

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Company for the first quarter ended 31 March 2010.

Condensed Statement of Comprehensive Income

For the three months ended 31 March 2010

	3 months ended 31 March		3 months ended 31 March	
	2010 RM'000	2009 (Restated) RM'000	2010 RM'000	2009 (Restated) RM'000
Revenue	730,282	697,305	730,282	697,305
Total operating expenses	(672,008)	(659,616)	(672,008)	(659,616)
Other operating income	812	815	812	815
Profit from operations	59,086	38,504	59,086	38,504
Interest expense	(1)	(794)	(1)	(794)
Interest income	310	59	310	59
Profit before taxation	59,395	37,769	59,395	37,769
Tax expense	(18,230)	(11,715)	(18,230)	(11,715)
Profit for the period	41,165	26,054	41,165	26,054
Other Comprehensive Income:				
Fair value gain on available-for-sale investment	25	-	25	-
Total Comprehensive Income for the period	41,190	26,054	41,190	26,054
Basic earnings per ordinary share (sen)	11.73	7.42	11.73	7.42

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Statement of Financial Position

At 31 March 2010

	31 March 2010 RM'000	31 December 2009 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	1,500,085	1,507,772
Available-for-sale investment	10,159	1,075
	<u>1,510,244</u>	<u>1,508,847</u>
Current Assets		
Inventories	332,382	335,015
Trade and other receivables	61,190	60,284
Cash and cash equivalents	175,188	137,067
	568,760	532,366
TOTAL ASSETS	<u><u>2,079,004</u></u>	<u><u>2,041,213</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders		
Share capital	351,000	351,000
Reserves	683,442	633,194
TOTAL EQUITY	<u>1,034,442</u>	<u>984,194</u>
Non Current Liabilities		
Deferred tax liabilities	30,647	30,698
Total Non Current Liabilities	30,647	30,698
Current Liabilities		
Trade and other payables	992,884	1,009,928
Current tax payable	21,031	16,393
	<u>1,013,915</u>	<u>1,026,321</u>
TOTAL LIABILITIES	1,044,562	1,057,019
TOTAL EQUITY AND LIABILITIES	<u><u>2,079,004</u></u>	<u><u>2,041,213</u></u>

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements

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Condensed Statement of Changes in Equity

	← Non-distributable →		Distributable		
	Share capital RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
For the three months ended 31 March 2010					
At 1 January 2010					
As previously reported	351,000	31,666	-	601,528	984,194
Effect of applying FRS 139	-	-	9,058	-	9,058
As restated	351,000	31,666	9,058	601,528	993,252
Total comprehensive income for the period	-	-	25	41,165	41,190
Transfer from revaluation reserve to retained earnings	-	(130)	-	130	-
At 31 March 2010	351,000	31,536	9,083	642,823	1,034,442
For the three months ended 31 March 2009					
At 1 January 2009	351,000	32,183	-	499,072	882,255
Total comprehensive income for the period	-	-	-	26,054	26,054
Transfer from revaluation reserve to retained earnings	-	(129)	-	129	-
At 31 March 2009	351,000	32,054	-	525,255	908,309

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Statement of Cash Flows

For the three months ended 31 March 2010

	31 March 2010	31 March 2009
	RM'000	RM'000
Profit before taxation	59,395	37,769
Adjustment for non-cash flow :-		
Non-cash items	35,162	36,257
Non-operating items	(309)	735
Operating profit before changes in working capital	<u>94,248</u>	<u>74,761</u>
Changes in working capital		
Net change in current assets	1,529	(5,791)
Net change in current liabilities	(17,044)	(105,544)
Taxation paid	(13,643)	(16,100)
Net cash from/ (used in) operating activities	<u>65,090</u>	<u>(52,674)</u>
Investing Activities		
Interest received	310	59
Other investments	(27,278)	(17,542)
Net cash used in investing activities	<u>(26,968)</u>	<u>(17,483)</u>
Financing Activities		
Net short term borrowings	-	(62,600)
Interest paid	(1)	(794)
Net cash used in financing activities	<u>(1)</u>	<u>(63,394)</u>
Net Change in Cash and Cash Equivalents	38,121	(133,551)
Cash and cash equivalents at 1 January	137,067	158,394
Cash and cash equivalents at 31 March	<u>175,188</u>	<u>24,843</u>

