

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Economic Entity for the second quarter ended 30 June 2012.

Condensed Economic Entity's Statement of Comprehensive Income

For the six months ended 30 June 2012

	3 months ended		6 months ended	
	30 June		30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	758,675	686,601	1,538,139	1,407,249
Total operating expenses	(709,417)	(646,614)	(1,436,928)	(1,315,473)
Other operating income	1,121	1,930	2,632	15,087
Profit from operations	<u>50,379</u>	<u>41,917</u>	<u>103,843</u>	<u>106,863</u>
Interest expense	-	-	-	-
Interest income	1,199	1,207	3,345	2,650
Share of results of an associate	107	(55)	211	(55)
Profit before taxation	<u>51,685</u>	<u>43,069</u>	<u>107,399</u>	<u>109,458</u>
Tax expense	(13,446)	(14,254)	(31,520)	(34,033)
Profit for the period	<u>38,239</u>	<u>28,815</u>	<u>75,879</u>	<u>75,425</u>
Other Comprehensive Income:				
Gain on fair value of available-for-sale investment	6,450	2,218	11,610	2,812
Total Comprehensive Income for the period	<u>44,689</u>	<u>31,033</u>	<u>87,489</u>	<u>78,237</u>
Basic earnings per ordinary share (sen)	10.89	8.21	21.62	21.49

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

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Condensed Economic Entity's Statement of Financial Position

As at 30 June 2012

	30 June 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	1,680,677	1,630,835	1,474,481
Intangible assets	17,252	19,872	21,532
Investment in an associate	5,982	5,772	-
Available-for-sale investments	29,457	17,847	9,668
	1,733,368	1,674,326	1,505,681
Current assets			
Inventories	335,132	353,555	338,401
Receivables, deposits and prepayments	71,000	68,549	57,715
Cash and cash equivalents	264,238	341,052	330,908
	670,370	763,156	727,024
TOTAL ASSETS	2,403,738	2,437,482	2,232,705
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	351,000	351,000	351,000
Reserves	1,024,399	936,910	775,498
TOTAL EQUITY	1,375,399	1,287,910	1,126,498
Non-current liabilities			
Deferred tax liabilities	16,834	21,146	28,303
	16,834	21,146	28,303
Current liabilities			
Payables and accruals	993,453	1,108,504	1,056,584
Taxation	18,052	19,922	21,320
	1,011,505	1,128,426	1,077,904
TOTAL LIABILITIES	1,028,339	1,149,572	1,106,207
TOTAL EQUITY AND LIABILITIES	2,403,738	2,437,482	2,232,705

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

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Condensed Economic Entity's Statement of Changes in Equity

For the six months ended 30 June 2012

	← Non-distributable →			Distributable	
	Share capital	Fair value reserve	Revaluation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
For the six months ended 30 June 2012					
At 1 January 2012	351,000	16,772	-	920,138	1,287,910
Total comprehensive income for the period	-	11,610	-	75,879	87,489
At 30 June 2012	<u>351,000</u>	<u>28,382</u>	<u>-</u>	<u>996,017</u>	<u>1,375,399</u>
For the six months ended 30 June 2011					
At 1 January 2011	351,000	8,593	31,149	735,756	1,126,498
Effect of transition to MFRS	-	-	(31,149)	31,149	-
At 1 January 2011, restated	<u>351,000</u>	<u>8,593</u>	<u>-</u>	<u>766,905</u>	<u>1,126,498</u>
Total comprehensive income for the period	-	2,812	-	75,425	78,237
At 30 June 2011	<u>351,000</u>	<u>11,405</u>	<u>-</u>	<u>842,330</u>	<u>1,204,735</u>

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

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Condensed Economic Entity's Statement of Cash Flows

