
| | | 40,117 | 40,117 | 27,693 |
| Non-trade | | | | |
| Other receivables and prepayments | 8.2 | 18,576 | 18,576 | 13,727 |
| Rental and utility deposits | | 9,856 | 9,856 | 16,295 |
| | | 28,432 | 28,432 | 30,022 |
| | | 68,549 | 68,549 | 57,715 |

8.1 Amount due from a related company

The amount due from a related company is unsecured, interest free and subject to normal trade terms.

8.2 Other receivables and prepayments

Included in other receivables and prepayments is a deposit of RM13,760,098 (2010: RM6,716,885) paid as part of the purchase consideration for the acquisition of land for the purpose of constructing shopping centres.

9. CASH AND CASH EQUIVALENTS

| | Economic Entity 2011 RM'000 | Company 2011 RM'000 | 2010 RM'000 |
|---|-----------------------------------|---------------------------|----------------|
| Cash and bank balances | 133,562 | 133,562 | 150,408 |
| Deposits with licensed financial institutions | 207,490 | 207,490 | 180,500 |
| | 341,052 | 341,052 | 330,908 |

NOTES TO THE FINANCIAL STATEMENTS

10. CAPITAL AND RESERVES

Share capital

| | Economic Entity and Company | | | |
|-----------------------------|-----------------------------|-------------------------------------|--------------------------|-------------------------------------|
| | Amount 2011 RM'000 | Number of shares 2011 '000 | Amount 2010 RM'000 | Number of shares 2010 '000 |
| Authorised: | | | | |
| Ordinary shares of RM1 each | 500,000 | 500,000 | 500,000 | 500,000 |
| Issued and fully paid: | | | | |
| Ordinary shares of RM1 each | 351,000 | 351,000 | 351,000 | 351,000 |

10.1 Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment in prior years.

10.2 Fair value reserve

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

10.3 Section 108 tax credit

Subject to agreement of the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank up to approximately RM624 million of its retained earnings at 31 December 2011 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the remaining Section 108 tax credit as at 31 December 2011 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

11. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

| Economic Entity | Assets 2011 RM'000 | Liabilities 2011 RM'000 | Net 2011 RM'000 |
|-------------------------------|--------------------------|-------------------------------|-----------------------|
| Property, plant and equipment | | | |
| - capital allowance | 266 | (13,445) | (13,179) |
| - revaluation | - | (10,593) | (10,593) |
| Provisions | 2,626 | - | 2,626 |
| Net tax assets/(liabilities) | 2,892 | (24,038) | (21,146) |

NOTES TO THE FINANCIAL STATEMENTS

11. DEFERRED TAX LIABILITIES (continued)

| Company | Assets | | Liabilities | | Net | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Property, plant and equipment | | | | | | |
| - capital allowance | 266 | – | (13,445) | (20,944) | (13,179) | (20,944) |
| - revaluation | – | – | (10,593) | (10,794) | (10,593) | (10,794) |
| Provisions | 2,626 | 3,435 | – | – | 2,626 | 3,435 |
| Net tax assets/(liabilities) | 2,892 | 3,435 | (24,038) | (31,738) | (21,146) | (28,303) |

Movement in temporary differences during the year

| Economic Entity | At | Recognised | At |
|-------------------------------|--------------------|---|----------------------|
| | 1.1.2011 RM'000 | in profit or loss (Note 17) RM'000 | 31.12.2011 RM'000 |
| Property, plant and equipment | | | |
| - capital allowance | (20,944) | 7,765 | (13,179) |
| - revaluation | (10,794) | 201 | (10,593) |
| Provisions | 3,435 | (809) | 2,626 |
| | (28,303) | 7,157 | (21,146) |

| Company | At | Recognised | At | Recognised | At |
|-------------------------------|--------------------|---|-----------------------------------|---|----------------------|
| | 1.1.2010 RM'000 | in profit or loss (Note 17) RM'000 | 31.12.2010/ 1.1.2011 RM'000 | in profit or loss (Note 17) RM'000 | 31.12.2011 RM'000 |
| Property, plant and equipment | | | | | |
| - capital allowance | (24,255) | 3,311 | (20,944) | 7,765 | (13,179) |
| - revaluation | (10,995) | 201 | (10,794) | 201 | (10,593) |
| Provisions | 4,552 | (1,117) | 3,435 | (809) | 2,626 |
| | (30,698) | 2,395 | (28,303) | 7,157 | (21,146) |

NOTES TO THE FINANCIAL STATEMENTS

12. PAYABLES AND ACCRUALS

| | | Economic Entity 2011 RM'000 | Company 2011 RM'000 | 2010 RM'000 |
|-------------------------------------|------|--------------------------------------|---------------------------|----------------|
| Trade | | | | |
| Trade payables | | 648,253 | 648,253 | 608,607 |
| Non-trade | | | | |
| Other payables and accrued expenses | | 260,496 | 260,496 | 256,117 |
| Progress claims by contractors | | 17,055 | 17,055 | 23,383 |
| Rental and utility deposits | | 156,028 | 156,028 | 143,916 |
| Amount due to holding company | 12.1 | 25,716 | 25,716 | 24,108 |
| Amount due to related companies | 12.1 | 956 | 956 | 453 |
| | | 460,251 | 460,251 | 447,977 |
| | | 1,108,504 | 1,108,504 | 1,056,584 |

12.1 Amounts due to holding and related companies

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

13. REVENUE

| | | Economic Entity 2011 RM'000 | Company 2011 RM'000 | 2010 RM'000 |
|--|--|--------------------------------------|---------------------------|----------------|
| Sale of goods and others | | 2,250,789 | 2,250,789 | 2,179,378 |
| Net commission from concessionaire sales | | 358,281 | 358,281 | 344,952 |
| Property management services | | 375,544 | 375,544 | 370,152 |
| | | 2,984,614 | 2,984,614 | 2,894,482 |

NOTES TO THE FINANCIAL STATEMENTS

14. RESULTS FROM OPERATING ACTIVITIES

| | Economic Entity 2011 RM'000 | Company 2011 RM'000 | Company 2010 RM'000 |
|--|--------------------------------------|---------------------------|---------------------------|
| Operating profit is arrived at after charging: | | | |
| Auditors' remuneration | | | |
| - audit fees | | | |
| - KPMG Malaysia | 180 | 180 | 155 |
| - non-audit fees | | | |
| - KPMG Malaysia | 18 | 18 | 21 |
| Amortisation of intangible assets | 5,164 | 5,164 | 2,391 |
| Depreciation of property, plant and equipment | 134,823 | 134,823 | 145,688 |
| Impairment loss | | | |
| - property, plant and equipment | 14,130 | 14,130 | 5,113 |
| - trade receivables | 371 | 371 | - |
| Loss on foreign exchange - realised | 166 | 166 | 73 |
| Personnel expenses (including key management personnel) | | | |
| - contributions to Employees Provident Fund | 20,219 | 20,219 | 19,787 |
| - wages, salaries and others | 168,363 | 168,363 | 164,199 |
| Property, plant and equipment written off | 2,716 | 2,716 | 841 |
| Rental expense | | | |
| - land and buildings | 143,231 | 143,231 | 147,180 |
| - equipment | 3,729 | 3,729 | 4,040 |
| - fixtures and fittings | 214 | 214 | 175 |
| - hostel | 77 | 77 | 80 |
| Royalty | 24,136 | 24,136 | 23,341 |
| after crediting: | | | |
| Dividend income from shares quoted in Malaysia | 631 | 631 | 455 |
| Reversal of allowance for impairment loss | - | - | 63 |
| Gain on disposal of property, plant and equipment | 303 | 303 | 177 |
| Gain on disposal of amusement business | 12,742 | 15,927 | - |
| Net proceeds from insurance claims (Note 27(i)) | 11,267 | 11,267 | - |
| Property management services | | | |
| - rental income on shopping centre operation | 333,838 | 333,838 | 331,953 |
| - other property management services income | 41,706 | 41,706 | 38,199 |

15. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

| | Economic Entity 2011 RM'000 | Company 2011 RM'000 | Company 2010 RM'000 |
|--|--------------------------------------|---------------------------|---------------------------|
| Directors: | | | |
| Fees | 1,200 | 1,200 | 1,450 |
| Remuneration | 952 | 952 | 612 |
| Other short-term employee benefits (including estimated monetary value of benefits-in-kind) | 158 | 158 | 65 |
| Total short-term employee benefits | 2,310 | 2,310 | 2,127 |

NOTES TO THE FINANCIAL STATEMENTS

16. INTEREST EXPENSE

| | Economic Entity 2011 RM'000 | 2011 RM'000 | Company 2010 RM'000 |
|------------------|--------------------------------------|----------------|---------------------------|
| Bank overdrafts | 2 | 2 | 3 |
| Revolving credit | – | – | 40 |
| | 2 | 2 | 43 |

17. TAX EXPENSE

| | Economic Entity 2011 RM'000 | 2011 RM'000 | Company 2010 RM'000 |
|---|--------------------------------------|----------------|---------------------------|
| Current tax expense | | | |
| - current year | 87,524 | 87,524 | 75,972 |
| - under provision in prior year | 1,552 | 1,552 | 1,416 |
| | 89,076 | 89,076 | 77,388 |
| Deferred tax expense | | | |
| - reversal and origination of temporary differences | (1,843) | (1,843) | (1,801) |
| - over provision in prior year | (5,314) | (5,314) | (594) |
| Tax expense | 81,919 | 81,919 | 74,993 |
| Reconciliation of tax expense | | | |
| Profit before tax | 277,272 | 280,300 | 240,294 |
| Tax calculated using Malaysian tax rate of 25% (2010: 25%) | 69,318 | 70,075 | 60,074 |
| Non-deductible expenses | 19,788 | 19,788 | 14,298 |
| Non-taxable income | (3,185) | (3,981) | – |
| Reversal of deferred tax liabilities on crystallisation of revaluation reserve of property, plant and equipment | (201) | (201) | (201) |
| Share of results of an associate | (39) | – | – |
| | 85,681 | 85,681 | 74,171 |
| Under/(Over) provision in prior year: | | | |
| - current tax expense | 1,552 | 1,552 | 1,416 |
| - deferred tax expense | (5,314) | (5,314) | (594) |
| Tax expense | 81,919 | 81,919 | 74,993 |

NOTES TO THE FINANCIAL STATEMENTS

18. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2011 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

| | Economic Entity 2011 RM'000 | Company 2011 RM'000 | 2010 RM'000 |
|---|-----------------------------------|---------------------------|----------------|
| Profit for the year attributable to owners | 195,353 | 198,381 | 165,301 |
| | '000 | '000 | '000 |
| Weighted average number of ordinary shares in issue | 351,000 | 351,000 | 351,000 |
| Basic earnings per ordinary share (sen) | 55.7 | 56.5 | 47.0 |

19. DIVIDEND

Dividend recognised in the current year by the Company is:

| | Sen per share (net of tax) | Total amount RM'000 | Date of payment |
|------------------------------------|----------------------------------|---------------------------|--------------------|
| 2011 | | | |
| Final 31.12.2010 ordinary dividend | 12.00 | 42,120 | 20 July 2011 |
| 2010 | | | |
| Final 31.12.2009 ordinary dividend | 9.00 | 31,590 | 7 July 2010 |

After the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in the subsequent financial period upon approval by the owners of the Company.

| | Sen per share | Total amount RM'000 |
|---|------------------|---------------------------|
| Final proposed 31.12.2011 ordinary dividend (net) | 12.75 | 44,752 |
| Final proposed 31.12.2011 tax exempt dividend | 2.00 | 7,020 |
| Total amount | | 51,772 |

20. OPERATING SEGMENTS

The Economic Entity has two main reportable segments as described below, which are based on the Economic Entity'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 Economic Entity.

NOTES TO THE FINANCIAL STATEMENTS

20. OPERATING SEGMENTS (continued)

Reportable segments

The two main reportable segments are:

| | |
|------------------------------|---|
| Retailing | The operations of a chain of superstores and supermarkets selling a broad range of goods ranging from clothing, food, household goods, 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.

| Economic Entity | Retailing 2011 RM'000 | Property management services 2011 RM'000 | Total 2011 RM'000 |
|----------------------------------|--------------------------------------|---|----------------------------------|
| Business segments | | | |
| Revenue from external customers | 2,609,070 | 375,544 | 2,984,614 |
| Total revenue | 2,609,070 | 375,544 | 2,984,614 |
| Segmental profit | 163,835 | 125,996 | 289,831 |
| Less: Unallocated expenses | | | (18,056) |
| Operating profit | | | 271,775 |
| Interest expense | | | (2) |
| Interest income | | | 5,342 |
| Share of results of an associate | | | 157 |
| Profit before tax | | | 277,272 |
| Tax expense | | | (81,919) |
| Profit for the year | | | 195,353 |

| Economic Entity | Retailing 2011 RM'000 | Property management services 2011 RM'000 | Total 2011 RM'000 |
|---|--------------------------------------|---|----------------------------------|
| Segment assets | | | |
| Unallocated assets | 827,486 | 1,402,506 | 2,229,992 |
| Total assets | | | 2,437,482 |
| Segment liabilities | | | |
| Unallocated liabilities | (887,945) | (220,559) | (1,108,504) |
| Total liabilities | | | (1,149,572) |
| Capital expenditure | 136,074 | 181,433 | 317,507 |
| Depreciation and amortisation | 58,847 | 81,140 | 139,987 |
| Non-cash (income)/expenses other than depreciation and amortisation | (6,029) | 6,646 | 617 |

NOTES TO THE FINANCIAL STATEMENTS

20. OPERATING SEGMENTS (continued)

| Company | Retailing | | Property management services | | Total | |
|---------------------------------|------------------|------------------|------------------------------|----------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Business segments | | | | | | |
| Revenue from external customers | 2,609,070 | 2,524,330 | 375,544 | 370,152 | 2,984,614 | 2,894,482 |
| Total revenue | 2,609,070 | 2,524,330 | 375,544 | 370,152 | 2,984,614 | 2,894,482 |
| Segmental profit | 166,207 | 164,724 | 125,996 | 111,099 | 292,203 | 275,823 |
| Less: Unallocated expenses | | | | | (17,243) | (37,435) |
| Operating profit | | | | | 274,960 | 238,388 |
| Interest expense | | | | | (2) | (43) |
| Interest income | | | | | 5,342 | 1,949 |
| Profit before tax | | | | | 280,300 | 240,294 |
| Tax expense | | | | | (81,919) | (74,993) |
| Profit for the year | | | | | 198,381 | 165,301 |

| Company | Retailing | | Property management services | | Total | |
|---|-----------|-----------|------------------------------|-----------|--------------------|--------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment assets | 830,514 | 752,772 | 1,402,506 | 1,299,180 | 2,233,020 | 2,051,952 |
| Unallocated assets | | | | | 207,490 | 180,500 |
| Total assets | | | | | 2,440,510 | 2,232,452 |
| Segment liabilities | (887,945) | (857,338) | (220,559) | (199,247) | (1,108,504) | (1,056,585) |
| Unallocated liabilities | | | | | (41,068) | (49,623) |
| Total liabilities | | | | | (1,149,572) | (1,106,208) |
| Capital expenditure | 136,074 | 44,362 | 181,433 | 98,604 | 317,507 | 142,966 |
| Depreciation and amortisation | 58,847 | 80,036 | 81,140 | 68,042 | 139,987 | 148,078 |
| Non-cash (income)/expenses other than depreciation and amortisation | (6,029) | 5,309 | 6,646 | 468 | 617 | 5,777 |