The Condensed Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial statements for the period ended 31 March 2010

A EXPLANATORY NOTES PURSUANT TO FRS 134

1 Basis of Preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 31 December 2009 and new and revised FRSs, IC Interpretations and Amendments which the Company adopted and which are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, *Insurance Contracts*, Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*, Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations*, IC Interpretation 11, *FRS 2 – Group and Treasury Share Transactions* and IC Interpretation 14, *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction* which are not applicable to the Company.

The new and revised FRSs, IC Interpretations and Amendments adopted by the Company which are relevant to its operations and which have an impact on the Company's interim financial statements for the current and preceding year corresponding period, where applicable, are as follows:

FRS 101(revised)	Presentation of Financial Statements
FRS 139	Financial Instruments : Recognition and Measurement
FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
IC Interpretation 13	Customer Loyalty Programmes
Amendments to FRS 118	Revenue

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

FRS 101 (revised), Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cashflows statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cashflows and notes to the financial statements.

FRS 139 Financial Instruments : Recognition and Measurement

With the adoption of FRS 139, the Company classified all its financial assets and financial liabilities recognized and unrecognized in the prior year into categories that would conform to the FRS. The measurement bases applied to the financial assets and financial liabilities in the prior financial year are changed to conform to the measurement standards of FRS139 in the current quarter.

At initial recognition, all financial assets and financial liabilities are measured at its fair value, plus, in the case of a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of financial asset or financial liability.

Subsequent to the initial recognition, the financial assets and liabilities are measured as follows:

	Category	Measurement Basis
1.	Financial Instruments at fair value through profit and loss	At fair value through profit and loss
2.	Held-to-maturity investments	At amortised cost using effective interest method
3.	Loans and Receivables	At amortised cost using effective interest method
4.	Available for sale Investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost.
5.	Loan and other financial liabilities	At amortised cost using effective interest method other than those categorized as fair value through profit and loss.

FRS139 provides for the exception in that, for a first time adopter, to apply the requirements of the Standard prospectively. The Company apply the transitions specified, which do not permit retrospective application, but generally requires changes or adjustments to the recognition and measurement bases at the beginning of the financial year in which the Standard is initially applied.

Following the adoption of FRS 139, the Company's quoted/unquoted investments are now categorised as Available for Sale Investments. Accordingly the opening balance is restated and measured to its fair value as at 1 January 2010 and the difference with amount stated as at preceding year ended 31 December 2009 is reflected through fair value reserve in equity. Subsequent measurement of the fair value is reflected in equity through the other comprehensive income.

FRS 7 Financial Instruments : Disclosures

Prior to the adoption of FRS 7, the disclosures for financial instruments were based on the requirements of the original FRS 132, Financial Instruments : Disclosure and Presentation. With the adoption of FRS 7, financial assets and financial liabilities are disclosed in the statement of financial position based on their respective classifications.

FRS 8 Operating Segments

Prior to the adoption of FRS 8, the Company's segment reporting was based on primary reporting format of two business segments which are retailing and property management services. FRS 8 requires operating segments to be identified on the basis of internal segment information that are regularly provided to and reviewed by the Managing Director and Board Of Directors. The adoption of FRS 8 has not resulted in a redesignation of the Company's reportable segments as compared to previous years.

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 13 Customer Loyalty Programmes addresses the accounting by entities that operate, or otherwise, participate in, customer loyalty programme under which the customers are entitled to receive award credits.

In the past, the Company had accounted for the customer loyalty programmes by recognizing the full consideration from retail sales as revenue and recognizing the cost of award credits as expenses. However, IC Interpretation 13 requires such transactions to be accounted for as a separately identifiable component of the sales transaction(s) in which they are granted (the "initial sale"). The consideration received in the initial sale transactions should be allocated between the sale of retail goods and the cost of the award credits that are earned by the customers. This change in accounting policy has been applied retrospectively. The effects of the change in presentation are as stated in note A12.