For the six months ended 30 June 2012

	30 June 2012	30 June 2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	107,399	109,458
Adjustments for:		
Non-cash items	70,648	74,120
Non-operating items	(3,345)	(2,650)
Operating profit before changes in working capital	<u>174,702</u>	<u>180,928</u>
Changes in working capital:		
Net change in current assets	19,573	45,267
Net change in current liabilities	(115,051)	(82,260)
Cash generated from operations	<u>79,224</u>	<u>143,935</u>
Tax paid	<u>(37,700)</u>	<u>(33,750)</u>
Net cash generated from operating activities	<u>41,524</u>	<u>110,185</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(118,152)	(145,389)
Acquisition of intangible assets	(92)	(2,406)
Deposit paid as part of purchase consideration for acquisition of land	(3,602)	(27,233)
Investment in associate	-	(3,000)
Proceeds from disposal of property, plant and equipment	163	21
Interest received	3,345	2,650
Net cash used in investing activities	<u>(118,338)</u>	<u>(175,357)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Interest paid	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	(76,814)	(65,172)
Cash and cash equivalents at 1 January	<u>341,052</u>	<u>330,908</u>
Cash and cash equivalents at 30 June	<u>264,238</u>	<u>265,736</u>

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

Notes to the interim financial statements for the period ended 30 June 2012

A EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of Preparation

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

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

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

2 Significant accounting policies and application of MFRS 1

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

Property, plant and equipment

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

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

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

Reconciliation of equity as at 1 January 2011

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

2 Explanation of transition to MFRSs (continued)

Reconciliation of equity as at 30 June 2011

	FRS as at 30 June 2011 RM'000	Reclassifications RM'000	MFRS as at 30 June 2011 RM'000
Equity			
Revaluation reserve	30,890	(30,890)	-
Retained earnings	811,440	30,890	842,330

Reconciliation of equity as at 31 December 2011

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

3 Seasonality or Cyclicity of Interim Operations

The Company's revenue for the second quarter was slightly lower than the first quarter mainly due to the festive seasons in the first quarter.

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

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

5 Changes in Estimates

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

6 Debt and Equity Securities

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

7 Dividends Paid

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

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

8 Events Subsequent to the end of reporting period

On 17 July 2012, the Company announced that the Sale and Purchase Agreement dated 18 February 2009 with third parties for the acquisition of a piece of land together with a shopping centre to be erected thereon in the township known as Bandar Sri Permaisuri, for the purchase price of RM107.2 million comprising land cost and building cost of RM27.2 million and RM80.0 million respectively, has been deemed terminated on that date due to the non-fulfillment of the conditions precedent. As at the date of this announcement, the security deposit of RM2.72 million has been refunded by the vendor. The above transaction is not expected to have any financial impact to the Company.

Saved as disclosed above, there were no other material events subsequent to the balance sheet date to be disclosed in the financial statements for the current financial period.

9 Effects of Changes in the Composition of the Economic Entity

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

10 Operating Segments

The operating segments analysis is as follows:

	Retailing		Property Management Services		Total	
	6 months ended		6 months ended		6 months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,330,346	1,226,445	207,793	180,804	1,538,139	1,407,249
Segmental profit	41,871	52,023	73,369	63,531	115,240	115,554
Less: Unallocated expenses					(11,397)	(8,691)
Profit from operations					103,843	106,863
Interest expense					-	-
Interest income					3,345	2,650
Share of results of an associate					211	(55)
Profit before tax					107,399	109,458
Tax expense					(31,520)	(34,033)
Profit for the period					75,879	75,425
Segment assets	823,130	695,030	1,496,008	1,365,149	2,319,138	2,060,179
Unallocated assets					84,600	168,790
					2,403,738	2,228,969

11 Related Party Transactions

During the current quarter under review and up to the date of this announcement, the Company did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature that had not been included or exceeded the estimated value by 10% or more which had been mandated by the shareholders during the Annual General Meeting held on 24 May 2012.

12 Contingent Liabilities or Contingent Assets

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

13 Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2012 are as follows:

	30 June 2012 RM'000	31 December 2011 RM'000
Property, plant and equipment		
Authorised but not contracted for	1,119,151	858,189
Authorised and contracted for	124,509	203,605

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

1 Review of Performance

The Company's revenue for the current quarter and financial period-to-date under review was higher than the same corresponding period in the previous year by 10.5% and 9.3% respectively.