NOTES TO THE FINANCIAL STATEMENTS

21. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rental payables are as follows:

| | Economic Entity 2011 RM'000 | Company 2011 RM'000 | Company 2010 RM'000 |
|----------------------------|--------------------------------------|---------------------------|---------------------------|
| Less than one year | 145,612 | 145,612 | 136,716 |
| Between one and five years | 476,735 | 476,735 | 490,865 |
| More than five years | 264,488 | 264,488 | 301,804 |
| | 886,835 | 886,835 | 929,385 |

The Company leases 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.

22. CAPITAL COMMITMENTS

| | Economic Entity 2011 RM'000 | Company 2011 RM'000 | Company 2010 RM'000 |
|--|--------------------------------------|---------------------------|---------------------------|
| Property, plant and equipment Authorised but not contracted for | 858,189 | 858,189 | 387,318 |
| Contracted but not provided for and not payable: | | | |
| Within one year | 151,362 | 151,362 | 173,287 |
| One year or later and no later than five years | 52,243 | 52,243 | 59,360 |

NOTES TO THE FINANCIAL STATEMENTS

23. RELATED PARTIES

Identity of related parties

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

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Economic Entity and of the Company either directly or indirectly. The key management personnel includes all the Directors of the Economic Entity and of the Company.

Transactions and balances with related parties

The significant related party transactions of the Economic Entity and of the Company, other than key management personnel compensation as disclosed in Note 15, are as follows:

| | ← Economic Entity → | | ← Company → | | | |
|---|---------------------|---------------------|--------------------|----------------|---------------------|----------------|
| | Transactions value | Balance outstanding | Transactions value | | Balance outstanding | |
| | 2011 RM'000 | 2011 RM'000 | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Holding company | | | | | | |
| Royalty expenses | (24,136) | (24,136) | (24,136) | (23,341) | (24,136) | (23,341) |
| Retail support services | 360 | 90 | 360 | – | 90 | – |
| Related companies | | | | | | |
| Purchase of merchandise | (2,122) | (154) | (2,122) | (1,732) | (154) | (322) |
| Consultation fees | (268) | 2 | (268) | (599) | 2 | (131) |
| Sales through easy payment scheme financing | 6,188 | 398 | 6,188 | 7,886 | 398 | 439 |
| Rental income | 3,937 | – | 3,937 | 1,952 | – | – |
| Sales through AEON credit card | 103,210 | 1,754 | 103,210 | 83,185 | 1,754 | 1,456 |
| Convertible J-card point income | 1,598 | – | 1,598 | 1,415 | – | – |
| Credit card sales commission expenses | (1,487) | – | (1,487) | (1,200) | – | – |

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

24. FINANCIAL INSTRUMENTS

24.1 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).

| Economic Entity | Carrying amount RM'000 | L&R RM'000 | AFS RM'000 |
|-------------------------------------|---------------------------|---------------|---------------|
| 2011 | | | |
| Financial assets | | | |
| Investments | 17,847 | – | 17,847 |
| Receivables (excluding prepayments) | 65,052 | 65,052 | – |
| Cash and cash equivalents | 341,052 | 341,052 | – |
| | 423,951 | 406,104 | 17,847 |

| Economic Entity | Carrying amount RM'000 | OL RM'000 |
|------------------------------|---------------------------|--------------|
| 2011 | | |
| Financial liabilities | | |
| Payables and accruals | 1,108,504 | 1,108,504 |

| Company | Carrying amount RM'000 | L&R RM'000 | AFS RM'000 |
|-------------------------------------|---------------------------|---------------|---------------|
| 2011 | | | |
| Financial assets | | | |
| Investments | 17,847 | – | 17,847 |
| Receivables (excluding prepayments) | 65,052 | 65,052 | – |
| Cash and cash equivalents | 341,052 | 341,052 | – |
| | 423,951 | 406,104 | 17,847 |
| 2010 | | | |
| Financial assets | | | |
| Investments | 9,668 | – | 9,668 |
| Receivables (excluding prepayments) | 54,111 | 54,111 | – |
| Cash and cash equivalents | 330,908 | 330,908 | – |
| | 394,687 | 385,019 | 9,668 |

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (continued)

24.1 Categories of financial instruments (continued)

| Company | Carrying amount RM'000 | OL RM'000 |
|------------------------------|---------------------------|--------------|
| 2011 | | |
| Financial liabilities | | |
| Payables and accruals | 1,108,504 | 1,108,504 |
| 2010 | | |
| Financial liabilities | | |
| Payables and accruals | 1,056,584 | 1,056,584 |

24.2 Net gain/(loss) arising from financial instruments

| | Economic Entity 2011 RM'000 | Company 2011 RM'000 | Company 2010 RM'000 |
|---|-----------------------------------|---------------------------|---------------------------|
| Available-for-sale financial assets - recognised in other comprehensive income | 8,179 | 8,179 | (465) |

24.3 Financial risk management

The Economic Entity and the Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

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

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 Company requires 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 Company has in place an ongoing process to monitor closely and ensure risk exposure is always minimal.

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (continued)

24.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk and credit quality

At as the end of the reporting date, the Company does 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 Company. The Economic Entity and the Company uses 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:

| | Gross RM'000 | Individual impairment RM'000 | Collective impairment RM'000 | Net RM'000 |
|------------------------------------|-----------------|------------------------------------|------------------------------------|---------------|
| Economic Entity and Company | | | | |
| 2011 | | | | |
| Not past due | 36,153 | – | – | 36,153 |
| Past due 0 - 30 days | 247 | – | – | 247 |
| Past due 31- 120 days | 442 | – | – | 442 |
| Past due more than 120 days | 2,554 | (1,431) | – | 1,123 |
| | 39,396 | (1,431) | – | 37,965 |
| Company | | | | |
| 2010 | | | | |
| Not past due | 24,870 | – | – | 24,870 |
| Past due 0 - 30 days | 499 | – | – | 499 |
| Past due 31 - 120 days | 1,149 | (721) | – | 428 |
| Past due more than 120 days | 339 | (339) | – | – |
| | 26,857 | (1,060) | – | 25,797 |

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 year were:

| | Economic Entity 2011 RM'000 | Company 2011 RM'000 | 2010 RM'000 |
|----------------------------|--------------------------------------|---------------------------|----------------|
| At 1 January | 1,060 | 1,060 | 1,123 |
| Impairment loss recognised | 371 | 371 | – |
| Impairment loss reversed | – | – | (63) |
| At 31 December | 1,431 | 1,431 | 1,060 |

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (continued)

24.5 Liquidity risk

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

Risk management objectives, policies and processes for managing the risk

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

Maturity risk

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

| | Carrying amount RM'000 | Under 1 year RM'000 | 1 – 2 years RM'000 | 2 – 5 years RM'000 |
|------------------------------------|---------------------------|------------------------|-----------------------|-----------------------|
| Economic Entity and Company | | | | |
| 2011 | | | | |
| Payables and accruals | 1,108,504 | 1,108,504 | – | – |
| Company | | | | |
| 2010 | | | | |
| Payables and accruals | 1,056,584 | 1,056,584 | – | – |

24.6 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 Economic Entity and the Company's financial position or cash flows.