Amendments to FRS 118, Revenue

The amendments further clarify the distinction between when an entity is acting as a principal and an agent, where previously practice had varied. The adoption of this guidance will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. This change in accounting policy will affect the presentation of such revenue from a gross presentation to a net presentation. The Company has considered the features provided in the amendments and adopted a net presentation basis. This resulted in a change in presentation and has no impact to the profit. The effects of the change in

presentation are as stated in note A12.

2 Seasonality or Cyclicity of Interim Operations

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

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

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the financial period, except as disclosed in Note A1.

4 Material Changes in Estimates

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

5 Debt and Equity Securities

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

6 Dividends Paid

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

7 Operating Segments

The operating segments analysis is as follows:

	Retailing	Property	Total
	3 months ended	Management Services	3 months ended
	31 March 2010	3 months ended	31 March 2010
	RM'000	31 March 2010	31 March 2010
		RM'000	RM'000
Revenue	633,116	97,166	730,282
Profit from operations	42,408	16,678	59,086
Interest expense			(1)
Interest income			310
Profit before taxation			59,395
Tax expense			(18,230)
Profit for the period			41,165

8 Property, Plant and Equipment

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

9 Material Events Subsequent to Balance Sheet Date

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

10 Effects of Changes in the Composition of the Company

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

11 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 2009.

12 Comparative Figures

Following the adoption of the new and revised FRSs, IC interpretations and Amendments, certain comparatives have been re-presented as follows:

For the quarter ended 31 March 2009	Income Statement As previously reported RM'000	Effects of adopting IC Interpretation 13 RM'000	Effects of adopting amendments to FRS 118 RM'000	Statement of Comprehensive Income As restated RM'000
Revenue	931,673	(5,208)	(229,160)	697,305
Total Operating Expenses	(893,984)	5,208	229,160	(659,616)
Other Operating Income	815			815
Profit from Operations	38,504			38,504
Interest Expense	(794)			(794)
Interest Income	59			59
Profit Before Taxation	37,769			37,769
Tax Expense	(11,715)			(11,715)
Profit for the period	26,054			26,054

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

1 Review of Performance of the Company

The Company's revenue recorded a 4.9% growth as compared to the first quarter of last financial year mainly due to new Melaka store that opened in the current quarter and overall better performance from existing stores.

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

The Company's profit before taxation for the first quarter under review of RM59.4 million is lower than the preceding quarter of RM77.8 million mainly due to the preceding quarter's year end trading rebates as well as initial costs associated with gestation period for new store in current quarter.

3 Current Year Prospects

With the steady recovery of domestic economy, the Company expects consumer spending to improve. As such, the Company believes its performance will grow in tandem with the economy.

4 Tax expense

Tax expense comprises:

	3 months ended 31 March 2010 RM'000	3 months ended 31 March 2009 RM'000
Current tax expense	18,281	11,765
Deferred tax expense	(51)	(50)
	<u>18,230</u>	<u>11,715</u>

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

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

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

6 Particulars of Purchase or Disposal of Quoted Securities

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

7 Status of Corporate Proposals

There were no corporate proposals announced.

8 Borrowings and Debt Securities

As at 31 March 2010, the Company did not have any borrowings and debt securities.

9 Off Balance Sheet Financial Instruments

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

10 Material Litigation

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

11 Dividend

No dividend was proposed or declared for the current financial period ended 31 March 2010.

12 Earnings Per Share

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

	3 months ended 31 March 2010	3 months ended 31 March 2009
Profit attributable to ordinary shareholders for the period (RM'000)	<u>41,165</u>	<u>26,054</u>
Number of ordinary shares outstanding ('000)	<u>351,000</u>	<u>351,000</u>

Diluted earnings per share is not applicable for the Company.

13 Qualification of Audit Report of the Preceding Annual Financial Statements

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