For the quarter under review, the Economic Entity, which comprised the Company and its interest in associate, posted a higher profit before taxation of RM51.7 million as compared to RM43.1 million in the previous year corresponding quarter. However, profit before tax for the first half ended 30 June 2012 was marginally lower than the preceding year corresponding period mainly due to the recognition of net proceeds from an insurance claim of RM10.9 million in respect of its business interruption and damages loss in the first quarter of the previous financial year.

Retail business segment registered revenue for the current quarter and financial period-to-date of RM651.7 million and RM1.33 billion respectively were higher than the previous year same corresponding quarter and period-to-date of RM595.1 million and RM1.23 billion respectively. The better performance was mainly attributed by the contributions from its new stores, re-opening of another store which had temporarily closed for upgrade from February 2011 to August 2011 and overall higher number of loyalty card members' sales days. Profit contribution for this segment for the quarter was also higher than the previous year corresponding quarter due to higher revenue generated in the quarter. However, period-to-date profit contribution from this segment of RM41.9 million was 19.5% lower as compared to the previous year corresponding period of RM52.0 million mainly due to the recognition of net proceeds from an insurance claim in the previous year corresponding period.

Revenue from its property management services segment for the current quarter and financial period-to-date had recorded a growth of 16.9% and 14.9% respectively, at RM107.0 million and RM207.8 million over the previous year corresponding periods. The overall better performance was as a result of contribution from new shopping centres and benefits from tenants revamp in some of its existing shopping centres.

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

The profit before taxation of RM51.7 million for the quarter was lower than the preceding quarter of RM55.7 million mainly due to higher revenue registered for the first quarter as a result of the festive period.

3 Current Year Prospects

The present trend of domestic consumption is expected to continue though there are concerns over the state of the global economy. Likewise, the Company with its established presence, global brand name and marketing strategies expect its retailing business to remain strong.

The Company is also confident that its property management services will also perform well with the current high occupancy rate, additional contribution from full year operation of its new shopping centre that opened in 2011 and additional space from its new shopping centre that opened in first quarter 2012.

4 Tax expense

Tax expense comprises:

	3 months ended		6 months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	RM'000	RM'000	RM'000	RM'000
Current tax expense	17,705	14,305	35,830	34,135
Deferred tax expense	(4,259)	(51)	(4,310)	(102)
	<u>13,446</u>	<u>14,254</u>	<u>31,520</u>	<u>34,033</u>

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

5 Status of Corporate Proposals

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

6 Borrowings and Debt Securities

As at 30 June 2012, the Company did not have any borrowings and debt securities.

7 Changes in Material Litigation

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

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

Based on the Consent Judgment, all Parties shall withdraw all suits, claims, counter claims, actions, appeals and cross appeals against each other within fourteen (14) days from the date of the Consent Judgment. In this regard, all the suits have since been withdrawn on 14 May 2012.

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

8 Dividend

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

9 Earnings Per Share

	3 months ended		6 months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Profit attributable to the owners for the period (RM'000)	38,239	28,815	75,879	75,425
Weighted average number of ordinary shares in issue ('000)	351,000	351,000	351,000	351,000
Basic earnings per ordinary share (sen)	10.89	8.21	21.62	21.49

Diluted earnings per share is not applicable for the Company.

10 Qualification of Audit Report of the Preceding Annual Financial Statements

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

11 Disclosure of Realised and Unrealised Profit or Losses

The retained earnings as at 30 June 2012 is analysed as follows:

	30 June 2012 RM'000	31 December 2011 RM'000 Restated
Total retained earnings of the Company:		
- realised	1,046,689	970,579
- unrealised	(51,039)	(50,598)
Total share of retained earnings from an associate:		
- realised	367	157
Total retained earnings of the Economic Entity	<u>996,017</u>	<u>920,138</u>

12 Notes to the Statement of Comprehensive Income

	6 months ended 30 June 2012 RM'000	6 months ended 30 June 2011 RM'000
Profit from operations for the period is arrived at after charging:		
Depreciation and amortisation	70,611	72,222
Property, plant and equipment written off	249	1,999
Loss on foreign exchange	26	33
And after crediting:		
Net proceeds from insurance claims	-	10,913
Gain on disposal of property, plant and equipment	1	15

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