24.6.1 Interest rate risk

The Economic Entity 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 Economic Entity and the Company obtains competitive rates for its banking facilities and interest-earning deposits.

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

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (continued)

24.6 Market risk (continued)

24.6.1 Interest rate risk (continued)

Exposure to interest rate risk

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

| | Effective interest rate p.a. % | Total RM'000 | Within 1 year RM'000 | 1 – 5 years RM'000 |
|--|--------------------------------|--------------|----------------------|--------------------|
| Economic Entity and Company | | | | |
| 2011 | | | | |
| Fixed rate instruments | | | | |
| Deposits placed with licensed financial institutions | 2.8 | 207,490 | 207,490 | – |
| Company | | | | |
| 2010 | | | | |
| Fixed rate instruments | | | | |
| Deposits placed with licensed financial institutions | 2.5 | 180,500 | 180,500 | – |

The Economic Entity and the Company do not have any interest-bearing financial liabilities as at the end of the reporting period.

Fair value sensitivity analysis for fixed rate instruments

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

24.6.2 Foreign currency risk

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

24.6.3 Other price risk

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

Risk management objectives, policies and processes for managing the risk

The Economic Entity 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% (2010: 1%) increase in the market price of the investment as at the end of the reporting period would have increased equity by RM178,000 (2010: RM96,000). A 1% (2010: 1%) decrease in market price would have had equal but opposite effect on equity.

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (continued)

24.7 Fair value of financial instruments

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

The carrying amounts of cash and cash equivalents, receivables and payables, approximate their fair value due to the relatively short-term nature of these financial instruments.

It was not practicable to estimate the fair value of the Economic Entity and the Company's other investments in unquoted equities due to the lack of comparable market prices and the inability to estimate fair value without incurring excessive costs.

24.7.1 Fair value hierarchy

Comparative figures have not been presented for 31 December 2010 by virtue of the exemption provided in paragraph 44G of FRS 7.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

| Economic Entity and Company | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|-------------------------------|-------------------|-------------------|-------------------|-----------------|
| 2011 | | | | |
| Financial assets | | | | |
| Investment in quoted equities | 17,802 | – | – | 17,802 |

25. CAPITAL MANAGEMENT

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

26. MATERIAL LITIGATION

On 14 June 2011, the Company initiated a legal proceeding against D'Aseania Mall Sdn. Bhd. ("D'Aseania") among others to accept the repudiation of the Agreement to Lease and Infrastructure Agreement both dated 17 February 2006 ("the Agreements") and to recover all outstanding sums due and owing by D'Aseania to the Company ("the Company's Legal Proceeding") as despite numerous notices and reminders issued by the Company to D'Aseania's to rectify all the material breaches in the Agreements, D'Aseania failed to rectify the said material breaches. In response to the Company's Legal Proceeding, D'Aseania filed a Defence and Counterclaim on 13 July 2011 in which D'Aseania counterclaimed among others, the alleged loss and shortfall of rentals, reimbursement of the costs and expenses for architectural works, installation of the signages, equipment and such other mechanical and engineering parts of the AEON Seberang Prai City Shopping Centre.

NOTES TO THE FINANCIAL STATEMENTS

26. MATERIAL LITIGATION (continued)

The Company's Legal Proceedings and D'Aseania's Defence and Counterclaim have yet to be heard by the court and in the meantime, under the Company's Legal Proceeding ("main suit"), the Company has initiated a legal proceeding in the High Court of Malaya, Kuala Lumpur for a 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 and for the Company to return vacant possession of AEON Seberang Prai City Shopping Centre to D'Aseania accordingly. The decisions of the main suit and the O14 application have yet to be made by the court.

Meanwhile, D'Aseania has initiated a Distress Proceeding in the High Court of Malaya, Pulau Pinang under Section 5 and 7 of the Distress Act 1951 on 27 December 2011 for the recovery of the alleged outstanding rentals for three months of which the Company filed a Reply and Application to Strike Out the Distress Proceeding on 19 January 2012 on the grounds, among others that the rental payments have been made in a timely manner. The court has yet to give its decision on these matters.

At the same time, the Company has also obtained a High Court order to include a second Defendant, namely Aseania Development Sdn. Bhd. in the main suit and the O14 application on 15 February 2012.

The Company's solicitors are of the view that D'Aseania's Defence and Counterclaim and the Distress Proceeding do not have any merits and therefore they are not expected to have any material financial impact to the Company as of the date of this report.

27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 12 January 2011, the Company received from its insurers an amount of RM17.9 million in respect of its business interruption and damages loss arising from the fire incident that occurred at one of its shopping centre in Melaka in 2009. An additional amount of RM1.6 million was subsequent received from the insurer in September 2011 in respect of the loss. A net amount of RM11.3 million, after expenses, was recognised as other operating income in the current financial year.
- (ii) On 25 February 2011, the Company entered into a Sale and Purchase Agreement with AEON Fantasy (Malaysia) Sdn. Bhd. to sell the Company's amusement business namely the Smart Wonder World for a cash consideration of RM22.4 million. The Company also entered into a Subscription and Relationship Agreement with AEON Fantasy Co., Ltd. and AEON Fantasy (Malaysia) Sdn. Bhd. to subscribe the ordinary shares of RM1.00 each up to 20% of the issued and paid-up capital of AEON Fantasy (Malaysia) Sdn. Bhd..
- (iii) On 3 June 2011, the Company entered into a Sale and Purchase Agreement with a third party for the acquisition of a piece of freehold land in Bandar Sungai Petani, Kedah for the purpose of constructing thereon a shopping centre and departmental store cum supermarket, at a purchase price of RM36.0 million. As at the end of the reporting period, RM2.9 million has been paid as part of the purchase consideration and the Sale and Purchase Agreement has not been completed yet.
- (iv) On 5 August 2011, the Company entered into a Sale and Purchase Agreement with a third party to acquire two pieces of freehold land in Daerah Seberang Perai Tengah, Pulau Pinang for the purpose of constructing thereon a shopping centre and departmental store cum supermarket, at a purchase price of RM50.1 million. As at the end of the reporting period, RM5.1 million has been paid as part of the purchase consideration and the Sale and Purchase Agreement has not been completed yet.
- (v) On 21 December 2011, the Company entered into a Sale and Purchase Agreement with a third party for the acquisition of two pieces of freehold land in Daerah Kulajaya, Johor for the purpose of constructing thereon a shopping centre with car parks and departmental stores cum supermarket, at a purchase price of RM22.2 million. As at the end of the reporting period, RM2.2 million has been paid as part of the purchase consideration and the Sale and Purchase Agreement has not been completed yet.

28. SUBSEQUENT EVENT

On 8 March 2012, the Company announced its rebranding exercise of New Brand Name and Tagline to enable the Company to move towards globalisation by taking on the global brand name for all its stores and shopping centres. The Company expects rebranding cost to be RM10.0 million in 2012.

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 Economic Entity 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:

| | Economic Entity 2011 RM'000 | Company 2011 RM'000 | Company 2010 RM'000 |
|---|--------------------------------------|---------------------------|---------------------------|
| Total retained earnings: | | | |
| - realised | 909,315 | 912,500 | 765,663 |
| - unrealised | (19,966) | (19,966) | (29,907) |
| Total share of retained earnings of an associate: | | | |
| - realised | 157 | - | - |
| Total retained earnings | 889,506 | 892,534 | 735,756 |

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.

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 50 to 89 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2011 and of its financial performance and cash flows for the year then ended.

The information set out in Note 29 on page 90 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: 13 March 2012

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 50 to 90 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 abovenamed in Kuala Lumpur on 13 March 2012.

Poh Ying Loo

Before me:

Charanjit Kaur (W606)
Commissioner for Oaths
Kuala Lumpur

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 2011 of the Economic Entity and of the Company and the statements of comprehensive income, changes in equity and cash flows of the Economic Entity 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 50 to 89.

Directors' Responsibility for the Financial Statements

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

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 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions 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: 13 March 2012

Peter Ho Kok Wai

Approval Number: 1745/12/13(J)
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

As At 21 March 2012

| | | |
|----------------------------------|---|----------------------------|
| Authorised Share Capital | : | RM500,000,000 |
| Issued and Paid-up Share Capital | : | RM351,000,000 |
| Class of Shares | : | Ordinary Share of RM1 each |
| Voting Rights | : | 1 vote per Ordinary Share |

| Size of Shareholdings | No. of Shareholders/ Depositors | % of Shareholders/ Depositors | No. of Shares Held | % of Issued Capital |
|---------------------------|---------------------------------|-------------------------------|--------------------|---------------------|
| 1 - 99 | 153 | 8.98 | 2,029 | 0.00 |
| 100 - 1,000 | 448 | 26.29 | 313,307 | 0.09 |
| 1,001 - 10,000 | 833 | 48.88 | 3,596,233 | 1.02 |
| 10,001 - 100,000 | 176 | 10.33 | 4,907,527 | 1.40 |
| 100,001 - 17,549,999 (*) | 91 | 5.34 | 107,459,804 | 30.62 |
| 17,550,000 and above (**) | 3 | 0.18 | 234,721,100 | 66.87 |
| Total | 1,704 | 100.00 | 351,000,000 | 100.00 |

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

SUBSTANTIAL SHAREHOLDINGS

As Per Register Of Substantial Shareholders

| No. | Name | Direct Interest | No. of Shares | | % |
|-----|---|----------------------------|---------------|--------------------------|-------|
| | | | % | Indirect Interest | |
| 1 | AEON Co., Ltd. | 179,010,000 | 51.00 | – | – |
| 2 | Aberdeen Asset Management PLC and its subsidiaries (together "The Group") on behalf of account managed by The Group | 64,516,700 | 18.38 | – | – |
| 3 | Mitsubishi UFJ Financial Group, Inc | – | – | 64,541,366 ^{†i} | 18.39 |
| 4 | Aberdeen Asset Management Asia Limited | 47,925,000 ^{†ii} | 13.65 | – | – |
| 5 | Employees Provident Fund Board | 37,646,600 ^{†iii} | 10.73 | – | – |
| 6 | Aberdeen International Fund Managers Limited | 31,402,200 ^{†ii} | 8.95 | – | – |
| 7 | Aberdeen Asset Managers Limited | 21,201,800 ^{†ii} | 6.04 | – | – |

Notes: ^{†i} 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 and Morgan Stanley & Co. International PLC group.

^{†ii} The disclosures include holdings of mandates delegated from other subsidiaries of Aberdeen Asset Management PLC.

^{†iii} 6,725,700 Ordinary Shares of RM1.00 each are registered in the name of Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (ABERDEEN).

DIRECTORS' INTERESTS

| No. | Name | Direct Interest | No. of Shares | | % |
|-----|--|-----------------|---------------|-------------------|------|
| | | | % | Indirect Interest | |
| 1 | Dato' Abdullah bin Mohd Yusof | 526,000 | 0.15 | 1,167,800 | 0.33 |
| 2 | Nagahisa Oyama | 20,000 | 0.01 | – | – |
| 3 | Nur Qamarina Chew binti Abdullah | – | – | – | – |
| 4 | Dato' Chew Kong Seng | – | – | – | – |
| 5 | Datuk Ramli bin Ibrahim | – | – | 560,000 | 0.16 |
| 6 | Brig Jen (B) Dato' Mohamed Idris bin Saman | – | – | – | – |
| 7 | Datuk Zawawi bin Mahmuddin | – | – | – | – |
| 8 | Naoki Hayashi | – | – | – | – |
| 9 | Poh Ying Loo | 20,000 | 0.01 | 24,000 | 0.01 |
| 10 | Mitsuru Nakata | 7,000 | Negligible | – | – |

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

As At 21 March 2012

| NO. | NAME OF SHAREHOLDERS | NO. OF SHARES HELD | % OF SHARES HELD |
|-----|--|--------------------|------------------|
| 1. | AEON CO., LTD. | 179,010,000 | 51.00 |
| 2. | HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS LUX FOR ABERDEEN GLOBAL | 31,402,200 | 8.95 |
| 3. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD | 24,308,900 | 6.93 |
| 4. | HSBC NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR GENESIS SMALLER COMPANIES | 6,960,570 | 1.98 |
| 5. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN) | 6,725,700 | 1.92 |
| 6. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN) | 6,005,100 | 1.71 |
| 7. | HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS PARIS FOR ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC | 5,493,300 | 1.56 |
| 8. | AMANAHRAYA TRUSTEES BERHAD AMANAHA SAHAM WAWASAN 2020 | 5,302,000 | 1.51 |
| 9. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA) | 4,277,000 | 1.22 |
| 10. | CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND AM4N FOR ABERDEEN INSTITUTIONAL COMMINGLED FUNDS LLC | 4,189,700 | 1.19 |
| 11. | HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (SINGAPORE - SGD) | 4,000,000 | 1.14 |
| 12. | SYARIKAT MALURI SDN BHD | 3,730,000 | 1.06 |
| 13. | HSBC NOMINEES (ASING) SDN BHD HSBC-FS I FOR APOLLO ASIA FUND LTD | 3,382,300 | 0.96 |
| 14. | CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND VA12 FOR IVA INTERNATIONAL FUND | 3,178,400 | 0.91 |
| 15. | TAKUYA OKADA | 2,400,000 | 0.68 |
| 16. | HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (GUERNSEY) | 2,390,000 | 0.68 |
| 17. | HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR GENESIS ASEAN OPPORTUNITIES FUND (GEMOFPLC) | 2,342,589 | 0.67 |
| 18. | ROSHAYATI BINTI BASIR | 2,310,000 | 0.66 |

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

As At 21 March 2012

| NO. | NAME OF SHAREHOLDERS | NO. OF SHARES HELD | % OF SHARES HELD |
|--------------|---|--------------------|------------------|
| 19. | ROZILAWATI BINTI HAJI BASIR | 2,310,000 | 0.66 |
| 20. | CARTABAN NOMINEES (ASING) SDN BHD RBC DEXIA INVESTOR SERVICES BANK FOR GLOBAL EMERGING MARKETSSMALL CAP (DANSKE INVEST) | 2,300,200 | 0.66 |
| 21. | HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR DANSKE BANK A/S (CLIENT HOLDINGS) | 2,300,000 | 0.66 |
| 22. | AMSEC NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN) | 2,118,600 | 0.60 |
| 23. | HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.K.) | 2,055,500 | 0.59 |
| 24. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN) | 1,835,000 | 0.52 |
| 25. | MAYBAN NOMINEES (ASING) SDN BHD DBS BANK FOR ALBIZIA ASEAN OPPORTUNITIES FUND (290127) | 1,810,000 | 0.52 |
| 26. | HSBC NOMINEES (ASING) SDN BHD HSBC BK PLC FOR FIRST STATE SINGAPORE AND MALAYSIA GROWTH FUND | 1,340,300 | 0.38 |
| 27. | CITIGROUP NOMINEES (ASING) SDN BHD UBS AG FOR APS ASIA PACIFIC MASTER HEDGE FUND | 1,300,000 | 0.37 |
| 28. | HIDENORI FUTAGI | 1,200,000 | 0.34 |
| 29. | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAJA AZNIN BIN RAJA AHMAD (CEB) | 1,200,000 | 0.34 |
| 30. | MAYBAN NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR MALAYSIAN TIMBER COUNCIL (ENDOWMENT FUND) | 1,140,500 | 0.32 |
| TOTAL | | 318,317,859 | 90.69 |

PARTICULARS OF PROPERTIES

As At 31 December 2011

Details of AEON's properties as at 31 December 2011 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 31/12/2011 (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) | 20 13½ | 99 years expiring on 19/12/2089 | 51,427 |
| 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) | 19½ | 95 years expiring on 28/03/2085 | 78,939 |
| 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) | 16 | 99 years expiring on 09/05/2093 | 59,476 |
| 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) | 9½ | Freehold | 27,050 |
| 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) | 8 | 99 years expiring on 25/08/2103 | 83,805 |
| 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) | 6 | Freehold | 151,422 |
| Lot PT 41977 | Leasehold land/ | 550,910/ | April 2004 (A) | 5 | 99 years expiring on 12/04/2103 | 79,410 |
| 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) | 3 | 87 years expiring on 05/04/2083 | 136,001 |
| 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) | 3 | Freehold | 226,088 |

PARTICULARS OF PROPERTIES

As At 31 December 2011

Details of AEON's properties as at 31 December 2011 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 31/12/2011 (RM'000) |
|--|---|--------------------------------------|---|---|--|--|
| PT Plot 55919, Mukim of Cheras, District of Ulu Langat, Selangor Darul Ehsan. | Freehold land/ Two-storey shopping centre with rooftop and open car park | 304,920/ 299,979 | December 2008 (A)/ May 2010 (C) | 1½ | Freehold | 61,346 |
| PT 239099, Mukim Hulu Kinta, District of Kinta, Perak Darul Ridzuan. | Leasehold land | 755,855 | June 2010 (A)/ April 2011 (C) | – | 99 years expiring on 03/11/2109 | 27,851 |

AEON STORES, SHOPPING CENTRES 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 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

**BUKIT RAJA
SHOPPING CENTRE**
Tel: 03-3343 2166



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



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



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

**JUSCO METRO PRIMA
SHOPPING CENTRE**
Tel: 03-6259 1122



JUSCO 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: 03-7545 2700

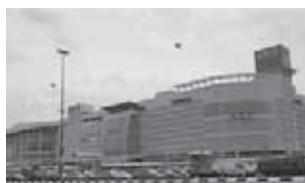


AEON CHERAS SELATAN
Leboh Tun Hussein Onn,
43200 Balakong, Selangor Darul Ehsan.
Tel: 03-9080 3018

**AEON CHERAS SELATAN SHOPPING
CENTRE**
Tel: 03-9080 3498



JUSCO 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



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

AEON BUKIT TINGGI SHOPPING CENTRE
Tel: 03-3326 2370



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

**AEON AU2 SETIAWANGSA SHOPPING
CENTRE**
Tel: 03-4257 2533



JUSCO 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 RAWANG ANGGUN SHOPPING
CENTRE**
Tel: 03-6092 0678

Note: In line with the rebranding exercise, all JUSCO stores and shopping centres will be rebrand and rename to AEON. As at date of printing, the stores and shopping centres rebranding process are still ongoing.



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 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 KOTA KEMUNING
No. 1-2G,
Jalan Anggerik Vanilla T31/T,
Kota Kemuning, Seksyen 31,
40460 Shah Alam,
Selangor Darul Ehsan.
Tel: 03-5122 1669



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

NORTHERN



JUSCO IPOH
No. 2, Jalan Teh Lean Swee,
Off Jalan Sultan Azlan Shah Utara,
31400 Ipoh, Perak Darul Ridzuan.
Tel: 05-549 9633



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



AEON IPOH STATION 18
No.2, Susuran Stesen 18, Station 18,
31650 Ipoh, Perak Darul Ridzuan.
Tel: 05-321 6748



JUSCO SEBERANG PRAI CITY
Jalan Perda Timur,
14000 Bukit Mertajam,
Seberang Prai Tengah,
Pulau Pinang.
Tel: 04-538 8600

AEON IPOH STATION 18 SHOPPING CENTRE
Tel: 05-321 6807

AEON SEBERANG PRAI CITY SHOPPING CENTRE
Tel: 04-537 9022

SOUTHERN



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



JUSCO PERMAS JAYA
No. 1, Jalan Permas Utara,
Bandar Baru Permas Jaya,
81750 Johor Bahru,
Johor Darul Takzim.
Tel: 07-386 8900

AEON SEREMBAN 2 SHOPPING CENTRE
Tel: 06-601 5618

JUSCO PERMAS JAYA SHOPPING CENTRE
Tel: 07-386 0600



JUSCO MELAKA
Leboh Ayer Keroh,
75450 Melaka.
Tel: 06-232 4899



JUSCO TEBRAU CITY
No. 1, Jalan Desa Tebrau,
Taman Desa Tebrau,
81100 Johor Bahru,
Johor Darul Takzim.
Tel: 07-351 1110

JUSCO MELAKA SHOPPING CENTRE
Tel: 06-233 2988

AEON TEBRAU CITY SHOPPING CENTRE
Tel: 07-352 2220



JUSCO BANDARAYA MELAKA
No 2, Jalan Lagenda,
Taman 1-Lagenda,
75400 Melaka.
Tel: 06-282 9389



JUSCO BUKIT INDAH
No. 8, Jalan Indah 15/2,
Bukit Indah,
81200 Johor Bahru,
Johor Darul Takzim.
Tel: 07-236 8036

AEON BANDARAYA MELAKA SHOPPING CENTRE
Tel: 06-282 9666

AEON BUKIT INDAH SHOPPING CENTRE
Tel: 07-236 8071



JUSCO TAMAN UNIVERSITI
No. 4, Jalan Pendidikan,
Taman Universiti,
81300 Skudai, Johor Darul Takzim.
Tel: 07-521 8000

JUSCO TAMAN UNIVERSITI SHOPPING CENTRE
Tel: 07-520 8700

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

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. |
| | JULY | - | The 1st Annual WAOH Charity Gala Dinner was held. |
| | SEPTEMBER | - | JUSCO Seremban 2 Shopping Centre Tree Planting Ceremony held. 3,300 saplings were planted. |
| | | - | JUSCO Seremban 2 (JUSCO Seremban 2 Shopping Centre) opened. |
| | OCTOBER | - | The first Pasar Raya J-One Supermarket in Damansara Damai opened. |
| | DECEMBER | - | AEON Tebrau City Shopping Centre Tree Planting Ceremony held. 6,000 saplings were planted. |
| 2006 | JANUARY | - | JUSCO Tebrau City (AEON Tebrau City Shopping Centre) opened. |
| | APRIL | - | Change of financial year end from February to December. |
| | JUNE | - | AEON Taman Equine Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted. |
| | JULY | - | JUSCO Taman Equine (AEON Taman Equine Shopping Centre) opened. |
| | | - | Pasar Raya J-One Supermarket in Pearl Point opened. |
| | SEPTEMBER | - | Completion of Kinta City Shopping Centre sales and lease back. |
| | NOVEMBER | - | AEON Cheras Selatan Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted. |
| | DECEMBER | - | JUSCO Queensbay opened. |
| | | - | JUSCO Cheras Selatan (AEON Cheras Selatan Shopping Centre) opened. |
| 2007 | JANUARY | - | Pasar Raya J-One change of name ceremony (From J-One to D'HATI) held at Pearl Point Shopping Mall. |
| | JUNE | - | Replanting of trees at AEON Woodland. |
| | SEPTEMBER | - | Pasar Raya D'HATI Kota Kemuning officially opened. |
| | | - | JUSCO Bandar Sunway opened. |
| | OCTOBER | - | AEON Bukit Tinggi Shopping Centre Tree Planting Ceremony held. 5,085 saplings were planted. |
| | DECEMBER | - | Pasar Raya MaxValu Desa ParkCity and Pasar Raya MaxValu Ampang opened. |
| | | - | JUSCO Bukit Tinggi (AEON Bukit Tinggi Shopping Centre) opened. |
| 2008 | JUNE | - | Completed Bonus Issue (1:1) for 175,500,000 new Ordinary Shares. |
| | JULY | - | AEON Careline was launched. |
| | | - | AEON Seberang Prai City Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted. |
| | AUGUST | - | JUSCO Seberang Prai City (AEON Seberang Prai City Shopping Centre) opened. |
| | | - | Taman Asuhan Kanak-Kanak Asahi (TAKA) at Bandar Puchong Jaya opened. |
| | OCTOBER | - | 24th Anniversary Tree Planting at AEON Woodland. 2,400 saplings were planted. |
| | NOVEMBER | - | AEON AU2 Setiawangsa Shopping Centre Tree Planting Ceremony held. 4,600 saplings were planted. |
| | DECEMBER | - | JUSCO AU2 Setiawangsa (AEON AU2 Setiawangsa 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. |
| 2010 | JANUARY | - | "With All Our Hearts" Malaysian JUSCO Foundation changed name to Malaysian AEON Foundation. |
| | FEBRUARY | - | JUSCO Bandaraya Melaka (AEON Bandaraya Melaka Shopping Centre) opened. |
| | MARCH | - | AEON Mahkota Cheras Tree Planting Ceremony held. 3,000 saplings were planted. |
| | APRIL | - | JUSCO Mahkota Cheras (AEON Mahkota Cheras Shopping Centre) opened. |
| 2011 | AUGUST | - | JUSCO Bandar Utama reopened. |
| | DECEMBER | - | AEON Rawang Anggun Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted. |
| | | - | JUSCO Rawang (AEON Rawang Anggun Shopping Centre) opened. |
| | | - | Disposal of Smart Wonder World (SWW) amusement business completed. |
| 2012 | FEBRUARY | - | AEON Ipoh Station 18 Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted. |
| | MARCH | - | AEON unveiled the new brand name "AEON" and tagline "AEON Enriching Your Lifestyle". |
| | | - | J Card rebranded to AEON Member Card. |
| | | - | AEON Ipoh Station 18 (AEON Ipoh Station 18 Shopping Centre) opened. |

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting of AEON CO. (M) BHD. will be held at Ballroom 1, Level 2, InterContinental Hotel Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 24 May 2012 at 10.30 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon. Ordinary Resolution 1
2. To declare and approve the payment of a First and Final Dividend of 17% less 25% tax and a special tax exempt dividend of 2% in respect of the financial year ended 31 December 2011. Ordinary Resolution 2
3. To approve the Directors' fees of RM1.2 million for the financial year ended 31 December 2011. Ordinary Resolution 3
4. To re-elect the following Directors who are retiring under Article 74 of the Articles of Association of the Company:
 - (i) Mr Nagahisa Oyama Ordinary Resolution 4
 - (ii) Ms Nur Qamarina Chew binti Abdullah Ordinary Resolution 5
 - (iii) Brig Jen (B) Dato' Mohamed Idris bin Saman Ordinary Resolution 6
 - (iv) Datuk Zawawi bin Mahmuddin Ordinary Resolution 7
 - (v) Mr Naoki Hayashi Ordinary Resolution 8
5. To re-elect the following Directors who are retiring under Article 80 of the Articles of Association of the Company:
 - (i) Mr Poh Ying Loo Ordinary Resolution 9
 - (ii) Mr Mitsuru Nakata 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 Dato' Chew Kong Seng as Director pursuant to Section 129(6) of the Companies Act, 1965. Ordinary Resolution 12
8. To re-appoint Datuk Ramli bin Ibrahim as Director pursuant to Section 129(6) of the Companies Act, 1965. Ordinary Resolution 13
9. To re-appoint Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 14

As Special Business

To consider and, if thought fit, to pass the following Resolution:

10. 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")

NOTICE OF ANNUAL GENERAL MEETING

As Special Business (continued)

“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 30 April 2012 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 of the Company 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 15

11. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

“THAT the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Appendix I attached with the Annual Report for the financial year ended 31 December 2011 be and are hereby approved.”

Special Resolution

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the Twenty-Seventh Annual General Meeting, a First and Final Dividend of 17% less 25% tax and a special tax exempt dividend of 2% in respect of the financial year ended 31 December 2011 will be paid to shareholders on 11 July 2012. The entitlement date for the said dividend shall be 14 June 2012.

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 14 June 2012 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Tai Yit Chan (MAICSA 7009143)

Liew Irene (MAICSA 7022609)

Secretaries

Date: 30 April 2012

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 (118401-V) 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 16 May 2012 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
8. Explanatory Note on the Special Business

Ordinary Resolution 15 on the Proposed Shareholders' Mandate

The Ordinary Resolution 15 proposed, if passed, will empower the Directors from the date of the Twenty-Seventh 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 30 April 2012, which is despatched together with this Annual Report.

9. Special Resolution

The Special Resolution, if passed, will render the Articles of Association of the Company to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to update the Articles of Association of the Company to be consistent with the prevailing laws, guidelines or requirements of the relevant authorities.

APPENDIX I

Proposed Resolution

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Articles of Association of the Company are proposed to be amended in the following manner:

| Article No. | Existing Articles | Amended Articles |
|----------------------|--|---|
| To amend Article 2.1 | <p>WORDS</p> <p>MEANINGS</p> <p><i>New definition</i></p> <p><i>New definition</i></p> | <p>WORDS</p> <p>MEANINGS</p> <p><u>Exempt Authorised Nominee</u></p> <p><u>Share Issuance Scheme</u></p> <p><u>An authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.</u></p> <p><u>means a scheme involving a new issuance of shares to the employees.</u></p> |
| To amend Article 53. | <p><u>Notice That Proxy is Allowed</u></p> <p>In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him, and that a proxy need not also be a member.</p> | <p><u>Notice That Proxy is Allowed</u></p> <p>In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote <u>at a meeting of the Company, or at a meeting of any class of members of the Company,</u> is entitled to appoint one or more proxies to attend and vote instead of him, and that a proxy need not also be a member <u>and there shall be no restriction as to the qualification of the proxy.</u></p> |
| To add Article 53A. | <p><i>New provision</i></p> | <p><u>Rights of proxy to speak</u></p> <p><u>A proxy appointed to attend and vote at a meeting shall have the same rights as the member to speak at the meeting.</u></p> |
| To amend Article 62. | <p><u>Voting</u></p> <p>Subject to any rights or restrictions for the time being attached to any classes of shares at meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative and on a show of hands every person who is a member or proxy or attorney or representative of a member shall have one vote, and on a poll every member present in person or by proxy or attorney or representative shall have one vote for each share he holds.</p> | <p><u>Voting</u></p> <p>Subject to any rights or restrictions for the time being attached to any classes of shares at meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative and on a show of hands every person who is a member or proxy or attorney or representative of a member shall have one vote, and on a poll every member present in person or by proxy or attorney or representative shall have one vote for each share he holds. <u>If a Member appoints two (2) proxies, only one (1) of those proxies is entitled to vote on a show of hands.</u></p> |
| To amend Article 67. | <p><u>Appointment of more than one proxy</u></p> <p>Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.</p> | <p><u>Appointment of more than one proxy</u></p> <p>Where a Member of the Company is an <u>Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.</u></p> |

APPENDIX I

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (continued)

| Article No. | Existing Articles | Amended Articles |
|----------------------|---|--|
| To amend Article 68. | <p><u>Instrument Appointing Proxy to be in Writing</u></p> <p>The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</p> | <p><u>Instrument Appointing Proxy to be in Writing</u></p> <p>The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. <u>There shall be no restriction as to the qualification of the proxy.</u> The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</p> |
| To amend Article 84. | <p><u>When Office of Director Deemed Vacant</u></p> <p>The office of a Director shall become vacant if the Director:-</p> <p>(g) is absent for more than 50% of the total board of directors' meetings held during a financial year.</p> | <p><u>When Office of Director Deemed Vacant</u></p> <p>The office of a Director shall become vacant if the Director:-</p> <p>(g) is absent for more than 50% of the total board of directors' meetings held during a financial year, <u>except when an exemption or waiver is obtained from the Exchange.</u></p> |
| To add Article 112A. | <p><i>New provision</i></p> | <p><u>Meeting and proceedings of a committee</u></p> <p><u>The meetings and proceedings of any such committee shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.</u></p> |

End of Appendix I

PROXY FORM

AEON CO. (M) BHD.

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

| | |
|------------------------|--|
| No. of Shares | |
| CDS Account No. | |

I/We, _____ (name of shareholder as per NRIC, in capital letters)
IC 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) IC No. _____ (new) _____ (old)
of _____ (full address)
or failing him/her _____ (name of proxy as per NRIC, in capital letters)
IC 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 Twenty-Seventh Annual General Meeting of the Company, to be held at Ballroom 1, Level 2, InterContinental Hotel
Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 24 May 2012 at 10.30 a.m. and at any adjournment thereat.

My/our proxy is to vote as indicated below:

| No. | Resolution | For | Against |
|------------------------|--|-----|---------|
| | ORDINARY BUSINESS | | |
| Ordinary Resolution 1 | Adoption of Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon | | |
| Ordinary Resolution 2 | Declaration of a First and Final Dividend of 17% less 25% tax and a special tax exempt dividend of 2% in respect of the financial year ended 31 December 2011 | | |
| Ordinary Resolution 3 | Approval of Directors' Fees for the financial year ended 31 December 2011 | | |
| Ordinary Resolution 4 | Re-election of Mr Nagahisa Oyama as Director | | |
| Ordinary Resolution 5 | Re-election of Ms Nur Qamarina Chew binti Abdullah as Director | | |
| Ordinary Resolution 6 | Re-election of Brig Jen (B) Dato' Mohamed Idris bin Saman as Director | | |
| Ordinary Resolution 7 | Re-election of Datuk Zawawi bin Mahmuddin as Director | | |
| Ordinary Resolution 8 | Re-election of Mr Naoki Hayashi as Director | | |
| Ordinary Resolution 9 | Re-election of Mr Poh Ying Loo as Director | | |
| Ordinary Resolution 10 | Re-election of Mr Mitsuru Nakata as Director | | |
| Ordinary Resolution 11 | Re-appointment of Dato' Abdullah bin Mohd Yusof as Director pursuant to Section 129(6) of the Companies Act, 1965 | | |
| Ordinary Resolution 12 | Re-appointment of Dato' Chew Kong Seng as Director pursuant to Section 129(6) of the Companies Act, 1965 | | |
| Ordinary Resolution 13 | Re-appointment of Dato' Ramli bin Ibrahim as Director pursuant to Section 129(6) of the Companies Act, 1965 | | |
| Ordinary Resolution 14 | Re-appointment of Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration | | |
| | SPECIAL BUSINESS | | |
| Ordinary Resolution 15 | 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 | | |
| Special Resolution | Proposed Amendments to the Articles of Association | | |

[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 _____ 2012

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/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.
- 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/she specifies the proportions of his/her 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 (118401-V) 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.
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The Special Resolution, if passed, will render the Articles of Association of the Company to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to update the Articles of Association of the Company to be consistent with the prevailing laws, guidelines or requirements of the relevant authorities.



Please fold here



Postage
Stamp

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.

Please fold here

THE ALL-NEW AEON MEMBER CARDS



MORE THAN JUST REWARDS

Embracing an exciting transition from JUSCO to AEON, AEON introduces its rebranding efforts with a fresh collection of AEON MEMBER Cards. The new cards comprise 4 different designs, with each design reflecting the image and core values of AEON itself.



CORPORATE

The corporate design maximises the use of AEON's corporate colours, allowing **clear recognition** among the audience, even from afar. The colours are complemented by subtle abstract waves in the background, bringing forth a sense of **vibrancy and optimism** – an unambiguous indication that everyone can **look forward to great things to come** at AEON.



PEOPLE

Promoting a healthy and peaceful community has always been one of AEON's commitments to its people. Hence, the card design depicts Malaysia's proudest heritage – its **multiracial society of Malay, Chinese, Indian and others**. The illustration (*which represents Art through Colours*) on the AEON MEMBER Card simply symbolises AEON's dedication in upholding one of its philosophies of **respecting human dignity and valuing personal relationships** with all.



PEACE

With a foundation built on trust and peace, AEON's principle of **'Serving the Customers First'** is testament to the establishment of a strong rapport with the customers. And as the card design depicts, the **origami birds symbolise freedom and peace**, which brings about a **harmonious relationship between AEON and its customers**.



COMMUNITY

The word **'Community'** at play means a group of people that shares common characteristics and interests. Staying true to its philosophy, AEON gives back not only to the community, but also contributes to the environment. Hence, the card design features a close-up image of the beauty of nature. Using a close-up picture of a ladybird set upon the bud of a sunflower, AEON aims to demonstrate the **importance and beauty of even the smallest wonders of nature**. The sunflower is used for its **symbol of hope, happiness and energy** according to Japanese beliefs, whereas the ladybird represents **our country's tropical habitats**, where ladybirds are commonly found in. This reflects AEON's **Go Green** initiatives and continuous involvement in fund-raising activities.

With these characteristics in mind, the all-new AEON MEMBER Cards aim to channel this positive essence of AEON and share these values with its customers and the community.

AEON CO. (M) BHD.

(126926-H)

Incorporated in Malaysia



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